OneMain Holdings, Inc.
Form 10-Q
November 08, 2016

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2016

OR

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

For the transition period from to

Commission file number 001-36129

ONEMAIN HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware	27-3379612
(State of Incorporation)	(I.R.S. Employer Identification No.)
601 N.W. Second Street, Evansville, IN	47708
(Address of principal executive offices)	(Zip Code)

(812) 424-8031
(Registrant’s telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o

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 þ	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o
		(Do not check if a smaller reporting company)	

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

At November 1, 2016, there were 134,754,696 shares of the registrant’s common stock, $0.01 par value, outstanding.

Table of Contents

TABLE OF CONTENTS

PART I — FINANCIAL INFORMATION

Item 1.	Financial Statements (Unaudited)	
	Condensed Consolidated Balance Sheets	3
	Condensed Consolidated Statements of Operations	4
	Condensed Consolidated Statements of Comprehensive Income (Loss)	5
	Condensed Consolidated Statements of Shareholders' Equity	6
	Condensed Consolidated Statements of Cash Flows	7
	Notes to Condensed Consolidated Financial Statements	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	58
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	86
Item 4.	Controls and Procedures	86

PART II — OTHER INFORMATION

Item 1.	Legal Proceedings	87
Item 1A.	Risk Factors	87
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	88
Item 3.	Defaults Upon Senior Securities	88
Item 4.	Mine Safety Disclosures	88
Item 5.	Other Information	89
Item 6.	Exhibits	89

SIGNATURE 90

Table of Contents

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

ONEMAIN HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets (Unaudited)

(dollars in millions, except par value amount)	September 30, 2016	December 31, 2015
Assets		
Cash and cash equivalents	$ 658	$ 939
Investment securities	1,788	1,867
Net finance receivables:		
Personal loans (includes loans of consolidated VIEs of $9.8 billion in 2016 and $11.4 billion in 2015)	13,656	13,295
SpringCastle Portfolio (includes loans of consolidated VIEs of $1.7 billion in 2015)	—	1,703
Real estate loans	201	538
Retail sales finance	13	23
Net finance receivables	13,870	15,559
Unearned insurance premium and claim reserves	(608)	(662)
Allowance for finance receivable losses (includes allowance of consolidated VIEs of $500 million in 2016 and $431 million in 2015)	(672)	(592)
Net finance receivables, less unearned insurance premium and claim reserves and allowance for finance receivable losses	12,590	14,305
Finance receivables held for sale (includes finance receivables held for sale of consolidated VIEs of $435 million in 2015)	166	793
Restricted cash and cash equivalents (includes restricted cash and cash equivalents of consolidated VIEs of $548 million in 2016 and $663 million in 2015)	558	676
Goodwill	1,422	1,440
Other intangible assets	507	559
Other assets	664	611
Total assets	$ 18,353	$ 21,190
Liabilities and Shareholders' Equity		
Long-term debt (includes debt of consolidated VIEs of $8.3 billion in 2016 and $11.7 billion in 2015)	$ 13,994	$ 17,300
Insurance claims and policyholder liabilities	752	747
Deferred and accrued taxes	72	29
Other liabilities (includes other liabilities of consolidated VIEs of $14 million in 2016 and $15 million in 2015)	489	384
Total liabilities	15,307	18,460
Commitments and contingent liabilities (Note 14)		
Shareholders' equity:		
Common stock, par value $.01 per share; 2,000,000,000 shares authorized, 134,754,696 and 134,494,172 shares issued and outstanding at September 30, 2016 and December 31,	1	1

2015, respectively		
Additional paid-in capital	1,545	1,533
Accumulated other comprehensive income (loss)	4	(33)
Retained earnings	1,496	1,308
OneMain Holdings, Inc. shareholders' equity	3,046	2,809
Non-controlling interests	—	(79)
Total shareholders' equity	3,046	2,730
Total liabilities and shareholders' equity	$ 18,353	$ 21,190

See Notes to Condensed Consolidated Financial Statements.

Table of Contents

ONEMAIN HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations (Unaudited)

(dollars in millions, except earnings (loss) per share)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Interest income:				
Finance charges	$763	$ 422	$2,271	$ 1,227
Finance receivables held for sale originated as held for investment	7	5	71	13
Total interest income	770	427	2,342	1,240
Interest expense	215	171	655	500
Net interest income	555	256	1,687	740
Provision for finance receivable losses	263	79	674	233
Net interest income after provision for finance receivable losses	292	177	1,013	507
Other revenues:				
Insurance	114	40	342	116
Investment	22	11	66	44
Net loss on repurchases and repayments of debt	—	—	(16)	—
Net gain on sale of SpringCastle interests	—	—	167	—
Net gain (loss) on sales of personal and real estate loans	(4)	—	18	—
Other	26	(4)	49	(6)
Total other revenues	158	47	626	154
Other expenses:				
Operating expenses:				
Salaries and benefits	191	100	597	305
Acquisition-related transaction and integration expenses	21	14	75	29
Other operating expenses	168	73	512	198
Insurance policy benefits and claims	37	17	128	53
Total other expenses	417	204	1,312	585
Income before provision for income taxes	33	20	327	76
Provision for income taxes	8	1	111	1
Net income	25	19	216	75
Net income attributable to non-controlling interests	—	32	28	98
Net income (loss) attributable to OneMain Holdings, Inc.	$25	$ (13)	$188	$ (23)

Share Data:				
Weighted average number of shares outstanding:				
Basic	134,730,254	134,452,763	134,717,820	135,701,635
Diluted	134,987,134	134,452,763	134,949,327	135,701,635
Earnings (loss) per share:				
Basic	$ 0.19	$ (0.10)	$ 1.40	$ (0.18)
Diluted	$ 0.19	$ (0.10)	$ 1.39	$ (0.18)

See Notes to Condensed Consolidated Financial Statements.

Table of Contents

ONEMAIN HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

(dollars in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net income	$25	$19	$216	$75
Other comprehensive income (loss):				
Net change in unrealized gains (losses) on non-credit impaired available-for-sale securities	9	(3)	67	(8)
Foreign currency translation adjustments	(1)	—	6	—
Income tax effect:				
Net unrealized (gains) losses on non-credit impaired available-for-sale securities	(3)	1	(23)	3
Foreign currency translation adjustments	1	—	(2)	—
Other comprehensive income (loss), net of tax, before reclassification adjustments	6	(2)	48	(5)
Reclassification adjustments included in net income:				
Net realized gains on available-for-sale securities	(3)	(4)	(9)	(14)
Net realized gain on foreign currency translation adjustments	(5)	—	(5)	—
Income tax effect:				
Net realized gains on available-for-sale securities	1	2	3	5
Reclassification adjustments included in net income, net of tax	(7)	(2)	(11)	(9)
Other comprehensive income (loss), net of tax	(1)	(4)	37	(14)
Comprehensive income	24	15	253	61
Comprehensive income attributable to non-controlling interests	—	32	28	98
Comprehensive income (loss) attributable to OneMain Holdings, Inc.	$24	$(17)	$225	$(37)

See Notes to Condensed Consolidated Financial Statements.

Table of Contents

ONEMAIN HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Shareholders' Equity (Unaudited)

(dollars in millions)	OneMain Holdings, Inc. Shareholders' Equity						
	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	OneMain Holdings, Inc. Shareholders' Equity	Non-controlling Interests	Total Shareholders' Equity
Balance, January 1, 2016	$1	$ 1,533	$ (33)	$ 1,308	$ 2,809	$ (79)	$ 2,730
Share-based compensation expense, net of forfeitures	—	16	—	—	16	—	16
Withholding tax on vested RSUs	—	(4)	—	—	(4)	—	(4)
Change in non-controlling interests:							
Distributions declared to joint venture partners	—	—	—	—	—	(18)	(18)
Sale of equity interests in SpringCastle joint venture	—	—	—	—	—	69	69
Other comprehensive income	—	—	37	—	37	—	37
Net income	—	—	—	188	188	28	216
Balance, September 30, 2016	$1	$ 1,545	$ 4	$ 1,496	$ 3,046	$ —	$ 3,046
Balance, January 1, 2015	$1	$ 529	$ 3	$ 1,528	$ 2,061	$ (129)	$ 1,932
Sale of common stock, net of offering costs	—	976	—	—	976	—	976
Non-cash incentive compensation from Initial Stockholder	—	15	—	—	15	—	15
Share-based compensation expense, net of forfeitures	—	6	—	—	6	—	6
Excess tax benefit from share-based compensation	—	2	—	—	2	—	2
Withholding tax on vested RSUs	—	(4)	—	—	(4)	—	(4)
Change in non-controlling interests:							
Distributions declared to joint venture partners	—	—	—	—	—	(58)	(58)
Other comprehensive loss	—	—	(14)	—	(14)	—	(14)
Net income (loss)	—	—	—	(23)	(23)	98	75
Balance, September 30, 2015	$1	$ 1,524	$ (11)	$ 1,505	$ 3,019	$ (89)	$ 2,930

See Notes to Condensed Consolidated Financial Statements.

Table of Contents

ONEMAIN HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows (Unaudited)

(dollars in millions)	Nine Months Ended September 30,	
	2016	2015
Cash flows from operating activities		
Net income	$216	$ 75
Reconciling adjustments:		
Provision for finance receivable losses	674	233
Depreciation and amortization	416	75
Deferred income tax benefit	(99)	(10)
Net gain on liquidation of United Kingdom subsidiary	(5)	—
Net gain on sales of personal and real estate loans	(18)	—
Net loss on repurchases and repayments of debt	16	—
Non-cash incentive compensation from Initial Stockholder	—	15
Share-based compensation expense, net of forfeitures	16	6
Net gain on sale of SpringCastle interests	(167)	—
Other	(7)	(10)
Cash flows due to changes in:		
Other assets and other liabilities	92	41
Insurance claims and policyholder liabilities	(50)	22
Taxes receivable and payable	49	(49)
Accrued interest and finance charges	2	(1)
Restricted cash and cash equivalents not reinvested	2	—
Other, net	2	1
Net cash provided by operating activities	1,139	398
Cash flows from investing activities		
Net principal collections (originations) of finance receivables held for investment and held for sale	(998)	(593)
Proceeds on sales of finance receivables held for sale originated as held for investment	870	88
Proceeds from sale of SpringCastle interests	101	—
Cash received from CitiFinancial Credit Company	23	—
Available-for-sale securities purchased	(446)	(382)
Trading and other securities purchased	(16)	(1,465)
Available-for-sale securities called, sold, and matured	597	411
Trading and other securities called, sold, and matured	52	2,581
Change in restricted cash and cash equivalents	40	(46)
Proceeds from sale of real estate owned	7	12
Other, net	(26)	(13)
Net cash provided by investing activities	204	593
Cash flows from financing activities		
Proceeds from issuance of long-term debt, net of commissions	4,552	1,929
Proceeds from issuance of common stock, net of offering costs	—	976

Repayments of long-term debt	(6,155)	(850)
Distributions to joint venture partners	(18)	(58)
Excess tax benefit from share-based compensation	—	2
Withholding tax on RSUs vested	(4)	(4)
Net cash provided by (used for) financing activities	(1,625)	1,995

Condensed Consolidated Statements of Cash Flows (Unaudited) (Continued)

(dollars in millions)	Nine Months Ended September 30, 2016	2015
Effect of exchange rate changes on cash and cash equivalents	1	—
Net change in cash and cash equivalents	(281)	2,986
Cash and cash equivalents at beginning of period	939	879
Cash and cash equivalents at end of period	$658	$3,865
Supplemental non-cash activities		
Transfer of finance receivables held for investment to finance receivables held for sale (prior to deducting allowance for finance receivable losses)	$1,895	$608
Transfer of finance receivables to real estate owned	$7	$8
Net unsettled investment security dispositions (purchases)	$(15)	$40

See Notes to Condensed Consolidated Financial Statements.

ONEMAIN HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)
September 30, 2016

1. Business and Basis of Presentation

OneMain Holdings, Inc. is referred to in this report as “OMH” or, collectively with its subsidiaries, whether directly or indirectly owned, the “Company,” “we,” “us,” or “our.” OMH is a Delaware corporation. At September 30, 2016, Springleaf Financial Holdings, LLC (the “Initial Stockholder”) owned approximately 58% of OMH’s common stock. The Initial Stockholder is owned primarily by a private equity fund managed by an affiliate of Fortress Investment Group LLC (“Fortress”).

On November 15, 2015, OMH completed its acquisition of OneMain Financial Holdings, LLC (“OMFH”) from CitiFinancial Credit Company (“Citigroup”) for $4.5 billion in cash (the “OneMain Acquisition”). As a result of the OneMain Acquisition, OMFH became a wholly owned, indirect subsidiary of OMH. See Note 2 for further information on the OneMain Acquisition.

OMH is a financial services holding company whose principal subsidiaries are Springleaf Finance, Inc. (“SFI”) and Independence Holdings, LLC (“Independence”). SFI’s principal subsidiary is Springleaf Finance Corporation (“SFC”), and Independence’s principal subsidiary is OMFH. SFC and OMFH are financial services holding companies with subsidiaries engaged in the consumer finance and insurance businesses. OMFH, collectively with its subsidiaries, is referred to in this report as “OneMain.” OMH and its subsidiaries (other than OneMain) is referred to in this report as “Springleaf.”

BASIS OF PRESENTATION

We prepared our condensed consolidated financial statements using generally accepted accounting principles in the United States of America (“GAAP”). These statements are unaudited. The year-end condensed balance sheet data was derived from our audited financial statements, but does not include all disclosures required by GAAP. The statements include the accounts of OMH, its subsidiaries (all of which are wholly owned, except for certain indirect subsidiaries associated with a joint venture in which we owned a 47% equity interest prior to March 31, 2016), and variable interest entities (“VIEs”) in which we hold a controlling financial interest and for which we are considered to be the primary beneficiary as of the financial statement date.

We eliminated all material intercompany accounts and transactions. We made judgments, estimates, and assumptions that affect amounts reported in our condensed consolidated financial statements and disclosures of contingent assets and liabilities. In management’s opinion, the condensed consolidated financial statements include the normal, recurring adjustments necessary for a fair statement of results. Ultimate results could differ from our estimates. We evaluated the effects of and the need to disclose events that occurred subsequent to the balance sheet date. To conform to the 2016 presentation, we have reclassified certain items in prior periods, including certain items in prior periods of our condensed consolidated financial statements.

The condensed consolidated financial statements in this report should be read in conjunction with the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (“2015 Annual Report on Form 10-K”). We follow the same significant accounting policies for our interim reporting, except for the change in accounting policy discussed below. As a result of the change in accounting policy, we have revised certain sections in our 2015 Annual Report on Form 10-K to reflect the retrospective application of this change in accounting policy, and such revised disclosures are included in exhibits to our Current

Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on August 29, 2016 (the “retrospective Form 8-K”). Therefore, the condensed consolidated financial statements in this report should also be read in conjunction with the retrospective Form 8-K.

CHANGE IN ACCOUNTING POLICY

Effective April 1, 2016, we changed our accounting policy for the derecognition of loans within a purchased credit impaired pool. Historically, we removed loans from a purchased credit impaired pool upon charge-off of the loan, based on the Company’s charge-off accounting policy at their allocated carrying value. Under our new accounting policy, loans will be removed from a purchased credit impaired pool when the loan is written-off, at which time further collections efforts would not be pursued, or sold or repaid. While both methods are acceptable under GAAP, we believe the new method for derecognition of purchased credit impaired loans is preferable as it enhances consistency with our industry peers. As of January 1, 2015, the cumulative effect of applying the change in accounting policy increased shareholders’ equity by $36 million.

