OneMain Holdings, Inc.
Form 10-K
February 21, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
(Mark One)

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2016

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number 001-36129
ONEMAIN HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

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

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

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

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

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. Yes þ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes o No þ

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

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

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

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

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 30, 2016 was $1,294,536,412.

At February 14, 2017, there were 135,224,927 shares of the registrant’s common stock, $.01 par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III (Items 10, 11, 12, 13, and 14) is incorporated by reference from the registrant’s Definitive Proxy Statement for its 2017 Annual Meeting to be filed with the Securities and Exchange Commission pursuant to Regulation 14A.

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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 involve inherent risks, uncertainties 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 that speak only as of the date they were made. We do not undertake any obligation to publicly release any revisions to 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. 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:

- the inability to obtain, or delays in obtaining, cost savings and synergies from the OneMain Acquisition and risks and other uncertainties associated with the integration of the companies (the OneMain Acquisition is described in “Business Overview” in Part I - Item 1 of this report);
- unanticipated expenditures relating to the OneMain Acquisition;
- any litigation, fines or penalties that could arise relating to the OneMain Acquisition;
- the impact of the OneMain Acquisition on our relationships with employees and third parties;
- various risks relating to the Lendmark Sale, in connection with the Settlement Agreement with the U.S. Department of Justice (the “DOJ”) (the “Lendmark Sale” and the “Settlement Agreement” are described in “Recent Developments and Outlook” in Part II - Item 7 of this report);
- risks relating to continued compliance with the Settlement Agreement;
- changes in general economic conditions, including the interest rate environment in which we conduct business and the financial markets through which we can access capital and also invest cash flows from our Consumer and Insurance segment;
- levels of unemployment and personal bankruptcies;
- natural or accidental events such as earthquakes, hurricanes, tornadoes, fires, or floods affecting our customers, collateral, or branches or other operating facilities;
- war, acts of terrorism, riots, civil disruption, pandemics, disruptions in the operation of our information systems, cyber-attacks or other security breaches, or other events disrupting business or commerce;
- changes in the rate at which we can collect or potentially sell our finance receivables portfolio;
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the effectiveness of our credit risk scoring models in assessing the risk of customer unwillingness or lack of capacity to repay;

- changes in our ability to attract and retain employees or key executives to support our businesses;

- changes in the competitive environment in which we operate, including the demand for our products, customer responsiveness to our distribution channels, our ability to make technological improvements, and the strength and ability of our competitors to operate independently or to enter into business combinations that result in a more attractive range of customer products or provide greater financial resources;

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- risks related to the acquisition or sale of assets or businesses or the formation, termination or operation of joint ventures or other strategic alliances or arrangements, including delinquencies, integration or migration issues, increased costs of servicing, incomplete records, and retention of customers;

- the inability to successfully and timely expand our centralized loan servicing capabilities through the integration of the Springleaf and OneMain servicing facilities ("Springleaf" and "OneMain" are defined in "Business Overview" in Part I - Item 1 of this report);

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

- the inability to successfully implement our growth strategy for our consumer lending business as well as successfully acquiring portfolios of consumer loans, pursuing acquisitions, and/or establishing joint ventures;

- declines in collateral values or increases in actual or projected delinquencies or credit losses;

- changes in federal, state or local laws, regulations, or regulatory policies and practices, including the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") (which, among other things, established the Consumer Financial Protection Bureau (the "CFPB"), which has broad authority to regulate and examine financial institutions, including us), that affect 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, our use of third-party vendors and real estate loan servicing, or changes in corporate or individual income tax laws or regulations;

- 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 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 litigation associated therewith, any impact to our business operations, reputation, financial position, results of operations or cash flows arising therefrom, any impact to our relationships with lenders, investors or other third parties attributable thereto, and the costs and effects of any breach of any representation, warranty or covenant under any of our contractual arrangements, including indentures or other financing arrangements or contracts, as a result of any such violation;

- 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 litigation associated therewith;

- our continued ability to access the capital markets or the sufficiency of our 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;

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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;
- the impacts of our securitizations and borrowings;
- our ability to maintain sufficient capital levels in our regulated and unregulated subsidiaries;

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- changes in accounting standards or tax policies and practices and the application of such new standards, policies and practices;
- changes in accounting principles and policies or changes in accounting estimates;
- effects of the pending merger of Fortress Investment Group LLC (“Fortress”) to an affiliate of SoftBank Group Corp. (“SoftBank”);
- any failure or inability to achieve the SpringCastle Portfolio performance requirements set forth in the SpringCastle Interests Sale purchase agreement (“SpringCastle Portfolio” is defined in “Business Overview” in Part I - Item 1 of this report and “SpringCastle Interests Sale” is defined in “Recent Developments and Outlook” in Part II - Item 7 of this report);
- the effect of future sales of our remaining portfolio of real estate loans and the transfer of servicing of these loans, including the environmental liability and costs for damage caused by hazardous waste if a real estate loan goes into default; and
- other risks described in “Risk Factors” in Part I - Item 1A of this report.

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. We caution that you should not place undue reliance on any of our 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 common stock. 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.

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PART I

Item 1. Business.

BUSINESS OVERVIEW

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."

As one of the nation's largest consumer finance companies, we:

- provide responsible personal loan products;
- offer credit and non-credit insurance;
- service loans owned by us and service or subservice 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 or arrangements from time to time.

As part of our acquisition strategy, on November 15, 2015, OMH, through its wholly owned subsidiary, Independence Holdings, LLC, ("Independence") completed the acquisition of OneMain Financial Holdings, LLC ("OMFH") from CitiFinancial Credit Company ("Citigroup") for $4.5 billion in cash (the "OneMain Acquisition"). OMFH, collectively with its subsidiaries, is referred to in this report as "OneMain." OMH and its subsidiaries (other than OneMain) is referred to in this report as "Springleaf."

The OneMain Acquisition brought together two branch-based consumer finance companies with complementary strategies and locations. Together, 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, 2016, we had $13.6 billion of personal loans due from over 2.2 million customer accounts across 44 states.

Our combined network of over 1,800 branches as of December 31, 2016 and expert personnel is complemented by our online consumer loan origination business and centralized operations, which allows us to reach customers located outside our branch footprint. Our digital platform provides our current and prospective customers the option of obtaining an unsecured personal loan via our website, www.onemainfinancial.com.

In connection with our personal loan business, Springleaf and OneMain insurance subsidiaries offer our customers credit and non-credit insurance, which are described below.

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. We service the loans acquired through a joint venture in which we previously owned a 47% equity interest (the "SpringCastle Portfolio"). On March 31, 2016, the SpringCastle Portfolio was sold in connection with the "SpringCastle Interests Sale." For more information on this transaction and other recent developments, see "Recent Developments and Outlook" in Part II - Item 7 of this report.

The Company’s predecessor, Springleaf Holdings, LLC, was formed as a Delaware limited liability company in August 2013. In connection with our initial public offering of common stock, we executed a reorganization in October 2013 and converted Springleaf Holdings, LLC into Springleaf Holdings, Inc., a Delaware corporation. In November 2015, Springleaf Holdings, Inc. changed its name to OneMain Holdings, Inc. in connection with the closing of the OneMain Acquisition.

At December 31, 2016, Springleaf Financial Holdings, LLC (the “Initial Stockholder”) owned approximately 58% of OMH’s common stock. The Initial Stockholder is owned primarily by a private equity fund managed by an affiliate of Fortress. On February 14, 2017, SoftBank and Fortress announced that they have entered into a definitive merger agreement under which SoftBank intends to acquire Fortress. As currently planned, Fortress’s senior investment professionals are expected to remain in place and will retain their significant participation interests in fund performance. Fortress also announced that they will operate within SoftBank as an independent business headquartered in New York.

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The following chart summarizes our organization structure as a result of the OneMain Acquisition. The chart is provided for illustrative purposes only and does not represent all of OMH's subsidiaries or obligations.

INDUSTRY AND MARKET OVERVIEW

We operate in the consumer finance industry serving the large and growing population of consumers who have limited access to credit from banks, credit card companies and other lenders. According to the Federal Reserve Bank of New York, as of September 30, 2016, the U.S. consumer finance industry had approximately $3.5 trillion of outstanding borrowings in the form of personal loans, vehicle loans and leases, credit cards, home equity lines of credit, and student loans. Furthermore, slower economic growth has resulted in an increase in the number of non-prime consumers in the United States.

Our industry's traditional lenders have undergone fundamental changes, forcing many to retrench and in some cases to exit the market altogether. In addition, we believe that recent regulatory developments create a disincentive for these lenders to resume or support lending to non-prime borrowers. As a result, while the number of non-prime consumers in the United States has grown in recent years, the supply of consumer credit to this demographic has contracted. We believe this large and growing number of potential customers in our target market, combined with the decline in available consumer credit, provides an attractive market opportunity for our business model.

We are one of the few remaining national participants in the consumer installment lending industry still serving this large and growing population of non-prime customers. Our centralized operations, combined with the capabilities resident in our national branch system, provide an effective nationwide platform to efficiently and responsibly address this growing market of consumers. We believe we are, therefore, well-positioned to capitalize on the significant growth and expansion opportunity created by the large supply-demand imbalance within our industry.

SEGMENTS

Our segments coincide with how our businesses are managed. At December 31, 2016, our three segments include:

- Consumer and Insurance;
- Acquisitions and Servicing; and
- Real Estate.

Following the OneMain Acquisition, we include OneMain's operations within the Consumer and Insurance segment. See Note 22 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for more information about our segments.

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Consumer and Insurance

We originate and service secured and unsecured personal loans and offer voluntary credit and non-credit insurance and related products through our combined branch network, our digital platform, and our centralized operations. Personal loan origination and servicing, along with our insurance products, forms the core of our operations. As a result of the OneMain Acquisition, our combined branch operations included over 1,800 branch offices in 44 states as of December 31, 2016. In addition, our centralized support operations provide underwriting and servicing support to branch operations.

Our insurance business is conducted through Springleaf insurance subsidiaries, Merit Life Insurance Co. ("Merit") and Yosemite Insurance Company ("Yosemite"), which are both wholly owned subsidiaries of Springleaf Finance Corporation ("SFC"), and OneMain's insurance subsidiaries, American Health and Life Insurance Company ("AHL") and Triton Insurance Company ("Triton"). Merit and AHL are life and health insurance companies that write credit life, credit disability, and non-credit insurance. Merit is licensed in 46 states, the District of Columbia, and the U.S. Virgin Islands, and AHL is licensed in 49 states, the District of Columbia, and Canada. Yosemite and Triton are property and casualty insurance companies that write credit involuntary unemployment and collateral protection insurance. Yosemite is licensed in 46 states, and Triton is licensed in 50 states, the District of Columbia, and Canada.

Products and Services. Our personal loan portfolio is comprised of assets that have performed well through weak market conditions. Our personal loans are non-revolving, fixed rate, fixed term of three to six years, and secured by consumer goods, automobiles, or other personal property, or unsecured. Our loans have no pre-payment penalties.

Since mid-2014, our direct auto loan program has further expanded our product offerings. Direct auto offers a customized solution for our current and prospective customers, similar in nature to our secured personal loans, but larger in size based on the collateral of newer cars with higher values. Proceeds are typically used to pay-off an existing auto loan with another lender, make home improvements, or finance the purchase of a new or used vehicle. Our direct auto loans are reported in our personal loans, which are included in our Consumer and Insurance segment. At December 31, 2016, we had over $1.8 billion of direct auto loans.

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.

- Collateral protection insurance — Protects the value of property pledged as collateral for the finance receivable.

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

In addition, we offer optional auto membership plans 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.

Customer Development. We staff each of our branch offices with local, well-trained personnel who have significant experience in the industry. Our business model revolves around an origination, underwriting, and servicing process that leverages each branch office's local community presence, and helps us develop personal relationships with our customers. 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, targeted online advertising, and local marketing. We use proprietary modeling and targeting, 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 onemainfinancial.com. Many of our new customer applications are sourced online, delivered via targeted marketing, search engine tools, banner advertisements, e-mail, internet loan aggregators, and affiliates. Most online applications are closed in a branch, however we do close a small portion of our loans remotely outside the branch.

Through our merchant referral program, merchants refer their customers to us and we originate a loan directly to the customer to facilitate a retail purchase. This program allows us to apply our proprietary underwriting capabilities to these loans and gives us direct access to a prospective new customer, in which we can build a relationship that could lead to opportunities to offer additional products and services. Our branch employees actively solicit new relationships with merchants in their communities, and we believe this program provides us with a significant opportunity to grow our customer base and finance receivables.

Our OneMain Rewards program is designed to encourage credit education, positive customer behavior, and brand engagement. Customers earn rewards for a range of activities, such as consistently paying their bills on time and interacting with us on social media. Unlike traditional rewards programs, OneMain Rewards allows members to accrue points for tasks that help them establish and build their credit, such as viewing personal financial education videos, completing budgeting tutorials, credit score monitoring, and making on-time payments. Members can choose to redeem their points for a variety of gift cards, which include national retailers, restaurants, and other merchants.

Our iLoan brand is a separate offering which is tailored toward customers who prefer an end-to-end online and centrally serviced product. iLoan is a stand-alone platform which leverages our expertise in analytics, marketing and technology to create an efficient online borrowing experience. We use learnings from the development of iLoan across the OneMain enterprise to enhance our digital capabilities.

Credit Risk. Credit quality is driven by our long-standing underwriting philosophy, which takes into account each prospective customer’s household 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 approved also includes the development of a budget (net of taxes and monthly expenses) for the applicant. We may obtain a security interest in either titled personal property or consumer household goods.

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

Account Servicing. The account servicing and collection processing for personal loans are generally 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 are also 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.

Acquisitions and Servicing

We service the SpringCastle Portfolio that was acquired through a joint venture in which we previously owned a 47% equity interest. On March 31, 2016, the SpringCastle Portfolio was sold in connection with the SpringCastle Interests Sale as discussed in “Recent Developments and Outlook” in Part II - Item 7 of this report. These loans consisted of unsecured loans and loans secured by subordinate residential real estate mortgages and included both closed-end accounts and open-end lines of credit. These loans were in a liquidating status and varied in substance and form from our originated loans. Unless we are terminated, we will continue to provide the servicing for these loans pursuant to a servicing agreement, which we service as unsecured loans due to the fact that the liens are subordinated to superior ranking security interests.

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Real Estate

Since we ceased real estate lending in January 2012, our real estate loans have been in a liquidating status. In 2014, we entered into a series of transactions relating to the sales of our beneficial interests in our real estate loans, the related servicing of these loans, and the sales of certain performing and non-performing real estate loans, which substantially completed our plan to liquidate our real estate loans. During 2016, we sold $308 million real estate loans held for sale. At December 31, 2016, our real estate loans held for investment totaled $144 million and comprised 1% of our net finance receivables. Real estate loans held for sale totaled $153 million at December 31, 2016.

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 footprint” loans;
- servicing of delinquent real estate loans and certain personal loans;
- bankruptcy process for Chapter 7, 11, 12 and 13 loans;
- litigation requests for wage garnishments and other actions against borrowers;
- collateral protection insurance tracking;
- repossessing and re-marketing of titled collateral; and
- charge-off recovery operations.

We currently have servicing facilities in Mendota Heights, Minnesota; Tempe, Arizona; London, Kentucky; Fort Mill, South Carolina and Fort Worth, Texas. We believe these facilities, along with the offices in Evansville, Indiana, 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 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 headquarters 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 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 field 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 field operations compensation plan aligns our operating activities and goals with corporate strategies by basing the incentive portion of field personnel compensation on profitability and credit quality.

- 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 compliance training to ensure team members have a sufficient level of understanding of the laws and regulations that impact their job responsibilities; and manages our 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.
- Our control departments have made significant progress in aligning business operations and control processes through integration and will continue to enhance identified areas in 2017.

Currently, OneMain's operations are being harmonized with Springleaf's operations in connection with the integration of the two businesses.

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REGULATION

Federal Laws

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

- the Dodd-Frank Act;
- the Equal Credit Opportunity Act (prohibits discrimination against creditworthy applicants) and the CFPB's Regulation B, which implements this statute;
- the Fair Credit Reporting Act (which, among other things, governs the accuracy and use of credit bureau reports);
- the Truth in Lending Act (which, among other things, governs disclosure of applicable charges and other finance receivable terms) and the CFPB's Regulation Z, which implements this statute;
- the Fair Debt Collection Practices Act;
- the Gramm-Leach-Bliley Act (which governs the handling of personal financial information) and the CFPB's Regulation P, which implements this statute;
- the Military Lending Act (which governs certain consumer lending to active-duty servicemembers and covered dependents and limits, among other things, the interest rate that may be charged);
- the Servicemembers Civil Relief Act, which can impose limitations on 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 the CFPB's 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; and
- the Federal Trade Commission Act.

The Dodd-Frank Act and the regulations promulgated thereunder are likely 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 become effective on October 19, 2017 and April 19, 2018. The CFPB has significant authority to implement and enforce federal consumer finance laws, including the new 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 supervisory, examination and 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 us 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 a larger participant in the auto financing market and are subject to supervision and examination by the CFPB for our 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 Fall 2016 rulemaking agenda, the CFPB advised that its "next" larger-participant rulemaking would focus on the markets for "consumer installment loans and vehicle title loans." We expect to eventually be designated a "larger participant" for this market and to become subject to supervision and examination by the CFPB for our consumer loan business.

