# 2021 Annual Report

OneMain Holdings, Inc.

# FINANCIAL HIGHLIGHTS

($ in millions, except per share amounts)

| CONSOLIDATED DATA | 2019 | 2020 | 2021 |
|---|---|---|---|
| **OPERATING DATA:** | | | |
| Interest income | $4,127 | $4,368 | ***$4,364*** |
| Interest expense | $970 | $1,027 | ***$937*** |
| Income before income taxes | $1,098 | $977 | ***$1,741*** |
| Net income | $855 | $730 | ***$1,314*** |
| **EARNINGS PER SHARE:** | | | |
| *Basic* | $6.28 | $5.42 | ***$9.90*** |
| *Diluted* | $6.27 | $5.41 | ***$9.87*** |
| *Dividend per share* | $3.00 | $5.94 | ***$9.55*** |
| **BALANCE SHEET DATA:** | | | |
| Total assets | $22,817 | $22,471 | ***$22,079*** |
| Total shareholders' equity | $4,330 | $3,441 | ***$3,093*** |

| SELECT SEGMENT DATA (NON-GAAP) | 2019 | 2020 | 2021 |
|---|---|---|---|
| **CONSUMER & INSURANCE ("C&I") OPERATING DATA:** | | | |
| C&I adjusted pretax income[1] | $1,206 | $1,092 | ***$1,918*** |
| C&I adjusted net income[2] | $916 | $819 | ***$1,438*** |
| **Per Share Data:** | | | |
| *C&I adjusted diluted earnings per share[3]* | $6.72 | $6.07 | ***$10.81*** |

## C&I MANAGED RECEIVABLES[4]


1 C&I adjusted pretax income, a non-GAAP measure, excludes the expense associated with the cash-settled stock-based awards, direct costs associated with COVID-19, net losses resulting from repurchases and repayments of debt, acquisition-related transaction and integration expenses, net gain on sale of cost method investment, and restructuring charges. See OneMain Holdings, Inc. Annual Report on Form 10-K for year ended December 31, 2021, for reconciliations of income before income taxes — Segment Accounting Basis to adjusted pretax income (non-GAAP).

2 C&I adjusted net income, a non-GAAP measure, equals adjusted pretax income adjusted for estimated income taxes (24% statutory tax rate during 2019 and 25% statutory tax rate during 2020 and 2021).

3 C&I adjusted diluted earnings per share is calculated as adjusted net income (non-GAAP) divided by the weighted average number of diluted shares outstanding (136.3 million shares for 2019, 134.9 million shares for 2020, and 133.1 for 2021).

4 C&I managed receivables includes C&I net receivables as well as receivables serviced for our whole loan partners. Reflects period end data on a Segment Accounting Basis.

# In 2021, America needed us. And we answered.

Dear Shareholders,

The year 2021 was unusual and challenging as the country continued to manage through the pandemic. The nation needed us, and OneMain answered this challenge by reaching our customers and communities in the moment and helping guide them to healthier, more hopeful financial places. We navigated the tumult, relying on our expertise and innovating along the way. Our commitment to improving the financial well-being of hardworking Americans took on new energy and action. And our vision to become the lender of choice for nonprime customers crystallized with excellent, tangible results.

## We answered the nation's need by leading the way for nonprime customers.

OneMain is the leader in offering nonprime customers responsible credit, providing a place for customers to access credit at a fair price with excellent service. We serve customers with transparent, affordable products they can successfully pay back. Our focus is on the financial well-being of nonprime customers, with a deep understanding of their needs and a flexible omnichannel platform. We offer a growing set of differentiated products backed by customer-centric service.

Gaining access to responsible credit can be life-changing. Our approach is to meet customers where they are in ways that help them quickly and efficiently, whether that is through consultative, face-to-face options, or the digital platforms that have become more critical than ever. Success for our customers and success for our business go hand in hand. Since many traditional players have exited the nonprime segment over the last decade, our 100+ year commitment to helping people achieve a better financial future is even more valuable today than in the past.

### 2021 ACCOMPLISHMENTS

**In 2021, we served 2.3 million customers, grew our Consumer and Insurance ("C&I") managed receivables* by $1.5 billion and had over $1.3 billion of C&I capital generation,* resulting in C&I capital generation return on receivables* of 7.1%.** We introduced new personal loan products like smaller dollar loans, new distribution channels and rolled out credit cards – all of which are already contributing to our healthy growth. Our business model is built on generating capital and managing a conservative balance sheet, which allows us to invest in ever more efficient operational improvements, as well as new products and channels, all while returning capital to shareholders. The strength of our balance sheet, successful innovations, disciplined execution and deep relationships with our customers ensure that we are delivering on the roadmap we first laid out at our Investor Day in 2019.

*Refer to page A-4 of the Appendix to the accompanying proxy statement for our 2022 Annual Meeting of Stockholders for a description of metrics and reconciliation of non-GAAP measures.


**We successfully launched credit cards, BrightWay and BrightWay+.** Our staged offering of 66,000 cards in 2021 made for a successful start, with cards proving to be effective at deepening

continued

existing customer relationships, attracting more new customers and reducing barriers to credit for more Americans. BrightWay and BrightWay+ are differentiated credit cards based on a concept of reciprocity, in which on-time payments and other positive credit behaviors provide rewarding benefits for customers. Early results in activation and spend metrics are in line with our projections, and we're pleased to see that customers are using BrightWay cards for everyday purchases, including groceries, dining out and gas. We anticipate cards will become a multi-billion-dollar receivables portfolio for us by 2025.

We also **introduced Trim**, a financial wellness fintech company we acquired to help our customers

reduce monthly expenses. Trim's slate of expense-saving tools like bill negotiation, subscription monitoring and cancellation, account aggregation, and spend tracking support OneMain's commitment to improving financial well-being across our customer base. When we help customers lower their monthly bills, cancel unneeded subscriptions or help them track and reduce their spending, the result is tangible dollars that go back into their pockets.

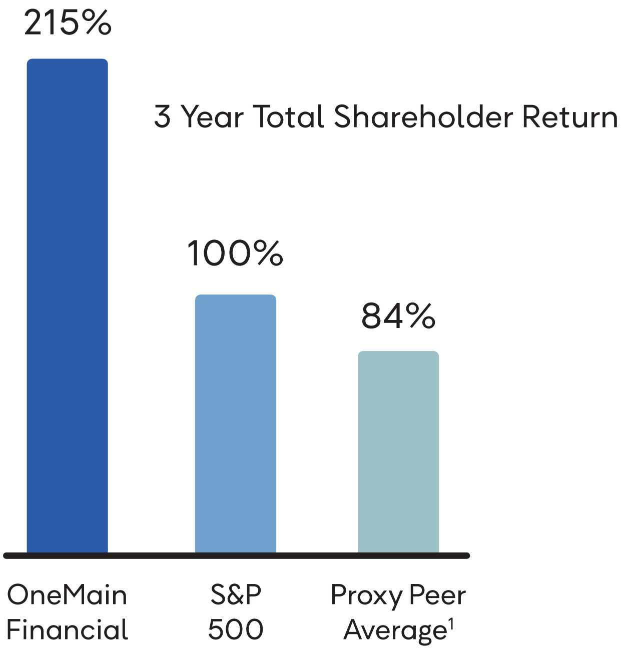
**New distribution partnerships — such as our auto purchase program —** allowed us to originate loans for consumers via direct relationships with merchants or merchant networks. These new channels integrate financing at the point of purchase to meet the needs of more customers while leveraging our existing underwriting and servicing capabilities.

**Our omnichannel ways of doing business** answered the rapidly changing needs of our customers and gained new momentum. The pandemic accelerated

the path to a reimagined way of interacting with customers, with greatly expanded online and by-phone loan servicing. We supported customers seamlessly, regardless of their circumstance or physical location, and in 2021 about half of our loans closed digitally – all while maintaining the strengths of our differentiated underwriting, including an ability to pay analysis. We view our omnichannel model as a competitive advantage, giving customers more options to do business with us in the place that is best suited for their needs, whether it be in person or digitally.

**Our strong balance sheet, diversified funding, unmatched capital markets access and long liquidity runway further our competitive advantage.** We have the flexibility to capitalize on significant growth opportunities by investing in new products and services while remaining resilient across economic cycles.

We remain focused on long-term value creation and profitable growth. Since 2019, and despite a challenging and volatile economic environment, we have successfully optimized and strengthened our business. **Our three-year total shareholder return has significantly outperformed the S&P 500 and our peers.**




[1] Includes: Alliance Data Systems Corporation (ADS), Credit Acceptance Corporation (CACC), Commerce Bancshares, Inc. (CBSH), CIT Group Inc. (CIT), Comerica Incorporated (CMA), Dollar Tree, Inc. (DLTR), Fidelity National Information Services, Inc. (FIS), Huntington Bancshares Inc. (HBAN), Lending Club (LC), Navient Corporation (NAVI), Mr. Cooper Group Inc. (COOP), Santander Consumer USA Holdings Inc. (SC), SLM Corporation (SLM), Synchrony Financial (SYF), The Western Union Company (WU) Source: Bloomberg (1/1/2019 – 12/31/2021); assumes reinvestment of dividends

**During 2021, we shifted our capital return strategy** to be more consistent and predictable, with the focus evolving from special dividends to a healthy regular dividend combined with increased share repurchases. In February 2022, we increased our annual regular dividend by 36% to $3.80 per share. In 2021, we repurchased 6.7 million shares, and in February 2022 we announced a $1 billion share repurchase authorization through 2024.

continued

**We expect to continue to generate significant capital going forward, and our first and highest priority remains investing in the business.** We continue to invest in digital, technology, data science and new products to engage more customers with an expanded set of capabilities. We will also continue to consider strategic and accretive acquisitions that drive our strategy and increase shareholder value. Any capital that we don't deploy to our balance sheet or growth initiatives will be returned to shareholders in a manner that we believe maximizes value.

**Our Board of Directors reflects our priorities.** Over the last 18 months, we refreshed our Board's collective skillset with the addition of Phyllis Caldwell, Philip Bronner and Toos Daruvala. These new members bring diverse perspectives and significant experience in financial services, data and analytics, fintech and government, adding to the group of world-class leaders who make up the Board that will help oversee and inform our company's strategy.

## Serving our community in the context of a global pandemic and natural disasters.

In its second year, the economic fallout from COVID-19 continued to hit some segments of the population harder than others. Our approximately 8,800 team members are enabling our success by staying close to our customers' needs and concerns and helping them navigate a volatile and uncertain environment. From the onset of the pandemic in early 2020 through the end of 2021, we **offered assistance to approximately 825,000 customers.**

As part of our unwavering commitment to serving credit-disadvantaged communities, we issued our inaugural **Social Bond** in 2021. This $750 million bond advances financial inclusion by providing responsible loans to credit-insecure and credit-at-risk communities, as defined by the Federal Reserve Bank of New York, with a commitment that at least 75% of the loans will be allocated to women and minority borrowers as outlined in OneMain's Social Bond Framework.

Amid numerous natural disasters, such as Hurricane Ida, wildfires, severe winter storms and other unexpected events, we provided relief programs that helped approximately 15,000 customers in 2021. Our philanthropic activities supported the communities we serve. We partnered with organizations that champion diversity and financial inclusion for everyone to make a positive impact in the communities where our team members and customers live and work. This included our continued work with **Feeding America**, volunteering and donating to its nationwide network of food banks and pantries that help alleviate hunger for so many in need.

CreditWorthy
by OneMain Financial

And we've laid the groundwork to do more. We announced **the launch of Credit Worthy by OneMain Financial**, a financial education program geared to high school students that is a cornerstone of our corporate social responsibility efforts. Our credit-focused curriculum will reach 1,500 schools across the nation by the end of 2022. This $4 million, multi-year commitment will engage our team members through volunteerism and help lay the foundation to give young people a path to financial empowerment.

## We reinforced our commitment to being a great place to work, with a focus on our people.

**When our team is at its best, so are we.** As always, our people, with their shared commitment and resilience, set us apart from other lenders in 2021. I am very proud of and grateful to them for their dedication to our customers and continuous work to make our mission a reality. It's simple: Above all, when our team members succeed, our customers win – and OneMain thrives.

continued

**We fostered diversity and inclusion in the workplace.** In 2021, we continued to focus on ensuring that OneMain is a place where team members feel a sense of belonging and all team members are given the opportunity to grow and succeed. We launched new career development programs for underrepresented groups including high-potential women and people of color, increased

diverse recruitment and hiring practices and enhanced companywide training for both technical and leadership skills. We also launched our "Day of Inclusion" series and held events honoring Black History Month, Women's History Month, LGBTQ+ History Month, Hispanic Heritage Month and Military Family Appreciation Month.

**We explored and embraced new ways of working.** The last two years demanded that we create flexible work environments that drove increased collaboration, mentorship and professional development, and above all, kept us intensely focused on serving our customers.

**Team member well-being was top of mind**. In addition to continued actions to uphold robust safety protocols during COVID-19, we invested in additional wellness programs to help our team members thrive during unprecedented times, including resources for caregiving and physical and mental health.

## OneMain is well-positioned for the future.

In closing, I want to reflect on the resiliency of our business, which was key to answering the changing needs of our country and communities. I have often said that our expertise and history steeped in serving the nonprime customer, together with our conservative balance sheet with excess liquidity, uniquely position us to drive strong business results through economic cycles. In 2021, we doubled down on our mission to improve the financial well-being of hardworking Americans. Today, we find ourselves in a very strong competitive position.

Our outstanding financial performance has allowed us to continue to invest in our future and return significant capital to our shareholders. Most importantly, we've helped millions of customers take steps toward a better financial future, advancing our vision to be the lender of choice for nonprime customers. Our business model is enduring, our balance sheet is resilient, and our future is bright. We look forward to maintaining our momentum and building on our success through 2022 and beyond.