Table of Contents

For the three and nine months ended September 30, 2016, respectively, the effect of this change in accounting policy was as follows:

- increased income before provision for income taxes by $24 million and $27 million;
- increased net income by $15 million and $17 million;
- increased net income attributable to OMH by $15 million and $15 million;
- increased basic earnings per share by $0.11 and $0.11; and
- increased diluted earnings per share by $0.11 and $0.11.

Our policy for derecognition of purchased credit impaired loans following the change described above is presented below:

Purchased Credit Impaired Finance Receivables

As part of each of our acquisitions, we identify a population of finance receivables for which it is determined that it is probable that we will be unable to collect all contractually required payments. The population of accounts identified generally consists of those finance receivables that are (i) 60 days or more past due at acquisition, (ii) which had been classified as troubled debt restructured ("TDR") finance receivables as of the acquisition date, (iii) may have been previously modified, or (iv) had other indications of credit deterioration as of the acquisition date.

We accrete the excess of the cash flows expected to be collected on the purchased credit impaired finance receivables over the discounted cash flows (the "accretable yield") into interest income at a level rate of return over the expected lives of the underlying pools of the purchased credit impaired finance receivables. The underlying pools are based on finance receivables with common risk characteristics. We have established policies and procedures to update on a quarterly basis the amount of cash flows we expect to collect, which incorporates assumptions regarding default rates, loss severities, the amounts and timing of prepayments and other factors that are reflective of then current market conditions. Probable decreases in expected finance receivable cash flows result in the recognition of impairment, which is recognized through the provision for finance receivable losses. Probable significant increases in expected cash flows to be collected would first reverse any previously recorded allowance for finance receivable losses; any remaining increases are recognized prospectively as adjustments to the respective pool's yield.

Our purchased credit impaired finance receivables remain in our purchased credit impaired pools until liquidation or write-off. We do not reclassify modified purchased credit impaired finance receivables as TDR finance receivables.

We have additionally established policies and procedures related to maintaining the integrity of these pools. A finance receivable will not be removed from a pool unless we sell, foreclose, or otherwise receive assets in satisfaction of a particular finance receivable or a finance receivable is written-off. If a finance receivable is renewed and additional funds are lent and terms are adjusted to current market conditions, we consider this a new finance receivable and the previous finance receivable is removed from the pool. If the facts and circumstances indicate that a finance receivable should be removed from a pool, that finance receivable will be removed at its allocated carrying amount, and such removal will not affect the yield used to recognize accretable yield of the pool.

We have retrospectively applied this change in accounting policy. The effect of this change in accounting policy on the amounts previously reported in our condensed consolidated statements of operations for the three and nine months ended September 30, 2015 and our condensed consolidated statements of cash flows for the nine months ended September 30, 2015 are included in the following tables.

Table of Contents

Revised Condensed Consolidated Statements of Operations

(dollars in millions, except loss per share)	Three Months Ended September 30, 2015		Nine Months Ended September 30, 2015	
	As Reported	As Adjusted	As Reported	As Adjusted
Interest income:				
Finance charges	$424	$ 422	$1,234	$ 1,227
Finance receivables held for sale originated as held for investment	4	5	13	13
Total interest income	428	427	1,247	1,240
Interest expense	171	171	500	500
Net interest income	257	256	747	740
Provision for finance receivable losses	82	79	249	233
Net interest income after provision for finance receivable losses	175	177	498	507
Other revenues:				
Insurance	40	40	116	116
Investment	11	11	44	44
Other	—	(4)	(2)	(6)
Total other revenues	51	47	158	154
Other expenses:				
Operating expenses:				
Salaries and benefits	100	100	305	305
Acquisition-related transaction and integration expenses	14	14	29	29
Other operating expenses	73	73	198	198
Insurance policy benefits and claims	17	17	53	53
Total other expenses	204	204	585	585
Income before provision for income taxes	22	20	71	76
Provision for income taxes	2	1	1	1
Net income	20	19	70	75
Net income attributable to non-controlling interests	31	32	93	98
Net loss attributable to OneMain Holdings, Inc.	$(11)	$ (13)	$(23)	$ (23)
Share Data:				
Weighted average number of shares outstanding:				
Basic	134,452,763	134,452,763	125,701,635	125,701,635
Diluted	134,452,763	134,452,763	125,701,635	125,701,635
Loss per share:				

Basic	$(0.08)	$ (0.10)	$(0.18)	$ (0.18)
Diluted	$(0.08)	$ (0.10)	$(0.18)	$ (0.18)

Table of Contents

Revised Condensed Consolidated Statement of Cash Flows

(dollars in millions)	Nine Months Ended September 30, 2015	
	As Reported *	As Adjusted
Cash flows from operating activities		
Net income	$70	$75
Reconciling adjustments:		
Provision for finance receivable losses	249	233
Depreciation and amortization	68	75
Deferred income tax benefit	(10)	(10)
Non-cash incentive compensation from Initial Stockholder	15	15
Share-based compensation expense, net of forfeitures	6	6
Other	(13)	(10)
Cash flows due to changes in:		
Other assets and other liabilities	37	41
Insurance claims and policyholder liabilities	22	22
Taxes receivable and payable	(49)	(49)
Accrued interest and finance charges	(1)	(1)
Other, net	1	1
Net cash provided by operating activities	395	398
Cash flows from investing activities		
Net principal collections (originations) of finance receivables held for investment and held for sale	(593)	(593)
Proceeds on sales of finance receivables held for sale originated as held for investment	88	88
Available-for-sale securities purchased	(382)	(382)
Trading and other securities purchased	(1,465)	(1,465)
Available-for-sale securities called, sold, and matured	411	411
Trading and other securities called, sold, and matured	2,581	2,581
Change in restricted cash and cash equivalents	(46)	(46)
Proceeds from sale of real estate owned	12	12
Other, net	(13)	(13)
Net cash provided by investing activities	593	593
Cash flows from financing activities		
Proceeds from issuance of long-term debt, net of commissions	1,929	1,929
Proceeds from issuance of common stock, net of offering costs	976	976
Repayments of long-term debt	(850)	(850)
Distributions to joint venture partners	(59)	(58)
Excess tax benefit from share-based compensation	2	2
Withholding tax on RSUs vested	(4)	(4)
Net cash provided by financing activities	1,994	1,995
Net change in cash and cash equivalents	2,982	2,986
Cash and cash equivalents at beginning of period	879	879

Cash and cash equivalents at end of period	$3,861	$ 3,865

* The condensed consolidated statement of cash flows for the nine months ended September 30, 2015 includes a reclassification resulting from our adoption of Accounting Standards Update (“ASU”) 2016-09, Improvements to Employee Share-Based Payment Accounting. See Note 3 for further information regarding this ASU.

Table of Contents

We have also adjusted the applicable prior period amounts in the Notes to the Condensed Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations in Part I, Item 2 herein to reflect the impact of this change in accounting policy.

2. Significant Transactions

ONEMAIN ACQUISITION

On November 15, 2015, OMH completed its acquisition of OneMain from Citigroup for approximately $4.5 billion in cash after accounting for certain estimated adjustments at closing. OneMain is a leading consumer finance company in the United States, providing personal loans to primarily middle income households through a national, community based network.

We allocated the purchase price to the net tangible and intangible assets acquired and liabilities assumed, based on their respective estimated fair values as of October 31, 2015. Given the timing of this transaction and complexity of the purchase accounting, our estimate of the fair value adjustment specific to the acquired loans and intangible assets was preliminary, and our determination of the final tax positions with Citigroup was also preliminary. We intend to finalize the accounting for these matters as soon as reasonably possible and within the measurement period, which may be up to one year from the acquisition date.

The excess of the purchase price over the fair values, which we recorded as goodwill, was determined as follows:

(dollars in millions)	As Reported	Adjustments *		As Adjusted
Cash consideration	$ 4,478	$ (23)	(a)	$ 4,455
Fair value of assets acquired:				
Cash and cash equivalents	958	—		958
Investment securities	1,294	—		1,294
Personal loans	8,801	(6)	(b)	8,795
Intangibles	555	3	(c)	558
Other assets	247	(3)	(d)	244
Fair value of liabilities assumed:				
Long-term debt	(7,725)	—		(7,725)
Unearned premium, insurance policy and claims reserves	(936)	—		(936)
Other liabilities	(156)	1	(e)	(155)
Goodwill	$ 1,440			$ 1,422

* During the first half of 2016, we recorded the following adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill as new information, which existed as of the acquisition date, became available:

(a) Represents a subsequent cash payment from Citigroup as a result of reaching final agreement on certain purchase accounting adjustments.

(b) Represents the net impact of an increase to the discount of purchased credit impaired finance receivables of $64 million and an increase to the premium on finance receivables purchased as performing receivables of $58 million as a result of revisions to the receivables valuation during the measurement period.

(c) Represents an increase in acquired intangibles related to customer loan applications in process at the acquisition date.

(d) Represents a decrease in valuation of acquired software asset.

(e) Represents the settlement of a payable to Citigroup during the measurement period.

Of the adjusted $8.8 billion of acquired personal loans included in the table above, $8.1 billion relates to finance receivables determined not to be credit impaired at acquisition. Contractually required principal and interest of these non-credit impaired personal loans was $11.6 billion at the date of acquisition, of which $2.2 billion is not expected to be collected.

Table of Contents

Changes in the carrying amount of goodwill, all of which are reported in our Consumer and Insurance segment, were as follows:

(dollars in millions)	Consumer and Insurance
Nine Months Ended September 30, 2016	
Balance at beginning of period	$ 1,440
Adjustments to purchase price allocation *	(18)
Balance at end of period	$ 1,422

* Goodwill adjustments were recorded at OMFH subsidiary level.

We did not record any impairments to goodwill during the nine months ended September 30, 2016.

The following unaudited pro forma information presents the combined results of operations of Springleaf and OneMain as if the OneMain Acquisition had occurred on January 1, 2014. The unaudited pro forma information is not necessarily indicative of the operating results that would have been achieved had the OneMain Acquisition occurred on January 1, 2014. In addition, the unaudited pro forma financial information does not purport to project the future operating results of the combined company following the OneMain Acquisition.

The unaudited pro forma information also reflects adjustments for the Lendmark Sale (as defined below), as if the Lendmark Sale had been consummated on January 1, 2015. In addition, the pro forma interest income assumes the adjustment of historical finance charges for estimated impacts of accounting for credit impaired loans. The unaudited pro forma financial information does not give effect to the SpringCastle Interests Sale or the August 2016 Real Estate Loan Sale (both of which are defined below).

As of September 30, 2016, we had incurred approximately $137 million of acquisition-related transaction and integration expenses ($75 million incurred during the nine months ended September 30, 2016) in connection with the OneMain Acquisition and the Lendmark Sale (as defined below), which we report as a component of operating expenses. These expenses include transaction costs, technology termination and certain compensation and benefit related costs.

The following table presents the unaudited pro forma financial information:

(dollars in millions)	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
Interest income	$ 838	$ 2,442
Net income attributable to OneMain Holdings, Inc.	27	92

In connection with the closing of the OneMain Acquisition, on November 13, 2015, OMH and certain of its subsidiaries entered into an Asset Preservation Stipulation and Order and agreed to a Proposed Final Judgment (collectively, the “Settlement Agreement”) with the U.S. Department of Justice (the “DOJ”), as well as the state attorneys general for Colorado, Idaho, Pennsylvania, Texas, Virginia, Washington and West Virginia. The Settlement Agreement resolved the inquiries of the DOJ and such attorneys general with respect to the OneMain Acquisition and

allowed OMH to proceed with the closing. Pursuant to the Settlement Agreement, OMH agreed to divest 127 branches of SFC subsidiaries across 11 states as a condition for approval of the OneMain Acquisition. The Settlement Agreement required certain of OMH’s subsidiaries (the “Branch Sellers”) to operate these 127 branches as an ongoing, economically viable and competitive business until sold to the divestiture purchaser. The court overseeing the settlement appointed a third-party monitor to oversee management of the divestiture branches and ensure the Company’s compliance with the terms of the Settlement Agreement.

SPRINGCASTLE INTERESTS SALE

On March 31, 2016, SFI, SpringCastle Holdings, LLC (“SpringCastle Holdings”) and Springleaf Acquisition Corporation (“Springleaf Acquisition” and, together with SpringCastle Holdings, the “SpringCastle Sellers”), wholly owned subsidiaries of OMH, entered into a purchase agreement with certain subsidiaries of New Residential Investment Corp. (“NRZ” and such subsidiaries, the “NRZ Buyers”) and BTO Willow Holdings II, L.P. and Blackstone Family Tactical Opportunities Investment

13

Partnership—NQ—ESC L.P. (collectively, the "Blackstone Buyers" and together with the NRZ Buyers, the "SpringCastle Buyers"). Pursuant to the purchase agreement, on March 31, 2016, SpringCastle Holdings sold its 47% limited liability company interest in each of SpringCastle America, LLC, SpringCastle Credit, LLC and SpringCastle Finance, LLC, and Springleaf Acquisition sold its 47% limited liability company interest in SpringCastle Acquisition LLC, to the SpringCastle Buyers for an aggregate purchase price of approximately $112 million (the "SpringCastle Interests Sale"). SpringCastle America, LLC, SpringCastle Credit, LLC, SpringCastle Finance, LLC and SpringCastle Acquisition LLC are collectively referred to herein as the "SpringCastle Joint Venture."

The SpringCastle Joint Venture primarily holds subordinate ownership interests in a securitized loan portfolio (the "SpringCastle Portfolio"), which consists of unsecured loans and loans secured by subordinate residential real estate mortgages and includes both closed-end accounts and open-end lines of credit. These loans are in a liquidating status and vary in form and substance from the Company's originated loans. At December 31, 2015, the SpringCastle Portfolio included over 232,000 of acquired loans, representing $1.7 billion in net finance receivables.

In connection with the SpringCastle Interests Sale, the SpringCastle Buyers paid $101 million of the aggregate purchase price to the SpringCastle Sellers on March 31, 2016, with the remaining $11 million paid into an escrow account on July 29, 2016. Such escrowed funds are expected to be held in escrow for a period of up to five years following March 31, 2016, and, subject to the terms of the purchase agreement and assuming certain portfolio performance requirements are satisfied, paid to the SpringCastle Sellers at the end of such five-year period. In connection with the SpringCastle Interests Sale, we recorded a net gain in other revenues at the time of sale of $167 million.

As a result of this sale, SpringCastle Acquisition and SpringCastle Holdings no longer hold any ownership interests of the SpringCastle Joint Venture. However, unless we are terminated, we will remain as servicer of the SpringCastle Portfolio under the servicing agreement for the SpringCastle Funding Trust. In addition, we deconsolidated the underlying loans of the SpringCastle Portfolio and previously issued securitized interests, which were reported in long-term debt, as we no longer were considered the primary beneficiary.

Prior to the SpringCastle Interests Sale, affiliates of the NRZ Buyers owned a 30% limited liability company interest in the SpringCastle Joint Venture, and affiliates of the Blackstone Buyers owned a 23% limited liability company interest in the SpringCastle Joint Venture (together, the "Other Members"). The Other Members are parties to the purchase agreement for purposes of certain limited indemnification obligations and post-closing expense reimbursement obligations of the SpringCastle Joint Venture to the SpringCastle Sellers.

The NRZ Buyers are subsidiaries of NRZ, which is externally managed by an affiliate of Fortress. The Initial Stockholder, which owned approximately 58% of OMH's common stock as of March 31, 2016, the date of sale, was owned primarily by a private equity fund managed by an affiliate of Fortress. Mr. Edens, Chairman of the Board of Directors of OMH, also serves as Chairman of the Board of Directors of NRZ. Mr. Edens is also a principal of Fortress and serves as Co-Chairman of the Board of Directors of Fortress. Mr. Jacobs, a member of the Board of Directors of OMH, also serves as a member of NRZ's Board of Directors and Fortress' Board of Directors.