Finally, on June 2, 2016, the CFPB published a proposed rule for small-dollar loans, which would apply to the Company and other participants in that market. Under the proposed rule, some of our consumer installment loans would meet the CFPB's definition of "small-dollar loans" and become subject to onerous requirements concerning frequency, underwriting, and

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collection. The public comment period on the CFPB's proposed small-dollar-loan rule ended on October 7, 2016. After considering the comments submitted and potentially revising the rule to reflect those comments, the CFPB will publish its final small-dollar-loan rule. We expect the compliance-required date for the final small-dollar-loan rule to be the second half of 2018 or perhaps later.

In addition to its supervision and examination authority, 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 also has enforcement authority and 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. In furtherance of its regulatory and supervisory powers, the CFPB has the authority to impose monetary penalties for violations of applicable federal consumer financial laws, require remediation of practices and pursue administrative proceedings or litigation for violations of applicable federal consumer financial laws (including the CFPB's own rules). The CFPB has the authority to obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief) and monetary penalties ranging from $5,000 per day for ordinary violations of federal consumer financial laws to $25,000 per day for reckless violations and $1 million per day for knowing violations.

In addition, the CFPB can assess civil penalties for the following Tier 1, 2, and 3 penalties set forth in Section 1055 of the Dodd-Frank Act ranging from over $5,000 to over $1 million per violation:

- Tier 1 Penalty - Minor violation; this is the penalty for any violation of law, rule, or final or order or condition imposed in writing by the CFPB;
- Tier 2 Penalty - Reckless violation; this is the penalty for any person that recklessly engages in a violation of a Federal consumer financial law; or
- Tier 3 Penalty - Knowing violation; this is the penalty for any person that knowingly violates a Federal consumer financial law.

Also, where a company has violated Title X of the Dodd-Frank Act or CFPB regulations implemented thereunder, the Dodd-Frank Act empowers state attorneys general and state regulators to bring civil actions to remedy violations of state law. If the CFPB or one or more states attorneys general or state regulators believe that we have violated any of the applicable laws or regulations, they could exercise their enforcement powers in ways that could have a material adverse effect on us or our business. The CFPB has actively utilized this enforcement authority against financial institutions and financial service providers by imposing significant monetary penalties; and ordering (i) restitution, (ii) mandatory changes to compliance policies and procedures, (iii) enhanced oversight and control over affiliate and third-party vendor agreements and services and (iv) mandatory review of business practices, policies and procedures by third-party auditors and consultants. If, as a result of an examination, the CFPB were to conclude that our loan origination or servicing activities violate applicable law or regulations, we could be subject to a formal or informal enforcement action. Formal enforcement actions are generally made public, which carries reputational risk. We have not been notified of any planned examinations or enforcement actions by the CFPB.

The Dodd-Frank Act also may adversely affect the securitization market because it requires, among other things, 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 final rules implementing the risk retention requirements of Section 941 of the Dodd-Frank Act became effective on February 23, 2015. Compliance with the rule with respect to asset-backed securities collateralized by residential mortgages was required beginning on December 24, 2015. Compliance with the rule with regard to all other classes of asset-backed securities was required beginning on December 24, 2016. The risk retention requirement may limit our ability to securitize loans and impose on us additional compliance requirements to meet origination and servicing criteria for qualified residential mortgages. The impact of the risk retention rule on the asset-backed securities market remains uncertain. Furthermore, the Securities and Exchange Commission (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.

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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 law preempts state law in the event of certain conflicts, compliance with state laws and regulations is still required in the absence of conflicts.

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 other charge limitations;
- regulate whether and under what circumstances we may offer insurance and other ancillary 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;
- reserve requirements for unearned premiums, losses, and other purposes; and
- claims processing.

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 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; and
- reserve requirements for unearned premiums, losses, and other purposes.

COMPETITION

We operate primarily in the consumer installment lending industry, focusing on the non-prime customer. As of December 31, 2016, OMH maintained a national footprint (defined as 500 or more branches and receivables over $2 billion) of brick and mortar branches. At December 31, 2016, we had over 2.2 million customer accounts and over 1,800 branch offices.

There are a large number of local, regional and internet competitors in the consumer installment lending industry serving the large and growing population of non-prime customers. We also compete with a large number of other types of financial institutions within our geographic footprint 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, speed of service, flexibility of loan terms offered, and the quality of customer service provided.

We believe that we possess several competitive strengths that position us to capitalize on the significant growth and expansion opportunity created by the large supply-demand imbalance within our industry, and to compete effectively with other lenders in our industry. The capabilities resident in our national branch system provide us with a proven distribution channel for our personal loan and insurance products, allowing us to provide same-day fulfillment to approved customers and giving us a distinct competitive advantage over many industry participants who do not have—and cannot replicate without significant investment—a similar footprint. Our digital platform and our centralized operations also enhance our nationwide footprint by allowing us to serve customers who reside outside of our branch footprint. We believe our deep understanding of local markets and customers, together with our proprietary underwriting process, 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" in Part II - Item 7 of this report for discussion of our seasonal trends.

EMPLOYEES

As of December 31, 2016, we had over 10,100 employees.

AVAILABLE INFORMATION

OMH files annual, quarterly, and current reports, proxy statements, and other information with the SEC. The SEC's website, www.sec.gov, contains these reports and other information that registrants (including OMH) file electronically with the SEC. Readers may also read and copy any document that OMH files at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549, U.S.A. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room.

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

In addition, our Code of Business Conduct and Ethics (the "Code of Ethics"), our Code of Ethics for Principal Executive and Senior Financial Officers (the "Financial Officers' Code of Ethics"), our Corporate Governance Guidelines and the charters of the committees of our Board of Directors are posted on our website at www.onemainfinancial.com under "Investor Relations" and printed copies are available upon request. We intend to disclose any amendments to and waivers of our Code of Ethics and Financial Officers' Code of Ethics 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 in addition to the other information regarding our business provided in this report and in other documents we file with the SEC. These risks are subject to contingencies which may or may not occur, and we are not able to express a view on the likelihood of any such contingency occurring. 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.

RISKS RELATED TO OUR BUSINESS

Our consolidated 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 negative trends in general economic conditions in the United States and abroad, including significant tightening of credit markets and a general decline in the value of real property, historically have created a difficult operating environment for our businesses and other companies in our industries. Many factors, including factors that are beyond our control, may impact our consolidated 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, major medical expenses, divorce or death that affect our borrowers; and the quality of the collateral underlying our receivables. If we experience an economic downturn or if the U.S. economy is unable to continue or sustain its recovery from the most recent 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. Accordingly, such borrowers have historically been, and may in the future become, more likely to be affected, or more severely affected, by adverse macroeconomic conditions. If our borrowers default 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 of the finance receivable, which could adversely affect our cash flow from operations. In addition, foreclosure of a real estate loan (part of our legacy real estate loan portfolio) is an expensive and lengthy process that can negatively affect our anticipated return on the foreclosed loan. The cost to service our loans may also increase without a corresponding increase in our finance charge income.

Also, certain geographic concentrations of our loan portfolio may occur or increase as we adjust our risk and loss tolerance and strategy to achieve our profitability goals. Any geographic concentration may expose us to an increased risk of loss if that geographic region experiences higher unemployment rates than average, natural disasters, weak economic conditions, or other adverse economic factors that disproportionately affect that region. See Note 5 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for quantification of our largest concentrations of net finance receivables.

If aspects of our business, including the quality of our finance receivables portfolio or our borrowers, are significantly affected by economic changes or any other conditions in the future, we cannot be certain that our policies and procedures for underwriting, processing and servicing loans will adequately adapt to such changes. If we fail to adapt to changing economic conditions or other factors, or if such changes 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 or the formation, termination or operation of joint ventures or other strategic alliances or arrangements, 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.

In the future, we 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.

The ability to integrate and successfully service newly acquired loan portfolios will depend in large part on the success of our development and integration of expanded servicing capabilities, including additional personnel. We may fail to realize some or all of the anticipated benefits of the transaction if the integration process takes longer, or is more costly, than expected. Our failure to meet the challenges involved in successfully integrating the acquired portfolios with our current business or otherwise to realize any of the anticipated benefits of the transaction could impair our operations. In addition, the integration of future large portfolio or other asset or business acquisitions and the formation, termination or operation of joint ventures or other strategic alliances or arrangements are complex, time-consuming and expensive processes that, without proper planning and effective and timely implementation, could significantly disrupt our business.

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 affected significantly, 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.

There are risks associated with our ability to expand our centralized loan servicing capabilities through integration of the Springleaf and OneMain servicing facilities, which could have a material adverse effect on our results of operations, financial condition and liquidity.

A key part of our efforts to expand our centralized loan servicing capacity will depend in large part on the success of management's efforts to integrate the Springleaf and OneMain servicing facilities. We may fail to realize some or all of the anticipated benefits of these facilities if the integration process takes longer, or is more costly, than expected. Our failure to meet the challenges involved in successfully integrating these facilities with our current business or to realize other anticipated benefits could impair our operations. In addition, the integration is a complex, time-consuming and expensive process that, without proper planning and effective and timely implementation, could significantly disrupt our business. Potential difficulties we may encounter during the integration process may include, but are not limited to, the following:

- the integration of the personnel with certain of our management teams, strategies, operations, products and services;
- the integration of the physical facilities with our information technology platforms and servicing systems; and
- the disruption to our ongoing businesses and distraction of our management teams from ongoing business concerns.

Our recent underwriting changes and strategy of increasing the proportion of secured loan originations within our loan portfolio may lead to declines in, or slower growth than anticipated of, our personal loan net finance receivables and yield, which could have a material adverse effect on our business, results of operations and growth prospects.

During the third quarter of 2016, in response to an increase in unsecured credit availability for our target customer base from online lenders and various other unsecured credit providers, as well as an increase in our early stage 30-89 day delinquencies for loans originated in 2016, we tightened our underwriting criteria for unsecured personal loans to lower credit tier customers. As a result of these changes to our underwriting criteria, we are generally not underwriting new personal loans to this segment of our customer base absent collateral. We have also continued to execute on our strategy of increasing the proportion of our loan originations that are secured loans, particularly within the former OneMain branches where secured loan originations have historically represented a smaller proportion of total loan originations than those of the former Springleaf branches. Secured loans typically carry lower yields relative to unsecured personal loans. If we are unable to successfully convert lower credit tier customers to our secured loan products or otherwise increase new originations of secured personal loans, this will adversely affect our ability to grow personal loan net finance receivables. In addition, as secured loans continue to represent a larger proportion of our loan portfolio, our yields may be lower than our historical yields in prior periods.

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If our estimates of 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 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 foreclosures, and general economic uncertainty may affect our allowance for finance receivable losses, our provision 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 will be required to measure credit losses. The new standard requires that the estimated credit loss be based upon an “expected credit loss” approach rather than the “incurred loss” approach currently required. The new approach will require entities to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable forecasts of collectability. It is anticipated that the expected credit loss model may require earlier recognition of credit losses than the incurred loss approach. This ASU will become effective for the Company for fiscal years beginning January 1, 2020. Early adoption is permitted for fiscal years beginning January 1, 2019. We believe the adoption of this ASU will have a material effect on our consolidated financial statements. See Note 4 of the Notes to Consolidated Financial Statements in Part II - Item 8 of 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 borrower and could result in a riskier finance receivable 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.

Our branch loan approval process is decentralized, which may result in variability of loan structures, and could adversely affect our results of operations, financial condition and liquidity.

Our branch finance receivable origination process is decentralized. We train our employees individually on-site in the branch to make loans that conform to our underwriting standards. Such training includes critical aspects of state and federal regulatory compliance, cash handling, account management and customer relations. In certain circumstances, subject to approval by district managers and/or directors of operations in certain cases, our branch officers have the authority to approve and structure loans within broadly written underwriting guidelines rather than having all loan terms approved centrally. As a result, there may be variability in finance receivable structure (e.g., whether or not collateral is taken for the loan) and loan portfolios among branch offices or regions, even when underwriting policies are followed. Moreover, we cannot be certain that every loan is made in accordance with our underwriting standards and rules, and we have in the past experienced some instances of loans extended that varied from our underwriting standards. The nature of our approval process could adversely affect our operating results and variances in underwriting standards and lack of supervision could expose us to greater delinquencies and charge-offs than we have historically experienced, which could adversely affect our results of operations, financial condition and liquidity.

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

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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. Recent increases in market interest rates have negatively impacted our net interest income and further increases in market interest rates could continue to negatively impact such net interest income, as well as our cash flow from operations and results of operations. Our consumer loans generally bear interest at a fixed rate and, accordingly, we are generally unable to increase the interest rate on such loans to offset any increases in our cost of funds as market interest rates increase. Additionally, because we are subject to applicable legal and regulatory restrictions in certain jurisdictions that limit the maximum interest rate that we may charge on certain of our consumer loans, 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.

In 2016, we sold $1.6 billion of our interests in the SpringCastle Portfolio as a result of the SpringCastle Interests Sale, $602 million of personal loans in connection with the Lendmark Sale (as defined in “Recent Developments and Outlook” in Part II - Item 7 of this report), and $308 million of our legacy real estate loan portfolio. We securitized $9.5 billion of our consumer loan portfolio as of December 31, 2016. In addition, we sold $6.4 billion of our legacy real estate loan portfolio in 2014. 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.

As a result of the current market environment, we believe that many purchasers of real estate loans (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 extreme, 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 consumer loan securitizations are recorded on-balance sheet. If we are required to indemnify purchasers or repurchase finance receivables that we sell 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 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 hurricanes, tornados, earthquakes, pandemic disease, cyber security breaches and other types of catastrophes, and prolonged economic

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downturns, could adversely affect our financial condition or 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. Examples include 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 his loan, insure his collateral). Because our customers do not affirmatively consent to collateral protection insurance at the time it is purchased, and hence do not directly agree to the amount charged for it, 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, our insurance operations would basically have no method of distribution for their products.

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 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 United States, 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 Notes 19 and 24 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report.

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. The loss of the service of members of our senior management or key team members, or the inability to attract additional qualified personnel as needed, could materially harm our business.

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

Our reputation is critical to maintaining and developing 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.

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 personal financial information by financial institutions. Moreover, various federal and state regulatory agencies require us to notify customers in the event of a security breach. Federal and state legislators and regulators are increasingly pursuing new guidance, laws, and regulation. 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

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require us to change our business practices or operational structure, and could subject us to legal claims, monetary penalties, sanctions, and the obligation to indemnify and/or notify customers or take other remedial actions.

Significant disruptions in the operation of our information systems could have a material adverse effect on our business.

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, natural disasters or other reasons. There can be no assurance that our policies and procedures addressing these issues will adequately address the disruption. A disruption could impair our ability to offer and process consumer loans, provide customer service, perform collections activities or perform 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.

Security breaches in our information systems, in the information systems of third parties or in our branches, central servicing facilities, or our internet lending platform could adversely affect our reputation and could subject us to significant costs and regulatory penalties.

Our operations rely heavily on the secure processing, storage and transmission of confidential customer and other information in our computer systems and networks. 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 several other tasks that are part of our everyday operations. Our computer systems, software, and networks may be vulnerable to breaches, unauthorized access, misuse, computer viruses, or other malicious code that could result in disruption to our business, or the loss or theft of confidential information, including customer information. Any failure, interruption, or breach in our cyber security, including through employee misconduct or any failure of our back-up systems or failure to maintain adequate security surrounding customer information, could result in reputational harm, disruption in the management of our customer relationships, or the inability to originate, process and service our finance receivable products. Further, any of these cyber security and operational risks could result in a loss of customer business, subject us to additional regulatory scrutiny, or expose us to lawsuits by customers for identity theft or other damages resulting from the misuse of their personal information 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 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 clients, vendors, service providers, and business partners. The information systems of these third parties may be vulnerable to security breaches and 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.

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 and personally identifiable information. We also retain physical records in various storage locations outside of these 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), we may not be able to collect on the finance receivables for which we do not have documents.

We may not be able to make technological improvements as quickly as some of our competitors, which could harm our ability to compete with our competitors 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 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.

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.

We ceased real estate lending and the purchase of retail finance contracts in 2012 and are in the process of liquidating these portfolios, which subjects us to certain risks which could adversely affect our results of operations, financial condition and liquidity if we do not effectively manage such risks.

In connection with our plan for strategic growth and new focus on consumer lending, we have engaged in a number of restructuring initiatives, including, but not limited to, ceasing real estate lending, ceasing purchasing retail sales contracts and revolving retail accounts from the sale of consumer goods and services by retail merchants, closing certain of our branches and reducing our workforce.

Since terminating our real estate lending business at the beginning of 2012, which historically accounted for in excess of 50% of the interest income of our business, and ceasing retail sales purchases, we have been liquidating these legacy portfolios. In 2014, we entered into a series of transactions relating to the sales of our beneficial interests in our non-core real estate loans, the related servicing of these loans, and the sales of certain performing and non-performing real estate loans, which substantially completed our plan to liquidate our non-core real estate loans. Consequently, as of December 31, 2016, our real estate loans held for investment and held for sale totaled $144 million and $153 million, respectively. Due to the fact that we are no longer able to offer our remaining legacy real estate lending customers the same range of loan restructuring alternatives in delinquency situations that we may historically have extended to them, such customers may be less able, and less likely, to repay their loans.

