Section 1: 10-K (10-K)

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2019

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

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
OneMain Holdings, Inc. Yes No
Springleaf Finance Corporation Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.
OneMain Holdings, Inc. Yes No
Springleaf Finance Corporation Yes No

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

The aggregate market value of the voting and non-voting common equity of OneMain Holdings, Inc. held by non-affiliates as of the close of business on June 28, 2019 was $2,596,092,195. All of Springleaf Finance Corporation's common stock is held by OneMain Holdings, Inc. The registrant is directly owned by OneMain Holdings, Inc.

At January 31, 2020, there were 136,194,462 shares of OneMain Holdings, Inc.'s common stock, $0.01 par value, outstanding.

At January 31, 2020, there were 10,160,021 shares of Springleaf Finance Corporation's common stock, $0.50 par value, outstanding.

This annual report on Form 10-K ("Annual Report") is a combined report being filed separately by two different registrants: OneMain Holdings, Inc. and Springleaf Finance Corporation. Springleaf Finance Corporation's equity securities are owned directly by OneMain Holdings, Inc. The information in this Annual Report on Form 10-K is equally applicable to OneMain Holdings, Inc. and Springleaf Finance Corporation, except where otherwise indicated. Springleaf Finance Corporation meets the conditions set forth in General Instructions I(1)(a) and (b) of Form 10-K and, to the extent applicable, is therefore filing this form with a reduced disclosure format.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III (Items 10, 11, 12, 13, and 14) of this Annual Report on Form 10-K is incorporated by reference from OneMain Holdings, Inc.'s Definitive Proxy Statement for its 2020 Annual Meeting to be filed with the Securities and Exchange Commission pursuant to Regulation 14A.

Explanatory Note

This report combines the Annual Reports on Form 10-K for the year ended December 31, 2019 for OneMain Holdings, Inc. (“OMH”), and its wholly-owned direct subsidiary, Springleaf Finance Corporation (“SFC”). The information in this Annual Report on Form 10-K is equally applicable to OMH and SFC, except where otherwise indicated.

OMH and SFC is each filing on its own behalf all the information contained in this report that relates to OMH and SFC, respectively. Each registrant is not filing any information that does not relate to its own entity and therefore makes no representation to any such information.

OMH is a financial services holding company 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 consolidated financial statements as of July 1, 2019. As a result of SFI's merger with and into SFC, 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.”

Management operates OMH and SFC as one enterprise and believes that combining the Annual Reports on Form 10-K into a single report will result in the following benefits:

- Facilitate a better understanding by the investors of OMH and SFC by presenting the business in the same manner as management views and operates the business;
- Provide a straightforward presentation by removing duplicate disclosures as substantially all the disclosures for OMH and SFC are the same; and
- Create time and cost efficiencies through the preparation of one combined report instead of two separate reports.

There are nominal differences between OMH and SFC, and to help investors understand these differences, this report presents the following as separate notes or sections for OMH and SFC:

- Consolidated Financial Statements;
- Note 2 - Reconciliation of Springleaf Finance Corporation Results to OneMain Holdings, Inc. Results;
- Note 13 - Capital Stock and Earnings Per Share (OMH Only);
- Note 15 - Income Taxes; and
- Note 16 - Leases and Contingencies

This report also includes separate Item 9A (Controls and Procedures) and separate certifications for OMH and SFC in order to establish that the Chief Executive Officer and the Chief Financial Officer of each entity have made the requisite certifications and that OMH and SFC are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.

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GLOSSARY

Terms and abbreviations used in this report are defined below.

Term or Abbreviation	Definition
Omnibus Plan	OneMain Holdings, Inc. Amended and Restated 2013 Omnibus Incentive Plan, effective May 25, 2016, under which equity-based awards are granted to selected management employees, non-employee directors, independent contractors, and consultants
30-89 Delinquency ratio	net finance receivables 30-89 days past due as a percentage of net finance receivables
401(k) Plan	OneMain 401(k) Plan, previously defined as the Springleaf Financial Services 401(k) Plan
5.25% SFC Notes due 2019	$700 million of 5.25% Senior Notes due 2019 issued by SFC on December 3, 2014, guaranteed by OMH and redeemed in full on March 25, 2019
5.375% SFC Notes due 2029	$750 million of 5.375% Senior Notes due 2029 issued by SFC on November 7, 2019 and guaranteed by OMH
6.00% SFC Notes due 2020	$300 million of 6.00% Senior Notes due 2020 issued by SFC on May 29, 2013, guaranteed by OMH and redeemed in full on April 15, 2019
6.125% SFC Notes due 2024	$1.0 billion of 6.125% Senior Notes due 2024 issued by SFC on February 22, 2019 and $300 million of 6.125% Senior Notes due 2024 issued by SFC on July 2, 2019 and, in each case, guaranteed by OMH
6.625% SFC Notes due 2028	$800 million of 6.625% Senior Notes due 2028 issued by SFC on May 9, 2019 and guaranteed by OMH
A&S	Acquisitions and Servicing
ABO	accumulated benefit obligation
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
AHL	American Health and Life Insurance Company, an insurance subsidiary of OneMain
AIG	AIG Capital Corporation, a subsidiary of American International Group, Inc.
AIG Share Sale Transaction	sale by SFH of 4,179,678 shares of OMH common stock pursuant to an Underwriting Agreement entered into February 21, 2018 among OMH, SFH and Morgan Stanley & Co. LLC
Annual Report	this Annual Report on Form 10-K of OMH and SFC for the fiscal year ended December 31, 2019, filed with the SEC on February 14, 2020
AOCI	Accumulated other comprehensive income (loss)
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
BPS	basis points
C&I	Consumer and Insurance
CDO	collateralized debt obligations
CEO	chief executive officer
CFO	chief financial officer
CFPB	Consumer Financial Protection Bureau
Citigroup	CitiFinancial Credit Company
CMBS	commercial mortgage-backed securities
Compensation Committee	the committee of the OMH Board of Directors, which oversees OMH's compensation programs
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 was contributed by SFI to SFC.

Term or Abbreviation	Definition
December 2018 Real Estate Loan Sale	SFC and certain of its subsidiaries sold a portfolio of real estate, classified in finance receivables held for sale, for aggregate cash proceeds of $100 million on December 21, 2018.
Dodd-Frank Act	the Dodd-Frank Wall Street Reform and Consumer Protection Act
DOI	Department of Insurance
ERISA	Employee Retirement Income Security Act of 1974
Excess Retirement Income Plan	Springleaf Financial Services Excess Retirement Income Plan
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
Fixed charge ratio	earnings less income taxes, interest expense, extraordinary items, goodwill impairment, and any amounts related to discontinued operations, divided by the sum of interest expense and any preferred dividends
Fortress	Fortress Investment Group LLC
Fortress Acquisition	transaction by which FCFI Acquisition LLC, an affiliate of Fortress, acquired an 80% economic interest of the sole stockholder of SFC for a cash purchase price of $119 million, effective November 30, 2010
Fortress Transaction	the distributions by SFH to Fortress resulting from the Apollo-Värde Transaction
GAAP	generally accepted accounting principles in the United States of America
GAP	guaranteed asset protection
GLBA	Gramm-Leach-Bliley Act
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
Independence	Independence Holdings, LLC
Investment Company Act	Investment Company Act of 1940
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
KBRA	Kroll Bond Rating Agency, Inc.
LIBOR	London Interbank Offered Rate
Loss ratio	annualized net charge-offs, net writedowns on real estate owned, net gain (loss) on sales or real estate owned, and operating expenses related to real estate owned as a percentage of average real estate loans
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
Military Lending Act	governs certain consumer lending to active-duty service members and covered dependents and limits, among other things, the interest rate that may be charged
Moody’s	Moody’s Investors Service, Inc.
NAV	net asset valuation
Net charge-off ratio	annualized net charge-offs as a percentage of average net receivables
Net interest income	interest income less interest expense
OCLI	OneMain Consumer Loan, Inc
ODART	OneMain Direct Auto Receivables Trust
OGSC	OneMain General Services Corporation, successor to Springleaf General Services Corporation and SFMC
OMFG	OneMain Financial Group, LLC
OMFH	OneMain Financial Holdings, LLC
OMFH Indenture	Indenture entered into on December 11, 2014, as amended or supplemented from time to time, by OMFH and certain of its subsidiaries in connection with the issuance of the OMFH Notes
OMFH Notes	collectively, $700 million aggregate principal amount of 6.75% Senior Notes due 2019 and $800 million in aggregate principal amount of 7.25% Senior Notes due 2021

Term or Abbreviation	Definition
OMFH Supplemental Indenture	Second Supplemental Indenture, dated as of November 8, 2016, to the OMFH Indenture
OMFIT	OneMain Financial Issuance Trust
OMH	OneMain Holdings, Inc.
OneMain	OneMain Financial Holdings, LLC, collectively with its subsidiaries
OneMain Acquisition	Acquisition of OneMain 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
PBO	projected benefit obligation
PVFP	present value of future profits
Recovery ratio	annualized recoveries on net charge-offs as a percentage of average net receivables
Retail sales finance portfolio	collectively, retail sales finance contracts and revolving retail accounts
RMBS	residential mortgage-backed securities
RSAs	restricted stock awards
RSUs	restricted stock units
S&P	S&P Global Ratings (formerly known as Standard & Poor's Ratings Service)
Sale of SpringCastle interests	the March 31, 2016 sale by SpringCastle Holdings, LLC and Springleaf Acquisition Corporation of the equity interest in the SpringCastle Joint Venture
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
SERP	Supplemental Executive Retirement Plan
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 Eighth Supplemental Indenture	Eighth Supplemental Indenture, dated as of May 9, 2019, to the SFC Base Indenture
SFC Fifth Supplemental Indenture	Fifth Supplemental Indenture, dated as of March 12, 2018, to the SFC Base Indenture
SFC First Supplemental Indenture	First Supplemental Indenture, dated as of December 3, 2014, to the SFC Base Indenture
SFC Fourth Supplemental Indenture	Fourth Supplemental Indenture, dated as of December 8, 2017, to the SFC Base Indenture
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
SFC Ninth Supplemental Indenture	Ninth Supplemental Indenture, dated as of November 7, 2019, to the SFC Base Indenture
SFC Second Supplemental Indenture	Second Supplemental Indenture, dated as of April 11, 2016, to the SFC Base Indenture
SFC Senior Notes Indentures	the SFC Base Indenture as supplemented by the SFC First Supplemental Indenture, the SFC Second Supplemental Indenture, the SFC Third Supplemental Indenture, the SFC Fourth Supplemental Indenture, the SFC Fifth Supplemental Indenture, the SFC Sixth Supplemental Indenture, the SFC Seventh Supplemental Indenture, the SFC Eighth Supplemental Indenture and the SFC Ninth Supplemental Indenture
SFC Seventh Supplemental Indenture	Seventh Supplemental Indenture, dated as of February 22, 2019, to the SFC Base Indenture

Term or Abbreviation	Definition
SFC Sixth Supplemental Indenture	Sixth Supplemental Indenture, dated as of May 11, 2018, to the SFC Base Indenture
SFC Third Supplemental Indenture	Third Supplemental Indenture, dated as of May 15, 2017, to the SFC Base Indenture
SFC Trust Guaranty Agreement	agreement entered into on December 30, 2013 by OMH whereby it agreed to fully and unconditionally guarantee the related payment obligations under the trust preferred securities in connection with the Junior Subordinated Debenture
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.
SFMC	Springleaf Finance Management Corporation
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
SpringCastle Interests Sale	the March 31, 2016 sale by SpringCastle Holdings, LLC and Springleaf Acquisition Corporation of the equity interest in the SpringCastle Joint Venture
SpringCastle Joint Venture	joint venture among SpringCastle America, LLC, SpringCastle Credit, LLC, SpringCastle Finance, LLC, and SpringCastle Acquisition LLC in which SpringCastle Holdings, LLC previously owned a 47% equity interest in each of SpringCastle America, LLC, SpringCastle Credit, LLC and SpringCastle Finance, LLC and Springleaf Acquisition Corporation previously owned a 47% equity interest in SpringCastle Acquisition LLC
SpringCastle Portfolio	loans the Company previously owned and now service on behalf of a third party. On March 31, 2016, the portfolio was sold in connection with the “Sale of SpringCastle interests”
Springleaf	OMH and its subsidiaries (other than OneMain)
Tangible equity	total equity less accumulated other comprehensive income or loss
Tangible managed assets	total assets less goodwill and other intangible assets
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
TILA	Truth In Lending Act
Triton	Triton Insurance Company, an insurance subsidiary of OneMain
Trust preferred securities	capital securities classified as debt for accounting purposes but due to their terms are afforded, at least in part, equity capital treatment in the calculation of effective leverage by rating agencies
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
VOBA	value of business acquired
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
Yosemite	Yosemite Insurance Company, a former insurance subsidiary of SFC. In the third quarter of 2018, the Company sold all of the issued and outstanding shares in Yosemite to a third party

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 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;
- 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;
- 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;

- 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 "Risk Factors" in Part I - Item 1A of this report and 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 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.

PART I

Item 1. Business.

BUSINESS OVERVIEW

This report combines the Annual Reports on Form 10-K for the year ended December 31, 2019 for OneMain Holdings, Inc. ("OMH"), a financial service holding company, and its wholly-owned direct subsidiary, Springleaf Finance Corporation ("SFC"). The information in this combined report is equally applicable to OMH and SFC, except where otherwise indicated. 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."

As the nation's largest lending-exclusive consumer finance company, we:

- provide responsible personal loan products;
- offer optional credit insurance and other products;
- 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.

We provide origination, underwriting and servicing of personal loans, primarily to non-prime customers. We believe we are well positioned for future growth, with an experienced management team, proven access to the capital markets, and strong demand for consumer credit. At December 31, 2019, we had $18.4 billion of personal loans due from approximately 2.44 million customer accounts.

Our network of over 1,500 branches in 44 states is staffed with expert personnel and is complemented by our online personal loan origination capabilities and centralized operations, which allow us to reach customers located outside our branch network. Our digital platform provides our current and prospective customers with the option of applying for a personal loan via our website, *www.omf.com*.

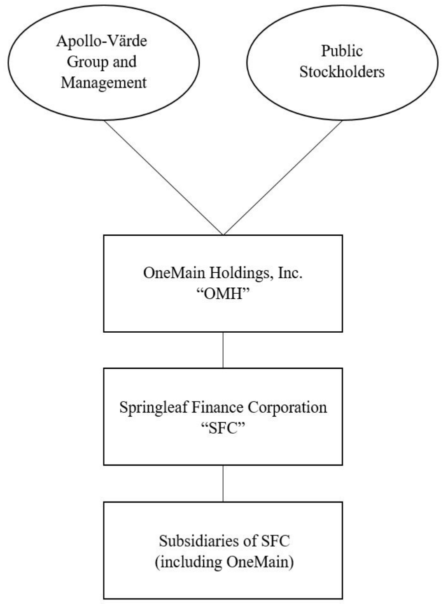
We also pursue strategic acquisitions and dispositions of assets and businesses, including loan portfolios and other financial assets, as well as fee-based opportunities in servicing loans for others in connection with potential strategic portfolio acquisitions through our centralized operations. See "Centralized Operations" below for further information on our centralized servicing centers.

Prior to June 25, 2018, Springleaf Financial Holdings, LLC ("SFH") owned approximately 44% of OMH's common stock. SFH was owned primarily by a private equity fund managed by an affiliate of Fortress. On June 25, 2018, an investor group led by funds managed by affiliates of Apollo and Värde (the "Apollo-Värde Group") completed its purchase from SFH of 54,937,500 shares of OMH's common stock at a purchase price per share of $26.00 for an aggregate purchase price of approximately $1.4 billion in cash (the "Apollo-Värde Transaction"). Upon closing of the Apollo-Värde Transaction, OMH entered into an Amended and Restated Stockholders' Agreement, the terms of which are described in the OMH Current Report on Form 8-K filed with the SEC on June 25, 2018. As provided for in the Amended and Restated Stockholders' Agreement, the Apollo-Värde Group has designated six of OMH's nine directors.

At December 31, 2019, the Apollo-Värde Group owned approximately 40.4% of OMH's common stock and is OMH's largest stockholder.

As part of our ongoing efforts related to the integration of Springleaf and OneMain, 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 consolidated financial statements as of July 1, 2019. As a result of SFI's merger with and into SFC, SFC became a wholly-owned direct subsidiary of OMH.

The following chart summarizes our organization structure. The chart is provided for illustrative purposes only and does not represent all of our subsidiaries or obligations.



INDUSTRY AND MARKET OVERVIEW

We operate in the consumer finance industry serving consumers who have limited access to credit from banks, credit card companies and other traditional lenders. Using November 2019 data from Experian, we estimated that there are approximately 100 million U.S. borrowers in our target market, who collectively have approximately $1.3 trillion of outstanding borrowings in the form of personal installment loans, vehicle loans and leases, and credit cards. We believe this large market provides us with an attractive growth opportunity.

We are one of the few national participants in the consumer installment lending industry. Our national branch network, combined with the capabilities resident in our centralized operations, provide a platform to efficiently and responsibly serve this market. We believe we are well-positioned to capitalize on the significant growth and expansion opportunity within our industry. See also “Competition” included in this report.

SEGMENT

At December 31, 2019, Consumer and Insurance ("C&I") is our only reportable segment. Beginning in the fourth quarter of 2019, we included our Acquisitions and Servicing (“A&S”), which was previously presented as a distinct reporting segment, in Other. See Note 19 of the Notes to the Consolidated Financial Statements included in this report for more information on this change in our segment alignment and for more information about our segment. We have revised our prior period segment disclosures to conform to this new alignment.

Consumer and Insurance

We originate and service secured and unsecured personal loans and offer optional credit and non-credit insurance and related products through our combined branch network and our centralized operations. Personal loan origination and servicing, along with our insurance products, forms the core of our operations. Our branch operations included over 1,500 branch offices in 44 states as of December 31, 2019. In addition, our centralized support operations provide underwriting and servicing support to branch operations.

Our insurance business is conducted through our wholly-owned insurance subsidiaries, American Health and Life Insurance Company ("AHL") and Triton Insurance Company ("Triton"). AHL is a life and health insurance company licensed in 49 states, the District of Columbia, and Canada to write credit life, credit disability, and non-credit insurance products. Triton is a property and casualty insurance company licensed in 50 states, the District of Columbia, and Canada to write credit involuntary unemployment and collateral protection insurance. The Company sold all of the issued and outstanding shares of its former insurance subsidiaries, Yosemite Insurance Company ("Yosemite") and Merit Life Insurance Co. ("Merit"), to third parties on September 30, 2018 and December 31, 2019, respectively. See Note 12 of the Notes to the Consolidated Financial Statements included in this report for further information on our insurance business.

Products and Services. Our personal loan portfolio is comprised of assets that have performed through various market conditions. 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. Our secured personal loans include direct auto loans, which are typically larger in size and based on the collateral of newer cars with higher values. Our loans have no pre-payment penalties.

We offer the following optional credit insurance products to our customers:

- *Credit life insurance* — Insures the life of the borrower in an amount typically equal to the unpaid balance of the finance receivable and provides for payment to the lender of the finance receivable in the event of the borrower’s death.

- *Credit disability insurance* — Provides scheduled monthly loan payments to the lender during borrower’s disability due to illness or injury.

- *Credit involuntary unemployment insurance* — Provides scheduled monthly loan payments to the lender during borrower’s involuntary unemployment.

We offer optional non-credit insurance policies, which are primarily traditional level-term life policies with very limited underwriting.

We offer optional membership plans for home and auto from an unaffiliated company. We have no risk of loss on these membership plans, and these plans are not considered insurance products. We recognize income from this product in other revenues — other. The unaffiliated company providing these membership plans is responsible for any required reimbursement to the customer.

We also offer Guaranteed Asset Protection (“GAP”) coverage as a waiver product or insurance. GAP provides coverage in an event of a total loss to the auto, all or part of the difference between what the customer owes on their auto loan and the payment amount made by the customer’s primary auto insurance.

Should a customer fail to maintain required insurance on property pledged as collateral for the finance receivable, we obtain collateral protection insurance, at the customer’s expense, that protects the value of that collateral.

Customer Development. We staff each of our branch offices with local well-trained personnel, including professionals who have significant experience in the industry. Our business model revolves around an origination, underwriting, and servicing process that leverages our local community presence. Our customers often develop a relationship with their local office representatives, which we believe not only improves the credit performance of our personal loans but also leads to additional lending opportunities.

We solicit prospective customers, as well as current and former customers, through a variety of direct mail offers and targeted online advertising. We use proprietary modeling, along with data purchased from credit bureaus, alternative data providers, and our existing data/experience to acquire and develop new and profitable customer relationships.

Our digital platform allows current and prospective customers the ability to apply for a personal loan online, at *omf.com*. Many of our new customer applications are sourced online, delivered via targeted marketing, search engines, e-mail, and internet loan aggregators. Most online applications are closed in a branch; however, we do close a small portion of our loans remotely outside the branch.

Credit Risk. Credit quality is driven by our long-standing underwriting philosophy, which considers each prospective customer’s budget, and his or her willingness and capacity to repay the loan. We use credit risk scoring models at the time of the credit application to assess the applicant’s expected willingness and capacity to repay. We develop these models using numerous factors, including past customer credit repayment experience and application data, and periodically revalidate these models based on recent portfolio performance. Our underwriting process in the branches and for loan applications received through our website that are not automatically declined includes the development of a budget (net of taxes and monthly expenses) for the applicant. We obtain a security interest in titled property for our secured personal loans.

Our customers are primarily considered non-prime and often require significantly higher levels of servicing than prime customers. As a result, we tend to charge these customers higher interest rates to compensate us for the related credit risks and servicing costs.

Account Servicing. Account servicing and collections for personal loans are handled at the branch office where the personal loans were originated, or in our centralized service centers. All servicing and collection activity is conducted and documented on proprietary systems which log and maintain, within our centralized information systems, a permanent record of all transactions and notations made with respect to the servicing and/or collection of a personal loan, and may also be used to assess a personal loan application. The proprietary systems permit all levels of branch office management to review, on a daily basis, the individual and collective performance of all branch offices for which they are responsible.

CENTRALIZED OPERATIONS

We continually seek to identify functions that could be more effective if centralized to achieve reduced costs or free our lending specialists to service our customers and market our products. Our centralized operational functions support the following:

- mail and telephone solicitations;
- payment processing;
- originating “out of network” loans;
- servicing of delinquent real estate loans and certain personal loans;
- bankruptcy process for loans in Chapter 7, 11, 12 and 13 proceedings;
- litigation requests against delinquent borrowers;
- collateral protection insurance tracking;
- repossessing and re-marketing of titled collateral;
- sales and retention of customers; and
- charge-off recovery operations.

We currently have servicing facilities in Mendota Heights, Minnesota; Tempe, Arizona; London, Kentucky; Evansville, Indiana; Fort Mill, South Carolina; and Fort Worth, Texas. We believe these facilities position us for additional portfolio purchases or fee-based servicing, as well as additional flexibility in the servicing of our lending products.

OPERATIONAL CONTROLS

We continuously strive to strengthen our system of internal controls to ensure compliance with laws, rules, and regulations, and to improve the oversight of our operations. We evaluate internal systems, processes and controls to mitigate operational risk and control and monitor our businesses through a variety of methods including the following:

- Our operational policies and procedures standardize various aspects of lending and collections.
- Our branch finance receivable systems control amounts, rates, terms, and fees of our customers' accounts; create loan documents specific to the state in which the branch office operates or to the customer's location if the loan is made electronically through our centralized operations; and control cash receipts and disbursements.
- Our accounting personnel reconcile bank accounts, investigate discrepancies, and resolve differences.
- Our credit risk management system reports allow us to track individual branch office performance and to monitor lending and collection activities.
- Our privacy and information security incident response plan establishes a privacy and information security response team that responds to information security incidents by identifying, evaluating, responding to, investigating, and resolving information security incidents impacting our information systems.
- Our executive information system is available to headquarters and field operations management to review the status of activity through the close of business of the prior day.
- Our branch operations management structure, Regional Quality Coordinators and Compliance Field Examination team are designed to control a large, decentralized organization with succeeding levels of supervision staffed with more experienced personnel.
- Our branch operations compensation plan aligns with corporate strategies and is based on profitability, credit quality, and compliance.
- Our Compliance Department assesses our compliance with federal and state laws and regulations, as well as our compliance with our internal policies and procedures; oversees training to ensure team members have a sufficient level of understanding of the laws and regulations that impact their job responsibilities; and manages our state regulatory examination process.
- Our Executive Office of Customer Care maintains our consumer complaint resolution and reporting process.
- Our internal audit department audits our business for adherence to operational policy and procedure and compliance with federal and state laws and regulations.

PRIVACY, DATA PROTECTION, INFORMATION AND CYBER SECURITY

Regulatory and legislative activity in the areas of privacy, data protection, and information and cyber security continues to increase worldwide. We have established policies and practices that provide a framework for compliance with applicable privacy, data protection, and information and cyber security laws and work to meet evolving customer privacy expectations. Our regulators are increasingly focused on ensuring that these policies and practices are adequate, including providing consumers with choices, if required, about how we use and share their information and ensuring that we appropriately safeguard their personal information and account access.

Our consumer loan business is subject to the privacy, disclosure, and safeguarding provisions of the Gramm-Leach-Bliley Act ("GLBA") and Regulation P, which implements the statute. Among other things, the GLBA imposes certain limitations on our ability to share consumers' nonpublic personal information with nonaffiliated third parties and requires us to develop, implement and maintain a written comprehensive information security program containing safeguards that are appropriate to the size and complexity of our business, the nature and scope of our activities, and the sensitivity of customer information that we process. Various states also have adopted laws, rules, and regulations pertaining to privacy and/or information and cyber security that may be more stringent and/or expansive than federal requirements. Certain of these requirements may apply to the personal information of our employees and contractors as well as to our customers. Various U.S. federal regulators and U.S. states and territories have also enacted data security breach notification requirements that are applicable to us. For example, the California Consumer Privacy Act and the New York Cybersecurity Regulation impose more stringent requirements with respect to privacy and data security, respectively, than federal law.

REGULATION

Federal Laws

Various federal laws and regulations govern loan origination, servicing and collections, including:

- the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), (which, among other things, created the CFPB);
- the Equal Credit Opportunity Act (which, among other things, prohibits discrimination against creditworthy applicants) and Regulation B, which implements this statute;
- the Fair Credit Reporting Act (which, among other things, governs the use of credit bureau reports and reporting information to credit bureaus);
- the Truth in Lending Act (which, among other things, governs disclosure of applicable charges and other terms of consumer credit) and Regulation Z, which implements this statute;
- the Fair Debt Collection Practices Act (which, among other things, governs practices in collecting certain debts);
- the Gramm-Leach-Bliley Act (which, among other things, governs the handling of personal financial information) and Regulation P, which implements this statute;
- the Military Lending Act (which, among other things, governs certain consumer lending to active-duty military servicemembers and their spouses and covered dependents, and limits the interest rate and certain fees, charges and premium they may be charged on certain loans);
- the Servicemembers Civil Relief Act (which, among other things, can impose limitations on the interest rate and the servicer’s ability to collect on a loan originated with an obligor who is on active-duty status and up to nine months thereafter);
- the Real Estate Settlement Procedures Act and Regulation X (both of which regulate the making and servicing of closed end residential mortgage loans);
- the Federal Trade Commission’s Consumer Claims and Defenses Rule, also known as the “Holder in Due Course” Rule (which, among other things, allows a consumer to assert, against the assignees of certain credit contracts, certain claims that the consumer may have against the originator of the credit contracts); and
- the Federal Trade Commission Act (which, among other things, prohibits unfair and deceptive acts and practices).

The Dodd-Frank Act and the regulations promulgated thereunder have affected and are likely in the future to affect our operations in terms of increased oversight of financial services products by the CFPB and the imposition of restrictions on the terms of certain loans. Among regulations the CFPB has promulgated are mortgage servicing regulations that became effective January 10, 2014, and are applicable to the remaining real estate loan portfolio serviced by or for Springleaf. Amendments to some sections of these mortgage servicing regulations became effective on October 19, 2017 and some became effective on April 19, 2018. The CFPB has significant authority to implement and enforce federal consumer finance laws, including the protections established in the Dodd-Frank Act, as well as the authority to identify and prohibit unfair, deceptive, and abusive acts and practices. In addition, under the Dodd-Frank Act, securitizations of loan portfolios are subject to certain restrictions and additional requirements, including requirements that the originator retain a portion of the credit risk of the securities sold and the reporting of buyback requests from investors. We also utilize third-party debt collectors and will continue to be responsible for oversight of their procedures and controls. The CFPB has indicated that it intends to issue new debt collection rules in 2020, with enforcement to begin in 2021, that will directly apply to third-party debt collectors, but not to creditors. The primary rules that will likely be adopted will cover communications frequency and timing, type of information required to be provided to consumers regarding the debt, and the express permission for debt collectors to use communication strategies like text messages and e-mail. Third-party debt collectors will need to adopt adequate compliance controls.

The CFPB has enforcement authority with respect to various federal consumer protection laws for some providers of consumer financial products and services, such as any nonbank that it has reasonable cause to determine has engaged or is engaging in conduct that poses risks to consumers with regard to consumer financial products or services. In addition to the authority to bring nonbanks under the CFPB’s supervisory authority based on risk determinations, the CFPB also has authority under the Dodd-Frank Act to supervise nonbanks, regardless of size, in certain specific markets, such as mortgage companies (including mortgage originators, brokers and servicers) and payday lenders. Currently, the CFPB has supervisory authority over the Company with respect to mortgage servicing and mortgage origination, which allows the CFPB to conduct an examination of our mortgage servicing practices and our prior mortgage origination practices.

The Dodd-Frank Act also gives the CFPB supervisory authority over entities that are designated as "larger participants" in certain financial services markets, including the auto financing market and the consumer installment lending market. On June 30, 2015, the CFPB published its final rule for designating "larger participants" in the auto financing market. With the adoption of this regulation, we are considered a larger participant in the auto financing market and are subject to supervision and examination by the CFPB for our direct auto loan business, including loans that are secured by autos and refinances of loans secured by autos that were for the purchase of autos. In its Spring 2018 rulemaking agenda, the CFPB stated that it had decided to classify as "inactive" certain rulemakings previously identified in the expectation that the final decisions on proceeding will be made by the next permanent director. The larger-participant rule for consumer installment loans was one of the rulemaking initiatives designated as inactive. It is not known if or when the CFPB may consider reactivating the rulemaking process for the larger-participant rule for consumer installment loans.

On October 5, 2017, the CFPB issued its final rule for Payday, Vehicle Title, and Certain High-Cost Installment Loans (the "small-dollar rule"). The final small-dollar rule does not apply to any loan made by the Company because our loans have a term of 46+ days, no balloon payment, and an APR limit of 36%. The proposed rule, published in 2016, had covered a relatively small segment of our loans because it calculated the 36% high-cost coverage threshold as an "all-in" APR, a term that included the cost of insurance and other optional products purchased within 3 days of the loan closing date. The final rule calculates the 36% figure under the traditional method prescribed by the Truth-In-Lending Act (TILA). Because the final rule replaced the proposed rule's "all-in" APR calculation with a TILA APR calculation, a change that the Company advocated in the public comment letter it submitted to the CFPB, the final rule covers no loan made by the Company, even if the loan is both sold with insurance and secured by a vehicle or recurring ACH authorization.

The investigation and enforcement provisions of Title X of the Dodd-Frank Act may adversely affect our business if the CFPB or one or more state attorneys general or state regulators believe that we have violated any federal consumer financial protection laws, including the prohibition in Title X against unfair, deceptive or abusive acts or practices. The CFPB is authorized to conduct investigations to determine whether any person is engaging in, or has engaged in, conduct that violates federal consumer financial protection laws, and to initiate enforcement actions for such violations, regardless of its direct supervisory authority. Investigations may be conducted jointly with other regulators. The CFPB has the authority to impose monetary penalties for violations of federal consumer financial laws, require remediation of practices and pursue administrative proceedings or litigation for violations of federal consumer financial laws (including the CFPB's own rules). In these proceedings, the CFPB can obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief) and monetary penalties for violations of law, as well as reckless or knowing violations of federal consumer financial laws (including the CFPB's own rules). Also, the Dodd-Frank Act empowers state attorneys general and state regulators to bring civil actions against state-chartered companies, among others, for enforcement of the provisions of Title X of the Dodd-Frank Act, including CFPB regulations issued under Title X, and to secure remedies provided under Title X or other law.

The Dodd-Frank Act also requires that a securitizer generally retain not less than 5% of the credit risk for certain types of securitized assets that are created, transferred, sold, or conveyed through issuance of asset-backed securities with an exception for securitizations that are wholly composed of "qualified residential mortgages." The risk retention requirement has reduced the amount of financing typically obtained from our securitization transactions and has imposed compliance costs on our securitizations and costs with respect to certain of our financing transactions. With respect to each financing transaction that is subject to the risk retention requirements of the Dodd-Frank Act, we either retain at least 5% of the balance of each such class of debt obligations and at least 5% of the residual interest in each related VIE or retain at least 5% of the fair value of all ABS interests (as defined in the risk retention requirements), which is satisfied by retention of the residual interest in each related VIE, which, in each case, collectively, represents at least 5% of the economic interest in the credit risk of the securitized assets in satisfaction of the risk retention requirements. In addition, the SEC adopted significant revisions to Regulation AB, imposing new requirements for asset-level disclosures for asset-backed securities backed by real estate related assets, auto related assets, or backed by debt securities. This could result in sweeping changes to the commercial and residential mortgage loan securitization markets, as well as to the market for the re-securitization of mortgage-backed securities.

State Laws

Various state laws and regulations also govern personal loans and real estate secured loans. Many states have laws and regulations that are similar to the federal laws referred to above, but the degree and nature of such laws and regulations vary from state to state. While federal laws preempt similar state laws in some instances, many times compliance with state laws and regulations is still required.

In general, these additional state laws and regulations, under which we conduct a substantial amount of our lending business:

- provide for state licensing and periodic examination of lenders and loan originators, including state laws adopted or amended to comply with licensing requirements of the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (which, in some states, requires licensing of individuals who perform real estate loan modifications);
- require the filing of reports with regulators and compliance with state regulatory capital requirements;
- impose maximum term, amount, interest rate, and limit other charges;
- impose consumer privacy rights and other obligations that may require us to notify customers, employees, state attorneys general, regulators and others in the event of a security breach;
- regulate whether and under what circumstances we may offer insurance and other optional products in connection with a lending transaction; and
- provide for additional consumer protections.

There is a clear trend of increased state regulation on loan origination, servicing and collection, as well as more detailed reporting, more detailed examinations, and coordination of examinations among the states.

State authorities also regulate and supervise our insurance business. The extent of such regulation varies by product and by state, but relates primarily to the following:

- licensing;
- conduct of business, including marketing and sales practices;
- periodic financial and market conduct examination of the affairs of insurers;
- form and content of required financial reports;
- standards of solvency;
- limitations on the payment of dividends and other affiliate transactions;
- types of products offered;
- approval of policy forms and premium rates;
- formulas used to calculate any unearned premium refund due to an insured customer;
- permissible investments;
- deposits of securities for the benefit of policyholders;
- reserve requirements for unearned premiums, losses, and other purposes; and
- claims processing.

Canadian Laws

The Canadian federal and provincial insurance regulators regulate and supervise the insurance made available to borrowers through a third-party Canadian lender. Its regulation and supervision relate primarily to the following:

- licensing;
- conduct of business, including marketing and sales practices;
- periodic financial and market conduct examination of the affairs of insurers;
- form and content of required financial reports;
- standards of solvency;
- limitations on the payment of dividends and other affiliate transactions;
- types of products offered; and
- reserve requirements for unearned premiums, losses, and other purposes.

COMPETITION

We operate primarily in the consumer installment lending industry. We focus on servicing the non-prime customer through a national branch network, online, and over the phone.

We have a number of local, regional, national, and internet competitors in the consumer installment lending industry that seek to serve the same population of non-prime customers. These competitors are various types of financial institutions that operate within our geographic network and over the Internet, including community banks and credit unions, that offer similar products and services. We believe that competition between consumer installment lenders occurs primarily on the basis of price, service quality, speed of service, flexibility of loan terms offered, and operational capability.

We believe that we possess several competitive strengths that position us to capitalize on the significant growth opportunity, and to compete effectively with other lenders in our industry. Our national branch network enables us to perform multiple functions and we believe it is a proven distribution channel for our personal loan and optional insurance products. We can provide same-day fulfillment to approved customers. Our network gives us a distinct competitive advantage over many industry participants who do not have, and cannot replicate without significant investment, a similar network. Our digital platform and our centralized operations enhance our nationwide network, which gives us the ability to originate loans and serve customers online and over the phone. We believe our deep understanding of local markets and customers, together with our proprietary underwriting process, sophisticated data analytics, and decisioning tools allow us to price, manage, and monitor risk effectively through changing economic conditions. In addition, our high-touch relationship-based servicing model is a major contributor to our superior loan performance and distinguishes us from our competitors.

SEASONALITY

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Seasonality” included in this report for discussion of our seasonal trends.

EMPLOYEES

As of December 31, 2019, we had over 9,700 employees.

AVAILABLE INFORMATION

OMH and SFC file annual, quarterly, current reports, proxy statements (only OMH), and other information with the SEC. The SEC’s website, *www.sec.gov*, contains these reports and other information that registrants (including OMH and SFC) file electronically with the SEC.

These reports are also available free of charge through our website, *www.omf.com* under “Investor Relations,” as soon as reasonably practicable after we file them with, or furnish them to, the SEC.

In addition, OMH's Code of Business Conduct and Ethics (the “Code of Ethics”), Code of Ethics for Principal Executive and Senior Financial Officers (the “Financial Officers’ Code of Ethics”), Corporate Governance Guidelines and the charters of the committees of the OMH Board of Directors are posted on our website at *www.omf.com* under “Investor Relations” and printed copies are available upon request. We intend to disclose any material amendments to or waivers of OMH Code of Ethics and Financial Officers’ Code of Ethics requiring disclosure under applicable SEC or NYSE rules on our website within four business days of the date of any such amendment or waiver in lieu of filing a Form 8-K pursuant to Item 5.05 thereof.

The information on our website is not incorporated by reference into this report. The website addresses listed above are provided for the information of the reader and are not intended to be active links.

Item 1A. Risk Factors.

We face a variety of risks that are inherent in our business. Accordingly, you should carefully consider the following discussion of risks of which we are currently aware that could affect our businesses, results of operations and financial condition. In addition to the factors discussed in this report and in other documents we file with the SEC that could adversely affect our businesses, results of operations and financial condition, new risks may emerge at any time, and we cannot predict those risks or estimate the extent to which they may affect our business or financial performance. Therefore, the risk factors below should not be considered a complete list of potential risks that we may face.

Any risk factor described in this Annual Report on Form 10-K or in any of our other SEC filings could by itself, or together with other factors, materially adversely affect our liquidity, competitive position, business, reputation, results of operations or financial condition, including by materially increasing our expenses or decreasing our revenues, which could result in material losses.

RISKS RELATED TO OUR BUSINESS

Our results of operations and financial condition and our borrowers' ability to make payments on their loans have been, and may in the future be, adversely affected by economic conditions and other factors that we cannot control.

Uncertainty and deterioration in general economic conditions in the U.S. and abroad historically have created a difficult operating environment for companies involved in consumer lending. Many factors, including factors that are beyond our control, may impact our results of operations or financial condition and/or affect our borrowers' willingness or capacity to make payments on their loans. These factors include: unemployment levels, housing markets, energy costs and interest rates; events such as natural disasters, acts of war, terrorism, catastrophes; events that affect our borrowers, such as major medical expenses, divorce or death; and the quality of any collateral underlying our finance receivables. If we experience an economic downturn, or if we become affected by other events beyond our control, we may experience a significant reduction in revenues, earnings and cash flows, difficulties accessing capital and a deterioration in the value of our investments. We may also become exposed to increased credit risk from our customers and third parties who have obligations to us.

Moreover, our customers are primarily non-prime borrowers, who have historically been more likely to be affected, or more severely affected, by adverse macroeconomic conditions than prime borrowers. If a borrower defaults under a finance receivable held directly by us, we will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral, if any, and the outstanding principal and accrued but unpaid interest on the finance receivable, which could adversely affect our cash flows from operations. The cost to service our loans may also increase without a corresponding increase in our finance charge income.

We are exposed to geographic customer concentration risk. An economic downturn or catastrophic event that disproportionately affects certain geographic regions could materially and adversely affect our business, financial condition and results of operations, including the performance of our finance receivables portfolio. See Note 5 of the Notes to the Consolidated Financial Statements included in this report for quantification of our largest concentrations of net finance receivables.

We cannot assure you that our policies and procedures for underwriting, processing and servicing loans will adequately adapt to adverse economic or other changes. If we fail to adapt to changing economic conditions or other factors, or if such changes adversely affect our borrowers' willingness or capacity to repay their loans, our results of operations, financial condition and liquidity would be materially adversely affected.

There are risks associated with the acquisition or sale of assets or businesses and the formation, termination or operation of joint ventures or other strategic alliances, including the possibility of increased delinquencies and losses, difficulties with integrating loans into our servicing platform and disruption to our ongoing business, which could have a material adverse effect on our results of operations, financial condition and liquidity.

