Section 1: 10-Q (10-Q)

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2020

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.)
001-06155 (Springleaf Finance Corporation)

ONEMAIN HOLDINGS, INC.
SPRINGLEAF FINANCE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware (OneMain Holdings, Inc.)	**27-3379612**
Indiana (Springleaf Finance Corporation)	**35-0416090**
(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)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

OneMain Holdings, Inc.:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.01 per share	**OMF**	**New York Stock Exchange**

Springleaf Finance Corporation: None

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.

OneMain Holdings, Inc. Yes ☑ No ☐
Springleaf Finance Corporation Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).

OneMain Holdings, Inc. Yes ☑ No ☐
Springleaf Finance Corporation Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

OneMain Holdings, Inc.:

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting company ☐	Emerging growth company ☐

Springleaf Finance Corporation:

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☑	Smaller reporting company ☐	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

OneMain Holdings, Inc. ☐
Springleaf Finance Corporation ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

OneMain Holdings, Inc. Yes ☐ No ☑
Springleaf Finance Corporation Yes ☐ No ☑

At April 23, 2020, there were 134,317,604 shares of OneMain Holdings, Inc’s common stock, $0.01 par value, outstanding.
At April 23, 2020, there were 10,160,021 shares of Springleaf Finance Corporation’s common stock, $0.50 par value, outstanding.

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GLOSSARY

Terms and abbreviations used in this report are defined below.

Term or Abbreviation	Definition
2019 Annual Report on Form 10-K	Annual Report on Form 10-K for the fiscal year ended December 31, 2019, filed with the SEC on February 14, 2020
30-89 Delinquency ratio	net finance receivables 30-89 days past due as a percentage of net finance receivables
ABS	asset-backed securities
Accretable yield	the excess of the cash flows expected to be collected on the purchased credit impaired finance receivables over the discounted cash flows
Adjusted pretax income (loss)	a non-GAAP financial measure used by management as a key performance measure of our segment
AETR	annual effective tax rate
AHL	American Health and Life Insurance Company, an insurance subsidiary of OneMain Financial Holdings, LLC
Apollo	Apollo Global Management, LLC and its consolidated subsidiaries
Apollo-Värde Group	an investor group led by funds managed by Apollo and Värde
Apollo-Värde Transaction	the purchase by the Apollo-Värde Group of 54,937,500 shares of OMH common stock from SFH pursuant to the Share Purchase Agreement for an aggregate purchase price of approximately $1.4 billion in cash on June 25, 2018
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Average daily debt balance	average of debt for each day in the period
Average net receivables	average of monthly average net finance receivables (net finance receivables at the beginning and end of each month divided by two) in the period
CARES Act	Coronavirus Aid, Relief, and Economic Security Act signed into law by President Trump on March 27, 2020
C&I	Consumer and Insurance
CDO	collateralized debt obligations
CMBS	commercial mortgage-backed securities
Contribution	On June 22, 2018, SFC entered into a Contribution Agreement with SFI, a wholly-owned subsidiary of OMH. Pursuant to the Contribution Agreement, Independence Holdings, LLC was contributed by SFI to SFC.
COVID-19	the global outbreak of a novel strain of coronavirus
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
February 2019 Real Estate Loan Sale	SFC and certain of its subsidiaries sold a portfolio of real estate loans with a carrying value of $16 million, classified in finance receivables held for sale, for aggregate cash proceeds of $19 million on February 5, 2019
FICO score	a credit score created by Fair Isaac Corporation
Fortress	Fortress Investment Group LLC
GAAP	generally accepted accounting principles in the United States of America
GAP	guaranteed asset protection
Gross charge-off ratio	annualized gross charge-offs as a percentage of average net receivables
Indenture	the SFC Base Indenture, together with all subsequent Supplemental Indentures
IRS	Internal Revenue Service
Junior Subordinated Debenture	$350 million aggregate principal amount of 60-year junior subordinated debt issued by SFC under an indenture dated January 22, 2007, by and between SFC and Deutsche Bank Trust Company, as trustee, and guaranteed by OMH
Merit	Merit Life Insurance Co., a former insurance subsidiary of SFC. In the fourth quarter of 2019, the Company sold all of the issued and outstanding shares in Merit to a third party
Net charge-off ratio	annualized net charge-offs as a percentage of average net receivables
Net interest income	interest income less interest expense
ODART	OneMain Direct Auto Receivables Trust
OMFIT	OneMain Financial Issuance Trust
OMH	OneMain Holdings, Inc.

Term or Abbreviation	Definition
OneMain Acquisition	Acquisition of OneMain Financial Holdings, LLC from CitiFinancial Credit Company, effective November 1, 2015
Other securities	securities for which the fair value option was elected and equity securities. Other Securities recognize unrealized gains and losses in investment revenues
Other SFC Notes	collectively, SFC’s 8.25% Senior Notes due 2023, and 7.75% Senior Notes due 2021, on a senior unsecured basis, and the Junior Subordinated Debenture, on a junior subordinated basis, issued by SFC and guaranteed by OMH
Pretax capital generation	a non-GAAP financial measure used by management as a key performance measure of our segment, defined as adjusted pretax income (loss) excluding the change in allowance for finance receivable losses
Recovery ratio	annualized recoveries on net charge-offs as a percentage of average net receivables
RMBS	residential mortgage-backed securities
RSAs	restricted stock awards
RSUs	restricted stock units
SCLH	Springleaf Consumer Loan Holding Company
SEC	U.S. Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
Segment Accounting Basis	a basis used to report the operating results of our C&I segment and our Other components, which reflects our allocation methodologies for certain costs and excludes the impact of applying purchase accounting
Settlement Agreement	a Settlement Agreement with the U.S. Department of Justice entered into by OMH and certain of its subsidiaries on November 13, 2015, in connection with the OneMain Acquisition
SFC	Springleaf Finance Corporation
SFC Base Indenture	Indenture, dated as of December 3, 2014
SFC Guaranty Agreements	agreements entered into on December 30, 2013 by OMH whereby it agreed to fully and unconditionally guarantee the payments of principal, premium (if any), and interest on the Other SFC Notes, and the 6.00% Senior Notes due 2020, which were redeemed in full on April 15, 2019
SFH	Springleaf Financial Holdings, LLC, an entity owned primarily by a private equity fund managed by an affiliate of Fortress that sold 54,937,500 shares of OMH's common stock to the Apollo-Värde Group in the Apollo-Värde Transaction
SFI	Springleaf Finance, Inc.
Share Purchase Agreement	a share purchase agreement entered into on January 3, 2018, among the Apollo-Värde Group, SFH and the Company to acquire from SFH 54,937,500 shares of OMH's common stock that was issued and outstanding as of such date, representing the entire holdings of OMH's stock beneficially owned by Fortress
SLFT	Springleaf Funding Trust
SMHC	Springleaf Mortgage Holding Company and subsidiaries
SpringCastle Portfolio	loans the Company previously owned and now services on behalf of a third party
Tax Act	Public Law 115-97 amending the Internal Revenue Code of 1986
TDR finance receivables	troubled debt restructured finance receivables. Debt restructuring in which a concession is granted to the borrower as a result of economic or legal reasons related to the borrower’s financial difficulties
Triton	Triton Insurance Company, an insurance subsidiary of OneMain Financial Holdings, LLC
Unearned finance charges	the amount of interest that is capitalized at time of origination on a precompute loan that will be earned over the remaining contractual life of the loan
UPB	unpaid principal balance for interest bearing accounts and the gross remaining contractual payments less the unaccreted balance of unearned finance charges for precompute accounts
Värde	Värde Partners, Inc.
VIEs	variable interest entities
Weighted average interest rate	annualized interest expense as a percentage of average debt
XBRL	eXtensible Business Reporting Language
Yield	annualized finance charges as a percentage of average net receivables

PART I

Item 1. Financial Statements.

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

(dollars in millions, except par value amount)	March 31, 2020	December 31, 2019
Assets		
Cash and cash equivalents	**$ 4,203**	$ 1,227
Investment securities (includes available-for-sale securities with a fair value and amortized cost basis of $1.7 billion in 2020)	**1,800**	1,884
Net finance receivables (includes loans of consolidated VIEs of $12.1 billion in 2020 and $8.4 billion in 2019)	**18,269**	18,389
Unearned insurance premium and claim reserves	**(797)**	(793)
Allowance for finance receivable losses (includes allowance of consolidated VIEs of $1.4 billion in 2020 and $340 million in 2019)	**(2,182)**	(829)
Net finance receivables, less unearned insurance premium and claim reserves and allowance for finance receivable losses	**15,290**	16,767
Restricted cash and restricted cash equivalents (includes restricted cash and restricted cash equivalents of consolidated VIEs of $567 million in 2020 and $400 million in 2019)	**575**	405
Goodwill	**1,422**	1,422
Other intangible assets	**334**	343
Other assets	**1,069**	769
Total assets	**$ 24,693**	$ 22,817
Liabilities and Shareholders’ Equity		
Long-term debt (includes debt of consolidated VIEs of $10.9 billion in 2020 and $7.6 billion in 2019)	**$ 20,443**	$ 17,212
Insurance claims and policyholder liabilities	**633**	649
Deferred and accrued taxes	**68**	34
Other liabilities (includes other liabilities of consolidated VIEs of $17 million in 2020 and $14 million in 2019)	**497**	592
Total liabilities	**21,641**	18,487
Contingencies (Note 14)		
Shareholders’ equity:		
Common stock, par value $0.01 per share; 2,000,000,000 shares authorized, 134,309,707 and 136,101,156 shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively	**1**	1
Additional paid-in capital	**1,645**	1,689
Accumulated other comprehensive income	**(6)**	44
Retained earnings	**1,412**	2,596
Total shareholders’ equity	**3,052**	4,330
Total liabilities and shareholders’ equity	**$ 24,693**	$ 22,817

See Notes to the Condensed Consolidated Financial Statements (Unaudited).

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

(dollars in millions, except per share amounts)	Three Months Ended March 31, 2020	2019
Interest income	**$ 1,106**	$ 956
Interest expense	**255**	236
Net interest income	**851**	720
Provision for finance receivable losses	**531**	286
Net interest income after provision for finance receivable losses	**320**	434
Other revenues:		
Insurance	**117**	110
Investment	**9**	26
Net loss on repurchase and repayment of debt	**—**	(21)
Net gain on sale of real estate loans	**—**	3
Other	**15**	30
Total other revenues	**141**	148
Other expenses:		
Salaries and benefits	**199**	199
Other operating expenses	**151**	136
Insurance policy benefits and claims	**68**	45
Total other expenses	**418**	380
Income before income taxes	**43**	202
Income taxes	**11**	50
Net income	**$ 32**	$ 152
Share Data:		
Weighted average number of shares outstanding:		
Basic	**135,909,100**	136,001,996
Diluted	**136,138,677**	136,191,283
Earnings per share:		
Basic	**$ 0.24**	$ 1.12
Diluted	**$ 0.24**	$ 1.11

See Notes to the Condensed Consolidated Financial Statements (Unaudited).

ONEMAIN HOLDINGS, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

(dollars in millions)	Three Months Ended March 31, 2020	2019
Net income	**$ 32**	$ 152
Other comprehensive income (loss):		
Net change in unrealized gains (losses) on non-credit impaired available-for-sale securities	**(55)**	39
Foreign currency translation adjustments	**(10)**	2
Income tax effect:		
Net unrealized gains (losses) on non-credit impaired available-for-sale securities	**13**	(9)
Foreign currency translation adjustments	**2**	—
Other comprehensive income (loss), net of tax	**(50)**	32
Comprehensive income (loss)	**$ (18)**	$ 184

See Notes to the Condensed Consolidated Financial Statements (Unaudited).

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

	OneMain Holdings, Inc. Shareholders' Equity				
(dollars in millions)	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
Balance, January 1, 2020 (pre-adoption)	**$ 1**	**$ 1,689**	**$ 44**	**$ 2,596**	**$ 4,330**
Net impact of adoption of ASU 2016-13 (see Note 3)	**—**	**—**	**—**	**(828)**	**(828)**
Balance, January 1, 2020 (post-adoption)	**1**	**1,689**	**44**	**1,768**	**3,502**
Common stock repurchased and retired	**—**	**(45)**	**—**	**—**	**(45)**
Share-based compensation expense, net of forfeitures	**—**	**7**	**—**	**—**	**7**
Withholding tax on share-based compensation	**—**	**(6)**	**—**	**—**	**(6)**
Other comprehensive loss	**—**	**—**	**(50)**	**—**	**(50)**
Cash dividends *	**—**	**—**	**—**	**(388)**	**(388)**
Net income	**—**	**—**	**—**	**32**	**32**
Balance, March 31, 2020	**$ 1**	**$ 1,645**	**$ (6)**	**$ 1,412**	**$ 3,052**
Balance, January 1, 2019	$ 1	$ 1,681	$ (34)	$ 2,151	$ 3,799
Share-based compensation expense, net of forfeitures	—	6	—	—	6
Withholding tax on share-based compensation	—	(5)	—	—	(5)
Other comprehensive income	—	—	32	—	32
Cash dividends *	—	—	—	(34)	(34)
Net income	—	—	—	152	152
Balance, March 31, 2019	$ 1	$ 1,682	$ (2)	$ 2,269	$ 3,950

* Cash dividends declared were $2.83 per share in the first quarter of 2020 and $0.25 per share in the first quarter of 2019.

See Notes to the Condensed Consolidated Financial Statements (Unaudited).

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

(dollars in millions)	Three Months Ended March 31, 2020	2019
Cash flows from operating activities		
Net income	**$ 32**	$ 152
Reconciling adjustments:		
Provision for finance receivable losses	**531**	286
Depreciation and amortization	**64**	68
Deferred income tax charge (benefit)	**(36)**	9
Net loss on repurchase and repayment of debt	**—**	21
Share-based compensation expense, net of forfeitures	**7**	6
Other	**12**	(11)
Cash flows due to changes in other assets and other liabilities	**(45)**	17
Net cash provided by operating activities	**565**	548
Cash flows from investing activities		
Net principal originations of finance receivables held for investment and held for sale	**(188)**	(290)
Proceeds on sale of finance receivables held for sale originated as held for investment	**—**	19
Available-for-sale securities purchased	**(132)**	(154)
Available-for-sale securities called, sold, and matured	**128**	103
Other securities purchased	**(4)**	—
Other securities called, sold, and matured	**6**	5
Other, net	**(6)**	12
Net cash used for investing activities	**(196)**	(305)
Cash flows from financing activities		
Proceeds from issuance of long-term debt, net of commissions	**3,547**	2,327
Repayment of long-term debt	**(332)**	(1,425)
Cash dividends	**(387)**	(34)
Common stock repurchased and retired	**(45)**	—
Withholding tax on share-based compensation	**(6)**	(5)
Net cash provided by financing activities	**2,777**	863
Net change in cash and cash equivalents and restricted cash and restricted cash equivalents	**3,146**	1,106
Cash and cash equivalents and restricted cash and restricted cash equivalents at beginning of period	**1,632**	1,178
Cash and cash equivalents and restricted cash and restricted cash equivalents at end of period	**$ 4,778**	$ 2,284
Supplemental cash flow information		
Cash and cash equivalents	**$ 4,203**	$ 1,709
Restricted cash and restricted cash equivalents	**575**	575
Total cash and cash equivalents and restricted cash and restricted cash equivalents	**$ 4,778**	$ 2,284
Cash paid for amounts included in the measurement of operating lease liabilities	**$ 15**	$ 15
Supplemental non-cash activities		
Right-of-use assets obtained in exchange for operating lease obligations	**$ 17**	$ 173

Restricted cash and restricted cash equivalents primarily represent funds required to be used for future debt payments relating to our securitization transactions.

See Notes to the Condensed Consolidated Financial Statements (Unaudited).

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SPRINGLEAF FINANCE CORPORATION AND SUBSIDIARIES
Condensed Consolidated Balance Sheets (Unaudited)

(dollars in millions, except par value amount)	March 31, 2020	December 31, 2019
Assets		
Cash and cash equivalents	**$ 4,203**	$ 1,227
Investment securities (includes available-for-sale securities with a fair value and amortized cost basis of $1.7 billion in 2020)	**1,800**	1,884
Net finance receivables (includes loans of consolidated VIEs of $12.1 billion in 2020 and $8.4 billion in 2019)	**18,269**	18,389
Unearned insurance premium and claim reserves	**(797)**	(793)
Allowance for finance receivable losses (includes allowance of consolidated VIEs of $1.4 billion in 2020 and $340 million in 2019)	**(2,182)**	(829)
Net finance receivables, less unearned insurance premium and claim reserves and allowance for finance receivable losses	**15,290**	16,767
Restricted cash and restricted cash equivalents (includes restricted cash and restricted cash equivalents of consolidated VIEs of $567 million in 2020 and $400 million in 2019)	**575**	405
Goodwill	**1,422**	1,422
Other intangible assets	**334**	343
Other assets	**1,068**	768
Total assets	**$ 24,692**	$ 22,816
Liabilities and Shareholder's Equity		
Long-term debt (includes debt of consolidated VIEs of $10.9 billion in 2020 and $7.6 billion in 2019)	**$ 20,443**	$ 17,212
Insurance claims and policyholder liabilities	**633**	649
Deferred and accrued taxes	**69**	35
Other liabilities (includes other liabilities of consolidated VIEs of $17 million in 2020 and $14 million in 2019)	**500**	595
Total liabilities	**21,645**	18,491
Contingencies (Note 14)		
Shareholder's equity:		
Common stock, par value $0.50 per share; 25,000,000 shares authorized, 10,160,021 shares issued and outstanding at March 31, 2020 and December 31, 2019	**5**	5
Additional paid-in capital	**1,889**	1,888
Accumulated other comprehensive income	**(6)**	44
Retained earnings	**1,159**	2,388
Total shareholder's equity	**3,047**	4,325
Total liabilities and shareholder's equity	**$ 24,692**	$ 22,816

See Notes to the Condensed Consolidated Financial Statements (Unaudited).

SPRINGLEAF FINANCE CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Operations (Unaudited)

	Three Months Ended March 31,	
(dollars in millions)	**2020**	**2019**
Interest income	**$ 1,106**	$ 956
Interest expense	**255**	236
Net interest income	**851**	720
Provision for finance receivable losses	**531**	286
Net interest income after provision for finance receivable losses	**320**	434
Other revenues:		
Insurance	**117**	110
Investment	**9**	26
Net loss on repurchase and repayment of debt	**—**	(21)
Net gain on sale of real estate loans	**—**	3
Other	**15**	34
Total other revenues	**141**	152
Other expenses:		
Salaries and benefits	**199**	199
Other operating expenses	**151**	137
Insurance policy benefits and claims	**68**	45
Total other expenses	**418**	381
Income before income taxes	**43**	205
Income taxes	**11**	49
Net income	**$ 32**	$ 156

See Notes to the Condensed Consolidated Financial Statements (Unaudited).

SPRINGLEAF FINANCE CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

	Three Months Ended March 31,	
(dollars in millions)	**2020**	**2019**
Net income	**$ 32**	$ 156
Other comprehensive income (loss):		
Net change in unrealized gains (losses) on non-credit impaired available-for-sale securities	**(55)**	39
Foreign currency translation adjustments	**(10)**	2
Income tax effect:		
Net unrealized gains (losses) on non-credit impaired available-for-sale securities	**13**	(9)
Foreign currency translation adjustments	**2**	—
Other comprehensive income (loss), net of tax	**(50)**	32
Comprehensive income (loss)	**$ (18)**	$ 188

See Notes to the Condensed Consolidated Financial Statements (Unaudited).

SPRINGLEAF FINANCE CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Shareholder's Equity (Unaudited)

	Springleaf Finance Corporation Shareholder's Equity				
(dollars in millions)	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholder's Equity
Balance, January 1, 2020 (pre-adoption)	**$ 5**	**$ 1,888**	**$ 44**	**$ 2,388**	**$ 4,325**
Net impact of adoption of ASU-2016-13 (see Note 3)	**—**	**—**	**—**	**(828)**	**(828)**
Balance, January 1, 2020 (post-adoption)	**5**	**1,888**	**44**	**1,560**	**3,497**
Share-based compensation expense, net of forfeitures	**—**	**7**	**—**	**—**	**7**
Withholding tax on share-based compensation	**—**	**(6)**	**—**	**—**	**(6)**
Other comprehensive loss	**—**	**—**	**(50)**	**—**	**(50)**
Cash dividends	**—**	**—**	**—**	**(433)**	**(433)**
Net income	**—**	**—**	**—**	**32**	**32**
Balance, March 31, 2020	**$ 5**	**$ 1,889**	**$ (6)**	**$ 1,159**	**$ 3,047**
Balance, January 1, 2019	$ 5	$ 2,110	$ (34)	$ 1,940	$ 4,021
Contribution of SCHC to SFC from SFI	—	34	—	—	34
Share-based compensation expense, net of forfeitures	—	6	—	—	6
Withholding tax on shared-based compensation	—	(5)	—	—	(5)
Other comprehensive income	—	—	32	—	32
Cash dividends	—	—	—	(34)	(34)
Net income	—	—	—	156	156
Balance, March 31, 2019	$ 5	$ 2,145	$ (2)	$ 2,062	$ 4,210

See Notes to the Condensed Consolidated Financial Statements (Unaudited).