Moreover, if we fail to realize the anticipated benefits of the restructuring of our business and associated liquidation of our legacy portfolios, we may experience an adverse effect on our results of operations, financial condition and liquidity.

As part of our growth strategy, we have committed to building our consumer lending business. If we are unable to successfully implement our growth 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 growth strategy, the key feature of which has been to shift our primary focus to originating consumer loans as well as acquiring portfolios of consumer loans, pursuing acquisitions of companies, and/or establishing joint ventures or other strategic alliances or arrangements. We have also recently expanded into internet lending through our centralized operations.

We may not be able to implement our new 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 for finance receivables, and changes in economic conditions and interest rates;
- address the risks associated with the new centralized method of originating and servicing our internet loans 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;

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- integrate, and develop the expertise required to capitalize on, our centralized operations;
- obtain regulatory approval in connection with our internet lending;
- obtain regulatory approval in connection with the acquisition of consumer loan portfolios and/or companies in the business of selling consumer 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;
- successfully source, underwrite and integrate new acquisitions of loan portfolios and other businesses; and
- successfully integrate Springleaf and OneMain.

In order for us to realize the benefits associated with our new focus on originating and servicing consumer loans and grow our business, we must implement our strategic objectives in a timely and cost-effective manner as well as anticipate and address any risks to which we may become subject. 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, 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 business.

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 originate finance receivables. We compete with other consumer finance companies as well as other types of financial institutions that offer similar products and services in originating finance receivables. 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. While banks and credit card companies have decreased their lending to non-prime customers in recent years, there is no assurance that such lenders will not resume those lending activities. Further, because of increased regulatory pressure on payday lenders, many of those lenders are starting to make more traditional installment consumer loans in order to reduce regulatory scrutiny of their practices, which could increase competition in markets in which we operate. In addition, in July 2013, the Dodd-Frank Act’s three-year moratorium on banks affiliated with non-financial businesses expired. When the Dodd-Frank Act was enacted in 2010, a moratorium was imposed that prohibited the Federal Deposit Insurance Corporation from approving deposit insurance for certain banks controlled by non-financial commercial enterprises. The expiration of the moratorium could result in an increase of traditionally non-financial enterprises entering the banking space, which could increase the number of our competitors. There can be no assurance 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.

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 term of a finance receivable, amounts, interest rates and charges on the finance receivables; regulate whether and under what circumstances insurance and other ancillary products may be offered to consumers in connection with a lending transaction; regulate the manner in which we use personal data; and provide for other consumer protections. We are also subject to extensive servicing regulations which we must comply with when servicing our legacy real estate loans and the SpringCastle Portfolio, and which we will have to comply with 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 related party transactions; types of products offered; approval of policy forms and

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premium rates; 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 and federal regulators, and 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 more costly and lead to more significant enforcement actions.

The CFPB has outlined several proposals under consideration for the purpose of requiring lenders to take steps to ensure consumers have the financial ability to repay their loans. The proposals under consideration would require lenders to determine at the outset of each loan whether a consumer can afford to borrow from the lender and would require that lenders comply with various restrictions designed to ensure that consumers can affordably repay their debt to the lender. To date, the proposals under consideration by the CFPB have not been adopted. If adopted, the proposals outlined by the CFPB may require the Company to make significant changes to its lending practices to develop compliant procedures.

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.

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% limitation on all fees, charges, interest rate and credit and non-credit insurance premiums for loans made to members of the military or their dependents. We are also no longer able to make non-purchase money loans secured by motor vehicles to service members and their dependents.

We are also subject to potential changes in 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 state law to include the cost of ancillary 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 Part I - Item 1 of this report.

The enactment of the Dodd-Frank Act and the creation of the CFPB significantly increases 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

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Dodd-Frank Act and accompanying regulations are being phased in over time, and while some regulations have been promulgated, many others have not yet been proposed or finalized. We cannot predict the terms of all of the final regulations, their intended consequences or how such regulations will affect us or our industry.

The CFPB currently has supervisory authority over our real estate servicing activities, and likely will have supervisory authority over 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, including consumer installment loans and related products. The CFPB has not yet promulgated regulations that designate "larger participants" for consumer finance companies. If we are designated as a "larger participant" for this market, we also will be subject to supervision and examination by the CFPB with respect to our consumer loan business. 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 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" in Part I - Item 1 of this report for further information on the CFPB.

The CFPB and certain state regulators have taken action against select lenders regarding the marketing of products offered by the lenders in connection with their loans. The products included debt cancellation/suspension products written by the lenders which forgave a borrower's debt or monthly minimum payment upon the occurrence of certain events in the life of the borrower (e.g., death, disability, marriage, divorce, birth of a child, etc.). We sell insurance and non-insurance products in connection with our loans. While insurance products are actively regulated by state insurance departments, sales of insurance and non-insurance products could be challenged in a similar manner by the CFPB or state consumer lending regulators.

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

Recently, the CFPB and other regulators have issued regulatory guidance that has focused on the need for financial institutions to perform increased due diligence and ongoing monitoring of third-party vendor relationships, thus increasing the scope of management involvement and decreasing the benefit that we receive from using third-party vendors. Moreover, if our regulators conclude that we have not met the heightened 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 an adverse effect on our business, financial condition and operating results.

U.S. tax code reform proposals, if enacted into law, could have a material adverse impact on our financial position, results of operations and cash flows.

The new presidential administration and several members of the U.S. Congress have indicated significant reform of various aspects of the U.S. tax code as a top legislative priority. A number of proposals for tax reform, including significant changes to corporate tax provisions, are currently under consideration. Such changes could have a material adverse impact on our deferred tax assets and liabilities and our consolidated financial position, results of operations and cash flows, depending on the nature and extent of any changes to the U.S. tax code that are ultimately enacted into law. Additionally, changes to the U.S. tax code could more broadly impact the U.S. economy, which could potentially result in a material adverse impact on the demand for our products and services and the ability of our customers to repay their loans. There is a substantial lack of clarity around the likelihood, timing and details of any such tax reform and the impact of any potential tax reform on us or an investment in our securities. We cannot predict if or when any of these proposals to reform the U.S. tax code will be enacted into law and, accordingly, no assurance can be given as to whether or to what extent any changes to the U.S. tax code will impact us or our customers or our financial position, results of operations or cash flows.

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

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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.

The Dodd-Frank Act also may adversely affect the securitization market because it requires, among other things, that a securitizer must retain at least a 5% economic interest in the credit risk of the securitized assets. 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 may lead us to incur additional costs in connection with each securitization.

On September 19, 2011, the SEC issued a notice of proposed rulemaking intended to implement the prohibition regarding material conflicts of interest relating to certain securitizations pursuant to Section 621 of the Dodd-Frank Act. At this time, we cannot predict what form the final rules and any related interpretive guidance from the SEC will take, or whether such rules would materially impact our business.

A certain amount of the rule-making under the Dodd-Frank Act remains to be done. As a result, the complete impact of the Dodd-Frank Act remains uncertain. It is not clear what form some of these 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 Part I - Item 1 of this report.

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.

Real estate loan servicing and loan modifications have come under increasing scrutiny from government officials and others, which could make servicing our legacy real estate loan portfolio more costly and difficult.

Real estate loan servicers have recently come under increasing scrutiny. In addition, some states and municipalities have passed laws that impose additional duties on foreclosing lenders and real estate loan servicers, such as mandatory mediation or extensive requirements for maintenance of vacant properties, which, in some cases, begin even before a lender has taken title to property. These additional requirements can delay foreclosures, make it uneconomical to foreclose on mortgaged real estate or

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result in significant additional costs, which could materially adversely affect the value of our portfolio. The CFPB finalized mortgage servicing regulations that became effective in January 2014, which makes it more difficult and expensive to service real estate loans.

The U.S. Government has implemented a number of federal programs to assist homeowners, including the Home Affordable Modification Program ("HAMP"), which expired on December 31, 2016. Loans subserviced for us by Nationstar Mortgage LLC and Select Portfolio Servicing, Inc. were subject to HAMP and were eligible for modification pursuant to HAMP guidelines. We have also implemented proprietary real estate loan modification programs in order to help real estate secured customers remain current on their loans. HAMP, our proprietary loan modification programs and other existing or future legislative or regulatory actions which result in the modification of outstanding real estate loans, may adversely affect the value of, and the returns on, our existing portfolio.

RISKS RELATED TO THE ONEMAIN ACQUISITION AND THE LENDMARK SALE

We have incurred substantial transaction fees and costs in connection with the OneMain Acquisition and integration.

We have incurred a significant amount of costs in connection with the OneMain Acquisition and integration, including legal, accounting and other expenses. Additional unanticipated costs may be incurred in the course of the integration of the businesses of Springleaf and OneMain. We cannot be certain that the elimination of duplicative costs or the realization of other efficiencies related to the integration of the two businesses will offset the transaction and integration costs in the near term, or at all.

The OneMain Acquisition may not achieve its intended results, and we may be unable to successfully integrate Springleaf's and OneMain's operations.

We acquired OneMain with the expectation that the OneMain Acquisition will result in various benefits, including, among other things, cost savings and operating efficiencies. Achieving the anticipated benefits of the OneMain Acquisition is subject to a number of uncertainties (many of which are outside our control), including whether our business and the business of OneMain can be integrated in an efficient and effective manner.

The integration of OneMain is a complex, costly and time-consuming process, and the significant size and scale of OneMain increases the risks to which we are subject relative to other acquired businesses. Such risks include the following, any of which could adversely affect our business, financial condition or results of operations or our ability to achieve the anticipated benefits of the OneMain Acquisition:

- The integration process could take longer than anticipated and result in the loss of valuable employees, additional and unforeseen expenses, the disruption of our ongoing business, processes and systems, or inconsistencies in standards, controls, procedures, practices, policies and compensation arrangements.

- There may be increased risk due to integrating financial reporting and internal control systems.

- Difficulties in combining operations of Springleaf and OneMain could also result in the loss of contract counterparties or other persons with whom Springleaf or OneMain conduct business and potential disputes or litigation with contract counterparties or other persons with whom Springleaf or OneMain conduct business.

- The integration process could result in the diversion of management and employee attention and resources or other disruptions that may adversely affect our ability to grow our business, pursue loan monitoring and collection activities, or achieve the anticipated benefits of the OneMain Acquisition.

If we experience difficulties or delays with the OneMain integration process, or if our assumptions underlying expectations regarding the OneMain Acquisition prove to be inaccurate, the anticipated benefits, expense savings and synergies may not be realized fully or at all, or may take longer to realize than expected. Failure to achieve these anticipated benefits could result in increased costs, increased credit losses or decreases in the amount of expected revenues, any of which could adversely affect our future business, financial condition, operating results and prospects. Our results of operations following the OneMain Acquisition could also be adversely affected by any issues attributable to either Springleaf's or OneMain's operations that arise or are based on events or actions that occurred prior to the closing of the OneMain Acquisition.

Additionally, since the closing of the OneMain Acquisition, we remain reliant on Citigroup, the former parent company of OMFH, to provide certain operational services and support to OneMain, and a failure by Citigroup to perform such services

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could materially increase our costs or disrupt our business, which could adversely affect our financial condition and results of operations.

If the goodwill and other intangible assets that we recorded in connection with the OneMain Acquisition becomes 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 in connection with the OneMain Acquisition. 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. At December 31, 2016, our goodwill and other intangible assets totaled $1.4 billion and $492 million, respectively. While we have recorded no impairment charges on our goodwill and other intangible assets during 2016 and 2015, there can be no assurance that our future evaluations of goodwill and other intangible assets will not result in findings of impairment and related write-downs, which may have a material adverse effect on our financial condition and results of operations.

The DOJ may impose additional conditions or penalties relating to the Lendmark Sale that could adversely affect us.

Pursuant to the Final Judgment entered into in connection with the Settlement Agreement (as defined in “Recent Developments and Outlook” in Part II - Item 7 of this report), we are subject to various ongoing obligations, including a prohibition on entering into certain employee non-compete agreements and obligations under a transition services agreement with Lendmark Financial Services, LLC (“Lendmark”) dated as of May 2, 2016. Notwithstanding the consummation of the Lendmark Sale (as defined in “Recent Developments and Outlook” in Part II - Item 7 of this report), we could be subject to certain penalties, including but not limited to fines and/or injunctions, in the event we violate the terms of the Final Judgment or Settlement Agreement. There can be no assurance that we will not be assessed fines or penalties or subjected to additional actions by the DOJ.

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 was significantly affected by the substantial 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 funded our operations and repaid our debt and other obligations using funds collected from our finance receivable portfolio and new debt issuances. Although market conditions have improved since the financial crisis, our traditional borrowing sources, including our ability to cost-effectively issue large amounts of unsecured debt in the capital markets, particularly issuances of commercial paper, have generally not been available to us. Instead we have primarily raised capital through securitization transactions and, although there can be no assurances that we will be able to complete additional securitizations, we currently expect our near-term sources of capital markets funding to continue to derive from securitization transactions and unsecured debt offerings.

If we are unable to complete additional securitization transactions 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.

We currently have a significant amount of indebtedness. As of December 31, 2016, we had $14.0 billion of indebtedness outstanding. Interest expense on our indebtedness totaled $856 million in 2016.

The amount of indebtedness could have important consequences, including the following:

- it may require us to dedicate a significant portion of our cash flow 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;

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- 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 proportionately 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. These restrictions do not apply to OMFH and its other subsidiaries, although OMFH and its other subsidiaries are subject to similar restrictions under their debt covenants as described below. 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 both the debt under which the default occurred and 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 indenture governing OneMain's unsecured debt (the "OMFH Indenture") contains a number of restrictive covenants that impose significant operating and financial restrictions on OneMain and may limit our ability to integrate OneMain's operations, including, but not limited to, restrictions on OMFH's and its restricted subsidiaries' ability to:

- incur or guarantee additional indebtedness or issue certain preferred stock;

- make dividend payments or distributions on or purchases of OMFH's equity interests;

- make other restricted payments or investments;
- create or permit to exist certain liens;
- make certain dispositions of assets;
- engage in certain transactions with affiliates;
- sell certain securities of our subsidiaries;

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- in the case of such restricted subsidiaries, incur limitations on the ability to pay dividends or make other payments; and
- merge, consolidate or sell all or substantially all of OneMain's properties and assets.

In addition, the OMFH Indenture includes a change of control repurchase provision which could require us to offer to repurchase all of the outstanding existing notes of OMFH issued thereunder if a change of control occurs and a corporate rating of OMFH is downgraded by both Standard & Poor's Ratings Services ("S&P") and Moody's Investors Service, Inc. ("Moody's") as a result of such change of control. Although we believe that a repurchase event is unlikely to occur, there can be no assurance that a repurchase event will not occur as a result of the SoftBank-Fortress transaction.

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 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;
- 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 federal, state and local laws, regulations, or regulatory policies and practices, including the Dodd-Frank Act (which, among other things, established the CFPB with broad authority to regulate and examine financial institutions), 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;

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- 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 receipts as a result of the liquidation of our real estate loan portfolio;

- the potential for additional unforeseen cash demands or accelerations 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 current business plans.

We intend to repay indebtedness with one or more of the following activities, among others: finance receivable collections, cash on hand, 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.

However, 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 substantially and materially affected, and as a result, substantial doubt could exist about our ability to continue as a going concern.

Current 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.

Each of S&P, Moody's, and Fitch, Inc. ("Fitch") rates SFC's and OMFH's debt. As of December 31, 2016, SFC's long term corporate debt rating was rated B with a stable outlook by S&P, B- with a positive outlook by Fitch and B3 with a positive outlook by Moody's. As of December 31, 2016, OMFH's long term corporate debt rating was rated B with a stable outlook by S&P, B with a positive outlook by Fitch and B2 with a positive outlook by Moody's. Currently, no other OneMain or Springleaf entity has a corporate debt rating, though they may be rated in the future. Ratings reflect the rating agencies' opinions of a company's financial strength, operating performance, strategic position and ability to meet our 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.

If SFC's or OMFH's current ratings continue in effect or our 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, our 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 pay our outstanding indebtedness. In such transactions, we typically convey a pool of finance receivables to a special purpose entity ("SPE"), 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 SPE 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.

SFC and OneMain Financial Group, LLC ("OMFG") currently act as the servicers with respect to the consumer loan securitization trusts and related series of asset-backed securities. If SFC or OMFG defaults in its servicing obligations, an early amortization event could occur with respect to the relevant asset-backed securities and SFC or OMFG 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 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.

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 holding residential mortgage-backed securities or other 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

If the ownership of our common stock continues to be highly concentrated, it may prevent minority stockholders from influencing significant corporate decisions and may result in conflicts of interest.