Sincerely,

**Douglas H. Shulman**
*Chairman & CEO*

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

# FORM 10-K

(Mark One)

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

**For the fiscal year ended December 31, 2021**

**OR**

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

**For the transition period from ______________ to ______________**

Commission file number

**001-36129 (OneMain Holdings, Inc.)**
**001-06155 (OneMain Finance Corporation)**

## ONEMAIN HOLDINGS, INC.
## ONEMAIN FINANCE CORPORATION

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware (OneMain Holdings, Inc.)** | **27-3379612** |
| **Indiana (OneMain Finance Corporation)** | **35-0416090** |
| (State of incorporation) | (I.R.S. Employer Identification No.) |

**601 N.W. Second Street, Evansville, IN 47708**
(Address of principal executive offices) (Zip code)

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

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

**OneMain Holdings, Inc.:**

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

**OneMain Finance Corporation: None**

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

| | |
|---|---|
| OneMain Holdings, Inc. | Yes ☑ No ☐ |
| OneMain Finance Corporation | Yes ☑ No ☐ |

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

| | |
|---|---|
| OneMain Holdings, Inc. | Yes ☐ No ☑ |
| OneMain Finance Corporation | Yes ☐ No ☑ |

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

| | |
|---|---|
| OneMain Holdings, Inc. | Yes ☑ No ☐ |
| OneMain Finance Corporation | Yes ☑ No ☐ |

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

OneMain Holdings, Inc. Yes ☑ No ☐

OneMain Finance Corporation Yes ☑ No ☐

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

OneMain Holdings, Inc.:

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

OneMain Finance Corporation:

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

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

OneMain Holdings, Inc. ☐

OneMain Finance Corporation ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

OneMain Holdings, Inc. ☑

OneMain Finance Corporation ☐

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

OneMain Holdings, Inc. Yes ☐ No ☑

OneMain Finance Corporation Yes ☐ No ☑

The aggregate market value of the voting and non-voting common equity of OneMain Holdings, Inc. held by non-affiliates as of the close of business on June 30, 2021 was $5,822,280,260. All of OneMain Finance Corporation’s common stock is held by OneMain Holdings, Inc.

At January 31, 2022, there were 127,459,360 shares of OneMain Holdings, Inc.'s common stock, $0.01 par value, outstanding.

At January 31, 2022, there were 10,160,021 shares of OneMain Finance Corporation's common stock, $0.50 par value, outstanding.

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

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III (Items 10, 11, 12, 13, and 14) of this Annual Report on Form 10-K is incorporated by reference from OneMain Holdings, Inc.'s Definitive Proxy Statement for its 2022 Annual Meeting to be filed with the Securities and Exchange Commission pursuant to Regulation 14A.

## TABLE OF CONTENTS

**GLOSSARY**

Terms and abbreviations used in this report are defined below.

| Term or Abbreviation | Definition |
|---|---|
| 30-89 Delinquency ratio | net finance receivables 30-89 days past due as a percentage of net finance receivables |
| 401(k) Plan | OneMain 401(k) Plan |
| 3.875% Senior Notes due 2028 | $600 million of 3.875% Senior Notes due 2028 issued by OMFC on August 11, 2021 and guaranteed by OMH |
| 6.125% Senior Notes due 2022 | $500 million of 6.125% Senior Notes due 2022 issued by OMFC on May 15, 2017 and $500 million of 6.125% Senior Notes due 2022 issued by OMFC on May 30, 2017 and, in each case, guaranteed by OMH and redeemed in full on December 10, 2021 |
| 7.75% Senior Notes due 2021 | $650 million of 7.75% Senior Notes due 2021 issued by OMFC on September 24, 2013 and guaranteed by OMH and redeemed in full on January 8, 2021 |
| ABO | accumulated benefit obligation |
| ABS | asset-backed securities |
| Adjusted pretax income (loss) | a non-GAAP financial measure used by management as a key performance measure of our segment |
| AETR | annual effective tax rate |
| AHL | American Health and Life Insurance Company, an insurance subsidiary of OneMain Financial Holdings, LLC |
| Annual Report | this Annual Report on Form 10-K of OMH and OMFC for the fiscal year ended December 31, 2021, filed with the SEC on February 11, 2022 |
| AOCI | Accumulated other comprehensive income (loss) |
| Apollo | Apollo Global Management, Inc. and its consolidated subsidiaries |
| Apollo-Värde Group | an investor group led by funds previously managed by Apollo and Värde |
| ARPA | American Rescue Plan Act of 2021 signed into law on March 11, 2021 |
| ASC | Accounting Standards Codification |
| ASU | Accounting Standards Update |
| ASU 2016-13 | the accounting standard issued by FASB in June of 2016, *Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments* |
| August Concurrent Share Buyback | the purchase of 1,700,000 shares of OMH common stock by OMH in accordance with a July 2021 underwriting agreement, and completed on August 3, 2021 |
| Average daily debt balance | average of debt for each day in the period |
| Average net receivables | average of monthly average net finance receivables (net finance receivables at the beginning and end of each month divided by two) in the period |
| Bps | basis points |
| Base Indenture | indenture, dated as of December 3, 2014, by and between OMFC and Wilmington Trust, National Association, as trustee, and guaranteed by OMH |
| Board | the OMH Board of Directors |
| CAA | Consolidated Appropriations Act of 2021 signed into law on December 27, 2020 |
| CARES Act | Coronavirus Aid, Relief, and Economic Security Act signed into law on March 27, 2020 |
| C&I | Consumer and Insurance |
| CDO | collateralized debt obligations |
| CFPB | Consumer Financial Protection Bureau |
| CMBS | commercial mortgage-backed securities |
| Compensation Committee | the committee of the OMH Board of Directors, which oversees OMH's compensation programs |
| COVID-19 | the global outbreak of a novel strain of coronavirus, including variants thereof |

| Term or Abbreviation | Definition |
|---|---|
| CSR | Corporate Social Responsibility |
| Dodd-Frank Act | the Dodd-Frank Wall Street Reform and Consumer Protection Act |
| DOI | Department of Insurance |
| ERISA | Employee Retirement Income Security Act of 1974 |
| Excess Retirement Income Plan | Springleaf Financial Services Excess Retirement Income Plan |
| Exchange Act | Securities Exchange Act of 1934, as amended |
| FASB | Financial Accounting Standards Board |
| February 2019 Real Estate Loan Sale | OMFC and certain of its subsidiaries sold a portfolio of real estate loans with a carrying value of $16 million, classified in finance receivables held for sale, for aggregate cash proceeds of $19 million on February 5, 2019 |
| FICO score | a credit score created by Fair Isaac Corporation |
| Fixed charge ratio | earnings less income taxes, interest expense, extraordinary items, goodwill impairment, and any amounts related to discontinued operations, divided by the sum of interest expense and any preferred dividends |
| GAAP | generally accepted accounting principles in the United States of America |
| GAP | guaranteed asset protection |
| GLBA | Gramm-Leach-Bliley Act |
| Gross charge-off ratio | annualized gross charge-offs as a percentage of average net receivables |
| Gross finance receivables | the unpaid principal balance of our personal loans. For precompute loans, unpaid principal balance is the gross contractual payments less the unaccreted balance of unearned finance charges |
| Guaranty Agreements | agreements entered into on December 30, 2013 by OMH whereby it agreed to fully and unconditionally guarantee the payments of principal, premium (if any), and interest on the Unsecured Notes |
| Indenture | the Base Indenture, together with all subsequent Supplemental Indentures |
| Investment Company Act | Investment Company Act of 1940 |
| IRS | Internal Revenue Service |
| Junior Subordinated Debenture | $350 million aggregate principal amount of 60-year junior subordinated debt issued by OMFC under an indenture dated January 22, 2007, by and between OMFC and Deutsche Bank Trust Company, as trustee, and guaranteed by OMH |
| KBRA | Kroll Bond Rating Agency, Inc. |
| LIBOR | London Interbank Offered Rate |
| Loss ratio | annualized net charge-offs, net writedowns on real estate owned, net gain (loss) on sales or real estate owned, and operating expenses related to real estate owned as a percentage of average real estate loans |
| Managed receivables | consist of our net finance receivables and finance receivables serviced for our whole loan sale partners |
| Merit | Merit Life Insurance Co., a former insurance subsidiary of OMFC. In the fourth quarter of 2019, the Company sold all of the issued and outstanding shares in Merit to a third party |
| Military Lending Act | governs certain consumer lending to active-duty service members and covered dependents and limits, among other things, the interest rate that may be charged |
| Moody’s | Moody’s Investors Service, Inc. |
| NAV | net asset valuation |
| Net charge-off ratio | annualized net charge-offs as a percentage of average net receivables |
| Net interest income | interest income less interest expense |
| October Concurrent Share Buyback | the purchase of 1,870,000 shares of OMH common stock by OMH in accordance with an October 2021 underwriting agreement, and completed on October 28, 2021 |
| ODART | OneMain Direct Auto Receivables Trust |
| OMFG | OneMain Financial Group, LLC |

| Term or Abbreviation | Definition |
| --- | --- |
| OMFH | OneMain Financial Holdings, LLC |
| OMFC | OneMain Finance Corporation (formerly Springleaf Finance Corporation) |
| OMFIT | OneMain Financial Issuance Trust |
| OMH | OneMain Holdings, Inc. |
| Omnibus Plan | OneMain Holdings, Inc. Amended 2013 Omnibus Incentive Plan, under which equity-based awards are granted to selected management employees, non-employee directors, independent contractors, and consultants |
| OneMain | OneMain Financial Holdings, LLC, collectively with its subsidiaries |
| OneMain Acquisition | Acquisition of OneMain Financial Holdings, LLC from CitiFinancial Credit Company, effective November 1, 2015 |
| Open accounts | consist of open credit card accounts as of period end |
| Other securities | primarily consist of equity securities and those securities for which the fair value option was elected. Other securities recognize unrealized gains and losses in investment revenues |
| PBO | projected benefit obligation |
| Pretax capital generation | a non-GAAP financial measure used by management as a key performance measure of our segment, defined as adjusted pretax income (loss) excluding the change in allowance for finance receivable losses |
| Purchase volume | consist of credit card purchase transactions in the period, including cash advances, net of returns |
| Recovery ratio | annualized recoveries on net charge-offs as a percentage of average net receivables |
| RMBS | residential mortgage-backed securities |
| RSAs | restricted stock awards |
| RSUs | restricted stock units |
| S&P | S&P Global Ratings (formerly known as Standard & Poor’s Ratings Service) |
| SCLH | Springleaf Consumer Loan Holding Company |
| SEC | U.S. Securities and Exchange Commission |
| Securities Act | Securities Act of 1933, as amended |
| Segment Accounting Basis | a basis used to report the operating results of our C&I segment and our Other components, which reflects our allocation methodologies for certain costs and excludes the impact of applying purchase accounting |
| SERP | Supplemental Executive Retirement Plan |
| Selling Stockholder | an entity managed by affiliates of Apollo Global Management, Inc. that agreed to sell shares of OMH common stock in three secondary public offerings in July, August, and October 2021 |
| Selling Stockholders | certain entities managed by affiliates of Apollo-Värde Group that agreed to sell shares of OMH common stock in two secondary public offerings in February and April 2021 |
| SFI | Springleaf Finance, Inc. |
| SLFT | Springleaf Funding Trust |
| SMHC | Springleaf Mortgage Holding Company and subsidiaries |
| Social Bond | $750 million of 3.50% Senior Notes due 2027 issued by OMFC on June 22, 2021 and guaranteed by OMH |
| SpringCastle Portfolio | loans the Company previously owned and now services on behalf of a third party |
| Springleaf | OMH and its subsidiaries (other than OneMain) |
| Stockholders Agreement | Amended and Restated Stockholders Agreement dated as of June 25, 2018 between OneMain Holdings, Inc. and OMH Holdings, L.P. |

| Term or Abbreviation | Definition |
| --- | --- |
| Supplemental Indentures | collectively, the following supplements to the Base Indenture: Third Supplemental Indenture, dated as of May 15, 2017; Fourth Supplemental Indenture, dated as of December 8, 2017; Fifth Supplemental Indenture, dated as of March 12, 2018; Sixth Supplemental Indenture, dated as of May 11, 2018; Seventh Supplemental Indenture, dated as of February 22, 2019; Eighth Supplemental Indenture, dated as of May 9, 2019; Ninth Supplemental Indenture, dated as of November 7, 2019; Tenth Supplemental Indenture, dated as of May 14, 2020; Eleventh Supplemental Indenture, dated as of December 17, 2020; Twelfth Supplemental Indenture, dated as of June 22, 2021; and Thirteenth Supplemental Indenture, dated as of August 11, 2021 |
| Tangible equity | total equity less accumulated other comprehensive income or loss |
| Tangible managed assets | total assets less goodwill and other intangible assets |
| Tax Act | Public Law 115-97 amending the Internal Revenue Code of 1986 |
| TDR finance receivables | troubled debt restructured finance receivables. Debt restructuring in which a concession is granted to the borrower as a result of economic or legal reasons related to the borrower's financial difficulties |
| TILA | Truth In Lending Act |
| Thirteenth Supplemental Indenture | Thirteenth Supplemental Indenture, dated as of August 11, 2021, to the Base Indenture |
| Triton | Triton Insurance Company, an insurance subsidiary of OneMain Financial Holdings, LLC |
| Trust preferred securities | capital securities classified as debt for accounting purposes but due to their terms are afforded, at least in part, equity capital treatment in the calculation of effective leverage by rating agencies |
| Twelfth Supplemental Indenture | Twelfth Supplemental Indenture, dated as of June 22, 2021, to the Base Indenture |
| Unearned finance charges | the amount of interest that is capitalized at time of origination on a precompute loan that will be earned over the remaining contractual life of the loan |
| Unsecured corporate revolver | unsecured revolver with a maximum borrowing capacity of $1.0 billion, payable and due on October 25, 2026 |
| Unsecured Notes | the notes, on a senior unsecured basis, issued by OMFC and guaranteed by OMH |
| Värde | Värde Partners, Inc. |
| VIEs | variable interest entities |
| VOBA | value of business acquired |
| Weighted average interest rate | annualized interest expense as a percentage of average debt |
| XBRL | eXtensible Business Reporting Language |
| Yield | annualized finance charges as a percentage of average net receivables |

## Forward-Looking Statements

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

- adverse changes in general economic conditions, including the interest rate environment and the financial markets;
- risks associated with COVID-19 and the measures taken in response thereto;
- the sufficiency of our allowance for finance receivable losses;
- increased levels of unemployment and personal bankruptcies;
- natural or accidental events such as earthquakes, hurricanes, pandemics, floods, or wildfires affecting our customers, collateral, or our facilities;
- a failure in or breach of our information, operational or security systems, or infrastructure or those of third parties, including as a result of cyber-attacks or other disruptions;
- the adequacy of our credit risk scoring models;
- adverse changes in our ability to attract and retain employees or key executives;
- increased competition or adverse changes in customer responsiveness to our distribution channels or products;
- changes in federal, state, or local laws, regulations, or regulatory policies and practices or increased regulatory scrutiny of our industry;
- risks associated with our insurance operations;
- the costs and effects of any actual or alleged violations of any federal, state, or local laws, rules or regulations;
- 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;
- our substantial indebtedness and our continued ability to access the capital markets and maintain adequate current sources of funds to satisfy our cash flow requirements;
- our ability to comply with all of our covenants; and
- the effects of any downgrade of our debt ratings by credit rating agencies.