SPRINGLEAF FINANCE CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows (Unaudited)

	Three Months Ended March 31,	
(dollars in millions)	**2020**	**2019**
Cash flows from operating activities		
Net income	**$ 32**	$ 156
Reconciling adjustments:		
Provision for finance receivable losses	**531**	286
Depreciation and amortization	**64**	68
Deferred income tax charge (benefit)	**(36)**	8
Net loss on repurchase and repayment of debt	**—**	21
Share-based compensation expense, net of forfeitures	**7**	6
Other	**12**	(11)
Cash flows due to changes in other assets and other liabilities	**(45)**	22
Net cash provided by operating activities	**565**	556
Cash flows from investing activities		
Net principal originations of finance receivables held for investment and held for sale	**(188)**	(290)
Proceeds on sale of finance receivables held for sale originated as held for investment	**—**	19
Cash advances on intercompany notes receivables	**—**	(2)
Available-for-sale securities purchased	**(132)**	(154)
Available-for-sale securities called, sold, and matured	**128**	103
Other securities purchased	**(4)**	—
Other securities called, sold, and matured	**6**	5
Other, net	**(6)**	12
Net cash used for investing activities	**(196)**	(307)
Cash flows from financing activities		
Proceeds from issuance of long-term debt, net of commissions	**3,547**	2,327
Repayment of long-term debt	**(332)**	(1,425)
Cash contribution of SCLH	**—**	12
Cash dividends	**(432)**	(34)
Payments on intercompany note payable	**—**	(6)
Withholding tax on share-based compensation	**(6)**	(5)
Net cash provided by financing activities	**2,777**	869
Net change in cash and cash equivalents and restricted cash and restricted cash equivalents	**3,146**	1,118
Cash and cash equivalents and restricted cash and restricted cash equivalents at beginning of period	**1,632**	1,162
Cash and cash equivalents and restricted cash and restricted cash equivalents at end of period	**$ 4,778**	$ 2,280

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

	Three Months Ended March 31,	
(dollars in millions)	**2020**	**2019**
Supplemental cash flow information		
Cash and cash equivalents	**$ 4,203**	$ 1,705
Restricted cash and restricted cash equivalents	**575**	575
Total cash and cash equivalents and restricted cash and restricted cash equivalents	**$ 4,778**	$ 2,280
Cash paid for amounts included in the measurement of operating lease liabilities	**$ 15**	$ 15
Supplemental non-cash activities		
Right-of-use assets obtained in exchange for operating lease obligations	**$ 17**	$ 173
Non-cash contribution of SCLH	**—**	22

Restricted cash and restricted cash equivalents primarily represent funds required to be used for future debt payments relating to our securitization transactions.

See Notes to the Condensed Consolidated Financial Statements (Unaudited).

ONEMAIN HOLDINGS, INC. AND SUBSIDIARIES
Notes to the Condensed Consolidated Financial Statements (Unaudited)
March 31, 2020

1. Business and Basis of Presentation

OneMain Holdings, Inc. ("OMH"), and its wholly-owned direct subsidiary, Springleaf Finance Corporation ("SFC") are financial services holding companies whose subsidiaries engage in the consumer finance and insurance businesses. Prior to the completion of the merger described below, OMH's direct subsidiary was Springleaf Finance, Inc. ("SFI").

On September 20, 2019, SFC entered into a merger agreement with its direct parent, SFI, to merge SFI with and into SFC, with SFC as the surviving entity. The merger was effective in SFC's condensed consolidated financial statements as of July 1, 2019. As a result of the merger with SFI, SFC became a wholly-owned direct subsidiary of OMH.

OMH and SFC are referred to in this report, collectively with their subsidiaries, whether directly or indirectly owned, as "the Company," "we," "us," or "our." The information in this Quarterly Report on Form 10-Q is equally applicable to OMH and SFC, except where otherwise indicated.

At March 31, 2020, the Apollo-Värde Group owned approximately 40.9% of OMH's common stock.

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), 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. Actual 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 2020 presentation, we have reclassified 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 2019 Annual Report on Form 10-K. We follow the same significant accounting policies for our interim reporting, except for the new accounting pronouncements subsequently adopted and disclosed in Note 3 below.

2. Reconciliation of Springleaf Finance Corporation Results to OneMain Holdings, Inc. Results

The results of SFC are consolidated into the results of OMH. Due to the nominal differences between SFC and OMH, content throughout this filing relates to both OMH and SFC. SFC disclosures relate only to itself and not to any other company.

Except where otherwise indicated, and excluding certain insignificant cash and non-cash transactions at the OMH level, these notes relate to the condensed consolidated financial statements for both companies, OMH and SFC. In addition to certain intercompany payable and receivable amounts between the entities, the following is a reconciliation of the condensed consolidated balance sheets and results of our condensed consolidated statements of operations of SFC to OMH:

	March 31, 2020			December 31, 2019		
(dollars in millions)	**OMH**	**SFC**	**Difference**	**OMH**	**SFC**	**Difference**
Other assets	**$ 1,069**	**$ 1,068**	**$ 1**	$ 769	$ 768	$ 1
Deferred and accrued taxes	**68**	**69**	**(1)**	34	35	(1)
Other liabilities	**497**	**500**	**(3)**	592	595	(3)
Total shareholders' equity (a)	**3,052**	**3,047**	**5**	4,330	4,325	5

	Three Months Ended March 31,					
	2020			2019		
(dollars in millions)	**OMH**	**SFC**	**Difference**	**OMH**	**SFC**	**Difference**
Other revenues (b)	**$ 15**	**$ 15**	**$ —**	$ 30	$ 34	$ (4)
Other operating expenses	**151**	**151**	**—**	136	137	(1)
Income before income taxes	**43**	**43**	**—**	202	205	(3)
Income taxes	**11**	**11**	**—**	50	49	1
Net Income	**32**	**32**	**—**	152	156	(4)

(a) The differences between total shareholders’ equity in the periods ended March 31, 2020 and December 31, 2019 were due to historical differences in results of operations of the companies and differences in equity awards.

(b) Other revenues include the interest income on notes receivables from parent, which were notes from SFI held by SFC and Springleaf Mortgage Holding Company and subsidiaries (“SMHC”), a wholly-owned direct subsidiary of SFC. See Note 1 and below for further discussion of the merger between SFI and SFC.

The following transactions are related to SFC and have no impact on OMH's condensed consolidated financial results.

Merger of SFI into SFC

On September 20, 2019, SFC entered into a merger agreement with its direct parent SFI, to merge SFI with and into SFC, with SFC as the surviving entity. The merger was effective in SFC's condensed consolidated financial statements as of July 1, 2019. In conjunction with the merger, the net deficiency of SFI, after elimination of its investment in SFC, was absorbed by SFC resulting in an equity reduction of $408 million to SFC, which included the elimination of the intercompany notes and receivables between SFC and SFI, as discussed below.

The net deficiency of SFI included an intercompany note payable plus accrued interest of $166 million from SFI to OMH, which SFC assumed through the merger. On September 23, 2019, SFC repaid SFI’s note to OMH. Concurrently, OMH paid $22 million in other payables due to SFC and made an equity contribution of $144 million to SFC.

The transactions noted above resulted in a net $264 million reduction to SFC's equity.

SFC's Notes Receivable from Parent

As a result of the merger between SFI and SFC, described in Note 1 and above, a $232 million note receivable from SFI to SFC was dissolved effective July 1, 2019. Additionally, SFC assumed a $28 million note payable from SFI to SMHC, a wholly-owned subsidiary of SFC, and SFC subsequently paid off the note on September 23, 2019. Interest income on these notes receivable totaled $4 million for the three months ended March 31, 2019, which we report in other revenues.

Springleaf Consumer Loan Holding Company ("SCLH") Contribution

On March 10, 2019, all of the outstanding capital stock of SCLH, a subsidiary of SFI, was contributed to SFC and SCLH became a wholly-owned direct subsidiary of SFC. The contribution was effective as of January 1, 2019 and increased SFC's total shareholder's equity and total assets by $34 million and $53 million, respectively. The contribution is presented prospectively because it is deemed to be a contribution of net assets.

Parent and Affiliate Receivables and Payables

There were no receivables from parent and affiliates at March 31, 2020 and December 31, 2019 as the balances were eliminated due to the merger of SFI and SFC, and the SCLH contribution noted above. Payables to parent and affiliate are included in other liabilities and were immaterial at March 31, 2020 and December 31, 2019.

3. Recent Accounting Pronouncements

ACCOUNTING PRONOUNCEMENTS RECENTLY ADOPTED

Financial Instruments - Credit Losses

In June of 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments*, which significantly changes the way that entities are 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 previously required. The new approach requires entities to measure all expected credit losses for financial assets over their expected lives based on historical experience, current conditions, and reasonable and supportable forecasts of collectability. The expected credit loss model requires earlier recognition of credit losses than the incurred loss approach. We expect ongoing changes in the allowance for finance receivable losses will be driven primarily by the growth of our loan portfolio, mix of secured and unsecured loans, credit quality, and the economic environment at that time. In addition, the ASU developed a new accounting treatment for purchased financial assets with credit deterioration.

The ASU also modifies the other-than-temporary impairment model for available-for-sale debt securities by requiring companies to record an allowance for credit impairment rather than write-downs of such assets.

Management has reviewed this update and other ASUs that were subsequently issued to further clarify the implementation guidance outlined in ASU 2016-13.

We adopted the amendments of these ASUs as of January 1, 2020.

Upon adoption, we recorded an increase to the allowance for finance receivable losses of $1.12 billion, an increase to deferred tax assets of $0.28 billion, and a corresponding one-time cumulative reduction to retained earnings, net of tax, of $0.83 billion in the consolidated balance sheet as of January 1, 2020.

The adoption of this ASU, as it relates to available-for-sale debt securities, did not have a material impact on the consolidated financial statements as of January 1, 2020.

As result of the adoption of ASU 2016-13, several of our significant accounting policies have changed to reflect the requirements of the new standard. See below for these updated significant accounting policies as of January 1, 2020.

Allowance for Finance Receivable Losses

We establish the allowance for finance receivable losses through the provision for finance receivable losses. We evaluate our finance receivable portfolio by level of contractual delinquency in the portfolio, specifically in the late stage delinquency buckets and inclusive of the migration of the loans through the delinquency buckets. Our finance receivables consist of a large number of relatively small, homogeneous accounts. We evaluate our finance receivables for impairment as pools. None of our accounts are large enough to warrant individual evaluation for impairment.

We estimate the allowance for finance receivable losses primarily on historical loss experience using a cumulative loss model applied to our finance receivable portfolios. Our gross credit loss expectation is offset by the estimate of future recoveries using historical recovery curves. Our finance receivables are primarily segmented in the loss model by contractual delinquency status. Other attributes in the model include collateral mix and recent credit score. To estimate the gross credit losses, the model utilizes a roll rate matrix to project the first 12 months of losses and historical cohort performance to project the expected losses over the remaining term. Our methodology relies solely on historical loss experience to forecast the corresponding future outcomes. These patterns are then applied to the current portfolio to obtain an estimate of future losses. We also consider key economic trends including unemployment rates and bankruptcy filings. Forecasted macroeconomic conditions extend to our reasonable and supportable forecast period and revert to a historical average. No new volume is assumed. Renewals are a significant piece of our new volume and are considered a terminal event of the previous loan. We have elected not to measure an allowance on accrued finance charges as it is our policy to reverse finance charge amounts previously accrued after four contractual payments become past due.

Management exercises its judgment when determining the amount of allowance for finance receivable losses. Our judgment is based on quantitative analyses, qualitative factors, such as recent portfolio, industry, and other economic trends, and experience in the consumer finance industry. We adjust the amounts determined by our model for management’s estimate of the effects of model imprecision which include but are not limited to, any changes to underwriting criteria and portfolio seasoning.

Impairments on Investment Securities: Available-for-sale.

We evaluate our available-for-sale securities on an individual basis to identify any instances where the fair value of the investment security is below its amortized cost. For these securities, we then evaluate whether an impairment exists if any of the following conditions are present:

- we intend to sell the security;
- it is more likely than not that we will be required to sell the security before recovery of its amortized cost basis; or
- we do not expect to recover the security’s entire amortized cost basis (even if we do not intend to sell the security).

If we intend to sell an impaired investment security or we will likely be required to sell the security before recovery of its amortized cost basis less any current period credit loss, we recognize the impairment as a direct write-down in investment revenues equal to the difference between the investment security’s amortized cost and its fair value at the balance sheet date. Once the impairment is recorded, we adjust the investment security to a new amortized cost basis equal to the previous amortized cost basis less the impairment write-down recognized in the current period.

In determining whether a credit loss exists, we compare our best estimate of the present value of the cash flows expected to be collected from the security to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis of the security, a credit loss exists and an allowance for credit losses is recorded, not to exceed the total unrealized loss on the security. The cash flows expected to be collected are determined by assessing all available information, including issuer default rate, ratings changes and adverse conditions related to the industry sector, financial condition of issuer, credit enhancements, collateral default rates, and other relevant criteria. Management considers factors such as our investment strategy, liquidity requirements, overall business plans, and recovery periods for securities in previous periods of broad market declines.

If a credit loss exists with respect to an investment in a security (i.e., we do not expect to recover the entire amortized cost basis of the security), we would be unable to assert that we will recover our amortized cost basis even if we do not intend to sell the security. Therefore, in these situations, a credit impairment is considered to have occurred.

If a credit impairment exists, but we do not intend to sell the security and we will likely not be required to sell the security before recovery of its amortized cost basis less any current period credit loss, the impairment is bifurcated as: (i) the estimated amount relating to credit loss; and (ii) the amount relating to non-credit related factors. We recognize the estimated credit loss as an allowance on the balance sheet in investment securities, with a corresponding loss in investment revenues, and the non-credit loss amount in accumulated other comprehensive income or loss.

For investment securities in which a credit impairment was recorded through an allowance, we record subsequent increases and decreases in the allowance for credit losses as credit loss expense or reversal of credit loss expense in investment revenues. We will not reverse a previously recorded allowance to an amount below zero. We recognize subsequent increases and decreases in the fair value of our available-for-sale securities from non-credit related factors in accumulated other comprehensive income or loss.

Interest receivables on our investment securities are excluded from the amortized cost and fair value and are recorded in "Other assets." We have elected not to measure an allowance on interest receivables due to our policy to reverse interest receivable at the time collectability is uncertain. The reversal of interest receivable is recorded in investment revenue.

See Notes 4, 5, and 7 for additional information on the adoption of ASU 2016-13.

ACCOUNTING PRONOUNCEMENTS TO BE ADOPTED

Insurance

In August of 2018, the FASB issued ASU 2018-12, *Financial Services - Insurance: Targeted Improvements to the Accounting for Long-Duration Contracts*, which provides targeted improvements to Topic 944 for the assumptions used to measure the liability for future policy benefits for nonparticipating traditional and limited-payment contracts; measurement of market risk benefits; amortization of deferred acquisition costs; and enhanced disclosures. The amendments in this ASU become effective for us beginning January 1, 2022, as a result of the FASB issuing a one-year deferral of this ASU for public companies. We have a cross-functional implementation team and a project plan to ensure we comply with all the amendments in this ASU at the time of adoption. We continue to make progress in evaluating the potential impact of the adoption of the ASU on our consolidated financial statements.

We do not believe that any other accounting pronouncements issued, but not yet effective, would have a material impact on our consolidated financial statements or disclosures, if adopted.

4. Finance Receivables

Our finance receivables consist of personal loans, which are non-revolving, with a fixed-rate, a fixed term of three to six years, and are secured by automobiles, other titled collateral, or are unsecured.
Net finance receivables consist of our total portfolio of personal loans. Components of our personal loans were as follows:

(dollars in millions)	March 31, 2020	December 31, 2019
Gross receivables *	**$ 18,080**	$ 18,195
Unearned points and fees	**(238)**	(242)
Accrued finance charges	**280**	289
Deferred origination costs	**147**	147
Total	**$ 18,269**	$ 18,389

***** Gross receivables equal the unpaid principal balance ("UPB") except for the following:

- ***Finance receivables purchased as a performing receivable*** — gross receivables are equal to UPB and, if applicable, any remaining unearned premium or discount established at the time of purchase to reflect the finance receivable balance at its initial fair value;
- ***Purchased credit impaired finance receivables*** — gross receivables equal the remaining estimated cash flows less the current balance of accretable yield on the purchased credit impaired accounts established prior to the adoption of ASU 2016-13; and
- ***Purchased credit deteriorated finance receivables*** — gross receivables equal the UPB and any remaining unearned discount established at the time of the adoption of ASU 2016-13 on January 1, 2020.

CREDIT QUALITY INDICATOR

We consider the delinquency status of our finance receivables as our key credit quality indicator. We monitor the delinquency of our finance receivable portfolio, including the migration between the delinquency buckets and changes in the delinquency trends to manage our exposure to credit risk in the portfolio. When finance receivables are 60 days contractually past due, we consider these accounts to be at an increased risk for loss and we transfer collection of these accounts to our centralized operations.

At 90 days or more contractually past due, we consider our finance receivables to be nonperforming. We stop accruing finance charges and reverse finance charges previously accrued on nonperforming loans. We reversed net accrued finance charges of $28 million during the three months ended March 31, 2020. Finance charges recognized from the contractual interest portion of payments received on nonaccrual finance receivables totaled $4 million during the three months ended March 31, 2020. All loans in nonaccrual status are considered in our estimate of allowance for finance receivable losses.

The following is a summary of our personal loans held for investment by the year of origination and number of days delinquent, our key credit quality indicator, at March 31, 2020:

(dollars in millions)	2020	2019	2018	2017	2016	Prior	Total
Performing							
Current	**$ 2,515**	**$ 9,465**	**$ 3,541**	**$ 1,298**	**$ 431**	**$ 213**	**$ 17,463**
30-59 days past due	**3**	**127**	**66**	**29**	**12**	**8**	**245**
60-89 days past due	**—**	**88**	**48**	**19**	**7**	**5**	**167**
Total performing	**2,518**	**9,680**	**3,655**	**1,346**	**450**	**226**	**17,875**
Nonperforming (Nonaccrual)							
90-179 days past due	**—**	**173**	**131**	**50**	**18**	**13**	**385**
180 days or more past due	**—**	**3**	**4**	**2**	**—**	**—**	**9**
Total nonperforming	**—**	**176**	**135**	**52**	**18**	**13**	**394**
Total	**$ 2,518**	**$ 9,856**	**$ 3,790**	**$ 1,398**	**$ 468**	**$ 239**	**$ 18,269**

The following is a summary of our personal loans held for investment by number of days delinquent at December 31, 2019, which is prior to the adoption of ASU 2016-13 on January 1, 2020 and continue to be reported under ASC 310, *Receivables*:

(dollars in millions)	Total
Performing	
Current	$ 17,550
30-59 days past due	272
60-89 days past due	181
Total performing	18,003
Nonperforming	
90-179 days past due	377
180 days or more past due	9
Total nonperforming	386
Total	$ 18,389

PURCHASED CREDIT IMPAIRED FINANCE RECEIVABLES

ASU 2016-13 superseded the accounting for purchased credit impaired finance receivables with purchase credit deteriorated finance receivables. As a result, we converted all purchased credit impaired finance receivables to purchased credit deteriorated finance receivables in accordance with ASC Topic 326, which resulted in the gross-up of net finance receivables and allowance for finance receivable losses of $15 million on January 1, 2020. Due to the adoption of ASU 2016-13, the following disclosures related to purchase credit impaired finance receivables are no longer applicable for reporting periods beginning in 2020.

We previously reported the carrying amount of our purchased credit impaired personal loans in net finance receivables, less allowance for finance receivable losses, and our purchased credit impaired real estate loans in finance receivables held for sale as discussed below.

At December 31, 2019, finance receivables held for sale, reported in "Other assets," totaled $64 million, which include purchased credit impaired real estate loans, as well as TDR real estate loans. See Note 6 for further information on our finance receivables held for sale.

Information regarding purchased credit impaired finance receivables were as follows:

(dollars in millions)	December 31, 2019
Personal Loans	
Carrying amount, net of allowance	$ 40
Outstanding balance (a)	74
Allowance for purchased credit impaired finance receivable losses (b)	—
Real Estate Loans - Held for Sale	
Carrying amount	$ 19
Outstanding balance (a)	35

(a) Outstanding balance is defined as the UPB of the loans with a net carrying amount.

(b) The allowance for purchased credit impaired finance receivable losses reflects the carrying value of the purchased credit impaired loans held for investment exceeding the present value of the expected cash flows. As indicated above, no allowance was required as of December 31, 2019.

Changes in accretable yield for purchased credit impaired finance receivables were as follows:

(dollars in millions)		Three Months Ended March 31, 2019
Personal Loans		
Balance at beginning of period	$	39
Accretion		(5)
Balance at end of period	$	34
Real Estate Loans - Held for Sale		
Balance at beginning of period	$	27
Accretion		(1)
Transfer due to finance receivables sold		(3)
Balance at end of period	$	23

TDR FINANCE RECEIVABLES

Information regarding TDR finance receivables were as follows:

(dollars in millions)		March 31, 2020		December 31, 2019
Personal Loans				
TDR gross receivables (a)	**$**	**686**	$	655
TDR net receivables (b)		**688**		658
Allowance for TDR finance receivable losses		**302**		272
Real Estate Loans - Held for Sale				
TDR gross receivables (a)	**$**	**50**	$	52
TDR net receivables (b)		**51**		53

(a) ***TDR gross receivables*** — gross receivables are equal to UPB and, if applicable, any remaining unearned premium or discount established at the time of purchase if previously purchased as a performing receivable.

(b) ***TDR net receivables*** — TDR gross receivables net of unearned points and fees, accrued finance charges, and deferred origination costs.