The Initial Stockholder, which is primarily owned by a private equity fund managed by an affiliate of Fortress, owned approximately 58% of our outstanding common stock as of December 31, 2016. As a result, the Initial Stockholder owns shares sufficient for the majority vote over all matters requiring a stockholder vote, including: the election of directors; mergers, consolidations and acquisitions; the sale of all or substantially all of our assets and other decisions affecting our capital structure; the amendment of our restated certificate of incorporation and our amended and restated bylaws; and our winding up and dissolution. This concentration of ownership may delay, deter or prevent acts that would be favored by our other stockholders. The interests of the Initial Stockholder may not always coincide with our interests or the interests of our other stockholders. This concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of us. Also, the Initial Stockholder may seek to cause us to take courses of action that, in its judgment, could enhance its investment in us, but which might involve risks to our other stockholders or adversely affect us or our other stockholders. As a result, the market price of our common stock could decline or stockholders might not receive a premium over the then-current market price of our common stock upon a change in control. In addition, this concentration of share ownership may adversely affect the trading price of our common stock because investors may perceive disadvantages in owning shares in a company with significant stockholders. On February 14, 2017, SoftBank and Fortress announced that they have entered into a definitive merger agreement under which SoftBank intends to acquire Fortress. There are no assurances that the acquisition of Fortress by SoftBank will not have an impact on us.

We are a holding company with no operations and rely on our operating subsidiaries to provide us with funds necessary to meet our financial obligations and to pay dividends.

We are a holding company 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 to pay dividends on our common stock. Our subsidiaries are legally distinct from us and certain of our subsidiaries are prohibited or restricted

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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 our debt agreements limit the ability of certain of our subsidiaries to pay dividends. In addition, OMFH's debt covenants restrict its ability to pay dividends. If we are unable to obtain funds from our subsidiaries, we may be unable to, or our board may exercise its discretion not to, pay dividends.

We do not anticipate paying any dividends on our common stock in the foreseeable future.

We have no plans to pay regular dividends on our common stock, and we anticipate that a significant amount of any free cash flow generated from our operations will be utilized to redeem or prepay outstanding indebtedness, and accordingly would not be available for dividends. Any declaration and payment of future dividends to holders of our common stock will be at the sole discretion of our board of directors and will depend on many factors, including our financial condition, earnings, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our board of directors deems relevant. Until such time that we pay a dividend, our investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. In addition, the OMFH Indenture contains certain restrictions on OMFH's and its restricted subsidiaries' ability to make dividend payments.

Certain provisions of a stockholders agreement with our Initial Stockholder (the "Stockholders Agreement"), our restated certificate of incorporation and our amended and restated bylaws could hinder, delay or prevent a change in control of us, which could adversely affect the price of our common stock.

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

- a classified board of directors with staggered three-year terms;
- 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 Fortress and certain of its affiliates and permitted transferees beneficially own, directly or indirectly, at least 30% of our issued and outstanding common stock (including Fortress' proportionate interest in shares of our common stock held by the Initial Stockholder), 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);
- provisions in our restated certificate of incorporation and amended and restated bylaws prevent stockholders from calling special meetings of our stockholders (provided, however, that for so long as Fortress and certain of its affiliates and permitted transferees beneficially own, directly or indirectly, at least 20% of our issued and outstanding common stock (including Fortress's proportionate interest in shares of our common stock held by the Initial Stockholder), any stockholders that collectively beneficially own at least 20% of our 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;
- certain rights to Fortress and certain of its affiliates and permitted transferees with respect to the designation of directors for nomination and election to our board of directors, including the ability to appoint a majority of the members of our board of directors, plus one director, for so long as Fortress and certain of its affiliates and permitted transferees continue to beneficially own, directly or indirectly at least 30% of our issued and outstanding common

stock (including Fortress's proportionate interest in shares of our common stock held by the Initial Stockholder);

- no provision in our restated certificate of incorporation or amended and restated bylaws permits cumulative voting in the election of directors, which means that the holders of a majority of the outstanding shares of our common stock can elect all the directors standing for election;

- our restated certificate of incorporation and our amended and restated bylaws only permit action by our stockholders outside a meeting by unanimous written consent, provided, however, that for so long as Fortress and certain of its affiliates and permitted transferees beneficially own, directly or indirectly, at least 20% of our issued and outstanding common stock (including Fortress's proportionate interest in shares of our common stock held by the Initial Stockholder), our stockholders may act without a meeting by written consent of a majority of our stockholders; and

- under our restated certificate of incorporation, our board of directors has authority to cause the issuance of preferred stock 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 our stockholders. Nothing in our restated certificate of incorporation precludes future issuances without stockholder approval of the authorized but unissued shares of our 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 Fortress, our management or our 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 our common stock and the ability of public stockholders to realize any potential change of control premium.

Certain of our stockholders have the right to engage or invest in the same or similar businesses as us.

Fortress and its affiliates, including the Initial Stockholder, engage in other investments and business activities in addition to their ownership of us. Under our restated certificate of incorporation, Fortress and its affiliates, including the Initial Stockholder, 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 Fortress and its affiliates, including the Initial Stockholder, or any of their 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, our 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 Fortress or its affiliates, including the Initial Stockholder, 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 Fortress or its affiliates, including the Initial Stockholder, pursues or acquires the corporate opportunity or if Fortress or its affiliates, including the Initial Stockholder, 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 our common stock.

Certain of the states in which we are licensed to originate loans and the states in which Springleaf and OneMain insurance subsidiaries are domiciled (Indiana and Texas) have laws or regulations which require regulatory approval for the acquisition of "control" of regulated entities. In addition, these Indiana and 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 Indiana Department of Insurance and also by the Texas Department of Insurance. 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 statutes of Indiana and Texas). Therefore, any person acquiring 10% or more of our common stock may need the prior approval of these two state 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. The acquisition of Fortress by SoftBank may be deemed a change of control for purposes of certain of our state lending and insurance licenses pursuant to which we operate our lending and insurance businesses. Accordingly, we may be required to obtain approvals for the change of control from some state lending or insurance regulators.

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RISKS RELATED TO OUR COMMON STOCK

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

The market price of our common stock has been and may continue to be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. If the market price of our 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 our common stock may fluctuate or decline significantly in the future. Some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our 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 our 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 our Initial Stockholder or Fortress;
- 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 our 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 our common stock, regardless of our actual operating performance. The stock market in general has from time to time experienced extreme price and volume fluctuations, including in recent months. 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 our common stock.

In the future, we may attempt to obtain financing or to further increase our capital resources by issuing additional shares of our 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.

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Issuing additional shares of our common stock or other equity securities or securities convertible into equity may dilute the economic and voting rights of our stockholders at the time of such issuance or reduce the market price of our 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 our 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 our 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 our common stock bear the risk that our future offerings may reduce the market price of our common stock and dilute their stockholdings in us.

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

As of December 31, 2016, approximately 58% of our outstanding common stock is held by the Initial Stockholder and can be resold into the public markets in the future in accordance with the requirements of the Securities Act of 1933, as amended (the “Securities Act”). A decline in the price of our common stock 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.

We have an aggregate of 1,864,775,073 shares of common stock authorized but unissued as of February 14, 2017. We may issue all of these shares of common stock without any action or approval by our stockholders, subject to certain exceptions. We also intend 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 our existing shareholders.

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.

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 U.S. generally accepted accounting principles (“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 control 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.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We generally conduct branch office operations (which consisted of over 1,800 branch offices at December 31, 2016), 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 lease terms generally range from three to five years. We also have a vacant facility in Irving, Texas, under a four year lease that expires in 2017, which we have subleased.

We lease administrative offices in Chicago, Illinois and Wilmington, Delaware, which have seven year leases that expire in 2021 and 2022, respectively, and an administrative office in Baltimore, Maryland, under an 11 year lease that expires in 2026.

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We also have one administrative office in Irving, Texas, that we lease from Citigroup under a transition services agreement, which was extended to March 2017. In December 2016, we entered into a new lease agreement to relocate our administrative office in Irving, Texas, after the lease expires with Citigroup in March 2017. We lease our corporate office in Stamford, Connecticut, which has a six year lease that expires in 2022. We have a vacant office in Old Greenwich, Connecticut, that has a seven year lease that expires in 2021, which we intend to sublease. We also have a vacant office in Wilmington, Delaware, under a seven year lease that expires in 2020, the majority of which was terminated in 2016, and the remaining we intend to sublease.

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, 2016, our subsidiaries owned one branch office in Riverside, California, one branch office in Terre Haute, Indiana, one vacant branch office in Isabela, Puerto Rico, a loan servicing facility in London, Kentucky, and six buildings in Evansville, Indiana. The Evansville buildings house our administrative offices and our centralized operations for our Consumer and Insurance, Acquisitions and Servicing, and Real Estate segments.

Item 3. Legal Proceedings.

See Note 19 and “Federal Securities Class Actions” under Note 24 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report.

Item 4. Mine Safety Disclosures.

None.

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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.

High and low sales prices of our common stock for each quarterly period during the past two years were as follows:

	High	Low
2016		
First Quarter	$41.25	$18.55
Second Quarter	33.31	20.97
Third Quarter	32.28	20.32
Fourth Quarter	31.84	16.03
2015		
First Quarter	$54.34	$31.35
Second Quarter	53.80	44.67
Third Quarter	52.00	41.00
Fourth Quarter	51.39	39.24

On February 14, 2017, there were 10 registered holders of our common stock. This figure does not reflect the beneficial ownership of shares held in nominee name. On February 14, 2017, the closing price for our common stock, as reported on the NYSE, was $26.69.

DIVIDEND POLICY

We did not pay any dividends in 2016 or 2015 and do not currently anticipate paying dividends on our common stock. Any declaration and payment of future dividends to holders of our common stock will be at the discretion of our 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 our board of directors deems relevant.

Because we are a holding company 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 our debt agreements limit the ability of certain of our subsidiaries to pay dividends. See Note 14 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for further information on insurance subsidiary dividends and Note 12 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for more information about our debt agreements. Under Delaware law, dividends may be payable only out of surplus, which is calculated as our net assets less our liabilities and our capital, or, if we have no surplus, out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

The OMFH Indenture contains various covenants that restrict OMFH's ability to engage in various activities, including but not limited to paying dividends or distributions on or purchases of OMFH's equity interests or in the case of such restricted subsidiaries, incur limitations on the ability to pay dividends or make other payments.

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STOCK PERFORMANCE

The following data and graph show a comparison of the cumulative total shareholder return for our common stock, the NYSE Financial Sector (Total Return) Index, and the NYSE Composite (Total Return) Index from October 16, 2013 (the date our common stock began trading on the NYSE) through December 31, 2016. This data assume simultaneous investments of $100 on October 16, 2013 and reinvestment of any dividends.

	10/16/2013	12/31/2013	12/31/2014	12/31/2015	12/31/2016
OneMain Holdings, Inc.	$ 100.00	$ 131.26	$ 187.80	$ 215.68	$ 114.95
NYSE Composite Index	100.00	106.12	113.28	108.65	121.61
NYSE Financial Sector Index	100.00	104.89	113.28	109.21	124.08

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Item 6. Selected Financial Data.

The following table presents our selected historical consolidated financial data and other operating data. The consolidated statement of operations data for the years ended December 31, 2016, 2015, and 2014 and the consolidated balance sheet data as of December 31, 2016 and 2015 have been derived from our audited consolidated financial statements included elsewhere herein. The statement of operations data for the years ended December 31, 2013 and 2012 and the consolidated balance sheet data as of December 31, 2014, 2013 and 2012 have been derived from our consolidated financial statements not included elsewhere herein.

The following selected financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II - Item 7 of this report and our audited consolidated financial statements and related notes in Part II - Item 8 of this report.

(dollars in millions, except per share amounts)	At or for the Years Ended December 31,				
	2016	2015 (a)	2014	2013	2012
Consolidated Statements of Operations Data:					
Interest income	$3,110	$1,930	$1,973	$2,141	$1,713
Interest expense	856	715	734	920	1,075
Provision for finance receivable losses	932	716	423	435	333
Other revenues	773	262	746	153	97
Other expenses	1,739	987	701	782	701
Income (loss) before provision for (benefit from) income taxes	356	(226)	861	157	(299)
Net income (loss)	243	(93)	589	157	(214)
Net income attributable to non-controlling interests	28	127	126	149	—
Net income (loss) attributable to OneMain Holdings, Inc.	215	(220)	463	8	(214)
Earnings (loss) per share:					
Basic	$1.60	$(1.72)	$4.03	$0.07	$(2.14)
Diluted	1.59	(1.72)	4.02	0.07	(2.14)
Consolidated Balance Sheet Data:					
Net finance receivables, less unearned insurance premium and claim reserves and allowance for finance receivable losses	$12,457	$14,305	$6,210	$13,413	$11,570
Total assets	18,123	21,190	10,929	15,336	14,581
Long-term debt	13,959	17,300	8,356	12,714	12,593
Total liabilities	15,057	18,460	8,997	13,335	13,349
OneMain Holdings, Inc. shareholders' equity	3,066	2,809	2,061	1,618	1,232
Non-controlling interests	—	(79)	(129)	383	—
Total shareholders' equity	3,066	2,730	1,932	2,001	1,232
Other Operating Data:					
Ratio of earnings to fixed charges	1.40	(b)	2.16	1.17	(b)

(a) Selected financial data for 2015 includes OneMain's results effective from November 1, 2015, pursuant to our contractual agreements with Citigroup.

(b) Earnings did not cover total fixed charges by $226 million in 2015 and $299 million in 2012.

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

The following discussion and analysis of our financial condition and results of operations should be read together with the audited consolidated financial statements and related notes in Part II - Item 8 of this report. This discussion and analysis contains forward-looking statements that involve risk, uncertainties, and assumptions. See "Forward-Looking Statements" beginning on page 3 of this report. 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" in Part I - Item 1A of this report.

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

Overview

On November 15, 2015, we completed our acquisition of OneMain from Citigroup. The OneMain Acquisition has brought together two branch-based consumer finance companies with complementary strategies and locations. Together, we provide personal loans primarily to non-prime customers through our combined network of over 1,800 branch offices in 44 states as of December 31, 2016 and on a centralized basis as part of our centralized operations and our digital platform (our online consumer loan origination business). We also write credit and non-credit insurance covering our customers. In addition, we service loans owned by us and service or subservice loans owned by third parties.

OUR PRODUCTS

Our product offerings include:

- Personal Loans — We offer personal loans through our combined branch network and over the Internet through our centralized operations to customers who generally need timely access to cash. Our personal loans are typically non-revolving with a fixed-rate and a fixed, original term of three to six years and are secured by consumer goods, automobiles, or other personal property or are unsecured. At December 31, 2016, we had over 2.2 million personal loans, representing $13.6 billion of net finance receivables, of which 43% were secured by collateral, compared to 2.2 million personal loans totaling $13.3 billion at December 31, 2015, of which 27% were secured by collateral. Personal loans held for sale totaled $617 million at December 31, 2015.

- Insurance Products — We offer our customers credit insurance (life insurance, disability insurance, and involuntary unemployment insurance) and non-credit insurance through both our combined branch network and our centralized operations. Credit insurance and non-credit insurance products are provided by the Springleaf insurance subsidiaries, Merit and Yosemite, and by the OneMain insurance subsidiaries, AHL and Triton. We also offer auto membership plans of an unaffiliated company as an ancillary product.

Our products also included the SpringCastle Portfolio at December 31, 2015, as described below:

- SpringCastle Portfolio — We service the SpringCastle Portfolio that was acquired through a joint venture in which we previously owned a 47% equity interest. On March 31, 2016, the SpringCastle Portfolio was sold in connection with the SpringCastle Interests Sale, as discussed in "Recent Developments and Outlook" below. These loans consisted of

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unsecured loans and loans secured by subordinate residential real estate mortgages and include both closed-end accounts and open-end lines of credit. These loans were in a liquidating status and varied in substance and form from our originated loans. Unless we are terminated, we will continue to provide the servicing for these loans pursuant to a servicing agreement, which we service as unsecured loans due to the fact that the liens are subordinated to superior ranking security interests.

Our non-originating legacy products include:

- Real Estate Loans — We ceased real estate lending in January of 2012, and during 2014, we sold $6.4 billion real estate loans held for sale. In connection with the August 2016 Real Estate Loan Sale and the December 2016 Real Estate Loan Sale (as discussed and defined in “Recent Developments and Outlook” below), we sold $308 million real estate loans held for sale. The remaining real estate loans may be closed-end accounts or open-end home equity lines of credit, generally have a fixed rate and maximum original terms of 360 months, and are secured by first or second mortgages on residential real estate. Predominantly, our first lien mortgages are serviced by third-party servicers, and we continue to provide servicing for our second lien mortgages (home equity lines of credit). At December 31, 2016, we had $144 million of real estate loans held for investment, of which 93% were secured by first mortgages, compared to $538 million at December 31, 2015, of which 38% were secured by first mortgages. Real estate loans held for sale totaled $153 million and $176 million at December 31, 2016 and 2015, respectively.

- Retail Sales Finance — We ceased purchasing retail sales contracts and revolving retail accounts in January of 2013. We continue to service the liquidating retail sales contracts and will provide revolving retail sales financing services on our revolving retail accounts. We refer to retail sales contracts and revolving retail accounts collectively as “retail sales finance.”

OUR SEGMENTS

At December 31, 2016, we had three operating segments:

- Consumer and Insurance;
- Acquisitions and Servicing; and
- Real Estate.

Following the OneMain Acquisition, we include OneMain’s operations within the Consumer and Insurance segment. See Note 22 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for more information about our segments.