We have previously acquired, and in the future may acquire, assets or businesses, including large portfolios of finance receivables, either through the direct purchase of such assets or the purchase of the equity of a company with such a portfolio. Since we will not have originated or serviced the loans we acquire, we may not be aware of legal or other deficiencies related to origination or servicing, and our review of the portfolio prior to purchase may not uncover those deficiencies. Further, we may have limited recourse against the seller of the portfolio.

Potential difficulties we may encounter in connection with these transactions and arrangements include, but are not limited to, the following:

- the integration of the assets or business into our information technology platforms and servicing systems;
- the quality of servicing during any interim servicing period after we purchase a portfolio but before we assume servicing obligations from the seller or its agents;
- the disruption to our ongoing businesses and distraction of our management teams from ongoing business concerns;
- incomplete or inaccurate files and records;
- the retention of existing customers;
- the creation of uniform standards, controls, procedures, policies and information systems;
- the occurrence of unanticipated expenses; and
- potential unknown liabilities associated with the transactions, including legal liability related to origination and servicing prior to the acquisition.

For example, in some cases loan files and other information (including servicing records) may be incomplete or inaccurate. If our employees are unable to access customer information easily, or if we are unable to produce originals or copies of documents or accurate information about the loans, collections could be materially and adversely affected, and we may not be able to enforce our right to collect in some cases. Similarly, collections could be affected by any changes to our collection practices, the restructuring of any key servicing functions, transfer of files and other changes that would result from our assumption of the servicing of the acquired portfolios.

The anticipated benefits and synergies of our future acquisitions will assume a successful integration, and will be based on projections, which are inherently uncertain, as well as other assumptions. Even if integration is successful, anticipated benefits and synergies may not be achieved.

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 economic trends. Our methodology for establishing our allowance for finance receivable losses is based on the guidance in Accounting Standards Codification ("ASC") 450, Contingencies, and, in part, on our historic loss experience. If customer behavior changes as a result of economic conditions and if we are unable to predict how the unemployment rate, housing price index, and general economic uncertainty 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.

In June of 2016, the Financial Accounting Standards Board issued Accounting Standard Update ("ASU") 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.* This ASU 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. The new approach requires entities to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable forecasts of collectability. It is anticipated that the expected credit loss model may require earlier recognition of credit losses than the incurred loss approach. This ASU is effective for the Company beginning January 1, 2020. See Note 4 of the Notes to the Consolidated Financial Statements included in this report for more information on this new accounting standard.

Our risk management efforts may not be effective.

We could incur substantial losses and our business operations could be disrupted if we are unable to effectively identify, manage, monitor, and mitigate financial risks, such as credit risk, interest rate risk, prepayment risk, liquidity risk, and other market-related risks, as well as operational risks related to our business, assets and liabilities. To the extent our models used to assess the creditworthiness of potential borrowers do not adequately identify potential risks, the valuations produced would not adequately represent the risk profile of the borrowers and could result in a riskier finance receivables profile than originally identified. Our risk management policies, procedures, and techniques, including our scoring technology, may not be sufficient to identify all of the risks we are exposed to, mitigate the risks we have identified or identify concentrations of risk or additional risks to which we may become subject in the future.

Changes in market conditions, including rising interest rates, could adversely affect the rate at which our borrowers prepay their loans and the value of our finance receivables portfolio, as well as increase our financing cost, which could negatively affect our results of operations, financial condition and liquidity.

Changing market conditions, including but not limited to, changes in interest rates, the availability of credit, the relative economic vitality of the area in which our borrowers and their assets are located, changes in tax laws, other opportunities for investment available to our customers, homeowner mobility, and other economic, social, geographic, demographic, and legal factors beyond our control, may affect the rates at which our borrowers prepay their loans. Generally, in situations where prepayment rates have slowed, the weighted-average life of our finance receivables has increased. Any increase in interest rates may further slow the rate of prepayment for our finance receivables, which could adversely affect our liquidity by reducing the cash flows from, and the value of, the finance receivables we hold for sale or utilize as collateral in our secured funding transactions.

Moreover, the vast majority of our finance receivables are fixed-rate finance receivables, which generally decline in value if interest rates increase. As such, if changing market conditions cause interest rates to increase substantially, the value of our fixed-rate finance receivables could decline. Increases in market interest rates could negatively impact our net interest income, as well as our cash flow from operations and results of operations. Because we are subject to applicable legal and regulatory restrictions in certain jurisdictions that limit the maximum interest rate that we may charge on a certain population of our loans, we are limited in our ability to increase the interest rate on our loans to offset any increases in our cost of funds as market interest rates increase. Our yield, as well as our cash flows from operations and results of operations, could be materially and adversely affected if we are unable to increase the interest rates charged on newly originated loans to offset any increases in our cost of funds as market interest rates increase. Accordingly, any increase in interest rates could negatively affect our results of operations, financial condition and liquidity.

We may be required to indemnify or repurchase finance receivables from purchasers of finance receivables that we have sold or securitized, or which we will sell or securitize in the future, if our finance receivables fail to meet certain criteria or characteristics or under other circumstances, which could adversely affect our results of operations, financial condition and liquidity.

The documents governing our finance receivable sales and securitizations contain provisions that require us to indemnify the purchasers of securitized finance receivables, or to repurchase the affected finance receivables, under certain circumstances. While our sale and securitization documents vary, they generally contain customary provisions that may require us to repurchase finance receivables if:

- our representations and warranties concerning the quality and characteristics of the finance receivable are inaccurate;
- there is borrower fraud; or
- we fail to comply, at the individual finance receivable level or otherwise, with regulatory requirements in connection with the origination and servicing of the finance receivables.

Many purchasers or investors in finance receivables (including through securitizations) are particularly aware of the conditions under which originators must indemnify purchasers or repurchase finance receivables and would benefit from enforcing any repurchase remedies that they may have. At its maximum, our exposure to repurchases or our indemnification obligations under our representations and warranties could include the current unpaid balance of all finance receivables that we have sold or securitized, and which are not subject to settlement agreements with purchasers.

The risk of loss on the finance receivables that we have securitized is recognized in our allowance for finance receivable losses since all of our loan securitizations are recorded on our balance sheet. If we are required to indemnify purchasers or repurchase finance receivables that we sell or have sold that result in losses that exceed our reserve for sales recourse or recognize losses on securitized finance receivables that exceed our recorded allowance for finance receivable losses associated with our securitizations, this could adversely affect our results of operations, financial condition and liquidity.

Our business and reputation may be materially impacted by information system failures, cyber threats, or network disruptions.

Our business relies heavily on information systems to deliver products and services to our customers, and to manage our ongoing operations. These systems may encounter service disruptions due to system, network or software failure, security breaches, computer viruses, accidents, power disruptions, telecommunications failures, acts of terrorism or war, physical or electronic break-ins, or other events or disruptions. In addition, denial-of-service attacks could overwhelm our internet sites and prevent us from adequately serving customers. Cyber threats are constantly evolving, increasing the difficulty of detecting and successfully defending against them. We may have no current capability to detect certain vulnerabilities, which may allow them to persist in our system environment over long periods of time. Cyber threats can have cascading impacts that unfold with increasing speed across our computer systems and networks and those of our third-party vendors. System redundancy and other continuity measures may be ineffective or inadequate, and our business continuity and disaster recovery planning may not be sufficient to adequately address the disruption. A disruption could impair our ability to offer and process our loans, provide customer service, perform collections or other necessary business activities, which could result in a loss of customer business, subject us to additional regulatory scrutiny, or expose us to civil litigation and possible financial liability, or otherwise materially adversely affect our financial condition and operating results.

There may be losses or unauthorized access to or releases of confidential information, including personally identifiable information, that could subject us to significant reputational, financial, legal and operational consequences.

Our operations rely heavily on the secure processing, storage and transmission of confidential customer and other information including, among other things, personally identifiable information (“PII”), in our computer systems and networks, as well as those of third parties. Our branch offices and centralized servicing centers, as well as our administrative and executive offices, are part of an electronic information network that is designed to permit us to originate and track finance receivables and collections and perform other tasks that are part of our everyday operations. We devote significant resources to network and data security, including through the use of encryption and other security measures intended to protect our computer systems and data. These security measures may not be sufficient and may be vulnerable to hacking, employee error, malfeasance, system error, faulty password management or other irregularities. For example, third parties may attempt to fraudulently induce employees or customers into disclosing usernames, passwords or other sensitive information, which may in turn be used to access our computer systems. Any failure, interruption, or breach in our cyber security could result in reputational harm, disruption of our customer relationships, or our inability to originate, process and service our finance receivable products. Further, any of these cyber security and operational risks could expose us to lawsuits by customers for identity theft or other damages resulting from data breach involving PII or misuse of their PII and possible financial liability, any of which could have a material adverse effect on our results of operations, financial condition and liquidity. In addition, regulators may impose penalties and/or require remedial action if they identify weaknesses in our security systems, and we may be required to incur significant costs to increase our cyber security to address any vulnerabilities that may be discovered or to remediate the harm caused by any security breaches. As part of our business, we may share confidential customer information and proprietary information with customers, vendors, service providers, and business partners. The information systems of these third parties may be vulnerable to security breaches and, despite our best efforts, we may not be able to ensure that these third parties have appropriate security controls in place to protect the information we share with them. If our confidential information is intercepted, stolen, misused, or mishandled while in possession of a third party, it could result in reputational harm to us, loss of customer business, and additional regulatory scrutiny, and it could expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our results of operations, financial condition and liquidity. Although we have insurance that is intended to cover certain losses from such events, there can be no assurance that such insurance will be adequate or available.

We are also subject to the theft or misuse of physical customer and employee records at our facilities.

Our branch offices and centralized servicing centers have physical customer records necessary for day-to-day operations that contain extensive confidential information about our customers, including financial data and PII. We also retain physical records in various storage locations. The loss or theft of customer information and data from our branch offices, central servicing facilities, or other storage locations could subject us to additional regulatory scrutiny and penalties and could expose us to civil litigation and possible financial liability, which could have a material adverse effect on our results of operations, financial condition and liquidity. In addition, if we cannot locate original documents (or copies, in some cases) for certain finance receivables, we may not be able to collect on those finance receivables.

Certain of our operations rely on external vendors.

We rely on third-party vendors to provide products and services necessary to maintain day-to-day operations. For example, we outsource a portion of our information systems, communication, data management and transaction processing to third parties. Accordingly, we are exposed to the risk that these vendors might not perform in accordance with the contracted arrangements or service level agreements because of changes in the vendor's organizational structure, financial condition, support for existing products and services, or strategic focus. Such failure to perform could be disruptive to our operations, and have a materially adverse impact on our business, results of operations and financial condition. These third parties are also sources of risk associated with operational errors, system interruptions or breaches and unauthorized disclosure of confidential information. If the vendors encounter any of these issues, we could be exposed to disruption of service, damage to reputation and litigation.

Our insurance operations are subject to a number of risks and uncertainties, including claims, catastrophic events, underwriting risks and dependence on a primary distribution channel.

Insurance claims and policyholder liabilities are difficult to predict and may exceed the related reserves set aside for claims (losses) and associated expenses for claims adjudication (loss adjustment expenses). Additionally, events such as natural disasters, pandemic disease, cyber security breaches and other types of catastrophes, and prolonged economic downturns, could adversely affect our financial condition and results of operations. Other risks relating to our insurance operations include changes to laws and regulations applicable to us, as well as changes to the regulatory environment, such as: changes to laws or regulations affecting capital and reserve requirements; frequency and type of regulatory monitoring and reporting; consumer privacy, use of customer data and data security; benefits or loss ratio requirements; insurance producer licensing or appointment requirements; required disclosures to consumers; and collateral protection insurance (i.e., insurance some of our lender companies purchase, at the customer's expense, on that customer's loan collateral for the periods of time the customer fails to adequately, as required by the customer's loan, insure the collateral). Because our customers do not directly agree to the amount charged for collateral protection at the time it is purchased, regulators may in the future prohibit our insurance companies from providing this insurance to our lending operations. Moreover, our insurance companies are predominately dependent on our lending operations as the primary source of business and product distribution. If our lending operations discontinue offering insurance products, including as a result of regulatory requirements or rate caps, our insurance operations would need to find an alternate distribution partner for their products, of which there can be no assurance.

We are a party to various lawsuits and proceedings and may become a party to various lawsuits and proceedings in the future which, if resolved in a manner adverse to us, could materially adversely affect our results of operations, financial condition and liquidity.

In the normal course of business, from time to time, we have been named, and may be named in the future, as a defendant in various legal actions, including governmental investigations, examinations or other proceedings, arbitrations, class actions and other litigation, arising in connection with our business activities. Certain of the legal actions may include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. Some of these proceedings are pending in jurisdictions that permit damage awards disproportionate to the actual economic damages alleged to have been incurred. The continued occurrences of large damage awards in general in the U.S., including large punitive damage awards in certain jurisdictions that bear little or no relation to actual economic damages incurred by plaintiffs, create the potential for an unpredictable result in any given proceeding. A large judgment that is adverse to us could cause our reputation to suffer, encourage additional lawsuits against us and have a material adverse effect on our results of operations, financial condition and liquidity. For additional information regarding pending legal proceedings and other contingencies, see Note 16 of the Notes to the Consolidated Financial Statements included in this report.

Our use of derivatives exposes us to credit and market risks.

From time to time, we may enter into derivative financial instruments for economic hedging purposes, such as managing our exposure to interest rate risk. By using derivative instruments, we are exposed to credit and market risks, including the risk of loss associated with variations in the spread between the asset yield and the funding and/or hedge cost, default risk, and the risk of insolvency or other inability of the counterparty to a particular derivative financial instrument to perform its obligations.

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

Our future success significantly depends on the continued service and performance of our key management personnel. Competition for these employees is intense and we may not be able to attract and retain key personnel. We do not maintain any "key man" or other related insurance. If we are unable to attract appropriately qualified personnel, we may not be successful in originating loans and servicing our customers, which could materially harm our business, financial condition and results of operations.

Employee misconduct could harm us by subjecting us to monetary loss, significant legal liability, regulatory scrutiny and reputational harm.

Our reputation is critical to developing and maintaining relationships with our existing and potential customers and third parties with whom we do business. There is a risk that our employees could engage in misconduct that adversely affects our business. For example, if an employee were to engage—or be accused of engaging—in illegal or suspicious activities including fraud or theft, we could suffer direct losses from the activity, and in addition we could be subject to regulatory sanctions and suffer serious harm to our reputation, financial condition, customer relationships, and ability to attract future customers or employees. Employee misconduct could prompt regulators to allege or to determine, based upon such misconduct, that we have not established adequate supervisory systems and procedures to inform employees of applicable rules or to detect and deter violations of such rules. It is not always possible to deter employee misconduct, and the precautions we take to detect and prevent misconduct may not be effective in all cases. Misconduct by our employees, or even unsubstantiated allegations of misconduct, could result in a material adverse effect on our reputation and our business.

We may not be able to make technological improvements as quickly as some of our competitors, which could harm our ability to compete and adversely affect our results of operations, financial condition and liquidity.

The financial services industry is undergoing rapid technological changes, with frequent introductions of new technology-driven products and services. The effective use of technology increases efficiency and enables financial and lending institutions to better serve customers and reduce costs. Our future success and, in particular, the success of our centralized operations, will depend, in part, upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands for convenience, as well as to create additional efficiencies in our operations. We may not be able to effectively implement new technology-driven products and services as quickly as some of our competitors or be successful in marketing these products and services to our existing and new customers. Failure to successfully keep pace with technological change affecting the financial services industry could harm our ability to compete with our competitors and adversely affect our results of operations, financial condition and liquidity.

As part of our growth strategy, we have committed to building our lending business. If we are unable to successfully implement our strategy, our results of operations, financial condition and liquidity may be materially adversely affected.

We believe that our future success depends on our ability to implement our strategy, the key feature of which has been to shift our primary focus to originating personal loans as well as acquiring portfolios of personal loans, pursuing acquisitions of companies, and/or establishing joint ventures or other strategic alliances. We have also expanded our digital presence in online lending through our centralized operations, which may involve additional risks associated with verifying income and customer identities.

We may not be able to implement our strategy successfully, and our success depends on a number of factors, including, but not limited to, our ability to:

- address the risks associated with our focus on personal loans (including direct auto loans), including, but not limited to consumer demand and changes in economic conditions and interest rates;
- address the risks associated with the new centralized method of originating and servicing our loans online through our centralized operations, which represents a departure from our traditional high-touch branch-based servicing function and includes the potential for higher default and delinquency rates;
- integrate, and develop the expertise required to capitalize on, our centralized operations;
- obtain regulatory approval in connection with the acquisition of loan portfolios and/or companies in the business of selling loans or related products;
- comply with regulations in connection with doing business and offering loan products over the internet, including various state and federal e-signature rules mandating that certain disclosures be made, and certain steps be followed in order to obtain and authenticate e-signatures, with which we have limited experience;
- finance future growth; and
- successfully source, underwrite and integrate new acquisitions of loan portfolios and other businesses.

In order for us to realize the benefits associated with our focus on originating and servicing personal loans and growing our business, we must implement our strategic objectives in a timely and cost-effective manner as well as anticipate and address any potential risks. In any event, we may not realize these benefits for many years, or our competitors may introduce more compelling products, services or enhancements. If we are not able to realize the benefits of our personal loan focus, or if we do not do so in a timely manner, our results of operations, financial condition and liquidity could be negatively affected which would have a material adverse effect on our business.

If goodwill and other intangible assets become impaired, it could have a negative impact on our profitability.

Goodwill represents the amount of acquisition cost over the fair value of net assets we acquired. If the carrying amount of goodwill and other intangible assets exceeds the fair value, an impairment loss is recognized in an amount equal to that excess. Any such adjustments are reflected in our results of operations in the periods in which the impairments become known. There can be no assurance that our future evaluations of goodwill and other intangible assets will not result in findings of impairments and related write-downs, which may have a material adverse effect on our financial condition and results of operations. See Note 9 of the Notes to the Consolidated Financial Statements included in this report.

We could face environmental liability and costs for damage caused by hazardous waste (including the cost of cleaning up contaminated property) if we foreclose upon or otherwise take title to real estate pledged as collateral.

If a real estate loan goes into default, we may start foreclosure proceedings in appropriate circumstances, which could result in our taking title to the mortgaged real estate. We also consider alternatives to foreclosure, such as “short sales,” where we do not take title to mortgaged real estate. There is a risk that toxic or hazardous substances could be found on property after we take title. In addition, we own certain properties through which we operate our business, such as the buildings at our headquarters and certain servicing facilities. As the owner of any property where hazardous waste is present, we could be held liable for clean-up and remediation costs, as well as damages for any personal injuries or property damage caused by the condition of the property. We may also be responsible for these costs if we are in the chain of title for the property, even if we were not responsible for the contamination and even if the contamination is not discovered until after we have sold the property. Costs related to these activities and damages could be substantial. Although we have policies and procedures in place to investigate properties for potential hazardous substances before taking title to properties, these reviews may not always uncover potential environmental hazards.

RISKS RELATED TO OUR INDUSTRY AND REGULATION

We operate in a highly competitive market, and we cannot ensure that the competitive pressures we face will not have a material adverse effect on our results of operations, financial condition and liquidity.

The consumer finance industry is highly competitive. Our profitability depends, in large part, on our ability to underwrite and originate finance receivables. We compete with other consumer finance companies as well as other types of financial institutions that offer similar consumer financial products and services. Some of these competitors may have greater financial, technical and marketing resources than we possess. Some competitors may also have a lower cost of funds and access to funding sources that may not be available to us. Banks and credit card companies, which had focused largely on prime customers following the financial crisis, have recently resumed lending to non-prime customers. This shift could increase competition in the markets in which we operate. Increased regulatory pressure on payday lenders could cause many of those lenders to start making more traditional installment consumer loans in order to reduce regulatory scrutiny of their practices. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our results of operations, financial condition and liquidity.

Our businesses are subject to regulation in the jurisdictions in which we conduct our business and failure to comply with such regulations may have a material adverse impact on our results of operations, financial condition and liquidity.

Our businesses are subject to numerous federal, state, and local laws and regulations, and various state authorities regulate and supervise our insurance operations. The laws under which a substantial amount of our consumer and real estate businesses are conducted generally: provide for state licensing of lenders and, in some cases, licensing of employees involved in real estate loan modifications; impose limits on the terms of consumer credit, including amounts, interest rates and charges; regulate whether and under what circumstances insurance and other optional products may be offered to consumers in connection with a consumer credit transaction; regulate the manner in which we use personal data; and provide for other consumer protections. We are also subject to extensive servicing regulations with which we must comply when servicing our legacy real estate loans and servicing loan portfolios on behalf of other parties. Additionally, we will have to comply with these servicing regulations if we acquire loan portfolios in the future and assume the servicing obligations for the acquired loans or other financial assets. The extent of state regulation of our insurance business varies by product and by jurisdiction, but relates primarily to the following: licensing; conduct of business; periodic examination of the affairs of insurers; form and content of required financial reports; standards of solvency; limitations on dividend payments and other affiliate transactions; types of products offered; approval of policy forms and premium rates; formulas to calculate any unearned premium refund due to an insured customer; permissible investments; deposits of securities for the benefit of policyholders; reserve requirements for unearned premiums, losses and other purposes; and claims processing.

All of our operations are subject to regular examination by state regulators and, certain aspects of our business, by federal regulators. As a whole, our entities are subject to several hundred regulatory examinations in a given year. These examinations may result in requirements to change our policies or practices, and in some cases, we are required to pay monetary fines or make reimbursements to customers. Many state regulators and some federal regulators have indicated an intention to pool their resources in order to conduct examinations of licensed entities, including us, at the same time (referred to as a “multi-state” examination). This could result in more in-depth examinations, which could be costlier and lead to more significant enforcement actions.

We are also subject to potential enforcement, supervisions and other actions that may be brought by state attorneys general or other state enforcement authorities and other governmental agencies. Any such actions could subject us to civil money penalties, customer remediation and increased compliance costs, as well as damage our reputation and brand and could limit or prohibit our ability to offer certain products and services or engage in certain business practices.

State attorneys general have stated their intention to fill any void left by diminished CFPB enforcement and have a variety of tools at their disposal to enforce state and federal consumer financial laws. First, Section 1042 of the Dodd-Frank Act grants state attorneys general the ability to enforce the Dodd-Frank Act and regulations promulgated under the Dodd-Frank Act's authority and to secure remedies provided in the Dodd-Frank Act against entities within their jurisdiction. State attorneys general also have enforcement authority under state law with respect to unfair or deceptive practices. Generally, under these statutes, state attorneys general may conduct investigations, bring actions, and recover civil penalties or obtain injunctive relief against entities engaging in unfair, deceptive, or fraudulent acts. Attorneys general may also coordinate among themselves to enter into multi-state actions or settlements. Then, several consumer financial laws like the Truth in Lending Act and Fair Credit Reporting Act grant enforcement or litigation authority to state attorneys general. Should the CFPB decrease its enforcement activity, we expect to see an increase in actions brought by state attorneys general.

The Department of Defense has made changes to the regulations that have been promulgated as a result of the Military Lending Act. Effective October 3, 2016, we are subject to the limitations of the Military Lending Act, which places a 36% "all-in" annual percentage rate limitation on certain fees, charges, interest, and credit and non-credit insurance premiums for non-purchase money loans made to active military service members, their spouses, or covered dependents. We are also no longer able to make non-purchase money loans secured by the titles of motor vehicles to these customers.

We are subject to potential changes in federal and state law, which could lower the interest-rate limit that non-depository financial institutions may charge for consumer loans or could expand the definition of interest under federal and state law to include the cost of optional products, such as insurance.

We believe that we maintain all material licenses and permits required for our current operations and are in substantial compliance with all applicable federal, state and local regulations, but we may not be able to maintain all requisite licenses and permits, and the failure to satisfy those and other regulatory requirements could have a material adverse effect on our operations. In addition, changes in laws or regulations applicable to us could subject us to additional licensing, registration and other regulatory requirements in the future or could adversely affect our ability to operate or the manner in which we conduct business.

A material failure to comply with applicable laws and regulations could result in regulatory actions, including substantial fines or penalties, lawsuits and damage to our reputation, which could have a material adverse effect on our results of operations, financial condition and liquidity.

For more information with respect to the regulatory framework affecting our businesses, see "Business—Regulation" included in this report.

Requirements of the Dodd-Frank Act and oversight by the CFPB significantly increase our regulatory costs and burdens.

The Dodd-Frank Act was adopted in 2010. This law and the related regulations affect our operations in terms of increased oversight of financial services products by the CFPB, and the imposition of restrictions on the allowable terms for certain consumer credit transactions. The CFPB has significant authority to implement and enforce federal consumer finance laws, including the Truth in Lending Act, the Equal Credit Opportunity Act, the Fair Credit Billing Act and new requirements for financial services products provided for in the Dodd-Frank Act, as well as the authority to identify and prohibit unfair, deceptive, or abusive acts and practices. In addition, the Dodd-Frank Act provides the CFPB with broad supervisory, examination and enforcement authority over various consumer financial products and services, including the ability to require reimbursements and other payments to customers for alleged legal violations, and to impose significant penalties, as well as injunctive relief that prohibits lenders from engaging in allegedly unlawful practices. Further, state attorneys general and state regulators are authorized to bring civil actions to enforce certain consumer protection provisions of the Dodd-Frank Act. The industry investigation and enforcement provisions of Title X of the Dodd-Frank Act may adversely affect our business if the CFPB or one or more state attorneys general or state regulators believe that we have violated any federal consumer financial protection laws, including the prohibition in Title X against unfair, deceptive or abusive acts or practices.

The CFPB currently has supervisory authority over our real estate servicing activities, and may in the future have supervisory authority over at least portions of our consumer lending business. It also has the authority to bring enforcement actions for violations of laws over which it has jurisdiction regardless of whether it has supervisory authority for a given product or service. Effective in January 2014, the CFPB finalized mortgage servicing regulations, which makes it more difficult and expensive to service mortgages. The Dodd-Frank Act also gives the CFPB supervisory authority over entities that are designated as "larger participants" in certain financial services markets. The CFPB has published regulations for "larger participants" in the market of auto finance, and we have been designated as a larger participant in this market. The larger-participant rule for consumer installment loans was one of the rulemaking initiatives the CFPB designated as inactive in its Spring 2018 rulemaking agenda. It is not known if or when the CFPB may consider reactivating the rulemaking process for the larger participant rule for consumer installment loans. The CFPB's broad supervisory and enforcement powers could affect our business and operations significantly in terms of increased operating and regulatory compliance costs, and limits on the types of products we offer and the manner in which they are offered, among other things. See "Business—Regulation" included in this report for further information on the CFPB.

The CFPB and certain state regulators have acted against some lenders regarding, for instance, debt collection and the marketing of optional products offered by the lenders in connection with their loans. The products included debt cancellation/suspension products and other types of payment protection insurance. We collect on delinquent debt. We also sell optional insurance and non-insurance products in connection with our loans. Our debt collection practices and sales of optional insurance and non-insurance products could be challenged in a similar manner by the CFPB or state consumer lending regulators.

Some of the rulemaking under the Dodd-Frank Act remains to be done. As a result, the complete impact of the Dodd-Frank Act remains uncertain. The CFPB issued a proposed rule addressing third party debt collection, including communication practices and consumer disclosures, in May 2019. The CFPB also announced that it is considering rulemaking to further clarify the meaning of "abusive" under section 1031 of the Dodd-Frank Act. It is not clear what form these and other remaining regulations will ultimately take, or how our business will be affected. No assurance can be given that the Dodd-Frank Act and related regulations or any other new legislative changes enacted will not have a significant impact on our business.

For more information with respect to the regulatory framework affecting our businesses, see "Business—Regulation" included in this report.

Current and proposed regulations relating to consumer privacy, data protection and information security could increase our costs.

We are subject to a number of federal and state consumer privacy, data protection, and information security laws and regulations. For example, we are subject to the federal Gramm-Leach-Bliley Act, which governs the use of PII by financial institutions. Moreover, various state laws and regulations may require us to notify customers, employees, state attorneys general, regulators and others in the event of a security breach. Federal and state legislators and regulators are increasingly pursuing new guidance, laws, and regulations relating to consumer privacy, data protection and information security. Compliance with current or future customer privacy, data protection, and information security laws and regulations could result in higher compliance, technology or other operating costs. Any violations of these laws and regulations may require us to change our business practices or operational structure, and could subject us to material legal claims, monetary penalties, sanctions, and the obligation to compensate and/or notify customers, employees, state attorneys general, regulators and others or take other remedial actions.

Our use of third-party vendors is subject to regulatory review.

Recently, the CFPB and other regulators have issued regulatory guidance focusing on the need for financial institutions to perform due diligence and ongoing monitoring of third-party vendor relationships which increases the scope of management involvement and decreases the benefit that we receive from using third-party vendors. Moreover, if our regulators conclude that we have not met the standards for oversight of our third-party vendors, we could be subject to enforcement actions, civil monetary penalties, supervisory orders to cease and desist or other remedial actions, which could have a materially adverse effect on our business, reputation, financial condition and operating results. Further, federal and state regulators have been scrutinizing the practices of lead aggregators and providers recently. If regulators place restrictions on certain practices by lead aggregators or providers, our ability to use them as a source for applicants could be affected.

We purchase and sell finance receivables, including charged-off receivables and receivables where the borrower is in default. This practice could subject us to heightened regulatory scrutiny, which may expose us to legal action, cause us to incur losses and/or limit or impede our collection activity.

As part of our business model, we purchase and sell finance receivables. Although the borrowers for some of these finance receivables are current on their payments, other borrowers may be in default (including in bankruptcy) or the debt may have been charged off as uncollectible. The CFPB and other regulators have recently significantly increased their scrutiny of the purchase and sale of debt, and collections practices undertaken by purchasers of debt, especially delinquent and charged-off debt. The CFPB has scrutinized sellers of debt for not maintaining sufficient documentation to support and verify the validity or amount of the debt. It has also scrutinized debt collectors for, among other things, their collection tactics, attempting to collect debts that no longer are valid, misrepresenting the amount of the debt and not having sufficient documentation to verify the validity or amount of the debt. Our purchases or sales of receivables could expose us to lawsuits or fines by regulators if we do not have sufficient documentation to support and verify the validity and amount of the finance receivables underlying these transactions, or if we or purchasers of our finance receivables use collection methods that are viewed as unfair or abusive. In addition, our collections could suffer, and we may incur additional expenses if we are required to change collection practices or stop collecting on certain debts as a result of a lawsuit or action on the part of regulators.

Changes in law and regulatory developments could result in significant additional compliance costs relating to securitizations.

The Dodd-Frank Act and related rulemaking and regulatory developments has resulted, and will continue to result, in the incurrence of additional compliance costs in connection with securitization transactions. The Dodd-Frank Act requires, among other things, that a securitizer retain at least a 5% economic interest in the credit risk of the securitized assets; this requirement has reduced and will continue to reduce the amount of financing obtained from such transactions. Furthermore, sponsors are prohibited from diluting the required risk retention by dividing the economic interest among multiple parties or hedging or transferring the credit risk the sponsor is required to maintain. Moreover, the SEC’s significant changes to Regulation AB could result in sweeping changes to the commercial and residential mortgage loan securitization markets, as well as to the market for the re-securitization of mortgage-backed securities.

Rules relating to securitizations rated by nationally-recognized statistical rating agencies require that the findings of any third-party due diligence service providers be made publicly available at least five (5) business days prior to the first sale of securities, which has led and will continue to lead us to incur additional costs in connection with each securitization.

Investment Company Act considerations could affect our method of doing business.

We intend to continue conducting our business operations so that neither we nor any of our subsidiaries are required to register as an investment company under the Investment Company Act of 1940 (the “Investment Company Act”). We are a holding company that conducts its businesses primarily through wholly-owned subsidiaries and are not an investment company because our subsidiaries are primarily engaged in the non-investment company business of consumer finance. Certain of our subsidiaries rely on exemptions from registration as an investment company, including pursuant to Sections 3(c)(4) and 3(c)(5) of the Investment Company Act. We rely on guidance published by the SEC staff or on our analyses of such guidance to determine our subsidiaries’ qualification under these and other exemptions. To the extent that the SEC staff publishes new or different guidance with respect to these matters, we may be required to adjust our business operations accordingly. Any additional guidance from the SEC staff could provide additional flexibility to us, or it could inhibit our ability to conduct our business operations. There can be no assurance that the laws and regulations governing the Investment Company Act status of real estate or real estate related assets or SEC guidance regarding Investment Company Act exemptions for real estate assets will not change in a manner that adversely affects our operations. If we fail to qualify for an exemption or exception from the Investment Company Act in the future, we could be required to restructure our activities or the activities of our subsidiaries, which could negatively affect us. In addition, if we or one or more of our subsidiaries fail to maintain compliance with the applicable exemptions or exceptions and we do not have another basis available to us on which we may avoid registration, and we were therefore required to register as an investment company under the Investment Company Act, we would become subject to substantial regulation with respect to our capital structure, management, operations, transactions with affiliated persons, holdings, and other matters, which could have an adverse effect on us.

RISKS RELATED TO OUR INDEBTEDNESS

An inability to access adequate sources of liquidity may adversely affect our ability to fund operational requirements and satisfy financial obligations.

Our ability to access capital and credit may be significantly affected by disruption in the U.S. credit markets and the associated credit rating downgrades on our debt. In addition, the risk of volatility surrounding the global economic system and uncertainty surrounding regulatory reforms, such as the Dodd-Frank Act, continue to create uncertainty around access to the capital markets. Historically, we have funded our operations and repaid our debt and other obligations using funds collected from our finance receivable portfolio and new debt issuances. Our current corporate credit ratings are below investment grade and, as a result, our borrowing costs may further increase and our ability to borrow may be limited. In addition to issuing unsecured debt in the public and private markets, we have raised capital through securitization transactions and, although there can be no assurances that we will be able to complete additional securitizations or issue additional unsecured debt, we currently expect our near-term sources of capital markets funding to continue to derive from securitization transactions and unsecured debt offerings.

Any future capital markets transactions will be dependent on our financial performance as well as market conditions, which may result in receiving financing on terms less favorable to us than our existing financings. In addition, our access to future financing and our ability to refinance existing debt will depend on a variety of factors such as our financial performance, the general availability of credit, our credit ratings and credit capacity at the time we pursue such financing.

If we are unable to complete additional securitization transactions or unsecured debt offerings on a timely basis or upon terms acceptable to us or otherwise access adequate sources of liquidity, our ability to fund our own operational requirements and satisfy financial obligations may be adversely affected.

Our indebtedness is significant, which could affect our ability to meet our obligations under our debt instruments and could materially and adversely affect our business and ability to react to changes in the economy or our industry.

Our significant indebtedness could have important consequences, including the following:

- it may require us to dedicate a significant portion of our cash flows from operations to the payment of the principal of, and interest on, our indebtedness, which reduces the funds available for other purposes, including finance receivable originations and capital returns;
- it could limit our ability to withstand competitive pressures and reduce our flexibility in responding to changing regulatory, business and economic conditions;
- it may limit our ability to incur additional borrowings or securitizations for working capital, capital expenditures, business development, debt service requirements, acquisitions or general corporate or other purposes, or to refinance our indebtedness;
- it may require us to seek to change the maturity, interest rate and other terms of our existing debt;
- it may place us at a competitive disadvantage to competitors that are not as highly leveraged;
- it may cause a downgrade of our debt and long-term corporate ratings; and
- it may cause us to be more vulnerable to periods of negative or slow growth in the general economy or in our business.

In addition, meeting our anticipated liquidity requirements is contingent upon our continued compliance with our existing debt agreements. An event of default or declaration of acceleration under one of our existing debt agreements could also result in an event of default and declaration of acceleration under certain of our other existing debt agreements. Such an acceleration of our debt would have a material adverse effect on our liquidity and our ability to continue as a going concern. If our debt obligations increase, whether due to the increased cost of existing indebtedness or the incurrence of additional indebtedness, the consequences described above could be magnified.

There can be no assurance that we will be able to repay or refinance our debt in the future.

Certain of our outstanding notes contain covenants that restrict our operations and may inhibit our ability to grow our business and increase revenues.

SFC’s indenture and certain of SFC’s notes contain a covenant that limits SFC’s and its subsidiaries’ ability to create or incur liens. The restrictions may interfere with our ability to obtain new or additional financing or may affect the manner in which we structure such new or additional financing or engage in other business activities, which may significantly limit or harm our results of operations, financial condition and liquidity. A default and resulting acceleration of obligations could also result in an event of default and declaration of acceleration under certain of our other existing debt agreements. Such an acceleration of our debt would have a material adverse effect on our liquidity and our ability to continue as a going concern. A default could also significantly limit our alternatives to refinance the debt under which the default occurred as well as other indebtedness. This limitation may significantly restrict our financing options during times of either market distress or our financial distress, which are precisely the times when having financing options is most important.

The assessment of our liquidity is based upon significant judgments and estimates that could prove to be materially incorrect.

In assessing our current financial position and developing operating plans for the future, management has made significant judgments and estimates with respect to our liquidity, including but not limited to:

- our ability to generate sufficient cash to service all of our outstanding debt;
- our continued ability to access debt and securitization markets and other sources of funding on favorable terms;
- our ability to complete on favorable terms, as needed, additional borrowings, securitizations, finance receivable portfolio sales, or other transactions to support liquidity, and the costs associated with these funding sources, including sales at less than carrying value and limits on the types of assets that can be securitized or sold, which would affect our profitability;
- the potential for downgrade of our debt by rating agencies, which would have a negative impact on our cost of, and access to, capital;
- our ability to comply with our debt covenants;
- our ability to make capital returns to OMH's stockholders;
- the amount of cash expected to be received from our finance receivable portfolio through collections (including prepayments) and receipt of finance charges, which could be materially different than our estimates;
- the potential for declining financial flexibility and reduced income should we use more of our assets for securitizations and finance receivable portfolio sales; and
- the potential for reduced income due to the possible deterioration of the credit quality of our finance receivable portfolios.

Additionally, there are numerous risks to our financial results, liquidity, and capital raising and debt refinancing plans that are not quantified in our current liquidity forecasts. These risks include, but are not limited, to the following:

- our inability to grow our personal loan portfolio with adequate profitability to fund operations, loan losses, and other expenses;
- our inability to monetize assets including, but not limited to, our access to debt and securitization markets;
- our inability to obtain the additional necessary funding to finance our operations;
- the effect of current and potential new federal, state and local laws, regulations, or regulatory policies and practices, including the Dodd-Frank Act, on our ability to conduct business or the manner in which we 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;
- potential liability relating to real estate and personal loans which we have sold or may sell in the future, or relating to securitized loans, if it is determined that there was a non-curable breach of a warranty made in connection with the transaction;
- the potential for increasing costs and difficulty in servicing our loan portfolio as a result of heightened nationwide regulatory scrutiny of loan servicing and foreclosure practices in the industry generally, and related costs that could be passed on to us in connection with the subservicing of our real estate loans that were originated or acquired centrally;
- reduced cash flows as a result of the liquidation of our real estate loan portfolio;
- the potential for additional unforeseen cash demands or acceleration of obligations;

- reduced income due to loan modifications where the borrower's interest rate is reduced, principal payments are deferred, or other concessions are made;
- the potential for declines or volatility in bond and equity markets; and
- the potential effect on us if the capital levels of our regulated and unregulated subsidiaries prove inadequate to support our current business plans.

We intend to repay indebtedness with one or more of the following sources, among others: finance receivable collections, cash on hand, proceeds of additional debt financings (particularly new securitizations and possible new issuances and/or debt refinancing transactions), finance receivable portfolio sales, or a combination of the foregoing. There can be no assurance that we will be successful in undertaking any of these activities to support our operations and repay our obligations.

The actual outcome of one or more of our plans could be materially different than expected or one or more of our significant judgments or estimates about the potential effects of these risks and uncertainties could prove to be materially incorrect. In the event of such an occurrence, if third-party financing is not available, our liquidity could be materially adversely affected, and as a result, substantial doubt could exist about our ability to continue as a going concern.

SFC's credit ratings could adversely affect our ability to raise capital in the debt markets at attractive rates, which could negatively affect our results of operations, financial condition, and liquidity.

S&P, Moody's, and KBRA rate SFC's debt. Ratings reflect the rating agencies' opinions of a company's financial strength, operating performance, strategic position and ability to meet its obligations. Agency ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating.

The table below outlines SFC's long-term corporate debt ratings and outlook by rating agencies:

As of December 31, 2019	Rating	Outlook
S&P	BB-	Stable
Moody's	Ba3	Stable
KBRA	BB+	Stable

Currently, no other entity has a corporate debt rating, though they may be rated in the future.

If SFC's current ratings are downgraded, it will likely increase the interest rate that we would have to pay to raise money in the capital markets, making it more expensive for us to borrow money and adversely impacting our access to capital. As a result, a downgrade of SFC's ratings could negatively impact our results of operations, financial condition and liquidity.

Our securitizations may expose us to financing and other risks, and there can be no assurance that we will be able to access the securitization market in the future, which may require us to seek more costly financing.