TDR average net receivables and finance charges recognized on TDR finance receivables for our personal loans that are held for investment and our real estate loans that are held for sale were as follows:

(dollars in millions)		Personal Loans		Real Estate Loans		Total
Three Months Ended March 31, 2020						
TDR average net receivables	**$**	**676**	**$**	**52**	**$**	**728**
TDR finance charges recognized		**12**		**1**		**13**
Three Months Ended March 31, 2019						
TDR average net receivables	$	477	$	64	$	541
TDR finance charges recognized		12		1		13

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

(dollars in millions)	Three Months Ended March 31, 2020	2019
Personal Loans		
Pre-modification TDR net finance receivables	**$ 158**	$ 120
Post-modification TDR net finance receivables:		
Rate reduction	**100**	85
Other *	**58**	35
Total post-modification TDR net finance receivables	**$ 158**	$ 120
Number of TDR accounts	**21,818**	18,506

* "Other" modifications primarily include potential principal and interest forgiveness contingent on future payment performance by the borrower under the modified terms.

New volume of TDR finance receivables held for sale for the three months ended March 31, 2020 and 2019 are not included in the table above as it is immaterial.

Personal loans held for investment 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) are reflected in the following table.

(dollars in millions)	Three Months Ended March 31, 2020	2019
Personal Loans		
TDR net finance receivables *	**$ 31**	$ 19
Number of TDR accounts	**4,552**	2,925

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

Real estate loans 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) are immaterial for the three months ended March 31, 2020 and 2019.

5. Allowance for Finance Receivable Losses

We establish an allowance for finance receivable losses through the provision for finance receivable losses. We evaluate our finance receivable portfolio by the level of contractual delinquency in the portfolio, specifically in the late stage delinquency buckets and inclusive of the migration of the loans through the delinquency buckets. We estimate and record an allowance for finance receivable losses to cover the estimated lifetime expected credit losses on our finance receivables, pursuant to the adoption of ASU 2016-13 on January 1, 2020. Prior to the adoption of ASU 2016-13, we estimated and recorded an allowance for finance receivable losses to cover estimated incurred losses on our finance receivables. Our allowance for finance receivable losses may fluctuate based upon changes in portfolio growth, credit quality, and economic conditions. See Note 3 for additional information regarding our policy for allowance for finance receivable losses.

Our current methodology to estimate expected credit losses utilized macroeconomic forecasts as of March 31, 2020, which incorporated the potential impact of the global outbreak of a novel strain of coronavirus ("COVID-19") could have on the U.S. economy. Our forecast utilized economic projections from a major rating service, and considered a spike in the second quarter unemployment rate followed by a recovery over the second half of the year, with some offsetting benefits related to the positive impacts of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), the involuntary unemployment insurance coverage of our portfolio and our borrower assistance efforts. As a result, our allowance for finance receivable losses as a percentage of finance receivables increased from 10.6% to 11.9%.

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

	Three Months Ended March 31,	
(dollars in millions)	**2020**	**2019**
Personal Loans		
Balance at beginning of period	**$ 829**	$ 731
Impact of adoption of ASU 2016-13 *	**1,118**	—
Provision for finance receivable losses	**531**	286
Charge-offs	**(337)**	(311)
Recoveries	**41**	27
Balance at end of period	**$ 2,182**	$ 733

***** As a result of the adoption of ASU 2016-13 on January 1, 2020, we recorded a one-time adjustment to the allowance for finance receivable losses. See Notes 3 and 4 for additional information on the adoption of ASU 2016-13.

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

(dollars in millions)	March 31, 2020	December 31, 2019
Allowance for finance receivable losses:		
Collectively evaluated for impairment	**$ 1,880**	$ 557
Purchased credit impaired finance receivables *	**—**	—
TDR finance receivables	**302**	272
Total	**$ 2,182**	$ 829
Finance receivables:		
Collectively evaluated for impairment	**$ 17,581**	$ 17,691
Purchased credit impaired finance receivables *	**—**	40
TDR finance receivables	**688**	658
Total	**$ 18,269**	$ 18,389
Allowance for finance receivable losses as a percentage of finance receivables	**11.95 %**	4.51 %

***** As a result of the adoption of ASU 2016-13 on January 1, 2020, the accounting for purchased credit impaired finance receivables was superseded with purchase credit deteriorated finance receivables which are collectively evaluated for impairment. See Notes 3 and 4 for additional information on the adoption of ASU 2016-3.

6. Finance Receivables Held for Sale

We reported finance receivables held for sale, reported within “Other assets,” of $61 million at March 31, 2020 and $64 million at December 31, 2019, which consist entirely of real estate loans, and are carried at the lower of cost or fair value, applied on an aggregate basis.

In February 2019, we sold a portfolio of real estate loans with a carrying value of $16 million for aggregate cash proceeds of $19 million and recorded a net gain in other revenues of $3 million (“February 2019 Real Estate Loan Sale”). After the recognition of the February 2019 Real Estate Loan Sale, the carrying value of the remaining loans classified in finance receivables held for sale exceeded their fair value and, accordingly, we marked the remaining loans to fair value and recorded an impairment in other revenue of $3 million.

At March 31, 2020, the carrying value of our finance receivables held for sale was not impaired. We did not have any other material transfers to or from finance receivables held for sale during the three months ended March 31, 2020 and 2019.

7. Investment Securities

AVAILABLE-FOR-SALE SECURITIES

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

(dollars in millions)	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2020*				
Fixed maturity available-for-sale securities:				
U.S. government and government sponsored entities	**$ 11**	**$ —**	**$ —**	**$ 11**
Obligations of states, municipalities, and political subdivisions	**88**	**1**	**—**	**89**
Commercial paper	**76**	**—**	**—**	**76**
Non-U.S. government and government sponsored entities	**136**	**4**	**(1)**	**139**
Corporate debt	**1,061**	**25**	**(31)**	**1,055**
Mortgage-backed, asset-backed, and collateralized:				
RMBS	**212**	**8**	**(3)**	**217**
CMBS	**64**	**1**	**(2)**	**63**
CDO/ABS	**87**	**1**	**(6)**	**82**
Total	**$ 1,735**	**$ 40**	**$ (43)**	**$ 1,732**

* There was no allowance for credit losses related to our investment securities as of March 31, 2020.

(dollars in millions)	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
December 31, 2019*				
Fixed maturity available-for-sale securities:				
U.S. government and government sponsored entities	$ 11	$ —	$ —	$ 11
Obligations of states, municipalities, and political subdivisions	91	2	(1)	92
Commercial paper	91	—	—	91
Non-U.S. government and government sponsored entities	144	3	—	147
Corporate debt	1,054	45	(1)	1,098
Mortgage-backed, asset-backed, and collateralized:				
RMBS	214	3	—	217
CMBS	56	1	—	57
CDO/ABS	84	1	—	85
Total	$ 1,745	$ 55	$ (2)	$ 1,798

* The balances reported as of December 31, 2019 are not subject to the adoption of ASU 2016-13 on January 1, 2020 and continue to be reported under ASC 320, *Investments – Debt and Equity Securities*.

As of March 31, 2020, interest receivables reported in “Other assets” totaled $13 million, and no amounts were reversed from investment revenue for available-for-sale securities.

Fair value and unrealized losses on available-for-sale securities by type and length of time in a continuous unrealized loss position without an allowance for credit losses were as follows:

	Less Than 12 Months		12 Months or Longer		Total	
(dollars in millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
March 31, 2020						
Obligations of states, municipalities, and political subdivisions	**$ 20**	**$ —**	**$ —**	**$ —**	**$ 20**	**$ —**
Commercial paper	**45**	**—**	**—**	**—**	**45**	**—**
Non-U.S. government and government sponsored entities	**17**	**(1)**	**—**	**—**	**17**	**(1)**
Corporate debt	**434**	**(31)**	**3**	**—**	**437**	**(31)**
Mortgage-backed, asset-backed, and collateralized:						
RMBS	**53**	**(3)**	**—**	**—**	**53**	**(3)**
CMBS	**31**	**(2)**	**3**	**—**	**34**	**(2)**
CDO/ABS	**57**	**(6)**	**—**	**—**	**57**	**(6)**
Total	**$ 657**	**$ (43)**	**$ 6**	**$ —**	**$ 663**	**$ (43)**
December 31, 2019*						
U.S. government and government sponsored entities	$ —	$ —	$ 3	$ —	$ 3	$ —
Obligations of states, municipalities, and political subdivisions	29	(1)	4	—	33	(1)
Commercial paper	76	—	—	—	76	—
Non-U.S. government and government sponsored entities	19	—	14	—	33	—
Corporate debt	63	(1)	13	—	76	(1)
Mortgage-backed, asset-backed, and collateralized:						
RMBS	45	—	—	—	45	—
CMBS	15	—	7	—	22	—
CDO/ABS	14	—	—	—	14	—
Total	$ 261	$ (2)	$ 41	$ —	$ 302	$ (2)

* The balances reported as of December 31, 2019 are not subject to the adoption of ASU 2016-13 on January 1, 2020 and continue to be reported under ASC 320, *Investments – Debt and Equity Securities*.

On a lot basis, we had 865 and 398 investment securities in an unrealized loss position at March 31, 2020 and December 31, 2019, respectively. We do not consider the unrealized losses to be credit-related, as these unrealized losses primarily relate to changes in interest rates and market spreads subsequent to purchase. Additionally, at March 31, 2020, there were no credit impairments on investment securities that we intend to sell. We do not have plans to sell any of the remaining investment securities with unrealized losses as of March 31, 2020, 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 credit impairments. During the three months ended March 31, 2020, there were no credit impairments related to our investment securities. Therefore, there were no material additions or reductions in the allowance for credit losses (impairments recognized or reversed in earnings) on credit impaired available-for-sale securities during the three months ended March 31, 2020.

Prior to the adoption of ASU 2016-13, other-than-temporary impairment losses, primarily on corporate debt, in investment revenues were immaterial during the three months ended March 31, 2019. There were no material additions or reductions in the cumulative amount of credit losses (recognized in earnings) on other-than-temporarily impaired available-for-sale securities during the three months ended March 31, 2019.

The proceeds of available-for-sale securities sold or redeemed during the three months ended March 31, 2020 and 2019 totaled $58 million and $29 million, respectively. The net realized gains and losses were immaterial during the three months ended March 31, 2020 and 2019.

Contractual maturities of fixed-maturity available-for-sale securities at March 31, 2020 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	$ 190	$ 190
Due after 1 year through 5 years	550	551
Due after 5 years through 10 years	473	474
Due after 10 years	157	157
Mortgage-backed, asset-backed, and collateralized securities	362	363
Total	$ 1,732	$ 1,735

Actual maturities may differ from contractual maturities since issuers and 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 securities on deposit with third parties totaled $605 million and $633 million at March 31, 2020 and December 31, 2019, respectively.

OTHER SECURITIES

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

(dollars in millions)	**March 31, 2020**	**December 31, 2019**
Fixed maturity other securities:		
Bonds		
Non-U.S. government and government sponsored entities	**$ 1**	$ 1
Corporate debt	**18**	24
Mortgage-backed, asset-backed, and collateralized bonds	**14**	15
Total bonds	**33**	40
Preferred stock *	**15**	19
Common stock *	**19**	26
Other long-term investments	**1**	1
Total	**$ 68**	$ 86

* We employ an income equity strategy targeting investments in stocks with strong current dividend yields. Stocks included have a history of stable or increasing dividend payments.

Net unrealized losses on other securities held were $13 million for the three months ended March 31, 2020. Net unrealized gains on other securities held were $4 million for the three months ended March 31, 2019. We report these net unrealized gains and losses in investment revenue.

Net realized gains and losses on other securities sold or redeemed are included in investment revenue and were immaterial for the three months ended March 31, 2020 and 2019. We report these net gains and losses in investment revenue.

Other securities include equity securities and those securities for which the fair value option was elected.

8. 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 March 31, 2020 were as follows:

	Senior Debt				
(dollars in millions)	Securitizations	Revolving Conduit Facilities	Unsecured Notes (a)	Junior Subordinated Debt (a)	Total
Interest rates (b)	1.50%-6.94%	1.51%-3.24%	5.38%-8.25%	3.58 %	
Remainder of 2020	$ —	$ —	$ 1,000	$ —	$ 1,000
2021	—	—	646	—	646
2022	—	—	1,000	—	1,000
2023	—	—	1,175	—	1,175
2024	—	—	1,300	—	1,300
2025-2067	—	—	4,399	350	4,749
Securitizations (c)	7,396	—	—	—	7,396
Revolving conduit facilities (c)	—	3,500	—	—	3,500
Total principal maturities	$ 7,396	$ 3,500	$ 9,520	$ 350	$ 20,766
Total carrying amount	$ 7,364	$ 3,500	$ 9,407	$ 172	$ 20,443
Debt issuance costs (d)	(27)	—	(81)	—	(108)

(a) Pursuant to the SFC Base Indenture, the SFC supplemental indentures and the SFC Guaranty Agreements, OMH agreed to fully and unconditionally guarantee, on a senior unsecured basis, payments of principal, premium and interest on the SFC Unsecured Senior Notes and Junior Subordinated Debenture. The OMH guarantees of SFC's long-term debt are subject to customary release provisions.

(b) The interest rates shown are the range of contractual rates in effect at March 31, 2020.

(c) Securitizations and borrowings under revolving conduit facilities are not included in the above maturities by period due to their variable monthly repayments, which may result in pay-off prior to the stated maturity date. At March 31, 2020, an aggregate of $3.5 billion was drawn under our revolving conduit facilities. See Note 9 for further information on our long-term debt associated with securitizations and revolving conduit facilities.

(d) 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 $31 million at March 31, 2020 and are reported in "Other assets."

9. Variable Interest Entities

CONSOLIDATED VIES

We have transferred finance receivables to VIEs for asset-backed financing transactions, including securitization and revolving conduit facilities, and include the assets and liabilities in our consolidated financial statements because we are the primary beneficiary of each VIE. We account for these asset-backed debt obligations as secured borrowings.

See Note 3 and Note 11 of the Notes to the Consolidated Financial Statements in Part II - Item 8 included in our 2019 Annual Report on Form 10-K for more detail regarding VIEs.

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 and revolving conduit facilities were as follows:

(dollars in millions)	March 31, 2020	December 31, 2019
Assets		
Cash and cash equivalents	**$ 2**	$ 4
Finance receivables - Personal loans	**12,083**	8,428
Allowance for finance receivable losses	**1,392**	340
Restricted cash and restricted cash equivalents	**567**	400
Other assets	**31**	29
Liabilities		
Long-term debt	**$ 10,864**	$ 7,643
Other liabilities	**17**	15

Other than the retained subordinate and residual interests in our consolidated VIEs, we are under no further obligation than is otherwise noted herein, either contractually or implicitly, to provide financial support to these entities. Consolidated interest expense related to our VIEs totaled $81 million for the three months ended March 31, 2020, compared to $82 million for the three months ended March 31, 2019.

SECURITIZED BORROWINGS

Each of our securitizations contains a revolving period ranging from one to seven years during which no principal payments are required to be made on the related asset-backed notes. The indentures governing our securitization borrowings contain early amortization events and events of default, that, if triggered, may result in the acceleration of the obligation to pay principal and interest on the related asset-backed notes.

REVOLVING CONDUIT FACILITIES

We had access to 14 conduit facilities with a total maximum borrowing capacity of $7.1 billion as of March 31, 2020. Our conduit facilities' revolving period end ranges from approximately one to three years. Principal balances of outstanding loans, if any, are due and payable in full ranging from approximately three to ten years as of March 31, 2020. Amounts drawn on these facilities are collateralized by our personal loans.

At March 31, 2020, an aggregate of $3.5 billion was drawn under these facilities and the remaining borrowing capacity was $3.6 billion.

10. Insurance

Changes in the reserve for unpaid claims and loss adjustment expenses (not considering reinsurance recoverable):

(dollars in millions)	At or for the Three Months Ended March 31, 2020	2019
Balance at beginning of period	**$ 117**	$ 117
Less reinsurance recoverables	**(4)**	(4)
Net balance at beginning of period	**113**	113
Additions for losses and loss adjustment expenses incurred to:		
Current year	**77**	54
Prior years *	**(9)**	(7)
Total	**68**	47
Reductions for losses and loss adjustment expenses paid related to:		
Current year	**(17)**	(17)
Prior years	**(30)**	(33)
Total	**(47)**	(50)
Foreign currency translation adjustment	**(1)**	—
Net balance at end of period	**133**	110
Plus reinsurance recoverables	**3**	4
Balance at end of period	**$ 136**	$ 114

* Reflects (i) a redundancy in the prior years' net reserves of $9 million at March 31, 2020, primarily due to favorable development of credit life, term life, and credit disability claims during the year, and (ii) a redundancy in the prior years' net reserves of $7 million at March 31, 2019, primarily due to a favorable development of credit life, disability, and unemployment claims during the year.

11. Capital Stock and Earnings Per Share (OMH Only)

CAPITAL STOCK

OMH has two classes of authorized capital stock: preferred stock and common stock. SFC has two classes of authorized capital stock: special stock and common stock. OMH and SFC may issue preferred stock and special stock, respectively, in one or more series. The OMH Board of Directors and the SFC Board of Directors determine the dividend, liquidation, redemption, conversion, voting, and other rights prior to issuance.

During the three months ended March 31, 2020, the OMH Board of Directors approved a stock repurchase program, which allowed us to repurchase up to $200 million of OMH's outstanding common stock with no stated expiration. On March 20, 2020, OMH temporarily suspended its stock repurchase program. OMH retains the right to reinstate the stock repurchase program as circumstances change.

During the three months ended March 31, 2020, prior to the suspension of the program, OMH repurchased and retired 2,031,698 shares of its common stock with an average price paid per share of $22.30, for an aggregate total of approximately $45 million, including commissions and fees. The aggregate purchase price in excess of the par value of the repurchased OMH common stock is recorded as a reduction to additional paid-in-capital. To provide funding for the OMH stock repurchase and retirement program, the SFC Board of Directors authorized multiple dividend payments in the aggregate amount of $45 million.

Changes in OMH shares of common stock issued and outstanding were as follows:

	Three Months Ended March 31,	
	2020	**2019**
Balance at beginning of period	**136,101,156**	135,832,278
Common shares issued	**240,249**	250,185
Common shares retired	**(2,031,698)**	—
Balance at end of period	**134,309,707**	136,082,463

EARNINGS PER SHARE (OMH ONLY)

The computation of earnings per share was as follows:

(dollars in millions, except per share data)	Three Months Ended March 31,	
	2020	**2019**
Numerator (basic and diluted):		
Net income	**$ 32**	$ 152
Denominator:		
Weighted average number of shares outstanding (basic)	**135,909,100**	136,001,996
Effect of dilutive securities *	**229,577**	189,287
Weighted average number of shares outstanding (diluted)	**136,138,677**	136,191,283
Earnings per share:		
Basic	**$ 0.24**	$ 1.12
Diluted	**$ 0.24**	$ 1.11

* We have excluded weighted-average unvested restricted stock units totaling 214,752 and 458,594 for the three months ended March 31, 2020 and 2019, respectively, from the fully-diluted earnings per share calculations as these shares would be anti-dilutive, which could impact the earnings per share calculation in the future.

Basic earnings per share is computed by dividing net income by the weighted-average number of shares outstanding during each period. Diluted earnings per share is computed based on the weighted-average number of shares outstanding plus the effect of potentially dilutive shares outstanding during the period using the treasury stock method. The potentially dilutive shares represent outstanding unvested RSUs and RSAs.

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 March 31, 2020				
Balance at beginning of period	**$ 41**	**$ 3**	**$ —**	**$ 44**
Other comprehensive (loss) before reclassifications	**(42)**	**—**	**(8)**	**(50)**
Balance at end of period	**$ (1)**	**$ 3**	**$ (8)**	**$ (6)**
Three Months Ended March 31, 2019				
Balance at beginning of period	$ (28)	$ (3)	$ (3)	$ (34)
Other comprehensive income before reclassifications	30	—	2	32
Balance at end of period	$ 2	$ (3)	$ (1)	$ (2)

* There were no amounts related to available-for-sale debt securities for which an allowance for credit losses was recorded during the three months ended March 31, 2020.

Reclassification adjustments from accumulated other comprehensive income (loss) to the applicable line item on our condensed consolidated statements of operations were immaterial for the three months ended March 31, 2020 and 2019.

13. Income Taxes

We had a net deferred tax asset of $429 million and $104 million at March 31, 2020 and December 31, 2019, respectively. The increase in our net deferred tax asset of $325 million was primarily due to the tax effect of the increase in the allowance for finance receivable losses from both the adoption of ASU 2016-13 and the current period activity. See Note 5 for further information on the increase in allowance. The increase was partly offset by favorable mark-to-market valuation of our receivables.

We follow the guidance of ASC 740, *Income Taxes*, for interim reporting of income taxes under which we calculate an estimated annual effective tax rate ("AETR") and apply the AETR to our year-to-date income (loss) before income taxes. In addition, we recognize any discrete items as they occur. Our estimates may need to be further adjusted throughout the year as the effects of COVID-19 plays out in the economic and financial markets, and as a result our AETR may significantly change in the remaining period of 2020.

The effective tax rate for the three months ended March 31, 2020 was 24.3%, compared to 24.8% for the same period in 2019. The effective tax rates for the three months ended March 31, 2020 and 2019 differed from the federal statutory rate of 21% primarily due to the effect of state income taxes.