The purchase agreement included customary representations, warranties, covenants and indemnities. We did not record a sales recourse obligation related to the SpringCastle Interests Sale.

SFC'S OFFERING OF 8.25% SENIOR NOTES

On April 11, 2016, SFC issued $1.0 billion aggregate principal amount of 8.25% Senior Notes due 2020 (the "8.25% SFC Notes") under an Indenture dated as of December 3, 2014 (the "Base Indenture"), as supplemented by a First

Supplemental Indenture, dated as of December 3, 2014 (the “First Supplemental Indenture”) and a Second Supplemental Indenture, dated as of April 11, 2016 (the “Second Supplemental Indenture” and, collectively with the Base Indenture and the First Supplemental Indenture, the “Indenture”), pursuant to which OMH provided a guarantee of the notes on an unsecured basis.

SFC used a portion of the proceeds from the offering to repurchase approximately $600 million aggregate principal amount of its existing senior notes that mature in 2017, at a premium to principal amount from certain beneficial owners, and certain of those beneficial owners purchased new SFC senior notes in the offering. SFC intends to use the remaining net proceeds for general corporate purposes, which may include further debt repurchases and repayments.

The notes are SFC’s senior unsecured obligations and rank equally in right of payment to all of SFC’s other existing and future unsubordinated indebtedness from time to time outstanding. The notes are effectively subordinated to all of SFC’s secured

obligations to the extent of the value of the assets securing such obligations and structurally subordinated to any existing and future obligations of SFC's subsidiaries with respect to claims against the assets of such subsidiaries.

The notes may be redeemed at any time and from time to time, at the option of SFC, in whole or in part at a "make-whole" redemption price specified in the Indenture. The notes will not have the benefit of any sinking fund.

The Indenture contains covenants that, among other things, (i) limit SFC's ability to create liens on assets and (ii) restrict SFC's ability to consolidate, merge or sell its assets. The Indenture also provides for events of default which, if any of them were to occur, would permit or require the principal of and accrued interest on the notes to become, or to be declared, due and payable.

LENDMARK SALE

On November 12, 2015, OMH and the Branch Sellers entered into a purchase and sale agreement with Lendmark Financial Services, LLC ("Lendmark") to sell 127 Springleaf branches and, subject to certain exclusions, the associated personal loans issued to customers of such branches, fixed non-information technology assets and certain other tangible personal property located in such branches to Lendmark (the "Lendmark Sale") for a purchase price equal to the sum of (i) the aggregate unpaid balance as of closing of the purchased loans multiplied by 103%, plus (ii) for each interest-bearing purchased loan, an amount equal to all unpaid interest that had accrued on the unpaid balance at the applicable note rate from the most recent interest payment date through the closing, plus (iii) the sum of all prepaid charges and fees and security deposits of the Branch Sellers to the extent arising under the purchased contracts as reflected on the books and records of the Branch Sellers as of closing, subject to certain limitations if the purchase price would exceed $695 million and Lendmark would be unable to obtain financing on certain specified terms. In anticipation of the sale of these branches, SFC transferred $608 million of personal loans from held for investment to held for sale on September 30, 2015.

Pursuant to the Settlement Agreement, we were required to dispose of the branches to be sold in connection with the Lendmark Sale within 120 days following November 13, 2015, subject to such extensions as the DOJ may approve. As we did not believe we would be able to consummate the Lendmark Sale prior to April 1, 2016, we requested two extensions of the closing deadline set forth in the Settlement Agreement. The DOJ granted our requests through May 13, 2016.

On May 2, 2016, we completed the Lendmark Sale for an aggregate cash purchase price of $624 million. Such sale was effective as of April 30, 2016, and included the sale to Lendmark of personal loans with an unpaid principal balance ("UPB") as of March 31, 2016 of $600 million. We have entered into a transition services agreement with Lendmark dated as of May 2, 2016 (the "Transition Services Agreement"), and our activities will remain subject to the oversight of the Monitoring Trustee appointed by the court pursuant to the Settlement Agreement until the expiration of the Transition Services Agreement. The Transition Services Agreement is currently scheduled to expire on or before February 2, 2017, subject to an additional three-month extension with the permission of the DOJ. Although we continue to take such steps as we believe are necessary to comply with the terms of the Settlement Agreement, no assurance can be given that we will not incur fines or penalties associated with our activities pursuant to the Transition Services Agreement or our efforts to comply with the terms of the Settlement Agreement.

REAL ESTATE LOAN SALE

On August 3, 2016, SFC and certain of its subsidiaries sold a portfolio of second lien mortgage loans for aggregate cash proceeds of $246 million (the "August 2016 Real Estate Loan Sale"). In connection with this sale, we recorded a net loss in other revenues at the time of sale of $4 million. Unless we are terminated or we resign as servicer, we will

continue to service the loans included in this sale pursuant to a servicing agreement. The purchase and sale agreement and the servicing agreement include customary representations and warranties and indemnification provisions.

Table of Contents

3. Recent Accounting Pronouncements

ACCOUNTING PRONOUNCEMENTS RECENTLY ADOPTED

Consolidation

In February of 2015, the Financial Accounting Standards Board (the "FASB") issued ASU 2015-02, Consolidation - Amendments to the Consolidation Analysis, which amends the current consolidation guidance and ends the deferral granted to reporting entities with variable interests in investment companies from applying certain prior amendments to the VIE guidance. This ASU is applicable to entities across all industries, particularly those that use limited partnerships as well as entities in any industry that outsource decision making or have historically applied related party tiebreakers in their consolidation analysis and disclosures. The standard became effective for public business entities for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. We have adopted this ASU and concluded that it does not have a material effect on our consolidated financial statements.

Technical Corrections and Improvements

In June of 2015, the FASB issued ASU 2015-10, Technical Corrections and Improvements, to correct differences between original guidance and the Accounting Standards Codification, clarify the guidance, correct references and make minor improvements affecting a variety of topics. The amendments to this transition guidance became effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. We have adopted this ASU and concluded that it does not have a material effect on our consolidated financial statements.

Debt Instruments

In March of 2016, the FASB issued ASU 2016-06, Contingent Puts and Call Options in Debt Instruments, which clarifies the requirements for assessing whether contingent call (put) options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt host. The ASU requires assessing the embedded call (put) options solely in accordance with the four-step decision sequence. The amendment of this ASU becomes effective on a modified retrospective basis for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. We have early adopted this ASU and concluded that it does not have a material effect on our consolidated financial statements.

Stock Compensation

In March of 2016, the FASB issued ASU 2016-09, Improvements to Employee Share-Based Payment Accounting, which simplifies the accounting for share-based payment transactions, income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The amendments in this ASU were adopted as follows:

- We adopted the amendment requiring recognition of tax benefits related to exercised or vested awards through the income statement rather than additional paid-in capital on a prospective basis as of January 1, 2016. Further, as of January 1, 2016, there was no impact to additional paid-in capital as a result of our adoption of this ASU under the modified retrospective method.

- We did not adopt the amendment allowing for the use of the actual number of shares vested each period, rather than estimating the number of awards that are expected to vest. We continue to use an estimate as it relates to the number of awards that are expected to vest.

- We adopted the amendment for the threshold to qualify for equity classification permits withholding up to the maximum statutory tax rates, under the modified retrospective basis as of January 1, 2016. This amendment did not have a material impact on our consolidated financial statements.

- We adopted the amendment requiring the classification of employee taxes paid on the statement of cash flows when an employer withholds shares for tax-withholding purposes to be presented in the financing activities instead of the operating activities, under the retrospective method as of January 1, 2014. This amendment did not have a material impact on our consolidated financial statements.

- We adopted the amendment requiring the classification of excess tax benefits on the statement of cash flows to be presented in the operating activities instead of the financing activities, under the prospective method as of September 30, 2016. This amendment did not have a material impact on our consolidated financial statements.

Table of Contents

ACCOUNTING PRONOUNCEMENTS TO BE ADOPTED

Revenue Recognition

In May of 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, which provides a consistent revenue accounting model across industries. In August of 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers - Deferral of the Effective Date, to defer the effective date of the new revenue recognition standard by one year, which would result in the ASU becoming effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. In March of 2016, the FASB issued ASU 2016-08, Principal versus Agent Considerations, which clarifies the implementation of the guidance on principal versus agent considerations from ASU 2014-09, Revenue from Contracts with Customers. ASU 2016-08 does not change the core principle of the guidance in ASU 2014-09, but rather clarifies the distinction between principal versus agent considerations when implementing ASU 2014-09. In April of 2016, the FASB issued ASU 2016-10, Identifying Performance Obligations and Licensing, to clarify the implementation guidance of ASU 2014-09 relating to performance obligations and licensing. In May of 2016, the FASB issued ASU 2016-12, Narrow-Scope Improvements and Practical Expedients, to clarify guidance in ASU 2014-09 related to assessing collectability, presentation of sales taxes, noncash consideration, and completed contracts/contract modifications. We are evaluating whether the adoption of these accounting pronouncements will have a material effect on our consolidated financial statements.

Short-Duration Insurance Contracts Disclosures

In May of 2015, the FASB issued ASU 2015-09, Disclosures about Short-Duration Contracts, to address enhanced disclosure requirements for insurers relating to short-duration insurance contract claims and unpaid claims liability rollforward for long and short-duration contracts. The disclosures are intended to provide users of financial statements with more transparent information about an insurance entity’s initial claim estimates and subsequent adjustments to those estimates, the methodologies and judgments used to estimate claims, and the timing, frequency, and severity of claims. The amendments in this ASU become effective for annual periods beginning after December 15, 2015, and interim periods within annual periods beginning after December 15, 2016. We are evaluating the potential impact of the adoption of the ASU on our consolidated financial statements.

Financial Instruments

In January of 2016, the FASB issued ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, which simplifies the impairment assessment of equity investments. The update requires equity investments to be measured at fair value with changes recognized in net income. This ASU eliminates the requirement to disclose the methods and assumptions to estimate fair value for financial instruments, requires the use of the exit price for disclosure purposes, requires the change in liability due to a change in credit risk to be presented in other comprehensive income, requires separate presentation of financial assets and liabilities by measurement category and form of asset (securities and loans), and clarifies the need for a valuation allowance on a deferred tax asset related to available-for-sale securities. The amendments in this ASU become effective prospectively for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. We are evaluating whether the adoption of this ASU will have a material effect on our consolidated financial statements.

Leases

In February of 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The ASU will require lessees to recognize assets and liabilities on leases with terms greater than 12 months and to disclose information related to the amount, timing and uncertainty of cash flows arising from leases, including various qualitative and quantitative requirements.

The amendments in this ASU become effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2018. We are evaluating whether the adoption of this ASU will have a material effect on our consolidated financial statements.

Investments

In March of 2016, the FASB issued ASU 2016-07, Simplifying the Transition to the Equity Method of Accounting, which eliminates the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retroactively on a step-by-step basis as if the equity method had been in effect during all previous periods that the investment had been held. The ASU requires that an entity that has available-for-sale securities recognize, through earnings, the unrealized holding gain or loss in accumulated other comprehensive income at the date the investment becomes qualified for use of the equity method. The amendment in this ASU becomes effective prospectively for annual periods, and interim periods within

those annual periods, beginning after December 15, 2016. We are evaluating whether the adoption of this ASU will have a material effect on our consolidated financial statements.

Revenue Recognition and Derivatives and Hedging

In May of 2016, the FASB issued ASU 2016-11, Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815), to rescind certain SEC guidance in Topic 605 and Topic 815 as ASU 2014-09 becomes effective. Our adoption of ASU 2014-09 will bring us into alignment with this ASU. We are evaluating whether the adoption of this ASU will have a material effect on our consolidated financial statements.

Allowance for Finance Receivables Losses

In June of 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The ASU significantly changes the way that entities will be required to measure credit losses. The new standard requires that the estimated credit loss be based upon an "expected credit loss" approach rather than the "incurred loss" approach currently required. The new approach will require entities to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable forecasts of collectability. It is anticipated that the expected credit loss model will require earlier recognition of credit losses than the incurred loss approach.

The ASU requires that credit losses for purchased financial assets with a more-than-insignificant amount of credit deterioration since origination that are measured at amortized cost basis be determined in a similar manner to other financial assets measured at amortized cost basis; however, the initial allowance for credit losses is added to the purchase price of the financial asset rather than being reported as a credit loss expense. Subsequent changes in the allowance for credit losses are recorded in earnings. Interest income should be recognized based on the effective rate, excluding the discount embedded in the purchase price attributable to expected credit losses at acquisition.

The ASU also requires companies to record allowances for held-to-maturity and available-for-sale debt securities rather than write-downs of such assets.

In addition, the ASU requires qualitative and quantitative disclosures that provide information about the allowance and the significant factors that influenced management's estimate of the allowance.

The ASU will become effective for the Company for fiscal years beginning January 1, 2020. Early adoption is permitted for fiscal years beginning January 1, 2019. We believe the adoption of this ASU will have a material effect on our consolidated financial statements and we are in the process of evaluating the expected impacts.

Statement of Cash Flows

In August of 2016, the FASB issued ASU 2016-15, Statement of Cash Flows, which clarifies how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments in this ASU will become effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. We are evaluating whether the adoption of this ASU will have a material effect on our consolidated financial statements.

We do not believe that any other accounting pronouncements issued during the nine months ended September 30, 2016, but not yet effective, would have a material impact on our consolidated financial statements or disclosures, if adopted.

4. Finance Receivables

Our finance receivable types include personal loans, real estate loans, and retail sales finance as defined below:

- Personal loans — are secured by consumer goods, automobiles, or other personal property or are unsecured, typically non-revolving with a fixed-rate and a fixed, original term of three to six years. At September 30, 2016, we had over 2.2 million personal loans representing $13.7 billion of net finance receivables, compared to 2.2 million personal loans totaling $13.3 billion at December 31, 2015.

- Real estate loans — are secured by first or second mortgages on residential real estate, generally have maximum original terms of 360 months, and are considered non-conforming. Real estate loans may be closed-end accounts or open-end home equity lines of credit and are primarily fixed-rate products. Since we ceased real estate lending in January of 2012, our real estate loans are in a liquidating status.

Table of Contents

- Retail sales finance — include retail sales contracts and revolving retail accounts. Retail sales contracts are closed-end accounts that represent a single purchase transaction. Revolving retail accounts are open-end accounts that can be used for financing repeated purchases from the same merchant. Retail sales contracts are secured by the personal property designated in the contract and generally have maximum original terms of 60 months. Revolving retail accounts are secured by the goods purchased and generally require minimum monthly payments based on the amount financed calculated after the most recent purchase or outstanding balances. Our retail sales finance portfolio is in a liquidating status.

Our finance receivable types also included the SpringCastle Portfolio at December 31, 2015, as defined below:

- SpringCastle Portfolio — included unsecured loans and loans secured by subordinate residential real estate mortgages that were sold on March 31, 2016, in connection with the SpringCastle Interests Sale. The SpringCastle Portfolio included both closed-end accounts and open-end lines of credit. These loans were in a liquidating status and varied in substance and form from our originated loans. Unless we are terminated, we will continue to provide the servicing for these loans pursuant to a servicing agreement, which we service as unsecured loans because the liens are subordinated to superior ranking security interests.