We have securitized, and may in the future securitize, certain of our finance receivables to generate cash to originate or purchase new finance receivables or repay our outstanding indebtedness. In such transactions, we typically convey a pool of finance receivables to a special purpose entity, which, in turn, conveys the finance receivables to a trust (the issuing entity). Concurrently, the trust typically issues non-recourse notes or certificates pursuant to the terms of an indenture or pooling and servicing agreement, which then are transferred to the special purpose entity in exchange for the finance receivables. The securities issued by the trust are secured by the pool of finance receivables. In exchange for the transfer of finance receivables to the issuing entity, we typically receive the cash proceeds from the sale of the trust securities, all residual interests, if any, in the cash flows from the finance receivables after payment of the trust securities, and a 100% beneficial interest in the issuing entity.

Although we have successfully completed a number of securitizations since 2012, we can give no assurances that we will be able to complete additional securitizations if the securitization markets become constrained. In addition, the value of any subordinated securities that we may retain in our securitizations might be reduced or, in some cases, eliminated as a result of an adverse change in economic conditions or the financial markets.

SFC, OMFG, and OMFH currently act as the servicers with respect to the personal loan securitization trusts and related series of asset-backed securities. If SFC, OMFG, or OMFH defaults in its servicing obligations, an early amortization event could occur with respect to the relevant asset-backed securities and SFC, OMFG, or OMFH, as applicable, could be replaced as servicer. Servicer defaults include, for example, the failure of the servicer to make any payment, transfer or deposit in accordance with the securitization documents, a breach of representations, warranties or agreements made by the servicer under the securitization documents and the occurrence of certain insolvency events with respect to the servicer. Such an early amortization event could damage our reputation and have materially adverse consequences on our liquidity and cost of funds.

Rating agencies may also affect our ability to execute a securitization transaction or increase the costs we expect to incur from executing securitization transactions, not only by deciding not to issue ratings for our securitization transactions, but also by altering the criteria and process they follow in issuing ratings. Rating agencies could alter their ratings processes or criteria after we have accumulated finance receivables for securitization in a manner that effectively reduces the value of those finance receivables by increasing our financing costs or otherwise requiring that we incur additional costs to comply with those processes and criteria. We have no ability to control or predict what actions the rating agencies may take in this regard.

Further, other matters, such as (i) accounting standards applicable to securitization transactions and (ii) capital and leverage requirements applicable to banks and other regulated financial institutions' asset-backed securities, could result in decreased investor demand for securities issued through our securitization transactions, or increased competition from other institutions that undertake securitization transactions. In addition, compliance with certain regulatory requirements, including the Dodd-Frank Act and the Investment Company Act, may affect the type of securitizations that we are able to complete.

If it is not possible or economical for us to securitize our finance receivables in the future, we would need to seek alternative financing to support our operations and to meet our existing debt obligations, which may be less efficient and more expensive than raising capital via securitizations and may have a material adverse effect on our results of operations, financial condition and liquidity.

RISKS RELATED TO OUR ORGANIZATION AND STRUCTURE

The Apollo-Värde Group is OMH's largest stockholder, and the Apollo-Värde Group may exercise significant influence over us, including through its ability to designate a majority of the members of the board of directors, and its interests may conflict with the interests of OMH's other stockholders.

Effective June 25, 2018, OMH Holdings, L.P., a Delaware limited partnership, an entity formed by the Apollo-Värde Group, an investor group led by funds managed by Apollo and Värde, completed its purchase of 54,937,500 shares of OMH's common stock formerly beneficially owned by Springleaf Financial Holdings, LLC, an entity owned primarily by a private equity fund managed by an affiliate of Fortress. The Apollo-Värde Group's holdings represent approximately 40.4% of OMH's outstanding common stock as of December 31, 2019. As a result, the Apollo-Värde Group is OMH's largest stockholder and has significant influence on all matters requiring a stockholder vote, including the election of its directors; mergers, consolidations and acquisitions; the sale of all or substantially all of OMH's assets and other decisions affecting its capital structure; the amendment of OMH's restated certificate of incorporation and its amended and restated bylaws; and its winding up and dissolution. This concentration of ownership may delay, deter or prevent acts that would be favored by OMH's other stockholders, including delaying, preventing or deterring a change in control of OMH or a merger, takeover or other business combination that may be otherwise favorable to us or OMH's other stockholders. As a result, the market price of OMH's common stock could decline, or stockholders might not receive a premium over the then-current market price of OMH's common stock upon a change in control. In addition, this concentration of share ownership may adversely affect the trading price of OMH's common stock because investors may perceive disadvantages in owning shares in a company with a significant stockholder. See additional information under "Business Overview" in Item 1 of this report.

In connection with the closing of the Apollo-Värde Transaction, OMH entered into an Amended and Restated Stockholders Agreement, which provides the Apollo-Värde Group with the right to designate a majority of the members of the board of directors, plus one director, for so long as the Apollo-Värde Group and certain of its affiliates and permitted transferees continue to beneficially own, directly or indirectly, at least 33% of OMH's issued and outstanding common stock. With such representation on the board of directors, the Apollo-Värde Group will be able to exercise significant influence over decisions affecting OMH, including its direction and policies, the appointment of management and any action requiring the vote of its board of directors, including significant corporate action such as mergers and sales of substantially all of its assets and decisions affecting its capital structure. The interests of the Apollo-Värde Group may not always coincide with OMH's interests or the interests of OMH's other stockholders. The Apollo-Värde Group may seek to cause OMH to take courses of action that, in its judgment, could enhance its investment in OMH, but which might involve risks or adversely affect OMH or its other stockholders. The terms of the Amended and Restated Stockholders Agreement are further described in OMH's Current Report on Form 8-K filed with the SEC on June 25, 2018. The Amended and Restated Stockholders Agreement is filed as Exhibit 10.1 to that Current Report on Form 8-K, and such Current Report on Form 8-K, including Exhibit 10.1 thereto, is incorporated by reference herein in its entirety.

In addition, the Apollo-Värde Group and its affiliates may conduct business with any business that is competitive or in the same line of business as us, do business with any of our clients, customers or vendors, make investments in the kind of property in which we may make investments or acquire the same or similar types of assets that we may seek to acquire. Affiliates of the Apollo-Värde Group are in the business of making or advising on investments in companies and may hold, and from time to time in the future may acquire, interests in or provide advice to businesses that directly or indirectly compete with certain portions of our business or are vendors or customers of ours. The Apollo-Värde Group may also pursue acquisitions that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us.

OMH and SFC are holding companies with no operations and rely on our operating subsidiaries to provide us with funds necessary to meet our financial obligations and enable us to pay dividends.

OMH and SFC are holding companies with no material direct operations. Our principal assets are the equity interests we directly or indirectly hold in our operating subsidiaries, which own our operating assets. As a result, we are dependent on loans, dividends and other payments from our subsidiaries to generate the funds necessary to meet our financial obligations and enable OMH to pay dividends on its common stock. Our subsidiaries are legally distinct from us and certain of our subsidiaries are prohibited or restricted from paying dividends or otherwise making funds available to us under certain conditions. For example, our insurance subsidiaries are subject to regulations that limit their ability to pay dividends or make loans or advances to us, principally to protect policyholders, and certain of SFC's debt agreements limit the ability of certain of our subsidiaries to pay dividends. If we are unable to obtain funds from our subsidiaries, or if our subsidiaries do not generate sufficient cash from operations, we may be unable to meet our financial obligations or pay dividends, and the board may exercise its discretion not to pay dividends.

OMH may not pay dividends on its common stock in the future, even if liquidity and leverage targets are met.

While OMH intends to pay regular quarterly dividends for the foreseeable future, and has announced an 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. As a result, OMH cannot provide any assurance that it will continue to pay dividends on its common stock in future periods, even if liquidity and target leverage objectives are met. See our "Dividend Policy" in Part II - Item 5 of this report for further information.

Certain provisions of an amended and restated stockholders agreement with the Apollo-Värde Group, restated certificate of incorporation and amended and restated bylaws could hinder, delay or prevent a change in control of OMH, which could adversely affect the price of OMH's common stock.

Certain provisions of the Stockholders Agreement, OMH's restated certificate of incorporation and amended and restated bylaws contain provisions that could make it more difficult for a third party to acquire us without the consent of the board of directors or the Apollo-Värde Group. These provisions provide for:

- a classified board of directors consisting of nine members with staggered three-year terms;
- certain rights to the Apollo-Värde Group and certain of its affiliates and permitted transferees with respect to the designation of directors for nomination and election to the board of directors, including the ability to appoint a majority of the members of the board of directors, plus one director, for so long as the Apollo-Värde Group and certain of its affiliates and permitted transferees continue to beneficially own, directly or indirectly at least 33% of OMH's issued and outstanding common stock;
- removal of directors only for cause and only with the affirmative vote of at least 80% of the voting interest of stockholders entitled to vote (provided, however, that for so long as the Apollo-Värde Group and certain of its affiliates and permitted transferees beneficially own, directly or indirectly, at least 30% of OMH's issued and outstanding common stock, directors may be removed with or without cause with the affirmative vote of a majority of the then issued and outstanding voting interest of stockholders entitled to vote);
- no ability for stockholders to call special meetings of OMH's stockholders (provided, however, that for so long as the Apollo-Värde Group and certain of its affiliates and permitted transferees beneficially own, directly or indirectly, at least 20% of OMH's issued and outstanding common stock, any stockholders that collectively beneficially own at least 20% of OMH's issued and outstanding common stock may call special meetings of our stockholders);
- advance notice requirements by stockholders with respect to director nominations and actions to be taken at annual meetings;
- no cumulative voting in the election of directors, which means that the holders of a majority of the outstanding shares of OMH's common stock can elect all the directors standing for election;
- the ability for stockholders to act outside a meeting by written consent only if unanimous, provided, however, that for so long as the Apollo-Värde Group and certain of its affiliates and permitted transferees beneficially own, directly or indirectly, at least 20% of OMH's issued and outstanding common stock, OMH's stockholders may act without a meeting by written consent of a majority of OMH's stockholders; and
- the issuance of blank check preferred stock by the board of directors from time to time in one or more series and to establish the terms, preferences and rights of any such series of preferred stock, all without approval of OMH stockholders. Nothing in OMH's restated certificate of incorporation precludes future issuances without stockholder approval of the authorized but unissued shares of OMH's common stock.

In addition, these provisions may make it difficult and expensive for a third party to pursue a tender offer, change in control or takeover attempt that is opposed by the Apollo-Värde Group, our management or the board of directors. Public stockholders who might desire to participate in these types of transactions may not have an opportunity to do so, even if the transaction is favorable to stockholders. These anti-takeover provisions could substantially impede the ability of public stockholders to benefit from a change in control or change our management and board of directors and, as a result, may adversely affect the market price of OMH's common stock and the ability of public stockholders to realize any potential change of control premium.

See additional information under "Business Overview" in Item 1 of this report. The terms of the Amended and Restated Stockholders' Agreement are described in OMH's Current Report on Form 8-K filed with the SEC on June 25, 2018, and such Current Report on Form 8-K is incorporated by reference herein in its entirety.

Certain OMH's stockholders have the right to engage or invest in the same or similar businesses as us.

The Apollo-Värde Group and its affiliates engage in other investments and business activities in addition to their ownership of OMH. Under OMH's restated certificate of incorporation, the Apollo-Värde Group and its affiliates have the right, and have no duty to abstain from exercising such right, to engage or invest in the same or similar businesses as us, do business with any of our clients, customers or vendors or employ or otherwise engage any of our officers, directors or employees. If the Apollo-Värde Group and its affiliates, or any of their respective officers, directors or employees acquire knowledge of a potential transaction that could be a corporate opportunity, they have no duty, to the fullest extent permitted by law, to offer such corporate opportunity to us, OMH's stockholders or our affiliates.

In the event that any of our directors and officers who is also a director, officer or employee of any of the Apollo-Värde Group or its affiliates acquires knowledge of a corporate opportunity or is offered a corporate opportunity, provided that this knowledge was not acquired solely in such person’s capacity as our director or officer and such person acts in good faith, then even if the Apollo-Värde Group or its affiliates pursues or acquires the corporate opportunity or if the Apollo-Värde Group or its affiliates do not present the corporate opportunity to us, such person is deemed to have fully satisfied such person’s fiduciary duties owed to us and is not liable to us.

Licensing and insurance laws and regulations may delay or impede purchases of OMH's common stock.

Certain of the states in which we are licensed to originate loans and the state in which our insurance subsidiaries are domiciled (Texas) have laws and regulations which require regulatory approval for the acquisition of “control” of regulated entities. In addition, the Texas insurance laws and regulations generally provide that no person may acquire control, directly or indirectly, of a domiciled insurer, unless the person has provided the required information to, and the acquisition is subsequently approved or not disapproved by the Department of Insurance ("DOI"). Under state insurance laws or regulations, there exists a presumption of “control” when an acquiring party acquires as little as 10% of the voting securities of a regulated entity or of a company which itself controls (directly or indirectly) a regulated entity (the threshold is 10% under the insurance statute of Texas). Therefore, any person acquiring 10% or more of OMH's common stock may need the prior approval of the Texas insurance and/or licensing regulators, or a determination from such regulators that “control” has not been acquired, which could significantly delay or otherwise impede their ability to complete such purchase.

RISKS RELATED TO FINANCIAL REPORTING

Failure to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and stock price.

We maintain disclosure controls and procedures designed to ensure that we timely report information as specified in the rules and regulations of the SEC. We also maintain a system of internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Effective internal control over financial reporting is necessary for us to provide reliable reports and prevent fraud.

We believe that a control system, no matter how well designed and managed, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. We may not be able to identify all significant deficiencies and/or material weaknesses in our internal controls in the future, and our failure to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business, financial condition, results of operations and prospects.

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 roll rate-based model applied to our finance receivable portfolio. We adjust the amounts determined by the roll rate-based model for management's estimate of the effects of model imprecision which include any changes to underwriting criteria, portfolio seasoning, and current economic conditions, including levels of unemployment and personal bankruptcies. 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.

RISKS RELATED TO OMH'S COMMON STOCK

The market price and trading volume of OMH's common stock may be volatile, which could result in rapid and substantial losses for OMH's stockholders.

The market price of OMH's common stock has been and may continue to be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in OMH's common stock may fluctuate and cause significant price variations to occur. If the market price of OMH's common stock declines significantly, public stockholders may be unable to resell their shares at or above their purchase price, if at all. The market price of OMH's common stock may fluctuate or decline significantly in the future. Some of the factors that could negatively affect the share price or result in fluctuations in the price or trading volume of OMH's common stock include:

- variations in our quarterly or annual operating results;
- changes in our earnings estimates (if provided) or differences between our actual financial and operating results and those expected by investors and analysts;
- the contents of published research reports about us or our industry or the failure of securities analysts to cover OMH's common stock in the future;
- additions to, or departures of, key management personnel;
- any increased indebtedness we may incur in the future;
- announcements by us or others and developments affecting us;
- actions by institutional stockholders or the Apollo-Värde Group;
- litigation and governmental investigations;
- changes in market valuations of similar companies;
- speculation or reports by the press or investment community with respect to us or our industry in general;
- increases in market interest rates that may lead purchasers of OMH's shares to demand a higher yield;
- announcements by us or our competitors of significant contracts, acquisitions, dispositions, strategic relationships, joint ventures or capital commitments; and
- general market, political and economic conditions, including any such conditions and local conditions in the markets in which our borrowers are located.

These broad company, market and industry factors may decrease the market price of OMH's common stock, regardless of our actual operating performance. The stock market in general has from time to time experienced extreme price and volume fluctuations. In addition, in the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

Future offerings of debt or equity securities by us may adversely affect the market price of OMH's common stock.

In the future, we may attempt to obtain financing or to further increase our capital resources by issuing additional shares of OMH's common stock or offering debt or other equity securities, including commercial paper, medium-term notes, senior or subordinated notes, debt securities convertible into equity or shares of preferred stock. In particular, we intend to continue to seek opportunities to acquire consumer finance portfolios and/or businesses that engage in consumer finance loan servicing and/or consumer finance loan originations. Future acquisitions could require substantial additional capital in excess of cash from operations. We would expect to finance the capital required for acquisitions through a combination of additional issuances of equity, corporate indebtedness, asset-backed acquisition financing and/or cash from operations.

Issuing additional shares of OMH's common stock or other equity securities or securities convertible into equity may dilute the economic and voting rights of OMH's stockholders at the time of such issuance or reduce the market price of OMH's common stock or both. Upon liquidation, holders of debt securities and preferred shares, if issued, and lenders with respect to other borrowings would receive a distribution of our available assets prior to the holders of OMH's common stock. Debt securities convertible into equity could be subject to adjustments in the conversion ratio pursuant to which certain events may increase the number of equity securities issuable upon conversion. Preferred shares, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments that could limit our ability to pay dividends to the holders of OMH's common stock. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, which may adversely affect the amount, timing or nature of our future offerings. Thus, holders of OMH's common stock bear the risk that our future offerings may reduce the market price of OMH's common stock and dilute their stockholdings in us.

The market price of OMH's common stock could be negatively affected by sales of substantial amounts of OMH's common stock in the public markets.

As of December 31, 2019, approximately 40.4% of OMH's outstanding common stock was held by the Apollo-Värde Group and, subject to certain restrictions set forth in an amended and restated stockholders agreement, can be resold into the public markets in the future in accordance with the requirements of the Securities Act. A decline in the price of OMH's common stock, whether as a result of sale of stock by the Apollo-Värde Group or otherwise, might impede our ability to raise capital through the issuance of additional common stock or other equity securities.

The future issuance of additional common stock in connection with our incentive plans, acquisitions or otherwise will dilute all other stockholdings.

OMH has an aggregate of 1,863,805,538 shares of common stock authorized but unissued as of January 31, 2020. OMH may issue all of these shares of common stock without any action or approval by OMH's stockholders, subject to certain exceptions. OMH also intends to continue to evaluate acquisition opportunities and may issue common stock in connection with these acquisitions. Any common stock issued in connection with our incentive plans, acquisitions, the exercise of outstanding stock options or otherwise would dilute the percentage ownership held by existing OMH's stockholders.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our branch operations include over 1,500 branch offices in 44 states. We support our branch business by conducting branch office operations, branch office administration, and centralized operations, including our servicing facilities, in Mendota Heights, Minnesota; Tempe, Arizona; Fort Mill, South Carolina; and Fort Worth, Texas, in leased premises. Our branch offices have lease terms generally ranging from three to five years.

We lease administrative offices in Chicago, Illinois; Wilmington, Delaware; Irving, Texas; and New York, New York, which expire in 2021, 2023, 2025, and 2027, respectively. Additionally, we lease an administrative office in Baltimore, Maryland, that expires in 2026, half of which has been sublet. During 2018, we vacated a leased office space that expires in 2022 in Stamford, Connecticut, which has been sublet.

Our investment in real estate and tangible property is not significant in relation to our total assets due to the nature of our business. At December 31, 2019, our subsidiaries owned a loan servicing facility in London, Kentucky, and six buildings in Evansville, Indiana. The Evansville buildings house our administrative offices and our centralized operations. Our servicing facilities, administrative offices, centralized operations, and loan servicing facility support our Consumer and Insurance segment.

Item 3. Legal Proceedings.

See Note 16 of the Notes to the Consolidated Financial Statements included in this report.

Item 4. Mine Safety Disclosures.

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

MARKET INFORMATION AND STOCKHOLDERS

OMH's common stock has been listed for trading on the New York Stock Exchange ("NYSE") since October 16, 2013. On November 27, 2015, we changed the symbol from "LEAF" to "OMF" as a result of the OneMain Acquisition. Our initial public offering was priced at $17.00 per share on October 15, 2013.

On January 31, 2020, there were five record holders of OMH's common stock. This figure does not reflect the beneficial ownership of shares held in nominee name. On January 31, 2020, the closing price for OMH's common stock, as reported on the NYSE, was $42.37.

DIVIDEND POLICY

OMH previously did not pay any dividends on its common stock from its initial public offering in 2013 through 2018. In February of 2019, the OMH Board of Directors announced a program of quarterly dividends of $0.25 per share, and in July of 2019 the board approved an additional special dividend of $2.00 per share payable in the third quarter of 2019. While OMH intends to pay regular quarterly dividends for the foreseeable future, and has announced an intention to pay semi-annual special dividends, all subsequent dividends will be reviewed quarterly and declared at the discretion of its 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 OMH may not continue to declare dividends in the future.

No trading market exists for SFC's common stock. All of SFC's common stock is held by OMH. To provide funding for the quarterly and special dividends, mentioned above, SFC paid dividends to OMH of $34 million on March 13, 2019 and on June 13, 2019, $306 million on September 12, 2019, and $34 million on December 12, 2019. SFC did not pay any cash dividends on its common stock in 2018 or 2017.

Because we are holding companies and have no direct operations, we will only be able to pay dividends from our available cash on hand and any funds we receive from our subsidiaries. Our insurance subsidiaries are subject to regulations that limit their ability to pay dividends or make loans or advances to us, principally to protect policyholders, and certain of SFC's debt agreements limit the ability of certain of our subsidiaries to pay dividends. See Notes 10 and 12 of the Notes to the Consolidated Financial Statements included in this report for further information on SFC's debt agreements and our insurance subsidiary dividends, respectively.

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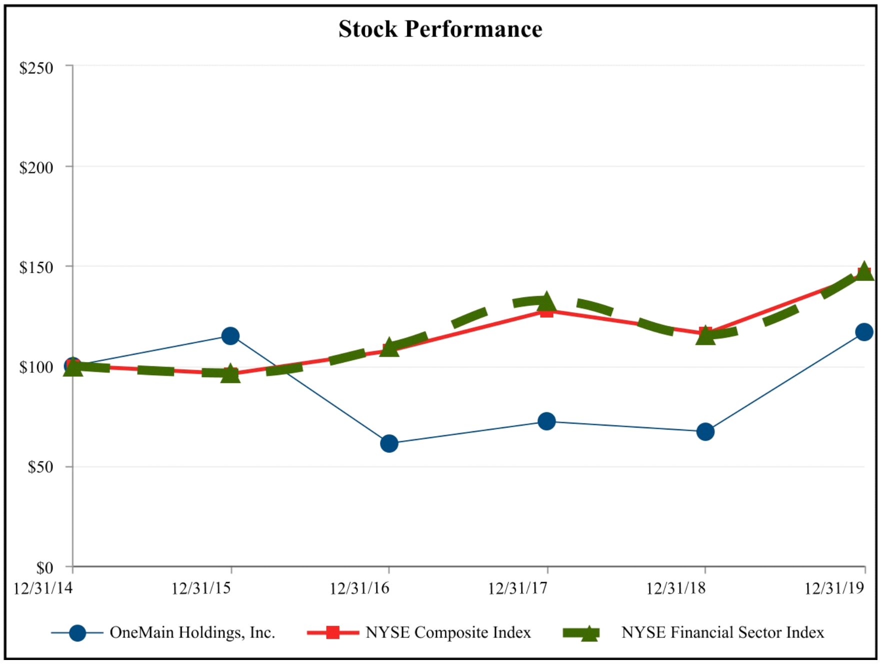
STOCK PERFORMANCE

The following data and graph show a comparison of the cumulative total shareholder return for OMH's common stock, the NYSE Financial Sector (Total Return) Index, and the NYSE Composite (Total Return) Index from December 31, 2014 through December 31, 2019. This data assumes simultaneous investments of $100 on December 31, 2014 and reinvestment of any dividends. The information in this “Stock Performance” section shall not be deemed to be “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Exchange Act.



	At December 31, 2014	2015	2016	2017	2018	2019
OneMain Holdings, Inc.	$ 100.00	$ 114.85	$ 61.21	$ 71.86	$ 67.16	$ 116.53
NYSE Composite Index	100.00	95.91	107.36	127.46	116.06	145.66
NYSE Financial Sector Index	100.00	96.34	109.45	132.69	115.26	147.93

Item 6. Selected Financial Data.

The following table presents OMH's selected historical consolidated financial data and other operating data. The consolidated statement of operations data for the years ended December 31, 2019, 2018, and 2017 and the consolidated balance sheet data as of December 31, 2019 and 2018 have been derived from OMH's audited consolidated financial statements included elsewhere herein. The statement of operations data for the years ended December 31, 2016 and 2015 and the consolidated balance sheet data as of December 31, 2017, 2016, and 2015 have been derived from OMH's consolidated financial statements not included elsewhere herein.

Due to the nominal differences between SFC and OMH, for the 2019 and 2018 periods, the selected historical consolidated financial data and other operating data 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.

For SFC's selected historical consolidated financial data and other operating data for the years ended 2017, 2016 and 2015, see “Selected Financial Data” in Part II Item 6 of SFC's Annual Report on Form 10-K for the year ended December 31, 2018 filed on February 15, 2019.

The following selected financial data should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in this report and OMH's audited consolidated financial statements and related notes included in this report.

	At or for the Years Ended December 31,				
(dollars in millions, except per share amounts)	**2019**	**2018**	**2017**	**2016**	**2015 ***
Consolidated Statements of Operations Data:					
Interest income	**$ 4,127**	$ 3,658	$ 3,196	$ 3,110	$ 1,930
Interest expense	**970**	875	816	856	715
Provision for finance receivable losses	**1,129**	1,048	955	932	716
Other revenues	**622**	574	560	773	262
Other expenses	**1,552**	1,685	1,554	1,739	987
Income (loss) before income tax expense (benefit)	**1,098**	624	431	356	(226)
Net income (loss)	**855**	447	183	243	(93)
Net income attributable to non-controlling interests	**—**	—	—	28	127
Net income (loss) attributable to OneMain Holdings, Inc.	**855**	447	183	215	(220)
Earnings (loss) per share:					
Basic	**$ 6.28**	$ 3.29	$ 1.35	$ 1.60	$ (1.72)
Diluted	**6.27**	3.29	1.35	1.59	(1.72)
Dividends:					
Cash dividends declared per share	**$ 3.00**	$ —	$ —	$ —	$ —
Consolidated Balance Sheet Data:					
Net finance receivables, less unearned insurance premium and claim reserves and allowance for finance receivable losses	**$ 16,767**	$ 14,771	$ 13,670	$ 12,457	$ 14,305
Total assets	**22,817**	20,090	19,433	18,123	21,190
Long-term debt	**17,212**	15,178	15,050	13,959	17,300
Total liabilities	**18,487**	16,291	16,155	15,057	18,460
OneMain Holdings, Inc. shareholders’ equity	**4,330**	3,799	3,278	3,066	2,809
Non-controlling interests	**—**	—	—	—	(79)
Total shareholders’ equity	**4,330**	3,799	3,278	3,066	2,730

***** On November 15, 2015, as part of our acquisition strategy, OMH completed the OneMain Acquisition. The selected financial data for 2015 includes OneMain’s results effective from November 1, 2015, pursuant to our contractual agreements with Citigroup.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of OMH's financial condition and results of operations should be read together with the audited consolidated financial statements and related notes included in this report. This discussion and analysis contains forward-looking statements that involve risk, uncertainties, and assumptions. See "Forward-Looking Statements" included in this report for more information. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including those discussed in "Risk Factors" included in this report.

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

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 December 31, 2019, we had approximately 2.44 million personal loans, representing $18.4 billion of net finance receivables, compared to approximately 2.37 million personal loans totaling $16.2 billion at December 31, 2018.

- ***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 purchasing retail sales finance contracts and revolving retail accounts in 2013. We continue to service or sub-service liquidating real estate loans and retail sales finance contracts. Effective September 30, 2018, our real estate loans previously classified as other receivables were transferred from held for investment to held for sale due to management's intent to no longer hold these finance receivables for the foreseeable future. See Notes 5, 6 and 7 of the Notes to the Consolidated Financial Statements included in this report for more information.

OUR SEGMENT

At December 31, 2019, C&I is our only reportable segment. Beginning in the fourth quarter of 2019, we included our A&S, which was previously presented as a distinct reporting segment, in Other. See Note 19 of the Notes to the Consolidated Financial Statements included in this report for more information on this change in our segment alignment and for more information about our segment. We have revised our prior period segment disclosures to conform to this new alignment.

HOW WE ASSESS OUR BUSINESS PERFORMANCE

We closely monitor the primary drivers of pretax operating income, which consist of the following:

Interest Income

We track interest income, including certain fees earned on our finance receivables, and continually monitor the components that impact our yield. Generally, we include any past due fees on loans that we have collected from customer payments in interest income.

Interest Expense

We track the interest expense incurred on our debt, and continually monitor the components of our cost of funds. We expect interest expense to fluctuate based on changes in the secured versus unsecured mix of our debt, time to maturity, the cost of funds rate, and access to revolving conduit facilities.

Net Credit Losses

The credit quality of our loans is driven by our underwriting philosophy, which considers the prospective customer's household budget, his or her willingness and capacity to repay, and the underlying collateral on the loan. We closely analyze credit performance because the profitability of our loan portfolio is directly connected to net credit losses. We define net credit losses as gross charge-offs minus recoveries in the portfolio. Additionally, because delinquencies are an early indicator of future net credit losses, we analyze delinquency trends, adjusting for seasonality, to determine whether our loans are performing in line with our original estimates. We also monitor recovery rates because of their contribution to the reduction in the severity of our charge-offs.

Operating Expenses

We assess our operational efficiency using various metrics and conduct extensive analysis to determine whether fluctuations in cost and expense levels indicate operational trends that need to be addressed. Our operating expense analysis also includes a review of origination and servicing costs to assist us in managing overall profitability.

Finance Receivables Originations

Because loan volume and portfolio size determine the magnitude of the impact of each of the above factors on our earnings, we also closely monitor origination volume and annual percentage rate.

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.

SFC's Issuances of 6.125% Senior Notes Due 2024, 6.625% Senior Notes Due 2028, 5.375% Senior Notes Due 2029 and Redemptions of 5.25% Senior Notes Due 2019 and 6.00% Senior Notes Due 2020

For further information regarding the issuances and redemptions of our unsecured debt, see Note 10 of the Notes to the Consolidated Financial Statements included in this report.

SFC's Securitization Transactions Completed: OMFIT 2019-1, OMFIT 2019-A, OMFIT 2019-2 and ODART 2019-1

For further information regarding the issuances of our secured debt, see “Liquidity and Capital Resources” of the Management’s Discussion and Analysis of Financial Condition and Results of Operations in this report.

Merger of SFI into SFC

As part of our efforts to streamline operations and financial reporting and improve the efficiencies in our businesses, we have taken various steps to simplify our legal entity structure. In culmination of these efforts, 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 consolidated financial statements as of July 1, 2019. As a result of SFI's merger with and into SFC, SFC became a wholly-owned direct subsidiary of OMH. 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.

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. Additionally, as a result of the merger, the intercompany notes between SFI and SFC were eliminated.

The transactions noted above resulted in a net $264 million reduction to SFC's equity. There was no impact to OMH's equity as a result of the merger.

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.

Appointment of Executive Vice President and Chief Operating Officer (“COO”) of OMH

On June 24, 2019, the OMH Board of Directors appointed Rajive Chadha as Executive Vice President and COO, effective on his first day of employment, July 15, 2019. Mr. Chadha replaced Robert A. Hurzeler, who resigned as Executive Vice President and COO on May 1, 2019 and departed the Company on May 31, 2019.

Appointment of Chief Financial Officer (“CFO”) of OMH

On April 25, 2019, the OMH Board of Directors appointed Micah R. Conrad as CFO. Mr. Conrad replaced Scott T. Parker, who resigned as Executive Vice President and CFO on March 26, 2019 and departed the Company on April 4, 2019. Mr. Parker’s departure was not due to any disagreement between Mr. Parker and the Company relating to the Company’s financial reporting or condition, policies or practices. Mr. Conrad served as the Company’s acting CFO from March 26, 2019 until his appointment as CFO of OMH.

Appointment of Member of the SFC Board of Directors, President, and Chief Executive Officer ("CEO") of SFC

On April 4, 2019, Richard N. Tambor was appointed to the SFC Board of Directors and as President and CEO of SFC. Mr. Tambor replaces Scott T. Parker, who resigned as a member of SFC's board of directors and as President and CEO of SFC.

Sale of Merit Life Insurance Co.

As part of our continuing integration efforts from the OneMain Acquisition, 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. We recorded a net gain of $9 million in the fourth quarter of 2019, which is included in other operating expenses. For further information regarding the sale, see Note 12 of the Notes to the Consolidated Financial Statements included in this report.

OUTLOOK

With our experienced management team, long track record of successfully accessing the capital markets, and strong demand for consumer credit, we believe we are well positioned to execute on our strategic priorities to strengthen our capital base through the following key initiatives:

- Continuing growth in receivables through enhanced marketing strategies and customer product options;
- Maintaining and enhancing credit performance;
- Leveraging our scale and cost discipline across the Company to deliver improved operating leverage;
- Increasing tangible equity and reducing financial leverage; and
- Maintaining a strong liquidity level with diversified funding sources.

Assuming the U.S. economy continues to experience moderate growth, we expect to continue our long history of strong credit performance. We believe the strong credit quality of our loan portfolio will continue as the result of our disciplined underwriting practices and ongoing collection efforts. We have continued to see some migration of customer activity away from traditional channels, such as direct mail, to online channels (primarily serviced through our branch network), where we believe we are well suited to capture volume due to our scale, technology, and deployment of advanced analytics.

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.

(dollars in millions, except per share amounts)

Years Ended December 31,	**2019**	2018	2017
Interest income	**$ 4,127**	$ 3,658	$ 3,196
Interest expense	**970**	875	816
Provision for finance receivable losses	**1,129**	1,048	955
Net interest income after provision for finance receivable losses	**2,028**	1,735	1,425
Other revenues	**622**	574	560
Other expenses	**1,552**	1,685	1,554
Income before income taxes	**1,098**	624	431
Income taxes	**243**	177	248
Net income	**$ 855**	$ 447	$ 183
Share Data:			
Earnings per share:			
Diluted	**$ 6.27**	$ 3.29	$ 1.35
Selected Financial Statistics *			
Finance receivables held for investment:			
Net finance receivables	**$ 18,389**	$ 16,164	$ 14,957
Number of accounts	**2,435,172**	2,373,330	2,360,604
Finance receivables held for sale:			
Net finance receivables	**$ 64**	$ 103	$ 132
Number of accounts	**2,019**	2,827	2,460
Finance receivables held for investment and held for sale:			
Average net receivables	**$ 17,055**	$ 15,471	$ 14,057
Yield	**24.13 %**	23.56 %	22.64 %
Gross charge-off ratio	**6.79 %**	7.13 %	7.50 %
Recovery ratio	**(0.74)%**	(0.73)%	(0.76)%
Net charge-off ratio	**6.05 %**	6.40 %	6.74 %
30-89 Delinquency ratio	**2.46 %**	2.42 %	2.49 %
Origination volume	**$ 13,803**	$ 11,923	$ 10,537
Number of accounts originated	**1,481,166**	1,436,029	1,442,895
Debt balances:			
Long-term debt balance	**$ 17,212**	$ 15,178	$ 15,050
Average daily debt balance	**16,336**	15,444	14,224

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

Comparison of Consolidated Results for 2019 and 2018

Interest income increased $469 million or 13% in 2019 when compared to 2018 primarily due to growth in our loan portfolio. The increase was also due to higher yield, which was primarily driven by lower amortization of purchase premium on non-credit impaired finance receivables, the continued stability in origination of annual percentage rates, and the improvement in late stage delinquency.

Interest expense increased $95 million or 11% in 2019 when compared to 2018 primarily due to an increase in average debt, consistent with the growth in our loan portfolio, and our strategic actions to increase unsecured debt, which tends to have higher interest rates than secured debt, in order to achieve a more proportional mix of secured and unsecured funding.

See Notes 10 and 11 of the Notes to the 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 $81 million or 8% in 2019 when compared to 2018 primarily driven by the growth in our loan portfolio. The allowance for finance receivable losses as a percentage of net finance receivables was flat from prior period reflecting lower allowance requirements due to the continued shift in portfolio mix to more secured personal loans and improvements in the effectiveness of our collections, offset by the impacts of continued liquidation of purchased credit impaired finance receivables resulting from the OneMain Acquisition.

Other revenues increased $48 million or 8% in 2019 when compared to 2018 primarily due to (i) a $31 million increase in insurance products sold due to higher loan volume and larger average loan size, (ii) a $29 million increase in investment revenue primarily driven by an increase in unrealized gains on equity investment securities due to improved market conditions and an increase in interest income due to higher yield and higher average cash and investment balances, (iii) a $13 million decrease in impairment loss recorded on the loans in finance receivables held for sale compared to the prior year, and (iv) an $11 million net gain on sale of a cost method investment. The increase was partially offset by $26 million of higher net losses on repurchases and repayments of debt and $15 million decrease in gain on sale of real estate loans sold in the prior year as compared to the current year.

Other expenses decreased $133 million or 8% in 2019 when compared to 2018 primarily due to $110 million of non-cash incentive compensation expense in 2018 related to the 2018 Apollo-Värde and AIG Share Sale Transactions, $14 million of impairment loss on the transfer of Yosemite to held for sale in 2018, and a $9 million net gain on the sale of Merit in 2019.

Income taxes totaled $243 million for 2019 compared to $177 million for 2018. The effective tax rate for 2019 was 22.2% compared to 28.4% for 2018. The effective tax rate for 2019 differed from the federal statutory rate of 21% primarily due to the effect of state income taxes, offset by the release of the valuation allowance against certain state deferred taxes. The effective tax rate for 2018 differed from the federal statutory rate of 21% primarily due to the effect of discrete tax expense for non-deductible compensation expense and state income taxes.

See Note 15 of the Notes to the Consolidated Financial Statements included in this report for further information on effective tax rates.

Comparison of Consolidated Results for 2018 and 2017

For a comparison of OMH's results of operation for the years ended 2018 and 2017, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Consolidated Results” in Part II Item 7 of OMH's Annual Report on Form 10-K for the year ended December 31, 2018 filed with the SEC on February 15, 2019.

NON-GAAP FINANCIAL MEASURES

Adjusted Pretax Income (Loss)

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 net losses resulting from repurchases and repayments of debt, acquisition-related transaction and integration expenses, net gain on sale of cost method investment, restructuring charges, additional net gain on Sale of SpringCastle interests, net loss on sale of real estate loans, and non-cash incentive compensation expense related to the Fortress Transaction. Management believes adjusted pretax income (loss) is useful in assessing the profitability of our segment and uses adjusted pretax income (loss) in evaluating our operating performance and as a performance goal under OMH's executive compensation programs. Adjusted pretax income (loss) is a non-GAAP financial measure 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 were as follows:

(dollars in millions)

Years Ended December 31,	2019	2018	2017
Consumer and Insurance			
Income before income taxes - Segment Accounting Basis	**$ 1,168**	$ 787	$ 676
Adjustments:			
Net loss on repurchases and repayments of debt	**30**	63	18
Acquisition-related transaction and integration expenses	**14**	47	66
Net gain on sale of cost method investment	**(11)**	—	—
Restructuring charges	**5**	8	—
Adjusted pretax income (non-GAAP)	**$ 1,206**	$ 905	$ 760
Other			
Loss before income taxes - Segment Accounting Basis	**$ (3)**	$ (131)	$ (40)
Adjustments:			
Additional net gain on Sale of SpringCastle interests	**(7)**	—	—
Net loss on sale of real estate loans *	**1**	6	—
Non-cash incentive compensation expense	**—**	106	—
Acquisition-related transaction and integration expenses	**—**	—	6
Adjusted pretax loss (non-GAAP)	**$ (9)**	$ (19)	$ (34)

***** In 2019 and 2018, the resulting impairments on finance receivables held for sale that remained after the February 2019 and the December 2018 Real Estate Loan Sales were combined with the respective gains on sales. See Note 7 of the Notes to the Consolidated Financial Statements included in this report for more information regarding the real estate loan sales.

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 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 included in this report for a description of our segment and methodologies used to allocate revenues and expenses to our C&I segment and Other.

CONSUMER AND INSURANCE

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

(dollars in millions)

At or for the Years Ended December 31,	2019	2018	2017
Interest income	**$ 4,114**	$ 3,677	$ 3,305
Interest expense	**947**	844	765
Provision for finance receivable losses	**1,105**	1,047	963
Net interest income after provision for finance receivable losses	**2,062**	1,786	1,577
Other revenues	**619**	558	565
Other expenses	**1,475**	1,439	1,382
Adjusted pretax income (non-GAAP)	**$ 1,206**	$ 905	$ 760
Selected Financial Statistics *			
Finance receivables held for investment:			
Net finance receivables	**$ 18,421**	$ 16,195	$ 14,820
Number of accounts	**2,435,172**	2,373,330	2,355,682
Finance receivables held for investment and held for sale:			
Average net receivables	**$ 17,089**	$ 15,401	$ 13,860
Yield	**24.07 %**	23.88 %	23.84 %
Gross charge-off ratio	**6.86 %**	7.32 %	7.94 %
Recovery ratio	**(0.84)%**	(0.84)%	(0.93)%
Net charge-off ratio	**6.02 %**	6.48 %	7.01 %
30-89 Delinquency ratio	**2.47 %**	2.43 %	2.44 %
Origination volume	**$ 13,803**	$ 11,923	$ 10,537
Number of accounts originated	**1,481,166**	1,436,029	1,442,895

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

Comparison of Adjusted Pretax Income for 2019 and 2018

Interest income increased $437 million or 12% in 2019 when compared to 2018 primarily due to continued growth in our loan portfolio along with higher yield. The higher yield reflects the continued stability in origination of annual percentage rates and the improvement in late stage delinquency.