We are currently under examination of our U.S. federal tax returns for the years 2014 to 2016 by the IRS. We are also under examination by various states for the years 2011 to 2018. Management believes it has adequately provided for taxes for such years.

Our gross unrecognized tax benefits, including related interest and penalties, totaled $12 million at March 31, 2020 and December 31, 2019. We accrue interest related to uncertain tax positions in income tax expense. The amount of any change in the balance of uncertain tax liabilities over the next 12 months is not expected to be material to our consolidated financial statements.

On March 27, 2020, President Trump signed into law the CARES Act. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, and technical corrections to tax depreciation methods for qualified improvement property. We continue to examine the impacts the CARES Act may have on our business. We do not expect the CARES Act to have a material impact on our tax expense. We will continue to monitor legislative developments related to COVID-19.

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 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 consolidated financial statements as a whole.

15. Segment Information

At March 31, 2020, Consumer and Insurance ("C&I") is our only reportable segment. The remaining components (which we refer to as "Other") consist of (i) our liquidating SpringCastle Portfolio servicing activity and (ii) our non-originating legacy operations, which primarily include our liquidating real estate loans.

The accounting policies of the C&I segment are the same as those disclosed in Note 3 and Note 19 of the Notes to the Consolidated Financial Statements in Part II - Item 8 included in our 2019 Annual Report on Form 10-K.

The following tables present information about C&I and Other, as well as reconciliations to the consolidated financial statement amounts.

(dollars in millions)	Consumer and Insurance	Other	Segment to GAAP Adjustment	Consolidated Total
At or for the Three Months Ended March 31, 2020				
Interest income	**$ 1,101**	**$ 2**	**$ 3**	**$ 1,106**
Interest expense	**249**	**1**	**5**	**255**
Provision for finance receivable losses	**530**	**—**	**1**	**531**
Net interest income after provision for finance receivable losses	**322**	**1**	**(3)**	**320**
Other revenues	**136**	**4**	**1**	**141**
Other expenses	**407**	**6**	**5**	**418**
Income (loss) before income tax expense (benefit)	**$ 51**	**$ (1)**	**$ (7)**	**$ 43**
Assets	**$ 22,570**	**$ 72**	**$ 2,051**	**$ 24,693**
At or for the Three Months Ended March 31, 2019				
Interest income	$ 954	$ 3	$ (1)	$ 956
Interest expense	229	2	5	236
Provision for finance receivable losses	276	—	10	286
Net interest income after provision for finance receivable losses	449	1	(16)	434
Other revenues *	146	8	(6)	148
Other expenses	363	12	5	380
Income (loss) before income tax expense (benefit)	$ 232	$ (3)	$ (27)	$ 202
Assets	$ 19,197	$ 95	$ 2,066	$ 21,358

* Other revenues in Other includes the gain on the February 2019 Real Estate Loan Sale as well as the impairment adjustments on the remaining loans in held for sale in 2019.

16. Fair Value Measurements

The accounting policies of our Fair Value Measurements are the same as those disclosed in Note 3 and Note 20 of the Notes to the Consolidated Financial Statements in Part II - Item 8 included in our 2019 Annual Report on Form 10-K.

The following table presents the carrying amounts and estimated fair values of our financial instruments and indicates the level in the fair value hierarchy of the estimated fair value measurement based on the observability of the inputs used:

(dollars in millions)	Fair Value Measurements Using			Total Fair Value	Total Carrying Value
	Level 1	Level 2	Level 3		
March 31, 2020					
Assets					
Cash and cash equivalents	**$ 4,185**	**$ 18**	**$ —**	**$ 4,203**	**$ 4,203**
Investment securities	**35**	**1,763**	**2**	**1,800**	**1,800**
Net finance receivables, less allowance for finance receivable losses	**—**	**—**	**18,369**	**18,369**	**16,087**
Restricted cash and restricted cash equivalents	**575**	**—**	**—**	**575**	**575**
Other assets *	**—**	**—**	**70**	**70**	**69**
Liabilities					
Long-term debt	**$ —**	**$ 19,980**	**$ —**	**$ 19,980**	**$ 20,443**
December 31, 2019					
Assets					
Cash and cash equivalents	$ 1,159	$ 68	$ —	$ 1,227	$ 1,227
Investment securities	45	1,835	4	1,884	1,884
Net finance receivables, less allowance for finance receivable losses	—	—	19,319	19,319	17,560
Restricted cash and restricted cash equivalents	405	—	—	405	405
Other assets *	—	—	84	84	74
Liabilities					
Long-term debt	$ —	$ 18,509	$ —	$ 18,509	$ 17,212

* Other assets at March 31, 2020 and December 31, 2019 includes finance receivables held for sale and miscellaneous receivables related to our liquidating loan portfolios.

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
March 31, 2020				
Assets				
Cash equivalents in mutual funds	$ 3,951	$ —	$ —	$ 3,951
Cash equivalents in securities	—	18	—	18
Investment securities:				
Available-for-sale securities				
U.S. government and government sponsored entities	—	11	—	11
Obligations of states, municipalities, and political subdivisions	—	89	—	89
Commercial paper	—	76	—	76
Non-U.S. government and government sponsored entities	—	139	—	139
Corporate debt	4	1,051	—	1,055
RMBS	—	217	—	217
CMBS	—	63	—	63
CDO/ABS	—	81	1	82
Total available-for-sale securities	4	1,727	1	1,732
Other securities				
Bonds:				
Non-U.S. government and government sponsored entities	—	1	—	1
Corporate debt	—	18	—	18
RMBS	—	1	—	1
CDO/ABS	—	13	—	13
Total bonds	—	33	—	33
Preferred stock	12	3	—	15
Common stock	19	—	—	19
Other long-term investments	—	—	1	1
Total other securities	31	36	1	68
Total investment securities	35	1,763	2	1,800
Restricted cash in mutual funds	573	—	—	573
Total	$ 4,559	$ 1,781	$ 2	$ 6,342

(dollars in millions)	Fair Value Measurements Using Level 1	Level 2	Level 3	Total Carried At Fair Value
December 31, 2019				
Assets				
Cash equivalents in mutual funds	$ 775	$ —	$ —	$ 775
Cash equivalents in securities	—	68	—	68
Investment securities:				
Available-for-sale securities				
U.S. government and government sponsored entities	—	11	—	11
Obligations of states, municipalities, and political subdivisions	—	92	—	92
Certificates of deposit and commercial paper	—	91	—	91
Non-U.S. government and government sponsored entities	—	147	—	147
Corporate debt	5	1,093	—	1,098
RMBS	—	217	—	217
CMBS	—	57	—	57
CDO/ABS	—	85	—	85
Total available-for-sale securities	5	1,793	—	1,798
Other securities				
Bonds:				
Non-U.S. government and government sponsored entities	—	1	—	1
Corporate debt	—	23	1	24
RMBS	—	1	—	1
CDO/ABS	—	12	2	14
Total bonds	—	37	3	40
Preferred stock	14	5	—	19
Common stock	26	—	—	26
Other long-term investments	—	—	1	1
Total other securities	40	42	4	86
Total investment securities	45	1,835	4	1,884
Restricted cash in mutual funds	403	—	—	403
Total	$ 1,223	$ 1,903	$ 4	$ 3,130

Due to the insignificant activity within the Level 3 assets during the three months ended March 31, 2020 and the 2019 period, we have omitted the additional disclosures relating to the changes in Level 3 assets measured at fair value on a recurring basis and the quantitative information about Level 3 unobservable inputs.

FAIR VALUE MEASUREMENTS — NON-RECURRING BASIS

We measure the fair value of certain assets on a non-recurring basis when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Net impairment charges recorded on assets measured at fair value on a non-recurring basis were immaterial for the three months ended March 31, 2020 and 2019.

FAIR VALUE MEASUREMENTS — VALUATION METHODOLOGIES AND ASSUMPTIONS

See Note 20 of the Notes to the Consolidated Financial Statements in Part II - Item 8 included in our 2019 Annual Report on Form 10-K for information regarding our methods and assumptions used to estimate fair value.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

An index to our management's discussion and analysis follows:

Forward-Looking Statements

This report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact but instead represent only management's current beliefs regarding future events. By their nature, forward-looking statements are subject to risks, uncertainties, assumptions, and other important factors that may cause actual results, performance or achievements to differ materially from those expressed in or implied by such forward-looking statements. We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date they were made. We do not undertake any obligation to update or revise these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events or the non-occurrence of anticipated events, whether as a result of new information, future developments, or otherwise, except as required by law. Forward-looking statements include, without limitation, statements concerning future plans, objectives, goals, projections, strategies, events, or performance, and underlying assumptions and other statements related thereto. Statements preceded by, followed by or that otherwise include the words "anticipates," "appears," "are likely," "believes," "estimates," "expects," "foresees," "intends," "plans," "projects," and similar expressions or future or conditional verbs such as "would," "should," "could," "may," or "will" are intended to identify forward-looking statements. Important factors that could cause actual results, performance, or achievements to differ materially from those expressed in or implied by forward-looking statements include, without limitation, the following:

- adverse changes in general economic conditions, including the interest rate environment and the financial markets;
- risks associated with the COVID-19 pandemic and the mitigation efforts by governments to the pandemic and related effects on us, our customers, and employees;
- our estimates of the allowance for finance receivable losses may not be adequate to absorb actual losses, causing our provision for finance receivable losses to increase, which would adversely affect our results of operations;
- increased levels of unemployment and personal bankruptcies;
- a change in the proportion of secured loans may affect our personal loan receivables and portfolio yield;
- adverse changes in the rate at which we can collect or potentially sell our finance receivables portfolio;
- natural or accidental events such as earthquakes, hurricanes, tornadoes, fires, or floods affecting our customers, collateral, or our branches or other operating facilities;
- war, acts of terrorism, riots, civil disruption, pandemics, disruptions in the operation of our information systems, or other events disrupting business or commerce;
- risks related to the acquisition or sale of assets or businesses or the formation, termination, or operation of joint ventures or other strategic alliances, including increased loan delinquencies or net charge-offs, integration or migration issues, increased costs of servicing, incomplete records, and retention of customers;
- a failure in or breach of our operational or security systems or infrastructure or those of third parties, including as a result of cyber-attacks, or other cyber-related incidents involving the loss, theft or unauthorized disclosure of personally identifiable information, or "PII," of our present or former customers;
- our credit risk scoring models may be inadequate to properly assess the risk of customer unwillingness or lack of capacity to repay;
- adverse changes in our ability to attract and retain employees or key executives to support our businesses;
- increased competition, or changes in customer responsiveness to our distribution channels, an inability to make technological improvements, and the ability of our competitors to offer a more attractive range of personal loan products than we offer;

- changes in federal, state, or local laws, regulations, or regulatory policies and practices that adversely affect our ability to conduct business or the manner in which we currently are permitted to conduct business, such as licensing requirements, pricing limitations or restrictions on the method of offering products, as well as changes that may result from increased regulatory scrutiny of the sub-prime lending industry, our use of third-party vendors and real estate loan servicing, or changes in corporate or individual income tax laws or regulations, including effects of the Tax Act and the CARES Act;

- risks associated with our insurance operations, including insurance claims that exceed our expectations or insurance losses that exceed our reserves;

- our inability to successfully implement our growth strategy for our consumer lending business or successfully acquire portfolios of personal loans;

- declines in collateral values or increases in actual or projected delinquencies or net charge-offs;

- potential liability relating to finance receivables which we have sold or securitized or may sell or securitize in the future if it is determined that there was a non-curable breach of a representation or warranty made in connection with such transactions;

- the costs and effects of any actual or alleged violations of any federal, state, or local laws, rules or regulations, including any associated litigation;

- the costs and effects of any fines, penalties, judgments, decrees, orders, inquiries, investigations, subpoenas, or enforcement or other proceedings of any governmental or quasi-governmental agency or authority and any associated litigation;

- our continued ability to access the capital markets and maintain adequate current sources of funds to satisfy our cash flow requirements;

- our ability to comply with our debt covenants;

- our ability to generate sufficient cash to service all of our indebtedness;

- any material impairment or write-down of the value of our assets;

- the ownership of OMH's common stock continues to be highly concentrated, which may prevent other minority stockholders from influencing significant corporate decisions and may result in conflicts of interest;

- the effects of any downgrade of our debt ratings by credit rating agencies, which could have a negative impact on our cost of and/or access to capital;

- our substantial indebtedness, which could prevent us from meeting our obligations under our debt instruments and limit our ability to react to changes in the economy or our industry or our ability to incur additional borrowings;

- our ability to maintain sufficient capital levels in our regulated and unregulated subsidiaries;

- changes in accounting standards or tax policies and practices and the application of such new standards, policies and practices;

- management estimates and assumptions, including estimates and assumptions about future events, may prove to be incorrect; and

- various risks relating to continued compliance with the Settlement Agreement with the U.S. Department of Justice.

We also direct readers to the other risks and uncertainties discussed in other documents we file with the SEC.

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, our actual results may vary materially from what we may have expressed or implied by these forward-looking statements. You should specifically consider the factors identified in this report and in the documents we file with the SEC, including our 2019 Annual Report on Form 10-K, that could cause actual results to differ before making an investment decision to purchase our securities and should not place undue reliance on any of our forward-looking statements. Furthermore, new risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us.

Overview

We are a leading provider of responsible personal loan products, primarily to non-prime customers. Our network of over 1,500 branch offices in 44 states is staffed with expert personnel and is complemented by our centralized operations and digital presence through online lending. Our digital platform provides current and prospective customers the option of applying for a personal loan via our website, *www.omf.com.* The information on our website is not incorporated by reference into this report. In connection with our personal loan business, our insurance subsidiaries offer our customers optional credit and non-credit insurance, and other products.

In addition to our loan originations, and insurance and other product sales activities, we service loans owned by us and service loans owned by third parties; pursue strategic acquisitions and dispositions of assets and businesses, including loan portfolios or other financial assets; and may establish joint ventures or enter into other strategic alliances.

OUR PRODUCTS

Our product offerings include:

- ***Personal Loans* —** We offer personal loans through our branch network, centralized operations, and our website, *www.omf.com,* to customers who generally need timely access to cash. Our personal loans are non-revolving, with a fixed-rate, a fixed term of three to six years, and are secured by automobiles, other titled collateral, or are unsecured. At March 31, 2020, we had approximately 2.40 million personal loans, of which 52% were secured by titled property, representing $18.3 billion of net finance receivables, compared to approximately 2.44 million personal loans, of which 52% were secured by titled property, totaling $18.4 billion at December 31, 2019.

- ***Insurance Products* —** We offer our customers optional credit insurance products (life insurance, disability insurance, and involuntary unemployment insurance) and optional non-credit insurance products through both our branch network and our centralized operations. Credit insurance and non-credit insurance products are provided by our affiliated insurance companies. We offer GAP coverage as a waiver product or insurance. We also offer optional home and auto membership plans of an unaffiliated company.

Our non-originating legacy products include:

- ***Other Receivables* —** We ceased originating real estate loans in 2012 and we continue to service or sub-service liquidating real estate loans.

OUR SEGMENT

Beginning in the fourth quarter of 2019, C&I is our only reportable segment. The remaining components (which we refer to as “Other”) consist of (i) our liquidating SpringCastle Portfolio servicing activity and (ii) our non-originating legacy operations, which primarily include our liquidating real estate loans. See Note 15 of the Notes to the Condensed Consolidated Financial Statements included in this report for more information about our segment.

Recent Developments and Outlook

RECENT DEVELOPMENTS

Cash Dividends to OMH's Common Stockholders

For information regarding the quarterly dividends declared by OMH, see “Liquidity and Capital Resources” of the Management’s Discussion and Analysis of Financial Condition and Results of Operations in this report.

Stock Repurchase Program

During the quarter ended March 31, 2020, the OMH Board of Directors approved a stock repurchase program, which allowed us to repurchase up to $200 million of OMH’s outstanding common stock. See Note 11 of the Notes to the Condensed Consolidated Financial Statements and Item 2. Unregistered Sales of Equity Securities and Use of Proceeds of Part II included in this report for further information on our shares repurchased.

Appointment of Member of the SFC Board of Directors and Executive Vice President of SFC

On January 2, 2020, Adam L. Rosman was appointed to the SFC Board of Directors and as Executive Vice President. Mr. Rosman replaced John C. Anderson, who resigned as a member of SFC's board of directors and as Executive Vice President on January 2, 2020.

OUTLOOK

COVID-19 has evolved into a global pandemic and has spread to many regions of the world, including the United States. We are closely tracking the evolving impact of COVID-19 and are focused on helping our customers and employees through these difficult times. We are generally classified as an essential business by government authorities as we play a vital role by providing over 2.4 million personal loans to hardworking Americans in hundreds of local communities where we have over 1,500 branches that are located in 44 states as of March 31, 2020. Our central operations remain operational and essentially all our branches remain open.

As it became apparent COVID-19 would have an impact to our business and our customers, we took active and decisive steps to implement an immediate COVID-19 operational response to:

- **Maintain strong capital and liquidity:** We have a strong balance sheet and liquidity profile as a result of numerous actions taken over the last several years to increase conduit lines, deleverage and extend our maturities. We elected to draw an aggregate $3.5 billion under our conduit facilities as of March 31, 2020 as a prudent measure in order to increase liquidity and preserve financial flexibility in light of current uncertainty in the global markets resulting from the COVID-19 pandemic. It has been the long-term strategy of the Company to run a conservative balance sheet which places a premium on safety and a long liquidity runway. As a result, we had $4.2 billion of cash and cash equivalents as of March 31, 2020, which we believe is sufficient to run our operation under numerous stress scenarios through 2021. We believe our liquidity runway could be further extended with our $3.6 billion of undrawn committed capacity under our revolving conduit facilities and our $6.1 billion of unencumbered personal loans.

- **Tighten underwriting:** We actively monitor the changing economic environment and adjust our underwriting standards accordingly. We quickly took steps to tighten underwriting standards and reduce originations to higher risk categories of lending. We are using our decades of experience and proprietary data to serve our customers while maintaining an appropriately conservative portfolio risk-management program.

- **Continuous stress testing:** It is our practice to stress test our portfolio regularly. For the last several years, our underwriting models have incorporated the estimated impacts of a potential downturn, such that our pre-provision return suggests we maintain profitability with a 100% increase in losses.

- **Focus on serving our customers:** Our top priority is to service and care for our current customers. We actively engaged with other lenders to put forward solutions to help our customers through this difficult time. We have taken steps to enhance our servicing capacity by shifting branch team members toward a greater focus on servicing existing loans. This is in addition to our employees who are already solely focused on servicing, which we believe is a clear differentiator for us and will lead to better outcomes for our customers and for our business. In addition, we have enhanced our borrower assistance program to ensure that we can help customers who are immediately impacted by the coronavirus, including offering reduced and deferred payment options, waiving late fees for payments due March 15, 2020 through April 30, 2020, and suspending credit bureau reporting for newly delinquent accounts. The enrollment in our borrower assistance program may increase in the near term, which may also adversely affect our income and other results of operations.

- **Deploy business continuity plans:** We deployed business continuity plans to ensure operational flexibility through any environment, including the ability to work remotely. Our hybrid operating model, with fully scaled branch and central operations teams, can dynamically reroute application and servicing capabilities to service centers and branches across the United States. Although a small number of branches have been temporarily closed and reopened for a variety of reasons, from deep cleaning to government mandate, all of our teams, both branch and central operations, remain operational today. We continue to serve our customers by appointment while maintaining social distancing and other safety protocols to keep our employees and customers safe.

Certain preliminary borrower trends have emerged in connection with the COVID-19 pandemic. A tightening of our underwriting standards, combined with significantly lower consumer demand, has led to a significant reduction in originations volume. However, delinquencies have declined thus far in April 2020 when compared to March 2020 due in part to our enhanced borrower assistance program and to increased cash payments.

As a result of the COVID-19 pandemic, we expect near term impacts to affect our originations, reserves, and involuntary unemployment insurance claims. Our credit tightening measures, combined with reduced customer demand, may result in lower originations as "stay at home" orders remain in place and economic uncertainty remains high. We may experience further changes to the macroeconomic assumptions within our forecast used in our credit loss allowance model, as well as changes to our loan loss performance outlook, both of which could lead to further changes in our allowance for loan losses, reserve rate, and provision expense.

The full extent to which the COVID-19 pandemic will impact our business and operating results will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information that may emerge concerning COVID-19 and the mitigation efforts by government entities, as well as our own immediate COVID-19 operational response. We have and will continue to take active and decisive steps in this time of uncertainty and remain committed to the safety of our employees, while also continuing to serve our customers by remaining open with appropriate protective protocols in place. We have served working Americans for many decades at scale, through both changing economic conditions and natural disasters, and will continue to remain focused on our strategic priorities of strong liquidity, disciplined underwriting, and serving our customers.

Results of Operations

The results of SFC are consolidated into the results of OMH. Due to the nominal differences between SFC and OMH, content throughout this section relate only to OMH. See Note 2 of the Notes to the Consolidated Financial Statements included in this report for the reconciliation of results of SFC to OMH.

OMH'S CONSOLIDATED RESULTS

See the table below for OMH's consolidated operating results and selected financial statistics. A further discussion of OMH's operating results for our operating segment is provided under “Segment Results” below.