Components of net finance receivables held for investment by type were as follows:

(dollars in millions)	Personal Loans	SpringCastle Portfolio	Real Estate Loans	Retail Sales Finance	Total
September 30, 2016					
Gross receivables *	$15,607	$ —	$ 200	$ 14	$15,821
Unearned finance charges and points and fees	(2,175)	—	—	(1)	(2,176)
Accrued finance charges	145	—	1	—	146
Deferred origination costs	79	—	—	—	79
Total	$13,656	$ —	$ 201	$ 13	$13,870
December 31, 2015					
Gross receivables *	$15,353	$ 1,672	$ 534	$ 25	$17,584
Unearned finance charges and points and fees	(2,261)	—	—	(2)	(2,263)
Accrued finance charges	147	31	4	—	182
Deferred origination costs	56	—	—	—	56
Total	$13,295	$ 1,703	$ 538	$ 23	$15,559

* Gross receivables are defined as follows:

- Finance receivables purchased as a performing receivable — gross finance receivables equal the UPB for interest bearing accounts and the gross remaining contractual payments for precompute accounts; additionally, the remaining unearned discount, net of premium established at the time of purchase, is included in both interest bearing and precompute accounts to reflect the finance receivable balance at its initial fair value;

- Finance receivables originated subsequent to the respective OneMain and Fortress acquisitions — gross finance receivables equal the UPB for interest bearing accounts and the gross remaining contractual payments for precompute accounts;

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Purchased credit impaired finance receivables — gross finance receivables equal the remaining estimated cash flows less the current balance of accretable yield on the purchased credit impaired accounts; and

- TDR finance receivables — gross finance receivables equal the UPB for interest bearing accounts and the gross remaining contractual payments for precompute accounts; additionally, the remaining unearned discount, net of premium established at the time of purchase, is included in both interest bearing and precompute accounts previously purchased as a performing receivable.

Table of Contents

Unused lines of credit extended to customers by the Company were as follows:

(dollars in millions)	September 30, 2016	December 31, 2015
Personal loans	$ 1	$ 2
SpringCastle Portfolio	—	365
Real estate loans	10	30
Total	$ 11	$ 397

Unused lines of credit on our personal loans can be suspended if any of the following occurs: (i) the value of the collateral declines significantly; (ii) we believe the borrower will be unable to fulfill the repayment obligations; or (iii) any other default by the borrower of any material obligation under the agreement occurs. Unused lines of credit on our real estate loans can be suspended if any of the following occurs: (i) the value of the real estate declines significantly below the property's initial appraised value; (ii) we believe the borrower will be unable to fulfill the repayment obligations because of a material change in the borrower's financial circumstances; or (iii) any other default by the borrower of any material obligation under the agreement occurs. Unused lines of credit on home equity lines of credit can be terminated for delinquency. Accordingly, no reserve has been recorded for the unused lines of credit.

CREDIT QUALITY INDICATORS

We consider the delinquency status and nonperforming status of the finance receivable as our primary credit quality indicators.

We accrue finance charges on revolving retail finance receivables up to the date of charge-off at 180 days past due. Our revolving retail finance receivables that were more than 90 days past due and still accruing finance charges at September 30, 2016 and at December 31, 2015 were immaterial. Our personal loans and real estate loans do not have finance receivables that were more than 90 days past due and still accruing finance charges.

Delinquent and Nonperforming Finance Receivables

We consider the delinquency status of the finance receivable as our primary credit quality indicator. We monitor delinquency trends to manage our exposure to credit risk. We consider finance receivables 60 days or more past due as delinquent and consider the likelihood of collection to decrease at such time.

We also monitor finance receivable performance trends to evaluate the potential risk of future credit losses. At 90 days or more past due, we consider our finance receivables to be nonperforming. Once the finance receivables are considered as nonperforming, we consider them to be at increased risk for credit loss.

Table of Contents

The following is a summary of net finance receivables held for investment by type and by number of days delinquent:

(dollars in millions)	Personal Loans	SpringCastle Portfolio	Real Estate Loans	Retail Sales Finance	Total
September 30, 2016					
Net finance receivables:					
Performing					
Current	$ 12,992	$ —	$ 152	$ 13	$ 13,157
30-59 days past due	211	—	14	—	225
60-89 days past due	145	—	7	—	152
Total performing	13,348	—	173	13	13,534
Nonperforming					
90-119 days past due	115	—	3	—	118
120-149 days past due	99	—	3	—	102
150-179 days past due	91	—	2	—	93
180 days or more past due	3	—	20	—	23
Total nonperforming	308	—	28	—	336
Total	$ 13,656	$ —	$ 201	$ 13	$ 13,870
Total 60+ delinquent finance receivables	$ 453	$ —	$ 35	$ —	$ 488
December 31, 2015					
Net finance receivables:					
Performing					
Current	$ 12,777	$ 1,588	$ 486	$ 22	$ 14,873
30-59 days past due	170	49	13	—	232
60-89 days past due	127	26	19	—	172
Total performing	13,074	1,663	518	22	15,277
Nonperforming					
90-119 days past due	97	16	3	—	116
120-149 days past due	58	12	2	1	73
150-179 days past due	62	11	2	—	75
180 days or more past due	4	1	13	—	18
Total nonperforming	221	40	20	1	282
Total	$ 13,295	$ 1,703	$ 538	$ 23	$ 15,559
Total 60+ delinquent finance receivables	$ 348	$ 66	$ 39	$ 1	$ 454

PURCHASED CREDIT IMPAIRED FINANCE RECEIVABLES

Our purchased credit impaired finance receivables consist of receivables purchased as part of the following transactions:

- OneMain Acquisition - effective November 1, 2015, we acquired personal loans (the “OM Loans”), some of which were determined to be credit impaired.

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Ownership interest acquired by FCFI Acquisition LLC, an affiliate of Fortress (the “Fortress Acquisition”) - we revalued our assets and liabilities based on their fair value at the date of the Fortress Acquisition, November 30, 2010, in accordance with purchase accounting and adjusted the carrying value of our finance receivables (the “FA Loans”) to their fair value.

Table of Contents

At December 31, 2015, our purchased credit impaired finance receivables also included the SpringCastle Portfolio, which was purchased as part of the following transaction:

- Joint venture acquisition of the SpringCastle Portfolio (the "SCP Loans") - on April 1, 2013, we acquired a 47% equity interest in the SCP Loans, some of which were determined to be credit impaired on the date of purchase. On March 31, 2016, we sold the SpringCastle Portfolio in connection with the SpringCastle Interests Sale described in Note 2.

We report the carrying amount (which initially was the fair value) of our purchased credit impaired finance receivables in net finance receivables, less allowance for finance receivable losses or in finance receivables held for sale as discussed below.

At September 30, 2016 and December 31, 2015, finance receivables held for sale totaled $166 million and $793 million, respectively. See Note 6 for further information on our finance receivables held for sale, which include purchased credit impaired finance receivables, as well as TDR finance receivables. Therefore, we are presenting the financial information for our purchased credit impaired finance receivables and TDR finance receivables combined for finance receivables held for investment and finance receivables held for sale in the tables below.

Information regarding our purchased credit impaired finance receivables held for investment and held for sale were as follows:

(dollars in millions)	OM Loans	SCP Loans	FA Loans *	Total
September 30, 2016				
Carrying amount, net of allowance	$ 380	$ —	$ 72	$452
Outstanding balance	519	—	109	628
Allowance for purchased credit impaired finance receivable losses	29	—	8	37
December 31, 2015				
Carrying amount, net of allowance	$ 652	$ 350	$ 89	$1,091
Outstanding balance	911	482	136	1,529
Allowance for purchased credit impaired finance receivable losses	—	—	12	12

* Purchased credit impaired FA Loans held for sale included in the table above were as follows:

(dollars in millions)	FA Loans
September 30, 2016	
Carrying amount	$ 56
Outstanding balance	85
December 31, 2015	
Carrying amount	$ 59
Outstanding balance	89

The allowance for purchased credit impaired finance receivable losses at September 30, 2016 and December 31, 2015, reflected the net carrying value of the purchased credit impaired FA Loans being higher than the present value of the expected cash flows.

Table of Contents

Changes in accretable yield for purchased credit impaired finance receivables held for investment and held for sale were as follows:

(dollars in millions)	OM Loans	SCP Loans	FA Loans	Total
Three Months Ended September 30, 2016				
Balance at beginning of period	$ 87	$ —	$ 61	$ 148
Accretion (a)	(15)	—	(1)	(16)
Reclassifications from nonaccretable difference (b)	—	—	8	8
Transfer due to finance receivables sold	—	—	(11)	(11)
Balance at end of period	$ 72	$ —	$ 57	$ 129
Three Months Ended September 30, 2015				
Balance at beginning of period	$ —	$ 411	$ 53	$ 464
Accretion (a)	—	(19)	(2)	(21)
Reclassifications from nonaccretable difference (b)	—	—	1	1
Balance at end of period	$ —	$ 392	$ 52	$ 444
Nine Months Ended September 30, 2016				
Balance at beginning of period	$ 151	$ 375	$ 66	$ 592
Accretion (a)	(56)	(16)	(5)	(77)
Other (c)	(23)	—	—	(23)
Reclassifications from nonaccretable difference (b)	—	—	7	7
Transfer due to finance receivables sold	—	(359)	(11)	(370)
Balance at end of period	$ 72	$ —	$ 57	$ 129
Nine Months Ended September 30, 2015				
Balance at beginning of period	$ —	$ 452	$ 54	$ 506
Accretion (a)	—	(60)	(6)	(66)
Reclassifications from nonaccretable difference (b)	—	—	4	4
Balance at end of period	$ —	$ 392	$ 52	$ 444

(a) Accretion on our purchased credit impaired FA Loans held for sale included in the table above were as follows:

(dollars in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Accretion	$ 2	$ 1	$ 4	$ 4

(b) Reclassifications from nonaccretable difference represents the increases in accretable yield resulting from higher estimated undiscounted cash flows.

(c) Other reflects a measurement period adjustment in the first quarter of 2016 based on a change in the expected cash flows in the purchase credit impaired portfolio related to the OneMain Acquisition. The measurement period adjustment created a decrease of $23 million to the beginning balance of the OM Loans accretable yield.

Table of Contents

TROUBLED DEBT RESTRUCTURED FINANCE RECEIVABLES

Information regarding TDR finance receivables held for investment and held for sale were as follows:

(dollars in millions)	Personal Loans (a)	SpringCastle Portfolio	Real Estate Loans (a)	Total
September 30, 2016				
TDR gross finance receivables (b)	$ 117	$ —	$ 137	$ 254
TDR net finance receivables	117	—	138	255
Allowance for TDR finance receivable losses	49	—	11	60
December 31, 2015				
TDR gross finance receivables (b)	$ 46	$ 14	$ 200	$ 260
TDR net finance receivables	46	13	201	260
Allowance for TDR finance receivable losses	17	4	34	55

(a) TDR finance receivables held for sale included in the table above were as follows:

(dollars in millions)	Personal Loans	Real Estate Loans	Total
September 30, 2016			
TDR gross finance receivables	$ —	$ 90	$ 90
TDR net finance receivables	—	90	90
December 31, 2015			
TDR gross finance receivables	$ 2	$ 92	$ 94
TDR net finance receivables	2	92	94

(b) As defined earlier in this Note.

As of September 30, 2016, we had no commitments to lend additional funds on our TDR finance receivables.

TDR average net receivables held for investment and held for sale and finance charges recognized on TDR finance receivables held for investment and held for sale were as follows:

(dollars in millions)	Personal Loans *	SpringCastle Portfolio	Real Estate Loans *	Total
Three Months Ended September 30, 2016				
TDR average net receivables	$ 102	$ —	$ 159	$ 261
TDR finance charges recognized	4	—	3	7
Three Months Ended September 30, 2015				
TDR average net receivables	$ 30	$ 12	$ 199	$ 241

TDR finance charges recognized	—	1	2	3
Nine Months Ended September 30, 2016				
TDR average net receivables	$ 83	$ —	$ 187	$270
TDR finance charges recognized	7	—	9	16
Nine Months Ended September 30, 2015				
TDR average net receivables	$ 28	$ 12	$ 197	$237
TDR finance charges recognized	2	1	8	11

Table of Contents

* TDR finance receivables held for sale included in the table above were as follows:

(dollars in millions)	Personal Loans	Real Estate Loans	Total
Three Months Ended September 30, 2016			
TDR average net receivables	$ —	$ 112	$ 112
TDR finance charges recognized	—	2	2
Three Months Ended September 30, 2015			
TDR average net receivables	$ —	$ 92	$ 92
TDR finance charges recognized	—	2	2
Nine Months Ended September 30, 2016			
TDR average net receivables	$ 1	$ 105	$ 106
TDR finance charges recognized	—	5	5
Nine Months Ended September 30, 2015			
TDR average net receivables	$ —	$ 91	$ 91
TDR finance charges recognized	—	4	4

Table of Contents

Information regarding the new volume of the TDR finance receivables held for investment and held for sale were as follows:

(dollars in millions)	Personal Loans (a)	SpringCastle Portfolio	Real Estate Loans (a)	Total
Three Months Ended September 30, 2016				
Pre-modification TDR net finance receivables	$ 48	$ —	$ 3	$ 51
Post-modification TDR net finance receivables:				
Rate reduction	$ 43	$ —	$ 3	$ 46
Other (b)	3	—	1	4
Total post-modification TDR net finance receivables	$ 46	$ —	$ 4	$ 50
Number of TDR accounts	6,241	—	86	6,327
Three Months Ended September 30, 2015				
Pre-modification TDR net finance receivables	$ 8	$ 1	$ 6	$ 15
Post-modification TDR net finance receivables:				
Rate reduction	$ 3	$ 1	$ 3	$ 7
Other (b)	3	—	2	5
Total post-modification TDR net finance receivables	$ 6	$ 1	$ 5	$ 12
Number of TDR accounts	1,557	142	95	1,794
Nine Months Ended September 30, 2016				
Pre-modification TDR net finance receivables	$ 148	$ 1	$ 13	$ 162
Post-modification TDR net finance receivables:				
Rate reduction	$ 136	$ 1	$ 11	$ 148
Other (b)	8	—	3	11
Total post-modification TDR net finance receivables	$ 144	$ 1	$ 14	$ 159
Number of TDR accounts	19,866	157	291	20,314
Nine Months Ended September 30, 2015				
Pre-modification TDR net finance receivables	$ 24	$ 5	$ 16	$ 45
Post-modification TDR net finance receivables:				
Rate reduction	$ 11	$ 5	$ 12	$ 28
Other (b)	9	—	4	13
Total post-modification TDR net finance receivables	$ 20	$ 5	$ 16	$ 41
Number of TDR accounts	4,900	550	272	5,722

Table of Contents

(a) TDR finance receivables held for sale included in the table above were as follows:

(dollars in millions)	Personal Loans	Real Estate Loans	Total
Three Months Ended September 30, 2016			
Pre-modification TDR net finance receivables	$ —	$ 1	$ 1
Post-modification TDR net finance receivables	$ —	$ 2	$ 2
Number of TDR accounts	—	39	39
Three Months Ended September 30, 2015			
Pre-modification TDR net finance receivables *	$ —	$ 1	$ 1
Post-modification TDR net finance receivables *	$ —	$ 2	$ 2
Number of TDR accounts	50	33	83
Nine Months Ended September 30, 2016			
Pre-modification TDR net finance receivables *	$ —	$ 3	$ 3
Post-modification TDR net finance receivables *	$ —	$ 4	$ 4
Number of TDR accounts	174	90	264
Nine Months Ended September 30, 2015			
Pre-modification TDR net finance receivables *	$ —	$ 4	$ 4
Post-modification TDR net finance receivables *	$ —	$ 5	$ 5
Number of TDR accounts	50	77	127

* Pre- and post-modification TDR personal loans held for sale for the nine months ended September 30, 2016 and the three and nine months ended September 30, 2015 were less than $1 million and, therefore, are not quantified in the table above.