Interest expense increased $103 million or 12% in 2019 when compared to 2018 primarily due to an increase in average debt, consistent with the growth in our loan portfolio, and our strategic actions to increase unsecured debt, which tends to have higher interest rates than secured debt, in order to achieve a more proportional mix of secured and unsecured funding.

See Notes 10 and 11 of the Notes to the 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 $58 million or 6% in 2019 when compared to 2018 primarily driven by the growth in our loan portfolio. The allowance for finance receivable losses as a percentage of net finance receivables decreased from prior periods due to the shift in portfolio mix to more secured personal loans and improvements in the effectiveness of collections.

Other revenues increased $61 million or 11% in 2019 when compared to 2018 primarily due to a $31 million increase in insurance products sold due to higher loan volume and larger average loan size, and a $25 million increase in investment revenue primarily driven by an increase in unrealized gains on equity investment securities due to improved market conditions and an increase in interest income due to higher yield and higher average cash and investment balances.

Other expenses increased $36 million or 3% in 2019 when compared to 2018 primarily due to our continued reinvestment in our business operations while achieving operating leverage.

Comparison of Adjusted Pretax Income for 2018 and 2017

For a comparison of OMH's adjusted pretax income for C&I for the years ended 2018 and 2017, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Segment Results” in Part II Item 7 of OMH's Annual Report on Form 10-K for the year ended December 31, 2018 filed with the SEC on February 15, 2019.

OTHER

"Other" consists of our liquidating SpringCastle Portfolio servicing activity and our non-originating legacy operations, which include our liquidating real estate loans and liquidating retail sales finance receivables.

Beginning in the fourth quarter 2019, we included A&S, which was previously presented as a distinct reporting segment, in Other. See Note 19 of the Notes to the Consolidated Financial Statements included in this report for further information on this change in our segment alignment. We have revised our prior period segment disclosures to conform to this new alignment.

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

(dollars in millions)

Years Ended December 31,	2019	2018	2017
Interest income	**$ 9**	$ 17	$ 23
Interest expense	**5**	17	21
Provision for finance receivable losses (a)	**—**	(5)	7
Net interest income after provision for finance receivable losses	**4**	5	(5)
Other revenues	**26**	33	45
Other expenses (b)	**39**	57	74
Adjusted pretax loss (non-GAAP)	**$ (9)**	$ (19)	$ (34)

(a) ***Provision for finance receivable losses*** for 2017 includes a $5 million increase due to estimated net charge-offs attributable to the impact of hurricanes Harvey and Maria.

(b) ***Other expenses*** for 2018 includes $4 million of non-cash incentive compensation expense related to the rights of certain executives to a portion of the cash proceeds from the sale of OMH's common stock by SFH.

Net finance receivables of the Other components on a Segment Accounting Basis were as follows:

(dollars in millions)

December 31,	2019	2018*	2017
Net finance receivables held for investment:			
Other receivables	**$ —**	$ —	$ 142
Net finance receivables held for sale:			
Other receivables	**$ 66**	$ 103	$ 138

***** On September 30, 2018, we transferred our real estate loans previously classified as other receivables from held for investment to held for sale. See Notes 5 and 7 of the Notes to the Consolidated Financial Statements included in this report for further information.

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 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 $18.4 billion at December 31, 2019 and $16.2 billion at December 31, 2018. 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 concentration of secured loans, the underlying value of the collateral of the secured loans, and the delinquency status of our finance receivables as the primary indicators of credit quality. At December 31, 2019 and December 31, 2018, 52% and 48%, respectively, of our personal loans, on a consolidated basis, were secured by titled collateral.

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.

We group FICO scores into the following credit strength categories:

- 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)

December 31,	**2019**	**2018**
FICO scores		
660 or higher	**$ 3,951**	$ 3,906
620-659	**4,683**	4,251
619 or below	**9,755**	8,007
Total	**$ 18,389**	$ 16,164

The increase in the sub-prime category from prior year reflects the growth in secured loans, which accommodates customers with lower FICO scores.

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	GAAP Basis
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 %**	*****	**2.46 %**
30+ days past due	**4.58 %**	*****	**4.56 %**
60+ days past due	**3.09 %**	*****	**3.08 %**
90+ days past due	**2.11 %**	*****	**2.10 %**
December 31, 2018			
Current	$ 15,437	$ (26)	$ 15,411
30-59 days past due	231	(2)	229
Delinquent (60-89 days past due)	162	(1)	161
Performing	15,830	(29)	15,801
Nonperforming (90+ days past due)	365	(2)	363
Total net finance receivables	$ 16,195	$ (31)	$ 16,164
Delinquency ratio			
30-89 days past due	2.43 %	*	2.42 %
30+ days past due	4.68 %	*	4.66 %
60+ days past due	3.26 %	*	3.25 %
90+ days past due	2.25 %	*	2.25 %

***** Not applicable.

ALLOWANCE FOR FINANCE RECEIVABLE LOSSES

We record 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 credit quality of the finance receivable portfolio and changes in economic conditions.

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

(dollars in millions)	Consumer and Insurance	Other	Segment to GAAP Adjustment	Consolidated Total
Year Ended December 31, 2019				
Balance at beginning of period	**$ 773**	**$ —**	**$ (42)**	**$ 731**
Provision for finance receivable losses	**1,105**	**—**	**24**	**1,129**
Charge-offs	**(1,172)**	**—**	**15**	**(1,157)**
Recoveries	**143**	**—**	**(17)**	**126**
Balance at end of period	**$ 849**	**$ —**	**$ (20)**	**$ 829**
Allowance ratio	**4.61 %**	**(a)**	**(a)**	**4.51 %**
Year Ended December 31, 2018				
Balance at beginning of period	$ 724	$ 35	$ (62)	$ 697
Provision for finance receivable losses	1,047	(5)	6	1,048
Charge-offs	(1,127)	(3)	26	(1,104)
Recoveries	129	3	(19)	113
Other (b)	—	(30)	7	(23)
Balance at end of period	$ 773	$ —	$ (42)	$ 731
Allowance ratio	4.77 %	(a)	(a)	4.52 %
Year Ended December 31, 2017				
Balance at beginning of period	$ 732	$ 31	$ (74)	$ 689
Provision for finance receivable losses	963	7	(15)	955
Charge-offs	(1,100)	(7)	53	(1,054)
Recoveries	129	4	(26)	107
Balance at end of period	$ 724	$ 35	$ (62)	$ 697
Allowance ratio	4.88 %	24.28 %	(a)	4.66 %

(a) Not applicable.

(b) Other consists primarily of the reclassification of allowance for finance receivable losses due to the transfer of the real estate loans in other receivables from held for investment to finance receivables held for sale on September 30, 2018. See Note 5 and 7 of the Notes to the Consolidated Financial Statements included in this report for further information.

The current delinquency status of our finance receivable portfolio, inclusive of recent borrower performance, volume of our TDR activity, and the level and recoverability of collateral securing our finance receivable portfolio 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 to cover estimated incurred losses in our finance receivable portfolio. The allowance for finance receivable losses as a percentage of net finance receivables has decreased from prior periods reflecting lower allowance requirements due to the shift in portfolio mix to more secured personal loans and improvements in the effectiveness of our collections, offset by the impacts of continued liquidation of purchased credit impaired finance receivables resulting from the OneMain Acquisition.

See Note 6 of the Notes to the 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. The increase to the TDR portfolio in 2019 was primarily driven by the increase in modifications on late stage delinquent accounts and the growth in our loan portfolio.

Information regarding TDR net finance receivables is as follows:

(dollars in millions)	Consumer and Insurance	Segment to GAAP Adjustment	GAAP Basis
December 31, 2019			
TDR net finance receivables	**$ 721**	**$ (63)**	**$ 658**
Allowance for TDR finance receivable losses	**292**	**(20)**	**272**
December 31, 2018			
TDR net finance receivables	$ 555	$ (102)	$ 453
Allowance for TDR finance receivable losses	210	(40)	170

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 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 2019, OMH generated net income of $855 million. OMH net cash outflow from operating and investing activities totaled $1.1 billion for the year ended December 31, 2019. At December 31, 2019, our scheduled principal and interest payments for 2020 on our existing debt (excluding securitizations) totaled $1.7 billion. As of December 31, 2019, we had $9.9 billion UPB of unencumbered personal loans and $120 million UPB of unencumbered real estate loans. These real estate loans are included in held for sale.

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.

SFC's Issuances and Redemptions

For information regarding the issuances and redemptions of SFC's unsecured debt, see Note 10 of the Notes to the Consolidated Financial Statements included in this report.

Securitizations and Borrowings from Revolving Conduit Facilities

During the year ended December 31, 2019, we completed four personal loan securitizations (OMFIT 2019-1, ODART 2019-1, OMFIT 2019-A, and OMFIT 2019-2, see “Securitized Borrowings” below), and redeemed five securitizations (SLFT 2015-A, OMFIT 2015-1, OMFIT 2015-2, OMFIT 2016-2, and ODART 2017-1). At December 31, 2019, we had $8.3 billion in UPB of finance receivables pledged as collateral for our securitization transactions.

During the year ended December 31, 2019, we entered into four new revolving conduit facilities and terminated one revolving conduit facility.

Subsequent to December 31, 2019, we extended the revolving period for OneMain Financial Funding VII, LLC on January 24, 2020 from June 2021 to January 2023.

See Notes 10 and 11 of the Notes to the Consolidated Financial Statements included in this report for further information on our long-term debt, loan securitization transactions and conduit facilities.

Cash Dividends to OMH's Common Stockholders

During 2019, dividend declarations by OMH's board of directors were as follows:

Declaration Date	Record Date	Payment Date	Dividend Per Share		Amount Paid
					(in millions)
February 11, 2019	February 26, 2019	March 15, 2019	$ 0.25		$ 34
April 29, 2019	May 29, 2019	June 14, 2019	0.25		34
July 29, 2019	August 27, 2019	September 13, 2019	2.25	*	306
October 28, 2019	November 26, 2019	December 13, 2019	0.25		34
Total			**$ 3.00**		**$ 408**

***** On July 29, 2019 the dividend declaration consisted of a regular quarterly dividend of $0.25 per share and a special dividend of $2.00 per share.

To provide funding for the dividends, SFC paid dividends to OMH of $34 million on March 13, 2019 and on June 13, 2019, $306 million on September 12, 2019, and $34 million on December 12, 2019.

On February 10, 2020, OMH declared a regular quarterly dividend of $0.33 per share and a special dividend of $2.50 per share payable on March 13, 2020 to record holders of OMH's common stock as of the close of business on February 26, 2020. To provide funding for the OMH dividend, the SFC Board of Directors authorized a dividend in the amount of up to $388 million payable on or after March 10, 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 $2.4 billion for 2019 reflected net income of $855 million, the impact of non-cash items, and a favorable change in working capital of $67 million. Net cash provided by operations of $2.0 billion for 2018 reflected net income of $447 million, the impact of non-cash items, and a favorable change in working capital of $86 million. Net cash provided by operations of $1.6 billion for 2017 reflected a net income of $183 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 $3.4 billion, $2.4 billion, and $2.2 billion for 2019, 2018, and 2017, respectively, 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 net sales, calls, and maturities of available-for-sale securities.

OMH's Financing Activities

Net cash provided by financing activities of $1.5 billion for 2019 was primarily due to net issuances of long-term debt offset primarily by the cash dividends paid in 2019. Net cash provided by financing activities of $44 million for 2018 was primarily due to net issuances of long-term debt. Net cash provided by financing activities of $975 million for 2017 was primarily due to net issuances of long-term debt, offset primarily by the repayment at maturity of existing 6.90% Medium-Term Notes and the repurchase of existing 6.90% Medium-Term Notes.

OMH's Cash and Investments

At December 31, 2019, we had $1.2 billion of cash and cash equivalents, which included $182 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 December 31, 2019, we had $1.9 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 has 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 include, but are not limited to, the following:

- our inability to grow or maintain our personal loan portfolio with adequate profitability;
- the effect of federal, state and local laws, regulations, or regulatory policies and practices;
- effects of ratings downgrades on our secured or unsecured debt
- potential liability relating to real estate and personal loans which we have sold or may sell in the future, or relating to securitized loans; and
- the potential for disruptions in the debt and equity markets.

The 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 some or all of the following strategies:

- maintaining disciplined underwriting standards and pricing for loans we originate or purchase and managing purchases of finance receivables;
- pursuing additional debt financings (including new securitizations and new unsecured debt issuances, debt refinancing transactions and revolving conduit facilities), or a combination of the foregoing;
- purchasing portions of our outstanding indebtedness through open market or privately negotiated transactions with third parties or pursuant to one or more tender or exchange offers or otherwise, upon such terms and at such prices, as well as with such consideration, as we may determine; and
- obtaining new and extending existing secured revolving facilities to provide committed liquidity in case of prolonged market fluctuations.

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. See Note 12 of the Notes to the Consolidated Financial Statements included in this report for further information on these restrictions and the dividends paid by our insurance subsidiaries from 2017 through 2019.

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 included in this report for further 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 December 31, 2019, 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	$ 336	3.78 %	5 years
SLFT 2016-A	532	559	166	208	3.49 %	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	160	238	4.67 %	3 years
OMFIT 2016-3	350	397	317	391	4.33 %	5 years
OMFIT 2017-1	947	988	769	796	2.74 %	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	240	276	3.07 %	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	$ 7,678	$ 8,494		

(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 December 31, 2019.

Revolving Conduit Facilities

In addition to the structured financings, we have access to 14 revolving conduit facilities with a total borrowing capacity of $7.1 billion as of December 31, 2019:

(dollars in millions)	Advance Maximum Balance	Amount Drawn	Revolving Period End	Due and Payable
Rocky River Funding, LLC	$ 400	$ —	April 2022	May 2023
OneMain Financial Funding IX, LLC	650	—	June 2022	July 2023
Mystic River Funding, LLC	850	—	September 2022	October 2025
Fourth Avenue Auto Funding, LLC	200	—	June 2022	July 2023
OneMain Financial Funding VIII, LLC	650	—	August 2021	September 2023
OneMain Financial Auto Funding I, LLC	850	—	June 2021	July 2028
OneMain Financial Funding VII, LLC	850	—	June 2021	July 2023
Thayer Brook Funding, LLC	250	—	July 2021	August 2022
Hubbard River Funding, LLC	250	—	September 2021	October 2023
Seine River Funding, LLC	650	—	October 2021	November 2024
New River Funding, LLC	250	—	March 2022	April 2027
Hudson River Funding, LLC	500	—	June 2022	July 2025
Columbia River Funding, LLC	500	—	September 2022	October 2025
St. Lawrence River Funding, LLC	250	—	October 2022	November 2024
Total	$ 7,100	$ —		

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 December 31, 2019.

Contractual Obligations

At December 31, 2019, our material contractual obligations were as follows:

(dollars in millions)	2020	2021-2022	2023-2024	2025+	Securitizations	Total
Principal maturities on long-term debt:						
Securitization debt (a)	$ —	$ —	$ —	$ —	$ 7,678	$ 7,678
Medium-term notes	1,000	1,646	2,475	4,399	—	9,520
Junior subordinated debt	—	—	—	350	—	350
Total principal maturities	1,000	1,646	2,475	4,749	7,678	17,548
Interest payments on debt (b)	664	1,062	781	1,139	899	4,545
Total	$ 1,664	$ 2,708	$ 3,256	$ 5,888	$ 8,577	$ 22,093

(a) On-balance sheet securitizations and borrowings under revolving conduit facilities are not included in maturities by period due to their variable monthly payments. At December 31, 2019, there were no amounts drawn under our revolving conduit facilities.

(b) Future interest payments on floating-rate debt are estimated based upon floating rates in effect at December 31, 2019.

Off-Balance Sheet Arrangements

We have no material off-balance sheet arrangements as defined by SEC rules and we had no off-balance sheet exposure to losses associated with unconsolidated VIEs at December 31, 2019 or December 31, 2018.

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 roll rate-based model applied to our finance receivable portfolio. In our roll rate-based model, our finance receivable types are stratified by collateral mix and contractual delinquency stages, and are projected forward in one-month increments using historical roll rates. In each month of the simulation, losses on our finance receivable types are captured, and the ending delinquency stratification serves as the beginning point of the next iteration. No new volume is assumed. This process is repeated until the number of iterations equals the loss emergence period (the interval of time between the event which causes a borrower to default on a finance receivable and our recording of the charge-off) for our finance receivable types. As delinquency is a primary input into our roll rate-based model, we inherently consider nonaccrual loans in our estimate of the allowance for finance receivable losses.

Management exercises its judgment, based on quantitative analyses, qualitative factors, such as recent delinquency and other credit trends, and experience in the consumer finance industry, when determining the amount of the allowance for finance receivable losses. We adjust the amounts determined by the roll rate-based model for management’s estimate of the effects of model imprecision which include but are not limited to, any changes to underwriting criteria, portfolio seasoning, and current economic conditions, including levels of unemployment and personal bankruptcies.

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 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 4 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.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The fair values of certain assets and liabilities are sensitive to changes in market interest rates. The impact of changes in interest rates would be reduced by the fact that increases (decreases) in fair values of assets would be partially offset by corresponding changes in fair values of liabilities. In aggregate, the estimated impact of an immediate and sustained 100 bps increase or decrease in interest rates on the fair values of our interest rate-sensitive financial instruments would not be material to our financial position.

The estimated increases (decreases) in fair values of interest rate-sensitive financial instruments were as follows:

December 31,	**2019**		**2018**	
(dollars in millions)	**+100 bps**	**-100 bps**	**+100 bps**	**-100 bps**
Assets				
Net finance receivables, less allowance for finance receivable losses	**$ (218)**	**$ 223**	$ (182)	$ 187
Finance receivables held for sale	**(5)**	**6**	(8)	10
Fixed-maturity investment securities	**(72)**	**74**	(66)	71
Liabilities				
Long-term debt	**$ (667)**	**$ 713**	$ (391)	$ 361

We derived the changes in fair values by modeling estimated cash flows of certain assets and liabilities. We adjusted the cash flows to reflect changes in prepayments and calls, but did not consider loan originations, debt issuances, or new investment purchases.

We did not enter into interest rate-sensitive financial instruments for trading or speculative purposes.

Readers should exercise care in drawing conclusions based on the above analysis. While these changes in fair values provide a measure of interest rate sensitivity, they do not represent our expectations about the impact of interest rate changes on our financial results. This analysis is also based on our exposure at a particular point in time and incorporates numerous assumptions and estimates. It also assumes an immediate change in interest rates, without regard to the impact of certain business decisions or initiatives that we would likely undertake to mitigate or eliminate some or all of the adverse effects of the modeled scenarios.

Item 8. Financial Statements and Supplementary Data.

An index to our financial statements and supplementary data follows:

Report of Independent Registered Public Accounting Firm (OneMain Holdings, Inc.)

To the Board of Directors and Shareholders of OneMain Holdings, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of OneMain Holdings, Inc. and its subsidiaries (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of operations, of comprehensive income, of shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2019, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Finance Receivable Losses for Loans Collectively Evaluated for Impairment – Loss Emergence Period

As described in Notes 3 and 6 to the consolidated financial statements, the Company's allowance for finance receivable losses for loans collectively evaluated for impairment was $557 million as of December 31, 2019. Management bases the allowance for finance receivable losses primarily on historical loss experience using a roll rate-based model applied to the Company's finance receivable portfolios collectively evaluated for impairment. Losses are projected forward in one-month increments over the loss emergence period (the interval of time between the event which causes a borrower to default on a finance receivable and the recording of the charge-off).

The principal considerations for our determination that performing procedures relating to the allowance for finance receivable losses for loans collectively evaluated for impairment – loss emergence period is a critical audit matter are (i) there was significant judgment by management in determining the loss emergence period, which in turn led to a high degree of subjectivity and judgment in performing procedures relating to the loss emergence period, (ii) there was high degree of judgment in evaluating audit evidence relating to the loss emergence period, and (iii) significant audit effort was necessary to perform procedures related to the loss emergence period and involved the use of professionals with specialized skill and knowledge to assist in evaluating the audit evidence obtained from these procedures.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the allowance for finance receivable losses, including controls over the determination of the loss emergence period. These procedures also included, among others, testing management's process for determining the loss emergence period, including testing the historical default and charge-off data inputs used in the determination of the loss emergence period, and evaluating the reasonableness of the loss emergence period, including consideration of underlying portfolio characteristics. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the methodology for determining the loss emergence period.

/s/ PricewaterhouseCoopers LLP

Dallas, Texas
February 14, 2020

We have served as the Company's auditor since 2002.

Report of Independent Registered Public Accounting Firm (Springleaf Finance Corporation)

To the Board of Directors and Shareholder of Springleaf Finance Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Springleaf Finance Corporation and its subsidiaries (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of operations, of comprehensive income, of shareholder's equity and of cash flows for each of the three years in the period ended December 31, 2019, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Dallas, Texas
February 14, 2020

We have served as the Company's auditor since 2002.

ONEMAIN HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

(dollars in millions, except par value amount)

December 31,	2019	2018
Assets		
Cash and cash equivalents	**$ 1,227**	$ 679
Investment securities	**1,884**	1,694
Net finance receivables (includes loans of consolidated VIEs of $8.4 billion in 2019 and $8.5 billion in 2018)	**18,389**	16,164
Unearned insurance premium and claim reserves	**(793)**	(662)
Allowance for finance receivable losses (includes allowance of consolidated VIEs of $340 million in 2019 and $444 million in 2018)	**(829)**	(731)
Net finance receivables, less unearned insurance premium and claim reserves and allowance for finance receivable losses	**16,767**	14,771
Finance receivables held for sale	**64**	103
Restricted cash and restricted cash equivalents (includes restricted cash and restricted cash equivalents of consolidated VIEs of $400 million in 2019 and $479 million in 2018)	**405**	499
Goodwill	**1,422**	1,422
Other intangible assets	**343**	388
Other assets	**705**	534
Total assets	**$ 22,817**	$ 20,090
Liabilities and Shareholders' Equity		
Long-term debt (includes debt of consolidated VIEs of $7.6 billion in 2019 and $7.5 billion in 2018)	**$ 17,212**	$ 15,178
Insurance claims and policyholder liabilities	**649**	685
Deferred and accrued taxes	**34**	45
Other liabilities (includes other liabilities of consolidated VIEs of $14 million in 2019 and 2018)	**592**	383
Total liabilities	**18,487**	16,291
Commitments and contingent liabilities (Note 16)		
Shareholders' equity:		
Common stock, par value $0.01 per share; 2,000,000,000 shares authorized, 136,101,156 and 135,832,278 shares issued and outstanding at December 31, 2019 and 2018, respectively	**1**	1
Additional paid-in capital	**1,689**	1,681
Accumulated other comprehensive income (loss)	**44**	(34)
Retained earnings	**2,596**	2,151
Total shareholders' equity	**4,330**	3,799
Total liabilities and shareholders' equity	**$ 22,817**	$ 20,090

See Notes to the Consolidated Financial Statements.

ONEMAIN HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Operations

(dollars in millions, except per share amounts)

Years Ended December 31,	2019	2018	2017
Interest income:			
Finance charges	**$ 4,116**	$ 3,645	$ 3,183
Finance receivables held for sale	**11**	13	13
Total interest income	**4,127**	3,658	3,196
Interest expense	**970**	875	816
Net interest income	**3,157**	2,783	2,380
Provision for finance receivable losses	**1,129**	1,048	955
Net interest income after provision for finance receivable losses	**2,028**	1,735	1,425
Other revenues:			
Insurance	**460**	429	420
Investment	**95**	66	73
Net loss on repurchases and repayments of debt	**(35)**	(9)	(29)
Net gains on sales of real estate loans	**3**	18	—
Other	**99**	70	96
Total other revenues	**622**	574	560
Other expenses:			
Salaries and benefits	**808**	917	777
Other operating expenses	**559**	576	593
Insurance policy benefits and claims	**185**	192	184
Total other expenses	**1,552**	1,685	1,554
Income before income taxes	**1,098**	624	431
Income taxes	**243**	177	248
Net income	**$ 855**	$ 447	$ 183
Share Data:			
Weighted average number of shares outstanding:			
Basic	**136,070,837**	135,702,989	135,249,314
Diluted	**136,326,911**	136,034,143	135,678,991
Earnings per share:			
Basic	**$ 6.28**	$ 3.29	$ 1.35
Diluted	**$ 6.27**	$ 3.29	$ 1.35

See Notes to the Consolidated Financial Statements.

ONEMAIN HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(dollars in millions)

Years Ended December 31,	2019	2018	2017
Net income	**$ 855**	$ 447	$ 183
Other comprehensive income (loss):			
Net change in unrealized gains (losses) on non-credit impaired available-for-sale securities	**88**	(44)	21
Retirement plan liability adjustments	**7**	(7)	12
Foreign currency translation adjustments	**5**	(9)	6
Income tax effect:			
Net unrealized gains (losses) on non-credit impaired available-for-sale securities	**(20)**	9	(7)
Retirement plan liability adjustments	**(1)**	3	(3)
Foreign currency translation adjustments	**(2)**	—	(2)
Other comprehensive income (loss), net of tax, before reclassification adjustments	**77**	(48)	27
Reclassification adjustments included in net income, net of tax:			
Net realized losses (gains) on available-for-sale securities, net of tax	**1**	1	(9)
Retirement plan liability adjustments, net of tax	**—**	—	(1)
Reclassification adjustments included in net income, net of tax	**1**	1	(10)
Other comprehensive income (loss), net of tax	**78**	(47)	17
Comprehensive income	**$ 933**	$ 400	$ 200

See Notes to the Consolidated Financial Statements.

ONEMAIN HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Shareholders' Equity

	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, 2019	**$ 1**	**$ 1,681**	**$ (34)**	**$ 2,151**	**$ 3,799**
Share-based compensation expense, net of forfeitures	**—**	**13**	**—**	**—**	**13**
Withholding tax on share-based compensation	**—**	**(5)**	**—**	**—**	**(5)**
Other comprehensive income	**—**	**—**	**78**	**—**	**78**
Cash dividends *	**—**	**—**	**—**	**(410)**	**(410)**
Net income	**—**	**—**	**—**	**855**	**855**
Balance, December 31, 2019	**$ 1**	**$ 1,689**	**$ 44**	**$ 2,596**	**$ 4,330**
Balance, January 1, 2018	$ 1	$ 1,560	$ 11	$ 1,706	$ 3,278
Non-cash incentive compensation from SFH	—	110	—	—	110
Share-based compensation expense, net of forfeitures	—	21	—	—	21
Withholding tax on share-based compensation	—	(10)	—	—	(10)
Other comprehensive loss	—	—	(47)	—	(47)
Impact of AOCI reclassification due to the Tax Act	—	—	2	(2)	—
Net income	—	—	—	447	447
Balance, December 31, 2018	$ 1	$ 1,681	$ (34)	$ 2,151	$ 3,799
Balance, January 1, 2017	$ 1	$ 1,548	$ (6)	$ 1,523	$ 3,066
Share-based compensation expense, net of forfeitures	—	17	—	—	17
Withholding tax on share-based compensation	—	(5)	—	—	(5)
Other comprehensive income	—	—	17	—	17
Net income	—	—	—	183	183
Balance, December 31, 2017	$ 1	$ 1,560	$ 11	$ 1,706	$ 3,278

* Cash dividends declared were $0.25 per share in the first, second, and fourth quarters, and $2.25 per share in the third quarter of 2019.

See Notes to the Consolidated Financial Statements.

ONEMAIN HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

(dollars in millions)

Years Ended December 31,	2019	2018	2017
Cash flows from operating activities			
Net income	**$ 855**	$ 447	$ 183
Reconciling adjustments:			
Provision for finance receivable losses	**1,129**	1,048	955
Depreciation and amortization	**271**	289	328
Deferred income tax charge	**1**	23	30
Net loss on repurchases and repayments of debt	**35**	9	29
Non-cash incentive compensation from SFH	**—**	110	—
Share-based compensation expense, net of forfeitures	**13**	21	17
Other	**(9)**	13	(4)
Cash flows due to changes in other assets and other liabilities	**67**	86	17
Net cash provided by operating activities	**2,362**	2,046	1,555
Cash flows from investing activities			
Net principal originations of finance receivables held for investment and held for sale	**(3,305)**	(2,373)	(2,275)
Proceeds on sales of finance receivables held for sale originated as held for investment	**19**	100	—
Available-for-sale securities purchased	**(718)**	(680)	(671)
Available-for-sale securities called, sold, and matured	**574**	563	739
Other securities purchased	**(18)**	(11)	—
Other securities called, sold, and matured	**31**	36	18
Other, net	**(12)**	(32)	(3)
Net cash used for investing activities	**(3,429)**	(2,397)	(2,192)
Cash flows from financing activities			
Proceeds from issuance of long-term debt, net of commissions	**5,895**	5,525	5,427
Repayment of long-term debt	**(3,961)**	(5,471)	(4,447)
Cash dividends	**(408)**	—	—
Withholding tax on share-based compensation	**(5)**	(10)	(5)
Net cash provided by financing activities	**1,521**	44	975
Net change in cash and cash equivalents and restricted cash and restricted cash equivalents	**454**	(307)	338
Cash and cash equivalents and restricted cash and restricted cash equivalents at beginning of period	**1,178**	1,485	1,147
Cash and cash equivalents and restricted cash and restricted cash equivalents at end of period	**$ 1,632**	$ 1,178	$ 1,485
Supplemental cash flow information			
Cash and cash equivalents	**$ 1,227**	$ 679	$ 987
Restricted cash and restricted cash equivalents	**405**	499	498
Total cash and cash equivalents and restricted cash and restricted cash equivalents	**$ 1,632**	$ 1,178	$ 1,485
Cash paid for amounts included in the measurement of operating lease liabilities	**$ (58)**	$ —	$ —
Interest paid	**$ (845)**	$ (752)	$ (746)
Income taxes paid	**(261)**	(150)	(156)

Consolidated Statements of Cash Flows (Continued)

(dollars in millions)

Years Ended December 31,	2019	2018	2017
Supplemental non-cash activities			
Right-of-use assets obtained in exchange for operating lease obligations	**$ 233**	$ —	$ —
Transfer of finance receivables to real estate owned	**8**	7	9
Transfer of net finance receivables held for investment to finance receivables held for sale (prior to deducting allowance for finance receivable losses)	**—**	111	—

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

See Notes to the Consolidated Financial Statements.

SPRINGLEAF FINANCE CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets

(dollars in millions, except par value amount)

December 31,	2019	2018
Assets		
Cash and cash equivalents	$ **1,227**	$ 663
Investment securities	**1,884**	1,694
Net finance receivables (includes loans of consolidated VIEs of $8.4 billion in 2019 and $8.5 billion in 2018)	**18,389**	16,122
Unearned insurance premium and claim reserves	**(793)**	(662)
Allowance for finance receivable losses (includes allowance of consolidated VIEs of $340 million in 2019 and $444 million in 2018)	**(829)**	(726)
Net finance receivables, less unearned insurance premium and claim reserves and allowance for finance receivable losses	**16,767**	14,734
Finance receivables held for sale	**64**	103
Notes receivable from parent	**—**	260
Restricted cash and restricted cash equivalents (includes restricted cash and restricted cash equivalents of consolidated VIEs of $400 million in 2019 and $479 million in 2018)	**405**	499
Goodwill	**1,422**	1,422
Other intangible assets	**343**	387
Other assets	**704**	547
Total assets	$ **22,816**	$ 20,309
Liabilities and Shareholder's Equity		
Long-term debt (includes debt of consolidated VIEs of $7.6 billion in 2019 and $7.5 billion in 2018)	$ **17,212**	$ 15,178
Insurance claims and policyholder liabilities	**649**	685
Deferred and accrued taxes	**35**	42
Other liabilities (includes other liabilities of consolidated VIEs of $14 million in 2019 and 2018)	**595**	383
Total liabilities	**18,491**	16,288
Commitments and contingent liabilities (Note 16)		
Shareholder's equity:		
Common stock, par value $0.50 per share; 25,000,000 shares authorized, 10,160,021 shares issued and outstanding at December 31, 2019 and 2018	**5**	5
Additional paid-in capital	**1,888**	2,110
Accumulated other comprehensive income (loss)	**44**	(34)
Retained earnings	**2,388**	1,940
Total shareholder's equity	**4,325**	4,021
Total liabilities and shareholder's equity	$ **22,816**	$ 20,309

See Notes to the Consolidated Financial Statements.

SPRINGLEAF FINANCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations

(dollars in millions)

Years Ended December 31,	2019	2018	2017
Interest income:			
Finance charges	**$ 4,116**	$ 3,635	$ 3,174
Finance receivables held for sale	**11**	13	13
Total interest income	**4,127**	3,648	3,187
Interest expense	**972**	876	816
Net interest income	**3,155**	2,772	2,371
Provision for finance receivable losses	**1,129**	1,043	947
Net interest income after provision for finance receivable losses	**2,026**	1,729	1,424
Other revenues:			
Insurance	**460**	429	420
Investment	**95**	66	73
Interest income on notes receivable from parent	**7**	18	23
Net loss on repurchases and repayments of debt	**(35)**	(9)	(29)
Net gains on sales of real estate loans	**3**	18	—
Other	**99**	38	53
Total other revenues	**629**	560	540
Other expenses:			
Salaries and benefits	**808**	877	750
Other operating expenses	**558**	577	635
Insurance policy benefits and claims	**185**	192	184
Total other expenses	**1,551**	1,646	1,569
Income before income taxes	**$ 1,104**	$ 643	$ 395
Income taxes	**246**	182	243
Net income	**$ 858**	$ 461	$ 152

See Notes to the Consolidated Financial Statements.

SPRINGLEAF FINANCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income

(dollars in millions) **Years Ended December 31,**	**2019**	2018	2017
Net income	**$ 858**	$ 461	$ 152
Other comprehensive income (loss):			
Net change in unrealized gains (losses) on non-credit impaired available-for-sale securities	**88**	(44)	21
Retirement plan liability adjustments	**7**	(8)	4
Foreign currency translation adjustments	**5**	(9)	6
Income tax effect:			
Net unrealized gains (losses) on non-credit impaired available-for-sale securities	**(20)**	9	(7)
Retirement plan liability adjustments	**(1)**	3	(1)
Foreign currency translation adjustments	**(2)**	—	(2)
Other comprehensive income (loss), net of tax, before reclassification adjustments	**77**	(49)	21
Reclassification adjustments included in net income, net of tax:			
Net realized losses (gains) on available-for-sale securities, net of tax	**1**	1	(9)
Reclassification adjustments included in net income, net of tax	**1**	1	(9)
Other comprehensive income (loss), net of tax	**78**	(48)	12
Comprehensive income	**$ 936**	$ 413	$ 164

See Notes to the Consolidated Financial Statements.

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SPRINGLEAF FINANCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Shareholder's Equity

	Springleaf Finance Corporation Shareholder's Equity				
(dollars in millions)	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
Balance, January 1, 2019	**$ 5**	**$ 2,110**	**$ (34)**	**$ 1,940**	**$ 4,021**
Share-based compensation expense, net of forfeitures	**—**	**13**	**—**	**—**	**13**
Withholding tax on share-based compensation	**—**	**(5)**	**—**	**—**	**(5)**
Other comprehensive income	**—**	**—**	**78**	**—**	**78**
Contribution of SCLH to SFC from SFI	**—**	**34**	**—**	**—**	**34**
Merger of SFI with SFC	**—**	**(408)**	**—**	**—**	**(408)**
Cash contribution from OMH	**—**	**144**	**—**	**—**	**144**
Cash dividends	**—**	**—**	**—**	**(410)**	**(410)**
Net income	**—**	**—**	**—**	**858**	**858**
Balance, December 31, 2019	**$ 5**	**$ 1,888**	**$ 44**	**$ 2,388**	**$ 4,325**
Balance, January 1, 2018	$ 5	$ 1,909	$ 6	$ 1,482	$ 3,402
Non-cash incentive compensation from SFH	—	110	—	—	110
Contribution of OGSC to SFC from SFI	—	53	5	—	58
Contribution of SMHC to SFC from SFI	—	30	—	—	30
Share-based compensation expense, net of forfeitures	—	10	—	—	10
Withholding tax on shared-based compensation	—	(2)	—	—	(2)
Other comprehensive loss	—	—	(48)	—	(48)
Impact of AOCI reclassification due to the Tax Act	—	—	3	(3)	—
Net income	—	—	—	461	461
Balance, December 31, 2018	$ 5	$ 2,110	$ (34)	$ 1,940	$ 4,021
Balance, January 1, 2017	$ 5	$ 1,906	$ (6)	$ 1,368	$ 3,273
Share-based compensation expense, net of forfeitures	—	5	—	—	5
Withholding tax on RSUs converted	—	(2)	—	—	(2)
Other comprehensive income	—	—	12	—	12
Dividend of SFMC to SFI	—	—	—	(38)	(38)
Net income	—	—	—	152	152
Balance, December 31, 2017	$ 5	$ 1,909	$ 6	$ 1,482	$ 3,402

See Notes to the Consolidated Financial Statements.

SPRINGLEAF FINANCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows

(dollars in millions) **Years Ended December 31,**	**2019**	2018	2017
Cash flows from operating activities			
Net income	**$ 858**	$ 461	$ 152
Reconciling adjustments:			
Provision for finance receivable losses	**1,129**	1,043	947
Depreciation and amortization	**271**	279	317
Deferred income tax charge	**3**	21	43
Net loss on repurchases and repayments of debt	**35**	9	29
Non-cash incentive compensation from SFH	**—**	110	—
Share-based compensation expense, net of forfeitures	**13**	10	5
Other	**(9)**	13	(5)
Cash flows due to changes in other assets and other liabilities	**92**	21	159
Net cash provided by operating activities	**2,392**	1,967	1,647
Cash flows from investing activities			
Net principal originations of finance receivables held for investment and held for sale	**(3,305)**	(2,372)	(2,267)
Proceeds on sales of finance receivables held for sale originated as held for investment	**19**	100	—
Cash advances on intercompany notes receivables	**(3)**	(34)	(355)
Proceeds from repayments of principal on intercompany note to parent	**3**	187	249
Available-for-sale securities purchased	**(718)**	(680)	(671)
Available-for-sale securities called, sold, and matured	**574**	563	739
Other securities purchased	**(18)**	(11)	—
Other securities called, sold, and matured	**31**	36	18
Other, net	**(12)**	(27)	7
Net cash used for investing activities	**(3,429)**	(2,238)	(2,280)
Cash flows from financing activities			
Proceeds from issuance of long-term debt, net of commissions	**5,895**	5,525	5,427
Repayment of long-term debt	**(3,961)**	(5,471)	(4,447)
Cash contribution of SCLH	**12**	—	—
Cash dividends to OMH	**(408)**	—	—
Cash contribution from OMH	**144**	—	—
Cash contribution of SMHC	**—**	13	—
Cash contribution of OGSC	**—**	11	—
Cash dividends of SFMC	**—**	—	(10)
Payments on intercompany note payable	**(170)**	(99)	—
Withholding tax on share-based compensation	**(5)**	(2)	(2)
Net cash provided by (used by) financing activities	**1,507**	(23)	968

Consolidated Statements of Cash Flows (Continued)

(dollars in millions)

Years Ended December 31,	2019	2018	2017
Net change in cash and cash equivalents and restricted cash and restricted cash equivalents	**470**	(294)	335
Cash and cash equivalents and restricted cash and restricted cash equivalents at beginning of period	**1,162**	1,456	1,121
Cash and cash equivalents and restricted cash and restricted cash equivalents at end of period	**$ 1,632**	$ 1,162	$ 1,456
Supplemental cash flow information			
Cash and cash equivalents	**$ 1,227**	$ 663	$ 958
Restricted cash and restricted cash equivalents	**405**	499	498
Total cash and cash equivalents and restricted cash and restricted cash equivalents	**$ 1,632**	$ 1,162	$ 1,456
Cash paid for amounts included in the measurement of operating lease liabilities	**$ (58)**	$ —	$ —
Interest paid	**$ (847)**	$ (753)	$ (746)
Income taxes paid	**(261)**	(150)	(154)
Supplemental non-cash activities			
Right-of-use assets obtained in exchange for operating lease obligations	**$ 233**	$ —	$ —
Transfer of finance receivables to real estate owned	**8**	7	9
Transfer of net finance receivables held for investment to finance receivables held for sale (prior to deducting allowance for finance receivable losses)	**—**	111	—
Non-cash merger of SFI with SFC	**(408)**	—	—
Non-cash contribution of SCLH	**22**	—	—
Non-cash contribution of OGSC	**—**	47	—
Non-cash contribution of SMHC	**—**	17	—
Non-cash dividend of SFMC	**—**	—	(28)

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

See Notes to the Consolidated Financial Statements.

ONEMAIN HOLDINGS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2019

1. Nature of Operations

OneMain Holdings, Inc. is referred to in this report as “OMH” or, collectively with its subsidiaries, whether directly or indirectly owned, the “Company,” “we,” “us,” or “our.” OMH is a Delaware corporation.