	At or for the Three Months Ended March 31,	
(dollars in millions, except per share amounts)	**2020**	**2019**
Interest income	**$ 1,106**	$ 956
Interest expense	**255**	236
Provision for finance receivable losses	**531**	286
Net interest income after provision for finance receivable losses	**320**	434
Other revenues	**141**	148
Other expenses	**418**	380
Income before income taxes	**43**	202
Income taxes	**11**	50
Net income	**$ 32**	$ 152
Share Data:		
Earnings per share:		
Diluted	**$ 0.24**	$ 1.11
Selected Financial Statistics *		
Finance receivables held for investment:		
Net finance receivables	**$ 18,269**	$ 16,136
Number of accounts	**2,400,536**	2,326,835
Average net receivables	**$ 18,380**	$ 16,146
Yield	**24.17 %**	23.92 %
Gross charge-off ratio	**7.35 %**	7.82 %
Recovery ratio	**(0.90)%**	(0.70)%
Net charge-off ratio	**6.45 %**	7.12 %
30-89 Delinquency ratio	**2.25 %**	1.93 %
Origination volume	**$ 2,589**	$ 2,582
Number of accounts originated	**276,773**	276,329
Debt balances:		
Long-term debt balance	**$ 20,443**	$ 16,117
Average daily debt balance	**17,675**	15,839

* See “Glossary” at the beginning of this report for formulas and definitions of our key performance ratios.

Comparison of Consolidated Results for the Three Months Ended March 31, 2020 and 2019

Interest income increased $150 million or 16% for the three months ended March 31, 2020 when compared to the same period in 2019 primarily due to growth in our loan portfolio.

Interest expense increased $19 million or 8% for the three months ended March 31, 2020 when compared to the same period in 2019 primarily due to an increase in average debt of $1.8 billion, which was issued at a lower cost than our average cost of funds and is consistent with the growth in our loan portfolio.

See Notes 8 and 9 of the Notes to the Condensed Consolidated Financial Statements included in this report for further information on our long-term debt, securitization transactions, and our revolving conduit facilities.

Provision for finance receivable losses increased $245 million or 86% for the three months ended March 31, 2020 when compared to the same period in 2019 primarily due to the impact of COVID-19 on our estimated allowance for loan loss requirement as we have incorporated unfavorable forecasted economic trends, including a rise in unemployment, and as a result, our allowance for finance receivable losses as a percentage of finance receivables in the current period increased from 10.6% to 11.9%.

Other revenues decreased $7 million or 5% for the three months ended March 31, 2020 when compared to the same period in 2019 primarily due to a $17 million decrease in investment revenue primarily driven by mark-to-market losses on equity investment securities and an $11 million decrease related to the net gain on sale of a cost method investment in the prior period. The decrease was partially offset by a $21 million increase related to the net loss on repurchases and repayments of debt in the prior period and a $7 million increase in insurance products sold due to higher loan volume.

Other expenses increased $38 million or 10% for the three months ended March 31, 2020 when compared to the same period in 2019 due to a $23 million increase in insurance policy benefits and claims primarily related to an increase in involuntary unemployment insurance claims reserves, a $10 million increase in our marketing initiatives, and our continued investment in our business operations.

Income taxes decreased $39 million or 78% for the three months ended March 31, 2020 when compared to the same period in 2019 due to lower pre-tax income in the current period. The effective tax rate for the three months ended March 31, 2020 was 24.3% compared to 24.8% for the same period in 2019. The effective tax rates for the three months ended March 31, 2020 and 2019 differed from the federal statutory rate of 21% primarily due to the effect of state income taxes.

See Note 13 of the Notes to the Condensed Consolidated Financial Statements included in this report for further information on effective tax rates.

NON-GAAP FINANCIAL MEASURES

Management uses adjusted pretax income (loss), a non-GAAP financial measure, as a key performance measure of our segment. Adjusted pretax income (loss) represents income (loss) before income taxes on a Segment Accounting Basis and excludes direct costs incurred as result of COVID-19, net loss resulting from repurchases and repayments of debt, acquisition-related transaction and integration expenses, net gain on sale of cost method investment, restructuring charges, and net loss on sale of real estate loans. Management believes adjusted pretax income (loss) is useful in assessing the profitability of our segment.

Management also uses adjusted pretax income (loss) excluding the change in allowance for finance receivables losses ("pretax capital generation"), a non-GAAP financial measure, as a key performance measure of our segment. This measure represents adjusted pretax income as discussed above and excludes the change in our allowance for finance receivable losses in the period while still considering the net charge-offs incurred during the period. Management believes that pretax capital generation is useful in assessing the capital created in the period impacting the overall capital adequacy of the Company. Management believes that the Company's reserves, combined with our equity represent the loss absorption of the Company.

Management utilizes both adjusted pretax net income (loss) and pretax capital generation in evaluating our performance. Additionally, both of these non-GAAP measures are consistent with the performance goals established in OMH's executive compensation program. Adjusted pretax income (loss) and pretax capital generation are non-GAAP financial measures and should be considered supplemental to, but not as a substitute for or superior to, income (loss) before income taxes, net income, or other measures of financial performance prepared in accordance with GAAP.

OMH's reconciliations of income (loss) before income tax expense (benefit) on a Segment Accounting Basis to adjusted pretax income (loss) (non-GAAP) by segment and Consumer and Insurance pretax capital generation (non-GAAP) were as follows:

	Three Months Ended March 31,	
(dollars in millions)	**2020**	**2019**
Consumer and Insurance		
Income before income taxes - Segment Accounting Basis	**$ 51**	$ 232
Adjustments:		
Direct costs associated with COVID-19	**3**	—
Acquisition-related transaction and integration expenses	**6**	6
Net loss on repurchase and repayment of debt	**—**	16
Net gain on sale of cost method investment	**—**	(11)
Restructuring charges	**—**	3
Adjusted pretax income (non-GAAP)	**$ 60**	$ 246
Provision for finance receivable losses	**$ 530**	$ 276
Net charge-offs	**(296)**	(284)
Pretax capital generation (non-GAAP)	**$ 294**	$ 238
Other		
Loss before income taxes - Segment Accounting Basis	**$ (1)**	$ (3)
Adjustments:		
Net loss on sale of real estate loans *	**—**	1
Adjusted pretax loss (non-GAAP)	**$ (1)**	$ (2)

* During the three months ended March 31, 2019, the resulting impairment on finance receivables held for sale remaining after the February 2019 Real Estate Loan Sale has been combined with the gain on the sale. See Note 6 of the Notes to the Condensed Consolidated Financial Statements included in this report for more information regarding the real estate loan sale.

Direct costs associated with COVID-19 include (i) information technology costs to transition employees to work remotely, (ii) branch, central operations, and corporate locations sanitization services and supplies, and (iii) other costs and fees directly related to COVID-19.

Acquisition-related transaction and integration expenses incurred as a result of the OneMain Acquisition includes (i) compensation and employee benefit costs, such as retention awards and severance costs, (ii) accelerated amortization of acquired software assets, (iii) rebranding to the OneMain brand, (iv) branch infrastructure and other fixed asset integration costs, (v) information technology costs, such as internal platform development, software upgrades and licenses, and technology termination costs, (vi) legal fees and project management costs, (vii) system conversions, including human capital management, marketing, risk, and finance functions, and (viii) other costs and fees directly related to the OneMain Acquisition and integration.

Segment Results

The results of SFC are consolidated into the results of OMH. Due to the nominal differences between SFC and OMH, content throughout this section relate only to OMH. See Note 2 of the Notes to the Condensed Consolidated Financial Statements included in this report for the reconciliation of results of SFC to OMH.

See Note 19 of the Notes to the Consolidated Financial Statements in Part II - Item 8 included in our 2019 Annual Report on Form 10-K for a description of our segments and methodologies used to allocate revenues and expenses to each segment. See Note 15 of the Notes to the Condensed Consolidated Financial Statements included in this report for reconciliations of segment total to condensed consolidated financial statement amounts.

CONSUMER AND INSURANCE

OMH's adjusted pretax income and selected financial statistics for C&I on an adjusted Segment Accounting Basis were as follows:

	At or for the Three Months Ended March 31,	
(dollars in millions)	**2020**	**2019**
Interest income	**$ 1,101**	$ 954
Interest expense	**249**	229
Provision for finance receivable losses	**530**	276
Net interest income after provision for finance receivable losses	**322**	449
Other revenues	**136**	151
Other expenses	**398**	354
Adjusted pretax income (non-GAAP)	**$ 60**	$ 246
Selected Financial Statistics *		
Finance receivables held for investment:		
Net finance receivables	**$ 18,283**	$ 16,170
Number of accounts	**2,400,536**	2,326,835
Average net receivables	**$ 18,397**	$ 16,179
Yield	**24.07 %**	23.92 %
Gross charge-off ratio	**7.36 %**	7.92 %
Recovery ratio	**(0.90)%**	(0.81)%
Net charge-off ratio	**6.46 %**	7.11 %
30-89 Delinquency ratio	**2.26 %**	1.94 %
Origination volume	**$ 2,589**	$ 2,582
Number of accounts originated	**276,773**	276,329

***** See “Glossary” at the beginning of this report for formulas and definitions of our key performance ratios.

Comparison of Adjusted Pretax Income for the Three Months Ended March 31, 2020 and 2019

Interest income increased $147 million or 15% for the three months ended March 31, 2020 when compared to the same period in 2019 primarily due to growth in our loan portfolio.

Interest expense increased $20 million or 9% for the three months ended March 31, 2020 when compared to the same period in 2019 primarily due to an increase in average debt of $1.8 billion, which was issued at a lower cost than our average cost of funds and is consistent with the growth in our loan portfolio.

See Notes 8 and 9 of the Notes to the Condensed Consolidated Financial Statements included in this report for further information on our long-term debt, securitization transactions and our revolving conduit facilities.

Provision for finance receivable losses increased $254 million or 92% for the three months ended March 31, 2020 when compared to the same period in 2019 primarily due to the impact of COVID-19 on our estimated allowance for loan loss requirement as we have incorporated unfavorable forecasted economic trends, including a rise in unemployment, and as a result, our allowance for finance receivable losses as a percentage of finance receivables in the current period increased from 10.6% to 11.9%.

Other revenues decreased $15 million or 10% for the three months ended March 31, 2020 when compared to the same period in 2019 primarily due to an $18 million decrease in investment revenue primarily driven by mark-to-market losses on equity investment securities offset by a $7 million increase in insurance products sold due to higher loan volume.

Other expenses increased $44 million or 12% for the three months ended March 31, 2020 when compared to the same period in 2019 primarily due to a $23 million increase in insurance policy benefits and claims primarily related to an increase in involuntary unemployment insurance claims reserves, a $10 million increase in our marketing initiatives, and our continued investment in our business operations.

OTHER

“Other” consists of our liquidating SpringCastle Portfolio servicing activity and our non-originating legacy operations, which includes primarily our liquidating real estate loans.

OMH's adjusted pretax loss of the Other components on an adjusted Segment Accounting Basis was as follows:

	Three Months Ended March 31,	
(dollars in millions)	2020	2019
Interest income	$ 2	$ 3
Interest expense	1	2
Net interest income after provision for finance receivable losses	1	1
Other revenues	4	9
Other expenses	6	12
Adjusted pretax loss (non-GAAP)	$ (1)	$ (2)

Net finance receivables of the Other components, reported in “Other assets,” on a Segment Accounting Basis were as follows:

	March 31,	
(dollars in millions)	2020	2019
Net finance receivables held for sale:		
Other receivables	$ 63	$ 79

Credit Quality

The results of SFC are consolidated into the results of OMH. Due to the nominal differences between SFC and OMH, content throughout this section relate only to OMH. See Note 2 of the Notes to the Condensed Consolidated Financial Statements included in this report for the reconciliation of results of SFC to OMH.

FINANCE RECEIVABLES

Our net finance receivables, consisting of personal loans, were $18.3 billion at March 31, 2020 and $18.4 billion at December 31, 2019. Our personal loans are non-revolving, with a fixed-rate, a fixed term of three to six years, and are secured by automobiles, other titled collateral, or are unsecured. We consider the delinquency status of our finance receivables as our key credit quality indicator. We monitor the delinquency of our finance receivable portfolio, including the migration between the delinquency buckets and changes in the delinquency trends to manage our exposure to credit risk in the portfolio.

DELINQUENCY

We monitor delinquency trends to evaluate the risk of future credit losses and employ advanced analytical tools to manage our exposure. Our branch team members work with customers through occasional periods of financial difficulty and offer a variety of borrower assistance programs to help customers continue to make payments. Team members also actively engage in collection activities throughout the early stages of delinquency. We closely track and report the percentage of receivables that are contractually 30-89 days past due as a benchmark of portfolio quality, collections effectiveness, and as a strong indicator of losses in coming quarters.

When finance receivables are contractually 60 days past due, we consider these accounts to be at an increased risk for loss and we transfer collection of these accounts to our centralized operations. Use of our centralized operations teams for managing late stage delinquency allows us to apply more advanced collection technologies and tools, and drives operating efficiencies in servicing. At 90 days contractually past due, we consider our finance receivables to be nonperforming.

The delinquency information for net finance receivables is as follows:

(dollars in millions)	Consumer and Insurance	Segment to GAAP Adjustment (a)	GAAP Basis
March 31, 2020			
Current	**$ 17,475**	**$ (12)**	**$ 17,463**
30-59 days past due	**246**	**(1)**	**245**
Delinquent (60-89 days past due)	**167**	**—**	**167**
Performing	**17,888**	**(13)**	**17,875**
Nonperforming (90+ days past due)	**395**	**(1)**	**394**
Total net finance receivables	**$ 18,283**	**$ (14)**	**$ 18,269**
Delinquency ratio			
30-89 days past due	**2.26 %**	**(b)**	**2.25 %**
30+ days past due	**4.42 %**	**(b)**	**4.41 %**
60+ days past due	**3.07 %**	**(b)**	**3.07 %**
90+ days past due	**2.16 %**	**(b)**	**2.16 %**
December 31, 2019			
Current	$ 17,578	$ (28)	$ 17,550
30-59 days past due	273	(1)	272
Delinquent (60-89 days past due)	182	(1)	181
Performing	18,033	(30)	18,003
Nonperforming (90+ days past due)	388	(2)	386
Total net finance receivables	$ 18,421	$ (32)	$ 18,389
Delinquency ratio			
30-89 days past due	2.47 %	(b)	2.46 %
30+ days past due	4.58 %	(b)	4.56 %
60+ days past due	3.09 %	(b)	3.08 %
90+ days past due	2.11 %	(b)	2.10 %

(a) As a result of the adoption of ASU 2016-13, we converted all purchased credit impaired finance receivables to purchased credit deteriorated finance receivables in accordance with ASC Topic 326, which resulted in the gross-up of net finance receivables and allowance for finance receivable losses of $15 million on January 1, 2020. See Notes 3, 4, and 5 of the Notes to the Condensed Consolidated Financial Statements for additional information on the adoption of ASU 2016-13 included in this report.

(b) Not applicable

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ALLOWANCE FOR FINANCE RECEIVABLE LOSSES

We estimate and record an allowance for finance receivable losses to cover the estimated lifetime expected credit losses on our finance receivables, effective with the adoption of ASU 2016-13 on January 1, 2020. Prior to the adoption of ASU 2016-13, we estimated and recorded an allowance for finance receivable losses to cover estimated incurred losses on our finance receivables. Our allowance for finance receivable losses may fluctuate based upon our continual review of the growth and contractual delinquency of the finance receivable portfolio and changes in economic conditions.

Our current methodology to estimate expected credit losses utilized macroeconomic forecasts as of March 31, 2020, which incorporated the potential impact that the COVID-19 pandemic could have on the U.S. economy. Our forecast utilized economic projections from a major rating service, and considered a spike in the second quarter unemployment rate followed by a recovery over the second half of the year, partially offset by positive impacts of the CARES Act, the involuntary unemployment insurance coverage of our portfolio, and our borrower assistance efforts. As a result, our allowance for finance receivable losses as a percentage of finance receivables increased from 10.6% to 11.9%. In the near-term, we may experience further changes to the macroeconomic assumptions within our forecast, as well as changes to our loan loss performance outlook, both of which could lead to further changes in our allowance for loan losses, reserve rate and provision expense.

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

(dollars in millions)	Consumer and Insurance	Segment to GAAP Adjustment	Consolidated Total
Three Months Ended March 31, 2020			
Balance at beginning of period	**$ 849**	**$ (20)**	**$ 829**
Impact of adoption of ASU 2016-13 (a)	**1,119**	**(1)**	**1,118**
Provision for finance receivable losses	**530**	**1**	**531**
Charge-offs	**(337)**	**—**	**(337)**
Recoveries	**41**	**—**	**41**
Balance at end of period	**$ 2,202**	**$ (20)**	**$ 2,182**
Allowance ratio	**12.05 %**	**(b)**	**11.95 %**
Three Months Ended March 31, 2019			
Balance at beginning of period	$ 773	$ (42)	$ 731
Provision for finance receivable losses	276	10	286
Charge-offs	(316)	5	(311)
Recoveries	32	(5)	27
Balance at end of period	$ 765	$ (32)	$ 733
Allowance ratio	4.73 %	(b)	4.54 %

(a) As a result of the adoption of ASU 2016-13, we recorded a one-time adjustment to the allowance for finance receivable losses. Additionally, we converted all purchased credit impaired finance receivables to purchased credit deteriorated finance receivables in accordance with ASC Topic 326, which resulted in the gross-up of net finance receivables and allowance for finance receivable losses of $15 million on January 1, 2020. See Notes 3, 4, and 5 of the Notes to the Condensed Consolidated Financial Statements for additional information on the adoption of ASU 2016-13 included in this report.

(b) Not applicable.

The current delinquency status of our finance receivable portfolio, inclusive of recent borrower performance, volume of our TDR activity, level and recoverability of collateral securing our finance receivable portfolio, and the reasonable and supportable forecast of economic conditions (after adoption of ASU 2016-13) are the primary drivers that can cause fluctuations in our allowance for finance receivable losses from period to period. We monitor the allowance ratio to ensure we have a sufficient level of allowance for finance receivable losses based on the estimated lifetime expected credit losses in our finance receivable portfolio. The allowance for finance receivable losses as a percentage of net finance receivables increased from prior periods due to the adoption of ASU 2016-13.

See Note 5 of the Notes to the Condensed Consolidated Financial Statements included in this report for more information about the changes in the allowance for finance receivable losses.

TDR FINANCE RECEIVABLES

We make modifications to our finance receivables to assist borrowers experiencing financial difficulties. When we modify a loan's contractual terms for economic or other reasons related to the borrower's financial difficulties and grant a concession that we would not otherwise consider, we classify that loan as a TDR finance receivable.

Information regarding TDR net finance receivables is as follows:

(dollars in millions)	Consumer and Insurance	Segment to GAAP Adjustment	GAAP Basis
March 31, 2020			
TDR net finance receivables	**$ 744**	**$ (56)**	**$ 688**
Allowance for TDR finance receivable losses	**326**	**(24)**	**302**
December 31, 2019			
TDR net finance receivables	$ 721	$ (63)	$ 658
Allowance for TDR finance receivable losses	292	(20)	272

DISTRIBUTION OF FINANCE RECEIVABLES BY FICO SCORE

There are many different categorizations used in the consumer lending industry to describe the creditworthiness of a borrower, including prime, near prime, and sub-prime. While management does not utilize FICO scores to manage credit quality, we have presented the following on how we group FICO scores into said categories for comparability purposes across our industry:

- Prime: FICO score of 660 or higher
- Near prime: FICO score of 620-659
- Sub-prime: FICO score of 619 or below

Our customers' demographics are in many respects near the national median but may vary from national norms in terms of credit and repayment histories. Many of our customers have experienced some level of prior financial difficulty or have limited credit experience and require higher levels of servicing and support from our branch network and central servicing operations.

The following table reflects our personal loans grouped into the categories described above based on borrower FICO credit scores as of the most recently refreshed date or as of the loan origination or purchase date:

(dollars in millions)	March 31, 2020	December 31, 2019
FICO scores		
660 or higher	**$ 3,820**	$ 3,951
620-659	**4,568**	4,683
619 or below	**9,881**	9,755
Total	**$ 18,269**	$ 18,389

Liquidity and Capital Resources

SOURCES AND USES OF FUNDS

We finance the majority of our operating liquidity and capital needs through a combination of cash flows from operations, secured debt, unsecured debt, borrowings from revolving conduit facilities, and equity. We may also utilize other sources in the future. As a holding company, all of the funds generated from our operations are earned by our operating subsidiaries. Our operating subsidiaries' primary cash needs relate to funding our lending activities, our debt service obligations, our operating expenses, payment of insurance claims, and expenditures relating to upgrading and monitoring our technology platform, risk systems, and branch locations.

We have previously purchased portions of our unsecured indebtedness, and we may elect to purchase additional portions of our unsecured indebtedness or securitized borrowings in the future. Future purchases may be made through the open market, privately negotiated transactions with third parties, or pursuant to one or more tender or exchange offers, all of which are subject to terms, prices, and consideration we may determine at our discretion.

During the three months ended March 31, 2020, OMH generated net income of $32 million. OMH net cash inflow from operating and investing activities totaled $369 million for the three months ended March 31, 2020. At March 31, 2020, our scheduled principal and interest payments for 2020 on our existing debt (excluding securitizations and borrowings under our revolving conduit facilities) totaled $1.5 billion. As of March 31, 2020, we had $6.1 billion UPB of unencumbered personal loans and $116 million UPB of unencumbered real estate loans. These real estate loans are classified as held for sale and reported in "Other assets."

Based on our estimates and taking into account the risks and uncertainties of our plans, we believe that we will have adequate liquidity to finance and operate our businesses and repay our obligations as they become due for at least the next 12 months.