We also direct readers to the other risks and uncertainties discussed in Part I - Item 1A. “Risk Factors” of this report and in other documents we file with the SEC.

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

## BUSINESS OVERVIEW

This report combines the Annual Reports on Form 10-K for the year ended December 31, 2021 for OneMain Holdings, Inc. ("OMH"), a publicly held financial service holding company, and its wholly owned direct subsidiary, OneMain Finance Corporation ("OMFC"). OMFC is the issuing entity of our outstanding public debt securities and all of OMFC's common stock is owned by OMH. The information in this combined report is equally applicable to OMH and OMFC, except where otherwise indicated. OMH and OMFC are referred to in this report, collectively with their subsidiaries, whether directly or indirectly owned, as "the Company," "OneMain," "we," "us," or "our."

As one of the nation's leaders in offering nonprime customers responsible access to credit, we:

- provide responsible personal loan products;
- offer credit card products;
- offer optional credit insurance and other products;
- offer a customer-focused financial wellness program;
- service loans owned by us and third parties;
- pursue strategic acquisitions and dispositions of assets and businesses, including loan portfolios or other financial assets; and
- may establish joint ventures or enter into other strategic alliances.

We provide origination, underwriting, and servicing of personal loans, primarily to nonprime customers. In addition, we offer two credit cards, BrightWay and BrightWay+, through a third-party bank partner from which we purchase the receivable balances. 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, 2021, we had $19.2 billion of finance receivables due from approximately 2.40 million customer accounts. We also service personal loans for our whole loan sale partners, which we commenced during the first quarter of 2021. At December 31, 2021, we managed a combined total of 2.45 million customer accounts and $19.6 billion of managed receivables.

Our branch network of approximately 1,400 locations in 44 states is staffed with expert personnel and is complemented by our online personal loan origination capabilities and centralized operations staff, which allow us to reach customers in person, digitally, and over the phone. Our digital platform provides our current and prospective customers with the option of applying for our products via our website, *www.omf.com*.

## INDUSTRY AND MARKET OVERVIEW

We operate in the consumer finance industry serving consumers who have limited access to credit from banks, credit card companies, and other traditional lenders. Using third party market data as of December 2021 and internally aligning to our current product offerings and customer credit scores, we estimate U.S. nonprime consumers collectively have approximately $1.1 trillion of outstanding borrowings in the form of personal loans, auto loans and leases, and credit cards. We believe this large market provides us with an attractive growth opportunity.

We are one of the few national participants in the consumer installment lending industry. Our national branch network and digital platform, combined with our centralized operational capabilities, provide an opportunity to serve this market efficiently and responsibly. In addition, credit card offerings continue to deepen our existing customer relationships, attract new customers, and furthers our vision to become the lender of choice for nonprime customers. We believe we are well-positioned to capitalize on the significant growth and expansion opportunity within our industry. See also "Competition" included in this report.

## SEGMENT

### *Consumer and Insurance*

At December 31, 2021, Consumer and Insurance ("C&I") was our only reportable segment. We originate and service secured and unsecured personal loans, offer credit cards, and provide optional credit and non-credit insurance and related products through our branch and centralized operations as well as our digital platform. Personal loan origination and servicing, credit cards, and insurance products form the core of our operations. Our branch network included approximately 1,400 locations in 44 states as of December 31, 2021. In addition, our centralized support operations provide underwriting and servicing support to branch operations.

Our insurance business is conducted through our wholly owned insurance subsidiaries, American Health and Life Insurance Company ("AHL") and Triton Insurance Company ("Triton"). AHL is a life and health insurance company licensed in 49 states, the District of Columbia, and Canada to write credit life, credit disability, and non-credit insurance products. Triton is a property and casualty insurance company licensed in 50 states, the District of Columbia, and Canada to write credit involuntary unemployment, credit disability, and collateral protection insurance. See Note 10 of the Notes to the Consolidated Financial Statements included in this report for further information on our insurance business.

**Products and Services.** Our personal loan business comprises products and services that have performed well through various market conditions. Our personal loans are non-revolving, with a fixed-rate, fixed terms generally between three to six years, and are secured by automobiles, other titled collateral, or are unsecured. Our secured personal loans include direct auto loans, which are typically larger in size and based on the collateral of newer autos with higher values. Our loans have no pre-payment penalties. Credit cards are open-ended, revolving, with a fixed rate, and are unsecured.

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

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

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

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

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

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

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

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

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

We solicit customers through a variety of direct mail offers, targeted online advertising, search engines, e-mail, and internet loan aggregators. We use proprietary modeling, along with data purchased from credit bureaus, alternative data providers, and our existing data/experience to acquire and develop new and profitable customer relationships.

Our digital platform allows current and prospective customers the ability to apply for and close a personal loan online, at *www.omf.com*. Our digital user experience includes video, chat, and co-browsing with customers. These tools simplify and optimize the customer experience.

During 2021, we continued to increase the number of borrowers who closed remotely through our digital platform without coming into a branch location. All of our applications, regardless of whether they are completed in person, over the phone, or online, go through our best-in-class underwriting processes, including an ability-to-pay assessment, monthly budgeting, income verification, and centralized automated credit decisioning. Our goal is to continue to improve the way we serve our customers and extend responsible credit, so customers are able to repay their loans.

**Credit Risk.** Credit quality is driven by our long-standing underwriting philosophy, which considers a prospective customer's budget, to determine not only his or her willingness to pay but also the capacity to repay the personal 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 for our personal loans includes the development of a budget (net of taxes and monthly expenses) for the applicant. We obtain a security interest in titled property for our secured personal loans.

Our customers are primarily considered nonprime and therefore are a higher credit risk, and often require significantly higher levels of servicing than prime customers. As a result, we generally charge these customers higher interest rates.

**Account Servicing.** Account servicing and collections for our finance receivables are handled at the branch location, in our centralized service centers, or through third-party servicers. Servicing and collection activity is conducted and documented on systems that log and maintain a permanent record of all transactions and may also be used to assess a customer's application. The systems permit branch office management to review the individual and collective performance of branch locations for which they are responsible.

## CENTRALIZED OPERATIONS

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

- soliciting business through mail and telephone;
- processing payments;
- originating personal loans;
- issuing and servicing optional insurance products;
- servicing of certain delinquent personal loans;
- managing bankruptcy process for loans in Chapter 7, 11, 12 and 13 proceedings;
- managing litigation requests against delinquent borrowers;
- tracking collateral protection insurance;
- repossessing and re-marketing of titled collateral;
- supervising sales and retention of customers; and
- managing charge-off recovery operations.

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

## OPERATIONAL CONTROLS

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

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

## PRIVACY, DATA PROTECTION, AND CYBERSECURITY

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

Our consumer businesses are subject to the privacy, disclosure, and safeguarding provisions of the Gramm-Leach-Bliley Act ("GLBA") and Regulation P, which implements the statute. Among other things, the GLBA imposes certain limitations on our ability to share consumers' nonpublic personal information with nonaffiliated third parties and, pursuant to the Federal Trade Commission's Safeguards Rule, requires us to develop, implement, and maintain a written comprehensive cybersecurity program containing safeguards that are appropriate to the size and complexity of our business, the nature and scope of our activities, and the sensitivity of customer information that we process. In December 2021, the Federal Trade Commission published amendments to its Safeguards Rule that prescribe more specific administrative and technical requirements for a financial institution's information security program. Various states also have adopted laws, rules, and regulations pertaining to privacy and/or cybersecurity that may be as, or more stringent and expansive than federal requirements. These state laws include the California Consumer Privacy Act (as amended by the California Privacy Rights Act of 2020) and the New York Cybersecurity Regulation. Certain of these requirements may apply to the personal information of our employees and contractors as well as to our customers. Various U.S. federal regulators and U.S. states and territories have also enacted data security breach notification requirements that are applicable to us.

## REGULATION

### *Federal Laws*

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

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

The Dodd-Frank Act and the regulations promulgated thereunder have affected and are likely in the future to affect our operations in terms of increased oversight of financial services products by the CFPB and the imposition of restrictions on the terms of certain loans. Among regulations the CFPB has promulgated are mortgage servicing regulations that are applicable to the remaining real estate loan portfolio serviced by or for OneMain. The CFPB has significant authority to implement and enforce federal consumer finance laws, including the protections established in the Dodd-Frank Act, as well as the authority to identify and prohibit unfair, deceptive, and abusive acts and practices. In addition, under the Dodd-Frank Act, securitizations of loan portfolios are subject to certain restrictions and additional requirements, including requirements that the originator retain a portion of the credit risk of the securities sold and the reporting of buyback requests from investors. We also utilize third-party debt collectors and will continue to be responsible for oversight of their procedures and controls, as they pertain to our collection activities.

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

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

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

The Dodd-Frank Act also requires that a securitizer generally retain not less than 5% of the credit risk for certain types of securitized assets that are created, transferred, sold, or conveyed through issuance of asset-backed securities with an exception for securitizations that are wholly composed of "qualified residential mortgages." The risk retention requirement has reduced the amount of financing typically obtained from our securitization transactions and has imposed compliance costs on our securitizations and costs with respect to certain of our financing transactions. With respect to each financing transaction that is subject to the risk retention requirements of the Dodd-Frank Act, we either retain at least 5% of the balance of each such class of debt obligations and at least 5% of the residual interest in each related VIE or retain at least 5% of the fair value of all ABS interests (as defined in the risk retention requirements), which is satisfied by retention of the residual interest in each related VIE, which, in each case, collectively, represents at least 5% of the economic interest in the credit risk of the securitized assets in satisfaction of the risk retention requirements.

***State Laws***

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

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

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

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

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

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

***Canadian Laws***

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

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

## COMPETITION

We operate primarily in the consumer lending industry. We focus on serving the nonprime customer through our national branch network, online, and over the phone.

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

Our credit cards compete with many local, regional, and national issuers in the highly competitive credit card industry that seek to serve the same consumers that we serve. We believe that competition between credit card issuers occurs primarily on the basis of customer experience, price, credit limit, rewards programs, and service quality.

We believe that we possess several competitive strengths that allow us to compete effectively with other lenders in our industry. We utilize an omnichannel operating model, including a digital lending footprint and a branch network of approximately 1,400 locations rooted in local communities. Almost 90% of Americans live within 25 miles of one of our branch locations. Our national branch network serves as a proven distribution channel. We also have proven analytics that allow us to have strong loss performance through many cycles. We believe our deep understanding of local markets and customers, together with our proprietary underwriting process, sophisticated data analytics, and decisioning tools allow us to price, manage, and monitor risk effectively through changing economic conditions.

## SEASONALITY

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

## HUMAN CAPITAL

### *Overview*

OneMain is dedicated to providing lending solutions to help hardworking Americans improve their financial well-being by offering products that are designed to be the starting point to their financial stability and growth. As of December 31, 2021, we had over 8,800 employees. Our commitment to help our community starts with our own team members. We believe in putting people first with our focus on recruiting, developing, and supporting our team members that reflect and celebrate the communities in which we operate. In addition, we believe a diverse talent pool and inclusive work environment makes us stronger, helps us fulfill our Company’s mission, and meaningfully connects us with the customers and communities we serve. Finally, we believe that integrity, transparency, and respect are at the heart of our success, and that these ethical values must inform every interaction we have with customers and with each other.