OMH is a financial services holding company 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, Springleaf Finance Corporation (“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 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.

At December 31, 2019, the Apollo-Värde Group owned approximately 40.4% of OMH’s common stock.

2018 Share Sale Transactions

As disclosed in Note 21 of the Notes to the Consolidated Financial Statements in Part II - Item 8 included in our 2018 Annual Report on Form 10-K, certain executives of the Company had previously been granted incentive units that only provided benefits (in the form of distributions) if Springleaf Financial Holdings, LLC ("SFH") made distributions to one or more of its common members that exceeded specified threshold amounts. In connection with the Fortress Transaction resulting from the Apollo-Värde Transaction described in Note 2 of the Notes to the Consolidated Financial Statements in Part II - Item 8 included in our 2018 Annual Report on Form 10-K, certain executive officers who were holders of SFH incentive units received a distribution of approximately $106 million in the aggregate from SFH. Although the distribution was not made by the Company or its subsidiaries, in accordance with Accounting Standards Codification ("ASC") 710, *Compensation-General*, we recorded non-cash incentive compensation expense of approximately $106 million, with an equal and offsetting increase to additional paid-in-capital. The impact to the Company was non-cash, equity neutral, and not tax deductible.

In addition, in connection with the distributions by SFH to AIG resulting from the AIG Share Sale Transaction described in Note 2 of the Notes to the Consolidated Financial Statements in Part II - Item 8 included in our 2018 Annual Report on Form 10-K, these same executive officers holding the incentive units described above, received a distribution of approximately $4 million in the aggregate from SFH in respect of their incentive interests in SFH. Consistent with the Fortress Transaction, we recorded non-cash incentive compensation expense of approximately $4 million, with an equal and offsetting increase to additional paid-in-capital. Again, the impact to the Company was non-cash, equity neutral, and not tax deductible.

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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 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 consolidated balance sheets and results of our consolidated statements of operations of SFC to OMH:

December 31,	2019			2018		
(dollars in millions)	**OMH**	**SFC**	**Difference**	**OMH**	**SFC**	**Difference**
Cash and cash equivalents	**$ 1,227**	**$ 1,227**	**$ —**	$ 679	$ 663	$ 16
Net finance receivables (a)	**18,389**	**18,389**	**—**	16,164	16,122	42
Allowance for finance receivable losses (a)	**(829)**	**(829)**	**—**	(731)	(726)	(5)
Notes receivables from parent (b)	**—**	**—**	**—**	—	260	(260)
Other intangible assets	**343**	**343**	**—**	388	387	1
Other assets	**705**	**704**	**1**	534	547	(13)
Deferred and accrued taxes	**34**	**35**	**(1)**	45	42	3
Other liabilities	**592**	**595**	**(3)**	383	383	—
Total shareholders' equity (c)	**4,330**	**4,325**	**5**	3,799	4,021	(222)

Years Ended December 31,	2019			2018			2017		
(dollars in millions)	**OMH**	**SFC**	**Difference**	**OMH**	**SFC**	**Difference**	**OMH**	**SFC**	**Difference**
Finance charges (a)	**$ 4,116**	**$ 4,116**	**$ —**	$ 3,645	$ 3,635	$ 10	$ 3,183	$ 3,174	$ 9
Interest expense	**970**	**972**	**(2)**	875	876	(1)	816	816	—
Provision for finance receivable losses (a)	**1,129**	**1,129**	**—**	1,048	1,043	5	955	947	8
Interest income on note receivables from parent (b)	**—**	**7**	**(7)**	—	18	(18)	—	23	(23)
Other revenue (d)	**99**	**99**	**—**	70	38	32	96	53	43
Salaries and benefits	**808**	**808**	**—**	917	877	40	777	750	27
Other operating expenses	**559**	**558**	**1**	576	577	(1)	593	635	(42)
Income before income taxes	**1,098**	**1,104**	**(6)**	624	643	(19)	431	395	36
Income taxes	**243**	**246**	**(3)**	177	182	(5)	248	243	5
Net Income	**855**	**858**	**(3)**	447	461	(14)	183	152	31

(a) The differences in the 2018 and 2017 periods are related to Springleaf Consumer Loan Holding Company (“SCLH”) finance receivables and the related allowance for finance receivable losses. 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. See below for further details related to the Contribution of SCLH to SFC.

(b) Included in the notes receivables from parent were notes from SFI held by SFC and Springleaf Mortgage Holding Company’s (“SMHC”), a wholly-owned direct subsidiary, of SFC. See Note 1 and below for further discussion of the merger between SFI and SFC.

(c) The differences between total shareholders’ equity in the years ended December 31, 2019 and 2018 were due to historical differences in results of operations of the companies and differences in equity awards.

(d) The primary difference between OMH and SFC for other revenue relate to the servicing revenue from the SpringCastle Portfolio. The servicing fee revenue totaled $29 million and $37 million during 2018 and 2017 periods, respectively.

The following transactions are related to SFC and have no impact on OMH's 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 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 includes 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

The notes receivable from parent was $260 million at December 31, 2018 and was comprised of a $232 million note receivable from SFI to SFC and a $28 million note receivable due to SMHC, a wholly-owned subsidiary of SFC, after the contribution of SMHC from SFI to SFC on December 15, 2018. As a result of the merger between SFI and SFC, described in Note 1 and above, the note receivable from SFI to SFC was dissolved effective July 1, 2019 and the SFI note payable to SMHC was assumed by SFC and subsequently paid off on September 23, 2019. Interest income on the notes receivable from SFC totaled $8 million during 2019, $18 million during 2018, and $23 million during 2017, which we report in interest income on notes receivable from parent.

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.

OneMain Consumer Loan, Inc. ("OCLI") Loan Referral Fees

Through June 30, 2018, OCLI, a wholly-owned direct subsidiary of SCLH, provided personal loan application and credit underwriting services on behalf of SFC for personal loan applications that are submitted online. SFC was charged a fee of $35 for each underwritten approved application processed, as well as any other fees agreed to by the parties. On July 1, 2018, SFC terminated its agreement with OCLI to provide these services. Prior to the termination, during 2018 and 2017, SFC recorded $29 million and $56 million of referral fee expense, respectively. Certain costs incurred by OCLI to provide these services are a component of deferred origination costs, which are included in net finance receivables.

OneMain General Services Corporation ("OGSC") Services Agreement

OGSC provides a variety of services to affiliates under a services agreement, including SFC. OGSC was contributed to SFC by OMH effective July 1, 2018, and all activity between OGSC and SFC under the agreement is eliminated from SFC's results as of July 1, 2018. Prior to the contribution, during 2018 and 2017, SFC recorded $265 million and $460 million, respectively, of service fee expenses, which are included in operating expenses.

Parent and Affiliate Receivables and Payables

Receivables from parent and affiliate totaled $18 million at December 31, 2018 and were included in other assets. There were no receivables from parent and affiliates at 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 December 31, 2019 and 2018.

3. Summary of Significant Accounting Policies

BASIS OF PRESENTATION

We prepared our consolidated financial statements using generally accepted accounting principles in the United States of America ("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 consolidated financial statements and disclosures of contingent assets and liabilities. In management’s opinion, the consolidated financial statements include the normal, recurring adjustments necessary for a fair statement of results. Ultimate results could differ from our estimates. We evaluated the effects of and the need to disclose events that occurred subsequent to the balance sheet date. To conform to the 2019 presentation, we reclassified certain items in prior periods of our consolidated financial statements.

ACCOUNTING POLICIES

Operating Segment

At December 31, 2019, 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 include our liquidating real estate loans and liquidating retail sales finance receivables. Previously, the servicing revenues and related expenses from the SpringCastle Portfolio were presented as a distinct reporting and operating segment, Acquisitions and Servicing (“A&S”). However, due to the continued decline in servicing revenues and related expenses, management no longer views the servicing activity from the SpringCastle Portfolio as a separate reportable segment. Therefore, we are now including A&S in Other. We have revised our prior period segment disclosures to conform to this new alignment.

Finance Receivables

Generally, we classify finance receivables as held for investment based on management’s intent at the time of origination. We determine classification on a loan-by-loan basis. We classify finance receivables as held for investment due to our ability and intent to hold them until their contractual maturities. We carry finance receivables at amortized cost which includes accrued finance charges, net unamortized deferred origination costs and unamortized points and fees, unamortized net premiums and discounts on purchased finance receivables, and unamortized finance charges on precomputed receivables.

We include the cash flows from finance receivables held for investment in the consolidated statements of cash flows as investing activities, except for collections of interest, which we include as cash flows from operating activities. We may finance certain insurance products offered to our customers as part of finance receivables. In such cases, the insurance premium is included as an operating cash inflow and the financing of the insurance premium is included as part of the finance receivable as an investing cash flow in the consolidated statements of cash flows.

Finance Receivable Revenue Recognition

We recognize finance charges as revenue on the accrual basis using the interest method, which we report in interest income. We amortize premiums or accrete discounts on finance receivables as an adjustment to finance charge income using the interest method and contractual cash flows. We defer the costs to originate certain finance receivables and the revenue from nonrefundable points and fees on loans and amortize them as an adjustment to finance charge income using the interest method.

We stop accruing finance charges when four payments (approximately 90 days) become contractually past due for personal loans. We reverse finance charge amounts previously accrued upon suspension of accrual of finance charges.

For certain finance receivables that had a carrying value that included a purchase premium or discount, we stop accreting the premium or discount at the time we stop accruing finance charges. We do not reverse accretion of premium or discount that was previously recognized.

We recognize the contractual interest portion of payments received on nonaccrual finance receivables as finance charges at the time of receipt. We resume the accrual of interest on a nonaccrual finance receivable when the past due status on the individual finance receivable improves to the point that the finance receivable no longer meets our policy for nonaccrual. At that time, we also resume accretion of any unamortized premium or discount resulting from a previous purchase premium or discount.

We accrete the amount required to adjust the initial fair value of our purchased finance receivables to their contractual amounts over the life of the related finance receivable for non-credit impaired finance receivables and over the life of a pool of finance receivables for purchased credit impaired finance receivables as described in our policy for purchase credit impaired finance receivables.

Troubled Debt Restructured Finance Receivables

We make modifications to our personal loans to assist borrowers who are experiencing financial difficulty, are in bankruptcy or are participating in a consumer credit counseling arrangement. 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. We restructure finance receivables only if we believe the customer has the ability to pay under the restructured terms for the foreseeable future. We establish reserves on our TDR finance receivables by discounting the estimated cash flows associated with the respective receivables at the effective interest rate prior to the modification to the account and record any difference between the discounted cash flows and the carrying value as an allowance adjustment.

We may modify the terms of existing accounts in certain circumstances, such as certain bankruptcy or other catastrophic situations or for economic or other reasons related to a borrower's financial difficulties that justify modification. When we modify an account, we primarily use 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. Additionally, as part of the modification, we may require trial payments. If the account is delinquent at the time of modification, the account is brought current for delinquency reporting. Account modifications that are deemed to be a TDR finance receivable are measured for impairment. Account modifications that are not classified as a TDR finance receivable are measured for impairment in accordance with our policy for allowance for finance receivable losses.

We recognize the contractual interest portion of payments received on nonaccrual finance receivables as finance charges at the time of receipt. TDR finance receivables that are placed on nonaccrual status remain on nonaccrual status until the past due status on the individual finance receivable improves to the point that the finance receivable no longer meets our policy for nonaccrual.

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 finance receivable type. Our finance receivables (personal loans and other 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.

Management considers numerous internal and external factors in estimating probable incurred losses in our finance receivable portfolio, including the following:

- prior finance receivable loss and delinquency experience;
- underlying collateral;
- the composition of our finance receivable portfolio; and
- current economic conditions, including the levels of unemployment and personal bankruptcies.

We base the allowance for finance receivable losses primarily on historical loss experience using a roll rate-based model applied to our finance receivable portfolios. In our roll rate-based model, our finance receivable types are stratified by contractual delinquency stages and projected forward in one-month increments using historical roll rates. In each month of the simulation, losses on our finance receivable types are captured, and the ending delinquency stratification serves as the beginning point of the next iteration. No new volume is assumed. This process is repeated until the number of iterations equals the loss emergence period (the interval of time between the event which causes a borrower to default on a finance receivable and our recording of the charge-off) for our finance receivable types. As delinquency is a primary input into our roll rate-based model, we inherently consider nonaccrual loans in our estimate of the allowance for finance receivable losses.

Management exercises its judgment, based on quantitative analyses, qualitative factors, such as recent delinquency, underlying collateral, recoverability of collateral securing our finance receivables, other credit trends, and experience in the consumer finance industry, when determining the amount of the allowance for finance receivable losses. We adjust the amounts determined by the roll rate-based model for management's estimate of the effects of model imprecision, any changes to underwriting criteria, portfolio seasoning, and current economic conditions, including levels of unemployment and personal bankruptcies. We charge or credit this adjustment to expense through the provision for finance receivable losses.

We generally charge off to the allowance for finance receivable losses personal loans that are beyond seven payments (approximately 180 days) past due. Generally, we start repossession of the titled personal property when the customer becomes two payments (approximately 30 days) past due and may charge-off prior to the account becoming seven payments (approximately 180 days) past due.

We infrequently extend the charge-off period for individual personal loan accounts when, in our opinion, such treatment is warranted and consistent with our credit risk policies.

We may renew delinquent secured or unsecured personal loan accounts if the customer meets current underwriting criteria and it does not appear that the cause of past delinquency will affect the customer's ability to repay the renewed loan. We subject all renewals to the same credit risk underwriting process as we would a new application for credit.

For our personal loans, we may offer those customers whose accounts are in good standing the opportunity of a deferment, which extends the term of an account. We may extend this offer to customers when they are experiencing higher than normal personal expenses. However, we may offer a deferment to a delinquent customer who is experiencing a temporary financial problem. The account must be current after granting the deferment. To evaluate whether a borrower's financial difficulties are temporary or other than temporary we review the terms of each deferment to ensure that the borrower has the financial ability to repay the outstanding principal and associated interest in full following the deferment and after the customer is brought current. If, following this analysis, we believe a borrower's financial difficulties are other than temporary, we will not grant deferment, and the loans may continue to age until they are charged off. We generally limit a customer to two deferments in a rolling twelve month period unless we determine that an exception is warranted and is consistent with our credit risk policies. Additionally, for borrowers that do not meet the qualifications of a deferment, we may also offer a cure agreement, settlement or a loan modification.

Accounts that are granted a deferment are not classified as TDRs. We do not consider deferments granted as a TDR because the customer is not experiencing an other than temporary financial difficulty, and the concession granted is immaterial to the contractual cash flows. We pool accounts that have been granted a deferment together with accounts that have not been granted a deferment for measuring impairment in accordance with the authoritative guidance for the accounting for contingencies.

The allowance for finance receivable losses related to our purchased credit impaired finance receivables is calculated using updated cash flows expected to be collected, incorporating assumptions regarding default rates, loss severities, the amounts and timing of prepayments and other factors that are reflective of current market conditions. Probable decreases in expected finance receivable cash flows result in the recognition of impairment. Probable and significant increases in expected cash flows to be collected would first reverse any previously recorded allowance for finance receivable losses.

We also establish reserves for TDR finance receivables, which are included in our allowance for finance receivable losses. The allowance for finance receivable losses related to our TDR finance receivables represents 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 to estimate these expected cash flows are prepayment speeds, default rates, and severity rates.

Finance Receivables Held for Sale

Depending on market conditions or certain of management's capital sourcing strategies, which may impact our ability and/or intent to hold our finance receivables until maturity or for the foreseeable future, we may decide to sell finance receivables originally intended for investment. Our ability to hold finance receivables for the foreseeable future is subject to a number of factors, including economic and liquidity conditions, and therefore may change. As of each reporting period, management determines our ability to hold finance receivables for the foreseeable future based on assumptions for liquidity requirements or other strategic goals. When it is probable that management's intent or ability is to no longer hold finance receivables for the foreseeable future and we subsequently decide to sell specifically identified finance receivables that were originally classified as held for investment, the net finance receivables, less allowance for finance receivable losses, are reclassified as finance receivables held for sale and are carried at the lower of cost or fair value. Any amount by which cost exceeds fair value is accounted for as a valuation allowance and is recognized in other revenues in the consolidated statements of operations. We base the fair value estimates on negotiations with prospective purchasers (if any) or by using a discounted cash flows approach. Cash flows resulting from the sale of the finance receivables that were originally classified as held for investment are recorded as an investing activity in the consolidated statements of cash flows. When sold, we record the sales price we receive less our carrying value of these finance receivables held for sale in other revenues.

When it is determined that management no longer intends to sell finance receivables which had previously been classified as finance receivables held for sale and we have the ability to hold the finance receivables for the foreseeable future, we reclassify the finance receivables to finance receivables held for investment at the lower of cost or fair value and we accrete any fair value adjustment over the remaining life of the related finance receivables.

Goodwill

Goodwill represents the amount of purchase price over the fair value of net assets we acquired in connection with the OneMain Acquisition. 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.

We first complete a qualitative assessment to determine whether it is necessary to perform a quantitative impairment test. 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 using the income approach based upon prospective financial information of the reporting unit discounted at a rate we estimate a market participant would use.

Intangible Assets other than Goodwill

At the time we initially recognize intangible assets, a determination is made with regard to each asset as it relates to its useful life. We have determined that each of our intangible assets has a finite useful life with the exception of the OneMain trade name, insurance licenses, lending licenses and certain domain names, which we have determined to have indefinite lives.

For intangible assets with a finite useful life, we review for impairment at least annually and whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Impairment is indicated if the sum of undiscounted estimated future cash flows is less than the carrying value of the respective asset. Impairment is permanently recognized by writing down the asset to the extent that the carrying value exceeds the estimated fair value. The value of business acquired ("VOBA") is the present value of future profits ("PVFP") of purchased insurance contracts. The PVFP is dynamically amortized over the lifetime of the block of business and is subject to premium deficiency testing in accordance with ASC 944, *Financial Services — Insurance*.

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. If the fair value is less than the carrying value, an impairment loss will be recognized in an amount equal to the difference and the indefinite life classification will be evaluated to determine whether such classification remains appropriate.

Leases

All our leases are classified as operating leases, and we are the lessee or sublessor in all our lease arrangements. At inception of an arrangement, we determine if a lease exists. At lease commencement date, we recognize right-of-use assets and lease liabilities measured at the present value of lease payments over the lease term. Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Since our operating leases do not provide an implicit rate, we utilize the best available information to determine our incremental borrowing rate, which is used to calculate the present value of lease payments. The right-of-use asset also includes any prepaid fixed lease payments and excludes lease incentives. Options to extend or terminate a lease may be included in our lease arrangements. We reflect the renewal or termination option in the right-of-use asset and lease liability when it is reasonably certain that we will exercise those options. In the normal course of business, we will renew leases that expire or replace them with leases on other properties.

We have elected the practical expedient to treat both the lease component and non-lease component for our leased office space portfolio as a single lease component. Operating lease costs for lease payments are recognized on a straight-line basis over the lease term and are included in “Other operating expenses” in our consolidated statement of operations. In addition to rent, we pay taxes, insurance, and maintenance expenses under certain leases as variable lease payments. The operating lease right-of-use assets are included in “Other assets” and the operating lease liabilities are included in “Other liabilities” in our consolidated balance sheet.

Insurance Premiums

We recognize revenue for short-duration contracts over the related contract period. Short-duration contracts primarily include credit life, credit disability, credit involuntary unemployment insurance, and collateral protection policies. We defer single premium credit insurance premiums from affiliates in unearned premium reserves which we include as a reduction to net finance receivables. We recognize unearned premiums on credit life, credit disability, credit involuntary unemployment insurance and collateral protection insurance as revenue using the sum-of-the-digits, straight-line or other appropriate methods over the terms of the policies. Premiums from reinsurance assumed are earned over the related contract period.

We recognize revenue on long-duration contracts when due from policyholders. Long-duration contracts include term life, accidental death and dismemberment, and disability income protection. For single premium long-duration contracts a liability is accrued, that represents the present value of estimated future policy benefits to be paid to or on behalf of policyholders and related expenses, when premium revenue is recognized. The effects of changes in such estimated future policy benefit reserves are classified in insurance policy benefits and claims in the consolidated statements of operations.

We recognize commissions on optional products as other revenue when earned.

We may finance certain insurance products offered to our customers as part of finance receivables. In such cases, unearned premiums and certain unpaid claim liabilities related to our borrowers are netted and classified as contra-assets in the net finance receivables in the consolidated balance sheets, and the insurance premium is included as an operating cash inflow and the financing of the insurance premium is included as part of the finance receivable as an investing cash flow in the consolidated statements of cash flows.

Policy and Claim Reserves

Policy reserves for credit life, credit disability, credit involuntary unemployment, and collateral protection insurance equal related unearned premiums. Reserves for losses and loss adjustment expenses are based on claims experience, actual claims reported, and estimates of claims incurred but not reported. Assumptions utilized in determining appropriate reserves are based on historical experience, adjusted to provide for possible adverse deviation. These estimates are periodically reviewed and compared with actual experience and industry standards, and revised if it is determined that future experience will differ substantially from that previously assumed. Since reserves are based on estimates, the ultimate liability may be more or less than such reserves. The effects of changes in such estimated reserves are classified in insurance policy benefits and claims in the consolidated statements of operations in the period in which the estimates are changed.

We accrue liabilities for future life insurance policy benefits associated with non-credit life contracts and base the amounts on assumptions as to investment yields, mortality, and surrenders. We base annuity reserves on assumptions as to investment yields and mortality. Ceded insurance reserves are included in other assets and include estimates of the amounts expected to be recovered from reinsurers on insurance claims and policyholder liabilities.

Insurance Policy Acquisition Costs

We defer insurance policy acquisition costs (primarily commissions, reinsurance fees, and premium taxes). We include deferred policy acquisition costs in other assets and amortize these costs over the terms of the related policies, whether directly written or reinsured.

Investment Securities

We generally classify our investment securities as available-for-sale or other, depending on management's intent. Our investment securities classified as available-for-sale are recorded at fair value. We adjust related balance sheet accounts to reflect the current fair value of investment securities and record the adjustment, net of tax, in accumulated other comprehensive income or loss in shareholders' equity. We record interest receivable on investment securities in other assets.

Under the fair value option, we may elect to measure at fair value, financial assets that are not otherwise required to be carried at fair value. We elect the fair value option for available-for-sale securities that are deemed to incorporate an embedded derivative and for which it is impracticable for us to isolate and/or value the derivative. We recognize any changes in fair value in investment revenues.

We classify our investment securities in the fair value hierarchy framework based on the observability of inputs. Inputs to the valuation techniques are described as being either observable (Level 1 or 2) or unobservable (Level 3) assumptions (as further described in "Fair Value Measurements" below) that market participants would use in pricing an asset or liability.

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 other-than-temporary 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 an other-than-temporary impairment in investment revenues equal to the difference between the investment security's amortized cost and its fair value at the balance sheet date.

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. Any shortfall in this comparison represents a credit loss. The cash flows expected to be collected are determined by assessing all available information, including length and severity of unrealized loss, 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, an other-than-temporary impairment is considered to have occurred.

If a credit loss 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 classified as: (i) the estimated amount relating to credit loss; and (ii) the amount relating to all other factors. We recognize the estimated credit loss in investment revenues, and the non-credit loss amount in accumulated other comprehensive income or loss.

Once a credit loss is recognized, we adjust the investment security to a new amortized cost basis equal to the previous amortized cost basis less the credit losses recognized in investment revenues. For investment securities for which other-than-temporary impairments were recognized in investment revenues, the difference between the new amortized cost basis and the cash flows expected to be collected is accreted to investment income.

We recognize subsequent increases and decreases in the fair value of our available-for-sale securities in accumulated other comprehensive income or loss, unless the decrease is considered other than temporary.

Investment Revenue Recognition

We recognize interest on interest bearing fixed-maturity investment securities as revenue on the accrual basis. We amortize any premiums or accrete any discounts as a revenue adjustment using the interest method. We stop accruing interest revenue when the collection of interest becomes uncertain. We record dividends on equity securities as revenue on ex-dividend dates. We recognize income on mortgage-backed and asset-backed securities as revenue using an effective yield based on estimated prepayments of the underlying collateral. If actual prepayments differ from estimated prepayments, we calculate a new effective yield and adjust the net investment in the security accordingly. We record the adjustment, along with all investment securities revenue, in investment revenues. We specifically identify realized gains and losses on investment securities and include them in investment revenues.

Variable Interest Entities

An entity is a VIE if the entity does not have sufficient equity at risk for the entity to finance its activities without additional financial support or has equity investors who lack the characteristics of a controlling financial interest. A VIE is consolidated into the financial statements of its primary beneficiary. When we have a variable interest in a VIE, we qualitatively assess whether we have a controlling financial interest in the entity and, if so, whether we are the primary beneficiary. In applying the qualitative assessment to identify the primary beneficiary of a VIE, we are determined to have a controlling financial interest if we have (i) the power to direct the activities that most significantly impact the economic performance of the VIE, and (ii) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. We consider the VIE's purpose and design, including the risks that the entity was designed to create and pass through to its variable interest holders. We continually reassess the VIE's primary beneficiary and whether we have acquired or divested the power to direct the activities of the VIE through changes in governing documents or other circumstances.

Cash and Cash Equivalents

We consider unrestricted cash on hand and short-term investments having maturity dates within three months of their date of acquisition to be cash and cash equivalents.

We typically maintain cash in financial institutions in excess of the Federal Deposit Insurance Corporation's insurance limits. We evaluate the creditworthiness of these financial institutions in determining the risk associated with these cash balances. We do not believe that the Company is exposed to any significant credit risk on these accounts and have not experienced any losses in such accounts.

Restricted Cash and Cash Equivalents

We include funds to be used for future debt payments relating to our securitization transactions and escrow deposits in restricted cash and cash equivalents.

Long-term Debt

We generally report our long-term debt issuances at the face value of the debt instrument, which we adjust for any unaccreted discount, unamortized premium, or unamortized debt issuance costs associated with the debt. Other than securitized products, we generally accrete discounts, premiums, and debt issuance costs over the contractual life of the security using contractual payment terms. With respect to securitized products, we have elected to amortize deferred costs over the contractual life of the security. Accretion of discounts and premiums are recorded to interest expense.

Income Taxes

We recognize income taxes using the asset and liability method. We establish deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of assets and liabilities, using the tax rates expected to be in effect when the temporary differences reverse. Deferred tax assets are also recognized for tax attributes such as net operating loss carryforwards.

Realization of our gross deferred tax asset depends on our ability to generate sufficient taxable income of the appropriate character within the carryforward periods of the jurisdictions in which the net operating and capital losses, deductible temporary differences and credits were generated. When we assess our ability to realize deferred tax assets, we consider all available evidence and we record valuation allowances to reduce deferred tax assets to the amounts that management conclude are more-likely-than-not to be realized.

We recognize income tax benefits associated with uncertain tax positions, when, in our judgment, it is more likely than not that the position will be sustained upon examination by a taxing authority. For a tax position that meets the more likely than not recognition threshold, we initially and subsequently measure the tax benefit as the largest amount that we judge to have a greater than 50% likelihood of being realized upon ultimate settlement with the taxing authority.

Retirement Benefit Plans

We have funded and unfunded noncontributory defined pension plans. We recognize the net pension asset or liability, also referred to herein as the funded status of the benefit plan, in other assets or other liabilities, depending on the funded status at the end of each reporting period. We recognize the net actuarial gains or losses and prior service cost or credit that arise during the period in other comprehensive income or loss.

Many of our employees are participants in our 401(k) Plan. Our contributions to the plan are charged to salaries and benefits within operating expenses.

Share-based Compensation Plans

We measure compensation cost for service-based and performance-based awards at estimated fair value and recognize compensation expense over the requisite service period for awards expected to vest. The estimation of awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from current estimates, such amounts will be recorded as a cumulative adjustment to salaries and benefits in the period estimates are revised. For service-based awards subject to graded vesting, expense is recognized under the straight-line method. Expense for performance-based awards with graded vesting is recognized under the accelerated method, whereby each vesting is treated as a separate award with expense for each vesting recognized ratably over the requisite service period.

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 accepted internal valuation models 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 accepted internal valuation models.

Our valuation process typically requires obtaining data about market transactions and other key valuation model inputs from internal or external sources and, through the use of widely accepted valuation models, provides a single fair value measurement for individual securities or pools of finance receivables. The inputs used in this process include, but are not limited to, market prices from recently completed transactions and transactions of comparable securities, interest rate yield curves, credit spreads, bid-ask spreads, currency rates, and other market-observable information as of the measurement date as well as the specific attributes of the security being valued, including its term, interest rate, credit rating, industry sector, and other issue or issuer-specific information. When market transactions or other market observable data is limited, the extent to which judgment is applied in determining fair value is greatly increased. We assess the reasonableness of individual security values received from our valuation service providers through various analytical techniques. As part of our internal price reviews, assets that fall outside a price change tolerance are sent to our third-party investment manager for further review. In addition, we may validate the reasonableness of fair values by comparing information obtained from our valuation service providers to other third-party valuation sources for selected securities.

We measure and classify assets and liabilities in the consolidated balance sheets in a hierarchy for disclosure purposes consisting of three “Levels” based on the observability of inputs available in the marketplace used to measure the fair values. In general, we determine the fair value measurements classified as Level 1 based on inputs utilizing quoted prices in active markets for identical assets or liabilities that we have the ability to access. We generally obtain market price data from exchange or dealer markets. We do not adjust the quoted price for such instruments.

We determine the fair value measurements classified as Level 2 based on inputs utilizing other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. The use of observable and unobservable inputs is further discussed in Note 20.

In certain cases, the inputs we use to measure the fair value of an asset may fall into different levels of the fair value hierarchy. In such cases, we determine the level in the fair value hierarchy within which the fair value measurement in its entirety falls based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Our fair value processes include controls that are designed to ensure that fair values are appropriate. Such controls include model validation, review of key model inputs, analysis of period-over-period fluctuations, and reviews by senior management.

Earnings Per Share (OMH Only)

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

Foreign Currency Translation

Assets and liabilities of foreign operations are translated from their functional currencies into U.S. dollars for reporting purposes using the period end spot foreign exchange rate. Revenues and expenses of foreign operations are translated monthly from their respective functional currencies into U.S. dollars at amounts that approximate weighted average exchange rates. The effects of those translation adjustments are classified in accumulated other comprehensive income (loss) on the consolidated balance sheets.

4. Recent Accounting Pronouncements

ACCOUNTING PRONOUNCEMENTS RECENTLY ADOPTED

Leases

In February of 2016, the FASB issued ASU 2016-02, *Leases*, which requires lessees to recognize a right-of-use asset and a liability for the obligation to make payments on leases with terms greater than 12 months and to disclose information related to the amount, timing and uncertainty of cash flows arising from leases, including various qualitative and quantitative requirements. Management has reviewed this update and other ASUs that were subsequently issued to further clarify the implementation guidance outlined in ASU 2016-02. We adopted the amendments of these ASUs as of January 1, 2019, using the optional transition approach. As a result of this election, the prior periods presented have not been adjusted. See Note 16 for additional information on the adoption of ASU 2016-02.

ACCOUNTING PRONOUNCEMENTS TO BE 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. 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 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 the Company's loan portfolio, mix of secured and unsecured loans, credit quality, and the economic environment at that time.

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.

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

The ASU is effective for the Company beginning January 1, 2020.

The Company's cross-functional implementation team has completed the implementation of this ASU. Based on the December 31, 2019 loan portfolio and current expectations of future economic conditions, this ASU resulted in 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 sheets at January 1, 2020.

In addition, the Company's implementation team worked with our investment advisor to develop a new process to comply with this ASU as it relates to available-for-sale debt securities and the related disclosure requirements. The adoption of this ASU, as it relates to available-for-sale debt securities, will not have a material impact on the consolidated financial statements.

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 the Company 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.

5. 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. Prior to September 30, 2018, our finance receivables also included other receivables, which consist of our liquidating loan portfolios: real estate loans, retail sales finance contracts, and revolving retail accounts. We continue to service or sub-service our liquidating real estate loans and retail sales finance contracts. Effective September 30, 2018, our real estate loans were transferred from held for investment to held for sale due to management's intent to no longer hold these finance receivables for the foreseeable future.
Net finance receivables consist of our total portfolio of personal loans. Components of our personal loans were as follows:

(dollars in millions)

December 31,	**2019**	**2018**
Gross receivables *	**$ 18,195**	$ 15,978
Unearned points and fees	**(242)**	(201)
Accrued finance charges	**289**	253
Deferred origination costs	**147**	134
Total	**$ 18,389**	$ 16,164

***** Gross receivables equal the 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; and
- ***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

GEOGRAPHIC DIVERSIFICATION

Geographic diversification of finance receivables reduces the concentration of credit risk associated with economic stresses in any one region. The largest concentrations of net finance receivables were as follows:

December 31,	2019		2018 *	
(dollars in millions)	Amount	Percent	Amount	Percent
Texas	**$ 1,606**	**9 %**	$ 1,446	9 %
North Carolina	**1,217**	**7**	1,178	7
California	**1,193**	**6**	994	6
Pennsylvania	**1,097**	**6**	945	6
Florida	**1,025**	**6**	832	5
Ohio	**913**	**5**	791	5
Illinois	**787**	**4**	700	4
Georgia	**748**	**4**	650	4
Indiana	**741**	**4**	653	4
Virginia	**710**	**4**	651	4
Tennessee	**602**	**3**	547	3
Other	**7,750**	**42**	6,777	43
Total	**$ 18,389**	**100 %**	$ 16,164	100 %

***** December 31, 2018 concentrations of net finance receivables are presented in the order of December 31, 2019 state concentrations.

CREDIT QUALITY INDICATOR

We consider the concentration of secured loans, the underlying value of collateral of secured loans, and the delinquency status of our finance receivables as our primary credit quality indicators. At December 31, 2019 and December 31, 2018, 52% and 48%, respectively, of our personal loans were secured by titled collateral. We monitor delinquency trends to manage our exposure to credit risk. 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.

The following is a summary of our personal loans held for investment by number of days delinquent:

(dollars in millions)

December 31,	2019	2018
Performing		
Current	**$ 17,550**	$ 15,411
30-59 days past due	**272**	229
60-89 days past due	**181**	161
Total performing	**18,003**	15,801
Nonperforming		
90-179 days past due	**377**	355
180 days or more past due	**9**	8
Total nonperforming	**386**	363
Total	**$ 18,389**	$ 16,164

PURCHASED CREDIT IMPAIRED FINANCE RECEIVABLES

Our purchased credit impaired finance receivables consist of personal loans and real estate loans purchased in connection with the OneMain Acquisition and the Fortress Acquisition, respectively.

We report 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 and 2018, finance receivables held for sale totaled $64 million and $103 million, respectively, which include purchased credit impaired real estate loans, as well as TDR real estate loans. See Note 7 for further information on our finance receivables held for sale.

Information regarding our purchased credit impaired finance receivables were as follows:

(dollars in millions)

December 31,	2019	2018
Personal Loans		
Carrying amount, net of allowance	**$ 40**	$ 89
Outstanding balance (a)	**74**	135
Allowance for purchased credit impaired finance receivable losses (b)	**—**	—
Real Estate Loans - Held for Sale		
Carrying amount	**$ 19**	$ 28
Outstanding balance (a)	**35**	48

(a) Outstanding balance is defined as 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 or 2018.

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

(dollars in millions)

Years Ended December 31,	2019	2018	2017
Personal Loans			
Balance at beginning of period	**$ 39**	$ 47	$ 59
Accretion	**(20)**	(27)	(34)
Reclassifications from nonaccretable difference *	**16**	19	22
Balance at end of period	**$ 35**	$ 39	$ 47
Real Estate Loans - Held for Sale			
Balance at beginning of period	**$ 27**	$ 53	$ 60
Accretion	**(2)**	(4)	(5)
Reclassifications to nonaccretable difference *	**—**	—	(2)
Transfer due to finance receivables sold	**(3)**	(22)	—
Balance at end of period	**$ 22**	$ 27	$ 53

***** Reclassifications from (to) nonaccretable difference represents the increases (decreases) in accretable yield resulting from higher (lower) estimated undiscounted cash flows.

TDR FINANCE RECEIVABLES

Information regarding TDR finance receivables were as follows:

(dollars in millions) **December 31,**	**2019**	2018
Personal Loans		
TDR gross receivables (a)	**$ 655**	$ 450
TDR net receivables (b)	**658**	453
Allowance for TDR finance receivable losses	**272**	170
Real Estate Loans - Held for Sale		
TDR gross receivables (a)	**$ 52**	$ 89
TDR net receivables (b)	**53**	75

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

(dollars in millions)	**Personal Loans**	**Other Receivables ***	**Total**
Year Ended December 31, 2019			
TDR average net receivables	**$ 550**	**$ 58**	**$ 608**
TDR finance charges recognized	**45**	**3**	**48**
Year Ended December 31, 2018			
TDR average net receivables	$ 383	$ 130	$ 513
TDR finance charges recognized	45	7	52
Year Ended December 31, 2017			
TDR average net receivables	$ 231	$ 140	$ 371
TDR finance charges recognized	33	9	42

* Other receivables held for sale included in the table above consist of real estate loans and were as follows:

(dollars in millions) **Years Ended December 31,**	**2019**	**2018**	**2017**
TDR average net receivables	**$ 58**	$ 98	$ 91
TDR finance charges recognized	**3**	5	6

Information regarding the new volume of the TDR finance receivables held for investment and held for sale are reflected in the following table.

(dollars in millions) **Years Ended December 31,**	**2019**	**2018**	**2017**
Personal Loans			
Pre-modification TDR net finance receivables	**$ 536**	$ 377	$ 327
Post-modification TDR net finance receivables:			
Rate reduction	**370**	289	251
Other (a)	**166**	88	75
Total post-modification TDR net finance receivables	**$ 536**	$ 377	$ 326
Number of TDR accounts	**78,257**	57,324	45,560
Other Receivables (b)			
Pre-modification TDR net finance receivables	**$ 1**	$ 3	$ 16
Post-modification TDR net finance receivables:			
Rate reduction	**1**	3	16
Other	**—**	—	—
Total post-modification TDR net finance receivables	**$ 1**	$ 3	$ 16
Number of TDR accounts	**8**	70	510

(a) “Other” modifications primarily include potential principal and interest forgiveness contingent on future payment performance by the borrower under the modified terms.

(b) TDR "other receivable" loans held for sale include in the table above were 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) **Years Ended December 31,**	**2019**	**2018**	**2017**
Personal Loans			
TDR net finance receivables *	**$ 96**	$ 64	$ 89
Number of TDR accounts	**14,732**	9,719	15,035

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

TDR other receivables for the years ended December 31, 2019, 2018 and 2017 that defaulted during the previous 12-month period are immaterial.

6. Allowance for Finance Receivable Losses

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

(dollars in millions)	Personal Loans	Other Receivables	Total
Year Ended December 31, 2019			
Balance at beginning of period	**$ 731**	**$ —**	**$ 731**
Provision for finance receivable losses	**1,129**	**—**	**1,129**
Charge-offs	**(1,157)**	**—**	**(1,157)**
Recoveries	**126**	**—**	**126**
Balance at end of period	**$ 829**	**$ —**	**$ 829**
Year Ended December 31, 2018			
Balance at beginning of period	$ 673	$ 24	$ 697
Provision for finance receivable losses	1,050	(2)	1,048
Charge-offs	(1,102)	(2)	(1,104)
Recoveries	110	3	113
Other *	—	(23)	(23)
Balance at end of period	$ 731	$ —	$ 731
Year Ended December 31, 2017			
Balance at beginning of period	$ 669	$ 20	$ 689
Provision for finance receivable losses	949	6	955
Charge-offs	(1,048)	(6)	(1,054)
Recoveries	103	4	107
Balance at end of period	$ 673	$ 24	$ 697

***** Other consists primarily of the reclassification of allowance for finance receivable losses due to the transfer of the real estate loans in other receivables from held for investment to finance receivables held for sale on September 30, 2018. See Notes 5 and 7 included in this report for further information.

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

(dollars in millions)

December 31,	2019	2018
Allowance for finance receivable losses:		
Collectively evaluated for impairment	**$ 557**	$ 561
Purchased credit impaired finance receivables	**—**	—
TDR finance receivables	**272**	170
Total	**$ 829**	$ 731
Finance receivables:		
Collectively evaluated for impairment	**$ 17,691**	$ 15,622
Purchased credit impaired finance receivables	**40**	89
TDR finance receivables	**658**	453
Total	**$ 18,389**	$ 16,164
Allowance for finance receivable losses as a percentage of finance receivables	**4.51 %**	4.52 %

7. Finance Receivables Held for Sale

We reported finance receivables held for sale of $64 million at December 31, 2019 and $103 million at December 31, 2018, which consist entirely of real estate loans, and are carried at the lower of cost or fair value, applied on an aggregate basis.

See Note 3 for more information regarding our accounting policy for finance receivables held for sale.

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.