Securitizations and Borrowings from Revolving Conduit Facilities

During the three months ended March 31, 2020, we did not terminate, cancel or enter into any new securitizations or conduit facilities. At March 31, 2020, we had $12.0 billion in UPB of finance receivables pledged as collateral for our securitization transactions and conduit draws.

At March 31, 2020, an aggregate of $3.5 billion was drawn under our conduit facilities and the remaining borrowing capacity is $3.6 billion.

See Notes 8 and 9 of the Notes to the Condensed Consolidated Financial Statements included in this report for further information on our long-term debt and conduit facilities.

Shares Repurchased and Retired

During the three months ended March 31, 2020, OMH repurchased and retired 2,031,698 shares of its common stock at an average price per share of $22.30, for an aggregate total of approximately $45 million, including commissions and fees. To provide funding for the OMH stock repurchase and retirement program, the SFC Board of Directors authorized multiple dividend payments in the aggregate amount of $45 million. For additional information regarding the shares repurchased see Note 11 of the Notes to the Condensed Consolidated Financial Statements and Item 2. Unregistered Sales of Equity Securities and Use of Proceeds of Part II included in this report.

Cash Dividends to OMH's Common Stockholders

As of March 31, 2020, dividend declarations for the current year by OMH's board of directors were as follows:

Declaration Date	Record Date	Payment Date	Dividend Per Share	Amount Paid
				(in millions)
February 10, 2020	February 26, 2020	March 13, 2020	$ 2.83 *	$ 386

***** On February 10, 2020 dividend declaration consisted of a regular quarterly dividend of $0.33 per share and a special dividend of $2.50 per share.

To provide funding for the dividends, SFC paid dividends to OMH of $386 million on March 12, 2020.

On April 27, 2020, OMH declared a regular quarterly dividend of $0.33 per share payable on June 12, 2020 to record holders of OMH's common stock as of the close of business on May 29, 2020. To provide funding for the OMH dividend, the SFC Board of Directors authorized a dividend in the amount of up to $45 million payable on or after June 9, 2020.

While OMH intends to pay regular quarterly dividends for the foreseeable future, and has announced its intention to pay semi-annual special dividends, all subsequent dividends will be reviewed quarterly and declared at the discretion of the board of directors and will depend on many factors, including our financial condition, earnings, cash flows, capital requirements, level of indebtedness, statutory and contractual restrictions applicable to the payment of dividends, and other considerations that the board of directors deems relevant. OMH's dividend payments may change from time to time, and the board of directors may not continue to declare dividends in the future.

LIQUIDITY

OMH's Operating Activities

Net cash provided by operations of $565 million for the three months ended March 31, 2020 reflected net income of $32 million, the impact of non-cash items, and an unfavorable change in working capital of $45 million. Net cash provided by operations of $548 million for the three months ended March 31, 2019 reflected net income of $152 million, the impact of non-cash items, and a favorable change in working capital of $17 million.

OMH's Investing Activities

Net cash used for investing activities of $196 million for the three months ended March 31, 2020 and $305 million for the three months ended March 31, 2019 were primarily due to net principal originations of finance receivables held for investment and held for sale and purchases of available-for-sale securities, partially offset by calls, sales, and maturities of available-for-sale securities.

OMH's Financing Activities

Net cash provided by financing activities of $2.8 billion for the three months ended March 31, 2020 was primarily due to net issuances of long-term debt offset by the quarterly and special cash dividends paid, and the cash paid on the common stock repurchased in the quarter. Net cash provided by financing activities of $863 million for the three months ended March 31, 2019 were primarily due to net issuances of long-term debt offset by the quarterly cash dividends paid.

OMH's Cash and Investments

At March 31, 2020, we had $4.2 billion of cash and cash equivalents, which included $181 million of cash and cash equivalents held at our regulated insurance subsidiaries or for other operating activities that is unavailable for general corporate purposes.

At March 31, 2020, we had $1.8 billion of investment securities, which are all held as part of our insurance operations and are unavailable for general corporate purposes.

Liquidity Risks and Strategies

SFC’s credit ratings are non-investment grade, which may have a significant impact on our cost and access to capital. This, in turn, can negatively affect our ability to manage our liquidity and our ability or cost to refinance our indebtedness. There are numerous risks to our financial results, liquidity, capital raising, and debt refinancing plans, some of which may not be quantified in our current liquidity forecasts. These risks are further described in our “Liquidity and Capital Resources” of Management’s Discussion and Analysis of Financial Condition and Results of Operations in Part II - Item 7 included in our 2019 Annual Report on Form 10-K.

Principal factors that could decrease our liquidity are customer delinquencies and defaults, a decline in customer prepayments, and a prolonged inability to adequately access capital market funding. We intend to support our liquidity position by utilizing strategies that are further described in our “Liquidity and Capital Resources” of Management’s Discussion and Analysis of Financial Condition and Results of Operations in Part II - Item 7 included in our 2019 Annual Report on Form 10-K.

However, it is possible that the actual outcome of one or more of our plans could be materially different than expected or that one or more of our significant judgments or estimates could prove to be materially incorrect.

OUR INSURANCE SUBSIDIARIES

Our insurance subsidiaries are subject to state regulations that limit their ability to pay dividends. AHL and Triton did not pay any dividends during the three months ended March 31, 2020 and 2019. On March 7, 2019, we entered into a share purchase agreement to sell all of the issued and outstanding shares of our former insurance subsidiary, Merit. The transaction closed on December 31, 2019. Merit also did not pay any dividends during the three months ended March 31, 2019. See Note 12 of the Notes to the Consolidated Financial Statements in Part II - Item 8 included in our 2019 Annual Report on Form 10-K for more information on state regulation restrictions and the Merit sale.

OUR DEBT AGREEMENTS

The debt agreements to which SFC and its subsidiaries are a party include customary terms and conditions, including covenants and representations and warranties. See Note 10 of the Notes to the Consolidated Financial Statements in Part II - Item 8 included in our 2019 Annual Report on Form 10-K for more information on the restrictive covenants under SFC’s debt agreements, as well as the guarantees of SFC’s long-term debt.

Securitized Borrowings

We execute private securitizations under Rule 144A of the Securities Act of 1933. As of March 31, 2020, our structured financings consisted of the following:

(dollars in millions)	Issue Amount (a)	Initial Collateral Balance	Current Note Amounts Outstanding (a)	Current Collateral Balance (b)	Current Weighted Average Interest Rate	Original Revolving Period
SLFT 2015-B	$ 314	$ 336	$ 314	$ 320	3.78 %	5 years
SLFT 2016-A	532	559	120	167	3.72 %	2 years
SLFT 2017-A	652	685	619	685	2.98 %	3 years
OMFIT 2015-3	293	329	293	325	4.21 %	5 years
OMFIT 2016-1	500	570	110	192	5.13 %	3 years
OMFIT 2016-3	350	397	317	391	4.33 %	5 years
OMFIT 2017-1	947	988	630	663	2.70 %	2 years
OMFIT 2018-1	632	650	600	651	3.60 %	3 years
OMFIT 2018-2	368	381	350	381	3.87 %	5 years
OMFIT 2019-1	632	654	600	654	3.79 %	2 years
OMFIT 2019-2	900	947	900	947	3.30 %	7 years
OMFIT 2019-A	789	892	750	892	3.78 %	7 years
ODART 2017-2	605	624	193	227	3.22 %	1 year
ODART 2018-1	947	964	900	964	3.56 %	2 years
ODART 2019-1	737	750	700	750	3.79 %	5 years
Total securitizations	$ 9,198	$ 9,726	$ 7,396	$ 8,209		

(a) Issue Amount includes the retained interest amounts as applicable and the Current Note Amounts Outstanding balances reflect pay-downs subsequent to note issuance and exclude retained interest amounts.

(b) Inclusive of in-process replenishments of collateral for securitized borrowings in a revolving status as of March 31, 2020.

Revolving Conduit Facilities

In addition to the structured financings, we have access to 14 revolving conduit facilities with a total borrowing capacity of approximately $7.1 billion as of March 31, 2020:

(dollars in millions)	Advance Maximum Balance	Amount Drawn	Revolving Period End	Due and Payable
Rocky River Funding, LLC	$ 400	$ 400	April 2022	May 2023
OneMain Financial Funding IX, LLC	650	—	June 2022	July 2023
Mystic River Funding, LLC	850	500	September 2022	October 2025
Fourth Avenue Auto Funding, LLC	200	200	June 2022	July 2023
OneMain Financial Funding VIII, LLC	650	200	August 2021	September 2023
Thayer Brook Funding, LLC	250	200	July 2021	August 2022
Hubbard River Funding, LLC	250	250	September 2021	October 2023
Seine River Funding, LLC	650	250	October 2021	November 2024
New River Funding, LLC	250	—	March 2022	April 2027
Hudson River Funding, LLC	500	250	June 2022	July 2025
Columbia River Funding, LLC	500	250	September 2022	October 2025
St. Lawrence River Funding, LLC	250	250	October 2022	November 2024
OneMain Financial Funding VII, LLC	850	500	January 2023	February 2025
OneMain Financial Auto Funding I, LLC	850	250	February 2023	March 2030
Total	$ 7,100	$ 3,500		

See “Liquidity and Capital Resources - Sources and Uses of Funds - Securitizations and Borrowings from Revolving Conduit Facilities” above for information on the transaction completed subsequent to March 31, 2020.

Off-Balance Sheet Arrangements

We have no other material off-balance sheet arrangements as defined by SEC rules, and we had no material off-balance sheet exposure to losses associated with unconsolidated VIEs at March 31, 2020 or December 31, 2019.

Critical Accounting Policies and Estimates

We consider the following policies to be our most critical accounting policies because they involve critical accounting estimates and a significant degree of management judgment:

ALLOWANCE FOR FINANCE RECEIVABLE LOSSES

We estimate the allowance for finance receivable losses primarily on historical loss experience using a cumulative loss model applied to our finance receivable portfolios. Our gross credit loss expectation is offset by the estimate of future recoveries using historical recovery curves. Our finance receivables are primarily segmented in the loss model by contractual delinquency status. Other attributes in the model include collateral mix and recent credit score. To estimate the gross credit losses, the model utilizes a roll rate matrix to project the first 12 months of losses and historical cohort performance to project the expected losses over the remaining term. Our methodology relies solely on historical loss experience to forecast the corresponding future outcomes. These patterns are then applied to the current portfolio to obtain an estimate of future losses. We also consider key economic trends including unemployment rates and bankruptcy filings. Forecasted macroeconomic conditions extend to our reasonable and supportable forecast period and revert to a historical average. No new volume is assumed. Renewals are a significant piece of our new volume and are considered a terminal event of the previous loan. We have elected not to measure an allowance on accrued finance charges as it is our policy to reverse finance charge amounts previously accrued after four contractual payments become past due.

Management exercises its judgment when determining the amount of the allowance for finance receivable losses. Our judgment is based on quantitative analyses, qualitative factors, such as recent portfolio, industry, and other economic trends, and experience in the consumer finance industry. We adjust the amounts determined by our model for management’s estimate of the effects of model imprecision which include but are not limited to, any changes to underwriting criteria and portfolio seasoning.

TDR FINANCE RECEIVABLES

When we modify a loan’s contractual terms for economic or other reasons related to the borrower’s financial difficulties and grant a concession that we would not otherwise consider, we classify that loan as a TDR finance receivable. Loan modifications primarily involve a combination of the following to reduce the borrower’s monthly payment: reduce interest rate, extend the term, defer or forgive past due interest or forgive principal. Account modifications that are deemed to be a TDR finance receivable are measured for impairment in accordance with the authoritative guidance for the accounting for impaired loans.

The allowance for finance receivable losses related to our TDR finance receivables represents loan-specific reserves based on an analysis of the present value of expected future cash flows. We establish our allowance for finance receivable losses related to our TDR finance receivables by calculating the present value (discounted at the loan’s effective interest rate prior to modification) of all expected cash flows less the recorded investment in the aggregated pool. We use certain assumptions to estimate the expected cash flows from our TDR finance receivables. The primary assumptions for our model are prepayment speeds, default rates, and loss severity rates.

FAIR VALUE MEASUREMENTS

Management is responsible for the determination of the fair value of our financial assets and financial liabilities and the supporting methodologies and assumptions. We employ widely used financial techniques or utilize third-party valuation service providers to gather, analyze, and interpret market information and derive fair values based upon relevant methodologies and assumptions for individual instruments or pools of finance receivables. When our valuation service providers are unable to obtain sufficient market observable information upon which to estimate the fair value for a particular security, we determine fair value either by requesting brokers who are knowledgeable about these securities to provide a quote, which is generally non-binding, or by employing widely used financial techniques.

GOODWILL AND OTHER INTANGIBLE ASSETS

We test goodwill for potential impairment annually as of October 1 of each year and whenever events occur or circumstances change that would more likely than not reduce the fair value of our reporting unit below its carrying amount. If the qualitative assessment indicates that it is more likely than not that the reporting unit's fair value is less than its carrying amount, we proceed with the quantitative impairment test. When necessary, the fair value of the reporting unit is calculated utilizing the income approach, which uses prospective financial information of the reporting unit discounted at a rate that we estimate a market participant would use.

For indefinite-lived intangible assets, we review for impairment at least annually and whenever events occur or circumstances change that would indicate the assets are more likely than not to be impaired. We first complete an annual qualitative assessment to determine whether it is necessary to perform a quantitative impairment test. If the qualitative assessment indicates that the assets are more likely than not to have been impaired, we proceed with the fair value calculation of the assets. The fair value is determined in accordance with our fair value measurement policy.

For those net intangible assets with a finite useful life, we review such intangibles for impairment at least annually and whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Recent Accounting Pronouncements

See Note 3 of the Notes to the Consolidated Financial Statements included in this report for discussion of recently issued accounting pronouncements.

Seasonality

Our personal loan volume is generally highest during the second and fourth quarters of the year, primarily due to marketing efforts and seasonality of demand. Demand for our personal loans is usually lower in January and February after the holiday season and as a result of tax refunds. Delinquencies on our personal loans are generally lower in the first and second quarters and tend to rise throughout the remainder of the year. These seasonal trends contribute to fluctuations in our operating results and cash needs throughout the year. Our normal seasonality trends may be affected by COVID-19.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes to our market risk previously disclosed in Part II - Item 7A included in our 2019 Annual Report on Form 10-K.

Item 4. Controls and Procedures.

CONTROLS AND PROCEDURES OF ONEMAIN HOLDINGS, INC.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information OMH is required to disclose in reports that OMH files or submits under the Exchange Act, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of March 31, 2020, OMH carried out an evaluation of the effectiveness of its disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. This evaluation was conducted under the supervision of, and with the participation of OMH's management, including the Chief Executive Officer and the Chief Financial Officer. Based on the evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that OMH's disclosure controls and procedures were effective as of March 31, 2020 to provide the reasonable assurance described above.

Changes in Internal Control over Financial Reporting

There were no changes in OMH's internal control over financial reporting during the first quarter of 2020 that have materially affected, or are reasonably likely to materially affect, OMH's internal control over financial reporting.

CONTROLS AND PROCEDURES OF SPRINGLEAF FINANCE CORPORATION

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information SFC is required to disclose in reports that SFC files or submits under the Exchange Act, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of March 31, 2020, SFC carried out an evaluation of the effectiveness of its disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. This evaluation was conducted under the supervision of, and with the participation of SFC's management, including the Chief Executive Officer and the Chief Financial Officer. Based on the evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that SFC's disclosure controls and procedures were effective as of March 31, 2020 to provide the reasonable assurance described above.

Changes in Internal Control over Financial Reporting

There were no changes in SFC's internal control over financial reporting during the first quarter of 2020 that have materially affected, or are reasonably likely to materially affect, SFC's internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

See Note 14 of the Notes to the Condensed Consolidated Financial Statements included in this report.

Item 1A. Risk Factors.

In light of recent developments related to COVID-19 and the adoption of ASU 2016-13, we are supplementing our risk factors. The following supplemental risk factors should be read in conjunction with the risk factors contained in Item 1A and the information under “Forward-Looking Statements” in our 2019 Annual Report, as filed with the SEC on February 14, 2020.

RISKS RELATED TO OUR BUSINESS

The COVID-19 pandemic is adversely affecting consumer finance businesses including OneMain.

The COVID-19 pandemic has resulted in widespread volatility and deterioration in economic conditions across the United States. Governmental authorities have taken a number of steps to combat or slow the spread of the COVID-19 pandemic, including shutdowns of non-essential businesses, stay at home orders, social distancing measures, and other actions which have disrupted economic activity. These disruptions have resulted in a significant reduction in the number of customers at our branch locations and lower demand for our products, which, combined with our recent credit tightening, has decreased our loan originations. The COVID-19 pandemic has also resulted in higher unemployment in the United States, which we expect will result in increased delinquencies and credit losses on loans outstanding. In addition, if significant portions of our workforce are unable to work effectively as a result of the COVID-19 pandemic, there may be servicing and other disruptions to our business.

Federal, state and local governments have mandated or encouraged financial services companies to make accommodations to borrowers and other customers affected by the COVID-19 pandemic. Legal and regulatory responses to concerns about the COVID-19 pandemic could result in additional regulation or restrictions affecting the conduct of our business in the future. In April 2020, we announced programs to support customers and communities suffering from the effects of the COVID-19 pandemic, including offering reduced and deferred payment options for customers negatively impacted by COVID-19, waiving late fees for payments due March 15 through April 30, 2020, and suspending credit bureau reporting for newly delinquent accounts in March and April 2020. All of the foregoing may adversely affect our income and other results of operations in the near term or make collection of our personal loans more difficult or reduce income received from such loans or our ability to obtain financing with respect to such loans.

The COVID-19 pandemic has also caused significant recent volatility in financial markets and adverse economic conditions and may have significant long-term adverse effects on the U.S. economy, including increased instability in capital markets, declines in business and consumer confidence, reductions in economic activity, increased unemployment and recession, any of which may adversely affect our ability to access the capital markets and could have an adverse impact on our liquidity, our income and our ability to support our operations and other negative impacts on our financial position, results of operations, and prospects. Further, sustained adverse effects from the COVID-19 pandemic may also prevent us from satisfying our regulatory and other supervisory requirements or result in downgrades in our credit ratings.

We are unable to estimate the extent of the adverse impact of the COVID-19 pandemic on our business and operations at this time.

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

We maintain an allowance for finance receivable losses. To estimate the appropriate level of allowance for finance receivable losses, we consider known and relevant internal and external factors that affect finance receivable collectability, including the total amount of finance receivables outstanding, historical finance receivable charge-offs, our current collection patterns, and current and forecasted economic trends. Our methodology for establishing our allowance for finance receivable losses is based on the guidance from ASC 326, *Financial Instruments – Credit Losses*, which requires us to measure expected credit losses for financial assets at each reporting date. The allowance is primarily based on historical experience, current conditions, and our reasonable and supportable forecast of economic conditions. If customer behavior changes as a result of economic conditions and if we are unable to accurately predict how the unemployment rate, personal bankruptcy filings, and general economic conditions may affect our allowance for finance receivable losses, our allowance for finance receivable losses may be inadequate. Our allowance for finance receivable losses is an estimate, and if actual finance receivable losses are materially greater than our allowance for finance receivable losses, our results of operations could be adversely affected. Neither state regulators nor federal regulators regulate our allowance for finance receivable losses.

RISKS RELATED TO FINANCIAL REPORTING

Our valuations may include methodologies, models, estimations and assumptions which are subject to differing interpretations and could result in changes to financial assets and liabilities that may materially adversely affect our results of operations and financial condition.

The allowance for finance receivable losses is a critical accounting estimate which requires us to use significant estimates and assumptions to determine the appropriate level of allowance. We estimate the allowance for finance receivable losses primarily on historical loss experience using a cumulative loss model applied to our finance receivable portfolio. Our gross loss expectation is offset by the estimate of future recoveries using historical recovery curves on the active portfolio along with accounts that were previously charged-off. We adjust the amounts determined by the model for the impact of management’s economic forecast, such as the levels of unemployment and personal bankruptcy filings, and the effects of model imprecision which include any changes to underwriting criteria and portfolio seasoning. If we are unable to predict certain of these assumptions accurately, our allowance for finance receivable losses may be inadequate. If actual finance receivable losses are materially greater than our allowance for finance receivable losses, our results of operations, financial condition, and liquidity could be adversely affected.

We use estimates, assumptions, and judgments when certain financial assets and liabilities are measured and reported at fair value. Fair values and the information used to record valuation adjustments for certain assets and liabilities are based on quoted market prices and/or other observable inputs provided by independent third-party sources, when available. During periods of market disruption, including periods of significantly rising or high interest rates, rapidly widening credit spreads or illiquidity, it may be difficult to value certain assets if trading becomes less frequent or market data becomes less observable. In such cases, certain asset valuations may require significant judgment, and may include inputs and assumptions that require greater estimation, including credit quality, liquidity, interest rates and other relevant inputs. Changes in underlying factors, assumptions, or estimates in any of these areas could have a material adverse effect on our results of operations, financial condition, and liquidity.

There have been no other material changes to our risk factors included in Part I, Item 1A of our 2019 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no unregistered sales of our common stock during the period covered by this Quarterly Report on Form 10-Q.

Shares Repurchased and Retired

During the three months ended March 31, 2020, the OMH Board of Directors approved a stock repurchase program, which allowed us to repurchase up to $200 million of OMH's outstanding common stock, with no stated expiration. On March 20, 2020, OMH temporarily suspended its stock repurchase program. OMH retains the right to reinstate the stock repurchase program as circumstances change. For additional information regarding shares repurchased during the period, see Notes 11 of the Notes to the Condensed Consolidated Financial Statements included in this report for further information.