(b) "Other" modifications primarily include forgiveness of principal or interest.

Net finance receivables held for investment and held for sale that were modified as TDR finance receivables within the previous 12 months and for which there was a default during the period to cause the TDR finance receivables to be considered nonperforming (90 days or more past due) were as follows:

(dollars in millions)	Personal Loans	SpringCastle Portfolio	Real Estate Loans (a)	Total
Three Months Ended September 30, 2016				
TDR net finance receivables (b)	$ 7	$ —	$ 1	$ 8
Number of TDR accounts	1,080	—	13	1,093
Three Months Ended September 30, 2015				
TDR net finance receivables (b) (c)	$ 1	$ —	$ 1	$ 2
Number of TDR accounts	343	26	9	378

Nine Months Ended September 30, 2016				
TDR net finance receivables (b) (c)	$ 13	$ —	$ 3	$ 16
Number of TDR accounts	2,120	19	52	2,191
Nine Months Ended September 30, 2015				
TDR net finance receivables (b)	$ 3	$ 1	$ 2	$ 6
Number of TDR accounts	857	122	35	1,014

Table of Contents

(a) TDR finance receivables held for sale included in the table above were as follows:

(dollars in millions)	Real Estate Loans
Three Months Ended September 30, 2016	
TDR net finance receivables *	$ —
Number of TDR accounts	4
Three Months Ended September 30, 2015	
TDR net finance receivables *	$ —
Number of TDR accounts	1
Nine Months Ended September 30, 2016	
TDR net finance receivables	$ 1
Number of TDR accounts	25
Nine Months Ended September 30, 2015	
TDR net finance receivables	$ 1
Number of TDR accounts	14

* TDR real estate loans held for sale for the three months ended September 30, 2016 and 2015 that defaulted during the previous 12-month period were less than $1 million and, therefore, are not quantified in the combined table above.

(b) Represents the corresponding balance of TDR net finance receivables at the end of the month in which they defaulted.

(c) TDR SpringCastle Portfolio loans for the nine months ended September 30, 2016 and the three months ended September 30, 2015 that defaulted during the previous 12-month period were less than $1 million and, therefore, are not quantified in the combined table above.

Table of Contents

5. Allowance for Finance Receivable Losses

Changes in the allowance for finance receivable losses by finance receivable type were as follows:

(dollars in millions)	Personal Loans	SpringCastle Portfolio	Real Estate Loans	Retail Sales Finance	Consolidated Total
Three Months Ended September 30, 2016					
Balance at beginning of period	$ 587	$ —	$ 20	$ 1	$ 608
Provision for finance receivable losses	261	—	2	—	263
Charge-offs	(213)	—	(4)	—	(217)
Recoveries	17	—	1	—	18
Balance at end of period	$ 652	$ —	$ 19	$ 1	$ 672
Three Months Ended September 30, 2015					
Balance at beginning of period	$ 141	$ 3	$ 41	$ 1	$ 186
Provision for finance receivable losses	61	16	2	—	79
Charge-offs	(58)	(18)	(4)	—	(80)
Recoveries	10	3	2	—	15
Other (a)	(1)	—	—	—	(1)
Balance at end of period	$ 153	$ 4	$ 41	$ 1	$ 199
Nine Months Ended September 30, 2016					
Balance at beginning of period	$ 541	$ 4	$ 46	$ 1	$ 592
Provision for finance receivable losses	652	14	8	—	674
Charge-offs	(585)	(17)	(10)	(1)	(613)
Recoveries	44	3	4	1	52
Other (b)	—	(4)	(29)	—	(33)
Balance at end of period	$ 652	$ —	$ 19	$ 1	$ 672
Nine Months Ended September 30, 2015					
Balance at beginning of period	$ 132	$ 3	$ 46	$ 1	$ 182
Provision for finance receivable losses	173	53	6	1	233
Charge-offs	(179)	(61)	(15)	(2)	(257)
Recoveries	28	9	4	1	42
Other (a)	(1)	—	—	—	(1)
Balance at end of period	$ 153	$ 4	$ 41	$ 1	$ 199

(a) Other consists of the elimination of allowance for finance receivable losses due to the transfer of personal loans held for investment to finance receivable held for sale on September 30, 2015.

(b) Other consists of:

- the elimination of allowance for finance receivable losses due to the sale of the SpringCastle Portfolio on March 31, 2016, in connection with the sale of our equity interest in the SpringCastle Joint Venture. See Note 2 for further information on this sale; and
-

the elimination of allowance for finance receivable losses due to the transfer of real estate loans held for investment to finance receivable held for sale on June 30, 2016.

Table of Contents

The allowance for finance receivable losses and net finance receivables by type and by impairment method were as follows:

(dollars in millions)	Personal Loans	SpringCastle Portfolio	Real Estate Loans	Retail Sales Finance	Total
September 30, 2016					
Allowance for finance receivable losses:					
Collectively evaluated for impairment	$574	$ —	$—	$ 1	$575
Purchased credit impaired finance receivables	29	—	8	—	37
TDR finance receivables	49	—	11	—	60
Total	$652	$ —	$19	$ 1	$672
Finance receivables:					
Collectively evaluated for impairment	$13,130	$ —	$129	$ 13	$13,272
Purchased credit impaired finance receivables	409	—	24	—	433
TDR finance receivables	117	—	48	—	165
Total	$13,656	$ —	$201	$ 13	$13,870
Allowance for finance receivable losses as a percentage of finance receivables	4.77 %	— %	9.96 %	3.55 %	4.85 %
December 31, 2015					
Allowance for finance receivable losses:					
Collectively evaluated for impairment	$524	$ —	$—	$ 1	$525
Purchased credit impaired finance receivables	—	—	12	—	12
TDR finance receivables	17	4	34	—	55
Total	$541	$ 4	$46	$ 1	$592
Finance receivables:					
Collectively evaluated for impairment	$12,599	$ 1,340	$387	$ 23	$14,349
Purchased credit impaired finance receivables	652	350	42	—	1,044
TDR finance receivables	44	13	109	—	166
Total	$13,295	$ 1,703	$538	$ 23	$15,559
Allowance for finance receivable losses as a percentage of finance receivables	4.07 %	0.25 %	8.72 %	3.46 %	3.81 %

6. Finance Receivables Held for Sale

We report finance receivables held for sale of $166 million at September 30, 2016 and $793 million at December 31, 2015, which are carried at the lower of cost or fair value. At September 30, 2016, finance receivables held for sale consisted entirely of real estate loans, compared to $617 million of personal loans and $176 million of real estate loans at December 31, 2015. At September 30, 2016 and December 31, 2015, the fair value of our finance receivables held for sale exceeded the cost. We used the aggregate basis to determine the lower of cost or fair value of finance receivables held for sale.

On June 30, 2016, we transferred $257 million of real estate loans (after deducting allowance for finance receivable losses) from held for investment to held for sale due to management's intent to no longer hold these finance receivables for the foreseeable future. In connection with the August 2016 Real Estate Loan Sale, we sold a portfolio of second lien mortgage loans with a carrying value of $250 million and recorded a net loss in other revenues of $4 million.

On May 2, 2016, we sold personal loans held for sale with a carrying value of $602 million and recorded a net gain in other revenues at the time of sale of $22 million.

Table of Contents

During March of 2016, we transferred $1.6 billion of loans of the SpringCastle Portfolio (after deducting allowance for finance receivable losses) from held for investment to held for sale due to management's intent to no longer hold these finance receivables for the foreseeable future. We simultaneously sold our interests in these finance receivables held for sale on March 31, 2016 in the SpringCastle Interests Sale and recorded a net gain in other revenues at the time of sale of $167 million.

We did not have any other material transfer activity to or from finance receivables held for sale during each of the three and nine months ended September 30, 2016 and 2015.

7. Investment Securities

AVAILABLE-FOR-SALE SECURITIES

Cost/amortized cost, unrealized gains and losses, and fair value of available-for-sale securities by type were as follows:

(dollars in millions)	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
September 30, 2016				
Fixed maturity available-for-sale securities:				
Bonds				
U.S. government and government sponsored entities	$ 39	$ 1	$ —	$40
Obligations of states, municipalities, and political subdivisions	132	3	—	135
Non-U.S. government and government sponsored entities	116	3	—	119
Corporate debt	1,041	28	(2)	1,067
Mortgage-backed, asset-backed, and collateralized:				
Residential mortgage-backed securities (“RMBS”)	81	1	—	82
Commercial mortgage-backed securities (“CMBS”)	111	1	—	112
Collateralized debt obligations (“CDO”)/Asset-backed securities (“ABS”)	82	—	—	82
Total bonds	1,602	37	(2)	1,637
Preferred stock (a)	15	—	—	15
Common stock (a)	19	2	—	21
Other long-term investments	2	—	—	2
Total (b)	$ 1,638	$ 39	$ (2)	$1,675
December 31, 2015				
Fixed maturity available-for-sale securities:				
Bonds				
U.S. government and government sponsored entities	$ 112	$ —	$ (1)	$111
Obligations of states, municipalities, and political subdivisions	140	1	(1)	140
Non-U.S. government and government sponsored entities	126	1	(1)	126
Corporate debt	1,018	3	(22)	999
Mortgage-backed, asset-backed, and collateralized:				
RMBS	128	—	—	128
CMBS	117	—	(1)	116
CDO/ABS	71	—	—	71
Total bonds	1,712	5	(26)	1,691

Preferred stock (a)	14	—	(1)	13
Common stock (a)	23	—	—	23
Other long-term investments	2	—	—	2
Total (b)	$ 1,751	$ 5	$ (27)	$1,729

Table of Contents

(a) The Company employs an income equity strategy targeting investments in stocks with strong current dividend yields. Stocks included have a history of stable or increasing dividend payments.

(b) Excludes an immaterial interest in a limited partnership that we account for using the equity method and Federal Home Loan Bank common stock of $1 million at September 30, 2016 and December 31, 2015, which is classified as a restricted investment and carried at cost.

Fair value and unrealized losses on available-for-sale securities by type and length of time in a continuous unrealized loss position were as follows:

(dollars in millions)	Less Than 12 Months Fair Value	Less Than 12 Months Unrealized Losses *	12 Months or Longer Fair Value	12 Months or Longer Unrealized Losses *	Total Fair Value	Total Unrealized Losses
September 30, 2016						
Bonds:						
U.S. government and government sponsored entities	$ 1	$ —	$ —	$ —	$ 1	$ —
Obligations of states, municipalities, and political subdivisions	23	—	2	—	25	—
Non-U.S. government and government sponsored entities	9	—	—	—	9	—
Corporate debt	105	(1)	10	(1)	115	(2)
RMBS	19	—	—	—	19	—
CMBS	38	—	—	—	38	—
CDO/ABS	15	—	—	—	15	—
Total bonds	210	(1)	12	(1)	222	(2)
Preferred stock	4	—	6	—	10	—
Common stock	3	—	—	—	3	—
Other long-term investments	—	—	1	—	1	—
Total	$ 217	$ (1)	$ 19	$ (1)	$ 236	$ (2)
December 31, 2015						
Bonds:						
U.S. government and government sponsored entities	$ 102	$ (1)	$ —	$ —	$ 102	$ (1)
Obligations of states, municipalities, and political subdivisions	69	(1)	2	—	71	(1)
Non-U.S. government and government sponsored entities	19	(1)	—	—	19	(1)
Corporate debt	786	(22)	7	—	793	(22)
RMBS	107	—	—	—	107	—
CMBS	104	(1)	5	—	109	(1)
CDO/ABS	71	—	—	—	71	—
Total bonds	1,258	(26)	14	—	1,272	(26)
Preferred stock	2	—	6	(1)	8	(1)
Common stock	16	—	—	—	16	—
Other long-term investments	1	—	—	—	1	—
Total	$ 1,277	$ (26)	$ 20	$ (1)	$ 1,297	$ (27)

* Unrealized losses on certain available-for-sale securities were less than $1 million and, therefore, are not quantified in the table above.

On a lot basis, we had 465 and 2,404 investment securities in an unrealized loss position at September 30, 2016 and December 31, 2015, respectively. We do not consider the unrealized losses to be credit-related, as these unrealized losses primarily relate

Table of Contents

to changes in interest rates and market spreads subsequent to purchase. Additionally, at September 30, 2016, we had no plans to sell any investment securities with unrealized losses, and we believe it is more likely than not that we would not be required to sell such investment securities before recovery of their amortized cost.

We continue to monitor unrealized loss positions for potential impairments. During the three and nine months ended September 30, 2016, we recognized less than $1 million of other-than-temporary impairment credit losses on corporate debt in investment revenues. During the three and nine months ended September 30, 2015, we did not recognize any other-than-temporary impairment credit losses on available-for-sale securities in investment revenues.

Changes in the cumulative amount of credit losses (recognized in earnings) on other-than-temporarily impaired available-for-sale securities were as follows:

(dollars in millions)	Three Months Ended September 30, 2016	2015	Nine Months Ended September 30, 2016	2015
Balance at beginning of period	$ —	$ 1	$ 2	$ 1
Reductions:				
Realized due to dispositions with no prior intention to sell	—	—	2	—
Balance at end of period	$ —	$ 1	$ —	$ 1

The proceeds of available-for-sale securities sold or redeemed and the resulting realized gains, realized losses, and net realized gains were as follows:

(dollars in millions)	Three Months Ended September 30, 2016	2015	Nine Months Ended September 30, 2016	2015
Proceeds from sales and redemptions	$57	$168	$344	$374
Realized gains	$3	$4	$10	$15
Realized losses	—	—	(1)	(1)
Net realized gains	$3	$4	$9	$14

Contractual maturities of fixed-maturity available-for-sale securities at September 30, 2016 were as follows:

(dollars in millions)	Fair Value	Amortized Cost
Fixed maturities, excluding mortgage-backed, asset-backed, and collateralized securities:		
Due in 1 year or less	$152	$ 152
Due after 1 year through 5 years	623	615
Due after 5 years through 10 years	378	361
Due after 10 years	208	200
Mortgage-backed, asset-backed, and collateralized securities	276	274

Total	$1,637	$ 1,602

Actual maturities may differ from contractual maturities since borrowers may have the right to call or prepay obligations. We may sell investment securities before maturity for general corporate and working capital purposes and to achieve certain investment strategies.

The fair value of bonds on deposit with insurance regulatory authorities totaled $170 million and $152 million at September 30, 2016 and December 31, 2015, respectively.

Table of Contents

TRADING AND OTHER SECURITIES

The fair value of trading and other securities by type was as follows:

(dollars in millions)	September 30, 2016	December 31, 2015
Fixed maturity trading and other securities:		
Bonds		
Non-U.S. government and government sponsored entities	$ 3	$ 3
Corporate debt	97	124
Mortgage-backed, asset-backed, and collateralized:		
RMBS	1	2
CMBS	2	2
CDO/ABS	3	—
Total bonds	106	131
Preferred stock	6	6
Total *	$ 112	$ 137

* The fair value of other securities, which we have elected the fair value option, totaled $112 million at September 30, 2016 and $128 million at December 31, 2015.

The net unrealized and realized gains (losses) on our trading and other securities, which we report in investment revenues, were as follows:

(dollars in millions)	Three Months Ended September 30, 2016	2015	Nine Months Ended September 30, 2016	2015
Net unrealized gains (losses) on trading and other securities held at period end	$ (2)	$ (1)	$ 6	$ 3
Net realized gains (losses) on trading and other securities sold or redeemed	4	(1)	4	(2)
Total	$ 2	$ (2)	$ 10	$ 1

8. Transactions with Affiliates of Fortress

SUBSERVICING AGREEMENT

Nationstar Mortgage LLC ("Nationstar") subservices the real estate loans of certain of our indirect subsidiaries (collectively, the "Owners"). Investment funds managed by affiliates of Fortress indirectly own a majority interest in Nationstar. The Owners paid Nationstar subservicing fees of less than $1 million for the three months ended September 30, 2016 and 2015 and $1 million for the nine months ended September 30, 2016 and 2015.