During 2018, we transferred $88 million of real estate loans (net of allowance for finance receivable losses) from held for investment to held for sale due to management's intent to no longer hold these finance receivables for the foreseeable future. In December 2018, we sold a portfolio of real estate loans with a carrying value of $82 million for aggregate cash proceeds of $100 million and recorded a net gain in other revenues of $18 million ("December 2018 Real Estate Loan Sale"). After the recognition of the December 2018 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 $16 million.

At December 31, 2019, 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 2019, 2018 and 2017.

8. Investment Securities

AVAILABLE-FOR-SALE SECURITIES

Cost/amortized cost, 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
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**
December 31, 2018				
Fixed maturity available-for-sale securities:				
U.S. government and government sponsored entities	$ 21	$ —	$ —	$ 21
Obligations of states, municipalities, and political subdivisions	91	—	(1)	90
Certificates of deposit and commercial paper	63	—	—	63
Non-U.S. government and government sponsored entities	145	—	(2)	143
Corporate debt	1,027	2	(32)	997
Mortgage-backed, asset-backed, and collateralized:				
RMBS	130	—	(2)	128
CMBS	72	—	(1)	71
CDO/ABS	94	1	(1)	94
Total	$ 1,643	$ 3	$ (39)	$ 1,607

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

	Less Than 12 Months		12 Months or Longer		Total	
(dollars in millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
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)**
December 31, 2018						
U.S. government and government sponsored entities	$ 3	$ —	$ 16	$ —	$ 19	$ —
Obligations of states, municipalities, and political subdivisions	10	—	57	(1)	67	(1)
Non-U.S. government and government sponsored entities	19	(1)	97	(1)	116	(2)
Corporate debt	377	(14)	448	(18)	825	(32)
Mortgage-backed, asset-backed, and collateralized:						
RMBS	23	—	78	(2)	101	(2)
CMBS	10	—	54	(1)	64	(1)
CDO/ABS	18	—	33	(1)	51	(1)
Total	$ 460	$ (15)	$ 783	$ (24)	$ 1,243	$ (39)

On a lot basis, we had 398 and 1,767 investment securities in an unrealized loss position at December 31, 2019 and 2018, 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 December 31, 2019, other-than-temporary impairments on investment securities that we intend to sell were immaterial. We do not have plans to sell any of the remaining investment securities with unrealized losses as of December 31, 2019, and we believe it is more likely than not that we would not be required to sell such investment securities before recovery of their amortized cost.

We continue to monitor unrealized loss positions for potential impairments. During 2019 and 2018, other-than-temporary impairment credit losses, primarily on corporate debt, in investment revenues were immaterial. No impairment was recognized during 2017.

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 2019, 2018, and 2017.

The proceeds of available-for-sale securities sold or redeemed during 2019, 2018, and 2017 totaled $284 million, $341 million, and $508 million, respectively. The net realized gains and losses were immaterial during 2019 and 2018, and the net realized gains were $14 million during 2017.

Contractual maturities of fixed-maturity available-for-sale securities at December 31, 2019 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	$ 226	$ 225
Due after 1 year through 5 years	559	546
Due after 5 years through 10 years	481	457
Due after 10 years	173	163
Mortgage-backed, asset-backed, and collateralized securities	359	354
Total	$ 1,798	$ 1,745

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 $633 million and $515 million at December 31, 2019 and 2018, respectively.

OTHER SECURITIES

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

(dollars in millions) **December 31,**	**2019**	**2018**
Fixed maturity other securities:		
Bonds		
Non-U.S. government and government sponsored entities	**$ 1**	$ 1
Corporate debt	**24**	43
Mortgage-backed, asset-backed, and collateralized bonds	**15**	2
Total bonds	**40**	46
Preferred stock *	**19**	19
Common stock *	**26**	21
Other long-term investments	**1**	1
Total	**$ 86**	$ 87

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

Net unrealized gains on other securities held at December 31, 2019 were $6 million. Net unrealized losses were $7 million at December 31, 2018 and immaterial at December 31, 2017.

Net realized gains and losses on other securities sold or redeemed are included in investment revenue and were immaterial during 2019, 2018, and 2017.

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

9. Goodwill and Other Intangible Assets

GOODWILL

The carrying amount of goodwill totaled $1.4 billion at December 31, 2019 and 2018. We did not record any impairments to goodwill during 2019, 2018 and 2017.

OTHER INTANGIBLE ASSETS

The gross carrying amount and accumulated amortization, in total and by major intangible asset class were as follows:

(dollars in millions)	Gross Carrying Amount	Accumulated Amortization	Net Other Intangible Assets
December 31, 2019			
Customer relationships	**$ 223**	**$ (160)**	**$ 63**
Trade names	**220**	**—**	**220**
VOBA	**105**	**(71)**	**34**
Licenses	**25**	**—**	**25**
Other	**13**	**(12)**	**1**
Total	**$ 586**	**$ (243)**	**$ 343**
December 31, 2018			
Customer relationships	$ 223	$ (126)	$ 97
Trade names	220	—	220
VOBA	141	(99)	42
Licenses	28	—	28
Other	13	(12)	1
Total	$ 625	$ (237)	$ 388

Amortization expense totaled $39 million in 2019, $43 million in 2018, and $52 million in 2017. The estimated aggregate amortization of other intangible assets for each of the next five years is reflected in the table below.

(dollars in millions)	Estimated Aggregate Amortization Expense
2020	$ 37
2021	32
2022	3
2023	3
2024	3

During 2019, we wrote off the net carrying amount on our indefinite-lived insurance license intangibles and VOBA of $6 million in connection with the sale of our former insurance subsidiary, Merit Life Insurance Co. ("Merit"). During 2018, we recorded an impairment loss of $8 million on our indefinite-lived licenses in connection with the sale of our former insurance subsidiary, Yosemite Insurance Company ("Yosemite"). See Note 12 for further information on the sales.

10. Long-term Debt

Carrying value and fair value of long-term debt by type were as follows:

	December 31, 2019		December 31, 2018	
(dollars in millions)	Carrying Value	Fair Value	Carrying Value	Fair Value
Senior debt	**$ 17,040**	**$ 18,332**	$ 15,006	$ 14,868
Junior subordinated debt	**172**	**177**	172	173
Total	**$ 17,212**	**$ 18,509**	$ 15,178	$ 15,041

Weighted average effective interest rates on long-term debt by type were as follows:

	Years Ended December 31,			At December 31,	
	2019	2018	2017	2019	2018
Senior debt	**5.90 %**	5.64 %	5.73 %	**5.85 %**	5.89 %
Junior subordinated debt	**8.68**	8.13	6.41	**7.65**	8.56
Total	**5.93**	5.66	5.74	**5.87**	5.92

Principal maturities of long-term debt (excluding projected repayments on securitizations and revolving conduit facilities by period) by type of debt at December 31, 2019 were as follows:

	Senior Debt			
(dollars in millions)	Securitizations	Unsecured Notes (a)	Junior Subordinated Debt (a)	Total
Interest rates (b)	2.31%-6.94%	5.38%-8.25%	3.74 %	
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)	7,678	—	—	7,678
Total principal maturities	$ 7,678	$ 9,520	$ 350	$ 17,548
Total carrying amount	$ 7,643	$ 9,397	$ 172	$ 17,212
Debt issuance costs (d)	(30)	(85)	—	(115)

(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 December 31, 2019. The interest rate on the remaining principal balance of the Junior Subordinated Debenture consists of a variable floating rate (determined quarterly) equal to 3-month LIBOR plus 1.75%, or 3.74% as of December 31, 2019.

(c) Securitizations have a stated maturity date but 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 December 31, 2019, there were no amounts drawn under our revolving conduit facilities. See Note 11 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 $29 million at December 31, 2019 and are reported in "Other assets."

SFC’S 6.125% SENIOR NOTES DUE 2024 OFFERINGS

On February 22, 2019, SFC issued $1.0 billion aggregate principal amount and on July 2, 2019, SFC issued an additional $300 million aggregate principal amount of 6.125% Senior Notes due 2024 (the “6.125% SFC Notes due 2024”) under the SFC Senior Notes Indentures, as supplemented by the SFC Seventh Supplemental Indenture, pursuant to which OMH provided a guarantee on an unsecured basis.

REDEMPTION OF SFC'S 5.25% SENIOR NOTES DUE 2019

As a result of the February 2019 offering of the 6.125% SFC Notes due 2024 as described above, SFC issued a notice of redemption to redeem all of the outstanding principal amount of its 5.25% Senior Notes due 2019 (the "5.25% SFC Notes due 2019"). On March 25, 2019, SFC paid an aggregate amount of $706 million, inclusive of accrued interest and premiums, to complete the redemption. In connection with the redemption, we recognized $21 million of net loss on the repurchases and repayments of debt for the year ended December 31, 2019.

REDEMPTION OF SFC'S 6.00% SENIOR NOTES DUE 2020

On March 15, 2019, SFC issued a notice of redemption of its 6.00% Senior Notes due 2020 (the "6.00% SFC Notes due 2020"). On April 15, 2019, SFC paid an aggregate amount of $317 million, inclusive of accrued interest and premiums, to complete the redemption. In connection with the redemption, we recognized $11 million of net loss on repurchases and repayments of debt for the year ended December 31, 2019.

SFC’S 6.625% SENIOR NOTES DUE 2028 OFFERING

On May 9, 2019, SFC issued a total of $800 million aggregate principal amount of 6.625% Senior Notes due 2028 (the “6.625% SFC Notes due 2028”) under the SFC Senior Notes Indentures, as supplemented by the SFC Eighth Supplemental Indenture, pursuant to which OMH provided a guarantee on an unsecured basis.

SFC’S 5.375% SENIOR NOTES DUE 2029 OFFERING

On November 7, 2019, SFC issued a total of $750 million aggregate principal amount of 5.375% Senior Notes due 2029 (the “5.375% SFC Notes due 2029”) under the SFC Senior Notes Indentures, as supplemented by the SFC Ninth Supplemental Indenture, pursuant to which OMH provided a guarantee on an unsecured basis.

OMFH Notes

During 2018, OMFH redeemed all $700 million outstanding principal amount of OMFH Notes due 2019 and, through two separate redemptions, all $800 million outstanding principal amount of OMFH Notes due 2021 at a redemption price equal to 103.375% for the OMFH Notes due 2019 and 103.625% for the OMFH Notes due 2021, plus accrued and unpaid interest to the redemption date. In connection with these redemptions, we recognized $8 million of net loss on repurchases and repayments of debt for the year ended December 31, 2018.

DEBT COVENANTS

SFC 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. Some or all of these agreements also contain certain restrictions, including (i) restrictions on the ability to create senior liens on property and assets in connection with any new debt financings and (ii) SFC’s ability to sell or convey all or substantially all of its assets, unless the transferee assumes SFC’s obligations under the applicable debt agreement. In addition, the OMH guarantees of SFC’s long-term debt discussed above are subject to customary release provisions.

With the exception of SFC’s junior subordinated debenture, none of our debt agreements requires SFC or any of its subsidiaries to meet or maintain any specific financial targets or ratios. However, certain events, including non-payment of principal or interest, bankruptcy or insolvency, or a breach of a covenant or a representation or warranty, may constitute an event of default and trigger an acceleration of payments. In some cases, an event of default or acceleration of payments under one debt agreement may constitute a cross-default under other debt agreements resulting in an acceleration of payments under the other agreements.

As of December 31, 2019, SFC was in compliance with all of the covenants under its debt agreements.

Junior Subordinated Debenture

In January of 2007, SFC issued the Junior Subordinated Debenture, consisting of $350 million aggregate principal amount of 60-year junior subordinated debt. The Junior Subordinated Debenture underlies the trust preferred securities sold by a trust sponsored by SFC. SFC can redeem the Junior Subordinated Debenture at par beginning in January of 2017. The interest rate on the remaining principal balance of the Junior Subordinated Debenture consists of a variable floating rate (determined quarterly) equal to 3-month LIBOR plus 1.75%, or 3.74% as of December 31, 2019. On December 30, 2013, OMH entered into a guaranty agreement whereby it agreed to fully and unconditionally guarantee, on a junior subordinated basis, the payment of principle of, premium (if any), and interest on the Junior Subordinated Debenture.

Pursuant to the terms of the Junior Subordinated Debenture, SFC, upon the occurrence of a mandatory trigger event, is required to defer interest payments to the holders of the Junior Subordinated Debenture (and not make dividend payments) unless SFC obtains non-debt capital funding in an amount equal to all accrued and unpaid interest on the Junior Subordinated Debenture otherwise payable on the next interest payment date and pays such amount to the holders of the Junior Subordinated Debenture. A mandatory trigger event occurs if SFC’s (i) tangible equity to tangible managed assets is less than 5.5% or (ii) average fixed charge ratio is not more than 1.10x for the trailing four quarters.

Based upon SFC’s financial results for the 12 months ended December 31, 2019, a mandatory trigger event did not occur with respect to the interest payment due in January of 2020, as SFC was in compliance with both required ratios discussed above.

OMFH Debt Agreements

On June 13, 2018, OMFH redeemed the remaining principal amount of the OMFH Notes due 2021 and received notice of satisfaction and discharge with respect to the OMFH Notes. As such, OMFH is no longer subject to the covenants or other terms of the OMFH Indenture or the OMFH Supplemental Indenture.

11. Variable Interest Entities

CONSOLIDATED VIES

As part of our overall funding strategy and as part of our efforts to support our liquidity from sources other than our traditional capital market sources, we have transferred certain finance receivables to VIEs for asset-backed financing transactions, including securitization and conduit transactions. We have determined that SFC or OMFH is the primary beneficiary of these VIEs and, as a result, we include each VIE’s assets, including any finance receivables securing the VIE’s debt obligations, and related liabilities in our consolidated financial statements and each VIE’s asset-backed debt obligations are accounted for as secured borrowings. SFC or OMFH is deemed to be the primary beneficiary of each VIE because SFC or OMFH, as applicable, has the ability to direct the activities of the VIE that most significantly impact its economic performance, including the losses it absorbs and its right to receive economic benefits that are potentially significant. Such ability arises from SFC’s or OMFH’s and their affiliates’ contractual right to service the finance receivables securing the VIEs’ debt obligations. To the extent we retain any debt obligation or residual interest in an asset-backed financing facility, we are exposed to potentially significant losses and potentially significant returns.

The asset-backed debt obligations issued by the VIEs are supported by the expected cash flows from the underlying finance receivables securing such debt obligations. Cash inflows from these finance receivables are distributed to repay the debt obligations and related service providers in accordance with each transaction's contractual priority of payments, referred to as the "waterfall." The holders of the asset-backed debt obligations have no recourse to the Company if the cash flows from the underlying finance receivables securing such debt obligations are not sufficient to pay all principal and interest on the asset-backed debt obligations. With respect to any asset-backed financing transaction that has multiple classes of debt obligations, substantially all cash inflows will be directed to the senior debt obligations until fully repaid and, thereafter, to the subordinate debt obligations on a sequential basis. We retain an interest and credit risk in these financing transactions through our ownership of the residual interest in each VIE and, in some cases, the most subordinate class of debt obligations issued by the VIE, which are the first to absorb credit losses on the finance receivables securing the debt obligations. In addition, with respect to each financing transaction that is subject to the risk retention requirements of Section 941 of the Dodd-Frank Act, we retain at least 5% of the economic interest in the credit risk of the securitized assets in satisfaction of the risk retention requirements. We expect that any credit losses in the pools of finance receivables securing the asset-backed debt obligations will likely be limited to our retained interests described above. We have no obligation to repurchase or replace qualified finance receivables that subsequently become delinquent or are otherwise in default.

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

(dollars in millions)

December 31,	2019	2018
Assets		
Cash and cash equivalents	**$ 4**	$ 2
Finance receivables - Personal loans	**8,428**	8,480
Allowance for finance receivable losses	**340**	444
Restricted cash and restricted cash equivalents	**400**	479
Other assets	**29**	26
Liabilities		
Long-term debt	**$ 7,643**	$ 7,510
Other liabilities	**15**	14

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 $326 million in 2019, $341 million in 2018, and $323 million in 2017.

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 borrowing capacity of $7.1 billion as of December 31, 2019. 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 nine years as of December 31, 2019. Amounts drawn on these facilities are collateralized by our personal loans.

At December 31, 2019, no amounts were drawn under these facilities.

12. Insurance

As part of our continuing integration efforts in connection with the OneMain Acquisition, 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. We recorded a net gain of $9 million in other operating expenses in the fourth quarter of 2019. On May 29, 2018, we entered into a share purchase agreement to sell all of the issued and outstanding shares of our former insurance subsidiary, Yosemite. We recorded an impairment loss of $14 million on the transfer to held for sale in other operating expenses in the second quarter of 2018. The transaction closed in 2018.

INSURANCE RESERVES

Components of unearned insurance premium reserves, claim reserves and benefit reserves were as follows:

(dollars in millions)

December 31,	2019	2018
Finance receivable related:		
Payable to OMH:		
Unearned premium reserves	**$ 712**	$ 583
Claim reserves	**81**	79
Subtotal (a)	**793**	662
Payable to third-party beneficiaries:		
Unearned premium reserves	**121**	100
Benefit reserves	**107**	106
Claim reserves	**18**	17
Subtotal (b)	**246**	223
Non-finance receivable related:		
Unearned premium reserves	**74**	77
Benefit reserves	**311**	364
Claim reserves	**18**	21
Subtotal (b)	**403**	462
Total	**$ 1,442**	$ 1,347

(a) Reported as a contra-asset to net finance receivables.

(b) Reported in insurance claims and policyholder liabilities.

Our insurance subsidiaries enter into reinsurance agreements with other insurers. Reserves related to unearned premiums, claims and benefits assumed from non-affiliated insurance companies totaled $369 million and $319 million at December 31, 2019 and 2018, respectively.

Reserves related to unearned premiums, claims and benefits ceded to non-affiliated insurance companies totaled $71 million and $74 million at December 31, 2019 and 2018, respectively.

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

(dollars in millions) At or for the Years Ended December 31,	2019	2018	2017
Balance at beginning of period	**$ 117**	$ 154	$ 158
Less reinsurance recoverables	**(4)**	(23)	(26)
Net balance at beginning of period	**113**	131	132
Additions for losses and loss adjustment expenses incurred to:			
Current year	**200**	199	188
Prior years *	**(15)**	(10)	5
Total	**185**	189	193
Reductions for losses and loss adjustment expenses paid related to:			
Current year	**(121)**	(118)	(115)
Prior years	**(64)**	(69)	(78)
Total	**(185)**	(187)	(193)
Foreign currency translation adjustment	**—**	(1)	(1)
Net balance at end of period	**113**	132	131
Plus reinsurance recoverables	**4**	4	23
Less transfer of reserves	**—**	(19)	—
Balance at end of period	**$ 117**	$ 117	$ 154

* Reflects (i) a redundancy in the prior years' net reserves of $15 million at December 31, 2019, primarily due to favorable development of credit life, disability, and unemployment claims during the year, (ii) a redundancy in the prior years' net reserves of $10 million at December 31, 2018, primarily due to a favorable development of credit life, disability, and unemployment claims during the year, and (iii) a shortfall in the prior years' net reserves of $5 million at December 31, 2017, primarily due to an unfavorable development on previously disclosed property and casualty policies and an unfavorable development on certain assumed credit disability policies.

Incurred claims and allocated claim adjustment expenses, net of reinsurance, as of December 31, 2019, were as follows:

	Years Ended December 31,					At December 31, 2019		
(dollars in millions)	2015 (a)	2016 (a)	2017 (a)	2018 (a)	2019	Incurred-but-not-reported Liabilities (b)	Cumulative Number of Reported Claims	Cumulative Frequency (c)
Credit Insurance								
Accident Year								
2015	$ 138	$ 129	$ 129	$ 126	**$ 125**	$ —	52,555	2.8 %
2016	—	138	135	133	**131**	2	51,654	2.8 %
2017	—	—	136	129	**125**	7	44,341	2.4 %
2018	—	—	—	145	**134**	19	41,487	2.1 %
2019	—	—	—	—	**152**	67	35,825	1.9 %
Total					**$ 667**			

(a) Unaudited.

(b) Includes expected development on reported claims.

(c) Frequency for each accident year is calculated as the ratio of all reported claims incurred to the total exposures in force.

Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance, as of December 31, 2019, were as follows:

	Years Ended December 31,				
(dollars in millions)	2015 *	2016 *	2017*	2018*	2019
Credit Insurance					
Accident Year					
2015	$ 68	$ 106	$ 117	$ 123	**$ 125**
2016	—	74	113	124	**129**
2017	—	—	75	108	**117**
2018	—	—	—	81	**114**
2019	—	—	—	—	**86**
Total					**$ 571**
All outstanding liabilities before 2015, net of reinsurance					**—**
Liabilities for claims and claim adjustment expenses, net of reinsurance					**$ 96**

***** Unaudited.

The reconciliations of the net incurred and paid claims development to the liability for claims and claim adjustment expenses were as follows:

(dollars in millions) **December 31,**	2019	2018*	2017*
Liabilities for unpaid claims and claim adjustment expenses, net of reinsurance:			
Credit insurance	**$ 96**	$ 94	$ 90
Other short-duration insurance lines	**3**	2	22
Total	**99**	96	112
Reinsurance recoverable on unpaid claims:			
Other short-duration insurance lines	**—**	—	20
Insurance lines other than short-duration	**18**	21	22
Total gross liability for unpaid claims and claim adjustment expense	**$ 117**	$ 117	$ 154

***** Unaudited.

We use completion factors to estimate the unpaid claim liability for credit insurance and most other short-duration products. For some products, the unpaid claim liability is estimated as a percent of exposure.

There have been no significant changes in methodologies or assumptions during 2019.

Our average annual percentage payout of incurred claims by age, net of reinsurance, as of December 31, 2019, were as follows:

Years	**1**	**2**	**3**	**4**	**5**
Credit insurance	57.4 %	27.9 %	8.3 %	4.4 %	1.4 %

STATUTORY ACCOUNTING

Our insurance subsidiaries file financial statements prepared using statutory accounting practices prescribed or permitted by the Department of Insurance ("DOI") which is a comprehensive basis of accounting other than GAAP. The primary differences between statutory accounting practices and GAAP are that under statutory accounting, policy acquisition costs are expensed as incurred, policyholder liabilities are generally valued using prescribed actuarial assumptions, and certain investment securities are reported at amortized cost. We are not required and did not apply purchase accounting to the insurance subsidiaries on a statutory basis.

Statutory net income for our insurance companies by type of insurance was as follows:

(dollars in millions)

Years Ended December 31,	2019	2018	2017
Property and casualty:			
Yosemite	**$ —**	$ —	$ 19
Triton	**16**	18	31
Life and health:			
Merit	**$ —**	$ 53	$ 37
AHL	**56**	32	34

Statutory capital and surplus for our insurance companies by type of insurance were as follows:

(dollars in millions)

December 31,	2019	2018
Property and casualty:		
Triton	**$ 144**	$ 113
Life and health:		
Merit	**$ —**	$ 94
AHL	**192**	129

Our insurance companies are also subject to risk-based capital requirements adopted by the Texas DOI. Minimum statutory capital and surplus is the risk-based capital level that would trigger regulatory action. At December 31, 2019 and 2018, our insurance subsidiaries' statutory capital and surplus exceeded the risk-based capital minimum required levels.

DIVIDEND RESTRICTIONS

Our insurance subsidiaries are subject to domiciliary state regulations that limit their ability to pay dividends. Merit and Yosemite were domiciled in Indiana, with Merit redomesticating to Texas on January 28, 2019. AHL and Triton are domiciled in Texas. State law restricts the amounts that our insurance subsidiaries may pay as dividends without prior notice to the state of domicile DOI. The maximum amount of dividends, referred to as "ordinary dividends," for an Indiana or Texas domiciled life insurance company that can be paid without prior approval in a 12 month period (measured retrospectively from the date of payment) is the greater of: (i) 10% of policyholders' surplus as of the prior year-end or (ii) the statutory net gain from operations as of the prior year-end. Any amount greater must be approved by the state of domicile DOI. The maximum ordinary dividends for an Indiana or Texas domiciled property and casualty insurance company that can be paid without prior approval in a 12 month period (measured retrospectively from the date of payment) is the greater of: (i) 10% of policyholders' surplus as of the prior year-end or (ii) the statutory net income. Any amount greater must be approved by the state of domicile DOI. These approved dividends are called "extraordinary dividends." During 2018, ordinary dividends of $34 million and $37 million were paid by AHL and Merit, respectively. There were no ordinary dividends paid by any of our insurance subsidiaries during 2019 or 2017.

Extraordinary dividends paid were as follows:

(dollars in millions) **Years Ended December 31,**	**2019**	**2018**	**2017**
AHL	**$ —**	$ —	$ 111
Triton	**—**	70	—
Merit	**140**	—	90
Yosemite	**—**	42	35

13. 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.

Par value and shares authorized at December 31, 2019 were as follows:

	OMH		**SFC**	
	Preferred Stock *	**Common Stock**	**Special Stock**	**Common Stock**
Par value	$ 0.01	$ 0.01	$ —	$ 0.50
Shares authorized	300,000,000	2,000,000,000	25,000,000	25,000,000

***** No shares of OMH preferred stock or SFC special stock were issued and outstanding at December 31, 2019 or 2018.

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

At or for the Years Ended December 31,	**2019**	**2018**	**2017**
Balance at beginning of period	**135,832,278**	135,349,638	134,867,868
Common shares issued	**268,878**	482,640	481,770
Balance at end of period	**136,101,156**	135,832,278	135,349,638

SFC shares issued and outstanding were as follows:

	Special Stock		**Common Stock**	
	2019	**2018**	**2019**	**2018**
Shares issued and outstanding	—	—	10,160,021	10,160,021

EARNINGS PER SHARE (OMH ONLY)

The computation of earnings per share was as follows:

(dollars in millions, except per share data)

Years Ended December 31,	2019	2018	2017
Numerator (basic and diluted):			
Net income	**$ 855**	$ 447	$ 183
Denominator:			
Weighted average number of shares outstanding (basic)	**136,070,837**	135,702,989	135,249,314
Effect of dilutive securities *	**256,074**	331,154	429,677
Weighted average number of shares outstanding (diluted)	**136,326,911**	136,034,143	135,678,991
Earnings per share:			
Basic	**$ 6.28**	$ 3.29	$ 1.35
Diluted	**$ 6.27**	$ 3.29	$ 1.35

***** We have excluded the following shares in the diluted earnings per share calculation for 2019, 2018, and 2017 because these shares would be anti-dilutive, which could impact the earnings per share calculation in the future:

Years Ended December 31,	2019	2018
Performance-based shares	**173,944**	40,593
Service-based shares	**97,011**	246,913

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 restricted stock units ("RSUs") and restricted stock awards ("RSAs").

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14. 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)
Year Ended December 31, 2019				
Balance at beginning of period	**$ (28)**	**$ (3)**	**$ (3)**	**$ (34)**
Other comprehensive income before reclassifications	**68**	**6**	**3**	**77**
Reclassification adjustments from accumulated other comprehensive income	**1**	**—**	**—**	**1**
Balance at end of period	**$ 41**	**$ 3**	**$ —**	**$ 44**
Year Ended December 31, 2018				
Balance at beginning of period	$ 4	$ 4	$ 3	$ 11
Other comprehensive loss before reclassifications	(35)	(4)	(9)	(48)
Reclassification adjustments from accumulated other comprehensive income	1	—	—	1
Impact of AOCI reclassification due to the Tax Act	2	(3)	3	2
Balance at end of period	$ (28)	$ (3)	$ (3)	$ (34)
Year Ended December 31, 2017				
Balance at beginning of period	$ (1)	$ (4)	$ (1)	$ (6)
Other comprehensive income before reclassifications	14	9	4	27
Reclassification adjustments from accumulated other comprehensive loss	(9)	(1)	—	(10)
Balance at end of period	$ 4	$ 4	$ 3	$ 11

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

(dollars in millions)

Years Ended December 31,	**2019**	**2018**	**2017**
Unrealized gains (losses) on available-for-sale securities:			
Reclassification from accumulated other comprehensive income (loss) to investment revenues, before taxes	**$ (1)**	$ (2)	$ 14
Income tax effect	**—**	1	(5)
Reclassification from accumulated other comprehensive income (loss) to investment revenues, net of taxes	**(1)**	(1)	9
Unrealized gains (losses) on retirement plan liabilities:			
Reclassification from accumulated other comprehensive income (loss) to retirement plan liabilities adjustments, before taxes	**$ —**	$ —	$ 2
Income tax effect	**—**	—	(1)
Reclassification from accumulated other comprehensive income (loss) to retirement plan liabilities adjustments, net of taxes	**—**	—	1
Total	**$ (1)**	$ (1)	$ 10

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15. Income Taxes

OMH and all of its eligible domestic U.S. subsidiaries file a consolidated life/non-life federal tax return with the IRS. AHL, an insurance subsidiary of OneMain, is not an eligible company under Internal Revenue Code Section 1504 and therefore, files separate federal life insurance tax returns. Income taxes from the consolidated federal and state tax returns are allocated to our eligible subsidiaries under a tax sharing agreement with OMH.

The Company's foreign subsidiaries/branches file tax returns in Canada, Puerto Rico, and the U.S. Virgin Islands. The Company recognizes a deferred tax liability for the undistributed earnings of its foreign operations, if any, as we do not consider the amounts to be permanently reinvested. As of December 31, 2019, the Company had no undistributed foreign earnings.

Components of income before income tax expense were as follows:

(dollars in millions)

Years Ended December 31,	**2019**	**2018**	**2017**
Income before income tax expense - U.S. operations	**$ 1,082**	$ 610	$ 416
Income before income tax expense - foreign operations	**16**	14	15
Total	**$ 1,098**	$ 624	$ 431

Components of income tax expense (benefit) were as follows:

(dollars in millions)

Years Ended December 31,	**2019**	**2018**	**2017**
Current:			
Federal	**$ 205**	$ 131	$ 208
Foreign	**3**	3	2
State	**34**	20	8
Total current	**242**	154	218
Deferred:			
Federal	**15**	15	18
State	**(14)**	8	12
Total deferred	**1**	23	30
Total	**$ 243**	$ 177	$ 248

Expense from foreign income taxes includes foreign subsidiaries/branches that operate in Canada, Puerto Rico, and the U.S. Virgin Islands.

OMH's reconciliations of the statutory federal income tax rate to the effective income tax rate were as follows:

Years Ended December 31,	2019	2018	2017
Statutory federal income tax rate	**21.00 %**	21.00 %	35.00 %
State income taxes, net of federal	**3.49**	3.65	2.86
Change in valuation allowance	**(2.07)**	—	—
Nondeductible compensation	**0.13**	3.85	—
Excess tax expense on share-based compensation	**0.04**	0.02	0.41
Impact of Tax Act	**—**	—	18.65
Other, net	**(0.43)**	(0.15)	0.55
Effective income tax rate	**22.16 %**	28.37 %	57.47 %

SFC's reconciliations of the statutory federal income tax rate to the effective income tax rate were as follows:

Years Ended December 31,	2019	2018	2017
Statutory federal income tax rate	**21.00 %**	21.00 %	35.00 %
State income taxes, net of federal	**3.49**	3.68	2.63
Change in valuation allowance	**(2.06)**	—	—
Nondeductible compensation	**0.13**	3.73	—
Excess tax expense on share-based compensation	**0.04**	0.02	0.33
Return to provision adjustment	**0.08**	—	0.81
Impact of Tax Act	**—**	—	21.69
Other, net	**(0.41)**	(0.08)	1.09
Effective income tax rate	**22.27 %**	28.35 %	61.55 %

The lower effective income tax rate in 2019 as compared to 2018 is primarily due to the release of the valuation allowance against certain state deferred taxes in 2019 and the effect of discrete tax expense for the non-deductible compensation expense in 2018. The lower effective income tax rate in 2018 as compared to 2017 is primarily due to the lower federal statutory rate of 21% in 2018 and the recognition of the impact of the Tax Act which increased our 2017 effective tax rate by 18.65%. As a result of the Tax Act, we recognized an $81 million tax charge in 2017. This charge is primarily the result of the lower corporate tax rate, which required us to remeasure our net deferred tax asset to reflect the lower corporate tax rate.

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits (all of which would affect the effective income tax rate if recognized) is as follows:

(dollars in millions)

Years Ended December 31,	2019	2018	2017
Balance at beginning of year	**$ 17**	$ 15	$ 16
Increases in tax positions for current years	**2**	—	1
Increases in tax positions for prior years	**2**	8	—
Lapse in statute of limitations	**(3)**	(6)	(2)
Settlements with tax authorities	**(6)**	—	—
Balance at end of year	**$ 12**	$ 17	$ 15

Our gross unrecognized tax benefits include related interest and penalties. We accrue interest and penalties 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.

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

Components of deferred tax assets and liabilities were as follows:

(dollars in millions)

December 31,	2019	2018*
Deferred tax assets:		
Allowance for loan losses	**$ 210**	$ 191
Net operating losses and tax credits	**33**	36
Insurance reserves	**31**	8
Pension/employee benefits	**16**	22
Mark-to-market	**10**	35
Tax interest adjustment	**7**	19
Acquisition costs	**6**	7
Fair value of equity and securities investments	**—**	8
Other	**9**	15
Total	**$ 322**	$ 341
Deferred tax liabilities:		
Goodwill	**$ 97**	$ 75
Debt fair value adjustment	**52**	56
Deferred loan fees	**19**	21
Fair value of equity and securities investments	**12**	—
Fixed assets	**8**	8
Discount - debt exchange	**5**	9
Other	**4**	2
Total	**$ 197**	$ 171
Net deferred tax assets before valuation allowance	**$ 125**	$ 170
Valuation allowance	**(21)**	(41)
Net deferred tax assets	**$ 104**	$ 129

***** To conform to the 2019 presentation, we reclassified certain items in the prior period.

The gross deferred tax liabilities are expected to reverse in time, and projected taxable income is expected to be sufficient to create positive taxable income, which will allow for the realization of all of our gross federal deferred tax assets and a portion of the state deferred tax assets. The decrease in net deferred tax asset of $25 million was mainly attributable to the favorable movement of mark-to-market basis difference on our loan receivables and tax amortization of goodwill which was partly offset by the increase of loan loss reserve.

At December 31, 2019, we had state net operating loss carryforwards of $551 million, compared to $626 million at December 31, 2018. The state net operating loss carryforwards mostly expire between 2025 and 2039, except for some states which conform to the federal rules for indefinite carryforward. We had a valuation allowance on our gross state deferred tax assets, net of deferred federal tax benefit, of $18 million and $38 million at December 31, 2019 and 2018, respectively. The total valuation allowance was established based on management's determination that the deferred tax assets are more likely than not to not be realized. During 2019, we released $23 million of valuation allowance against certain state deferred tax assets. This release was primarily due to the impact of our ongoing legal entity simplification project, in which we consolidated our various operating subsidiaries, and continued earnings growth.

16. Leases and Contingencies

LEASES

As described in Note 4, we have adopted ASU 2016-02, *Leases*, as of January 1, 2019, using the optional transition approach. As a result of this election, the prior periods presented have not been adjusted.

Our operating leases primarily consist of leased office space, automobiles, and information technology equipment and have remaining lease terms of one year to ten years.

At December 31, 2019, our operating right-of-use asset balance was $163 million, and our operating lease liability balance was $176 million. Our operating lease costs totaled $61 million, and our variable lease costs totaled $16 million for the year ended December 31, 2019. Our sublease income was immaterial for 2019.

At December 31, 2019, maturities of lease liabilities, excluding leases on a month-to-month basis, were as follows:

(dollars in millions)	Operating Leases
2020	$ 62
2021	52
2022	39
2023	23
2024	13
Thereafter	11
Total lease payments	200
Imputed interest	(24)
Total	$ 176

Weighted Average Remaining Lease Term	3.8 years
Weighted Average Discount Rate	3.78 %

As of December 31, 2018, under ASC 840, *Leases*, annual rental commitments for leased office space, automobiles and information technology equipment accounted for as operating leases, excluding leases on a month-to-month basis, were as follows:

(dollars in millions)	Lease Commitments
2019	$ 60
2020	50
2021	37
2022	26
2023	12
2024+	12
Total	$ 197

Rental expense totaled $74 million in 2018 and $79 million in 2017.

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.

Federal Securities Class Action (OMH only)

On February 10, 2017, a putative class action lawsuit, *Galestan v. OneMain Holdings, Inc., et al.*, was filed in the U.S. District Court for the Southern District of New York, naming as defendants OMH and two of its officers. The lawsuit alleged violations of the Exchange Act for allegedly making materially misleading statements and/or omitting material information concerning alleged integration issues after the OneMain Acquisition in November 2015, and was filed on behalf of a putative class of persons who purchased or otherwise acquired OMH's common stock between February 25, 2016 and November 7, 2016. The complaint sought an award of unspecified compensatory damages, an award of interest, reasonable attorney's fees, expert fees and other costs, and equitable relief as the court may deem just and proper. On April 23, 2019, the parties executed a settlement agreement, which received final approval from the Court on August 9, 2019. Pursuant to the settlement agreement, the action was dismissed with prejudice. The settlement contained no admission of liability by OMH and the other defendants.

17. Retirement Benefit Plans

DEFINED CONTRIBUTION PLAN

The Company sponsors a voluntary defined contribution plan to eligible employees of the Company.

OneMain 401(k) Plan

The OneMain 401(k) Plan (the "401(k) Plan"), previously known as the Springleaf Financial Services 401(k) Plan, provided for a 100% Company matching on the first 4% of the salary reduction contributions of the employees for 2019, 2018, and 2017. The salaries and benefits expense associated with this plan was $17 million in 2019 and 2018, and $16 million in 2017.

In addition, the Company may make a discretionary profit sharing contribution to the 401(k) Plan. The Company has full discretion to determine whether to make such a contribution, and the amount of such contribution. In no event, however, will the discretionary profit sharing contribution exceed 4% of annual pay. The Company did not make any discretionary profit sharing contributions to the 401(k) Plan in 2019, 2018, or 2017.

DEFINED BENEFIT PLANS

Springleaf Financial Services Retirement Plan

The Springleaf Financial Services Retirement Plan (the “Springleaf Retirement Plan”) is a qualified non-contributory defined benefit plan which is subject to the provisions of ERISA. Effective December 31, 2012, the Springleaf Retirement Plan was frozen with respect to both benefits accruals and new participation. U.S. salaried employees who were employed by a participating company, had attained age 21, and completed twelve months of continuous service were eligible to participate in the plan. Employees generally vested after 5 years of service. Prior to January 1, 2013, unreduced benefits were paid to retirees at normal retirement (age 65) and were based upon a percentage of final average compensation multiplied by years of credited service, up to 44 years. Our current and former employees will not lose any vested benefits in the Springleaf Retirement Plan that accrued prior to January 1, 2013.

CommoLoCo Retirement Plan

The CommoLoCo Retirement Plan is a qualified non-contributory defined benefit plan which is subject to the provisions of ERISA and the Puerto Rico tax code. Effective December 31, 2012, the CommoLoCo Retirement Plan was frozen. Puerto Rican residents employed by CommoLoCo, Inc., our Puerto Rican subsidiary, who had attained age 21 and completed one year of service were eligible to participate in the plan. Our former employees in Puerto Rico will not lose any vested benefits in the CommoLoCo Retirement Plan that accrued prior to January 1, 2013.

Unfunded Defined Benefit Plans

We sponsor unfunded defined benefit plans for certain employees, including key executives, designed to supplement pension benefits provided by our other retirement plans. These include: (i) the Springleaf Financial Services Excess Retirement Income Plan (the "Excess Retirement Income Plan"), which provides a benefit equal to the reduction in benefits payable to certain employees under our qualified retirement plan as a result of federal tax limitations on compensation and benefits payable; and (ii) the Supplemental Executive Retirement Plan ("SERP"), which provides additional retirement benefits to designated executives. Benefits under the Excess Retirement Income Plan were frozen as of December 31, 2012, and benefits under the SERP were frozen at the end of August 2004.

OBLIGATIONS AND FUNDED STATUS

The following table presents the funded status of the defined benefit pension plans. The funded status of the plans is measured as the difference between the plan assets at fair value and the projected benefit obligation.

(dollars in millions)	Pension *		
At or for the Years Ended December 31,	**2019**	**2018**	**2017**
Projected benefit obligation, beginning of period	**$ 320**	$ 354	$ 385
Interest cost	**12**	11	13
Actuarial loss (gain)	**47**	(30)	17
Benefits paid:			
Plan assets	**(15)**	(15)	(14)
Settlement	**—**	—	(47)
Projected benefit obligation, end of period	**364**	320	354
Fair value of plan assets, beginning of period	**308**	341	354
Actual return on plan assets, net of expenses	**69**	(19)	47
Company contributions	**1**	1	1
Benefits paid:			
Plan assets	**(15)**	(15)	(14)
Settlement	**—**	—	(47)
Fair value of plan assets, end of period	**363**	308	341
Funded status, end of period	**$ (1)**	$ (12)	$ (13)
Other liabilities recognized in the consolidated balance sheet	**$ (1)**	$ (12)	$ (13)
Pretax net gain (loss) recognized in accumulated other comprehensive income (loss)	**$ 4**	$ (3)	$ 4

* Includes non-qualified unfunded plans, for which the aggregate projected benefit obligation was $10 million, $9 million and $10 million at December 31, 2019, 2018 and 2017, respectively.