### *Diversity and Inclusion*

At OneMain, diversity and inclusion lead the way for recruitment and retention. We strive to recruit, train, and retain outstanding, diverse team members that believe in our mission, live our values, and go the extra mile for our customers. Our inclusive culture allows team members at all levels of the organization to further their careers and achieve both their personal and professional goals. Our Diversity Council is sponsored by our Chief Executive Officer and our Chief Human Resources Officer. Council members represent a cross section of leadership in various roles and geographies who provide thought leadership and champion internal and external diversity initiatives in support of the organization. Our diversity strategy, which we treat as an important business priority, has three pillars: (i) hiring and retaining diverse talent, (ii) talent pipeline and progression, and (iii) creating a culture of inclusion. We partner with organizations, including Veteran Job Mission and Direct Employers Association, to help recruit a diverse workforce. All OneMain leaders and team members receive unconscious-bias training aimed at creating a positive, inclusive work environment.

We require diverse candidates (women or minorities) to be considered for all leadership roles. This commitment to diversity begins with our OMH Board of Directors, whose membership includes 38% ethnic or racial minorities and 25% women.

All managers are accountable for attracting and retaining high-quality, diverse talent, and creating a respectful, inclusive work environment as part of their goals and our leadership attributes. In addition, each year team members have the opportunity to provide candid feedback in an Employee Engagement Survey on how engaged they are and how enabled they feel in their roles at OneMain. As of December 31, 2021, 84% of team members participated in the annual Employee Engagement Survey.

***Talent Retention and Development***

We believe that motivated and engaged team members are more productive, innovative, and collaborative, which in turn helps consistently deliver an excellent customer experience. OneMain equips each team member at all levels of our organization with the tools and personal and professional support to further their careers. We empower our employees to learn new skills, meet personalized development goals, and grow their careers. OneMain conducts regular employee trainings, including Continuing Professional Education and leadership development at each level. We invest in our employees and believe training and professional development is critical to maintaining our talent competitiveness and providing best-in-class service for our customers.

***Compensation and Benefits***

We offer a total rewards package, which includes competitive compensation, incentives, and comprehensive benefits that will attract, retain, and motivate talent within our organization. Our compensation and benefits package includes competitive pay, healthcare, retirement benefits, as well as paid time off and holidays, parental leave, disability benefits, military leave, and paid development and volunteer time off, along with other benefits and employee resources. Team members are guided through their performance management with regular goal setting and coaching. We also offer performance pay to help enhance their career development.

## CORPORATE SOCIAL RESPONSIBILITY

Our approach to corporate social responsibility ("CSR") is a natural extension of our mission to continue to support and improve the financial well-being of our customers, communities, and team members. In early 2020 when COVID-19 resulted in widespread health and financial hurdles across the United States, OneMain committed to continue to help and support our communities more than ever. OneMain implemented operational adjustments in response to the COVID-19 pandemic to help protect the health and financial well-being of our customers and team members. We focused on our customers by offering to support them through our borrower assistance programs. We also contributed to support financial literacy, community and economic development, pandemic relief, and racial and social justice initiatives.

In June 2021, OMFC issued its inaugural Social Bond, with the net proceeds committed to serving credit-disadvantaged communities around the country. Furthermore, at least 75% of the loans funded by the Social Bond will be allocated to women or minority borrowers as outlined in OneMain's Social Bond Framework. The Social Bond reinforces our commitment to financial inclusion and providing underrepresented communities with access to safe, affordable credit. It also provides a concrete and measurable funding vehicle to advance the Company's social responsibility program. Additional information regarding our Social Bond and Social Bond Framework is available on our Investor Relations website.

In December 2021, OneMain entered a $4 million service contract with EVERFI, a global social-impact technology provider, to develop and distribute free, digital financial education to 1,500 high schools nationwide over four academic school years. The curriculum is designed to drive meaningful social impact in communities and on financial wellness by teaching high school students about credit as they embark on their personal financial lives. OneMain and EVERFI will award up to $300,000 in scholarships over four years as part of the contract.

As part of our commitment to social responsibility, we are focused on sustainable growth and our carbon footprint. For additional information regarding our commitments to support our customers, communities, team members, and our corporate environment, please refer to our 2020 ESG report, which is available on our Investor Relations website.

**AVAILABLE INFORMATION**

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

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

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

The information on, or that is accessible through, our website is not incorporated by reference into this report. The website addresses listed in this Item are provided for the information of the reader and are not intended to be active links.

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

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

**RISKS RELATED TO OUR BUSINESS**

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

Uncertainty and deterioration in general economic conditions in the U.S. and abroad historically have created a difficult operating environment for consumer lending. Many factors, including factors that are beyond our control, may impact our financial condition or results of operations 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, or catastrophes; events that affect our borrowers, such as major medical expenses, divorce, or death; and the quality of any collateral underlying our finance receivables. If we experience a future economic downturn, or if we become affected by other events beyond our control, we may experience increased credit risks, significant reductions in revenues, earnings and cash flows, difficulties accessing capital, and a deterioration in the value of our investments.

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

We also are exposed to geographic customer concentration risk. An economic downturn or catastrophic event that disproportionately affects certain geographic regions could materially and adversely affect our business, financial condition, and results of operations, including the performance of our finance receivables portfolio. See Note 4 of the Notes to the Consolidated Financial Statements included in this report for quantification of our largest concentrations of net finance receivables.

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

***The COVID-19 pandemic may continue to adversely affect consumer finance businesses including OneMain.***

The virus causing COVID-19 was identified in late 2019 and was declared a global pandemic in March 2020. Governmental authorities have taken a number of steps to combat or slow the spread of COVID-19, including shutdowns of non-essential businesses, stay-at-home orders, social distancing measures, vaccine mandates, and other actions that disrupted economic activity. Certain states are experiencing new outbreaks of COVID-19 and have re-imposed restrictions on restaurants, entertainment, and similar venues. Efforts to combat the virus have been complicated by viral variants and uneven global access to and acceptance of vaccines. These measures have and may continue to impact all or portions of the Company's workforce and our current and prospective customers. Although certain restrictions related to the COVID-19 pandemic have eased, uncertainty continues to exist regarding such measures and potential future measures.

In response to COVID-19, we have modified our business practices with a portion of our employees working remotely to minimize interruptions in our business. Although these changes have allowed us to continue operations safely, the technology in home environments may not be as robust as in our offices and could cause networks, information systems, applications, and other tools available to employees to be more limited or less reliable than in our offices. The continuation of these work-from-home measures also introduces additional operational risk, including increased cybersecurity risk from phishing, malware, and other cybersecurity attacks, all of which could expose us to risks of data or financial loss and could seriously disrupt our operations and the operations of any impacted customers.

If key personnel or a significant number of employees were to become unavailable due to the effects and restrictions of the COVID-19 pandemic, including impacts of new variants, we could also be adversely affected. Additionally, we rely upon our third-party vendors to help us conduct aspects of our business and to process, record, and monitor transactions. If any of these vendors are unable to continue to provide us with their services, it could also negatively impact our ability to serve our customers. Although we have business continuity plans and other safeguards in place, there is no assurance that such plans and safeguards will be effective.

Legal and regulatory responses to concerns related to the COVID-19 pandemic could result in additional regulation or restrictions affecting the conduct of our business in the future. All of the foregoing may adversely affect our income and other results of operations, make collection of our finance receivables more difficult, or reduce income received from such receivables or our ability to obtain financing with respect to such receivables.

The COVID-19 pandemic has caused significant volatility and disruption in global financial markets. Volatility stemming from the COVID-19 pandemic could negatively affect our net interest income, lending activities, and profitability. Likewise, market volatility, as well as general economic, market, or social conditions related to the COVID-19 pandemic, could reduce the market price of shares of our common stock regardless of our operating performance.

Additionally, to the extent that the pandemic harms our business and results of operations, many of the other risks described in this "Risk Factors" section may be heightened.

***There are risks associated with the acquisition or sale of assets or businesses and the formation, termination, or operation of joint ventures or other strategic alliances, which could have a material adverse effect on our financial condition, results of operations, and liquidity.***

We have previously acquired, and in the future may acquire, assets or businesses, either through the direct purchase of such assets or the purchase of a company's equity. Since we will not have originated or serviced the finance receivables 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 receivables.

Potential difficulties we may encounter in connection with these transactions and arrangements include: the integration of the assets or business into our information technology platforms and servicing systems; the quality of servicing; disruption of our ongoing businesses and distraction of our management teams; incomplete or inaccurate records; inability to retain existing customers; unanticipated expenses; and potential unknown liabilities associated with the transactions, including legal liability related to origination and servicing prior to the acquisition.

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

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

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

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

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

***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 will not adequately represent the risk profile of the borrowers and could result in a riskier finance receivables profile than originally identified. Our risk management policies, procedures, and techniques, including our scoring technology, may not be sufficient to identify all of the risks we are exposed to, mitigate the risks we have identified, or identify concentrations of risk or additional risks to which we may become subject in the future. We also face evolving risks as a result of the COVID-19 pandemic and the significant increase in our remote workforce and digital operations. These risks may not be adequately captured by our existing risk management framework.

***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 financial condition, results of operations, and liquidity.***

Changing market conditions, the availability of credit, the relative economic vitality of the area in which borrowers and their assets are located, changes in tax laws, other opportunities for investment available to our customers, homeowner mobility, and other economic, social, geographic, demographic, and legal factors beyond our control, may affect the rates at which our borrowers prepay their loans. Generally, in situations where prepayment rates have slowed, the weighted-average life of our finance receivables has increased. Any increase in interest rates may further slow the rate of prepayment for our finance receivables, which could adversely affect our liquidity by reducing the cash flows from, and the value of, the finance receivables we hold for sale or utilize as collateral in our secured funding transactions.

Moreover, our finance receivables are fixed-rate and generally decline in value if interest rates increase. As such, if changing market conditions cause interest rates to increase substantially, the value of our finance receivables could decline. Some jurisdictions limit the maximum interest rate that we may charge on a certain population of our loans so we have limited ability to increase the interest rate on our loans made in those jurisdictions. 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 new loans to offset any increases in our cost of funds. Accordingly, any increase in interest rates could negatively affect our financial condition, results of operations, 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 financial condition, results of operations, and liquidity.***

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

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

At its maximum, our exposure to repurchases or our indemnification obligations under our representations and warranties could include the current unpaid balance of all finance receivables that we have sold or securitized, and which are not subject to settlement agreements with purchasers.

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

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

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

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

Our operations rely heavily on the secure processing, storage, and transmission of confidential customer and other information including, among other things, PII, in our computer systems and networks, as well as those of third parties. Our branch locations and centralized servicing centers, as well as our administrative and executive offices, are part of an electronic information network that is designed to permit us to originate and track finance receivables and collections and perform other tasks that are part of our everyday operations. Additionally, as a result of the COVID-19 pandemic and the significant increase in our remote workforce and digital operations, our vulnerability to unauthorized access to confidential information may increase.

We devote significant resources to network and data security, including using encryption, access controls, authentication, and other security measures intended to protect our computer systems and data. These security measures may not be sufficient and may be vulnerable to hacking, employee error, malfeasance, system error, faulty password management, or other irregularities. For example, third parties may attempt to fraudulently induce employees or customers into disclosing usernames, passwords, or other sensitive information, which may in turn be used to access our computer systems. Any failure, interruption, or breach in our cybersecurity could result in reputational harm, disruption of our customer relationships, or our inability to originate, process and service our finance receivable products, any of which could have a materially adverse effect on our financial condition, results of operations, and liquidity.

Further, any of these cybersecurity and operational risks could expose us to lawsuits by customers for identity theft or other damages resulting from data breach involving PII or misuse of their PII and possible financial liability, any of which could have a material adverse effect on our financial condition, results of operations, and liquidity. In addition, regulators may impose penalties and/or require remedial action if they identify weaknesses in our security systems, and we may be required to incur significant costs to increase our cybersecurity to address any vulnerabilities that may be discovered or to remediate the harm caused by any security breaches. As part of our business, we may share confidential customer information and proprietary information with customers, vendors, service providers, and business partners. The information systems of these third parties may be vulnerable to security breaches and, despite our best efforts, we may not be able to ensure that these third parties have appropriate security controls in place to protect the information we share with them. If our confidential information is intercepted, stolen, misused, or mishandled while in possession of a third-party, it could result in reputational harm to us, loss of customer business, and additional regulatory scrutiny, and it could expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our financial condition, results of operations, and liquidity. Although we have insurance that is intended to cover certain losses from such events, there can be no assurance that such insurance will be adequate or available.

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

Our branch locations and centralized servicing centers have physical customer records necessary for day-to-day operations that contain confidential information about our customers. We also retain physical records in various storage locations. The loss or theft of customer information from our branch locations, 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 financial condition, results of operations, and liquidity. In addition, if we cannot locate original documents (or copies, in some cases) for certain finance receivables, we may not be able to collect on those finance receivables.

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

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

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

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

***We may not be able to make technological improvements as quickly as some of our competitors, which could harm our ability to compete and adversely affect our financial condition, results of operations, 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 will depend, in part, upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands for convenience, as well as to create additional efficiencies in our operations. We may not be able to effectively implement new technology-driven products and services as quickly as some of our competitors or be successful in marketing these products and services to our existing and new customers. Failure to successfully keep pace with technological change affecting the financial services industry could harm our ability to compete and adversely affect our financial condition, results of operations, and liquidity.

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

Goodwill represents the amount of acquisition cost over the fair value of net assets we acquired. If the carrying amount of goodwill and other intangible assets exceeds the fair value, an impairment loss is recognized in an amount equal to that excess. Any such adjustments are reflected in our results of operations in the periods in which the impairments become known. There can be no assurance that our future evaluations of goodwill and other intangible assets will not result in findings of impairments and related write-downs, which may have a material adverse effect on our financial condition and results of operations. See Note 7 of the Notes to the Consolidated Financial Statements included in this report for further information on goodwill and intangible asset impairment.