INVESTMENT MANAGEMENT AGREEMENT

Logan Circle Partners, L.P. ("Logan Circle") provides investment management services for Springleaf investments. Logan Circle is a wholly owned subsidiary of Fortress. Costs and fees incurred for these investment management services were less than $1 million for the three months ended September 30, 2016 and 2015. Costs and fees incurred

for these investment management services totaled $1 million for the nine months ended September 30, 2016 and 2015.

SALE OF EQUITY INTEREST IN SPRINGCASTLE JOINT VENTURE

On March 31, 2016, we sold our 47% equity interest in the SpringCastle Joint Venture, which owns the SpringCastle Portfolio, to certain subsidiaries of NRZ and Blackstone. See Note 2 for further information on this sale. NRZ is managed by an affiliate of Fortress.

Table of Contents

Unless we are terminated, we will continue to act as the servicer of the SpringCastle Portfolio for the SpringCastle Funding Trust pursuant to a servicing agreement. Servicing fees revenue totaled $10 million and $21 million for the three and nine months ended September 30, 2016. At September 30, 2016, the servicing fees receivable from the SpringCastle Funding Trust totaled $3 million.

9. Long-term Debt

Principal maturities of long-term debt (excluding projected repayments on securitizations and revolving conduit facilities by period) by type of debt at September 30, 2016 were as follows:

(dollars in millions)	Senior Debt Securitizations	Senior Debt Medium Term Notes	Junior Subordinated Debt	Total
Interest rates (a)	2.04% - 6.94%	5.25% - 8.25%	6.00 %	
Fourth quarter 2016	$—	$—	$ —	$—
First quarter 2017	—	—	—	—
Second quarter 2017	—	—	—	—
Third quarter 2017	—	257	—	257
Fourth quarter 2017	—	1,032	—	1,032
2018	—	—	—	—
2019	—	1,400	—	1,400
2020	—	1,300	—	1,300
2021-2067	—	1,750	350	2,100
Securitizations (b)	8,303	—	—	8,303
Total principal maturities	$8,303	$5,739	$ 350	$14,392
Total carrying amount	$8,287	$5,535	$ 172	$13,994
Debt issuance costs (c)	$(19)	$(16)	$ —	$(35)

(a) The interest rates shown are the range of contractual rates in effect at September 30, 2016.

(b) Securitizations are not included in above maturities by period due to their variable monthly repayments. At September 30, 2016, there were no amounts drawn under our revolving conduit facilities. See Note 10 for further information on our long-term debt associated with securitizations and revolving conduit facilities.

(c) Debt issuance costs are reported as a direct deduction from long-term debt, with the exception of debt issuance costs associated with our revolving conduit facilities, which totaled $14 million at September 30, 2016 and are reported in other assets.

GUARANTY AGREEMENTS

8.25% SFC Notes

On April 11, 2016, OMH entered into a Second Supplemental Indenture, pursuant to which it agreed to fully and unconditionally guarantee, on a senior unsecured basis, the payments of principal, premium (if any) and interest on $1.0 billion of the 8.25% SFC Notes. As of September 30, 2016, $1.0 billion aggregate principal amount of the 8.25% SFC Notes were outstanding. See Note 2 for further discussion of this offering.

5.25% SFC Notes

On December 3, 2014, OMH entered into the Base Indenture and the First Supplemental Indenture, pursuant to which it agreed to fully and unconditionally guarantee, on a senior unsecured basis, the payments of principal, premium (if any) and interest on $700 million of 5.25% Senior Notes due 2019 issued by SFC (the “5.25% SFC Notes”). As of September 30, 2016, $700 million aggregate principal amount of the 5.25% SFC Notes were outstanding.

Other SFC Notes

On December 30, 2013, OMH entered into Guaranty Agreements whereby it agreed to fully and unconditionally guarantee the payments of principal, premium (if any) and interest on approximately $5.2 billion aggregate principal amount of senior notes, on a senior unsecured basis, and $350 million aggregate principal amount of a junior subordinated debenture, on a junior subordinated basis, issued by SFC (collectively, the “Other SFC Notes”). The Other SFC Notes consisted of the following: 8.25% Senior Notes due 2023; 7.75% Senior Notes due 2021; 6.00% Senior Notes due 2020; a 60-year junior subordinated debenture; and all senior notes outstanding on December 30, 2013, issued pursuant to the Indenture dated as of May 1, 1999 (the “1999 Indenture”), between SFC and Wilmington Trust, National Association (the successor trustee to Citibank N.A.). The 60-year junior subordinated debenture underlies the trust preferred securities sold by a trust sponsored by SFC. On December 30, 2013, OMH entered into a Trust Guaranty Agreement whereby it agreed to fully and unconditionally guarantee the related payment obligations under the trust preferred securities. As of September 30, 2016, approximately $2.9 billion aggregate principal amount of the Other SFC Notes were outstanding.

The OMH guarantees of SFC’s long-term debt discussed above are subject to customary release provisions.

OMFH Notes

On December 11, 2014, OMFH and certain of its subsidiaries entered into an indenture (the “OMFH Indenture”), among OMFH, the guarantors listed therein and The Bank of New York Mellon, as trustee, in connection with OMFH’s issuance of $700 million aggregate principal amount of 6.75% Senior Notes due 2019 and $800 million in aggregate principal amount of 7.25% Senior Notes due 2021 (collectively, the “OMFH Notes”). The OMFH Notes are OMFH’s unsecured senior obligations, guaranteed on a senior unsecured basis by each of its wholly owned domestic subsidiaries, other than certain subsidiaries, including its insurance subsidiaries and securitization subsidiaries. As of September 30, 2016, $1.5 billion aggregate principal amount of the OMFH Notes were outstanding.

Subsequently, on November 8, 2016, OMH agreed to fully, unconditionally, and irrevocably guarantee the OMFH Notes. See Note 18 for further information on OMH’s guarantee of the OMFH Notes.

10. Variable Interest Entities

As part of our overall funding strategy and as part of our efforts to support our liquidity from sources other than our traditional capital market sources, we have transferred certain finance receivables to VIEs for securitization transactions. Since these transactions involve securitization trusts required to be consolidated, the securitized assets and related liabilities are included in our condensed consolidated financial statements and are accounted for as secured borrowings.

CONSOLIDATED VIES

We evaluated the securitization trusts and determined that these entities are VIEs of which SFC or OMFH is the primary beneficiary, and therefore, we consolidated such entities. SFC or OMFH is deemed to be the primary beneficiary of each of these VIEs because SFC or OMFH has the ability to direct the activities of each VIE that most significantly impact the entity’s economic performance and the obligation to absorb losses and the right to receive benefits that are potentially significant to each VIE. Such ability arises from SFC’s or OMFH’s and their affiliates’ contractual right to service the securitized finance receivables. Our retained subordinated notes and residual interest trust certificates expose us to potentially significant losses and potentially significant returns.

The asset-backed securities issued by the securitization trusts are supported by the expected cash flows from the underlying securitized finance receivables. Cash inflows from these finance receivables are distributed to investors and service providers in accordance with each transaction's contractual priority of payments ("waterfall") and, as such, most of these inflows must be directed first to service and repay each trust's senior notes or certificates held principally by third-party investors. The holders of the asset-backed securities have no recourse to the Company if the cash flows from the underlying qualified securitized assets are not sufficient to pay all principal and interest on the asset-backed securities. After these senior obligations are extinguished, substantially all cash inflows will be directed to the subordinated notes until fully repaid and, thereafter, to the residual interest that we own in each securitization trust. We retain interests in these securitization transactions, including residual interests in each securitization trust and, in some cases, subordinated securities issued by the VIEs. We retain credit risk in the securitizations through our ownership of the residual interest in each securitization trust, and, in some cases, ownership of the most subordinated class of asset-backed securities, which are the first to absorb credit losses on the securitized assets. We expect that any credit losses in the pools of securitized assets will likely be limited to our subordinated and residual

retained interests. We have no obligation to repurchase or replace qualified securitized assets that subsequently become delinquent or are otherwise in default.

We parenthetically disclose on our consolidated balance sheets the VIE's assets that can only be used to settle the VIE's obligations and liabilities if its creditors have no recourse against the primary beneficiary's general credit. The carrying amounts of consolidated VIE assets and liabilities associated with our securitization trusts were as follows:

(dollars in millions)	September 30, 2016	December 31, 2015
Assets		
Cash and cash equivalents	$ 4	$ 11
Finance receivables:		
Personal loans	9,843	11,448
SpringCastle Portfolio	—	1,703
Allowance for finance receivable losses	500	431
Finance receivables held for sale	—	435
Restricted cash and cash equivalents	548	663
Other assets	14	48
Liabilities		
Long-term debt	$ 8,287	$ 11,654
Other liabilities	14	17

SECURITIZATION TRANSACTIONS

SFC Auto Loan Securitization

ODART 2016-1 Securitization. On July 19, 2016, SFC completed a private securitization transaction in which OneMain Direct Auto Receivables Trust 2016-1 ("ODART 2016-1"), a wholly owned special purpose vehicle of SFC, issued $754 million principal amount of notes backed by direct auto loans with an aggregate UPB of $754 million as of June 30, 2016. $700 million principal amount of the notes issued by ODART 2016-1, represented by Classes A, B and C, were sold to unaffiliated parties at a weighted average interest rate of 2.27%, and $54 million principal amount of Class D notes were retained. The maturity dates of the notes occur on January 15, 2021 for the Class A, May 17, 2021 for the Class B, September 15, 2021 for the Class C and February 15, 2023 for the Class D. The first principal and interest payment on the notes was due on August 15, 2016. The indenture governing the ODART 2016-1 notes contains events of default which, if triggered, may result in the acceleration of the obligation to pay principal and interest on the notes.

SFC Consumer Loan Securitization

Call of 2013-B Notes. On February 16, 2016, Sixteenth Street Funding LLC ("Sixteenth Street"), a wholly owned subsidiary of SFC, exercised its right to redeem the asset backed notes issued by the Springleaf Funding Trust 2013-B on June 19, 2013 (the "2013-B Notes"). To redeem the 2013-B Notes, Sixteenth Street paid a redemption price of $371 million, which included $1 million of accrued interest and excluded $30 million for the Class C and Class D Notes owned by Sixteenth Street on February 16, 2016, the date of the optional redemption. The outstanding principal balance of the 2013-B Notes was $400 million on the date of the optional redemption.

OMFH Consumer Loan Securitizations

OMFIT 2016-1 Securitization. On February 10, 2016, OMFH completed a private securitization transaction in which OneMain Financial Issuance Trust 2016-1 ("OMFIT 2016-1"), a wholly owned special purpose vehicle of OMFH, issued $500 million of notes backed by personal loans. $414 million of the notes issued by OMFIT 2016-1, represented by Classes A and B, were sold to unaffiliated third parties at a weighted average interest rate of 3.79%, and $86 million of the notes issued by OMFIT 2016-1, represented by Classes C and D, were retained by OMFH. The notes mature on February 20, 2029 and have a 34-month revolving period during which no principal payments are required to be made on the notes. These notes are collateralized by a pool of secured and unsecured fixed rate personal loans with an aggregate UPB of $570 million as of February 10, 2016. The indenture governing the notes contains customary early amortization events and events of default,

which, if triggered, may result in the acceleration of the obligation to pay principal and interest on the notes.

On May 17, 2016, $45 million of the notes issued by OMFIT 2016-1, represented by Class C, were sold to unaffiliated third parties at an interest rate of 6.00%.

OMFIT 2016-2 Securitization. On March 23, 2016, OMFH completed a private securitization transaction in which OneMain Financial Issuance Trust 2016-2 ("OMFIT 2016-2"), a wholly owned special purpose vehicle of OMFH, issued $890 million of notes backed by personal loans. $733 million of the notes issued by OMFIT 2016-2, represented by Classes A and B, were sold to unaffiliated third parties at a weighted average interest rate of 4.37%, and $157 million of the notes issued by OMFIT 2016-2, represented by Classes C and D, were retained by OMFH. The notes mature on March 20, 2028 and have a 23-month revolving period during which no principal payments are required to be made on the notes. These notes are collateralized by a pool of secured and unsecured fixed rate personal loans with an aggregate UPB of $1.0 billion as of March 23, 2016. The indenture governing the notes contains customary early amortization events and events of default, which, if triggered, may result in the acceleration of the obligation to pay principal and interest on the notes.

On July 25, 2016, OneMain Financial Funding III, LLC, a wholly owned special purpose vehicle of OMFH, sold $83 million principal amount of the previously retained Class C Notes issued by OMFIT 2016-2 to unaffiliated third parties at an interest rate of 5.67%.

OMFIT 2016-3 Securitization. On June 7, 2016, OMFH completed a private securitization transaction in which OneMain Financial Issuance Trust 2016-3 ("OMFIT 2016-3"), a wholly owned special purpose vehicle of OMFH, issued $350 million of notes backed by personal loans. $317 million of the notes issued by OMFIT 2016-3, represented by Classes A, B and C, were sold to unaffiliated third parties at a weighted average interest rate of 4.33%, and $33 million of the notes issued by OMFIT 2016-3, represented by Class D, were retained by OMFH. The notes mature on June 18, 2031 and have a 59-month revolving period during which no principal payments are required to be made on the notes. These notes are collateralized by a pool of secured and unsecured fixed rate personal loans with an aggregate UPB of $397 million as of June 7, 2016. The indenture governing the notes contains customary early amortization events and events of default, which, if triggered, may result in the acceleration of the obligation to pay principal and interest on the notes.

REVOLVING CONDUIT FACILITIES

Conduit Facilities

As of September 30, 2016, our borrowings under conduit facilities consisted of the following:

(dollar in millions)	Note Maximum Balance	Amount Drawn	Revolving Period End
Springleaf			
First Avenue Funding LLC (a)	$ 250	$ —	June 2018
Midbrook 2013-VFN1 Trust (b)	300	—	February 2018
Mill River 2015-VFN1 Trust (c)	100	—	May 2018
Second Avenue Funding LLC	250	—	June 2018
Springleaf 2013-VFN1 Trust (d)	850	—	January 2018
Sumner Brook 2013-VFN1 Trust	350	—	January 2018
Whitford Brook 2014-VFN1 Trust (e)	250	—	June 2018

OneMain			
OneMain Financial B3 Warehouse Trust	350	—	January 2019
OneMain Financial B4 Warehouse Trust	750	—	February 2019
OneMain Financial B5 Warehouse Trust (f)	550	—	February 2019
OneMain Financial B6 Warehouse Trust (g)	600	—	February 2019
Total	$ 4,600	$ —	

Table of Contents

(a) First Avenue Funding LLC. On June 30, 2016, we amended the note purchase agreement with the First Avenue Funding LLC ("First Avenue") to extend the revolving period ending in March 2018 to June 2018. Following the revolving period, the principal amount of the notes, if any, will be reduced as cash payments are received on the underlying direct auto loans and will be due and payable in full 12 months following the maturity of the last direct auto loan held by First Avenue.

(b) Midbrook 2013-VFN1 Trust. On February 24, 2016, we amended the note purchase agreement with the Midbrook Funding Trust 2013-VFN1 to (i) extend the revolving period ending in June 2016 to February 2018 and (ii) decrease the maximum principal balance from $300 million to $250 million on February 24, 2017. Following the revolving period, the principal amount of the notes, if any, will be reduced as cash payments are received on the underlying personal loans and will be due and payable in the 36th month following the end of the revolving period.