Defined benefit pension plan obligations in which the PBO was in excess of the related plan assets and the ABO was in excess of the related plan assets were as follows:

(dollars in millions)	PBO and ABO Exceeds Fair Value of Plan Assets	
December 31,	**2019**	**2018**
Projected benefit obligation	**$ 364**	$ 320
Accumulated benefit obligation	**364**	320
Fair value of plan assets	**363**	308

The following table presents the components of net periodic benefit cost recognized in income and other amounts recognized in accumulated other comprehensive income or loss with respect to the defined benefit pension plans:

(dollars in millions)	Pension		
Years Ended December 31,	**2019**	**2018**	**2017**
Components of net periodic benefit cost:			
Interest cost	**$ 12**	$ 11	$ 13
Expected return on assets	**(15)**	(18)	(18)
Settlement gain	**—**	—	(2)
Net periodic benefit cost	**(3)**	(7)	(7)
Other changes in plan assets and projected benefit obligation recognized in other comprehensive income or loss:			
Net actuarial loss (gain)	**(7)**	7	(12)
Amortization of net actuarial gain (loss)	**—**	—	2
Total recognized in other comprehensive income or loss	**(7)**	7	(10)
Total recognized in net periodic benefit cost and other comprehensive income	**$ (10)**	$ —	$ (17)

We have estimated the net loss that will be amortized from accumulated other comprehensive income or loss into net periodic benefit cost over the next fiscal year will be immaterial for our combined defined benefit pension plans.

Assumptions

The following table summarizes the weighted average assumptions used to determine the projected benefit obligations and the net periodic benefit costs:

	Pension	
December 31,	**2019**	**2018**
Projected benefit obligation:		
Discount rate	**3.08 %**	4.12 %
Net periodic benefit costs:		
Discount rate	**4.12 %**	3.49 %
Expected long-term rate of return on plan assets	**5.03 %**	5.27 %

Discount Rate Methodology

The projected benefit cash flows were discounted using the spot rates derived from the unadjusted FTSE Pension Discount Curve (formerly the Citigroup Pension Discount Curve) at December 31, 2019 and an equivalent weighted average discount rate was derived that resulted in the same liability.

Investment Strategy

The investment strategy with respect to assets relating to our pension plans is designed to achieve investment returns that will (i) provide for the benefit obligations of the plans over the long term; (ii) limit the risk of short-term funding shortfalls; and (iii) maintain liquidity sufficient to address cash needs. Accordingly, the asset allocation strategy is designed to maximize the investment rate of return while managing various risk factors, including but not limited to, volatility relative to the benefit obligations, diversification and concentration, and the risk and rewards profile indigenous to each asset class.

Allocation of Plan Assets

The long-term strategic asset allocation is reviewed and revised annually. The plans' assets are monitored by our Retirement Plans Committee and the investment managers, which can entail allocating the plans' assets among approved asset classes within pre-approved ranges permitted by the strategic allocation.

At December 31, 2019, the actual asset allocation for the primary asset classes was 95% in fixed income securities, 4% in equity securities, and 1% in cash and cash equivalents. The 2020 target asset allocation for the primary asset classes is 94% in fixed income securities and 6% in equity securities. The actual allocation may differ from the target allocation at any particular point in time.

The expected long-term rate of return for the plans was 5.0% for the Springleaf Retirement Plan and 5.8% for the CommoLoCo Retirement Plan for 2019. The expected rate of return is an aggregation of expected returns within each asset class category. The expected asset return and any contributions made by the Company together are expected to maintain the plans' ability to meet all required benefit obligations. The expected asset return with respect to each asset class was developed based on a building block approach that considers historical returns, current market conditions, asset volatility and the expectations for future market returns. While the assessment of the expected rate of return is long-term and thus not expected to change annually, significant changes in investment strategy or economic conditions may warrant such a change.

Expected Cash Flows

Funding for the U.S. pension plan ranges from the minimum amount required by ERISA to the maximum amount that would be deductible for U.S. tax purposes. This range is generally not determined until the fourth quarter. Contributed amounts in excess of the minimum amounts are deemed voluntary. Amounts in excess of the maximum amount would be subject to an excise tax and may not be deductible under the Internal Revenue Code. Supplemental and excess plans' payments and postretirement plan payments are deductible when paid.

The expected future benefit payments, net of participants' contributions, of our defined benefit pension plans at December 31, 2019 are as follows:

(dollars in millions)	**Pension**
2020	$ 16
2021	16
2022	16
2023	17
2024	17
2025-2029	89

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FAIR VALUE MEASUREMENTS — PLAN ASSETS

The inputs and methodology used in determining the fair value of the plan assets are consistent with those used to measure our assets. See Note 3 for a discussion of the accounting policies related to fair value measurements, which includes the valuation process and the inputs used to develop our fair value measurements.

The following table presents information about our plan assets measured at fair value and indicates the fair value hierarchy based on the levels of inputs we utilized to determine such fair value:

(dollars in millions)	Level 1	Level 2	Level 3	Total
December 31, 2019				
Assets:				
Cash and cash equivalents	**$ 3**	**$ —**	**$ —**	**$ 3**
Equity securities:				
U.S.	**1**	**—**	**—**	**1**
International (a)	**1**	**—**	**—**	**1**
Fixed income securities:				
U.S. investment grade (b)	**49**	**290**	**—**	**339**
U.S. high yield (c)	**—**	**5**	**—**	**5**
Total	**$ 54**	**$ 295**	**$ —**	**$ 349**
Investments measured at NAV (d)				**14**
Total investments at fair value				**$ 363**
December 31, 2018				
Assets:				
Cash and cash equivalents	$ 4	$ —	$ —	$ 4
Equity securities:				
U.S. (e)	—	7	—	7
International (a)	—	6	—	6
Fixed income securities:				
U.S. investment grade (b)	—	287	—	287
U.S. high yield (c)	—	4	—	4
Total	$ 4	$ 304	$ —	$ 308

(a) Includes investment mutual funds in companies in emerging and developed markets.

(b) Includes investment mutual funds in U.S. and non-U.S. government issued bonds, U.S. government agency or sponsored agency bonds, and investment grade corporate bonds.

(c) Includes investment mutual funds in securities or debt obligations that have a rating below investment grade.

(d) We have elected the practical expedient to exclude certain investments that were measured at net asset value ("NAV") per share (or equivalent) from the fair value hierarchy.

(e) Includes index mutual funds that primarily track several indices including S&P 500 and S&P 600 in addition to other actively managed accounts, comprised of investments in small cap and large cap companies.

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in these securities. Based on our investment strategy, we have no significant concentrations of risks.

18. Share-Based Compensation

ONEMAIN HOLDINGS, INC. AMENDED AND RESTATED 2013 OMNIBUS INCENTIVE PLAN

In 2013, OMH adopted the OneMain Holdings, Inc. Amended and Restated 2013 Omnibus Incentive Plan (the "Omnibus Plan"), which was effective as of May 25, 2016, under which equity-based awards are granted to selected management employees, non-employee directors, independent contractors, and consultants. The amendment and restatement of the Omnibus Plan (i) extended the term of the Omnibus Plan from October 2023 to May 2026 and (ii) limited the number of cash-settled and equity-based awards under the Omnibus Plan valued at more than $500,000 to non-employee directors during the calendar year.

As of December 31, 2019, 13,303,988 shares of common stock were reserved for issuance under the Omnibus Plan, including 659,628 shares subject to outstanding equity awards. The amount of shares reserved is adjusted annually at the beginning of the year by a number of shares equal to the excess of 10% of the number of outstanding shares on the last day of the previous fiscal year over the number of shares reserved and available for issuance as of the last day of the previous fiscal year. The Omnibus Plan allows for issuance of stock options, RSUs, RSAs, stock appreciation rights, and other stock-based awards and cash awards.

During 2019, OMH amended certain cash-settled and equity-based award agreements, to provide for the right to accrue cash dividend equivalents. Approximately 450 employees were affected by the amendments and the share-based compensation expense recognized as a result of amending the awards was immaterial during 2019.

Total share-based compensation expense, net of forfeitures, for all equity-based awards totaled $13 million, $21 million, and $17 million during 2019, 2018, and 2017, respectively. The total income tax benefit recognized for stock-based compensation was $3 million in 2019 and $6 million in 2018 and 2017. As of December 31, 2019, there was total unrecognized compensation expense of $10 million related to unvested stock-based awards that are expected to be recognized over a weighted average period of one year.

Service-based Awards

In connection with the initial public offering on October 16, 2013 and subsequent to the offering, OMH has granted service-based RSUs and RSAs to certain of our non-employee directors, executives and employees. The RSUs are granted with varying service terms of one year to four years and do not provide the holders with any rights as shareholders, except with respect to dividend equivalents. As of December 31, 2019, OMH had no outstanding RSAs. The grant date fair value for RSUs and RSAs is generally the closing market price of OMH’s common stock on the date of the award.

Expense for service-based awards is amortized on a straight-line basis over the vesting period, based on the number of awards that are ultimately expected to vest. The weighted-average grant date fair value of service-based awards issued in 2019, 2018, and 2017 was $30.10, $31.55, and $27.85, respectively. The total fair value of service-based awards that vested during 2019, 2018, and 2017 was $12 million, $23 million, and $18 million, respectively.

The following table summarizes the service-based stock activity and related information for the Omnibus Plan for 2019:

	Number of Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Term (in Years)
Unvested as of January 1, 2019	**694,592**	**$ 37.70**	
Granted	**309,243**	**30.10**	
Vested	**(317,755)**	**37.55**	
Forfeited	**(217,066)**	**33.96**	
Unvested at December 31, 2019	**469,014**	**34.52**	**1.01**

Performance-based Awards

During 2019, 2018 and 2017, OMH awarded certain executives performance-based awards that may be earned based on the financial performance of OMH. These awards are subject to the achievement of performance goals during a one-year period or a cumulative three-year period. The awards are considered earned after the attainment of the performance goal, that occurs after the performance period when results have been evaluated and approved by the committee of the OMH Board of Directors, which oversees OMH's compensation programs (the "Compensation Committee"), and vest according to their certain terms and conditions.

The fair value for all performance-based awards is based on the closing market price of OMH's stock on the date of the award.

Expense for performance-based awards is recognized over the requisite service period when it is probable that the performance goals will be achieved and is based on the total number of units expected to vest. Expense for awards with graded vesting is recognized under the accelerated method, whereby each vesting is treated as a separate award with expense for each vesting recognized ratably over the requisite service period. If minimum targets are not achieved by the end of the respective performance periods, all unvested shares related to those targets will be forfeited and canceled, and all expense recognized to that date is reversed.

The weighted average grant date fair value of performance-based awards issued in 2019 was $31.86. The weighted average grant date fair value of performance-based awards issued in 2018 and 2017 was $24.98. The total fair value of performance-based awards that vested during 2019, 2018, and 2017 was $3 million, $3 million, and $2 million, respectively.

The following table summarizes the performance-based stock activity and related information for the Omnibus Plan for 2019:

	Number of Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Term (in Years)
Unvested as of January 1, 2019	**143,734**	**$ 26.40**	
Granted	**336,885**	**31.86**	
Vested	**(121,754)**	**27.60**	
Forfeited	**(168,251)**	**31.18**	
Unvested at December 31, 2019	**190,614**	**31.05**	**2.18**

Cash-settled Stock-based Awards

OMH has granted cash-settled stock-based awards to certain of our executives. These awards are granted with vesting conditions relating to the trading price of OMH's common stock and the portion of OMH's common stock owned by stockholders other than the Apollo-Värde Group, and certain other terms and conditions. The awards provide for the right to accrue cash dividend equivalents. Upon achievement, these awards would be settled in cash. The grant date fair value of the cash-settled stock-based awards was zero because the satisfaction of the required event-based performance conditions were not considered probable as of the grant dates. Vesting of the cash-settled stock-based awards was not considered probable as of December 31, 2019.

INCENTIVE UNITS

SFH Incentive Units

In connection with the sale of OMH's common stock by SFH in 2018, as described in Note 1 of the Notes to the Consolidated Financial Statements, certain of the specified thresholds were satisfied. In accordance with ASC 710, *Compensation-General*, we recorded non-cash incentive compensation expense of $106 million related to the Apollo-Värde Transaction and $4 million related to the AIG Share Sale Transaction with a capital contribution offset. Under both of these transactions, the impacts to the Company were non-cash, equity neutral, and not tax deductible. No expense was recognized for these awards during 2019 or 2017.

19. Segment Information

At December 31, 2019, 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 include our liquidating real estate loans and liquidating retail sales finance receivables. Previously, the servicing revenues and related expenses from the SpringCastle Portfolio were presented as a distinct reporting and operating segment, Acquisitions and Servicing ("A&S"). However, due to the continued decline in servicing revenues and related expenses, management no longer views the servicing activity from the SpringCastle Portfolio as a separate reportable segment. Therefore, we are now including A&S in Other. We have revised our prior period segment disclosures to conform to this new alignment.

The accounting policies of the C&I segment are the same as those disclosed in Note 3, except as described below.

Due to the nature of the OneMain Acquisition and the Fortress Acquisition, we applied purchase accounting. However, we report the operating results of C&I and Other using the Segment Accounting Basis, which (i) reflects our allocation methodologies for certain costs, primarily interest expense and other expenses, to reflect the manner in which we assess our business results and (ii) excludes the impact of applying purchase accounting (eliminates premiums/discounts on our finance receivables and long-term debt at acquisition, as well as the amortization/accretion in future periods).

We allocate revenues and expenses on a Segment Accounting Basis to the C&I segment and Other using the following methodologies:

Interest income	Directly correlated to C&I segment and Other.
Interest expense	*C&I and Other* - The Company has secured and unsecured debt. The Company first allocates interest expense to its C&I segment based on actual expense for secured debt. Interest expense for unsecured debt is recorded to the C&I segment using a weighted average interest rate applied to allocated average unsecured debt. Total average unsecured debt is allocated as follows: • *Other* - at 100% of asset base. (Asset base represents the average net finance receivables including finance receivables held for sale); and • *C&I* - receives remainder of unallocated average debt.
Provision for finance receivable losses	Directly correlated to the C&I segment and Other.
Other revenues	Directly correlated to the C&I segment and Other.
Other expenses	*Salaries and benefits* - Directly correlated to C&I segment and Other. Other salaries and benefits not directly correlated with the C&I segment and Other are allocated based on services provided. *Other operating expenses* - Directly correlated to the C&I segment and Other. Other operating expenses not directly correlated to the C&I segment and Other are allocated based on services provided. *Insurance policy benefits and claims* - Directly correlated to the C&I segment. *Acquisition-related transaction and integration expenses* - Consist of: (i) acquisition-related transaction and integration costs related to the OneMain Acquisition, including legal and other professional fees, which we primarily report in Other, as these are costs related to acquiring the business as opposed to operating the business; (ii) software termination costs, which are allocated to Consumer and Insurance; and (iii) incentive compensation incurred above and beyond expected cost from acquiring and retaining talent in relation to the OneMain Acquisition, which are allocated to C&I segment and Other based on services provided.

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

- *Interest income* - reverses the impact of premiums/discounts on purchased finance receivables and the interest income recognition under guidance in ASC 310-20, *Nonrefundable Fees and Other Costs*, and ASC 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*, and reestablishes interest income recognition on a historical cost basis;
- *Interest expense* - reverses the impact of premiums/discounts on acquired long-term debt and reestablishes interest expense recognition on a historical cost basis;
- *Provision for finance receivable losses* - reverses the impact of providing an allowance for finance receivable losses upon acquisition and reestablishes the allowance on a historical cost basis and reverses the impact of recognition of net charge-offs on purchased credit impaired finance receivables and reestablishes the net charge-offs on a historical cost basis;
- *Other revenues* - reestablishes the historical cost basis of mark-to-market adjustments on finance receivables held for sale and on realized gains/losses associated with our investment portfolio;
- *Other expenses* - reestablishes expenses on a historical cost basis by reversing the impact of amortization from acquired intangible assets, including amortization of other historical deferred costs and the amortization of purchased software assets on a historical cost basis; and
- *Assets* - revalues assets based on their fair values at the effective date of the OneMain Acquisition and the Fortress Acquisition.

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 Year Ended December 31, 2019				
Interest income	**$ 4,114**	**$ 9**	**$ 4**	**$ 4,127**
Interest expense	**947**	**5**	**18**	**970**
Provision for finance receivable losses	**1,105**	**—**	**24**	**1,129**
Net interest income after provision for finance receivable losses	**2,062**	**4**	**(38)**	**2,028**
Other revenues *	**600**	**32**	**(10)**	**622**
Other expenses	**1,494**	**39**	**19**	**1,552**
Income (loss) before income tax expense (benefit)	**$ 1,168**	**$ (3)**	**$ (67)**	**$ 1,098**
Assets	**$ 20,705**	**$ 77**	**$ 2,035**	**$ 22,817**
At or for the Year Ended December 31, 2018				
Interest income	$ 3,677	$ 17	$ (36)	$ 3,658
Interest expense	844	17	14	875
Provision for finance receivable losses	1,047	(5)	6	1,048
Net interest income after provision for finance receivable losses	1,786	5	(56)	1,735
Other revenues *	495	27	52	574
Other expenses	1,494	163	28	1,685
Income (loss) before income tax expense (benefit)	$ 787	$ (131)	$ (32)	$ 624
Assets	$ 17,893	$ 120	$ 2,077	$ 20,090
At or for the December 31, 2017				
Interest income	$ 3,305	$ 23	$ (132)	$ 3,196
Interest expense	765	21	30	816
Provision for finance receivable losses	963	7	(15)	955
Net interest income after provision for finance receivable losses	1,577	(5)	(147)	1,425
Other revenues	547	45	(32)	560
Other expenses	1,448	80	26	1,554
Income (loss) before income tax expense (benefit)	$ 676	$ (40)	$ (205)	$ 431
Assets	$ 16,955	$ 293	$ 2,185	$ 19,433

* Other revenue in Other includes the gains on the February 2019 Real Estate Loan Sale and the December 2018 Real Estate Loan Sale as well as the impairment adjustments on the remaining loans in held for sale in 2019 and 2018, respectively.

20. Fair Value Measurements

The fair value of a financial instrument is the amount that would be expected to be received if an asset were to be sold or the amount that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The degree of judgment used in measuring the fair value of financial instruments generally correlates with the level of pricing observability. Financial instruments with quoted prices in active markets generally have more pricing observability and less judgment is used in measuring fair value. Conversely, financial instruments traded in other-than-active markets or that do not have quoted prices have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment. An other-than-active market is one in which there are few transactions, the prices are not current, price quotations vary substantially either over time or among market makers, or little information is released publicly for the asset or liability being valued. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is listed on an exchange or traded over-the-counter or is new to the market and not yet established, the characteristics specific to the transaction, and general market conditions. See Note 3 for a discussion of the accounting policies related to fair value measurements, which includes the valuation process and the inputs used to develop our fair value measurements.

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:

	Fair Value Measurements Using			Total Fair Value	Total Carrying Value
(dollars in millions)	Level 1	Level 2	Level 3		
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**
Finance receivables held for sale	**—**	**—**	**74**	**74**	**64**
Restricted cash and restricted cash equivalents	**405**	**—**	**—**	**405**	**405**
Other assets *****	**—**	**—**	**10**	**10**	**10**
Liabilities					
Long-term debt	**$ —**	**$ 18,509**	**$ —**	**$ 18,509**	**$ 17,212**
December 31, 2018					
Assets					
Cash and cash equivalents	$ 618	$ 61	$ —	$ 679	$ 679
Investment securities	34	1,655	5	1,694	1,694
Net finance receivables, less allowance for finance receivable losses	—	—	16,734	16,734	15,433
Finance receivables held for sale	—	—	103	103	103
Restricted cash and restricted cash equivalents	499	—	—	499	499
Other assets *****	—	1	15	16	16
Liabilities					
Long-term debt	$ —	$ 15,041	$ —	$ 15,041	$ 15,178

***** Other assets at December 31, 2019 and December 31, 2018 include miscellaneous receivables related to our liquidating loan portfolios.

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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:

	Fair Value Measurements Using			
(dollars in millions)	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
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 2019, 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.

(dollars in millions)	Fair Value Measurements Using Level 1	Level 2	Level 3 *	Total Carried At Fair Value
December 31, 2018				
Assets				
Cash equivalents in mutual funds	$ 426	$ —	$ —	$ 426
Cash equivalents in securities	—	61	—	61
Investment securities:				
Available-for-sale securities				
U.S. government and government sponsored entities	—	21	—	21
Obligations of states, municipalities, and political subdivisions	—	90	—	90
Certificates of deposit and commercial paper	—	63	—	63
Non-U.S. government and government sponsored entities	—	143	—	143
Corporate debt	—	995	2	997
RMBS	—	128	—	128
CMBS	—	71	—	71
CDO/ABS	—	93	1	94
Total available-for-sale securities	—	1,604	3	1,607
Other securities				
Bonds:				
Non-U.S. government and government sponsored entities	—	1	—	1
Corporate debt	—	42	1	43
RMBS	—	1	—	1
CDO/ABS	—	1	—	1
Total bonds	—	45	1	46
Preferred stock	13	6	—	19
Common stock	21	—	—	21
Other long-term investments	—	—	1	1
Total other securities	34	51	2	87
Total investment securities	34	1,655	5	1,694
Restricted cash in mutual funds	482	—	—	482
Total	$ 942	$ 1,716	$ 5	$ 2,663

* Due to the insignificant activity within the Level 3 assets during 2018, 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.

Assets measured at fair value on a non-recurring basis on which we recorded impairment charges were as follows:

	Fair Value Measurements Using *				
(dollars in millions)	Level 1	Level 2	Level 3	Total	Impairment Charges
At or for the Year Ended December 31, 2019					
Assets					
Finance receivables held for sale	**$ —**	**$ —**	**$ 64**	**$ 64**	**$ 3**
Real estate owned	**—**	**—**	**6**	**6**	**3**
At or for the Year Ended December 31, 2018					
Assets					
Finance receivables held for sale	$ —	$ —	$ 103	$ 103	$ 16
Real estate owned	—	—	6	6	3

* The fair value information presented in the table is as of the date the fair value adjustment was recorded.

We wrote down finance receivables held for sale to their fair value during 2019 and 2018 and recorded the impairment in other revenues. See Note 7 regarding the impairment losses recorded on the February 2019 and the December 2018 Real Estate Loan Sales. The fair values of real estate owned disclosed in the table above are unadjusted for transaction costs as required by the authoritative guidance for fair value measurements. The amounts of real estate owned recorded in other assets are net of transaction costs as required by the authoritative guidance for accounting for the impairment of long-lived assets.

The inputs and quantitative data used in our Level 3 valuations for our real estate owned are unobservable primarily due to the unique nature of specific real estate assets. Therefore, we used independent third party providers, familiar with local markets, to determine the values used for fair value disclosures without adjustment.

Quantitative information about Level 3 inputs for our assets measured at fair value on a non-recurring basis at December 31, 2019 and 2018 was as follows:

			December 31, 2019		December 31, 2018	
	Valuation Technique(s)	Unobservable Input	Range	Weighted Average	Range	Weighted Average
Finance receivables held for sale	Income approach	Discount Rate	**4.17% - 8.50%**	**6.36 %**	4.23% - 8.00%	5.72 %
		Default Rate	**15.00% - 65.00%**	**36.36 %**	13.50% - 70.00%	43.13 %
Real estate owned	Market approach	Third Party Valuation	*	*	*	*

* We applied the third-party exception which allows us to omit certain quantitative disclosures about unobservable inputs for the assets measured at fair value on a non-recurring basis included in the table above. As a result, the weighted average ranges of the inputs for these assets are not applicable.

FAIR VALUE MEASUREMENTS — VALUATION METHODOLOGIES AND ASSUMPTIONS

We use the following methods and assumptions to estimate fair value.

Cash and Cash Equivalents

Cash equivalents in mutual funds include positions in money market funds with weighted average maturity of less than 90 days. Money market funds are reported at their current carrying value, which approximates fair value due to the short-term nature of these instruments and are categorized as Level 1 within the fair value table.

Cash equivalents in securities includes highly liquid investments with a maturity of less than 90 days at purchase. The carrying amount of these cash equivalents approximates fair value due to the short time between the purchase and expected maturity of these securities. Cash equivalents in securities are categorized as Level 2 within the fair value table.

Investment Securities

We utilize third-party valuation service providers to measure the fair value of our investment securities, which are classified as available-for-sale or other and consist primarily of bonds. Whenever available, we obtain quoted prices in active markets for identical assets at the balance sheet date to measure investment securities at fair value. We generally obtain market price data from exchange or dealer markets.

We estimate the fair value of fixed maturity investment securities not traded in active markets by referring to traded securities with similar attributes, using dealer quotations and a matrix pricing methodology, or discounted cash flow analyses. This methodology considers such factors as the issuer's industry, the security's rating and tenor, its coupon rate, its position in the capital structure of the issuer, yield curves, credit curves, composite ratings, bid-ask spreads, prepayment rates and other relevant factors. For fixed maturity investment securities that are not traded in active markets or that are subject to transfer restrictions, we adjust the valuations to reflect illiquidity and/or non-transferability. Such adjustments are generally based on available market evidence. In the absence of such evidence, management's best estimate is used.

We elect the fair value option for investment securities that are deemed to incorporate an embedded derivative and for which it is impracticable for us to isolate and/or value the derivative.

The fair value of certain investment securities is based on the amortized cost, which is assumed to approximate fair value.

Finance Receivables

The fair value of net finance receivables, less allowance for finance receivable losses, for both non-impaired and purchased credit impaired finance receivables, is determined using discounted cash flow methodologies. The application of these methodologies requires us to make certain judgments and estimates based on our perception of market participant views related to the economic and competitive environment, the characteristics of our finance receivables, and other similar factors. The most significant judgments and estimates made relate to prepayment speeds, default rates, loss severity, and discount rates. The degree of judgment and estimation applied is significant in light of the current capital markets and, more broadly, economic environments. Therefore, the fair value of our finance receivables could not be determined with precision and may not be realized in an actual sale. Additionally, there may be inherent limitations in the valuation methodologies we employed, and changes in the underlying assumptions used could significantly affect the results of current or future values.

Finance Receivables Held for Sale

We determined the fair value of finance receivables held for sale that were originated as held for investment based on negotiations with prospective purchasers (if any) or by using projected cash flows discounted at the weighted-average interest rates offered by us in the market for similar finance receivables. We based cash flows on contractual payment terms adjusted for estimates of prepayments and credit related losses.

Restricted Cash and Restricted Cash Equivalents

The carrying amount of restricted cash and restricted cash equivalents approximates fair value.

Real Estate Owned

We initially base our estimate of the fair value on independent third-party valuations at the time we take title to real estate owned. Subsequent changes in fair value are based upon independent third-party valuations obtained periodically to estimate a price that would be received in a then current transaction to sell the asset.

Long-term Debt

We either receive fair value measurements of our long-term debt from market participants and pricing services or we estimate the fair values of long-term debt using projected cash flows discounted at each balance sheet date's market-observable implicit-credit spread rates for our long-term debt.

We record at fair value long-term debt issuances that are deemed to incorporate an embedded derivative and for which it is impracticable for us to isolate and/or value the derivative. At December 31, 2019, we had no debt carried at fair value under the fair value option.

We estimate the fair values associated with variable rate revolving lines of credit to be equal to par.

21. Selected Quarterly Financial Data (Unaudited)

OMH's selected quarterly financial data for 2019 was as follows:

(dollars in millions, except per share amounts)	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Interest income	**$ 1,107**	**$ 1,065**	**$ 1,000**	**$ 956**
Interest expense	**252**	**244**	**238**	**236**
Provision for finance receivable losses	**293**	**282**	**268**	**286**
Net interest income after provision	**562**	**539**	**494**	**434**
Other revenues	**162**	**156**	**156**	**148**
Other expenses	**380**	**398**	**394**	**380**
Income before income taxes	**344**	**297**	**256**	**202**
Income taxes	**83**	**49**	**62**	**50**
Net income	**$ 261**	**$ 248**	**$ 194**	**$ 152**
Earnings per share:				
Basic	**$ 1.92**	**$ 1.82**	**$ 1.43**	**$ 1.12**
Diluted	**1.91**	**1.82**	**1.42**	**1.11**

Note: Year-to-Date may not sum due to rounding

OMH's selected quarterly financial data for 2018 was as follows:

(dollars in millions, except per share amounts)	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Interest income	$ 958	$ 933	$ 905	$ 862
Interest expense	229	227	220	200
Provision for finance receivable losses	278	256	260	254
Net interest income after provision	451	450	425	408
Other revenues	153	144	140	137
Other expenses	390	395	522	377
Income before income taxes	214	199	43	168
Income taxes	46	51	36	44
Net income	$ 168	$ 148	$ 7	$ 124
Earnings per share:				
Basic	$ 1.24	$ 1.09	$ 0.05	$ 0.91
Diluted	1.24	1.09	0.05	0.91

Note: Year-to-Date may not sum due to rounding.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. 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 Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of December 31, 2019, 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 December 31, 2019 to provide the reasonable assurance described above.

Management's Report on Internal Control over Financial Reporting

OMH's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, and has conducted an evaluation of the effectiveness of its internal control over financial reporting as of December 31, 2019, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in "Internal Control - Integrated Framework" (2013). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Based on this evaluation, OMH's management concluded that OMH's internal control over financial reporting was effective as of December 31, 2019.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited the financial statements as of December 31, 2019 included in this Annual Report on Form 10-K, has also audited the effectiveness of OMH's internal control over financial reporting as of December 31, 2019. The Report of Independent Registered Public Accounting Firm is included in Item 8 of this report.

Changes in Internal Control over Financial Reporting

There were no changes in OMH's internal control over financial reporting during the fourth quarter of 2019 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 Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of December 31, 2019, 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 December 31, 2019 to provide the reasonable assurance described above.

Management’s Report on Internal Control over Financial Reporting

SFC's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, and has conducted an evaluation of the effectiveness of its internal control over financial reporting as of December 31, 2019, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in “Internal Control - Integrated Framework” (2013). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Based on this evaluation, SFC's management concluded that SFC's internal control over financial reporting was effective as of December 31, 2019.

Changes in Internal Control over Financial Reporting

There were no changes in SFC's internal control over financial reporting during the fourth quarter of 2019 that have materially affected, or are reasonably likely to materially affect, SFC's internal control over financial reporting.

Item 9B. Other Information.

Apollo-Värde Group Margin Loan Agreements

As of December 16, 2019, the Apollo-Värde Group informed OMH that it has undertaken to pledge all of its 54,937,500 shares of OMH's common stock pursuant to margin loan agreements and related documentation on a non-recourse basis. The Apollo-Värde Group further informed OMH that the loan to value ratio in connection with the loans on January 30, 2020 was equal to approximately 21.45%. The Apollo-Värde Group informed OMH that the margin loan agreements contain customary default provisions, and in the event of an event of default under the loan agreements, the lenders thereunder may foreclose upon any and all shares of OMH's common stock pledged to them.

When the margin loan agreements were entered into, OMH delivered letter agreements to the lenders in which it has, among other things, made certain representations and warranties and has agreed, subject to certain exceptions, not to take any actions that are intended to hinder or delay the exercise of any remedies by the secured parties under the margin loan agreements and related documentation. Except for the foregoing, OMH is not a party to the margin loan agreements and related documentation and does not have, and will not have, any obligations thereunder.

Consulting Agreement

On December 2, 2019, OMH announced that John C. Anderson would be retiring from the Company in 2020. On February 13, 2020, OMH and one of its subsidiaries entered into a Consulting and Separation Agreement and Release (the "Consulting Agreement") with Mr. Anderson. The Consulting Agreement provides that Mr. Anderson will serve as a consultant to the Company from February 22, 2020 through June 30, 2020, subject to earlier termination under certain circumstances. The consulting fee is $225,000, plus authorized expense reimbursements.

The Consulting Agreement also provides for a lump sum separation payment totaling $825,000, payable on June 30, 2020, provided that Mr. Anderson complies with the terms of the Consulting Agreement, which includes a release of claims and certain restrictive covenants.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by Item 10 with respect to executive officers is incorporated by reference to the information presented in the section captioned “Executive Officers” in OMH’s definitive proxy statement for the 2020 Annual Meeting of Shareholders, which will be filed with the SEC pursuant to Regulation 14A within 120 days of OMH’s fiscal year-end (the “Proxy Statement”).

Information required by Item 10 for matters other than executive officers is incorporated by reference to the information presented in the sections captioned “Board of Directors,” “Proposal 1: Election of Directors,” “Corporate Governance” and “Security Ownership of Certain Beneficial Owners and Management - "Delinquent Section 16(a) Reports” in the Proxy Statement.

Item 11. Executive Compensation.

The information required by Item 11 is incorporated by reference to the information presented in the sections captioned “Board of Directors - Committees of the Board of Directors” and “Executive Compensation” in the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by Item 12 is incorporated by reference to the information presented in the sections captioned “Security Ownership of Certain Beneficial Owners and Management” and “Executive Compensation - Equity Compensation Plan Information” in the Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by Item 13 is incorporated by reference to the information presented in the sections captioned “Certain Relationships and Related Party Transactions” and “Board of Directors” in the Proxy Statement.

Item 14. Principal Accounting Fees and Services.

The information required by Item 14 is incorporated by reference to the information presented in the section captioned “Audit Function” in the Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) (1) The following consolidated financial statements of OneMain Holdings, Inc. and Springleaf Finance Corporation and their subsidiaries are included in Part II - Item 8:

Consolidated Balance Sheets, December 31, 2019 and 2018

Consolidated Statements of Operations, years ended December 31, 2019, 2018, and 2017

Consolidated Statements of Comprehensive Income (Loss), years ended December 31, 2019, 2018, and 2017

Consolidated Statements of Shareholders' Equity, years ended December 31, 2019, 2018, and 2017

Consolidated Statements of Cash Flows, years ended December 31, 2019, 2018, and 2017

Notes to the Consolidated Financial Statements

(2) Financial Statement Schedules:

All other schedules have been omitted because they are either not required or inapplicable.

(3) Exhibits:

Exhibits are listed in the Exhibit Index below.

(b) Exhibits

The exhibits required to be included in this portion of Part IV - Item 15(b) are listed in the Exhibit Index to this report.

Item 16. Form 10-K Summary.

None.

Exhibit Index

Exhibit	
2.1*	Stock Purchase Agreement, dated as of March 2, 2015, by and between Springleaf Holdings, Inc. and CitiFinancial Credit Company. Incorporated by reference to Exhibit 2.1 to OMH's Current Report on Form 8-K filed on March 3, 2015.
2.2*	Closing Letter Agreement, dated as of November 12, 2015, by and among Citifinancial Credit Company, Springleaf Holdings, Inc., and Independence Holdings, LLC. Incorporated by reference to Exhibit 2.2 to OMH's Annual Report on Form 10-K for the year ended December 31, 2015, filed on February 29, 2016.
2.3*	Purchase Agreement, dated as of March 31, 2016, by and among SpringCastle Holdings, LLC, Springleaf Acquisition Corporation, Springleaf Finance, Inc., NRZ Consumer LLC, NRZ SC America LLC, NRZ SC Credit Limited, NRZ SC Finance I LLC, NRZ SC Finance II LLC, NRZ SC Finance III LLC, NRZ SC Finance IV LLC, NRZ SC Finance V LLC, BTO Willow Holdings II, L.P. and Blackstone Family Tactical Opportunities Investment Partnership - NQ - ESC L.P., and solely with respect to Section 11(a) and Section 11(g), NRZ SC America Trust 2015-1, NRZ SC Credit Trust 2015-1, NRZ SC Finance Trust 2015-1, and BTO Willow Holdings, L.P. Incorporated by reference to Exhibit 2.1 to OMH's Current Report on Form 8-K filed on April 1, 2016.
2.4*	Share Purchase Agreement, dated as of January 3, 2018, by and among OneMain Holdings, Inc. Springleaf Financial Holdings, LLC, and OMH Holdings, L.P. Incorporated by referenced to Exhibit 10.1 to OMH's Current Report on Form 8-K filed on January 4, 2018.
2.5	Contribution Agreement, dated June 22, 2018, between Springleaf Finance Corporation and Springleaf Finance, Inc. Incorporated by reference to Exhibit 2.1 to SFC's Current Report on Form 8-K filed on June 22, 2018.
3.1	Restated Certificate of Incorporation of OneMain Holdings, Inc. (formerly Springleaf Holdings, Inc.) Incorporated by reference to Exhibit 3.1 to our Quarterly Report on Form 10-Q for the period ended September 30, 2013, filed on November 12, 2013 (File No. 001-36129).
3.2	Amendment to Restated Certificate of Incorporation of OneMain Holdings, Inc. Incorporated by reference to Exhibit 3.1 to OMH's Current Report on Form 8-K filed on November 17, 2015.
3.3	Amended and Restated Articles of Incorporation of Springleaf Finance Corporation (formerly American General Finance Corporation), as amended to date. Incorporated by reference to Exhibit 3a. to SFC's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed on March 30, 2011 (File No. 001-06155).
3.4	Amended and Restated Bylaws of OneMain Holdings, Inc.(formerly Springleaf Holdings, Inc.) Incorporated by reference to Exhibit 3.2 to OMH's Quarterly Report on Form 10-Q for the period ended September 30, 2013, filed on November 12, 2013 (File No. 001-36129).
3.5	First Amendment to the Amended and Restated Bylaws of OneMain Holdings, Inc. (formerly Springleaf Holdings, Inc.). Incorporated by reference to Exhibit 3.b.1 to our Annual Report on Form 10-K for the period ended December 31, 2015, filed on February 29, 2016.
3.6	Amended and Restated By-laws of Springleaf Finance Corporation (formerly American General Finance Corporation), as amended to date. Incorporated by reference to Exhibit 3b. to SFC's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed on March 30, 2011 (File No. 001-06155).

Certain instruments defining the rights of holders of long-term debt securities of the Company are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. The Company hereby undertakes to furnish to the SEC, upon request, copies of any such instruments.

4.1	Junior Subordinated Indenture, dated as of January 22, 2007, from Springleaf Finance Corporation (formerly American General Finance Corporation) to Deutsche Bank Trust Company Americas, as Trustee. Incorporated by reference to Exhibit 4.2 to Springleaf Finance Corporation's (File No. 1-06155) Annual Report on Form 10-K for the period ended December 31, 2016, filed on February 21, 2017.
4.2	Indenture, dated as of September 24, 2013, between Springleaf Finance Corporation and Wilmington Trust, National Association, as trustee. Incorporated by reference to Exhibit 4.1 to Springleaf Finance Corporation's (File No. 1-06155) Current Report on Form 8-K filed on September 25, 2013.
4.3	Indenture, dated as of September 24, 2013, between Springleaf Finance Corporation and Wilmington Trust, National Association, as trustee. Incorporated by reference to Exhibit 4.2 to Springleaf Finance Corporation's (File No. 1-06155) Current Report on Form 8-K filed on September 25, 2013.