HOW WE ASSESS OUR BUSINESS PERFORMANCE

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

Net Interest Income

We track the spread between the interest income earned on our finance receivables and the interest expense incurred on our debt, and continually monitor the components of our yield and our cost of funds.

Net Credit Losses

The credit quality of our loans is driven by our long-standing underwriting philosophy, which takes into account the prospective customer’s household budget, and his or her willingness and capacity to repay the proposed loan. The profitability of our loan portfolio is directly connected to net credit losses; therefore, we closely analyze credit performance. We also monitor recovery rates because of their contribution to the reduction in the severity of our charge-offs. Additionally, because delinquencies are an early indicator of future net credit losses, we analyze delinquency trends, adjusting for seasonality, to determine whether or not our loans are performing in line with our original estimates.

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.

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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

ONEMAIN ACQUISITION

On November 15, 2015, we completed our acquisition of OneMain. The OneMain Acquisition brings together two branch-based consumer finance companies with complementary strategies and locations, focused on the non-prime market in the United States.

We believe the OneMain Acquisition will result in a number of strategic benefits and opportunities, including:

- Significant expansion of our geographical presence. We believe that our expanded footprint will allow us to reach new customers for our personal finance products and further enhance our reputation in the communities we serve.

- Diversification of our customer base. Our branch customer base more than doubled as a result of the OneMain Acquisition and, in addition, we believe the OneMain Acquisition will enable us to extend our reach to higher credit score segments than we historically served.

- Product opportunities and scale benefits. We expect the OneMain Acquisition to enable us to distribute existing Springleaf products through OneMain branches and leverage key OneMain sales practices to achieve greater scale benefits in existing Springleaf branches.

- Significant cost savings opportunities by combining complementary businesses. We expect the highly complementary nature of our two operating companies, including branch operations, to enable us to achieve significant ongoing cost savings. Expected drivers of cost savings include consolidation of branch operations, elimination of redundant centralized and corporate functions and greater efficiency of marketing programs. We expect to realize approximately $275 million - $300 million of cost synergies from the OneMain Acquisition by the end of 2017. This level of cost synergies is expected to include approximately $200 million of reductions in operating expenses to be fully realized by the end of the fourth quarter of 2017, as well as an incremental $75 million - $100 million of costs that we do not expect to incur as a result of the OneMain Acquisition. We also anticipate incurring approximately $275 million of acquisition-related expenses to consolidate the two operating companies. As of December 31, 2016, we had incurred approximately $170 million of acquisition-related transaction and integration expenses ($108 million incurred during 2016).

The estimated synergies were derived by comparing the operating expenses expected in the second half of 2017 of the combined operations to the sum of operating expenses expected to be generated on a stand-alone basis, as if each company had the same business strategies. The foregoing estimates of synergies and charges in connection with consolidating the two companies and expectations regarding when they will be fully reflected in our results are subject to various risks, uncertainties and assumptions, many of which are beyond our control. Therefore, no assurance can be given as to when or if they will be realized. See “Forward-Looking Statements” beginning on page 3 of this report.

See Note 2 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for further information on the OneMain Acquisition.

LENDMARK SALE

As part of our initiative to close the OneMain Acquisition, on November 13, 2015, OMH and certain of its subsidiaries (the “Branch Sellers”) entered into an Asset Preservation Stipulation and Order and agreed to a Proposed Final Judgment (collectively, the “Settlement Agreement”) with the DOJ, as well as certain state attorneys general, to resolve any inquiries of the DOJ and such state attorneys general with respect to the OneMain Acquisition. Pursuant to this agreement, OMH agreed to divest 127 Springleaf branches across 11 states as a condition for approval of the OneMain Acquisition.

On November 12, 2015, the Branch Sellers entered into a purchase and sale agreement with Lendmark to sell 127 Springleaf branches and, subject to certain exclusions, the associated personal loans issued to customers of such branches, fixed non-information technology assets and certain other tangible personal property located in such branches to Lendmark (the “Lendmark Sale”). On May 2, 2016, the Branch Sellers completed the sale of 127 Springleaf branches to Lendmark for an aggregate cash purchase price of $624 million. See Note 2 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for further information on the Settlement Agreement and the Lendmark Sale.

SPRINGCASTLE INTERESTS SALE

On March 31, 2016, Springleaf Finance, Inc., SpringCastle Holdings, LLC (“SpringCastle Holdings”) and Springleaf Acquisition Corporation (“Springleaf Acquisition” and, together with SpringCastle Holdings, the “SpringCastle Sellers”), wholly owned subsidiaries of OMH, entered into a purchase agreement with certain subsidiaries of New Residential Investment Corp. (“NRZ” and such subsidiaries, the “NRZ Buyers”) and BTO Willow Holdings II, L.P. and Blackstone Family Tactical Opportunities Investment Partnership—NQ—ESC L.P. (collectively, the “Blackstone Buyers” and together with the NRZ Buyers, the “SpringCastle Buyers”). Pursuant to the purchase agreement, on March 31, 2016, SpringCastle Holdings sold its 47% limited liability company interest in each of SpringCastle America, LLC, SpringCastle Credit, LLC and SpringCastle Finance, LLC, and Springleaf Acquisition sold its 47% limited liability company interest in SpringCastle Acquisition LLC, to the SpringCastle Buyers for an aggregate purchase price of approximately $112 million (the “SpringCastle Interests Sale”). SpringCastle America, LLC, SpringCastle Credit, LLC, SpringCastle Finance, LLC and SpringCastle Acquisition LLC are collectively referred to herein as the “SpringCastle Joint Venture.”

As a result of this sale, SpringCastle Acquisition and SpringCastle Holdings no longer hold any ownership interests of the SpringCastle Joint Venture. However, unless we are terminated, we will remain as servicer of the SpringCastle Portfolio under the servicing agreement for the SpringCastle Funding Trust.

See Note 2 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for further information on the SpringCastle Interests Sale.

REAL ESTATE LOAN SALES

On August 3, 2016, SFC and certain of its subsidiaries sold a portfolio of second lien mortgage loans for aggregate cash proceeds of $246 million (the “August 2016 Real Estate Loan Sale”) and recorded a net loss in other revenues at the time of sale of $4 million. The proceeds from this sale, together with cash on hand, were used to pay off $375 million aggregate principal amount of our senior notes that matured in the third quarter of 2016. Unless we are terminated or we resign as servicer, we will continue to service the loans included in this sale pursuant to a servicing agreement. The purchase and sale agreement and the servicing agreement include customary representations and warranties and indemnification provisions.

On December 19, 2016, SFC and certain of its subsidiaries sold a portfolio of first and second lien mortgage loans for aggregate cash proceeds of $58 million (the “December 2016 Real Estate Loan Sale”) and recorded a net loss in other revenues at the time of sale of less than $1 million.

LIQUIDATION OF UNITED KINGDOM SUBSIDIARY

On August 16, 2016, we liquidated our United Kingdom subsidiary, Ocean Finance and Mortgages Limited, which had previously ceased originating real estate loans in 2012. In connection with this liquidation, we recorded a net gain in other revenues of $4 million resulting from a net realized foreign currency translation gain.

OUTLOOK

On November 15, 2015, we completed the OneMain Acquisition, the most significant transaction undertaken by the Company to date. During 2016, many significant integration milestones were achieved, involving substantial changes in operating policies and procedures in the OneMain branch network and significant personnel realignment across our OneMain and Springleaf field management teams. In the second half of 2016, we developed and implemented unified pricing, credit, and underwriting models across our branches, consolidated branch incentive and commission plans, and configured former OneMain branches into the Springleaf data network. We completed the conversion of approximately 100 of the former OneMain branches (representing approximately 10% of the former OneMain branch network's net finance receivables) to the Springleaf loan origination and servicing system. This initial conversion, as well as the re-branding of all Springleaf branches and websites under the "OneMain Financial" name and logo, was completed on October 1, 2016. During January and February of 2017, all of the remaining former OneMain branches, as well as our centralized servicing operations, were converted to Springleaf systems, completing the integration.

We also continued to execute our strategy to increase the proportion of our loan originations secured by auto collateral (which typically have lower yields and credit losses relative to unsecured personal loans), particularly within the former OneMain

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branches where secured loan originations have historically represented a smaller proportion of total originations than those of the former Springleaf branches. While we have been able to increase secured loan originations at former OneMain branches in recent quarters, not every unsecured loan customer has the collateral or the willingness to take on a secured loan, and we believe this has contributed to slower growth in personal loan net finance receivables than anticipated. As we continue to increase secured loans as a proportion of our total loan portfolio, our yields may be lower in future periods relative to our historical yields; however, we also expect a proportional improvement in net credit losses as secured loans become a greater proportion of our total loan portfolio.

With the systems conversion of the former OneMain branches having been successfully completed in the first quarter of 2017, we expect to be well positioned to resume growth in our net finance receivables beginning in the second quarter of 2017. In addition, with the successful execution of our secured lending and credit risk management strategies, we expect to experience lower future credit losses beginning in late 2017, consistent with our long-term historical experience prior to the acquisition of OneMain. No assurance can be given, however, that these actions and strategies will be effective, that we will be successful in implementing these actions and strategies, or that we will not incur increased credit losses or declines in or lower growth of our personal loan net finance receivables in the future.

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 of capturing the benefits of the OneMain Acquisition and strengthening our capital base through the following key initiatives:

- Reinvigorating growth in receivables at OneMain through enhanced marketing strategies and product options, including an expansion of our direct auto lending;
- Growing secured lending originations at OneMain with a goal of enhancing credit performance;
- Leveraging scale and cost discipline across the company to realize a total of approximately $275 million - $300 million of aggregate acquisition cost synergies. This level of cost synergies is expected to include approximately $200 million of reductions in operating expenses to be fully realized by the end of the fourth quarter of 2017, as well as an incremental $75 million - $100 million of costs that we do not expect to incur as a result of the OneMain Acquisition;
- Reducing leverage; and
- Maintaining a strong liquidity level and diversified funding sources.

Assuming the U.S. economy continues to experience slow to moderate growth, we expect to continue our long history of strong credit performance and 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 combined branch network), where we believe we are well suited to capture volume due to our scale, technology, and deployment of advanced analytics.

Tax Reform Proposals

The new presidential administration and several members of the U.S. Congress have indicated significant reform of various aspects of the U.S. tax code as a top legislative priority. A number of proposals for tax reform, including significant changes to corporate tax provisions, are currently under consideration. Such changes could have a material impact, either positive or negative, on our deferred tax assets and liabilities and our consolidated financial position, results of operations and cash flows, depending on the nature and extent of any changes to the U.S. tax code that are ultimately enacted into law. Additionally, changes to the U.S. tax code could more broadly impact the U.S. economy, which could potentially result in a material impact, either positive or negative, on the demand for our products and services and the ability of our customers to repay their loans. We cannot predict if or when any of these proposals to reform the U.S. tax code will be enacted into law and, accordingly, no assurance can be given as to whether or to what extent any changes to the U.S. tax code will impact us or our customers or our financial position, results of operations or cash flows.

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Results of Operations

CONSOLIDATED RESULTS

On November 15, 2015, we completed the OneMain Acquisition. The results of OneMain are included in our consolidated operating results and selected financial statistics from November 1, 2015 in the table below. A further discussion of our operating results for each of our operating segments is provided under "Segment Results" below.

(dollars in millions, except per share amounts)

Years Ended December 31,	2016	2015	2014
Interest income	$ 3,110	$ 1,930	$ 1,973
Interest expense	856	715	734
Provision for finance receivable losses	932	716	423
Net interest income after provision for finance receivable losses	1,322	499	816
Net gain on sale of SpringCastle interests	167	—	—
Other revenues	606	262	746
Acquisition-related transaction and integration expenses	108	62	—
Other expenses	1,631	925	701
Income (loss) before provision for (benefit from) income taxes	356	(226)	861
Provision for (benefit from) income taxes	113	(133)	272
Net income (loss)	243	(93)	589
Net income attributable to non-controlling interests	28	127	126
Net income (loss) attributable to OMH	$ 215	$ (220)	$ 463
Share Data:			
Weighted average number of shares outstanding:			
Basic	134,718,588	127,910,680	114,791,225
Diluted	135,135,860	127,910,680	115,265,123
Earnings (loss) per share:			
Basic	$ 1.60	$ (1.72)	$ 4.03
Diluted	$ 1.59	$ (1.72)	$ 4.02
Selected Financial Statistics			
Finance receivables held for investment:			
Net finance receivables	$ 13,732	$ 15,559	$ 6,609
Number of accounts	2,208,894	2,465,857	1,239,237
Finance receivables held for sale:			
Net finance receivables	$ 153	$ 793	$ 202
Number of accounts	2,800	148,932	3,578
Finance receivables held for investment and held for sale: (a)			
Average net receivables (b)	$ 14,463	$ 8,305	$ 10,367
Yield (b)	21.37 %	23.04 %	18.44 %
Gross charge-off ratio (b)	6.05 %	4.36 %	3.60 %
Recovery ratio (b)	(0.51)%	(0.67)%	(0.44)%
Net charge-off ratio (b)	5.54 %	3.69 %	3.16 %
30-89 Delinquency ratio (b)	2.31 %	2.57 %	3.39 %
Origination volume	$ 9,475	$ 5,803	$ 3,767
Number of accounts originated	1,326,574	991,051	784,643

(a) Includes personal loans held for sale, but excludes real estate loans held for sale in order to be comparable with our segment statistics disclosed in “Segment Results.”

(b) See “Key Financial Definitions” at the end of our management's discussion and analysis for formulas and definitions of key performance ratios.

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Comparison of Consolidated Results for 2016 and 2015

Interest income increased in 2016 when compared to 2015 due to the net of the following:
(dollars in millions)

2016 compared to 2015	
Increase in average net receivables (a)	$1,428
Decrease in yield (b)	(269)
Increase in number of days in 2016	7
Increase in interest income on finance receivables held for sale (c)	14
Total	$1,180

(a) Average net receivables increased primarily due to (i) loans acquired in the OneMain Acquisition and (ii) the continued growth of our loan portfolio (primarily of our secured personal loans). This increase was partially offset by (i) the SpringCastle Interests Sale, (ii) the transfer of $608 million of our personal loans to finance receivables held for sale on September 30, 2015, and (iii) our liquidating real estate loan portfolio, including the transfers of $257 million and $50 million of real estate loans to finance receivables held for sale on June 30, 2016 and November 30, 2016, respectively.

(b) Yield decreased primarily due to (i) the continued growth of secured personal loans, which generally have lower yields relative to our unsecured personal loans, and (ii) the effects of purchase accounting adjustments relating to the OneMain Acquisition.

(c) Interest income on finance receivables held for sale increased primarily due to (i) the transfer of $608 million of our personal loans to held for sale on September 30, 2015, which were sold in the Lendmark Sale on May 2, 2016, and (ii) the transfers of $307 million of real estate loans to finance receivables held for sale during 2016, which were sold in the August 2016 Real Estate Loan Sale and December 2016 Real Estate Loan Sale.

Interest expense increased in 2016 when compared to 2015 due to the net of the following:
(dollars in millions)

2016 compared to 2015	
Increase in average debt (a)	$292
Decrease in weighted average interest rate (b)	(151)
Total	$141

(a) Average debt increased primarily due to (i) debt acquired in the OneMain Acquisition and (ii) net unsecured debt issued during the past 12 months. This increase was partially offset by (i) the elimination of the debt associated with the SpringCastle Interests Sale and (ii) net repayments under our conduit facilities. See Notes 12 and 13 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for further information on our long-term debt, consumer loan securitization transactions, and our conduit facilities.

(b) Weighted average interest rate on our debt decreased primarily due to (i) debt acquired from the OneMain Acquisition, which generally has a lower weighted average interest rate relative to SFC's weighted average interest rate, and (ii) the repurchase of $600 million unsecured notes, which had a higher interest rate relative to our other indebtedness, in connection with SFC’s offering of the 8.25% SFC Notes, as defined in “Liquidity and Capital Resources” in Part II - Item 7 of this report. The decrease was partially offset by (i) SFC’s offering of the 8.25% SFC Notes in April of 2016 and (ii) the elimination of debt associated with the SpringCastle Interests Sale, which generally had a lower interest rate relative to our other indebtedness.

Provision for finance receivable losses increased $216 million in 2016 when compared to 2015 primarily due to (i) provision for finance receivable losses of $229 million resulting from the OneMain Acquisition, which reflected net charge-offs of $477 million, partially offset by the re-establishment of the allowance for finance receivable losses of $248 million in 2015 and (ii) higher net charge-offs on Springleaf personal loans reflecting growth during the past 12 months. This increase was partially offset by (i) lower net charge-offs on the previously owned SpringCastle Portfolio reflecting the SpringCastle Interests Sale and the improved central servicing performance as the acquired portfolio matured under our ownership and (ii) the continued refinement of our estimates of allowance for finance receivable losses and their related assumptions based on ongoing integration and alignment of collection and charge-off practices.

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Net gain on sale of SpringCastle interests of $167 million in 2016 reflected the net gain associated with the sale of our equity interest in the SpringCastle Joint Venture on March 31, 2016. See Note 2 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for further information on the sale.