(c) Mill River 2015-VFN1 Trust. On January 21, 2016, we amended the note purchase agreement with the Mill River 2015-VFN1 Trust to decrease the maximum principal balance from $400 million to $100 million.

(d) Springleaf 2013-VFN1 Trust. On January 21, 2016, we amended the note purchase agreement with the Springleaf 2013-VFN1 Trust to (i) increase the maximum principal balance from $350 million to $850 million and (ii) extend the revolving period ending in April 2017 to January 2018, which may be extended to January 2019, subject to the satisfaction of customary conditions precedent. Following the revolving period, the principal amount of the notes, if any, will be reduced as cash payments are received on the underlying personal loans and will be due and payable in the 36th month following the end of the revolving period.

(e) Whitford Brook 2014-VFN1 Trust. On February 24, 2016, we amended the note purchase agreement with the Whitford Brook Funding Trust 2014-VFN1 (the "Whitford Brook 2014-VFN1 Trust") to extend the revolving period ending in June 2017 to June 2018. Following the revolving period, the principal amount of the notes, if any, will be reduced as cash payments are received on the underlying personal loans and will be due and payable in the 12th month following the end of the revolving period.

(f) OneMain Financial B5 Warehouse Trust. On March 21, 2016, we refinanced the OneMain Financial B1 Warehouse Trust into OneMain Financial B5 Warehouse Trust with the same unaffiliated financial institutions that provided committed financing on a revolving basis for personal loans originated by OMFH's subsidiaries. The maximum principal balance under the new facility is $550 million. The aggregate maximum capacity for this facility is subject to a scheduled reduction of $100 million on January 21, 2017 and a further reduction of $100 million on January 21, 2018.

(g) OneMain Financial B6 Warehouse Trust. On July 28, 2016, we amended the note purchase agreement with the OneMain Financial B6 Warehouse Trust to decrease the maximum principal balance from $750 million to $600 million.

VIE INTEREST EXPENSE

Other than our retained subordinate and residual interests in the remaining consolidated securitization trusts, we are under no obligation, either contractually or implicitly, to provide financial support to these entities. Consolidated interest expense related to our VIEs for the three and nine months ended September 30, 2016 totaled $81 million and $261 million, respectively, compared to $49 million and $136 million for the three and nine months ended September 30, 2015, respectively.

DECONSOLIDATED VIES

As a result of the SpringCastle Interests Sale on March 31, 2016, we deconsolidated the securitization trust holding the underlying loans of the SpringCastle Portfolio and previously issued securitized interests, which were reported in long-term debt.

As a result of the sales of the mortgage-backed retained certificates during 2014, we (i) deconsolidated the securitization trusts holding the underlying real estate loans and previously issued securitized interests which were reported in long-term debt and (ii) established a reserve for sales recourse obligations of $7 million related to these sales. At September 30, 2016, this reserve totaled $7 million. We had no repurchase activity associated with these sales as of September 30, 2016. See Note 14 for further information on the total reserve for sales recourse obligations relating to our real estate loan sales, including the sales of the mortgage-backed retained certificates.

Table of Contents

11. Earnings (Loss) Per Share

The computation of earnings (loss) per share was as follows:

(dollars in millions, except earnings (loss) per share)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Numerator (basic and diluted):				
Net income (loss) attributable to OneMain Holdings, Inc.	$25	$ (13)	$188	$ (23)
Denominator:				
Weighted average number of shares outstanding (basic)	134,730,254	134,452,763	134,717,870	125,701,635
Effect of dilutive securities *	256,883	—	231,467	—
Weighted average number of shares outstanding (diluted)	134,987,137	134,452,763	134,949,337	125,701,635
Earnings (loss) per share:				
Basic	$0.19	$ (0.10)	$1.40	$ (0.18)
Diluted	$0.19	$ (0.10)	$1.39	$ (0.18)

* We have excluded the following shares in the diluted earnings (loss) per share calculation for the three and nine months ended September 30, 2016 and 2015 because these shares would be anti-dilutive, which could impact the earnings (loss) per share calculation in the future:

- 573,658 and 593,331 performance-based shares and 870,645 and 521,127 service-based shares for the three months ended September 30, 2016 and 2015, respectively; and
- 576,437 and 593,068 performance-based shares and 960,032 and 472,259 service-based shares for the nine months ended September 30, 2016 and 2015, respectively.

Basic earnings (loss) per share is computed by dividing net income or loss by the weighted-average number of shares outstanding during each period. Diluted earnings (loss) per share is computed based on the weighted-average number of common shares plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares represent outstanding unvested restricted stock units and restricted stock awards.

Table of Contents

12. Accumulated Other Comprehensive Income (Loss)

Changes, net of tax, in accumulated other comprehensive income (loss) were as follows:

(dollars in millions)	Unrealized Gains (Losses) Available-for-Sale Securities	Retirement Plan Liabilities Adjustments	Foreign Currency Translation Adjustments	Total Accumulated Other Comprehensive Income (Loss)
Three Months Ended September 30, 2016				
Balance at beginning of period	$ 20	$ (19)	$ 4	$ 5
Other comprehensive income (loss) before reclassifications	6	—	—	6
Reclassification adjustments from accumulated other comprehensive income (loss)	(2)	—	(5)	(7)
Balance at end of period	$ 24	$ (19)	$ (1)	$ 4
Three Months Ended September 30, 2015				
Balance at beginning of period	$ 2	$ (13)	$ 4	$ (7)
Other comprehensive loss before reclassifications	(2)	—	—	(2)
Reclassification adjustments from accumulated other comprehensive income (loss)	(2)	—	—	(2)
Balance at end of period	$ (2)	$ (13)	$ 4	$ (11)
Nine Months Ended September 30, 2016				
Balance at beginning of period	$ (14)	$ (19)	$ —	$ (33)
Other comprehensive income (loss) before reclassifications	44	—	4	48
Reclassification adjustments from accumulated other comprehensive income (loss)	(6)	—	(5)	(11)
Balance at end of period	$ 24	$ (19)	$ (1)	$ 4
Nine Months Ended September 30, 2015				
Balance at beginning of period	$ 12	$ (13)	$ 4	$ 3
Other comprehensive loss before reclassifications	(5)	—	—	(5)
Reclassification adjustments from accumulated other comprehensive income (loss)	(9)	—	—	(9)
Balance at end of period	$ (2)	$ (13)	$ 4	$ (11)

Reclassification adjustments from accumulated other comprehensive income (loss) to the applicable line item on our condensed consolidated statements of operations were as follows:

(dollars in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Unrealized gains on investment securities:				

Reclassification from accumulated other comprehensive income (loss) to investment revenues, before taxes	$ 3	$ 4	$9	$14
Income tax effect	(1)	(2)	(3)	(5)
Reclassification from accumulated other comprehensive income (loss) to investment revenues, net of taxes	2	2	6	9
Unrealized gains on foreign currency translation adjustments:				
Reclassification from accumulated other comprehensive income (loss) to other revenues	5	—	5	—
Total	$ 7	$ 2	$11	$9

41

Table of Contents

13. Income Taxes

At September 30, 2016, we had a net deferred tax asset of $171 million, compared to $95 million at December 31, 2015. The increase in net deferred tax asset of $76 million was primarily due to changes in the fair value of our finance receivables, purchase accounting for debt writedown, and an increase in allowance for finance receivable losses, partially offset by the impact of the SpringCastle Interests Sale and amortization of goodwill for tax purposes.

The effective tax rate for the nine months ended September 30, 2016 was 33.9%, compared to 1.3% for the same period in 2015. The effective tax rate for the nine months ended September 30, 2016 differed from the federal statutory rate primarily due to the effect of the non-controlling interests in the previously owned SpringCastle Portfolio, partially offset by the effect of state income taxes. The effective tax rate for the nine months ended September 30, 2015 differed from the federal statutory rate primarily due to the effect of the non-controlling interests in the previously owned SpringCastle Portfolio.

We are currently under examination of our U.S. federal tax return for the years 2011 to 2013 by the Internal Revenue Service. Management believes it has adequately provided for taxes for such years.

The Company’s unrecognized tax positions, including interest and penalties, totaled $17 million at September 30, 2016 and $15 million at December 31, 2015, $10 million of which would affect the effective tax rate if recognized. The amount of any change in the balance of uncertain tax positions over the next 12 months is not expected to be material to our consolidated financial statements.

14. Contingencies

LEGAL CONTINGENCIES

In the normal course of business, we have been named, from time to time, as defendants in various legal actions, including arbitrations, class actions and other litigation arising in connection with our activities. Some of the actual or threatened legal actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. While we will continue to evaluate legal actions to determine whether a loss is reasonably possible or probable and is reasonably estimable, there can be no assurance that material losses will not be incurred from pending, threatened or future litigation, investigations, examinations, or other claims.

We contest liability and/or the amount of damages, as appropriate, in each pending matter. Where available information indicates that it is probable that a liability had been incurred at the date of the condensed consolidated financial statements and we can reasonably estimate the amount of that loss, we accrue the estimated loss by a charge to income. In many actions, however, it is inherently difficult to determine whether any loss is probable or even reasonably possible or to estimate the amount of any loss. In addition, even where loss is reasonably possible or an exposure to loss exists in excess of the liability already accrued with respect to a previously recognized loss contingency, it is not always possible to reasonably estimate the size of the possible loss or range of loss.

For certain legal actions, we cannot reasonably estimate such losses, particularly for actions that are in their early stages of development or where plaintiffs seek substantial or indeterminate damages. Numerous issues may need to be resolved, including through potentially lengthy discovery and determination of important factual matters, and by addressing novel or unsettled legal questions relevant to the actions in question, before a loss or additional loss or range of loss or additional loss can be reasonably estimated for any given action.

For certain other legal actions, we can estimate reasonably possible losses, additional losses, ranges of loss or ranges of additional loss in excess of amounts accrued, but do not believe, based on current knowledge and after consultation with counsel, that such losses will have a material adverse effect on our condensed consolidated financial statements as a whole.

SALES RECOURSE OBLIGATIONS

Real Estate Loan Sales

At September 30, 2016, our reserve for sales recourse obligations totaled $14 million, which primarily related to the real estate loan sales in 2014. During the three months ended September 30, 2016 and 2015 and the nine months ended September 30, 2016, we had no repurchase activity related to our real estate loan sales in 2014. For the nine months ended September 30, 2015, we repurchased 13 loans, totaling $1 million, associated with the real estate loan sales in 2014. At September 30, 2016, there were no material recourse requests with loss exposure that management believed would not be covered by the reserve.

Table of Contents

However, we will continue to monitor any repurchase activity in the future and will adjust the reserve accordingly. When recourse losses are reasonably possible or exposure to such losses exists in excess of the liability already accrued, it is not always possible to reasonably estimate the size of the possible recourse losses or range of losses.

The activity in our reserve for sales recourse obligations primarily associated with the real estate loan sales during 2014 was as follows:

(dollars in millions)	Three Months Ended September 30, 2016	2015	Nine Months Ended September 30, 2016	2015
Balance at beginning of period	$ 15	$ 18	$ 15	$ 24
Recourse losses	—	—	—	(5)
Provision for recourse obligations, net of recoveries *	(1)	—	(1)	(1)
Balance at end of period	$ 14	$ 18	$ 14	$ 18

* Reflects the elimination of the reserve associated with other prior sales of finance receivables.

We did not establish a reserve for sales recourse obligations associated with the August 2016 Real Estate Loan Sale.

Lendmark Sale

We did not establish a reserve for sales recourse obligations associated with the personal loans sold to Lendmark in May of 2016 due to the higher credit quality of the personal loans sold.

15. Benefit Plans

The following table presents the components of net periodic benefit cost with respect to our defined benefit pension plans:

(dollars in millions)	Three Months Ended September 30, 2016	2015	Nine Months Ended September 30, 2016	2015
Components of net periodic benefit cost - pension plans:				
Interest cost	$ 4	$ 4	$ 12	$ 12
Expected return on assets	(5)	(5)	(13)	(14)
Net periodic benefit cost	$ (1)	$ (1)	$ (1)	$ (2)

We do not currently fund post retirement benefits.

16. Segment Information

Our segments coincide with how our businesses are managed. At September 30, 2016, our three segments included:

- Consumer and Insurance — We originate and service personal loans (secured and unsecured) through two business divisions: branch operations and centralized operations. We also offer credit insurance (life insurance, disability insurance, and involuntary unemployment insurance), non-credit insurance, and ancillary products, such as warranty protection. As a result of the OneMain Acquisition, our combined branch operations primarily conduct business in 44 states. Our centralized operations underwrite and process certain loan applications that we receive from our branch operations or through an internet portal. If the applicant is located near an existing branch ("in footprint"), our centralized operations make the credit decision regarding the application and then request, but do not require, the customer to visit a nearby branch for closing, funding and servicing. If the applicant is not located near a branch ("out of footprint"), our centralized operations originate the loan.

- Acquisitions and Servicing — We service the SpringCastle Portfolio that was acquired through a joint venture in which we previously owned a 47% equity interest. On March 31, 2016, the SpringCastle Portfolio was sold in connection with the sale of our equity interest in the SpringCastle Joint Venture. These loans consist of unsecured loans and loans secured by subordinate residential real estate mortgages and include both closed-end accounts and open-end lines of credit. These loans are in a liquidating status and vary in substance and form from our originated loans. Unless we are terminated, we will continue to provide the servicing for these loans pursuant to a servicing agreement, which we service as unsecured loans because the liens are subordinated to superior ranking security interests.

- Real Estate — We service and hold real estate loans secured by first or second mortgages on residential real estate. Real estate loans previously originated through our branch offices or previously acquired or originated through centralized distribution channels are serviced by: (i) MorEquity and subserviced by Nationstar; (ii) Select Portfolio Servicing, Inc.; or (iii) our centralized operations. Investment funds managed by affiliates of Fortress indirectly own a majority interest in Nationstar. Prior to the OneMain Acquisition, this segment also included proceeds from the sale of our real estate loans in 2014. We used these proceeds to acquire OneMain.

The remaining components (which we refer to as "Other") consist of our other non-originating legacy operations, which are isolated by geographic market and/or distribution channel from our three segments. These operations include: (i) Springleaf legacy operations in 14 states where we also ceased branch-based personal lending; (ii) Springleaf liquidating retail sales finance portfolio (including retail sales finance accounts from its legacy auto finance operation); (iii) Springleaf lending operations in Puerto Rico and the U.S. Virgin Islands; and (iv) the operations of Springleaf United Kingdom subsidiary, prior to its liquidation on August 16, 2016.

On November 15, 2015, we completed our acquisition of OneMain, and their results are included in our consolidated results for the three and nine months ended September 30, 2016. We include OneMain's operations within the Consumer and Insurance segment.

The accounting policies of the segments are the same as those disclosed in Note 3 to the consolidated financial statements of our 2015 Annual Report on Form 10-K, except as described below.

Due to the nature of the Fortress and OneMain acquisitions, we applied purchase accounting. However, we report the operating results of Consumer and Insurance, Acquisitions and Servicing, Real Estate, and Other using a "Segment Accounting Basis," which (i) reflects our allocation methodologies for certain costs, primarily interest expense, loan loss reserves and acquisition costs to reflect the manner in which we assess our business results and (ii) excludes the impact of applying purchase accounting (eliminates premiums/discounts on our finance receivables at acquisition, as

well as the amortization/accretion in future periods). These allocations and adjustments currently have a material effect on our reported segment basis income as compared to GAAP. We believe a Segment Accounting Basis (a basis other than GAAP) provides investors a consistent basis on which management evaluates segment performance.