***Damage to our reputation could adversely impact our business and financial results.***

Our ability to attract and retain customers and employees is significantly impacted by our reputation. Damage to our reputation can arise as a result of our actions or those of our employees or as a result of negative public opinion about the financial services industry. Negative public opinion may relate to any aspect of or risk associated with our business, including but not limited to, our lending practices, cybersecurity breaches, failures to safeguard personal information, discriminating or harassing behavior of employees, compensation practices, sales practices, environmental, social, and governance practices and disclosures, or failure or perceived failure to comply with laws or regulations. Negative publicity directed at us could generate dissatisfaction among our customers and employees. We cannot give assurance that our policies and procedures will be fully effective in preventing conduct that could damage our reputation. Furthermore, our actual or perceived failure to address or prevent any such conduct or otherwise to effectively manage our business or operations could result in significant reputational harm.

## 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 financial condition, results of operations, and liquidity.***

The consumer finance industry is highly competitive. Our profitability depends, in large part, on our ability to underwrite and originate finance receivables. Some of our 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. We cannot give assurance that the competitive pressures we face will not have a material adverse effect on our financial condition, results of operations, and liquidity.

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

Our businesses are subject to numerous federal, state, and local laws and regulations, and various state authorities regulate and supervise our lending business and insurance operations.

We also must comply with extensive regulations in servicing our legacy real estate loans and loan portfolios for other parties and will have to comply with these servicing regulations if we acquire loan portfolios in the future for which we act as a servicer.

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

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

State attorneys general have a variety of tools at their disposal to enforce state and federal consumer financial laws. First, Section 1042 of the Dodd-Frank Act grants state attorneys general the ability to enforce the Dodd-Frank Act and regulations promulgated under the Dodd-Frank Act's authority and to secure remedies provided in the Act against entities within their jurisdiction. State attorneys general also have enforcement authority under state law with respect to unfair or deceptive practices. Generally, under these statutes, state attorneys general may conduct investigations, bring actions, and recover civil penalties or obtain injunctive relief against entities engaging in unfair, deceptive, or fraudulent acts. Attorneys general may also coordinate among themselves to enter into multi-state actions or settlements. Several consumer financial laws like the Truth in Lending Act and Fair Credit Reporting Act grant enforcement or litigation authority to state attorneys general.

We are subject to potential changes in federal and state law, which could lower the interest-rate limit that non-depository financial institutions may charge for consumer loans or could expand the definition of interest under federal and state law to include the cost of optional products, such as insurance. Such changes could limit our interest income, insurance revenues, and other revenue, which could have a material adverse effect on our financial condition and results of operations.

We may not be able to maintain all requisite licenses and permits, and the failure to satisfy those or 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 way 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 financial condition, results of operations, and liquidity.

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

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

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

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

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

Some of the rulemaking under the Dodd-Frank Act remains pending. As a result, the complete impact of the Dodd-Frank Act remains uncertain. It is not clear what form remaining regulations will ultimately take, or how our business will be affected.

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

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

We are subject to 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 and the New York Cybersecurity Regulation, which govern the use of PII by financial institutions and require certain safeguards for protecting PII. Moreover, various state laws and regulations may require us to notify customers, employees, state attorneys general, regulators, and others in the event of a security breach. Federal and state legislators and regulators are pursuing new guidance, laws, and regulations relating to consumer privacy, data protection, and information security. Compliance with current or future consumer privacy, data protection, and information security laws and regulations could result in higher compliance, technology, or other operating costs. Any violations of these laws and regulations may require us to change our business practices or operational structure. Violations could subject us to material legal claims, monetary penalties, sanctions, and obligations to compensate and/or notify customers, employees, state attorneys general, regulators, and others, or take other remedial actions.

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

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

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

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

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

The Dodd-Frank Act requires, among other things, that a securitizer retain at least a 5% economic interest in the credit risk of the securitized assets; this requirement has reduced and will continue to reduce the amount of financing obtained from such transactions. Furthermore, sponsors are prohibited from diluting the required risk retention by dividing the economic interest among multiple parties or hedging or transferring the credit risk the sponsor is required to maintain.

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 business days prior to the first sale of securities, which has led and will continue to lead us to incur additional costs in connection with each securitization.

***We may have to constrain our business activities to avoid being deemed an investment company under the Investment Company Act.***

The Investment Company Act regulates the manner in which "investment companies" are permitted to conduct their business activities. We believe we have conducted, and intend to continue to conduct, our business in a manner that does not result in the Company being characterized as an investment company, including relying on certain exemptions from registration as an investment company. We rely on guidance published by the SEC staff or on our analyses of such guidance to determine our 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. We cannot give assurance that the laws and regulations governing our Investment Company Act status or SEC guidance regarding the Investment Company Act will not change in a manner that adversely affects our operations. If we are deemed to be an investment company, we may attempt to seek exemptive relief from the SEC, which could impose significant costs on us. We may not receive such relief on a timely basis, if at all, and such relief may require us to modify or curtail our operations. If we are deemed to be an investment company, we may also be required to institute burdensome compliance requirements and our activities may be restricted.

**RISKS RELATED TO OUR INDEBTEDNESS**

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

Our ability to access capital and credit may be significantly affected by disruption in the U.S. credit markets and the associated credit rating downgrades on our debt. In addition, the risk of volatility surrounding the global economic system and uncertainty surrounding the COVID-19 pandemic continue to create significant volatility in, and uncertainty around access to, the capital markets. Historically, we have funded our operations and repaid our debt and other obligations using funds collected from our finance receivable portfolio and new debt issuances. Our current corporate credit ratings are below investment grade and, as a result, our borrowing costs may further increase and our ability to borrow may be limited. In addition to issuing unsecured debt in the public and private markets, we have raised capital through securitization transactions and, although there can be no assurances that we will be able to complete additional securitizations or issue additional unsecured debt, we currently expect our near-term sources of capital markets funding to continue to derive from securitization transactions and unsecured debt offerings.

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

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

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

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

- it may require us to dedicate a larger portion of our cash flows from operations to pay our indebtedness, which reduces the funds available for other purposes, including finance receivable originations and capital returns;
- it may 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;
- it may require us to seek to change the maturity, interest rate and other terms of our existing debt;
- it may place us at a competitive disadvantage to competitors that are not as highly leveraged;
- it may cause a downgrade of our debt and long-term corporate ratings; and
- it may cause us to be more vulnerable to periods of negative or slow growth in the general economy or in our business.

In addition, meeting our anticipated liquidity requirements is contingent upon our continued compliance with our existing debt agreements. An event of default or declaration of acceleration under one of our existing debt agreements could also result in an event of default and declaration of acceleration under certain of our other existing debt agreements. Such an acceleration of our debt would have a material adverse effect on our liquidity and our ability to continue as a going concern. If our debt obligations increase, whether due to the increased cost of existing indebtedness or the incurrence of additional indebtedness, the consequences described above could be magnified. There can be no assurance that we will be able to repay or refinance our debt in the future.

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

OMFC's indenture and certain of OMFC's notes contain a covenant that limits OMFC's and its subsidiaries' ability to create or incur liens. The restrictions may interfere with our ability to obtain additional financing or affect the way we structure such financing or engage in other business activities. 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 our indebtedness. This limitation may significantly restrict our financing options during times of either market distress or our financial distress, which are precisely the times when having financing options is most important.

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

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

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

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

- our inability to grow our personal loan portfolio with adequate profitability to fund operations, loan losses, and other expenses;
- our inability to monetize assets including, but not limited to, our access to debt and securitization markets;
- our inability to obtain the additional necessary funding to finance our operations;
- the effect of current and potential new federal, state, and local laws, regulations, or regulatory policies and practices on our ability to conduct business or the way we conduct business, as well as changes that may result from increased regulatory scrutiny of the sub-prime lending industry;
- potential liability relating to real estate and personal loans which we have sold or may sell in the future, or relating to securitized loans, if it is determined that there was a non-curable breach of a warranty made in connection with the transaction;
- the potential for increasing costs and difficulty in servicing our loan portfolio because of heightened regulatory scrutiny of loan servicing and foreclosure practices in the industry generally;
- the potential for additional unforeseen cash demands or acceleration of obligations;
- reduced income due to loan modifications where the borrower's interest rate is reduced, principal payments are deferred, or other concessions are made;
- the potential for declines or volatility in bond and equity markets; and
- the potential effect on us if the capital levels of our regulated and unregulated subsidiaries prove inadequate to support our business plans.

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

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

S&P, Moody's, and KBRA rate OMFC's debt. Ratings reflect the rating agencies' opinions of a company's financial strength, operating performance, strategic position, and ability to meet its obligations. Agency ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating. If OMFC's current ratings are downgraded, it will likely increase the interest rate that we would have to pay to raise money in the capital markets, making it more expensive for us to borrow money and adversely impacting our access to capital. As a result, a downgrade of OMFC's ratings could negatively impact our results of operations, financial condition, and liquidity.

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

We cannot give assurance 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 because of adverse changes in economic conditions or the financial markets.

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

Rating agencies may also affect our ability to execute a securitization transaction or increase the costs we expect to incur from executing securitization transactions. 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 cannot control or predict what actions the rating agencies may take in this regard.

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

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

**RISKS RELATED TO OUR ORGANIZATION AND STRUCTURE**

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

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 for funds to meet our financial obligations and enable OMH to pay dividends on its common stock. Our subsidiaries are legally distinct from us, and certain of our subsidiaries are prohibited or restricted from paying dividends or otherwise making funds available to us under certain conditions. For example, our insurance subsidiaries are subject to regulations that limit their ability to pay dividends or make loans or advances to us, principally to protect policyholders, and certain of OMFC's debt agreements limit the ability of certain of our subsidiaries to pay dividends. If we are unable to obtain funds from our subsidiaries, or if our subsidiaries do not generate sufficient cash from operations, we may be unable to meet our financial obligations or pay dividends, and the board may exercise its discretion not to pay dividends.

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

While OMH intends to pay its minimum quarterly dividends, currently $0.95 per share, for the foreseeable future, all subsequent dividends will be reviewed and declared at the discretion of the Board and will depend on many factors, including our financial condition, earnings, cash flows, capital requirements, level of indebtedness, statutory and contractual restrictions applicable to the payment of dividends, and other considerations that the Board deems relevant. As a result, we cannot give assurance that OMH will continue to pay dividends on its common stock in future periods, even if liquidity and target leverage objectives are met. See our “Dividend Policy” in Part II - Item 5 of this report for further information on dividends.

***Certain provisions of our Stockholders Agreement, restated certificate of incorporation, and amended and restated bylaws could hinder, delay or prevent a change in control of OMH, which could adversely affect the price of OMH's common stock.***

The Stockholders Agreement, OMH's restated certificate of incorporation, and OMH’s amended and restated bylaws contain provisions that could make it more difficult for a third party to acquire us without the consent of the Board. These provisions provide for:

- a classified Board with staggered three-year terms;
- certain rights with respect to the designation of directors for nomination and election to the board of directors, including the ability of Värde to appoint one director, for so long as Värde has beneficial ownership of less than 10% but at least 5% of the voting power of OMH;
- 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;
- no ability for stockholders to call special meetings of OMH's stockholders;
- advance notice requirements by stockholders with respect to director nominations and actions to be taken at annual meetings;
- the ability for stockholders to act outside a meeting by written consent only if unanimous; and

- the issuance of blank check preferred stock by the Board from time to time in one or more series and to establish the terms, preferences and rights of any such series of preferred stock, all without approval of OMH stockholders. Nothing in OMH's restated certificate of incorporation precludes future issuances without stockholder approval of the authorized but unissued shares of OMH's common stock.

These anti-takeover provisions could substantially impede the ability of public stockholders to benefit from a change in control or change our management and board of directors and, as a result, may adversely affect the market price of OMH's common stock and the ability of public stockholders to realize any potential change of control premium.

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

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

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

**RISKS RELATED TO OMH'S COMMON STOCK**

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

The market price of OMH's common stock has been and may continue to be volatile and could be subject to wide fluctuations and may decline significantly in the future. Some of the factors that could negatively affect the share price or result in fluctuations in the price or trading volume of OMH's common stock include: variations in our quarterly or annual operating results; changes in our earnings estimates (if provided) or differences between our actual financial and operating results and those expected by investors and analysts; additions to, or departures of, key management personnel; and any increased indebtedness we may incur in the future.

These factors may decrease the market price of OMH's common stock, regardless of our actual operating performance. Volatility in the market price of a company’s securities may result in securities class action litigation. Such litigation, if instituted against us, could result in substantial costs and a diversion of our management’s attention and resources.

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

In the future, we may attempt to obtain financing or to further increase our capital resources by issuing additional shares of OMH's common stock or offering debt or other equity securities, including debt securities convertible into equity or shares of preferred stock. Future acquisitions could require substantial additional capital in excess of cash from operations.

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

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

OMH had an aggregate of 1,872,540,640 shares of common stock authorized but unissued as of January 31, 2022. OMH may issue any or all of these shares of common stock without any action or approval by OMH's stockholders, subject to certain exceptions. OMH also intends to continue to evaluate acquisition opportunities and may issue common stock in connection with any such acquisition. Any common stock issued in connection with our incentive plans, acquisitions, the exercise of outstanding stock options or otherwise would dilute the percentage ownership held by existing OMH's stockholders.

**GENERAL RISKS**

***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 have a material adverse effect our financial condition, results of operations, and liquidity.***

In the normal course of business, 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, arising in connection with our business activities. Certain of the legal actions may include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. Some of these proceedings are pending in jurisdictions that permit damage awards disproportionate to the actual economic damages allegedly incurred. 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 financial condition, results of operations, and liquidity. For additional information regarding pending legal proceedings and other contingencies, see Note 14 of the Notes to the Consolidated Financial Statements included in this report.