The following table presents information regarding repurchases of our common stock during the quarter ended March 31, 2020:

Period	Total Number of Shares Purchased	Average Price paid per Share	Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
January 1 - January 31	—	$ —	$ —
February 1 - February 29	—	—	—
March 1 - March 31	2,031,698	22.30	$ 154,687,295
Total	2,031,698	$ 22.30	

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibit Index.

Exhibit Number	Description
10.1	Letter Agreement by and between OneMain General Services Corporation and Rajive Chadha, dated June 4, 2019*
10.2	Consulting Agreement by and between OneMain Holdings, Inc., OneMain General Services Corporation, and John C. Anderson, dated February 13, 2020*
31.1	Rule 13a-14(a)/15d-14(a) Certifications of the President and Chief Executive Officer of OneMain Holdings, Inc.
31.2	Rule 13a-14(a)/15d-14(a) Certifications of the Executive Vice President and Chief Financial Officer of OneMain Holdings, Inc.
31.3	Rule 13a-14(a)/15d-14(a) Certifications of the President and Chief Executive Officer of Springleaf Finance Corporation
31.4	Rule 13a-14(a)/15d-14(a) Certifications of the Executive Vice President and Chief Financial Officer of Springleaf Finance Corporation
32.1	Section 1350 Certifications of OneMain Holdings, Inc.
32.2	Section 1350 Certifications of Springleaf Finance Corporation
101	Interactive data files pursuant to Rule 405 of Regulation S-T, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Comprehensive Income (Loss), (iv) Condensed Consolidated Statements of Shareholder’s Equity, (v) Condensed Consolidated Statements of Cash Flows, and (vi) Notes to the Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File in Inline XBRL format (Included in Exhibit 101).

* Management contract or compensatory plan or arrangement.

OMH Signature

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

ONEMAIN HOLDINGS, INC.
(Registrant)

Date:	April 29, 2020	By:	/s/ Micah R. Conrad
			Micah R. Conrad
			Executive Vice President and Chief Financial Officer
			(Duly Authorized Officer and Principal Financial Officer)

SFC Signature

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

SPRINGLEAF FINANCE CORPORATION
(Registrant)

Date: April 29, 2020

By: /s/ Micah R. Conrad
Micah R. Conrad
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

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Section 2: EX-10.1 (EX-10.1)

Exhibit 10.1

OneMain General Services Corporation
100 International Dr.
Baltimore, MD 21202

6/4/2019

Rajive Chadha
2925 Montevallo Road
Mountain Brook, Alabama 35223

Dear Rajive,

We are pleased to extend you an offer to join OneMain as Executive Vice President and Chief Operating Officer reporting to Doug Shulman, President and Chief Executive Officer. We are excited about your contributions to our team!

You will be employed by OneMain General Services Corporation and will provide services to OneMain Holdings, Inc. ("OMH") and its affiliates and subsidiaries (collectively the entities are referred as "the Company" or "OneMain"). The conditions of employment are outlined below:

Position: Your start date will be as soon as possible and be determined by mutual agreement. This position is a full-time, exempt position. Your primary work location will be in New York City. You may be required to travel when business needs arise to other Company locations consistent with your duties and responsibilities.
Base Salary: Your beginning salary will be $450,000 on an annualized basis. Your base salary is payable in accordance with the Company's regular bi-weekly payroll practices and payments are subject to applicable taxes and payroll deductions.
Annual Performance Bonus: You will be eligible for an annual target performance bonus of $1,750,000 for 2019. Your 2019 annual bonus will be paid in a

combination of 1/3 cash, 1/3 Restricted Stock Units ("RSUs") vesting annually over three years, and 1/3 Performance Share Units which cliff vest after three years ("PSUs"), and will be subject to the Compensation Terms referenced below and other terms and conditions set by the CEO or the Compensation Committee of OMH's Board of Directors.

Additional Incentives: The Company has developed a program for additional incentives for a small group of senior executives, subject to the Compensation Terms referenced below. The structure for your additional incentives is as follows:

- A one-time long-term incentive cash payment of $1,000,000, payable in 2022, provided that the goals established for the team of key executives participating in the incentive program are met.

- A one-time grant of unvested options to purchase approximately 200,000 shares of OMH common stock based on $30/share value. This amount will be adjusted based on share price at or around the day of grant to meet the dollar targets below:
  - $2,250,000 at $55 per share
  - $6,400,000 at $70 per share
  - $11,000,000 at $85 per share.

  Vesting of the options will be contingent upon a combination of the percentage of ownership of OMH common stock by shareholders other than OMH Holdings, L.P. and its affiliates and the share price of OMH stock during certain time periods. Specific calculations and additional details regarding the calculation method for the stock options will be provided to you at a later date.

Deferred Compensation Replacement: You will be eligible to receive a one-time grant of RSUs of up to $620,000 for the value of the deferred compensation awards you will forfeit on the terms and conditions as set by the Compensation Committee. You must provide satisfactory documentation for the value of the deferred compensation awards you will forfeit in order to be eligible for the RSU grant. The RSUs vest over time as the Compensation Committee deems appropriate and on the terms established by the Compensation Committee at its discretion with consideration of your previous employer's vesting schedule. Based on the information you provided, we anticipate that the replacement equity awards will vest on the following schedule: $55,000 in April 2020; $265,000 in April 2021; and $300,000 in April 2022. You will also be asked to execute a Restricted Stock Unit Agreement to be eligible to receive any of the RSUs so granted. Each award is subject to approval by the Compensation Committee.

Compensation Terms. The performance metrics and other terms (including timing for payment) for all compensation awards described in this letter will be determined by the Compensation Committee or by the CEO in accordance with guidelines determined by them in their sole discretion. The equity-based and long-term incentive cash awards described in this letter (other than the RSUs, which will be granted upon payment of the Annual Performance Bonus) will be granted as soon as practicable after your start date following approval by the Compensation Committee. In order to receive an annual bonus or additional incentives, you must be actively employed by the Company on the day the cash compensation is paid or the equity vests. (These collectively are the "Compensation Terms.")

Relocation: You are eligible for relocation benefits in accordance with the terms of the Company's relocation policy. In addition, this will include 4 months of commuting expenses, 1 year of home sale assistance and 2 years of home purchase assistance. For further details, please refer to the enclosed relocation package policy. In order to receive these benefits, the Relocation Reimbursement Agreement must be signed prior to your start date. This agreement will be included with your final new hire documents. Under the terms of our relocation policy, you agree that if you voluntarily terminate within 2 years of your start date, you will be required to repay your relocation expenses.

Benefits: You are entitled to health and welfare (e.g. medical, Rx, dental, vision, life, and long-term disability) benefits provided by the Company to employees generally. Health and welfare benefits become effective on the 1st day of the month following your start date. We ask you to review the benefit guide available through the link below. You must make a decision to enroll or decline benefits upon hire as soon as possible, but no later than 31 days from your start date.

[OneMain Financial Benefits Guide]

This offer is contingent upon satisfactory results from a criminal background investigation and education verification. Please note that these checks may not be completed by your start date. If the outcome of these checks is not satisfactory, this offer may be withdrawn and/or your employment may be terminated immediately.
This offer is also contingent upon your execution of an Intellectual Property and Confidential Information Policy Agreement and other acknowledgments and agreements required for employees at a similar level, which will be included in the new hire paperwork.

You will be required to complete your final new hire forms via a weblink that will be sent to you in a separate email. After offer acceptance, you will have three (3) business days to complete your final new hire forms.
If you have any questions regarding the details listed above, please contact Joie Townsend at 551-556-9197.
Rajive, we believe you will find enormous growth and personal development with OneMain and we look forward to having you join our team!

Sincerely,

/s/ Doug Shulman

Doug Shulman, President & Chief Executive Officer

ACCEPTED:

/s/ Rajive Chadha

Rajive Chadha

Date: June 4, 2019

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Section 3: EX-10.2 (EX-10.2)

Exhibit 10.2

Consulting and Separation Agreement and Release

This Consulting and Separation Agreement and Release ("Agreement") is made by and between OneMain Holdings, Inc. ("OMH") and OneMain

General Services Corporation or any successor employer (the "Employer") (OMH and the Employer collectively are the "Company"), and **John C. Anderson** (the "Employee"), as of February 21, 2020. (The Company and all of its direct and indirect subsidiaries are referred to as "OneMain"; and an "Affiliate" of the Company shall mean any entity, whether now or hereafter existing, which controls, is controlled by, or is under common control with the Company.)

1. **Termination of Employment**. The Employee previously notified the Company of his intent to retire, and the parties agree that the Employee's employment will terminate on February 21, 2020 (the "Termination Date"). The parties agree that the retirement is a voluntary resignation.

2. **Consulting Services.** The Employee will be an independent contractor after February 21, 2020, performing such consulting services as previously discussed and mutually agreed to by the Employee and OneMain from time to time, upon the terms and conditions set forth in this Agreement (the "Consulting Services"). The term for the Consulting Services will be from February 22, 2020 through June 30, 2020, subject to earlier termination as described below. The term for the Consulting Services may be extended if both parties agree in writing. The Employee agrees to provide all Consulting Services in a professional and competent manner, and in accordance with generally accepted standards for the type of work performed. The parties anticipate that the Employee generally will work remotely, but will travel to New York or other locations as needed.

3. **Fees for Consulting Services and Expenses.** The Employee will be paid a consulting fee of $225,000 for the term of the consulting (the "Fee"). The Fee will be prorated from February 22, 2020, through June 30, 2020, and will be paid monthly, within 20 days of the end of each applicable month. Any reimbursable expenses incurred while providing Consulting Services will be reimbursed at the Employee's cost, but only if pre-approved by OneMain. In order to be reimbursed, all such expenses will be incurred in accordance with OneMain's expense polices and the Employee must provide copies of receipts for submitted preapproved expenses. The Employee will be responsible for payment of his normal overhead costs.

4. **Termination of Services.** Either party may terminate the Employee's Consulting Services at any time upon 30 days' notice by providing written notice to the other party. If the Employee terminates the Consulting Services, OneMain will be liable for payment for any Consulting Services provided or approved expenses incurred prior to, but not for any services provided or expenses incurred after, the date of termination of the Consulting Services. If OneMain terminates the Consulting Services prior to June 30, 2020, other than for cause (as referenced below), the Employee will be entitled to a lump sum payment equal to the remaining Fee that would have been paid if the Employee had remained as a consultant through June 30, 2020. The lump sum payment will be made within 15 days after the date the Consulting Services terminate.

OneMain may also terminate the consulting services for cause at any time if the Employee engages in misconduct or any fraudulent or dishonest act against OneMain or in connection with providing services to OneMain; the Employee violates any applicable law or regulation relating to dishonesty or respecting OneMain's business, or which disqualifies the Employee from being affiliated with OneMain; a Federal or state regulatory agency requires the Employee's termination or removal from the duties required for the Employee's position; the Employee habitually neglects his duties or provides substandard service; or the Employee otherwise violates any of the terms of this Agreement. If the Employee's services are terminated for cause, any fees that have not been paid will be forfeited and not paid to the Employee.

5. **Separation Payments**. If the Employee signs this Agreement, does not revoke it, and otherwise complies with the terms and conditions of this Agreement, the Employee will receive cash payments totaling $825,000 (the "Separation Payments") on June 30, 2020.

6. **Benefits**. Except as otherwise provided in this Agreement, all benefits available to the Employee as an employee cease as of the Termination Date in accordance with the terms of the specific benefit plans. Further, eligibility for coverage under the Short Term and Long-Term Disability programs, 401(k) contributions and matches, and all other benefits not mentioned in this Agreement cease as of the Termination Date. Thereafter, the Employee and the Employee's eligible dependents shall be entitled to exercise their option to obtain health and welfare insurance continuation coverage subject to the terms of COBRA. The Employee will receive COBRA information from the Employer or its third-party administrator.

7. **Release of Claims**. The Employee waives and releases the Company, OneMain and all Affiliates, and their past or present officers, directors, employees and agents (collectively the "Releasees"), from all claims, controversies, demands, promises, actions, suits, grievances, complaints, charges, damages, debts, compensation or benefits of any kind (including salary, bonuses, incentive compensation and equity grants), promises, costs, expenses, attorneys' fees and remedies of any kind (whether known or unknown, individually or collectively) (collectively "Claims") that the Employee may have against any Releasee which arises from or relates to the Employee's employment with the Company or any of its Affiliates, or the termination of employment with the Company or any of its Affiliates, whether in law, equity, contract or tort. This Agreement applies to Claims that the Employee knows about and that the Employee may not know about that arose any time up to the date that this Agreement is signed. This release and waiver includes, without limitation, claims under the Age Discrimination in Employment Act of 1967, as amended ("ADEA"), Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Americans with Disabilities Act, and any other federal, state or local law, statute, regulation or ordinance applicable to the employment or the termination of employment with the Company or any of its Affiliates. The Employee acknowledges that the Employee is not waiving any rights or claims that may arise after the date this Agreement is executed. OneMain waives and releases the Employee from all claims, controversies, demands, promises, actions, suits, grievances, complaints, charges, damages, debts, promises, costs, expenses, attorneys' fees and remedies of any kind (whether known or unknown, individually or collectively) which OneMain may have against the Employee which arises from or relates to the Employee's employment with the Company or any of its Affiliates, or the termination of employment with the Company or any of its Affiliates, whether in law, equity, contract or tort. This release by OneMain applies to claims that OneMain knows about and that the OneMain may not know about that arose any time up to the date that this Agreement is signed; except that the release does not apply to claims related to the Employee's theft or embezzlement.

(a) **401(k)/RSUs**. This Agreement does not modify or affect any vested rights that the Employee may have under the OneMain 401(k) Plan, nor does it modify any rights to restricted stock units granted to the Employee pursuant to a Restricted Stock Unit Award Agreement ("RSU Agreement") under the OneMain Holdings, Inc. Amended and Restated 2013 Omnibus Incentive Plan (the "Omnibus Plan"), including the vesting provisions set forth therein. Furthermore, this release does not waive any claims that the controlling law clearly states may not be released by settlement. The Employee acknowledges and agrees that he will not be entitled to any Restricted Stock Units (including Performance Restricted Stock Units) that vest after the Separation Date, and that no "dividend equivalents" will accrue after the Separation Date.

(b) **Preservation of Certain Rights**. Nothing in this Agreement (including but not limited to the release of claims, promise not to sue, and confidentiality, cooperation, non-disparagement, and return of property provisions) (a) limits or affects the Employee's right to challenge the validity of this Agreement under ADEA (including the Older Workers Benefits Protection Act ("OWBPA")), (b) prevents the Employee from filing a charge or complaint with or from participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission (the "EEOC"), the National Labor Relations Board (the "NLRB"), the Securities and Exchange Commission (the "SEC"), or any other federal, state or local agency charged with the enforcement of any laws ("Government Agencies"), including providing documents or other information, or (c) prevents the Employee from exercising rights under Section 7 of the National Relations Labor Act (the "NLRA") to engage in protected, concerted activity with other employees; although by signing this Agreement the Employee is waiving any right to recover any individual relief (including back pay, front pay, reinstatement or other legal or equitable relief) in any charge, complaint, lawsuit or other proceeding brought by the Employee or on the Employee's behalf by any third party, except for any right the Employee may have to receive a payment from a Government Agency (and not the Company) for information provided to the Government Agency. The Employee further understands that this Agreement does not limit the Employee's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. The Employee also understands that the Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a Trade Secret that: (1) is made (a) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (b) solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. The Employee also understands that disclosure of trade secrets to attorneys, made under seal, or pursuant to court order is also protected under 18 U.S. Code §1833 in a retaliation lawsuit based on the reporting of a suspected violation of law.

(c) **Full Settlement**. The Employee acknowledges that the Employee enters into this Agreement as a compromise and in full and final settlement of all disputed claims, if any, the Employee may have against any of the Releasees as of the date this Agreement is signed. This Agreement does not constitute an admission of any liability or wrongdoing by any Releasee or the Employee, and the Releasees deny they are legally obligated for any claim or that they have engaged in any wrongdoing.

(d) **Receipt of Compensation & Disclosure of Claims**. The Employee confirms that, as of the date the Employee signs this Agreement and except for the Separation Payments, the Employee has (i) received all compensation due as a result of services performed for OneMain and acknowledges that the Employee is not entitled to any further wages, bonuses or other compensation from OneMain in any manner, other than Base Salary payable through the Separation Date in accordance with the Company's standard payroll practices and amounts payable under this Agreement; (ii) reported to OneMain any and all work-related injuries incurred during employment; (iii) been properly provided any leave of absence because of the Employee's or a family member's health condition and has not been subjected to any improper treatment, conduct or actions due to a request for or taking such leave; (iv) had the opportunity to provide OneMain with written notice of any and all concerns regarding suspected ethical and compliance issues or violations on the part of OneMain or any Affiliate, released person or entity; and (v) reported to OneMain any non-anonymous complaints, claims, or actions filed by the Employee or on the Employee's behalf against OneMain or the Releasees.

8. **Restrictions on Trading OneMain Stock.** The Employee acknowledges that the Employee is subject to applicable laws regarding the purchase or sale of securities based on material non-public information ("insider trading" laws), and that the Employee may be subject to Section 16 of the Securities Exchange Act of 1934, even after the Separation Date.

9. **Ownership of Intellectual Property**.

(a) **Definitions**.

(i.) "Creative Works" means any and all works of authorship including, for example, written documents, spreadsheets, graphics, designs, trademarks, service marks, algorithms, computer programs and code, protocols, formulas, mask works, brochures, presentations, photographs, music or compositions, manuals, reports, and compilations of various elements, whether or not patentable or registrable under patent, copyright, trademark, or similar domestic and international laws.

(ii.) "Intellectual Property" means those ownership and other legal rights associated with any Inventions or Creative Works.

(iii.) "Invent" means to conceive of, develop, reduce to practice, or otherwise invent, as that term is commonly understood, and is not limited to its general usage under U.S. or foreign patent law.

(iv.) "Invention" means inventions, developments, concepts, improvements, designs, discoveries, inventive ideas, algorithms, computer software code and programs, protocols, formulas, mask works, compositions, trademarks, service marks, or trade secrets, whether or not reduced to practice, patentable, or registrable under patent, copyright, trademark, or similar laws, which the Employee Invents, either solely or jointly, during normal working hours or when the Employee is expected to be working, or that relate to the Business of OneMain or to OneMain's actual or demonstrably anticipated research or development, or that are substantially aided by the Employee's use of OneMain's equipment, supplies, facilities, or Confidential Information or Trade Secrets (as defined below), or that contains any of OneMain's Trade Secrets or Confidential Information, or that are the direct or substantial result of any work performed by the Employee for OneMain.

(v.) "Prior Inventions" means all Inventions that were made by the Employee prior to the Employee's employment with OneMain, that belong to the Employee and which relate to OneMain's current or proposed business, products, services, or research and development, and are not presently assigned by the Employee under this Agreement.

(b) **Prior Inventions Retained and Licensed by the Employee**. The Employee confirms that the Employee has not in the past, and agrees not to incorporate, or permit to be incorporated, any Prior Inventions or Creative Works owned by the Employee, or in which the Employee has an interest, into a OneMain product, process, program, or machine, including any software code created or developed on OneMain's behalf, or in which OneMain has an ownership interest pursuant to the terms of this Agreement, without OneMain's prior written consent.

(c) **Assignment of Inventions**. The Employee agrees to promptly make full written disclosure to OneMain of, to hold in trust for the sole right and benefit of OneMain, and hereby presently assigns to OneMain, or its designees, without any additional consideration, all of the Employee's right, title, and interest in and to any and all Inventions that the Employee Invents during the Employee's employment and until June 30, 2021. The Employee understands that the obligations under this paragraph do not apply to any Invention that is Invented that: (1) does not involve the use of any OneMain Trade Secrets or Confidential Information, OneMain equipment, supplies, or facilities; (2) were developed by the Employee entirely on the Employee's own time; and (3) do not relate to the Business of OneMain.

(d) **Works Made for Hire**. The Employee acknowledges that all Creative Works that were and are made by the Employee (solely or jointly with others) within the scope of and during the period of the Employee's employment with OneMain and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act (17 U.S.C., Section 101), and are deemed specially ordered by the Company under the U.S. Copyright law. In the event that any Creative Work is determined not to be a "work made for hire," this Agreement shall operate as an irrevocable assignment by the Employee to the Company of the copyright in the Creative Work, including all right, title and interest therein.

(e) **Patent and Copyright Registrations**. The Employee agrees to assist OneMain (both during and after employment), or its designees or assigns, at OneMain's expense, but without additional compensation to the Employee, to secure OneMain's rights, as well as the rights of any third parties to whom OneMain directs, any assignment, in any Inventions, copyrights, or other intellectual property rights relating thereto in any and all countries, hereby irrevocably designates and appoints OneMain, through its duly authorized officers and agents, as the Employee's agent and attorney in fact, to act for and on the Employee's behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright or trademark registrations thereon anywhere in the world with the same legal force and effect as if executed by the Employee.

(f) **Duty to Maintain Records and Disclose Information**. The Employee agrees that while employed and until June 30, 2021, the Employee will promptly disclose to OneMain in writing all Inventions and Creative Works authored or conceived by the Employee, alone or jointly with others, along with all attempts to register, patent, or otherwise claim ownership over or alienate such Inventions and Creative Works.
(g) **State Specific Notices of Limitation**. All invention assignment are made subject to the limitations based on an employee's state of residence or citizenship.