Other revenues increased $344 million in 2016 when compared to 2015 primarily due to (i) other revenues of $319 million resulting from the OneMain Acquisition, which consisted of insurance revenues of $236 million, investment revenues of $54 million, and remaining other revenues of $29 million, including $25 million of revenues from our ancillary products, (ii) servicing charge income for the SpringCastle Portfolio of $33 million in 2016, (iii) net gain on sales of personal and real estate loans of $18 million in 2016, (iv) servicing charge income for the receivables related to the Lendmark Sale of $6 million in 2016, and (v) foreign currency translation adjustment gain of $4 million in 2016 resulting from the liquidation of our United Kingdom subsidiary. This increase was partially offset by (i) a decrease in Springleaf investment revenues of $20 million during 2016 primarily due to a decrease in invested assets and lower realized gains on the sale of investment securities and (ii) net loss on repurchases and repayments of debt of $17 million in 2016.

Acquisition-related transaction and integration costs of $108 million and $62 million in 2016 and 2015, respectively, reflected increased costs relating to the OneMain Acquisition and the Lendmark Sale, including branch and system conversions, information technology costs, certain compensation and benefit related costs, and other costs and fees that would not have been incurred in the ordinary course of business. See "Non-GAAP Financial Measures" below for further information regarding these costs.

Other expenses increased $706 million in 2016 when compared to 2015 due to the following:

- Salaries and benefits increased $303 million primarily due to salaries and benefits of $317 million resulting from the OneMain Acquisition. This increase was partially offset by non-cash incentive compensation expense of $15 million recorded in 2015 relating to the rights of certain executives to receive a portion of the cash proceeds from the sale of OMH's common stock by the Initial Stockholder.

- Other operating expenses increased $332 million primarily due to (i) other operating expenses of $306 million resulting from the OneMain Acquisition, which consisted primarily of advertising expenses of $74 million, occupancy costs of $66 million, amortization on other intangible assets of $57 million, and information technology expenses of $53 million, (ii) a decrease in Springleaf deferred origination costs of $12 million during 2016, and (iii) an increase in Springleaf information technology expenses of $12 million during 2016.

- Insurance policy benefits and claims increased $71 million due to insurance policy benefits and claims of $88 million resulting from the OneMain Acquisition. This increase was partially offset by a $17 million decrease in Springleaf insurance policy benefits and claims during 2016 primarily due to favorable variances in benefit reserves, which partially resulted from a $9 million write-down of benefit reserves recorded during 2016.

Provision for income taxes totaled $113 million for 2016 compared to benefit from income taxes of $133 million for 2015. The effective tax rate for 2016 was 31.8% compared to 59.0% for 2015. The effective tax rate for 2016 and 2015 differed from the federal statutory rate primarily due to the effect of the non-controlling interest in the previously owned SpringCastle Portfolio, partially offset by the effect of state income taxes. As discussed in Note 2 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report, on March 31, 2016, the Company sold its equity interest in the SpringCastle Portfolio. See Note 18 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for further information on the effective rates.

Comparison of Consolidated Results for 2015 and 2014

Interest income decreased in 2015 when compared to 2014 due to the net of the following:
(dollars in millions)

2015 compared to 2014	
Decrease in Springleaf average net receivables (a)	$(626)
Increase in Springleaf yield (b)	333
OneMain finance charges in 2015 (c)	252
Decrease in interest income on finance receivables held for sale	(2)
Total	$(43)

(a) Springleaf average net receivables decreased primarily due to (i) Springleaf liquidating real estate loan portfolio, including the transfers of real estate loans with a total carrying value of $6.7 billion to finance receivables held for sale and the subsequent sales of nearly all of these real estate loans during 2014, (ii) the transfer of $608 million of Springleaf personal loans to finance receivables held for sale on September 30, 2015, and (iii) the liquidating status of the SpringCastle Portfolio. This decrease was partially offset by (i) our continued focus on personal loan originations through our branch network and centralized operations and (ii) the launch of Springleaf direct auto loans in June of 2014.

(b) Springleaf yield increased primarily due to a higher proportion of Springleaf personal loans, which have higher yields, as a result of the real estate loan sales during 2014. The increase in yield was partially offset by the launch of our direct auto loans in June of 2014, which generally has lower yields.

(c) OneMain finance charges for 2015 included two months of finance charges, net of a purchase accounting adjustment of $102 million primarily due to accretion of premium on OneMain personal loans, as a result of the OneMain Acquisition.

Interest expense decreased in 2015 when compared to 2014 due to the net of the following:
(dollars in millions)

2015 compared to 2014	
Decrease in Springleaf average debt (a)	$(78)
Increase in Springleaf weighted average interest rate (b)	11
OneMain interest expense in 2015 (c)	48
Total	$(19)

(a) Springleaf average debt decreased primarily due to debt repurchases and repayments of $2.0 billion during 2015 and the elimination of $3.5 billion of debt associated with our mortgage securitizations. These decreases were partially offset by net debt issuances pursuant to SFC's consumer securitization transactions completed during 2015 and additional borrowings under its conduit facilities. See Note 13 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for further information on SFC's consumer loan securitization transactions and borrowings under its conduit facilities.

(b) Weighted average interest rate on Springleaf debt increased primarily due to the elimination of debt associated with our mortgage securitizations discussed above, which generally have lower interest rates. This increase was partially offset by the debt repurchases and repayments discussed above, which resulted in lower accretion of net discount, established at the date Fortress acquired a significant ownership interest in OMH, applied to long-term debt.

(c) OneMain interest expense for 2015 included two months of interest expense on debt acquired in the OneMain Acquisition. See Notes 12 and 13 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for further information on OneMain's long-term debt, consumer securitizations, and borrowing under its revolving conduit facility.

Provision for finance receivable losses increased $293 million in 2015 when compared to 2014 primarily due to (i) two months of net charge-offs and allowance requirements totaling $372 million in 2015 resulting from the OneMain Acquisition and (ii) higher net charge-offs on Springleaf personal loans reflecting growth during 2015 and a higher Springleaf personal loan delinquency ratio in 2015. Since we acquired the OneMain personal loans at a premium, an allowance was recorded to reflect the losses inherent in the portfolio over the loss emergence period. Additionally, the allowance for finance receivable losses as a percentage of finance receivables for the acquired personal loans was expected to be higher, as the majority of these loans were unsecured. This increase was partially offset by (i) lower net charge-offs on the SpringCastle Portfolio reflecting the improved central servicing performance as the acquired portfolio matured under our ownership and (ii) lower net charge-offs and allowance requirements on our real estate loans reflecting the 2014 transfer of real estate loans previously discussed.

Other revenues decreased $484 million in 2015 when compared to 2014 due to the net of (i) transactions that occurred in 2014 including net gain on sales of real estate loans and related trust assets of $648 million, net loss on repurchases and repayments of debt of $66 million, and net loss on fair value adjustments on debt of $15 million, (ii) two months of other revenues of $59 million in 2015 resulting from the OneMain Acquisition, which consisted of insurance revenues of $53 million, investment revenues of $1 million, and remaining other revenue of $5 million, (iii) net increase in revenues associated with the 2014 real estate loans sales of $4 million (higher investment revenue generated from investing the proceeds of the sales, partially offset by lower insurance revenue reflecting the cancellations of dwelling policies as a result of the sales), and (iv) increase in remaining other revenue of $20 million primarily due to lower net charge-offs recognized on finance receivables held for sale and provision adjustments for liquidated held for sale accounts during 2015.

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Acquisition-related transaction and integration costs of $62 million in 2015 reflected costs relating to the OneMain Acquisition and the Lendmark Sale, including transaction costs, technology termination and certain compensation and benefit related costs.

Other expenses increased $224 million in 2015 when compared to 2014 due to the net of the following:

- Salaries and benefits increased $125 million primarily due to (i) two months of salaries and benefits of $71 million in 2015 resulting from the OneMain Acquisition, (ii) increased staffing in Springleaf centralized operations, and (iii) non-cash incentive compensation expense of $15 million recorded in 2015 relating to the rights of certain executives to receive a portion of the cash proceeds from the sale of OMH's common stock by the Initial Stockholder.

- Other operating expenses increased $78 million primarily due to the net of (i) two months of other operating expenses of $71 million in 2015 resulting from the OneMain Acquisition, (ii) an increase in Springleaf advertising expenses of $21 million, (iii) an increase in Springleaf information technology expenses of $8 million, (iv) costs of $7 million recorded in 2014 related to the real estate loan sales, and (v) a $6 million reduction in reserves related to Springleaf estimated Property Protection Insurance claims.

- Insurance policy benefits and claims increased $21 million due to two months of insurance policy benefits and claims of $24 million in 2015 resulting from the OneMain Acquisition, partially offset by a $3 million decrease in Springleaf insurance policy benefits and claims during 2015 primarily due to favorable variances in benefit reserves.

Benefit from income taxes totaled $133 million for 2015 compared to provision for income taxes of $272 million for 2014. The effective tax rate for 2015 was 59.0% compared to 31.6% for 2014. The effective tax rate for 2015 and 2014 differed from the federal statutory rate primarily due to the effect of the non-controlling interest in the previously owned SpringCastle Portfolio and state income taxes. See Note 18 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for further information on the effective rates.

NON-GAAP FINANCIAL MEASURES

Segment Accounting Basis

We report the operating results of Consumer and Insurance, Acquisitions and Servicing, Real Estate, and Other using the Segment Accounting Basis, which (i) reflects our allocation methodologies for certain costs, primarily interest expense, loan loss reserves and acquisition costs to reflect the manner in which we assess our business results and (ii) excludes the impact of applying purchase accounting (eliminates premiums/discounts on our finance receivables and long-term debt at acquisition, as well as the amortization/accretion in future periods). These allocations and adjustments currently have a material effect on our reported segment basis income as compared to GAAP. See Note 22 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for a complete discussion of our segment accounting. We believe the Segment Accounting Basis (a basis other than GAAP) provides investors a consistent basis on which management evaluates segment performance.

The reconciliations of income (loss) before provision for (benefit from) income taxes attributable to OMH on a GAAP basis (purchase accounting) to the same amounts under a Segment Accounting Basis were as follows:

(dollars in millions)

Years Ended December 31,	2016	2015	2014
Income (loss) before provision for (benefit from) income taxes attributable to OMH - GAAP basis	$328	$(353)	$735
GAAP to Segment Accounting Basis adjustments: (a) (b)			

Interest income	371	91	(89)
Interest expense	55	123	132
Provision for finance receivable losses	1	298	(19)
Other revenues	6	18	(411)
Acquisition-related transaction and integration expenses	(20)	(3)	—
Other expenses	54	14	3
Income before provision for income taxes attributable to OMH - Segment Accounting Basis	$795	$188	$351

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(a) See Note 22 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for further information on the components of our GAAP to Segment Accounting Basis adjustments.

(b) Purchase accounting was not elected at the segment level.

Income (loss) before provision for income taxes attributable to OMH on a Segment Accounting Basis by segment was as follows:

(dollars in millions)

Years Ended December 31,	2016	2015	2014
Income (loss) before provision for income taxes attributable to OMH - Segment Accounting Basis			
Consumer and Insurance	$688	$345	$228
Acquisitions and Servicing	197	127	145
Real Estate	(59)	(173)	(14)
Other	(31)	(111)	(8)
Income before provision for income taxes attributable to OMH - Segment Accounting Basis	$795	$188	$351

We also report selected financial statistics relating to the net finance receivables and credit quality of Consumer and Insurance, Acquisitions and Servicing, Real Estate, and Other using a Segment Accounting Basis.

Adjusted Pretax Earnings (Loss)

Management uses adjusted pretax earnings (loss), a non-GAAP financial measure, as a key performance measure of our segments. Adjusted pretax earnings (loss) represents income (loss) before provision for (benefit from) income taxes on a Segment Accounting Basis and excludes acquisition-related transaction and integration expenses, net gain (loss) on sales of personal and real estate loans, net gain on sale of SpringCastle interests, SpringCastle transaction costs, losses resulting from repurchases and repayments of debt (attributable to OMH), gains on fair value adjustments on debt (attributable to OMH), restructuring and transaction costs, debt refinance costs, and net loss on liquidation of our United Kingdom subsidiary. Management believes adjusted pretax earnings (loss) is useful in assessing the profitability of our segments and uses adjusted pretax earnings (loss) in evaluating our operating performance. Adjusted pretax earnings (loss) is a non-GAAP measure and should be considered supplemental to, but not as a substitute for or superior to, income (loss) before provision for (benefit from) income taxes, net income, or other measures of financial performance prepared in accordance with GAAP.

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The reconciliations of income (loss) before provision for (benefit from) income taxes attributable to OMH on a Segment Accounting Basis to adjusted pretax earnings (loss) (non-GAAP) by segment were as follows:

(dollars in millions) Years Ended December 31,	2016	2015	2014
Consumer and Insurance			
Income before provision for income taxes - Segment Accounting Basis	$688	$345	$228
Adjustments:			
Acquisition-related transaction and integration expenses	100	16	—
Net gain on sale of personal loans	(22)	—	—
Net loss on repurchases and repayments of debt	14	—	7
Debt refinance costs	4	—	1
Adjusted pretax earnings (non-GAAP)	$784	$361	$236
Acquisitions and Servicing			
Income before provision for income taxes attributable to OMH - Segment Accounting Basis	$197	$127	$145
Adjustments:			
Net gain on sale of SpringCastle interests	(167)	—	—
Net loss on repurchases and repayments of debt attributable to OMH	—	—	9
Net loss on fair value adjustments on debt attributable to OMH	—	—	7
Acquisition-related transaction and integration expenses	1	1	—
SpringCastle transaction costs	1	—	—
Adjusted pretax earnings attributable to OMH (non-GAAP)	$32	$128	$161
Real Estate			
Loss before benefit from income taxes - Segment Accounting Basis	$(59)	$(173)	$(14)
Adjustments:			
Net loss (gain) on sale of real estate loans	12	—	(185)
Net loss on repurchases and repayments of debt	1	—	22
Net gain on fair value adjustments on debt	—	—	(8)
Acquisition-related transaction and integration expenses	1	1	—
Restructuring and transaction costs	—	—	11
Debt refinance costs	1	—	3
Adjusted pretax loss (non-GAAP)	$(44)	$(172)	$(171)
Other			
Loss before benefit from income taxes - Segment Accounting Basis	$(31)	$(111)	$(8)
Adjustments:			
Acquisition-related transaction and integration expenses	26	47	—
Net loss on liquidation of United Kingdom subsidiary	6	—	—
Adjusted pretax earnings (loss) (non-GAAP)	$1	$(64)	$(8)

Acquisition-related transaction and integration expenses incurred as a result of the OneMain Acquisition and the Lendmark Sale include (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 payroll, marketing, risk, and finance functions, and (viii) other costs and fees directly related to the OneMain Acquisition and integration.

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Segment Results

See Note 22 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for (i) a description of our segments, (ii) reconciliations of segment totals to consolidated financial statement amounts, (iii) methodologies used to allocate revenues and expenses to each segment, and (iv) further discussion of the differences in our Segment Accounting Basis and GAAP.

CONSUMER AND INSURANCE

Adjusted pretax operating results and selected financial statistics for Consumer and Insurance (which are reported on an adjusted Segment Accounting Basis) were as follows:

(dollars in millions) At or for the Years Ended December 31,	2016	2015	2014
Interest income	$3,328	$1,482	$916
Interest expense	738	242	164
Provision for finance receivable losses	911	351	202
Net interest income after provision for finance receivable losses	1,679	889	550
Other revenues	604	276	222
Other expenses	1,499	804	536
Adjusted pretax earnings (non-GAAP)	$784	$361	$236
Selected Financial Statistics			
Finance receivables held for investment:			
Net finance receivables	$13,455	$12,954	$3,807
Number of accounts	2,200,584	2,202,091	918,564
Finance receivables held for sale:			
Net finance receivables	$—	$617	$—
Number of accounts	—	145,736	—
Finance receivables held for investment and held for sale:			
Average net receivables (a)	$13,445	$5,734	$3,395
Yield (a)	24.75 %	25.85 %	26.99 %
Gross charge-off ratio (a) (b)	7.82 %	7.52 %	5.65 %
Recovery ratio (a)	(0.77)%	(0.80)%	(0.71)%
Net charge-off ratio (a) (b)	7.05 %	6.72 %	4.94 %
30-89 Delinquency ratio (a)	2.26 %	2.23 %	2.41 %
Origination volume	$9,455	$5,715	$3,644
Number of accounts originated	1,326,574	991,051	784,613

(a) See “Key Financial Definitions” at the end of our management's discussion and analysis for formulas and definitions of key performance ratios.

(b) The gross charge-off ratio and net charge-off ratio in 2015 reflect $62 million of additional charge-offs recorded in December of 2015 (on a Segment Accounting Basis) related to alignment in charge-off policy for personal loans in connection with the OneMain integration. Excluding these additional charge-offs, our gross charge-off ratio and net charge-off ratio would have been 6.43% and 5.62%, respectively.

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Comparison of Adjusted Pretax Operating Results for 2016 and 2015

Interest income increased $1.8 billion in 2016 when compared to 2015 due to the following:

- Finance charges increased $1.8 billion primarily due to the net of the following:

  Average net receivables increased primarily due to (i) loans acquired in the OneMain Acquisition and (ii) the continued growth of our loan portfolio (primarily of our secured personal loans). This increase was partially offset by the transfer of $608 million of our personal loans to finance receivables held for sale on September 30, 2015.