***Certain operations rely on external vendors.***

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

***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. Our senior management team has significant industry experience and would be difficult to replace. Competition for these employees is intense and we may not be able to attract and retain key personnel. If we are unable to attract or retain appropriately qualified personnel, we may not be successful in originating loans and servicing our customers, which could have a materially adverse effect on our business, financial condition and results of operations.

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

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 such activity, and as a result, 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. Regulators may allege or determine, based upon such misconduct, that our systems and procedures to detect and deter employee misconduct are inadequate. Misconduct by our employees, or even unsubstantiated allegations of misconduct, could result in a material adverse effect on our reputation and our business.

### *Item 1B. Unresolved Staff Comments.*

None.

### *Item 2. Properties.*

Our branch network includes approximately 1,400 locations in 44 states. We support our branch business by conducting branch office operations, branch office administration, and centralized operations, including our servicing facilities, in Mendota Heights, Minnesota; Tempe, Arizona; Fort Mill, South Carolina; and Fort Worth, Texas, in leased premises. Our branch locations have lease terms generally ranging from three to five years.

We lease administrative offices in Wilmington, Delaware; Irving, Texas; Charlotte, North Carolina; and New York, New York, which expire in 2023, 2025, 2025, and 2028, respectively. Additionally, we lease office space in Stamford, Connecticut, expiring in 2022, which has been sublet, and Baltimore, Maryland, expiring in 2026, which has been partially sublet.

Our investment in real estate and tangible property is not significant in relation to our total assets due to the nature of our business. At December 31, 2021, our subsidiaries owned a loan servicing facility in London, Kentucky, and six buildings in Evansville, Indiana. The Evansville buildings also support our administrative and centralized functions.

Our branch office operations, administrative offices, centralized operations, and loan servicing facilities support our Consumer and Insurance segment.

### *Item 3. Legal Proceedings.*

The information required with respect to this item can be found under "Legal Contingencies" in Note 14 of the Notes to the Consolidated Financial Statements found elsewhere in this Annual Report, which is incorporated by reference into this Item 3.

### *Item 4. Mine Safety Disclosures.*

None.

## MARKET INFORMATION AND STOCKHOLDERS

OMH’s common stock is listed for trading on the New York Stock Exchange (“NYSE”) under the symbol “OMF.”

On January 31, 2022, there were two record holders of OMH's common stock. This figure does not reflect the beneficial ownership of shares held in nominee name. On January 31, 2022, the closing price for OMH's common stock, as reported on the NYSE, was $51.66.

## DIVIDEND POLICY

In February of 2019, the OMH Board of Directors (the “Board”) announced a program of quarterly dividends. While OMH intends to pay its minimum quarterly dividend, currently $0.95 per share, for the foreseeable future, all subsequent dividends will be reviewed and declared at the discretion of the Board and will depend on many factors, including our financial condition, earnings, cash flows, capital requirements, level of indebtedness, statutory and contractual restrictions applicable to the payment of dividends, and other considerations that the Board deems relevant. OMH's dividend payments may change from time to time, and the Board may choose not to continue to declare dividends in the future.

No trading market exists for OMFC’s common stock. All of OMFC’s common stock is held by OMH. To provide funding for the dividends, mentioned above, OMFC paid dividends to OMH of $1.3 billion and $799 million in 2021 and 2020, respectively.

Because we are holding companies and have no direct operations, we will only be able to pay dividends from our available cash on hand and any funds we receive from our subsidiaries. Our insurance subsidiaries are subject to regulations that limit their ability to pay dividends or make loans or advances to us, principally to protect policyholders, and certain of OMFC's debt agreements limit the ability of certain of our subsidiaries to pay dividends. See Notes 8 and 10 of the Notes to the Consolidated Financial Statements included in this report for further information on OMFC's debt agreements and our insurance subsidiary dividends, respectively.

## ISSUER PURCHASES OF EQUITY SECURITIES

The following table presents information regarding repurchases of our common stock, excluding commissions and fees, during the quarter ended December 31, 2021:

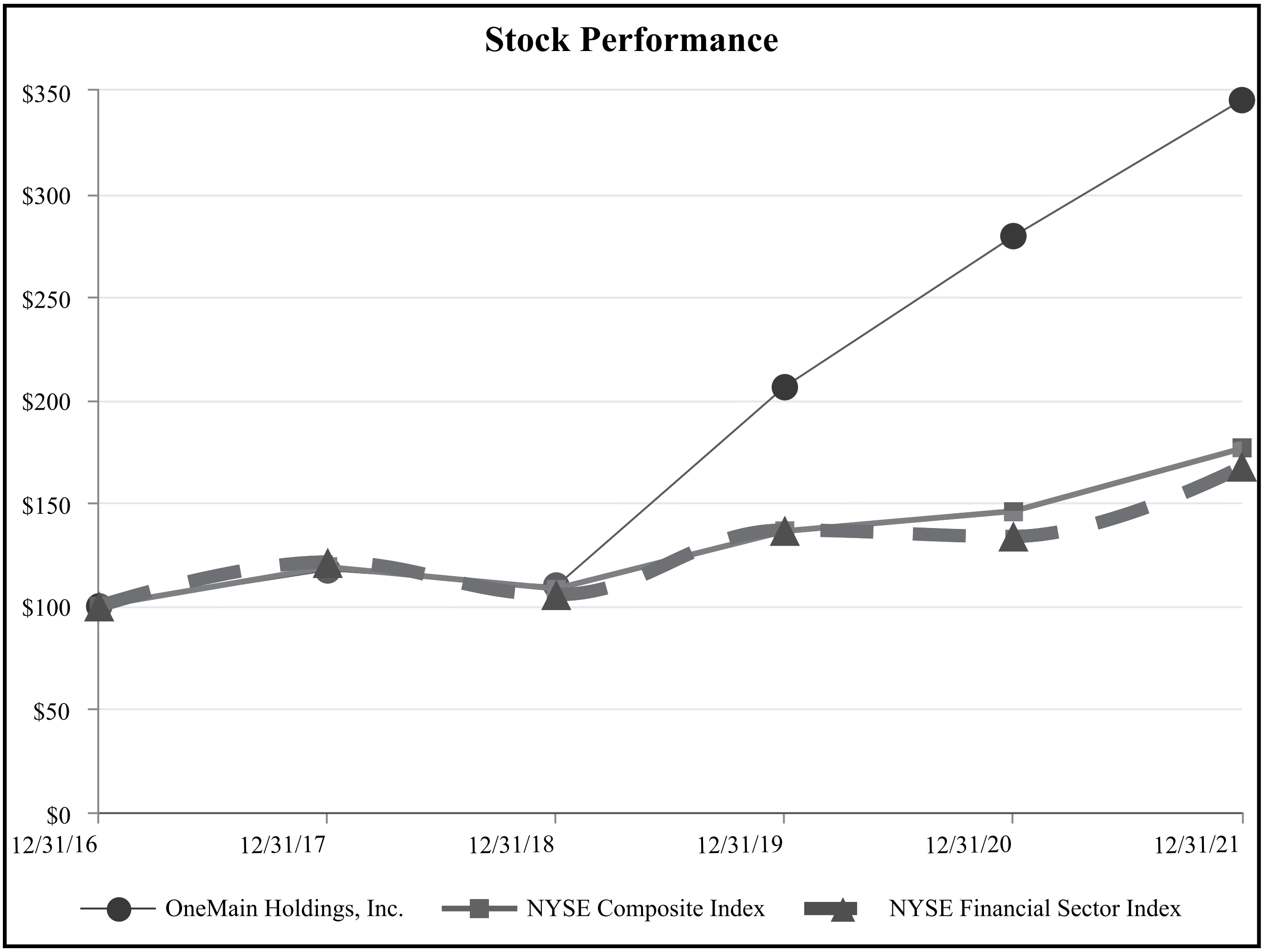
| Period | Total Number of Shares Purchased (a) | Average Price paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (b) | Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (b) |
|---|---|---|---|---|
| October 1 - October 31 | 1,986,600 | $ 53.66 | 116,600 | $ 71,136,313 |
| November 1 - November 30 | 720,059 | 51.70 | 720,059 | 33,906,889 |
| December 1 - December 31 | 958,420 | 50.43 | 958,420 | 85,575,137 |
| Total | 3,665,079 | $ 52.43 | 1,795,079 | |

(a) On October 28, 2021, we participated in the October Concurrent Share Buyback, in which we purchased 1,870,000 shares of OMH common stock that were the subject of a secondary public offering by the Selling Stockholder at a purchase price of $53.45 per share, which is equal to the price at which the Underwriter purchased such shares from the Selling Stockholder. The October Concurrent Share Buyback did not reduce our availability under the stock repurchase program. For additional information regarding the October Concurrent Share Buyback, see “Recent Developments and Outlook — August and October Concurrent Share Buybacks” under Management’s Discussion and Analysis of Financial Condition and Results of Operations included in this report.

(b) The Board approved a $200 million stock repurchase program, excluding commission and fees, with no stated expiration during the first quarter of 2020. On December 13, 2021, the Board increased the share repurchase authorization to $300 million. The timing, number, and share price of any additional shares repurchased will be determined by OMH based on its evaluation of market conditions and other factors and will be made in accordance with applicable securities laws in either the open market or in privately negotiated transactions. OMH is not obligated to purchase any shares under the program, which may be modified, suspended, or discontinued at any time.

**STOCK PERFORMANCE**

The following data and graph show a comparison of the cumulative total shareholder return for OMH's common stock, the NYSE Financial Sector (Total Return) Index, and the NYSE Composite (Total Return) Index from December 31, 2016 through December 31, 2021. This data assumes simultaneous investments of $100 on December 31, 2016 and reinvestment of any dividends. The information in this “Stock Performance” section shall not be deemed to be “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Exchange Act.




| | At December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| OneMain Holdings, Inc. | $ 100.00 | $ 117.39 | $ 109.71 | $ 206.46 | $ 279.41 | $ 345.46 |
| NYSE Composite Index | 100.00 | 118.90 | 108.45 | 136.38 | 146.05 | 176.45 |
| NYSE Financial Sector Index | 100.00 | 121.40 | 105.54 | 136.85 | 133.79 | 167.56 |

## *Item 6. [Reserved]*

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

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

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

We are a leading provider of responsible personal loan products, primarily to nonprime customers. In 2021, we also began offering credit cards. Our branch network of approximately 1,400 locations in 44 states is staffed with expert personnel and is complemented by our centralized operations and our digital platform, which provides current and prospective customers the option of applying for a personal loan or credit card via our website, *www.omf.com.* The information on our website is not incorporated by reference into this report. In connection with our personal loan business, our insurance subsidiaries offer our customers optional credit and non-credit insurance, and other products.

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

**OUR PRODUCTS**

Our product offerings include:

- ***Personal Loans* —** We offer personal loans through our branch network, centralized operations, and our website, *www.omf.com,* to customers who generally need timely access to cash. Our personal loans are non-revolving, with a fixed rate, fixed terms generally between three and six years, and are secured by automobiles, other titled collateral, or are unsecured. At December 31, 2021, we had approximately 2.34 million personal loans totaling $19.2 billion of net finance receivables, of which 52% were secured by titled property, compared to approximately 2.30 million personal loans totaling $18.1 billion of net finance receivables, of which 53% were secured by titled property at December 31, 2020. We also service personal loans for our whole loan sale partners, which we commenced during the first quarter of 2021.

- ***Credit Cards* —** In the third quarter of 2021, we began offering credit cards through a third-party bank partner from which we purchase the receivable balances. The credit cards are offered through our branch network, direct mail marketing, and direct-to-consumer via our affiliates. Credit cards are open-ended, revolving, with a fixed rate, and are unsecured. At December 31, 2021, we had approximately 66 thousand open credit card customer accounts, totaling $25 million of net finance receivables.

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

Our non-originating legacy products include:

- ***Other Receivables* —** We ceased originating real estate loans in 2012 and we continue to service or sub-service liquidating real estate loans. Our real estate loans held for sale are reported in “Other assets” of our consolidated balance sheets.

**OUR SEGMENT**

At December 31, 2021, Consumer and Insurance (“C&I”) is our only reportable segment, which includes personal loans, credit cards, and insurance products. At December 31, 2021, we managed a combined total of 2.45 million customer accounts and $19.6 billion of managed receivables.

The remaining components (which we refer to as “Other”) consist of our liquidating SpringCastle Portfolio servicing activity and our non-originating legacy operations, which primarily include our liquidating real estate loans. See Note 17 of the Notes to the Consolidated Financial Statements included in this report for more information about our segment.

## HOW WE ASSESS OUR BUSINESS PERFORMANCE

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

***Interest Income***

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

***Interest Expense***

We track the interest expense incurred on our debt, along with amortization or accretion of premiums or discounts, and issuance costs, to monitor the components of our cost of funds. We expect interest expense to fluctuate based on changes in the secured versus unsecured mix of our debt, time to maturity, the cost of funds rate, and utilization of revolving conduit facilities.

***Net Credit Losses***

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

***Operating Expenses***

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

***Finance Receivables Originations and Purchase Volume***

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 originations and purchase volume and annual percentage rate.

## RECENT DEVELOPMENTS

***Credit Cards - BrightWay and BrightWay+***

As part of our mission to improve the financial well-being of hardworking Americans, we continue to invest in new products and services that help our customers solve for their present needs while helping them build a stronger financial tomorrow. In the third quarter of 2021, we began offering our two credit cards, BrightWay and BrightWay+, giving our customers access to more credit, while also enabling a better financial future. Credit cards will help customers take concrete steps to improve their financial well-being by offering tangible rewards for credit building behaviors. This is an important milestone for our company as we continue to deepen our existing customer relationships, attract new customers, and become the lender of choice for nonprime customers. We continue to expand credit card offerings across our branch network and through direct-to-consumer and affiliate card marketing.