10. Restrictive Covenants.

The Employee acknowledges that the nature of the Employee's position gives the Employee access to and knowledge of OneMain's Customers, Referral Sources, Vendors, Suppliers and employees, as well as significant amounts of Confidential Information and Trade Secrets about OneMain, its Affiliates, employees, customers and other third parties. The Employee also acknowledges that the information provided to and obtained by the Employee during employment and the relationships with OneMain's Customers, Referral Sources, Vendors, Suppliers and employees are of great competitive importance and commercial value to OneMain.

(a) **Definitions**.

(i) "Business Contact" means contact that is intended to establish or strengthen a business or professional relationship for OneMain.

(ii) "Business of OneMain" means the business of providing secured and unsecured consumer installment loans to customers with FICO scores below 700 and/or related ancillary or insurance products, either in person or electronically via the internet or other electronic communication procedure, along with any other line of business into which OneMain enters, or is taking material steps to enter, prior to termination of the Employee's employment.

(iii) "Competing Business" means any individual (including the Employee), corporation, limited liability company, partnership, joint venture, association, or other entity, regardless of form, that is engaged, in whole or in relevant part, in providing any products or services which are substantially similar to or competitive with any of the products or services conducted or offered through the Business of OneMain, or that is taking material steps to engage in such business or offer such products or services, or is hiring the Employee to establish such business.

(iv) "Confidential Information" means (i) competitively sensitive information, (ii) of importance to OneMain, (iii) that becomes known to the Employee through employment with OneMain and is not generally known to the public, and (iv) that is not a Trade Secret under the federal Defend Trade Secrets Act of 2016, the Uniform Trade Secrets Act, or other applicable law. Assuming the conditions above are met, Confidential Information includes, but is not limited to, information about OneMain's operations and services; research and development of OneMain's operations, products, and services; names and other listings of current or prospective Customers, Referral Sources, Vendors and Suppliers; proposals to, or the terms of, any arrangements or agreements with any current or prospective Customers, Referral Sources, Vendors, and Suppliers, including payment and pricing information; the implementation of Customer-specific projects, the composition or description of future products or services that will or may be offered by OneMain, marketing strategies, financial and sales information; and technical expertise and know-how developed by OneMain, including the unique manner in which OneMain conducts its business. Confidential Information also includes information disclosed to OneMain by or about any third party (including, but not limited to, current or prospective Customers, Referral Sources, Vendors and Suppliers) that OneMain is required to treat as confidential. Confidential Information does not include information readily available to the public, so long as it was not made public by the Employee or anyone working on the Employee's behalf.

(v) "Customers" means those individuals, companies, or other entities for whom OneMain provides products or services in connection with the Business of OneMain.

(vi) "Referral Sources" means those individuals or entities who refer business or leads for business to OneMain, either directly or through the Employee or others, regardless of whether that Referral Source is also a Customer of OneMain (including lead aggregators and "second look" customer turndown programs).

(vii) "Restricted Territory" means:

A. the United States; and/or

B. any geographic territory in which the Employee actually worked for OneMain, represented OneMain, or had Business Contact with OneMain's Customers and Referral Sources while employed by the Company.

The Employee agrees that Subparagraphs (A) & (B) above are separate and severable covenants, that they should be enforced to the fullest extent permissible to protect OneMain's legitimate protectable business interests, and that their enforcement will not impose an undue hardship on the Employee or otherwise unfairly prevent the Employee from being employed in the Employee's chosen field of work.

(viii) "Trade Secret(s)" means information defined as a trade secret by the Defend Trade Secrets Act of 2016, the Uniform Trade Secrets Act, or other applicable law.

(ix) "Vendors and Suppliers" means any individuals, companies, or government entities that supply materials or services to OneMain in furtherance of the Business of OneMain, regardless of whether or not they are also a Competing Business.

(b) **Return of OneMain Records and Property**. The Employee agrees to return to OneMain at the end of the consulting period (at OneMain's expense) all property belonging to OneMain, including but not limited to, keys, credit cards, phones, computers, data storage devices, data, and documents, including any and all electronic information contained on any Company or personal computers, storage devices, or cloud or similar storage services, as well as all originals, copies, or other physical embodiments of OneMain's Confidential Information and Trade Secrets (regardless of whether it is in paper, electronic, or any other format), at the termination of the Employee's employment or at any other time when OneMain so requests, and the Employee agrees not to retain or distribute any copies of any of the foregoing.

(c) **Non-Disclosure and Non-Use of Confidential Information and Trade Secrets**. During the term of the Employee's employment and until June 30, 2021, the Employee will not, except as authorized and required to perform the Employee's duties for OneMain, directly or indirectly: use, disclose, reproduce, distribute, or otherwise disseminate OneMain's Confidential Information or Trade Secrets, or take any action causing, or fail to take any action necessary, to prevent any such information to lose its character or cease to qualify as Confidential Information or a Trade Secret. The Employee agrees to ask OneMain, both during and after employment, if the Employee has any questions about whether particular information is Confidential Information or a Trade Secret before using or disclosing such information. Trade Secrets are protected by statute and are not subject to any time limits.

(d) **Non-Competition**. The Employee agrees that, during employment and until June 30, 2021, the Employee will not, directly or indirectly, own, manage, operate, join, control, be employed by or with, or participate in any manner with a Competing Business anywhere in the Restricted Territory where doing so will require the Employee to provide the same or substantially similar services to any Competing Business as those which the Employee provided to OneMain while employed by the Company, or where the Employee will be a senior executive or officer.

Notwithstanding the foregoing, the "beneficial ownership" by the Employee, either individually or as a member of a "group" (as such terms are used in Rule 13d of the general rules and regulations under the Securities Exchange Act of 1934), of less than five percent (5%) of the voting stock of any public company shall not be a violation of this Agreement, provided that such ownership represents a passive investment and that the Employee is not a controlling person of, or a member of a group that controls, such company.

(e) **Non-Solicitation of Employees**. The Employee agrees that during employment and until June 30, 2021, the Employee will not, directly or indirectly (regardless of who initiates the communication) hire or employ, solicit, participate in the solicitation or recruitment of, or in any manner encourage or provide assistance to, any employee, consultant or agent of OneMain to terminate his or her employment or other relationship with OneMain, or to leave his or her employment or other relationship with OneMain for any engagement in any capacity with any other person or entity.

(f) **Non-Solicitation of Customers and Referral Sources**. The Employee agrees that during employment and until June 30, 2021, the Employee will not directly or indirectly, for any Competing Business, solicit, divert, or appropriate, or attempt to solicit, divert, or appropriate any Customers, prospective Customers, or Referral Sources of OneMain with whom the Employee had Business Contact or about whom the Employee had any Confidential Information or Trade Secrets for the purpose of providing any services or products that are the same as or substantially the same as the Business of OneMain.

(g) **Non-Interference of Vendors and Suppliers**. The Employee agrees that while employed by OneMain and following the termination of the Employee's employment, the Employee will not directly or indirectly interfere with OneMain's relationships with its Vendors and Suppliers in any manner that is prohibited by contract or law.

(h) **No Derogatory Comments**. The Employee agrees that the Employee will not at any time make, publish or communicate to any person or entity or in any public forum any derogatory or defamatory remark, comment or statement concerning OneMain and its Affiliates, their businesses, or any of their employees, officers and directors. This provision, however, does not in any way restrict or impede the Employee from exercising protected rights as described in Paragraph 7(b).

(i) **Relief, Remedies, and Enforcement**. The Employee understands that OneMain is engaged in a highly competitive business, and the covenants and restrictions contained in this Agreement, including the geographic and temporal restrictions, are reasonably designed to protect OneMain's legitimate business interests, and the Employee agrees that a breach of any provision of this Agreement will cause serious and irreparable injury to OneMain that will be difficult to quantify and which may not be adequately compensated by monetary damages alone. Thus, in the event of a breach or threatened or intended breach of this Agreement by the Employee, OneMain shall be entitled to injunctive relief, both temporary and final, enjoining and restraining such breach or threatened or intended breach. The Employee further agrees that nothing in this Agreement shall be construed to prohibit OneMain from pursuing any and all other legal or equitable remedies available to it for breach of any of the provisions of this Agreement, including the recovery, return, and disgorgement of any profits, commissions, or fees realized by the Employee, any subsequent employers, any business owned or operated by the Employee, or any of the Employee's agents, heirs, or assigns, as well as all costs and attorneys' fees incurred because of the Employee's breach of any provisions of this Agreement.

(j) **Tolling**. The Employee agrees that if either party institutes an action or proceeding to enforce or challenge the protective covenants in this Agreement, and the Employee is not enjoined from breaching one or more of the protective covenants contained herein, and a court thereafter determines that one or more of the protective covenants are enforceable, the restricted time periods in this Agreement shall be tolled beginning on the date the litigation was instituted until the litigation is finally resolved and all periods of appeal have expired and that such extension shall not affect OneMain's other rights and remedies under this Agreement.

(k) **Disclosure of Agreement to Third Parties**. The Employee agrees to provide a copy of this Agreement to any subsequent employer, person, or entity to which the Employee intends to provide services that may conflict with any of the Employee's obligations in this Agreement prior to engaging in any such activities. The Employee agrees that OneMain may also provide a copy of this Agreement or a description of its terms to any Customer, Referral Source, Vendor, Supplier, subsequent employer of the Employee, or any other third party at any time as it deems necessary to protect its interests, and the Employee agrees to indemnify OneMain against any claims and hold OneMain harmless from any losses, costs, fees, expenses, and damages arising out of the Employee's failure to comply with this paragraph.

11. **Status as Independent Contractor.** Effective after the Termination Date, the Employee confirms that he is acting as a consultant and independent contractor. The Employee further agrees and acknowledges that he is not an employee of OneMain during that period, and as such is not entitled to benefits provided to current OneMain employees, including but not limited to health insurance and pension benefits. In the event the Employee is held liable to any party as a result of its actions under this Agreement, the Employee will not be entitled to indemnification by OneMain, and hereby waives any right to such indemnification.

12. **Taxes.** As an independent contractor after the Termination Date, the Employee will be responsible for payment of all applicable taxes relating to his services, including income taxes, and payment of employment taxes. OneMain may report all payments made under this Agreement to the appropriate Federal and state taxing authorities, as it believes necessary or appropriate, including applicable "1099" reporting.

13. **Choice of Law; Enforcement**. This Agreement shall be construed and regulated under and by the laws of the State of New York, without regard to any conflict of laws provision that would dictate the application of another jurisdiction's laws. The Employee acknowledges and agrees that any disputes involving interpretation or enforcement of this Agreement will be resolved through mediation and arbitration in accordance with the terms of the OneMain Employee Dispute Resolution Program (the "Program") in effect at the time the dispute arises, subject to the terms and restrictions of the Program; provided, however, that if the Employee commits a breach of, or is about to commit a breach of, any of the provisions in Paragraphs 9 or 10, OneMain shall not be required to arbitrate any request for injunctive relief and shall have the right to have such provisions specifically enforced by any court having equity jurisdiction without being required to post bond or other security and without having to prove the inadequacy of the available remedies at law, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to OneMain and that money damages will not provide an adequate remedy to OneMain. In addition, OneMain may take all such other actions and remedies available to it under law or in equity and shall be entitled to such damages as it can show it has sustained by reason of such breach.

14. **Section 409A.** The intent of the parties is that payments and benefits under this Agreement either be exempt from or comply with Section 409A of the Internal Revenue Code (the "Code"), to the extent subject thereto, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance therewith. Each amount to be paid or benefit to be provided under this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent any payments or benefits payable under this Agreement on account of the Employee's termination of employment constitute a deferral of compensation subject to Section 409A of the Code and the Employee is a "specified employee" within the meaning of Section 409A of the Code at the time of the Employee's separation from service, any amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following the Employee's separation from service shall instead be paid on the first business day after the date that is six months following the Employee's separation from service (or, if earlier, the Employee's date of death). To the extent required to avoid an accelerated or additional tax under Section 409A of the Code, amounts reimbursable to the Employee under this Agreement shall be paid to the Employee on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in kind benefits provided to the Employee) during one year may not affect amounts reimbursable or provided in any subsequent year and the right to reimbursement of in-kind benefits provided under this Agreement shall not be subject to liquidation or exchange for another benefit. The Company makes no representation that any or all of the payments described in this Agreement will be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to any such payment made in accordance with the provisions of this Agreement.

15. **Cooperation with Proceedings**. From and after the Termination Date, the Employee shall cooperate with the OneMain and its directors, officers, attorneys and experts in connection with the conduct of any action, proceeding, investigation or litigation involving OneMain, including any such any action, proceeding, investigation or litigation in which the Employee is called to testify. The Company will reimburse the Employee for all reasonable costs and expenses, including without limitation travel, lodging and legal expenses incurred in connection with providing such cooperation if approved in advance. The Employee shall not be required to provide the cooperation outlined in this paragraph until the Employer has approved reasonable expenses. If the Employee no longer is providing Consulting Services (and receiving the Fee) at the time the cooperation is requested, the Employee shall be compensated for any day or partial day that the Employee assists OneMain at the same rate as the Fee.

16. **Resignation from Corporate Positions.** To the extent that the Employee has not already resigned, the Employee hereby resigns any office or directorship that the Employee held for OneMain, effective as of the Termination Date. The Employee's execution of this Agreement shall be deemed a grant by the Employee to the officers of OneMain of a limited power of attorney to sign in the Employee's name and on the Employee's behalf any such documentation as may be required to be executed solely for the limited purposes of effectuating such resignations. In addition, the Employee agrees to execute any documents OneMain deems necessary to effect any such resignation. After the Termination Date, the Employee agrees the Employee has not, and will not, represent himself or herself as being an employee, agent or representative of OneMain or its Affiliates for any purpose.

17. **Review and Revocation**. The Employee acknowledges and confirms that prior to executing this Agreement (including the release contained herein), the Employee (i) hereby is advised by the Company to consult with an attorney concerning the terms of this Agreement and to have an attorney explain such terms; (ii) was given a period of at least 21 days within which to consider this Agreement; (iii) is providing the release set forth in this Agreement only in exchange for consideration in addition to anything of value to which the Employee is already entitled; and (iv) knowingly and voluntarily accepts the terms of this Agreement. For a period of 7 days following the date this Agreement is executed by the Employee (the "Revocation Period"), the Employee may revoke the Agreement by sending written notice to OneMain, Attn: General Counsel, 601 N.W. 2nd Street, Evansville IN 47708. This Agreement shall not become effective or enforceable until after the Revocation Period has expired. The Company may ask for confirmation that the Employee has not revoked this Agreement.

The Employee acknowledges that the Company has not threatened to withdraw or alter the benefits due under this Agreement prior to the expiration of the 21-day period; nor has the Company provided different terms because the Employee decided to sign the release prior to the expiration of the 21-day consideration period. If this Agreement is revoked and the Employee has received any payments or other benefits, the Employee will return all payments and benefits so received. The Employee also agrees that changes, whether material or immaterial, do not restart the running of the above deadline for responding.

18. **Notices**. Any notices provided hereunder must be in writing and shall be deemed effective (i) 1 business day following personal delivery, (ii) upon delivery, if sent using a nationally recognized overnight delivery service, or (iii) the 5th business day after mailing by first class mail to the recipient at the address indicated below:

To the Company or OneMain:
OneMain Holdings, Inc.
601 NW Second Street
Evansville, Indiana 47708
Attn: General Counsel

To the Employee:

At the address shown in the Company's personnel records

or to such other address or to the attention of such other person as the recipient party will have specified by prior written notice to the sending party.

19. **Severability**. Any provision of this Agreement which is deemed by a court of competent jurisdiction or validly appointed arbitrator to be invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction and subject to this paragraph be ineffective to the extent of such invalidity, illegality or unenforceability, without affecting in any way the remaining provisions hereof in such jurisdiction or rendering that or any other provisions of this Agreement invalid, illegal, or unenforceable in any other jurisdiction. If any covenant should be deemed invalid, illegal or unenforceable by such court or arbitrator because its scope is considered excessive, such covenant shall be modified so that the scope of the covenant is reduced only to the minimum extent necessary to render the modified covenant valid, legal and enforceable.

20. **Prior Agreements**. This Agreement contains the entire agreement by and between them on the subjects covered by this Agreement, that all sections of prior agreements concerning these subjects are replaced by this Agreement, that the Employee does not rely, and has not relied, upon any representation or statement not set forth herein by OneMain or any of OneMain's agents, representatives, or attorneys, and that this Agreement may be changed only by a subsequent agreement in writing signed by both parties. Notwithstanding the above, the parties agree that if the Employee has already signed an agreement with OneMain that contains restrictive covenants regarding competition, solicitation, the disclosure of Confidential Information or Trade Secrets, or similar terms, or signs such an agreement in the future, those and related contractual provisions shall not be superseded by this Agreement, but instead shall be read in conformity with this Agreement in order to provide OneMain with the maximum protections for its legitimate business interests under the law.

21. **Counterparts; Electronic Signatures**. This Agreement may be executed in any number of separate counterparts, each of which shall be considered an original, but all of which construed together shall constitute one and the same document. The Employee agrees that OneMain may enforce this Agreement with a copy that only is signed by the Employee. Execution and/or delivery by facsimile or electronic means shall be effective as an original counterpart.

22. **Amendments; No Third Party Rights**. No amendments or other modifications to this Agreement may be made except by a writing signed by all parties. No amendment or waiver of this Agreement requires the consent of any individual, partnership, corporation or other entity not a party to this Agreement. Nothing in this Agreement, express or implied, is intended to confer upon any third person any rights or remedies under or by reason of this Agreement, except with respect to OneMain and its Affiliates as provided herein.

23. **Survival**. The provisions of this Agreement necessary to carry out the intention of the parties as expressed herein shall survive the termination or expiration of this Agreement.

24. **Waiver**. The waiver by either party of the other party's prompt and complete performance, or breach or violation, of any provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or violation, and the failure by any party hereto to exercise any right or remedy which it may possess hereunder shall not operate nor be construed as a bar to the exercise of such right or remedy by such party upon the occurrence of any subsequent breach or violation. No waiver shall be deemed to have occurred unless set forth in a writing executed by or on behalf of the waiving party. No such written waiver shall be deemed a continuing waiver unless specifically stated therein, and each such waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than that specifically waived.

25. **Negotiation & Interpretation**. The parties acknowledge that this Agreement is the result of arm's-length negotiations between the parties, each afforded representation by legal counsel. Each and every provision of this Agreement shall be construed as though both parties participated equally in the drafting of the same, and any rule of construction that a document shall be construed against the drafting party shall not be applicable to this Agreement.

[Signature Page Follows]

THE EMPLOYEE, THE EMPLOYER AND ONEMAIN HOLDINGS, INC. EACH REPRESENTS AND WARRANTS THAT EACH HAS READ THIS AGREEMENT, EACH UNDERSTANDS ITS TERMS, AND EACH AGREES TO BE BOUND THEREBY.

ONEMAIN HOLDINGS, INC.

By: /s/ Heather A. McHale
Heather A. McHale
Executive Vice President & Chief Human Resources Officer

ONEMAIN GENERAL SERVICES CORPORATION

By: /s/ Heather A. McHale
Heather A. McHale
Executive Vice President & Chief Human Resources Officer

EMPLOYEE:

/s/ John C. Anderson
John C. Anderson

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Section 4: EX-31.1 (EX-31.1)

Exhibit 31.1

Certifications

I, Douglas H. Shulman, President and Chief Executive Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of OneMain Holdings, Inc. (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: April 29, 2020

/s/ Douglas H. Shulman

Douglas H. Shulman

President and Chief Executive Officer

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Section 5: EX-31.2 (EX-31.2)

Exhibit 31.2

Certifications

I, Micah R. Conrad, Executive Vice President and Chief Financial Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of OneMain Holdings, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2020

/s/ Micah R. Conrad

Micah R. Conrad

Executive Vice President and Chief Financial Officer

(Duly Authorized Officer and Principal Financial Officer)

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Section 6: EX-31.3 (EX-31.3)

Exhibit 31.3

Certifications

I, Richard N. Tambor, President and Chief Executive Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Springleaf Finance Corporation (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2020

/s/ Richard N. Tambor
Richard N. Tambor
President and Chief Executive Officer

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Section 7: EX-31.4 (EX-31.4)

Exhibit 31.4

Certifications

I, Micah R. Conrad, Executive Vice President and Chief Financial Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Springleaf Finance Corporation (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: April 29, 2020

/s/ Micah R. Conrad

Micah R. Conrad

Executive Vice President and Chief Financial Officer

(Duly Authorized Officer and Principal Financial Officer)

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Section 8: EX-32.1 (EX-32.1)

Exhibit 32.1

Certifications

In connection with the Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 of OneMain Holdings, Inc. (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of Douglas H. Shulman, President and Chief Executive Officer of the Company, and Micah R. Conrad, Executive Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Douglas H. Shulman
Douglas H. Shulman
President and Chief Executive Officer

/s/ Micah R. Conrad
Micah R. Conrad
Executive Vice President and Chief Financial Officer

Date: April 29, 2020

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Section 9: EX-32.2 (EX-32.2)

Exhibit 32.2

Certifications

In connection with the Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 of Springleaf Finance Corporation (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of Richard N. Tambor, President and Chief Executive Officer of the Company, and Micah R. Conrad, Executive Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Richard N. Tambor
Richard N. Tambor
President and Chief Executive Officer

/s/ Micah R. Conrad
Micah R. Conrad
Executive Vice President and Chief Financial Officer

Date: April 29, 2020

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