  Yield decreased primarily due to the continued growth of secured personal loans, which generally have lower yields relative to our unsecured personal loans.

- Interest income on finance receivables held for sale of $56 million and $43 million in 2016 and 2015, respectively, resulted from the transfer of personal loans to finance receivables held for sale on September 30, 2015 and sold in the Lendmark Sale on May 2, 2016.

Interest expense increased $496 million in 2016 when compared to 2015 primarily due to (i) interest expense of $284 million resulting from the OneMain Acquisition and (ii) a change in the methodology of allocating interest expense, as described in the allocation methodologies table in Note 22 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report.

Provision for finance receivable losses increased $560 million in 2016 when compared to 2015 primarily due to (i) provision for finance receivable losses of $512 million resulting from the OneMain Acquisition and (ii) higher net charge-offs on Springleaf personal loans reflecting growth during the past 12 months. This increase was partially offset by the continued refinement of our estimates of allowance for finance receivable losses and their related assumptions based on ongoing integration and alignment of collection and charge-off practices.

Other revenues increased $328 million in 2016 when compared to 2015 primarily due to other revenues of $336 million resulting from the OneMain Acquisition, which consisted of insurance revenues of $236 million, investment revenues of $71 million, and remaining other revenues of $29 million, partially offset by a decrease in Springleaf investment revenues of $12 million during 2016 resulting from a decrease in invested assets and lower realized gains on the sale of investment securities.

Other expenses increased $695 million in 2016 when compared to 2015 due to the following:

- Salaries and benefits increased $324 million primarily due to (i) salaries and benefits of $316 million resulting from the OneMain Acquisition and (ii) an increase in Springleaf average staffing during 2016 prior to the Lendmark Sale.

- Other operating expenses increased $301 million primarily due to (i) other operating expenses of $266 million resulting from the OneMain Acquisition, which consisted primarily of advertising expenses of $74 million, occupancy costs of $66 million, and information technology expenses of $49 million, (ii) a decrease in Springleaf deferred origination costs of $13 million during 2016, (iii) an increase in Springleaf information technology expenses of $12 million during 2016, (iv) an increase in Springleaf advertising expenses of $6 million during 2016, and (v) an increase in Springleaf credit and collection related costs of $6 million during 2016 reflecting growth in our loan portfolio.

- Insurance policy benefits and claims increased $70 million primarily due to insurance policy benefits and claims of $87 million resulting from the OneMain Acquisition. This increase was partially offset by a $17 million decrease in Springleaf insurance policy benefits and claims during 2016 primarily due to favorable variances in benefit reserves, which partially resulted from a $9 million write-down of benefit reserves recorded during 2016.

Comparison of Adjusted Pretax Operating Results for 2015 and 2014

Interest income increased $566 million in 2015 when compared to 2014 due to the following:

- Finance charges increased $523 million due to (i) two months of finance charges of $355 million in 2015 resulting from the OneMain Acquisition and (ii) an increase in Springleaf finance charges of $168 million primarily due to higher average net receivables, partially offset by lower yield. Average net receivables increased primarily due to our continued focus on personal loans, including the launch of Springleaf direct auto loans in June of 2014. Yield decreased primarily due to the higher proportion of Springleaf direct auto loans, which generally have lower yields.

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- Interest income on finance receivables held for sale of $43 million in 2015 resulted from the transfer of personal loans to finance receivables held for sale on September 30, 2015.

Interest expense increased $78 million in 2015 when compared to 2014 due to (i) two months of interest expense of $52 million in 2015 resulting from the OneMain Acquisition and (ii) an increase in Springleaf interest expense of $26 million primarily due to the redistribution of the allocation of long-term debt as of November 1, 2015, based on the interim excess cash proceeds from the 2014 real estate loan sales used to finance the OneMain Acquisition, partially offset by a reduction in the utilization of financing from Springleaf unsecured notes that was replaced by consumer loan securitizations and additional borrowings under our conduit facilities, which generally have lower interest rates.

Provision for finance receivable losses increased $149 million in 2015 when compared to 2014 due to (i) two months of net charge-offs and allowance requirements totaling $92 million in 2015 resulting from the OneMain Acquisition and (ii) an increase in Springleaf provision for finance receivable losses of $57 million primarily due to growth during 2015 and a higher Springleaf personal loan delinquency ratio at December 31, 2015.

Other revenues increased $54 million in 2015 when compared to 2014 due to the net of (i) two months of other revenues of $62 million in 2015 resulting from the OneMain Acquisition, which consisted of insurance revenues of $53 million, investment revenues of $4 million, and remaining other revenue of $5 million and (ii) a decrease in Springleaf insurance revenues of $8 million primarily due to decreases in credit and non-credit earned premiums reflecting the cancellations of dwelling policies as a result of the real estate loan sales during 2014 and fewer non-credit policies written, respectively.

Other expenses increased $268 million in 2015 when compared to 2014 due to the following:

- Salaries and benefits increased $142 million primarily due to (i) two months of salaries and benefits of $72 million in 2015 resulting from the OneMain Acquisition and (ii) an increase in Springleaf salaries and benefits of $70 million primarily due to higher variable compensation reflecting increased originations of personal loans, increased staffing in Springleaf centralized operations, and the redistribution of the allocation of salaries and benefit expenses as a result of the real estate loan sales in 2014.

- Other operating expenses increased $110 million primarily due to two months of other operating expenses of $63 million in 2015 resulting from the OneMain Acquisition and an increase in Springleaf other operating expenses of $47 million primarily due to (i) an increase in advertising expenses of $22 million, (ii) an increase in information technology expenses of $6 million reflecting increased depreciation and software maintenance as a result of software purchases and the capitalization of internally developed software, (iii) an increase in occupancy costs of $6 million resulting from increased general maintenance costs of our branches and higher leasehold improvement amortization expense from the servicing facilities added in 2014, (iv) an increase in professional fees of $5 million relating to legal and audit services, (v) an increase in credit and collection related costs of $4 million reflecting growth in personal loans, including our direct auto loans, and (vi) the redistribution of the allocation of other operating expenses as a result of the real estate loan sales in 2014.

- Insurance policy benefits and claims increased $16 million due to two months of insurance policy benefits and claims of $19 million in 2015 resulting from the OneMain Acquisition, partially offset by a decrease in Springleaf insurance policy benefits and claims of $3 million primarily due to favorable variances in benefit reserves.

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ACQUISITIONS AND SERVICING

Adjusted pretax operating results and selected financial statistics for Acquisitions and Servicing (which are reported on an adjusted Segment Accounting Basis) were as follows:

(dollars in millions)

At or for the Years Ended December 31,	2016	2015	2014
Interest income	$102	$463	$545
Interest expense	20	87	82
Provision for finance receivable losses	14	68	105
Net interest income after provision for finance receivable losses	68	308	358
Other revenues	49	58	52
Other expenses	57	111	123
Adjusted pretax earnings (non-GAAP)	60	255	287
Pretax earnings attributable to non-controlling interests	28	127	126
Adjusted pretax earnings attributable to OMH (non-GAAP)	$32	$128	$161
Selected Financial Statistics			
Finance receivables held for investment:			
Net finance receivables	$—	$1,703	$2,091
Number of accounts	—	232,383	277,533
Average net receivables *	$414	$1,887	$2,310
Yield *	24.56%	24.54 %	23.61 %
Net charge-off ratio *	3.48 %	3.49 %	4.43 %
30-89 Delinquency ratio *	— %	4.40 %	4.67 %

* See “Key Financial Definitions” at the end of our management's discussion and analysis for formulas and definitions of key performance ratios.

On March 31, 2016, we sold our equity interest in the SpringCastle Joint Venture, the primary component of our Acquisitions and Servicing segment. See Note 2 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for further information on the SpringCastle Interests Sale.

Comparison of Adjusted Pretax Operating Results for 2015 and 2014

Interest income decreased $82 million in 2015 when compared to 2014 primarily due to lower average net receivables reflecting the liquidating status of the SpringCastle Portfolio.

Provision for finance receivable losses decreased $37 million in 2015 when compared to 2014 primarily due to lower net charge-offs on the SpringCastle Portfolio reflecting improvements in servicing of the acquired portfolio and its liquidating status.

Other expenses decreased $12 million in 2015 when compared to 2014 primarily due to decreased credit and collection related costs reflecting lower portfolio servicing costs due to the liquidating status of the acquired portfolio.

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REAL ESTATE

Adjusted pretax operating results and selected financial statistics for Real Estate (which are reported on an adjusted Segment Accounting Basis) were as follows:

(dollars in millions) At or for the Years Ended December 31,	2016	2015	2014
Interest income	$47	$68	$406
Interest expense	43	212	353
Provision for finance receivable losses	6	(2)	128
Net interest loss after provision for finance receivable losses	(2)	(142)	(75)
Other revenues (a)	(16)	3	(17)
Other expenses	26	33	79
Adjusted pretax loss (non-GAAP)	$(44)	$(172)	$(171)
Selected Financial Statistics			
Finance receivables held for investment:			
Net finance receivables	$153	$565	$670
Number of accounts	3,015	21,631	22,852
Average net receivables (b)	$373	$619	$5,131
Yield (b)	8.38 %	8.99 %	6.91 %
Loss ratio (b) (c)	3.93 %	3.73 %	2.10 %
30-89 Delinquency ratio (b) (d)	8.87 %	5.90 %	4.84 %
Finance receivables held for sale:			
Net finance receivables	$155	$182	$200
Number of accounts	2,800	3,196	3,578

(a) For purposes of our segment reporting presentation in Note 22 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report, we have combined the lower of cost or fair value adjustments recorded on the date the real estate loans were transferred to finance receivables held for sale with the final gain (loss) on the sales of these loans.

(b) See “Key Financial Definitions” at the end of our management's discussion and analysis for formulas and definitions of key performance ratios.

(c) The loss ratio in 2014 reflects $2 million of recoveries on charged-off real estate loans resulting from a sale of previously charged-off real estate loans in March of 2014. Excluding these recoveries, our Real Estate loss ratio would have been 2.14% in 2014.

(d) Delinquency ratio at December 31, 2016 reflected the retained real estate loan portfolio that was not eligible for sale.

Comparison of Adjusted Pretax Operating Results for 2016 and 2015

Interest income decreased $21 million in 2016 when compared to 2015 due to the net of the following:

• Finance charges decreased $24 million primarily due to the following:

Average net receivables decreased primarily due to our liquidating real estate loan portfolio, including the transfers of $266 million and $49 million of real estate loans to finance receivables held for sale on June 30, 2016 and November 30, 2016, respectively.

Yield decreased primarily due to the August 2016 Real Estate Loan Sale and December 2016 Real Estate Loan Sale of second lien mortgage loans, which generally had higher yields relative to our remaining real estate loans.

- Interest income on real estate loans held for sale increased $3 million primarily due to the transfers of $315 million of real estate loans to finance receivables held for sale during 2016, which were sold in August and December of 2016.

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Interest expense decreased $169 million in 2016 when compared to 2015 primarily due to a change in the methodology of allocating interest expense, as described in the allocation methodologies table in Note 22 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report, and the reallocation of interest expense to the Consumer and Insurance segment as a result of the August 2016 Real Estate Loan Sale and the December 2016 Real Estate Loan Sale.

Provision for finance receivable losses increased $8 million in 2016 when compared to 2015 primarily due to a higher real estate loan delinquency ratio at December 31, 2016.

Other revenues decreased $19 million in 2016 when compared to 2015 primarily due to (i) impairments of $10 million recognized on our real estate loans held for sale during 2016 and (ii) a decrease in investment revenues during 2016, as the prior period reflected higher investment income generated from investing the proceeds of the 2014 real estate loan sales.

Comparison of Adjusted Pretax Operating Results for 2015 and 2014

Interest income decreased $338 million in 2015 when compared to 2014 due to the following:

- Finance charges decreased $299 million primarily due to the net of the following:

Average net receivables decreased primarily due to the continued liquidation of the real estate loan portfolio, including the transfers of real estate loans with a total carrying value of $7.2 billion to finance receivables held for sale and the subsequent sales of nearly all of these real estate loans during 2014.

Yield increased primarily due to a higher proportion of our remaining real estate loans during 2015 that were secured by second mortgages, which generally have higher yields.

- Interest income on real estate loans held for sale decreased $39 million primarily due to lower average real estate loans held for sale during 2015.

Interest expense decreased $141 million in 2015 when compared to 2014 primarily due to the sales of the Company’s beneficial interests in the mortgage-backed retained certificates during 2014.

Provision for finance receivable losses decreased $130 million in 2015 when compared to 2014 due to (i) the transfers of real estate loans with a total carrying value of $7.2 billion to finance receivables held for sale and the subsequent sales of nearly all of these real estate loans during 2014 and (ii) a lower real estate loan delinquency ratio at December 31, 2015.

Other revenues increased $20 million in 2015 when compared to 2014 primarily due to (i) lower net charge-offs recognized on real estate finance receivables held for sale and provision adjustments for liquidated real estate held for sale accounts during 2015 and (ii) investment income generated in 2015 from investing the proceeds of the real estate loan sales during 2014.

Other expenses decreased $46 million in 2015 when compared to 2014 due to the following:

- Other operating expenses decreased $25 million primarily resulting from the sales of real estate loans during 2014 and the redistribution of the allocation of other operating expenses as a result of the real estate loan sales in 2014.

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Salaries and benefits decreased $21 million primarily due to the redistribution of the allocation of salaries and benefit expenses as a result of the real estate loan sales in 2014.

OTHER

“Other” consists of our other non-originating legacy operations, which are isolated by geographic market and/or distribution channel from our three segments. These operations include: (i) Springleaf legacy operations in 14 states where we had also ceased branch-based personal lending during 2012; (ii) Springleaf liquidating retail sales finance portfolio (including retail sales finance accounts from its legacy auto finance operation); (iii) Springleaf lending operations in Puerto Rico and the U.S. Virgin Islands; and (iv) the operations of Springleaf United Kingdom subsidiary prior to its liquidation on August 16, 2016.

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Adjusted pretax operating results of the Other components (which are reported on an adjusted Segment Accounting Basis) were as follows:

(dollars in millions) Years Ended December 31,	2016	2015	2014
Interest income	$ 4	$ 8	$ 17
Interest expense (a)	—	56	8
Provision for finance receivable losses	—	1	7
Net interest income (loss) after provision for finance receivable losses	4	(49)	2
Other revenues	(3)	—	1
Other expenses (b)	—	15	11
Adjusted pretax earnings (loss) (non-GAAP)	$ 1	$ (64)	$ (8)

(a) Interest expense for 2016 when compared to 2015 reflected a change in the methodology of allocating interest expense, as described in the allocation methodologies table in Note 22 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report.

Interest expense for 2015 when compared to 2014 reflected higher interest expense on unsecured debt, which was allocated based on a higher cash balance held in anticipation of the OneMain Acquisition.

(b) Other expenses for 2015 reflected non-cash incentive compensation relating to the rights of certain executives to receive a portion of the cash proceeds received by the Initial Stockholder.

Net finance receivables of the Other components (which are reported on a Segment Accounting Basis) were as follows:

(dollars in millions) December 31,	2016	2015	2014
Net finance receivables:			
Personal loans	$ 11	$ 17	$ 29
Real estate loans	—	—	6
Retail sales finance	12	24	50
Total	$ 23	$ 41	$ 85

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Credit Quality

FINANCE RECEIVABLE COMPOSITION

The following table presents the composition of our finance receivables for each of the Company’s segments on a Segment Accounting Basis (a basis other than GAAP), as well as reconciliations to our total net finance receivables on a GAAP basis:

(dollars in millions)	Consumer and Insurance	Acquisitions and Servicing	Real Estate	Other	Segment to GAAP Adjustment	Consolidated Total
December 31, 2016						
Personal loans	$ 13,455	$ —	$ —	$ 11	$ 111	$ 13,577
Real estate loans	—	—	153	—	(9)	144
Retail sales finance	—	—	—	12	(1)	11
Total	$ 13,455	$ —	$ 153	$ 23	$ 101	$ 13,732
December 31, 2015						
Personal loans	$ 12,954	$ —	$ —	$ 17	$ 324	$ 13,295
SpringCastle Portfolio	—	1,703	—	—	—	1,703
Real estate loans	—	—	565	—	(27)	538
Retail sales finance	—	—	—	24	(1)	23
Total	$ 12,954	$ 1,703	$ 565	$ 41	$ 296	$ 15,559

The largest component of our finance receivables and primary source of our interest income is our personal loan portfolio. Our personal loans are typically non-revolving with a fixed-rate and a fixed, original term of three to six years and are secured by consumer goods, automobiles, or other personal property or are unsecured. At December 31, 2016, 43% of our personal loans were secured by collateral, compared to 27% at December 31, 2015.

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, non-prime, and sub-prime. While our underwriting models are not based on FICO scores, we track and analyze the performance of our finance receivable portfolio using many different parameters, including FICO scores, which is widely recognized in the consumer lending industry.

We group FICO scores into the following credit strength categories:

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

Our customers are described as prime at one end of the credit spectrum and sub-prime at the other. 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.