***Issuance and Redemption of Unsecured Debt***

*Redemption of 7.75% Senior Notes Due 2021*

On January 8, 2021, OMFC paid a net aggregate amount of $681 million, inclusive of accrued interest and premiums, to complete the redemption of its 7.75% Senior Notes due 2021.

*Social Bond Offering - Issuance of 3.50% Senior Notes Due 2027*

As part of our commitment to improve the financial well-being of hardworking Americans, OMFC issued its inaugural Social Bond offering on June 22, 2021 for a total of $750 million aggregate principal amount of 3.50% Senior Notes due 2027. We intend to allocate an amount equivalent to the net proceeds of the offering to finance or re-finance, in part or in full, a portfolio of new or existing loans that meet the eligibility criteria of the OneMain Social Bond Framework. This offering advances our goal of enabling access to responsible financial products and services for vulnerable and/or historically underserved populations. At least 75% of the loans funded by the Social Bond will be allocated to women and/or minority borrowers as outlined in OneMain's Social Bond Framework, which is available on OneMain's Investor Relations website.

*Issuance of 3.875% Senior Notes Due 2028*

On August 11, 2021, OMFC issued a total of $600 million of aggregate principal amount of 3.875% Senior Notes due 2028.

*Redemption of 6.125% Senior Notes Due 2022*

On December 10, 2021, OMFC paid a net aggregate amount of $1.0 billion, inclusive of accrued interest and premiums, to complete the redemption of its 6.125% Senior Notes due 2022.

***Unsecured Corporate Revolver***

On October 25, 2021, OMFC entered into an unsecured corporate revolver with a total maximum borrowing capacity of $1.0 billion. At December 31, 2021, no amounts were drawn under this facility.

For further information regarding the issuances and redemption of our unsecured debt and our corporate revolver, see Note 8 of the Notes to the Consolidated Financial Statements included in this report.

***Securitization Transactions Completed: OMFIT 2021-1 and ODART 2021-1***

For information regarding the issuances of our secured debt, see "Liquidity and Capital Resources" under Management's Discussion and Analysis of Financial Condition and Results of Operations in this report.

*Apollo-Värde Group Share Sales*

We entered into two underwriting agreements, in February and April of 2021, with certain entities managed by affiliates of Apollo-Värde Group, in their capacities as selling stockholders (the “Selling Stockholders”), and several underwriters, for sale by the Selling Stockholders of up to 9,200,000 shares per agreement of OMH’s common stock. The two secondary public offerings closed during the first half of 2021 and resulted in the sale by the Selling Stockholders of 18,400,000 shares of OMH common stock. We did not receive any proceeds from the sales of the shares by the Selling Stockholders in these transactions.

We entered into three underwriting agreements, in July, August, and October of 2021, with an entity managed by affiliates of Apollo, in its capacity as selling stockholder (the “Selling Stockholder”), and an underwriter for sales by the Selling Stockholder of 10,925,000, 8,050,000, and 10,010,208 shares, respectively, of OMH’s common stock. The three secondary public offerings closed during the second half of 2021 and resulted in the sale by the Selling Stockholder of a total of 28,985,208 shares of OMH common stock. The shares sold represented all of the shares that were held by the Selling Stockholder. We did not receive any proceeds from the sale of the shares by the Selling Stockholder in these transactions.

Prior to the secondary public offerings described above, the Apollo-Värde Group was entitled to designate six of OMH's nine directors, as provided for in the Amended and Restated Stockholders Agreement (“Stockholders Agreement”). As a result of the share sales, Apollo is no longer a stockholder. Värde retained a portion of their shares, and as of December 31, 2021, Värde and funds managed by Värde beneficially owned approximately 5.9% of OMH common stock. Värde currently has the right to designate one director of the OMH Board of Directors, pursuant to the Stockholders Agreement, as a result of beneficially owning less than 10% but greater than 5% of the voting power of OMH common stock.

*August and October Concurrent Share Buybacks*

On August 3, 2021, pursuant to the July 2021 underwriting agreement, we concurrently purchased 1,700,000 of the shares of OMH common stock at a purchase price of $58.36 per share, which is equal to the price at which the underwriter purchased the shares from the Selling Stockholder, resulting in an aggregate purchase price of $99 million (the “August Concurrent Share Buyback”). On October 28, 2021, pursuant to the October 2021 underwriting agreement, we concurrently purchased 1,870,000 of the shares of OMH common stock at a purchase price of $53.45 per share, which is equal to the price at which the underwriter purchased the shares from the Selling Stockholder, resulting in an aggregate purchase price of $100 million (the “October Concurrent Share Buyback”). The terms and conditions of the August and October Concurrent Share Buybacks were reviewed and approved by a special committee of the Board, comprised of independent and disinterested directors of OMH. The August and October Concurrent Share Buybacks were made pursuant to separate Board authorizations and did not reduce our availability of repurchases under our stock repurchase program commenced during the second quarter of 2021. The August and October Concurrent Share Buybacks were funded from our existing cash on hand. The underwriter did not receive any compensation for the shares of OMH common stock repurchased by OMH.

*Stock Repurchase Program*

During the second quarter of 2021 we commenced our stock repurchase program. In December 2021, the Board increased the share repurchase authorization to $300 million from the previously announced $200 million. As of December 31, 2021, we had $86 million of authorized share repurchase capacity, excluding fees and commissions, remaining under the program.

On February 2, 2022, the Board authorized a new stock repurchase program, which allows us to repurchase up to $1.0 billion of the OMH’s outstanding common stock, excluding fees, commissions, and other expenses related to the repurchases. The authorization expires on December 31, 2024. The new program replaces the previous share repurchase program.

See “Liquidity and Capital Resources” under Management’s Discussion and Analysis of Financial Condition and Results of Operations and Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities in Part II of this report for further information on our shares repurchased.

*Cash Dividends to OMH's Common Stockholders*

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

*Acquisition of Trim*

On May 14, 2021, we completed our previously announced acquisition of Ask Benjamin, Inc. ("Trim"), a customer-focused financial wellness fintech company. The acquisition of Trim will enhance our mission to help our customers progress to a better financial future and further expand the ways in which we help our customers improve their financial well-being.

*Resignations and Election of Member(s) of the OMH and OMFC Board of Directors*

On March 5, 2021, Phyllis R. Caldwell was elected to the OMH Board of Directors, effective June 1, 2021.

On July 19, 2021, Adam Rosman resigned from the OMFC Board of Directors and Jeannette Osterhout was elected to the OMFC Board of Directors.

On November 1, 2021, Matthew R. Michelini and Lisa Green Hall resigned from and Philip L. Bronner was elected to the OMH Board of Directors, effective November 8, 2021.

On January 27, 2022, Toos N. Daruvala was elected to the OMH Board of Directors, effective February 14, 2022.

*Management's Response to the COVID-19 Pandemic*

In early 2020, COVID-19 evolved into a global pandemic, resulting in widespread volatility and deterioration in economic conditions across the United States. Governmental authorities continue to take steps to combat the spread of COVID-19, including the ongoing distribution of COVID-19 vaccines. During the pandemic, we continue to focus on assisting and supporting our customers and employees, while remaining committed to the safety of our employees. We continue to serve our customers by keeping our branch locations open with appropriate protective protocols in place and through our digital closing solutions. This combination has enhanced our operating performance through the pandemic and enabled us to serve and support our customers effectively during these unprecedented times. We believe the actions we have taken and the underlying strength of our balance sheet has positioned us to take advantage of growth opportunities as the economy continues to recover.

## OUTLOOK

We are actively managing the continuing impacts of the COVID-19 pandemic and remain prepared for any additional opportunities or challenges that may impact our industry or business. The impact on our financial condition and results of operations depends on the continued progress of the economic recovery, which is dependent on unemployment rates, inflationary pressures, supply chain concerns, and businesses' ability to remain open. There is also uncertainty regarding the effects of additional variants of COVID-19 and the impact of vaccination rates. Current credit performance trends continue to be favorable, yet are trending back to pre-pandemic levels. We will continue to incorporate updates, as necessary, to our macroeconomic assumptions which could lead to further adjustments in our allowance for finance receivable losses, allowance ratio, and provision for finance receivable losses.

Our experienced management team continues to remain focused on our strategic priorities of maintaining a solid balance sheet with an adequate liquidity runway and capital coverage, upholding a conservative and disciplined underwriting model, and building strong relationships with our customers. We are well positioned to continue supporting and serving our customers, investing in our business, and driving growth while creating value for our stockholders as we effectively navigate the evolving economic, social, political, and regulatory environments in which we operate.

## Results of Operations

The results of OMFC are consolidated into the results of OMH. Due to the nominal differences between OMFC and OMH, content throughout this section relates only to OMH. See Note 1 of the Notes to the Consolidated Financial Statements included in this report for further information.

**OMH'S CONSOLIDATED RESULTS**

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

(dollars in millions, except per share amounts)

| At or for the Years Ended December 31, | 2021 | 2020 | 2019 |
|---|---|---|---|
| Interest income | **$ 4,364** | $ 4,368 | $ 4,127 |
| Interest expense | **937** | 1,027 | 970 |
| Provision for finance receivable losses | **593** | 1,319 | 1,129 |
| **Net interest income after provision for finance receivable losses** | **2,834** | 2,022 | 2,028 |
| Other revenues | **531** | 526 | 622 |
| Other expenses | **1,624** | 1,571 | 1,552 |
| **Income before income taxes** | **1,741** | 977 | 1,098 |
| Income taxes | **427** | 247 | 243 |
| **Net income** | **$ 1,314** | $ 730 | $ 855 |
| **Share Data:** | | | |
| Earnings per share: | | | |
| Diluted | **$ 9.87** | $ 5.41 | $ 6.27 |
| **Selected Financial Statistics (a)** | | | |
| *Total finance receivables:* | | | |
| Net finance receivables | **$ 19,212** | $ 18,084 | $ 18,389 |
| Average net receivables | **$ 18,281** | $ 17,997 | $ 17,055 |
| Yield | **23.84 %** | 24.24 % | 24.13 % |
| Gross charge-off ratio | **5.41 %** | 6.46 % | 6.79 % |
| Recovery ratio | **(1.21)%** | (0.92)% | (0.74)% |
| Net charge-off ratio | **4.20 %** | 5.54 % | 6.05 % |
| 30-89 Delinquency ratio | **2.43 %** | 2.28 % | 2.46 % |
| *Personal loans:* | | | |
| Net finance receivables | **$ 19,187** | $ 18,084 | $ 18,389 |
| Origination volume | **$ 13,825** | $ 10,729 | $ 13,803 |
| Number of accounts | **2,336,845** | 2,304,951 | 2,435,172 |
| Number of accounts originated | **1,388,123** | 1,099,767 | 1,481,166 |
| *Credit cards (b):* | | | |
| Net finance receivables | **$ 25** | $ — | $ — |
| Purchase volume | **$ 26** | $ — | $ — |
| Number of open accounts | **65,513** | — | — |
| *Debt balances:* | | | |
| Long-term debt balance | **$ 17,750** | $ 17,800 | $ 17,212 |
| Average daily debt balance | **$ 17,441** | $ 18,080 | $ 16,336 |

(a) See "Glossary" at the beginning of this report for formulas and definitions of our key performance ratios.

(b) There were no credit cards for the years ended December 31, 2020 and 2019 as the product offering began in 2021.

***Comparison of Consolidated Results for 2021 and 2020***

***Interest income*** remained relatively consistent in 2021 when compared to 2020 primarily due to growth in our average net finance receivables, offset by lower yield.

***Interest expense*** decreased $90 million or 8.8% in 2021 when compared to 2020 primarily due to a lower average cost of funds along with a decrease in average outstanding debt.

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

***Provision for finance receivable losses*** decreased $726 million or 55.0% in 2021 when compared to 2020 primarily due to an improved outlook for unemployment and macroeconomic conditions resulting in a release in our allowance reserve in 2021 as compared to a build in 2020 at the onset of the COVID-19 pandemic, as well as a decrease in our net charge-offs due to improved credit performance aligning with government stimulus measures.

***Other revenues*** increased $5 million or 1.0% in 2021 when compared to 2020 primarily due to the gains on the sales of finance receivables associated with the whole loan sale program that commenced in 2021 and an increase in membership plans fee revenue due to loan origination growth. The increase was partially offset by higher net losses on the repurchases and repayments of debt and a decrease in investment revenue driven by lower interest rates on cash.

***Other expenses*** increased $53 million or 3.4% in 2021 when compared to 2020 primarily due to the expense associated with the cash-settled stock-based awards in the current year and an increase in general operating expenses due to growth in our receivables and our strategic investments in the business, compared to COVID-19 cost cutting measures in 2020. The increase was partially offset by a decrease in insurance policy and benefits claims expense resulting from lower than expected involuntary unemployment insurance claims.

***Income taxes*** totaled $427 million for 2021 compared to $247 million for 2020. The effective tax rate for 2021 was 24.6% compared to 25.3% for 2020. The effective tax rate for 2021 and 2020 differed from the federal statutory rate of 21% primarily due to the effect of state income taxes and discrete tax expense.

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

***Comparison of Consolidated Results for 2020 and 2019***

For a comparison of OMH's results of operation for the years ended 2020 and 2019, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—OMH’s Consolidated Results” in Part II - Item 7 of OMH's Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on February 9, 2021.

## NON-GAAP FINANCIAL MEASURES

Management uses C&I adjusted pretax income (loss), a non-GAAP financial measure, as a key performance measure of our segment. C&I adjusted pretax income (loss) represents income (loss) before income taxes on a Segment Accounting Basis and excludes the expense associated with the cash-settled stock-based awards, direct costs associated with COVID-19, acquisition-related transaction and integration expenses, net loss resulting from repurchases and repayments of debt, and restructuring charges. Management believes C&I adjusted pretax income (loss) is useful in assessing the profitability of our segment.