Table of Contents

We allocate revenues and expenses (on a Segment Accounting Basis) to each segment using the following methodologies:

Interest income	Directly correlated with a specific segment.
Interest expense	Acquisitions and Servicing - This segment includes interest expense specifically identified to the SpringCastle Portfolio. Consumer and Insurance, Real Estate and Other - The Company has securitization debt and unsecured debt. The Company first allocates interest expense to its segments based on actual expense for securitizations and secured term debt and using a weighted average for unsecured debt allocated to the segments. Average unsecured debt allocations for the periods presented are as follows: Subsequent to the OneMain Acquisition Total average unsecured debt is allocated as follows: l Consumer and Insurance - receives remainder of unallocated average debt; and l Real Estate and Other - at 100% of asset base. (Asset base represents the average net finance receivables including finance receivables held for sale.) The net effect of the change in debt allocation and asset base methodologies for the three months ended September 30, 2015, had it been in place as of the beginning of the year, would be an increase in interest expense of $59 million for Consumer and Insurance and a decrease in interest expense of $44 million and $15 million for Real Estate and Other, respectively. The net effect of the change in debt allocation and asset base methodologies for the nine months ended September 30, 2015, had it been in place as of the beginning of the year, would be an increase in interest expense of $179 million for Consumer and Insurance and a decrease in interest expense of $134 million and $45 million for Real Estate and Other, respectively. For the period third quarter 2014 to the OneMain Acquisition Total average unsecured debt was allocated to Consumer and Insurance, Real Estate and Other, such that the total debt allocated across each segment equaled 83%, up to 100% and 100% of each of its respective asset base. Any excess was allocated to Consumer and Insurance. Average unsecured debt was allocated after average securitized debt to achieve the calculated average segment debt. Asset base represented the following: l Consumer and Insurance - average net finance receivables, including average net finance receivables held for sale; l Real Estate - average net finance receivables, including average net finance receivables held for sale, cash and cash equivalents, investments including proceeds from Real Estate sales; and l Other - average net finance receivables other than the periods listed below: l May 2015 to the OneMain Acquisition - average net finance receivables and cash and cash equivalents, less proceeds from equity issuance in 2015, operating cash reserve and cash included in other segments. l February 2015 to April 2015 - average net finance receivables and cash and cash equivalents, less operating cash reserve and cash included in other segments.
Provision for finance receivable losses	Directly correlated with a specific segment, except for allocations to Other, which are based on the remaining delinquent accounts as a percentage of total delinquent accounts.
Other revenues	Directly correlated with a specific segment, except for: (i) net gain (loss) on repurchases and repayments of debt, which is allocated to the segments based on the interest expense allocation of debt and (ii) gains and losses on foreign currency exchange, which are allocated

	to the segments based on the interest expense allocation of debt.
Acquisition-related transaction and integration expenses	Consists of: (i) acquisition-related transaction and integration costs related to the OneMain Acquisition, including legal and other professional fees, which we primarily report in Other, as these are costs related to acquiring the business as opposed to operating the business; (ii) software termination costs, which are allocated to Consumer and Insurance; and (iii) incentive compensation incurred above and beyond expected cost from acquiring and retaining talent in relation to the OneMain Acquisition, which are allocated to each of the segments based on services provided.
Other expenses	Salaries and benefits - Directly correlated with a specific segment. Other salaries and benefits not directly correlated with a specific segment are allocated to each of the segments based on services provided. Other operating expenses - Directly correlated with a specific segment. Other operating expenses not directly correlated with a specific segment are allocated to each of the segments based on services provided. Insurance policy benefits and claims - Directly correlated with a specific segment.

Table of Contents

The “Segment to GAAP Adjustment” column in the following tables primarily consists of:

- Interest income - reverses the impact of premiums/discounts on non-impaired purchased finance receivables and the interest income recognition under guidance in Accounting Standards Codification (“ASC”) 310-20, Nonrefundable Fees and Other Costs, and reestablishes interest income recognition on a historical cost basis;

- Interest expense - reverses the impact of premiums/discounts on acquired long-term debt and reestablishes interest expense recognition on a historical cost basis;

- Provision for finance receivable losses - reverses the impact of providing an allowance for finance receivable losses upon acquisition and reestablishes the allowance on a historical cost basis and reverses the impact of recognition of net charge-offs on purchased credit impaired finance receivables and reestablishes the net charge-offs on a historical cost basis;

- Other revenues - reestablishes the historical cost basis of mark-to-market adjustments on finance receivables held for sale and on realized gains/losses associated with our investment portfolio;

- Acquisition-related transaction and integration expenses - reestablishes the amortization of purchased software assets on a historical cost basis; and

- Other expenses - reestablishes expenses on a historical cost basis by reversing the impact of amortization from acquired intangible assets and including amortization of other historical deferred costs.

The following tables present information about the Company’s segments, as well as reconciliations to the condensed consolidated financial statement amounts.

(dollars in millions)	Consumer and Insurance	Acquisitions and Servicing	Real Estate	Other	Eliminations	Segment to GAAP Adjustment	Consolidated Total
Three Months Ended September 30, 2016							
Interest income	$ 827	$ —	$ 10	$ 1	$ —	$ (68)	$ 770
Interest expense	191	—	8	1	—	15	215
Provision for finance receivable losses	224	—	1	—	—	38	263
Net interest income after provision for finance receivable losses	412	—	1	—	—	(121)	292
Other revenues	151	12	(12)	(5)	—	12	158
Acquisition-related transaction and integration expenses	17	—	1	4	—	(1)	21
Other expenses	367	10	8	1	—	10	396
Income (loss) before provision for (benefit from) income taxes	$ 179	$ 2	$ (20)	$ (10)	$ —	$ (118)	$ 33
Three Months Ended September 30, 2015							
Interest income	$ 293	$ 113	$ 17	$ 1	$ —	$ 3	$ 427
Interest expense	43	22	58	16	—	32	171
Provision for finance receivable losses	62	15	(4)	—	—	6	79

Net interest income (loss) after provision for finance receivable losses	188	76	(37)	(15)	—	(35)	177
Other revenues	55	13	(2)	—	(13)	(6)	47
Acquisition-related transaction and integration expenses	—	—	—	14	—	—	14
Other expenses	166	27	8	1	(13)	1	190
Income (loss) before provision for (benefit from) income taxes	77	62	(47)	(30)	—	(42)	20
Income before provision for income taxes attributable to non-controlling interests	—	32	—	—	—	—	32
Income (loss) before provision for (benefit from) income taxes attributable to OneMain Holdings, Inc.	$77	$30	$(47)	$(30)	$ —	$(42)	$(12)

46

Table of Contents

(dollars in millions)	Consumer and Insurance	Acquisitions and Servicing	Real Estate	Other	Eliminations	Segment to GAAP Adjustment	Consolidated Total
At or for the Nine Months Ended September 30, 2016							
Interest income	$ 2,507	$ 102	$ 40	$ 3	$ —	$ (310)	$ 2,342
Interest expense	551	20	35	2	—	47	655
Provision for finance receivable losses	669	14	5	—	—	(14)	674
Net interest income after provision for finance receivable losses	1,287	68	—	1	—	(343)	1,013
Net gain on sale of SpringCastle interests	—	167	—	—	—	—	167
Other revenues	467	36	(30)	(5)	(11)	2	459
Acquisition-related transaction and integration expenses	62	1	1	19	—	(8)	75
Other expenses	1,140	47	21	—	(11)	40	1,237
Income (loss) before provision for (benefit from) income taxes	552	223	(52)	(23)	—	(373)	327
Income before provision for income taxes attributable to non-controlling interests	—	28	—	—	—	—	28
Income (loss) before provision for (benefit from) income taxes attributable to OneMain Holdings, Inc.	$ 552	$ 195	$ (52)	$ (23)	$ —	$ (373)	$ 299
Assets	$ 15,728	$ 5	$ 371	$ 242	$ —	$ 2,007	$ 18,353
At or for the Nine Months Ended September 30, 2015							
Interest income	$ 818	$ 355	$ 52	$ 6	$ —	$ 9	$ 1,240
Interest expense	119	67	177	48	(5)	94	500
Provision for finance receivable losses	172	53	(7)	1	—	14	233
Net interest income (loss) after provision for finance receivable losses	527	235	(118)	(43)	5	(99)	507
Other revenues	162	45	4	—	(45)	(12)	154
Acquisition-related transaction and integration expenses	—	—	—	29	—	—	29
Other expenses	471	82	24	16	(40)	3	556
Income (loss) before provision for (benefit from) income taxes	218	198	(138)	(88)	—	(114)	76
Income before provision for income taxes attributable to non-controlling interests	—	98	—	—	—	—	98
Income (loss) before provision for (benefit from) income taxes attributable to OneMain Holdings, Inc.	$ 218	$ 100	$ (138)	$ (88)	$ —	$ (114)	$ (22)
Assets *	$ 5,503	$ 1,880	$ 3,551	$ 2,255	$ —	$ (24)	$ 13,165

* In connection with our policy integration with OneMain, we report unearned insurance premium and claim reserves related to finance receivables (previously reported in insurance claims and policyholder liabilities) as a contra-asset to net finance receivables, which totaled $240 million at September 30, 2015.

Table of Contents

17. Fair Value Measurements

The fair value of a financial instrument is the amount that would be expected to be received if an asset were to be sold or the amount that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The degree of judgment used in measuring the fair value of financial instruments generally correlates with the level of pricing observability. Financial instruments with quoted prices in active markets generally have more pricing observability and less judgment is used in measuring fair value. Conversely, financial instruments traded in other-than-active markets or that do not have quoted prices have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment. An other-than-active market is one in which there are few transactions, the prices are not current, price quotations vary substantially either over time or among market makers, or little information is released publicly for the asset or liability being valued. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is listed on an exchange or traded over-the-counter or is new to the market and not yet established, the characteristics specific to the transaction, and general market conditions.

The following table summarizes the fair values and carrying values of our financial instruments and indicates the fair value hierarchy based on the level of inputs we utilized to determine such fair values:

	Fair Value Measurements Using			Total	Total
(dollars in millions)	Level 1	Level 2	Level 3	Fair Value	Carrying Value
September 30, 2016					
Assets					
Cash and cash equivalents	$ 589	$ 69	$ —	$658	$658
Investment securities	35	1,743	10	1,788	1,788
Net finance receivables, less allowance for finance receivable losses	—	—	13,984	13,984	13,198
Finance receivables held for sale	—	—	166	166	166
Restricted cash and cash equivalents	558	—	—	558	558
Other assets:					
Commercial mortgage loans	—	—	45	45	45
Escrow advance receivable	—	—	9	9	9
Receivables related to sales of real estate loans and related trust assets	—	1	—	1	5
Liabilities					
Long-term debt	$ —	$ 14,577	$ —	$14,577	$13,994
December 31, 2015					
Assets					
Cash and cash equivalents	$ 939	$ —	$ —	$939	$939
Investment securities	36	1,829	2	1,867	1,867
Net finance receivables, less allowance for finance receivable losses	—	—	15,943	15,943	14,967
Finance receivables held for sale	—	—	819	819	793
Restricted cash and cash equivalents	676	—	—	676	676
Other assets:					
Commercial mortgage loans	—	—	62	62	62

Escrow advance receivable	—	—	11	11	11
Receivables related to sales of real estate loans and related trust assets	—	1	—	1	5
Liabilities					
Long-term debt	$ —	$ 17,616	$ —	$ 17,616	$ 17,300

48

Table of Contents

FAIR VALUE MEASUREMENTS — RECURRING BASIS

The following tables present information about our assets measured at fair value on a recurring basis and indicates the fair value hierarchy based on the levels of inputs we utilized to determine such fair value:

(dollars in millions)	Fair Value Measurements Using Level 1	Level 2	Level 3	Total Carried At Fair Value
September 30, 2016				
Assets				
Cash equivalents in mutual funds	$ 158	$ —	$ —	$ 158
Cash equivalents securities	—	69	—	69
Investment securities:				
Available-for-sale securities				
Bonds:				
U.S. government and government sponsored entities	—	40	—	40
Obligations of states, municipalities, and political subdivisions	—	135	—	135
Non-U.S. government and government sponsored entities	—	119	—	119
Corporate debt	—	1,066	1	1,067
RMBS	—	82	—	82
CMBS	—	112	—	112
CDO/ABS	—	81	1	82
Total bonds	—	1,635	2	1,637
Preferred stock	8	7	—	15
Common stock	21	—	—	21
Other long-term investments	—	—	2	2
Total available-for-sale securities *	29	1,642	4	1,675
Other securities				
Bonds:				
Non-U.S. government and government sponsored entities	—	3	—	3
Corporate debt	—	93	4	97
RMBS	—	1	—	1
CMBS	—	2	—	2
CDO/ABS	—	2	1	3
Total bonds	—	101	5	106
Preferred stock	6	—	—	6
Total other securities	6	101	5	112
Total investment securities	35	1,743	9	1,787
Restricted cash in mutual funds	163	—	—	163
Total	$ 356	$ 1,812	$ 9	$ 2,177

* Excludes an immaterial interest in a limited partnership that we account for using the equity method and Federal Home Loan Bank common stock of $1 million at September 30, 2016, which is carried at cost.

Table of Contents

(dollars in millions)	Fair Value Measurements Using Level 1	Level 2	Level 3	Total Carried At Fair Value
December 31, 2015				
Assets				
Cash equivalents in mutual funds	$ 240	$ —	$ —	$ 240
Investment securities:				
Available-for-sale securities				
Bonds:				
U.S. government and government sponsored entities	—	111	—	111
Obligations of states, municipalities, and political subdivisions	—	140	—	140
Non-U.S. government and government sponsored entities	—	126	—	126
Corporate debt	—	999	—	999
RMBS	—	128	—	128
CMBS	—	116	—	116
CDO/ABS	—	71	—	71
Total bonds	—	1,691	—	1,691
Preferred stock	6	7	—	13
Common stock	23	—	—	23
Other long-term investments	—	—	2	2
Total available-for-sale securities (a)	29	1,698	2	1,729
Trading and other securities				
Bonds:				
Non-U.S. government and government sponsored entities	—	3	—	3
Corporate debt	—	124	—	124
RMBS	—	2	—	2
CMBS	—	2	—	2
Total bonds	—	131	—	131
Preferred stock	6	—	—	6
Total trading and other securities (b)	6	131	—	137
Total investment securities	35	1,829	2	1,866
Restricted cash in mutual funds	277	—	—	277
Total	$ 552	$ 1,829	$ 2	$ 2,383

(a) Excludes an immaterial interest in a limited partnership that we account for using the equity method and Federal Home Loan Bank common stock of $1 million at December 31, 2015, which is carried at cost.

(b) The fair value of other securities totaled $128 million at December 31, 2015.

We had no transfers between Level 1 and Level 2 during the three and nine months ended September 30, 2016.

Table of Contents

The following table presents changes in Level 3 assets measured at fair value on a recurring basis:

(dollars in millions)	Balance at beginning of period	Net gains (losses) included in: Other revenues	Other comprehensive income (loss)	Purchases, sales, issues, settlements (a)	Transfers into Level 3 (b)	Transfers out of Level 3 (c)	Balance at end of period
Three Months Ended September 30, 2016							
Investment securities:							
Available-for-sale securities							
Bonds:							
Corporate debt	$ 1	$ —	$ —	$ —	$ —	$ —	$ 1
CDO/ABS	—	—	—	1	—	—	1
Total bonds	1	—	—	1	—	—	2
Other long-term investments	1	—	1	—	—	—	2
Total available-for-sale securities	2	—	1	1	—	—	4
Other securities							
Bonds:							
Corporate debt	4	—	—	—	—	—	4