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Our net finance receivables grouped into the following categories based solely on borrower FICO credit scores at the purchase, origination, renewal, or most recently refreshed date were as follows:

(dollars in millions)	Personal Loans	SpringCastle Portfolio	Real Estate Loans	Retail Sales Finance	Total
December 31, 2016					
FICO scores					
660 or higher	$3,424	$ —	$ 41	$ 5	$3,470
620-659	3,383	—	23	2	3,408
619 or below	6,747	—	77	4	6,828
Unavailable	23	—	3	—	26
Total	$13,577	$ —	$ 144	$ 11	$13,732
December 31, 2015					
FICO scores					
660 or higher	$3,486	$ 794	$ 199	$ 9	$4,488
620-659	3,478	371	107	4	3,960
619 or below	6,307	529	229	10	7,075
Unavailable	24	9	3	—	36
Total	$13,295	$ 1,703	$ 538	$ 23	$15,559

DELINQUENCY

We consider the delinquency status of our finance receivable as the primary indicator of credit quality. We monitor delinquency trends to evaluate the risk of future credit losses and employ advanced analytical tools to manage our exposure and appetite. 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 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 60 days past due, we consider them delinquent and transfer collections management of these accounts to our centralized operations, as these accounts are considered to be at increased risk for loss. Use of our centralized operations teams for managing late stage delinquency allows us to apply more advanced collections technologies/tools and drives operating efficiencies in servicing. At 90 days past due, we consider our finance receivables to be nonperforming.

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The following table presents (i) delinquency information of the Company's segments on a Segment Accounting Basis, (a basis other than GAAP), (ii) reconciliations to our total net finance receivables on a GAAP basis, by number of days delinquent, and (iii) delinquency ratios as a percentage of net finance receivables:

(dollars in millions)	Consumer and Insurance	Acquisitions and Servicing	Real Estate	Other	Segment to GAAP Adjustment	Consolidated Total
December 31, 2016						
Current	$12,799	$ —	$110	$21	$ 103	$ 13,033
30-59 days past due	174	—	9	1	(1)	183
Delinquent (60-89 days past due)	130	—	4	—	—	134
Performing	13,103	—	123	22	102	13,350
Nonperforming (90+ days past due)	352	—	30	1	(1)	382
Total net finance receivables	$13,455	$ —	$153	$23	$ 101	$ 13,732
Delinquency ratio						
30-89 days past due	2.26 %	— %	8.87 %	4.63%	*	2.31 %
30+ days past due	4.88 %	— %	28.55%	8.18%	*	5.09 %
60+ days past due	3.59 %	— %	22.49%	4.75%	*	3.76 %
90+ days past due	2.62 %	— %	19.68%	3.55%	*	2.78 %
December 31, 2015						
Current	$12,372	$ 1,588	$510	$38	$ 365	$ 14,873
30-59 days past due	169	49	14	1	(1)	232
Delinquent (60-89 days past due)	129	26	19	1	(3)	172
Performing	12,670	1,663	543	40	361	15,277
Nonperforming (90+ days past due)	284	40	22	1	(65)	282
Total net finance receivables	$12,954	$ 1,703	$565	$41	$ 296	$ 15,559
Delinquency ratio						
30-89 days past due	2.30 %	4.40 %	5.90 %	4.31%	*	2.60 %
30+ days past due	4.50 %	6.75 %	9.76 %	7.81%	*	4.41 %
60+ days past due	3.19 %	3.85 %	7.29 %	5.41%	*	2.91 %
90+ days past due	2.19 %	2.35 %	3.86 %	3.50%	*	1.81 %

* Not applicable.

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ALLOWANCE FOR FINANCE RECEIVABLE LOSSES

We record an allowance for finance receivable losses to cover expected losses on our finance receivables. Our allowance for finance receivable losses may fluctuate based upon our continual review of the credit quality of the finance receivable portfolios and changes in economic conditions.

Changes in the allowance for finance receivable losses for each of the Company's segments on a Segment Accounting Basis, (a basis other than GAAP), as well as reconciliations to our total allowance for finance receivable losses on a GAAP basis, were as follows:

(dollars in millions)	Consumer and Insurance	Acquisitions and Servicing	Real Estate	Other	Segment to GAAP Adjustment	Consolidated Total
Year Ended December 31, 2016						
Balance at beginning of period	$ 769	$ 4	$ 67	$ 3	$ (251)	$ 592
Provision for finance receivable losses	911	14	6	—	1	932
Charge-offs	(1,050)	(17)	(15)	(3)	210	(875)
Recoveries	102	3	6	2	(39)	74
Other (a)	—	(4)	(35)	—	5	(34)
Balance at end of period	$ 732	$ —	$ 29	$ 2	$ (74)	$ 689
Allowance ratio	5.44 %	— %	19.05 %	7.28 %	(b)	5.01 %
Year Ended December 31, 2015						
Balance at beginning of period	$ 134	$ 3	$ 86	$ 5	$ (46)	$ 182
Provision for finance receivable losses	351	68	(2)	1	298	716
Charge-offs	(427)	(79)	(23)	(5)	174	(360)
Recoveries	46	12	6	2	(11)	55
Other (c)	665	—	—	—	(666)	(1)
Balance at end of period	$ 769	$ 4	$ 67	$ 3	$ (251)	$ 592
Allowance ratio	5.94 %	0.25 %	11.90 %	7.10 %	(b)	3.81 %
Year Ended December 31, 2014						
Balance at beginning of period	$ 98	$ 1	$ 970	$ 5	$ (646)	$ 428
Provision for finance receivable losses	202	105	128	7	(19)	423
Charge-offs	(190)	(117)	(104)	(10)	45	(376)
Recoveries	24	14	7	3	(2)	46
Other (d)	—	—	(915)	—	576	(339)
Balance at end of period	$ 134	$ 3	$ 86	$ 5	$ (46)	$ 182
Allowance ratio	3.52 %	0.13 %	12.88 %	5.71 %	(b)	2.75 %

(a) Other consists of:

- the elimination of allowance for finance receivable losses due to the sale of the SpringCastle Portfolio on March 31, 2016, in connection with the sale of our equity interest in the SpringCastle Joint Venture. See Note 2 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for further information on this sale; and

- the elimination of allowance for finance receivable losses due to the transfers of real estate loans held for investment to finance receivable held for sale during 2016.

(b) Not applicable.

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(c) Other consists of:

- the addition to allowance for finance receivable losses of $666 million due to the personal loans acquired in connection with the OneMain Acquisition and the offsetting Segment to GAAP adjustment; and

- the elimination of allowance for finance receivable losses of $1 million due to the transfer of personal loans held for investment to finance receivable held for sale during 2015.

(d) Other consists of the elimination of allowance for finance receivable losses due to the transfer of real estate loans held for investment to finance receivable held for sale during 2014.

The delinquency status of our finance receivable portfolio, along with the level of our troubled debt restructured ("TDR") finance receivables, 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.

During 2016, the allowance for finance receivables for our consumer and insurance segment decreased $37 million, while the 60+ days delinquency ratio increased 40 basis points to 3.59% at December 31, 2016. The required allowance increase resulting from the higher delinquency ratio was more than offset by a decline of $81 million in our TDR finance receivables and a corresponding decline of $83 million in the allowance for TDR finance receivable losses during 2016.

See Note 6 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for more information about the changes in the allowance for finance receivable losses.

TROUBLED DEBT RESTRUCTURING

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

Information regarding TDR finance receivables held for investment for each of the Company's segments on a Segment Accounting Basis, (a basis other than GAAP), as well as reconciliations to information regarding our total TDR finance receivables held for investment on a GAAP basis, were as follows:

(dollars in millions)	Consumer and Insurance	Acquisitions and Servicing	Real Estate	Other	Segment to GAAP Adjustment	Consolidated Total
December 31, 2016						
TDR net finance receivables	$ 421	$ —	$ 71	$ —	$ (296)	$ 196
Allowance for TDR finance receivable losses	154	—	23	—	(97)	80
December 31, 2015						
TDR net finance receivables	$ 502	$ 13	$ 160	$ —	$ (509)	$ 166
Allowance for TDR finance receivable losses	237	4	57	—	(243)	55

Liquidity and Capital Resources

SOURCES OF FUNDS

We finance the majority of our operating liquidity and capital needs through a combination of cash flows from operations, securitization debt, borrowings from conduit facilities, unsecured debt and equity, and may also utilize other corporate debt facilities in the future. As a holding company, all of the funds generated from our operations are earned by our operating subsidiaries.

SFC’s Offering of 8.25% Senior Notes

On April 11, 2016, SFC issued $1.0 billion aggregate principal amount of the 8.25% SFC Notes due 2020 (the “8.25% SFC Notes”) under the Indenture, pursuant to which OMH provided a guarantee of the notes on a senior unsecured basis. SFC used

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a portion of the proceeds from the offering to repurchase approximately $600 million aggregate principal amount of its existing senior notes that mature in 2017 and the remainder for general corporate purposes. See Note 2 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for further information on this offering.

Securitizations and Borrowings from Revolving Conduit Facilities

During 2016, we (i) completed four consumer loan securitizations and one auto securitization, (ii) exercised our right to redeem the asset backed notes issued by the Springleaf Funding Trust 2013-B, and (iii) deconsolidated the previously issued securitized interests of the SpringCastle Funding Asset-backed Notes 2014-A. See “Structured Financings” later in this section for further information on each of our securitization transactions.

During 2016, we (i) entered into one new conduit facility, (ii) extended the revolving periods on four existing revolving conduit facilities, (iii) amended four existing revolving conduit facilities to change the maximum principal balances, (iv) replaced the 2015 Warehouse Facility with the New Facilities and refinanced two of the New Facilities, and (v) terminated one revolving conduit facility. Net repayments under the notes of our existing revolving conduit facilities totaled $2.6 billion for 2016. The 2015 Warehouse Facility and the New Facilities are described in Note 12 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report.

See Notes 12 and 13 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for further information on our long-term debt, consumer loan securitization transactions and conduit facilities.

Subsequent to December 31, 2016, we completed the following transactions:

- On February 1, 2017, we completed a private securitization transaction in which OneMain Direct Auto Receivables Trust 2017-1, a wholly owned special purpose vehicle of SFC, issued $300 million principal amount of notes backed by direct auto loans with an aggregate unpaid principal balance (“UPB”) of $300 million as of December 31, 2016. See Note 24 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for further information on this subsequent transaction.

- On February 15, 2017, we exercised our right to redeem asset-backed notes issued in March 2014 by Springleaf Funding Trust 2014-A for a redemption price of $188 million. The outstanding principal balance of the asset-backed notes was $221 million on the date of the optional redemption. See Note 24 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for further information on this subsequent transaction.

Other Transactions

In addition to cash received from our senior notes offering and securitization transactions, our sources of funds were favorably impacted by the following transactions:

- SpringCastle Interests Sale;
- Lendmark Sale;
- August 2016 Real Estate Loan Sale; and
- December 2016 Real Estate Loan Sale.

See Note 2 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for further information on these transactions.

USES OF FUNDS

Our operating subsidiaries' primary cash needs relate to funding our lending activities, our debt service obligations, our operating expenses (including acquisition-related transaction and integration expenses), payment of insurance claims and, to a lesser extent, expenditures relating to upgrading and monitoring our technology platform, risk systems, and branch locations.

At December 31, 2016, we had $579 million of cash and cash equivalents, and during 2016, we generated net income attributable to OMH of $215 million. Our net cash inflow from operating and investing activities totaled $1.3 billion in 2016. At December 31, 2016, our scheduled principal and interest payments for 2017 on our existing debt (excluding securitizations) totaled $1.7 billion. As of December 31, 2016, we had $4.0 billion UPB of unencumbered personal loans and $368 million UPB of unencumbered real estate loans (including $216 million held for sale).

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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.

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.

LIQUIDITY

Operating Activities

Net cash provided by operations of $1.3 billion for 2016 reflected net income of $243 million, the impact of non-cash items, and an unfavorable change in working capital of $115 million. Net cash provided by operations of $735 million for 2015 reflected a net loss of $93 million, the impact of non-cash items, and a favorable change in working capital of $97 million. Net cash provided by operations of $381 million for 2014 reflected net income of $589 million, the impact of non-cash items, and an unfavorable change in working capital of $107 million primarily due to costs relating to the real estate sales transactions.

Investing Activities

Net cash used for investing activities of $2 million for 2016 was primarily due to net principal collections and originations of finance receivables held for investment and held for sale, partially offset by the SpringCastle Interests Sale, the Lendmark Sale, the August 2016 Real Estate Loan Sale, and the December 2016 Real Estate Loan Sale. Net cash used for investing activities of $2.6 billion for 2015 was primarily due to the OneMain Acquisition. Net cash provided by investing activities of $1.8 billion for 2014 was primarily due to the sales of real estate loans held for sale originated as held for investment during 2014, partially offset by the purchase of investment securities.

Financing Activities

Net cash used for financing activities of $1.7 billion for 2016 was primarily due to net repayments of long-term debt. Net cash provided by financing activities of $2.0 billion for 2015 reflected the debt issuances associated with the 2015-A and 2015-B securitizations. Net cash used for financing activities of $1.8 billion for 2014 was primarily due to the repayments of the secured term loan and the 2013-BAC trust notes in late March of 2014.

Liquidity Risks and Strategies

SFC’s and OMFH’s credit ratings are non-investment grade, which have a significant impact on our cost of, 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;
- 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, a prolonged inability to adequately access capital market funding, and unanticipated expenditures in connection with the integration of OneMain. We intend to support our liquidity position by utilizing some or all 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 standby funding facilities), or a combination of the foregoing;

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- 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 14 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for further information on these restrictions and the dividends paid by our insurance subsidiaries during 2014 through 2016.

OUR DEBT AGREEMENTS

The debt agreements to which SFC, OMFH, and their subsidiaries are a party include customary terms and conditions, including covenants and representations and warranties. See Note 12 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report for further information on the restrictive covenants under SFC's and OMFH's debt agreements, as well as the guarantees of SFC's and OMFH's long-term debt.

Structured Financings

We execute private securitizations under Rule 144A of the Securities Act of 1933. As of December 31, 2016, our structured financings consisted of the following:

(dollars in millions)	Initial Note Amounts Issued (a)	Initial Collateral Balance (b)	Current Note Amounts Outstanding	Current Collateral Balance (b)	Current Weighted Average Interest Rate (a)		Collateral Type	Original Revolving Period
Consumer Securitizations:								
Springleaf								
SLFT 2014-A	$ 559	$ 644	$ 217	$ 273	2.78	%	Personal loans	2 years
SLFT 2015-A	1,163	1,250	1,163	1,250	3.47	%	Personal loans	3 years
SLFT 2015-B	314	335	314	336	3.78	%	Personal loans	5 years
SLFT 2016-A	500	560	500	559	3.10	%	Personal loans	2 years
OneMain								
OMFIT 2014-1	760	1,004	367	567	2.66	%	Personal loans	2 years
OMFIT 2014-2	1,185	1,325	841	911	3.11	%	Personal loans	2 years
OMFIT 2015-1	1,229	1,397	1,229	1,365	3.74	%	Personal loans	3 years
OMFIT 2015-2	1,250	1,346	1,250	1,320	3.07	%	Personal loans	2 years
OMFIT 2015-3	293	330	293	323	4.21	%	Personal loans	5 years
OMFIT 2016-1	459	569	459	549	4.01	%	Personal loans	3 years
OMFIT 2016-2	816	1,007	816	983	4.50	%	Personal loans	2 years
OMFIT 2016-3	317	397	317	388	4.33	%	Personal loans	5 years
Total consumer securitizations	8,845	10,164	7,766	8,824				

Auto Securitization:							
Springleaf ODART 2016-1	700	754	493	547	2.37 %	Direct auto loans	(c)
Total secured structured financings	$ 9,545	$ 10,918	$ 8,259	$ 9,371			

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(a) Represents securities sold at time of issuance or at a later date and does not include retained notes.

(b) Represents UPB of the collateral supporting the issued and retained notes.

(c) Not applicable.

In addition to the structured financings included in the table above, we had access to 11 conduit facilities with a total borrowing capacity of $4.8 billion as of December 31, 2016, as discussed in Note 13 of the Notes to Consolidated Financial Statements in Part II - Item 8 of this report. At December 31, 2016, no amounts were drawn under these facilities.

See "Liquidity and Capital Resources - Sources of Funds - Securitizations and Borrowings from Revolving Conduit Facilities" above for information on the securitization and conduit transactions completed subsequent to December 31, 2016.

Our securitizations have served to partially replace secured and unsecured debt in our capital structure with more favorable non-recourse funding. Our overall funding costs are positively impacted by our increased usage of securitizations, as we typically execute these transactions at interest rates significantly below those of our unsecured debt.

Contractual Obligations

At December 31, 2016, our material contractual obligations were as follows:

(dollars in millions)	2017	2018-2019	2020-2021	2022+	Securitizations	Total
Principal maturities on long-term debt:						
Consumer securitization debt (a)	$ —	$ —	$ —	$ —	$ 8,259	$ 8,259
Medium-term notes	1,287	1,396	2,749	300	—	5,732
Junior subordinated debt	—	—	—	350	—	350
Total principal maturities	1,287	1,396	2,749	650	8,259	14,341
Interest payments on debt (b)	423	655	377	482	661	2,598
Operating leases (c)	58	73	30	19	—	180
Total						