Exhibit	
4.4	Indenture, dated as of December 3, 2014, by Springleaf Finance Corporation, OneMain Holdings, Inc. (formerly Springleaf Holdings, Inc.), as Guarantor, and Wilmington Trust, National Association. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed on December 3, 2014.
4.4.1	Second Supplemental Indenture, dated as of April 11, 2016, by and among Springleaf Finance Corporation, OneMain Holdings, Inc., as Guarantor, and Wilmington Trust, National Association, as Trustee (including the form of 8.250% Senior Notes due 2020 included therein as Exhibit A). Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed on April 11, 2016.
4.4.2	Third Supplemental Indenture, dated as of May 15, 2017, by and among Springleaf Finance Corporation, OneMain Holdings, Inc., as Guarantor, and Wilmington Trust, National Association, as Trustee (including the form of 6.125% Senior Notes due 2022 included therein as Exhibit A). Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed on May 15, 2017.
4.4.3	Fourth Supplemental Indenture, dated as of December 8, 2017, by and among Springleaf Finance Corporation, OneMain Holdings, Inc., as Guarantor, and Wilmington Trust, National Association, as Trustee (including the form of 5.625% Senior Notes due 2023 included therein as Exhibit A). Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed on December 8, 2017.
4.4.4	Fifth Supplemental Indenture, dated as of March 12, 2018, by and among Springleaf Finance Corporation, OneMain Holdings, Inc., as Guarantor, and Wilmington Trust, National Association, as Trustee (including the form of 6.875% Senior Notes due 2026 included therein as Exhibit A). Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed on March 12, 2018.
4.4.5	Sixth Supplemental Indenture, dated as of May 11, 2018, by and among Springleaf Finance Corporation, OneMain Holdings, Inc., as Guarantor, and Wilmington Trust, National Association as Trustee (including the form of 7.125% Senior Notes due 2026 included therein as Exhibit A). Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed on May 11, 2018.
4.4.6	Seventh Supplemental Indenture, dated February 22, 2019, by and among Springleaf Finance Corporation, OneMain Holdings, Inc., as Guarantor, and Wilmington Trust, National Association as Trustee (including the form of 6.125% Senior Notes due 2024 included therein as Exhibit A). Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed on February 22, 2019.
4.4.7	Eighth Supplemental Indenture, dated May 9, 2019, by and among Springleaf Finance Corporation, OneMain Holdings, Inc., as Guarantor, and Wilmington Trust, National Association as Trustee (including the form of 6.625% Senior Notes due 2028 included therein as Exhibit A). Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K on May 9, 2019.
4.4.8	Ninth Supplemental Indenture, dated November 7, 2019, by and among Springleaf Finance Corporation, OneMain Holdings, Inc., as Guarantor, and Wilmington Trust, National Association as Trustee (including the form of 5.375% Senior Notes due 2026 included therein as Exhibit A). Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K on November 7, 2019.
4.5	Description of the registrant's securities registered pursuant to section 12 of the Securities Exchange Act of 1934 filed herewith as Exhibit 4.5.
10.1	Form of Indemnification Agreement. Incorporated by reference to Exhibit 10.2 to OMH’s Current Report on Form 8-K filed on June 25, 2018.
10.2**	OneMain Holdings, Inc. Amended and Restated 2013 Omnibus Incentive Plan. Incorporated by reference to Exhibit 10.1 to OMH’s Current Report on Form 8-K filed on May 27, 2016.
10.2.1**	OneMain Holdings, Inc. Amended and Restated Annual Leadership Incentive Plan, effective retroactively to January 1, 2016. Incorporated by reference to Exhibit 10.16 to OMH’s Annual Report on Form 10-K for the year ended December 31, 2015, filed on February 29, 2016.
10.2.2**	Form of Restricted Stock Award Agreement under the OneMain Holdings, Inc. (formerly Springleaf Holdings, Inc.) 2013 Omnibus Incentive Plan (Employees). Incorporated by reference as Exhibit 10.1 to OMH’s Quarterly Report on Form 10-Q for the period ended March 31, 2016, filed on May 6, 2016.
10.2.3**	Form of Restricted Stock Award Agreement under the OneMain Holdings, Inc. (formerly Springleaf Holdings, Inc.) 2013 Omnibus Incentive Plan (Non-Employee Directors). Incorporated by reference to Exhibit 10.10 to Amendment No. 2 to OMH’s Form S-1 filed on October 1, 2013.
10.2.4**	Form of Restricted Stock Unit Award Agreement under the OneMain Holdings, Inc. Amended and Restated 2013 Omnibus Incentive Plan (Non-Employees Directors) filed herewith as Exhibit 10.2.4.
10.2.5**	Form of Restricted Stock Unit Award Agreement under the OneMain Holdings, Inc. Amended and Restated 2013 Omnibus Incentive Plan (Employees) filed herewith as Exhibit 10.2.5.

Exhibit	
10.2.6**	Form of Restricted Stock Unit Award Agreement under the OneMain Holdings, Inc. Amended and Restated 2013 Omnibus Incentive Plan (Performance). Incorporated by reference to Exhibit 10.3 to OMH's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, filed on November 1, 2019.
10.2.7**	Form of Cash-Settled Stock-Based Award Agreement under the OneMain Holdings, Inc. Amended and Restated 2013 Omnibus Incentive Plan. Incorporated by reference to Exhibit 10.4 to OMH's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, filed on November 1,2019.
10.3**	Amendment to Springleaf Finance, Inc. Excess Retirement Income Plan, effective as of December 19, 2012. Incorporated by reference to Exhibit 10.5 to Springleaf Finance Corporation's (File No. 1-06155) Annual Report on Form 10-K for the year ended December 31, 2012, filed on March 19, 2013.
10.4**	Letter Agreement, effective as of September 8, 2018, by and between OneMain Holdings, Inc. and Jay N. Levine. Incorporated by reference to Exhibit 10.1 to OMH's Current Report on Form 8-K filed on September 12, 2018.
10.5**	Employment Agreement by and among Springleaf Finance, Inc., Springleaf General Services Corporation and Scott T. Parker, dated as of October 12, 2015. Incorporated by reference to Exhibit 10.24 to OMH's Annual Report on Form 10-K for the year ended December 31, 2015, filed on February 29, 2016.
10.6**	Employment Agreement by and among Springleaf Finance, Inc., Springleaf General Services Corporation and Robert Hurzeler, dated as of April 13, 2015, to be effective as of January 1, 2016. Incorporated by reference to Exhibit 10.3 to our OMH's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, filed on May 8, 2015.
10.7**	Employment Agreement, dated as of July 10, 2018, among OneMain Holdings, Inc., OneMain General Services Corporation and Douglas H. Shulman. Incorporated by reference to Exhibit 10.1 to OMH's Current Report on Form 8-K filed on July 13, 2018.
10.7.1**	Amended and Restated Cash-Settled Option Award Agreement under the Amended and Restated 2013 Omnibus Incentive Plan, dated as of July 26, 2019, by and between OneMain Holdings, Inc. and Douglas H. Shulman. Incorporated by reference to Exhibit 10.5 to OMH's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, filed on November 1, 2019.
10.8	Amended and Restated Stockholders Agreement dated as of June 25, 2018 between OneMain Holdings, Inc. and OMH Holdings, L.P. Incorporated by reference to Exhibit 10.1 to OMH's Current Report on Form 8-K filed on June 25, 2018.
10.8.1	Joinder Agreement dated December 16, 2019 to the Amended and Restated Stockholders Agreement dated as of June 25, 2018 between OneMain Holdings, Inc. and OMH Holdings, L.P. by OMH (ML), L.P. and V-OMH (ML) II, L.P. filed herewith as Exhibit 10.8.1.
10.9	Guaranty, dated as of December 30, 2013, by OneMain Holdings, Inc. (formerly Springleaf Holdings, Inc.) in respect of Springleaf Finance Corporation's 8.250% Senior Notes due 2023. Incorporated by reference to Exhibit 10.1 to OMH's Current Report on Form 8-K filed on January 3, 2014 (File No. 001-36129).
10.10	Guaranty, dated as of December 30, 2013, by OneMain Holdings, Inc. (formerly Springleaf Holdings, Inc.) in respect of Springleaf Finance Corporation's 7.750% Senior Notes due 2021. Incorporated by reference to Exhibit 10.2 to OMH's Current Report on Form 8-K filed on January 3, 2014 (File No. 001-36129).
10.11	Guaranty, dated as of December 30, 2013, by OneMain Holdings, Inc. (formerly Springleaf Holdings, Inc.) in respect of Springleaf Finance Corporation's 60-year junior subordinated debentures. Incorporated by reference to Exhibit 10.5 to OMH's Current Report on Form 8-K filed on January 3, 2014 (File No. 001-36129).
10.12	Trust Guaranty, dated as of December 30, 2013, by OneMain Holdings, Inc. (formerly Springleaf Holdings, Inc.) in respect of Springleaf Finance Corporation's trust preferred securities. Incorporated by reference to Exhibit 10.6 to OMH's Current Report on Form 8-K filed on January 3, 2014 (File No. 001-36129).
21.1	Subsidiaries of OneMain Holdings, Inc. and Springleaf Finance Corporation
23.1	Consent of PricewaterhouseCoopers LLP relating to financial statements of OneMain Holdings, Inc.
23.2	Consent of PricewaterhouseCoopers LLP relating to financial statements of Springleaf Finance Corporation
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.

Exhibit	
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) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Shareholder's Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to the Consolidated Financial Statements.
104	Cover Page Interactive Data File in Inline XBRL format (Included in Exhibit 101).

* Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted exhibit or schedule to the SEC upon request.
** Management contract or compensatory plan or arrangement.

OMH Signatures

Pursuant to the requirements of Section 13 or 15(d) 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, on February 14, 2020.

ONEMAIN HOLDINGS, INC.

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 14, 2020.

/s/ Douglas H. Shulman
Douglas H. Shulman
(President, Chief Executive Officer, and Director — Principal Executive Officer)

/s/ Micah R. Conrad
Micah R. Conrad
(Executive Vice President and Chief Financial Officer — Principal Financial Officer)

/s/ Michael A. Hedlund
Michael A. Hedlund
(Senior Vice President and Group Controller — Principal Accounting Officer)

/s/ Jay N. Levine
Jay N. Levine
(Chairman of the Board and Director)

/s/ Roy A. Guthrie
Roy A. Guthrie
(Director)

/s/ Matthew R. Michelini
Matthew R. Michelini
(Director)

/s/ Peter B. Sinensky
Peter B. Sinensky
(Director)

/s/ Marc E. Becker
Marc E. Becker
(Director)

/s/ Aneek S. Mamik
Aneek S. Mamik
(Director)

/s/ Valerie Soranno Keating
Valerie Soranno Keating
(Director)

/s/ Richard A. Smith
Richard A. Smith
(Director)

SFC Signatures

Pursuant to the requirements of Section 13 or 15(d) 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, on February 14, 2020.

SPRINGLEAF FINANCE CORPORATION
(Registrant)

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 14, 2020.

/s/ Richard N. Tambor
Richard N. Tambor
(President, Chief Executive Officer, and Director — Principal Executive Officer)

/s/ Micah R. Conrad
Micah R. Conrad
(Executive Vice President, Chief Financial Officer, and Director — Principal Financial Officer)

/s/ Adam L. Rosman
Adam L. Rosman
(Executive Vice President and Director)

/s/ Michael A. Hedlund
Michael A. Hedlund
(Senior Vice President and Group Controller — Principal Accounting Officer)

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Section 2: EX-4.5 (EX-4.5)

Exhibit 4.5

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of December 31, 2019, OneMain Holdings, Inc. ("OMH") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: the common stock, par value $0.01 per share, of OMH (the "Common Stock").

OMH's authorized capital stock consists of two billion (2,000,000,000) shares of Common Stock and three hundred million (300,000,000) shares of preferred stock, $0.01 par value per share ("Preferred Stock").

Description of Common Stock

The following description of OMH Common Stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to OMH's Restated Certificate of Incorporation, as amended (the "Certificate of Incorporation"), and OMH's Amended and Restated Bylaws (the "Bylaws"), each of which is incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.5 forms a part. We encourage you to read OMH's Certificate of Incorporation, Bylaws and the applicable provisions of Delaware General Corporation Act, Title 8 of the Delaware Code (the "DGCL"), for additional information.

Voting Rights

Holders of Common Stock are entitled to one vote per share on all matters voted on by the stockholders, including the election of directors. OMH Common Stock does not have cumulative voting rights.

Dividend Rights

Subject to the rights of holders of outstanding shares of Preferred Stock, if any, the holders of Common Stock are entitled to receive dividends, if any, as may be declared from time to time by the Board of Directors in its discretion out of funds legally available for the payment of dividends.

Liquidation Rights

In the event of OMH's liquidation, dissolution or winding up, the holders of Common Stock are entitled to share ratably in all assets remaining after the payment of liabilities, subject to any prior rights of creditors and holders of Preferred Stock prior to distribution

Ability to Call Special Meetings of Stockholders; Action by Written Consent

The Certificate of Incorporation and Bylaws do not permit stockholders to call special stockholders meetings; provided, however, that for so long as OMH Holdings, L.P. ("Purchaser") and certain of its affiliates and permitted transferees beneficially own at least 20% of the issued and outstanding Common Stock, any stockholders that collectively beneficially own at least 20% of the issued and outstanding Common Stock may call special meetings of stockholders. Written notice of any special meeting so called shall be given to each stockholder of record entitled to vote at such meeting not less than 10 or more than 60 days before the date of such meeting, unless otherwise required by law.

Under the Certificate of Incorporation and Bylaws, any action required or permitted to be taken at a meeting of stockholders may be taken without a meeting by written consent of a majority of stockholders for so long as Purchaser and certain of its affiliates and permitted transferees beneficially own, directly or indirectly, at least 20% of the issued and outstanding Common Stock. After Purchaser and certain of its affiliates and permitted transferees, beneficially own, directly or indirectly, less than 20% of the issued and outstanding Common Stock, only action by unanimous written consent of the stockholders can be taken without a meeting.

Other Rights and Preferences

OMH Common Stock has no sinking fund or redemption provisions or preemptive, conversion or exchange rights.

Limitations on Liability and Indemnification of Directors and Officers

The Certificate of Incorporation provides that OMH directors will not be personally liable to OMH or its stockholders for monetary damages for breach of a fiduciary duty as a director, except for the following (to the extent such exemption is not permitted under the DGCL, as amended from time to time): (i) any breach of the director's duty of loyalty to OMH or its stockholders; (ii) intentional misconduct or a knowing violation of law; (iii) liability under Delaware corporate law for an unlawful payment of dividends or an unlawful stock purchase or redemption of stock; or (iv) any transaction from which the director derives an improper personal benefit.

The Certificate of Incorporation and Bylaws provide that OMH must indemnify its directors and officers to the fullest extent permitted by law. OMH is also expressly authorized to advance certain expenses (including attorneys' fees and disbursements and court costs) to its directors and officers.

Listing

The Common Stock is traded on NYSE under the trading symbol "OMF."

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Section 3: EX-10.2.4 (EX-10.2.4)

Exhibit 10.2.4

FORM OF DIRECTOR RESTRICTED STOCK UNIT AWARD AGREEMENT
UNDER THE AMENDED AND RESTATED
ONEMAIN HOLDINGS, INC. 2013 OMNIBUS INCENTIVE PLAN

This Award Agreement (this "RSU Award Agreement"), dated as of [_______], 20[__] (the "Date of Grant"), is made by and between OneMain Holdings, Inc., a Delaware corporation (the "Company"), and [_______________] (the "Participant"). Capitalized terms not defined herein shall have the meaning ascribed to them in the Amended and Restated OneMain Holdings, Inc. 2013 Omnibus Incentive Plan (the "Plan"). Where the context permits, references to the Company shall include any successor to the Company.

1. Grant of Restricted Stock Units. The Company hereby grants to the Participant [______] restricted stock units (the "RSUs"), subject to all of the terms and conditions of this RSU Award Agreement and the Plan.

2. Form of Payment. Except as otherwise provided in the Plan or in Section 8 hereof, each RSU granted hereunder shall represent the right to receive one (1) share of Common Stock (a "Share"), which shall be delivered to the Participant pursuant to the terms of Section 3(b) hereof.

3. Vesting and Settlement.

(a) The RSUs shall become vested in full on [______________]; provided that the Participant remains in continuous service as a member of the Company's Board of Directors through and has not given or received a notice of termination of such service (except as provided in Section 3(b) as of, the date that the RSUs vest. Notwithstanding the foregoing, in the event that the Participant's service as a member of the Board ends on account of the Participant's death or Disability at any time, all unvested RSUs not previously forfeited shall immediately vest on such date service ends.

(b) In the event of the Participant's resignation or termination of service as a member of the Board (other than for Cause) on or after the Participant has attained age 60 and completed at least 3 years of continuous service as a member of the Board, then any unvested shares shall vest in accordance with Section 3(a).

(c) Unless the Participant has elected otherwise by timely executing a valid deferral election in a form acceptable to the Company with respect to the RSUs granted hereunder, the Shares subject to the RSUs shall become deliverable hereunder (provided, that such delivery is otherwise in accordance with federal and state securities laws) as soon as practicable following the date on which they vest in accordance with Section 3(a) and in no event later than March 15 of the year following the year in which they vest.

4. Restrictions.

(a) The RSUs may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of or encumbered, and shall be subject to a risk of forfeiture until they vest in accordance with Section 3(a) and any additional requirements or restrictions contained in this RSU Award Agreement or in the Plan have been otherwise satisfied, terminated or expressly waived by the Company in writing.

(b) Except as otherwise provided under the terms of the Plan or in Sections 3(a) and 3(b) hereof, if the Participant's service as a member of the Board is terminated for any reason (the "Termination"), this RSU Award Agreement shall terminate and all rights of the Participant with respect to RSUs that have not vested shall immediately terminate. Except as otherwise provided under the terms of the Plan or in Sections 3(a) and 3(b) hereof, the RSUs that are subject to restrictions upon the date of termination shall be forfeited without payment of any consideration, and neither the Participant nor any of the Participant's successors, heirs, assigns, or personal representatives shall thereafter have any further rights or interests in such RSUs.

5. Voting and Other Rights. The Participant shall have no rights of a stockholder (including the right to distributions or dividends) until Shares are delivered following vesting of the Participant's RSUs; provided, that with respect to the period commencing on the Grant Date and ending on the date on which the RSUs are no longer outstanding (whether due to delivery of Shares or forfeiture of the RSUs), the Participant shall be eligible to receive: (a) an amount equal to the product of (i) the number of Shares subject to outstanding RSUs on the record date of any cash dividend made with respect to an outstanding share of Common Stock, and (ii) fifty percent (50%) of the amount of the cash dividend paid with respect to an outstanding share of Common Stock during such period, which amount shall be paid to the Participant as soon as practicable following the date such dividend is paid to the holders of shares of Common Stock, but no later than forty-five (45) days following the end of the quarter during which any such record date occurs (provided, that, for the avoidance of doubt, such amount shall be paid even if the underlying RSUs cease to be outstanding for any reason, including forfeiture, after the record date of such dividend); and (b) an amount equal to the product of (i) the number of Shares subject to the RSUs which become deliverable as a result of vesting pursuant to Section 3(a) above and (ii) fifty percent (50%) of the

amount of cash dividends paid with respect to an outstanding share of Common Stock with a record date during the period beginning on the Grant Date and ending on the date on which such RSUs are delivered, which amount shall be paid to the Participant on the date such Shares are delivered (provided, that, such amount shall not be paid to the extent that any RSUs do not become vested and Shares are not delivered). No interest or other earnings will be credited with respect to such distributions.

6. RSU Award Agreement Subject to Plan. This RSU Award Agreement is made pursuant to all of the provisions of the Plan, which is incorporated herein by this reference, and is intended, and shall be interpreted in a manner, to comply therewith. In the event of any conflict between the provisions of this RSU Award Agreement and the provisions of the Plan, the provisions of the Plan shall govern.

7. Taxes. The Participant understands that the Participant (and not the Company) shall be responsible for any tax liability that may arise as a result of the transactions contemplated by this RSU Award Agreement.

8. Section 409A Compliance. The intent of the parties is that the payments and benefits under this RSU Award Agreement be exempt from Section 409A of the Code as short-term deferrals pursuant to Treasury Regulation Section 1.409A-1(b)(4), and this RSU Award Agreement shall be interpreted and administered consistent with such intent; provided, however, that to the extent this payments and benefits under this RSU Award Agreement are subject to Section 409A of the Code, the intent of the parties is that such payments and benefits comply with Section 409A of the Code and to the maximum extent permitted, this RSU Award Agreement shall be interpreted and administered to be in compliance therewith. Each payment and benefit hereunder shall constitute a "separately identified" amount within the meeting of Treasury regulation §1.409A-2(b)(2).

9. Governing Law. This RSU Award Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the internal laws, and not the laws pertaining to conflicts or choices of laws, of the State of Delaware applicable to agreements made and to be performed wholly within the State of Delaware.

10. RSU Award Agreement Binding on Successors. The terms of this RSU Award Agreement shall be binding upon the Participant and upon the Participant's heirs, executors, administrators, personal representatives, transferees, assignees and successors in interest, and upon the Company and its successors and assignees, subject to the terms of the Plan.

11. No Assignment. Notwithstanding anything to the contrary in this RSU Award Agreement, neither this RSU Award Agreement nor any rights granted herein shall be assignable by the Participant.

12. Necessary Acts. The Participant hereby agrees to perform all acts, and to execute and deliver any documents that may be reasonably necessary to carry out the provisions of this RSU Award Agreement, including but not limited to all acts and documents related to compliance with federal and/or state securities and/or tax laws.

13. Severability. Should any provision of this RSU Award Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this RSU Award Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original RSU Award Agreement. Moreover, if one or more of the provisions contained in this RSU Award Agreement shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable, in lieu of severing such unenforceable provision, such provision or provisions shall be construed by the appropriate judicial body by limiting or reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear, and such determination by such judicial body shall not affect the enforceability of such provisions or provisions in any other jurisdiction.

14. Entire RSU Award Agreement. This RSU Award Agreement and the Plan contain the entire agreement and understanding among the parties as to the subject matter hereof, and supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof.

15. Headings. Headings are used solely for the convenience of the parties and shall not be deemed to be a limitation upon or descriptive of the contents of any such Section.
16. Counterparts; Electronic Signature. This RSU Award Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. The Participant's electronic signature of this RSU Award Agreement shall have the same validity and effect as a signature affixed by the Participant's hand.

17. Amendment. No amendment or modification hereof shall be valid unless it shall be in writing and signed by all parties hereto.

18. Set-Off. The Participant hereby acknowledges and agrees, without limiting rights of the Company or any Affiliate thereof otherwise available at law or in equity, that, to the extent permitted by law, the number of Shares due to the Participant under this RSU Award Agreement may be reduced by, and set-off against, any or all amounts or other

consideration payable by the Participant to the Company or any of its Affiliates under any other agreement or arrangement between the Participant and the Company or any of its Affiliates; provided that any such set-off does not result in a penalty under Section 409A of the Code.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this RSU Award Agreement as of the date set forth above.

ONEMAIN HOLDINGS, INC.

By ____________________________

Print Name: _____________________

Title: __________________________

The undersigned hereby accepts and agrees to all the terms and provisions of the foregoing RSU Award Agreement.

PARTICIPANT

Signature ______________________

[_________________]

Address: _______________________

____

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Section 4: EX-10.2.5 (EX-10.2.5)

Exhibit 10.2.5

FORM OF RESTRICTED STOCK UNIT AWARD AGREEMENT
UNDER THE AMENDED AND RESTATED
ONEMAIN HOLDINGS, INC. 2013 OMNIBUS INCENTIVE PLAN

This Award Agreement (this "RSU Award Agreement"), dated as of [________], 20[__] (the "Date of Grant"), is made by and between OneMain Holdings, Inc., a Delaware corporation (the "Company"), and [__________] (the "Participant"). Capitalized terms not defined herein shall have the meaning ascribed to them in the Amended and Restated OneMain Holdings, Inc. 2013 Omnibus Incentive Plan (as may be amended from time to time, the "Plan"). Where the context permits, references to the Company shall include any successor to the Company.

1. Grant of Restricted Stock Units. The Company hereby grants to the Participant [______] restricted stock units (the "RSUs") as outlined in **Exhibit A** hereto, subject to all of the terms and conditions of **Exhibit A** hereto, this RSU Award Agreement and the Plan.

2. Form of Payment. Except as otherwise provided in the Plan or in Section 8 hereof, each RSU granted hereunder shall represent the right to receive one (1) share of Common Stock (a "Share"), which shall be delivered to the Participant pursuant to the applicable schedule set forth in **Exhibit A** hereto.

3. Restrictions.

(a) The RSUs may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of or encumbered and shall be subject to a risk of forfeiture as described in Section 3(c) until the lapse of the Restricted Period (as defined below) and any additional requirements or restrictions contained in **Exhibit A** hereto, this RSU Award Agreement or in the Plan have been otherwise satisfied, terminated or expressly waived by the Company in writing.

(b) Unless the Restricted Period is previously terminated in accordance with Section 3(c), the Shares subject to the RSUs shall become deliverable hereunder (provided, that such delivery is otherwise in accordance with federal and state securities laws) in accordance with the applicable provisions set forth in **Exhibit A** hereto (the period prior to Share delivery, the "Restricted Period").

(c) Except as otherwise provided under the terms of the Plan or in **Exhibit A** hereto, if the Participant's employment is terminated for any reason (the "Termination"), this RSU Award Agreement shall terminate and all rights of the Participant with respect to RSUs that have not vested shall immediately terminate. Except as otherwise provided under the terms of the Plan or in **Exhibit A** hereto, the RSUs that are subject to restrictions upon the date of termination shall be forfeited without payment of any consideration, and neither the Participant nor any of the Participant's successors, heirs, assigns, or personal representatives shall thereafter have any further rights or interests in such RSUs.

4. Voting and Other Rights. The Participant shall have no rights of a stockholder (including the right to distributions or dividends) until Shares are delivered following vesting of the Participant's RSUs; provided, that with respect to the period commencing on the Grant Date and ending on the date on which the RSUs are no longer outstanding (whether due to delivery of shares or forfeiture of the RSUs), the Participant shall be eligible to receive: (a) an amount equal to the product of (i) the number of Shares subject to outstanding RSUs on the record date of any cash dividend made with respect to an outstanding share of Common Stock, and (ii) fifty percent (50%) of the amount of the cash dividend paid with respect to an outstanding share of Common Stock during such period, which amount shall be paid to the Participant as soon as practicable following the date such dividend is paid to the holders of shares of Common Stock, but no later than forty-five (45) days following the end of the quarter during which any such record date occurs (provided, that, for the avoidance of doubt, such amount shall be paid even if the underlying RSUs cease to be outstanding for any reason, including forfeiture, after the record date of such dividend); and (b) an amount equal to the product of (i) the number of Shares subject to the RSUs which become deliverable as a result of vesting to Section 3(b) above and (ii) fifty percent (50%) of the amount of cash dividends paid with respect to an outstanding share of Common Stock with a record date during the period beginning on the Grant Date and ending on the date on which such RSUs are delivered, which amount shall be paid to the Participant on the date such Shares are delivered (provided, that, such amount shall not be paid to the extent that any RSUs do not become vested and Shares are not delivered). No interest or other earnings will be credited with respect to such distributions.

5. RSU Award Agreement Subject to Plan. This RSU Award Agreement is made pursuant to all of the provisions of the Plan, which is incorporated herein by this reference, and is intended, and shall be interpreted in a manner, to comply therewith. In the event of any conflict between the provisions of this RSU Award Agreement and the provisions of the Plan, the provisions of the Plan shall govern.

6. No Rights to Continuation of Employment. Nothing in the Plan or this RSU Award Agreement shall confer upon the Participant any right to continue in the employ of the Company or any Affiliate thereof or shall interfere with or restrict the right of the Company or its Affiliates to terminate the Participant's employment any time for any reason whatsoever, with or without cause.

7. Tax Withholding. The Company shall be entitled to require a cash payment by or on behalf of the Participant in respect of any sums required or permitted by federal, state or local tax law to be withheld with respect to the payment of any RSUs; provided, that, notwithstanding the foregoing, the Participant shall be permitted, at his or her election, to satisfy the applicable tax obligations with respect to any RSUs by cashless exercise or net share settlement, pursuant to which the Company shall withhold from the number of Shares that would otherwise be issued upon settlement of the RSUs the largest whole number of Shares with a Fair Market Value equal to the applicable tax obligations.

8. Section 409A Compliance. The intent of the parties is that the payments and benefits under this RSU Award Agreement be exempt from Section 409A of the Code as short-term deferrals pursuant to Treasury Regulation Section 1.409A-1(b)(4), and this RSU Award Agreement shall be interpreted and administered consistent with such intent; provided, however, that to the extent this payments and benefits under this RSU Award Agreement are subject to Section 409A of the Code, the intent of the parties is that such payments and benefits comply with Section 409A of the Code and to the maximum extent permitted, this RSU Award Agreement shall be interpreted and administered to be in compliance therewith. Each payment and benefit hereunder shall constitute a "separately identified" amount within the meaning of Treasury regulation §1.409A-2(b)(2). The Company makes no representation that any or all of the payments and benefits under this Award Agreement comply with or are exempt from Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to any such payments or benefits. The Participant shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A of the Code.

9. Governing Law. This RSU Award Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the internal laws, and not the laws pertaining to conflicts or choices of laws, of the State of Delaware applicable to agreements made and to be performed wholly within the State of Delaware.

10. RSU Award Agreement Binding on Successors. The terms of this RSU Award Agreement shall be binding upon the Participant and upon the Participant's heirs, executors, administrators, personal representatives, transferees, assignees and successors in interest, and upon the Company and its successors and assignees, subject to the terms of the Plan.

11. No Assignment. Notwithstanding anything to the contrary in this RSU Award Agreement, neither this RSU Award Agreement nor any rights granted herein shall be assignable by the Participant.

12. Necessary Acts. The Participant hereby agrees to perform all acts, and to execute and deliver any documents that may be reasonably necessary to carry out the provisions of this RSU Award Agreement, including but not limited to all acts and documents related to compliance with federal and/or state securities and/or tax laws.

13. Severability. Should any provision of this RSU Award Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this RSU Award Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original RSU Award Agreement. Moreover, if one or more of the provisions contained in this RSU Award Agreement shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable, in lieu of severing such unenforceable provision, such provision or provisions shall be construed by the appropriate judicial body by limiting or reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear, and such determination by such judicial body shall not affect the enforceability of such provisions or provisions in any other jurisdiction.

14. Entire RSU Award Agreement. This RSU Award Agreement and the Plan contain the entire agreement and understanding among the parties as to the subject matter hereof, and supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof.

15. Headings. Headings are used solely for the convenience of the parties and shall not be deemed to be a limitation upon or descriptive of the contents of any such Section.

16. Counterparts; Electronic Signature. This RSU Award Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Your electronic signature of this RSU Award Agreement shall have the same validity and effect as a signature affixed by your hand.

17. Amendment. No amendment or modification hereof shall be valid unless it shall be in writing and signed by all parties hereto.

18. Set-Off. The Participant hereby acknowledges and agrees, without limiting rights of the Company or any Affiliate thereof otherwise available at law or in equity, that, to the extent permitted by law, the number of Shares due to the Participant under this RSU Award Agreement may be reduced by, and set-off against, any or all amounts or other consideration payable by the Participant to the Company or any of its Affiliates under any other agreement or arrangement between the Participant and the Company or any of its Affiliates; provided that any such set-off does not result in a penalty under Section 409A of the Code.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this RSU Award Agreement as of the date set forth above.

ONEMAIN HOLDINGS, INC.

By ____________________________

Print Name: _____________________

Title: __________________________

[Company's Signature Page to Restricted Stock Unit Award Agreement]

The undersigned hereby accepts and agrees to all the terms and provisions of the foregoing RSU Award Agreement.

PARTICIPANT

Signature ___________________

[__________]

Address: _____________________
____

[Participant's Signature Page to Restricted Stock Unit Award Agreement]

EXHIBIT A

[Intentionally left blank]

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Section 5: EX-10.8.1 (EX-10.8.1)

Exhibit 10.8.1

JOINDER

This JOINDER (this "Joinder") is executed this 16th day of December 2019, by OMH (ML), L.P., a Delaware limited partnership ("OMH (ML)"), and V-OMH (ML) II, L.P., a Delaware limited partnership ("V-OMH (ML) II"), and together with OMH (ML), each a "Transferee" and together the "Transferees"), pursuant to the terms of that certain Amended and Restated Stockholders Agreement, by and between OneMain Holdings, Inc., a Delaware corporation (the "Company"), and OMH Holdings, L.P., a Delaware limited partnership (the "Transferor"), dated as of June 25, 2018 (as amended, restated, supplemented or otherwise modified from time to time in accordance therewith, the "Stockholders Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Stockholders Agreement.

Statement of Purpose

WHEREAS, the Company and the Transferor entered into the Stockholders Agreement to impose certain restrictions and obligations upon themselves, and to provide certain rights and obligations, with respect to the Company and Company Securities then or thereafter owned by the Transferor and its Permitted Transferees;

WHEREAS, pursuant to Section 2.01 of the Stockholders Agreement, a Permitted Transferee shall become a Stockholder under the Stockholders Agreement, without any further action by the Company, following a transfer by a Stockholder of Company Securities to such Permitted Transferee upon the execution by such Permitted Transferee of a joinder providing that such Person shall be bound by and shall fully comply with the terms of the Stockholders Agreement (including the provisions of Article 4 with respect to the Company Securities being transferred to such transferee);

WHEREAS, the Transferor has transferred to the Transferees collectively all of the shares of the Company's common stock ("Common Stock") previously owned by Transferor;

WHEREAS, in connection with the transfer of the Common Stock from the Transferor to the Transferees, each of the Transferees will execute an irrevocable proxy appointing Transferor as its attorney-in-fact to vote all of the Common Stock at any meeting of the Company and to otherwise exercise all voting and/or consent rights with respect to the Common Stock;

WHEREAS, the each of the Transferees, as an Affiliate of the Transferor, is a Permitted Transferee of the Transferor under the Stockholders Agreement; and

WHEREAS, in accordance with Section 2.01 of the Stockholders Agreement, each of the Transferees desires to execute this Joinder to become a Stockholder under the Stockholders Agreement.

NOW, THEREFORE, the Transferees acknowledge and agree as follows:

1. Each of the Transferees has received and read the Stockholders Agreement and acknowledge that the Transferees are collectively acquiring 54,937,500 shares of Common Stock (the "Transferred Shares") as set forth on Exhibit A, subject to the terms and conditions of the Stockholders Agreement. The Transferred Shares represent the entirety of the Common Stock formerly held by the Transferor. Each of the Transferees hereby accepts the Transferred Shares and assumes and agrees to perform and discharge all of the duties and obligations of a Stockholder under the Stockholders Agreement with respect to the Transferred Shares and any additional shares of Common Stock hereafter acquired by the Transferees.

2. The Transferees hereby agree that the Transferees, and the Transferred Shares acquired or to be acquired by the Transferees, are bound by, and subject to, all of the terms and conditions of the Stockholders Agreement, and the Transferees hereby join in, and agree to be bound by, and shall have the benefit of, and shall be subject to all obligations under, all of the terms and conditions of the Stockholders Agreement (including, for the avoidance of doubt, Sections 3.01, 3.02 and 3.03 of the Stockholders Agreement, in accordance with Section 6.07 of the Stockholders Agreement) to the same extent as if the Transferees were original parties to the Stockholders Agreement. This Joinder Agreement shall be attached to and become a part of the Stockholders Agreement.

3. Any written notice required by the Stockholders Agreement shall be given to each Transferee at the address listed beneath such Transferee's signature below.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the undersigned have executed this Joinder as of the date first written above.

OMH (ML), L.P.
By: OMH (ML) GP, LLC, its general partner
By: OMH Holdings, L.P., its sole member,
By: Apollo Uniform GP, LLC, its general partner

Signature: /s/ William B. Kuesel
Print Name: William B. Kuesel
Print Title: Vice President & Assistant Secretary

Address:

c/o Apollo Management VIII, L.P.
9 West 57th Street, 43rd Floor
New York, New York 10019
Email: mmichelini@apollo.com; bkuesel@apollo.com
Attention: Matthew Michelini; William B. Kuesel

V-OMH (ML) II, L.P.
By: V-OMH (ML) GP II, LLC, its general partner
By: OMH Holdings, L.P., its sole member,
By: Apollo Uniform GP, LLC, its general partner

Signature: /s/ Aneek Mamik
Print Name: Aneek Mamik
Print Title: Vice President

Address:

Värde Partners, Inc.
901 Marquette Avenue S., Suite 3300
Minneapolis, MN 55402
Email: legalnotices@varde.com
Attention: Legal Department

and

510 Madison Avenue
12th Floor, Suite B
New York, NY 10022
Email: amamik@varde.com
Attention: Aneek Mamik

Exhibit A

Transferred Shares

Transferee	Number of Shares
OMH (ML), L.P.	43,581,932.00
V-OMH (ML) II, L.P.	11,355,568.00

[Signature Page to Joinder to Stockholders Agreement]

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Section 6: EX-21.1 (EX-21.1)

Exhibit 21.1

Subsidiaries of OneMain Holdings, Inc. *	**Jurisdiction of Incorporation**
AGFC Capital Trust I	Delaware
American General Mortgage Loan Trust 2006-1	New York
American Health and Life Insurance Company	Texas
Columbia River Funding, LLC	Delaware
CommoLoCo, Inc.	Puerto Rico
CREDITHRIFT of Puerto Rico, Inc.	Puerto Rico
Fourth Avenue Auto Funding, LLC	Delaware
Hubbard River Funding, LLC	Delaware
Hudson River Funding, LLC	Delaware
MorEquity, Inc.	Nevada
Mystic River Funding, LLC	Delaware
New River Funding, LLC	Delaware
OMF HY, Inc.	Delaware
OneMain Alliance, LLC	Texas
OneMain Assurance Services, LLC	Texas
OneMain Consumer Loan, Inc.	Delaware
OneMain Direct Auto Funding, LLC	Delaware
OneMain Direct Auto Funding II, LLC	Delaware
OneMain Direct Auto Receivables Trust 2017-1	Delaware
OneMain Direct Auto Receivables Trust 2017-2	Delaware
OneMain Direct Auto Receivables Trust 2018-1	Delaware
OneMain Direct Auto Receivables Trust 2019-1	Delaware
OneMain Financial Auto Funding I, LLC	Delaware
OneMain Financial (HI), Inc.	Hawaii
OneMain Financial Funding III, LLC	Delaware
OneMain Financial Funding VII, LLC	Delaware
OneMain Financial Funding VIII, LLC	Delaware
OneMain Financial Funding IX, LLC	Delaware
OneMain Financial Group, LLC	Delaware
OneMain Financial Holdings, LLC	Delaware
OneMain Financial Insurance Agency of Florida, LLC	Florida
OneMain Financial Insurance Agency of Washington, LLC	Washington
OneMain Financial Issuance Trust 2015-1	Delaware
OneMain Financial Issuance Trust 2015-3	Delaware
OneMain Financial Issuance Trust 2016-1	Delaware
OneMain Financial Issuance Trust 2016-2	Delaware
OneMain Financial Issuance Trust 2016-3	Delaware
OneMain Financial Issuance Trust 2017-1	Delaware
OneMain Financial Issuance Trust 2018-1	Delaware
OneMain Financial Issuance Trust 2018-2	Delaware
OneMain Financial Issuance Trust 2019-A	Delaware
OneMain Financial Issuance Trust 2019-1	Delaware
OneMain Financial Issuance Trust 2019-2	Delaware

Subsidiaries of OneMain Holdings, Inc. * (Continued)	Jurisdiction of Incorporation
OneMain Financial of Minnesota, Inc.	Minnesota
OneMain Financial, Inc.	West Virginia
OneMain General Services Corporation	Delaware
OneMain Mortgage Services, Inc.	Delaware
OneMain Remarketing, LLC	Delaware
Rocky River Funding, LLC	Delaware
Second Street Funding Corporation	Delaware
Seine River Funding, LLC	Delaware
Sixth Street Funding LLC	Delaware
SpringCastle Holdings, LLC	Delaware
Springleaf Acquisition Corporation	Delaware
Springleaf Asset Holding II, Inc.	Delaware
Springleaf Asset Holding, Inc.	Delaware
Springleaf Asset Holdings, LLC	Delaware
Springleaf Branch Holding Company	Delaware
Springleaf Consumer Loan Holding Company	Delaware
Springleaf Consumer Loan Management Corporation	Delaware
Springleaf Consumer Loan of Pennsylvania, Inc.	Pennsylvania
Springleaf Consumer Loan of West Virginia, Inc.	West Virginia
Springleaf Depositor LLC	Delaware
Springleaf Documentation Services, Inc.	California
Springleaf Finance Commercial Corp.	Indiana
Springleaf Finance Corporation	Indiana
Springleaf Finance Foundation, Inc.	Indiana
Springleaf Financial Asset Holdings, LLC	Delaware
Springleaf Financial Cash Services, Inc.	Delaware
Springleaf Financial Center Thrift Company	California
Springleaf Financial Funding Company	Delaware
Springleaf Financial Funding Company II	Delaware
Springleaf Financial Funding II Holding Company	Delaware
Springleaf Financial Technology, Inc.	Indiana
Springleaf Funding I, LLC	Delaware
Springleaf Funding II, LLC	Delaware
Springleaf Funding Trust 2015-A	Delaware
Springleaf Funding Trust 2015-B	Delaware
Springleaf Funding Trust 2016-A	Delaware
Springleaf Funding Trust 2017-A	Delaware
Springleaf Mortgage Holding Company	Delaware
Springleaf Mortgage Management Corporation	Delaware
Springleaf Properties, Inc.	Indiana
St. Lawrence River Funding, LLC	Delaware
Thayer Brook Funding, LLC	Delaware
Third Street Funding LLC	Delaware
Thur River Funding, LLC	Delaware
Triton Insurance Company	Texas
Twenty-Second Street Funding LLC	Delaware

Subsidiaries of OneMain Holdings, Inc. * (Continued)	Jurisdiction of Incorporation
Twenty-Third Street Funding LLC	Delaware
Wilmington Finance, Inc.	Delaware

***** Springleaf Finance Corporation is a wholly-owned direct subsidiary of OneMain Holdings, Inc.

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Section 7: EX-23.1 (EX-23.1)

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-221391) and S-8 (No. 333-191740) of OneMain Holdings, Inc. of our report dated February 14, 2020 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Dallas, TX
February 14, 2020

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Section 8: EX-23.2 (EX-23.2)

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-221391-01) of Springleaf Finance Corporation of our report dated February 14, 2020 relating to the financial statements, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Dallas, TX
February 14, 2020

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Section 9: 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 Annual Report on Form 10-K 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: February 14, 2020

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

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Section 10: 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 Annual Report on Form 10-K 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: February 14, 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 11: 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 Annual Report on Form 10-K 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: February 14, 2020

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

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Section 12: 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 Annual Report on Form 10-K 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: February 14, 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 13: EX-32.1 (EX-32.1)

Exhibit 32.1

Certifications

In connection with the Annual Report on Form 10-K for the year ended December 31, 2019 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: February 14, 2020

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Section 14: EX-32.2 (EX-32.2)

Exhibit 32.2

Certifications

In connection with the Annual Report on Form 10-K for the year ended December 31, 2019 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: February 14, 2020

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