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

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

OMH's reconciliations of income before income tax expense on a Segment Accounting Basis to C&I adjusted pretax income (non-GAAP) and C&I pretax capital generation (non-GAAP) were as follows:

(dollars in millions)

| Years Ended December 31, | 2021 | 2020 | 2019 |
|---|---|---|---|
| **Consumer and Insurance** | | | |
| Income before income taxes - Segment Accounting Basis | **$ 1,788** | $ 1,021 | $ 1,168 |
| Adjustments: | | | |
| Net loss on repurchases and repayments of debt | **70** | 36 | 30 |
| Cash-settled stock-based awards | **54** | — | — |
| Direct costs associated with COVID-19 | **6** | 17 | — |
| Acquisition-related transaction and integration expenses | **—** | 11 | 14 |
| Net gain on sale of cost method investment | **—** | — | (11) |
| Restructuring charges | **—** | 7 | 5 |
| Adjusted pretax income (non-GAAP) | **$ 1,918** | $ 1,092 | $ 1,206 |
| Provision for finance receivable losses | **$ 587** | $ 1,313 | $ 1,105 |
| Net charge-offs | **(768)** | (998) | (1,028) |
| Pretax capital generation (non-GAAP) | **$ 1,737** | $ 1,407 | $ 1,283 |

The results of OMFC are consolidated into the results of OMH. Due to the nominal differences between OMFC and OMH, content throughout this section relate only to OMH. See Note 1 of the Notes to the Consolidated Financial Statements included in this report for further information.

See Note 17 of the Notes to the Consolidated Financial Statements included in this report for a description of our segment and methodologies used to allocate revenues and expenses to our C&I segment.

**CONSUMER AND INSURANCE**

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

(dollars in millions)

| At or for the Years Ended December 31, | 2021 | 2020 | 2019 |
|---|---|---|---|
| Interest income | **$ 4,355** | $ 4,353 | $ 4,114 |
| Interest expense | **930** | 1,007 | 947 |
| Provision for finance receivable losses | **587** | 1,313 | 1,105 |
| **Net interest income after provision for finance receivable losses** | **2,838** | 2,033 | 2,062 |
| Other revenues | **597** | 551 | 619 |
| Other expenses | **1,517** | 1,492 | 1,475 |
| **Adjusted pretax income (non-GAAP)** | **$ 1,918** | $ 1,092 | $ 1,206 |
| **Selected Financial Statistics (a)** | | | |
| *Total finance receivables:* | | | |
| Net finance receivables | **$ 19,215** | $ 18,091 | $ 18,421 |
| Average net receivables | **$ 18,286** | $ 18,009 | $ 17,089 |
| Yield | **23.82 %** | 24.17 % | 24.07 % |
| Gross charge-off ratio | **5.42 %** | 6.46 % | 6.86 % |
| Recovery ratio | **(1.21)%** | (0.92)% | (0.84)% |
| Net charge-off ratio | **4.20 %** | 5.54 % | 6.02 % |
| 30-89 Delinquency ratio | **2.43 %** | 2.28 % | 2.47 % |
| *Personal loans:* | | | |
| Net finance receivables | **$ 19,190** | $ 18,091 | $ 18,421 |
| Origination volume | **$ 13,825** | $ 10,729 | $ 13,803 |
| Number of accounts | **2,336,845** | 2,304,951 | 2,435,172 |
| Number of accounts originated | **1,388,123** | 1,099,767 | 1,481,166 |
| *Credit cards (b):* | | | |
| Net finance receivables | **$ 25** | $ — | $ — |
| Purchase volume | **$ 26** | $ — | $ — |
| Number of open accounts | **65,513** | — | — |

(a) See "Glossary" at the beginning of this report for formulas and definitions of our key performance ratios.

(b) There were no credit cards for the years ended December 31, 2020 and 2019 as the product offering began in 2021.

***Comparison of Adjusted Pretax Income for 2021 and 2020***

***Interest income*** remained relatively consistent in 2021 when compared to 2020 primarily due to growth in our average net finance receivables, offset by lower yield.

***Interest expense*** decreased $77 million or 7.6% in 2021 when compared to 2020 primarily due to a lower average cost of funds along with a decrease in average outstanding debt.

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

***Provision for finance receivable losses*** decreased $726 million or 55.3% in 2021 when compared to 2020 primarily due to an improved outlook for unemployment and macroeconomic conditions resulting in a release in our allowance reserve in 2021 as compared to a build in 2020 at the onset of the COVID-19 pandemic, as well as a decrease in our net charge-offs due to improved credit performance aligning with government stimulus measures.

***Other revenues*** increased $46 million or 8.3% in 2021 when compared to 2020 primarily due to the gains on the sales of finance receivables associated with the whole loan sale program that commenced in 2021 and an increase in membership plans fee revenue due to loan origination growth. The increase was partially offset by a decrease in investment revenue driven by lower interest rates on cash.

***Other expenses*** increased $25 million or 1.7% in 2021 when compared to 2020 primarily due an increase in general operating expenses due to growth in our receivables and our strategic investments in the business, compared to COVID-19 cost cutting measures in 2020. The increase was partially offset by a decrease in insurance policy and benefits claims expense resulting from lower than expected involuntary unemployment insurance claims.

***Comparison of Adjusted Pretax Income for 2020 and 2019***

For a comparison of OMH's adjusted pretax income for C&I for the years ended 2020 and 2019, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—OMH’s Consolidated Results” in Part II -Item 7 of OMH's Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on February 9, 2021.

## FINANCE RECEIVABLES

Our net finance receivables, consisting of personal loans and credit cards, were $19.2 billion at December 31, 2021 and $18.1 billion at December 31, 2020. Our personal loans are non-revolving, with a fixed-rate, fixed terms generally between three and six years, and are secured by automobiles, other titled collateral, or are unsecured. During the third quarter of 2021, we began offering credit cards. Credit cards are open-ended, revolving, with a fixed rate, and are unsecured. We consider the delinquency status of our finance receivables as our key credit quality indicator. We monitor the delinquency of our finance receivable portfolio, including the migration between the delinquency buckets and changes in the delinquency trends to manage our exposure to credit risk in the portfolio. Our branch and central operation team members work with customers as necessary and offer a variety of borrower assistance programs to help customers continue to make payments.

## DELINQUENCY

We monitor delinquency trends to evaluate the risk of future credit losses and employ advanced analytical tools to manage our exposure. Team members are actively engaged in collection activities throughout the early stages of delinquency. We closely track and report the percentage of receivables that are contractually 30-89 days past due as a benchmark of portfolio quality, collections effectiveness, and as a strong indicator of losses in coming quarters.

When personal loans are contractually 60 days past due, we consider these accounts to be at an increased risk for loss and collection of these accounts is handled by our centralized operations. Use of our centralized operations teams for managing late-stage delinquency allows us to apply more advanced collection technologies and tools and drives operating efficiencies in servicing. At 90 days contractually past due, we consider our personal loans to be nonperforming and stop accruing finance charges. We reverse finance charges previously accrued.

We accrue finance charges and fees on credit cards until charge-off at approximately 180 days past due and reverse finance charges and fees previously accrued.

The delinquency information for net finance receivables was as follows:

| (dollars in millions) | Consumer and Insurance Personal Loans | Consumer and Insurance Credit Cards | Segment to GAAP Adjustment | GAAP Basis |
|---|---|---|---|---|
| **December 31, 2021** | | | | |
| Current | **$ 18,340** | **$ 25** | **$ (3)** | **$ 18,362** |
| 30-59 days past due | **282** | **—** | **—** | **282** |
| 60-89 days past due | **185** | **—** | **—** | **185** |
| 90+ days past due | **383** | **—** | **—** | **383** |
| Total net finance receivables | **$ 19,190** | **$ 25** | **$ (3)** | **$ 19,212** |
| *Delinquency ratio* | | | | |
| 30-89 days past due | **2.43 %** | **0.08 %** | * | **2.43 %** |
| 30+ days past due | **4.43 %** | **0.08 %** | * | **4.42 %** |
| 60+ days past due | **2.96 %** | **— %** | * | **2.96 %** |
| 90+ days past due | **2.00 %** | **— %** | * | **1.99 %** |
| **December 31, 2020** | | | | |
| Current | $ 17,362 | * | $ (7) | $ 17,355 |
| 30-59 days past due | 251 | * | — | 251 |
| 60-89 days past due | 162 | * | — | 162 |
| 90+ days past due | 316 | * | — | 316 |
| Total net finance receivables | $ 18,091 | * | $ (7) | $ 18,084 |
| *Delinquency ratio* | | | | |
| 30-89 days past due | 2.28 % | * | * | 2.28 % |
| 30+ days past due | 4.03 % | * | * | 4.03 % |
| 60+ days past due | 2.64 % | * | * | 2.64 % |
| 90+ days past due | 1.75 % | * | * | 1.75 % |

* Not applicable

## ALLOWANCE FOR FINANCE RECEIVABLE LOSSES

We estimate and record an allowance for finance receivable losses to cover the estimated lifetime expected credit losses on our finance receivables. Our allowance for finance receivable losses may fluctuate based upon changes in portfolio growth, credit quality, and economic conditions.

Our current methodology to estimate expected credit losses used the most recent macroeconomic forecasts, which incorporated the ongoing impacts of COVID-19 on the U.S. economy and the overall unemployment rate. We also considered inflationary pressures, supply chain concerns, and businesses' ability to remain open. Our forecast leveraged economic projections from industry leading forecast providers. At December 31, 2021, our economic forecast used a reasonable and supportable period of 12 months. We may experience further changes to the macroeconomic assumptions within our forecast, as well as changes to our loan loss performance outlook, both of which could lead to further changes in our allowance for finance receivable losses, allowance ratio, and provision for finance receivable losses.

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

| (dollars in millions) | Consumer and Insurance: Personal Loans | Consumer and Insurance: Credit Cards | Segment to GAAP Adjustment | Consolidated Total |
|---|---|---|---|---|
| **Year Ended December 31, 2021** | | | | |
| Balance at beginning of period | **$ 2,283** | **$ —** | **$ (14)** | **$ 2,269** |
| Provision for finance receivable losses | **582** | **5** | **6** | **593** |
| Charge-offs | **(990)** | **—** | **1** | **(989)** |
| Recoveries | **222** | **—** | **—** | **222** |
| Balance at end of period | **$ 2,097** | **$ 5** | **$ (7)** | **$ 2,095** |
| Allowance ratio | **10.93 %** | **19.91 %** | **(a)** | **10.90 %** |
| **Year Ended December 31, 2020 (b)** | | | | |
| Balance at beginning of period | $ 849 | $ — | $ (20) | $ 829 |
| Impact of adoption of ASU 2016-13 (c) | 1,119 | — | (1) | 1,118 |
| Provision for finance receivable losses | 1,313 | — | 6 | 1,319 |
| Charge-offs | (1,163) | — | 1 | (1,162) |
| Recoveries | 165 | — | — | 165 |
| Balance at end of period | $ 2,283 | $ — | $ (14) | $ 2,269 |
| Allowance ratio | 12.62 % | — % | (a) | 12.55 % |
| **Year Ended December 31, 2019 (b)** | | | | |
| Balance at beginning of period | $ 773 | $ — | $ (42) | $ 731 |
| Provision for finance receivable losses | 1,105 | — | 24 | 1,129 |
| Charge-offs | (1,172) | — | 15 | (1,157) |
| Recoveries | 143 | — | (17) | 126 |
| Balance at end of period | $ 849 | $ — | $ (20) | $ 829 |
| Allowance ratio | 4.61 % | — % | (a) | 4.51 % |

(a) Not applicable.
(b) There were no credit cards for the years ended December 31, 2020 and 2019 as the product offering began in 2021.
(c) As a result of the adoption of ASU 2016-13, we recorded a one-time adjustment to the allowance for finance receivable losses.

The current delinquency status of our finance receivable portfolio, inclusive of recent borrower performance, volume of our TDR activity, level and recoverability of collateral securing our finance receivable portfolio, and the reasonable and supportable forecast of economic conditions are the primary drivers that can cause fluctuations in our allowance ratio from period to period. We monitor the allowance ratio to ensure we have a sufficient level of allowance for finance receivable losses based on the estimated lifetime expected credit losses in our finance receivable portfolio. The allowance for finance receivable losses as a percentage of net finance receivables for personal loans decreased from prior period primarily due to an improved outlook for unemployment and macroeconomic conditions, partially offset by growth in our loan portfolio, as compared to a build in our allowance reserve at the onset of the COVID-19 pandemic. See Note 5 of the Notes to the Consolidated Financial Statements included in this report for more information about the changes in the allowance for finance receivable losses.

**TDR FINANCE RECEIVABLES**

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

Information regarding TDR net finance receivables for personal loans are as follows:

| (dollars in millions) | Personal Loans | Segment to GAAP Adjustment | GAAP Basis |
|---|---|---|---|
| **December 31, 2021** | | | |
| TDR net finance receivables | **$ 671** | **$ (21)** | **$ 650** |
| Allowance for TDR finance receivable losses | **279** | **(9)** | **270** |
| **December 31, 2020** | | | |
| TDR net finance receivables | $ 728 | $ (37) | $ 691 |
| Allowance for TDR finance receivable losses | 332 | (18) | 314 |

There were no credit cards classified as TDR finance receivables for the years ended December 31, 2021 and 2020.

**DISTRIBUTION OF FINANCE RECEIVABLES BY FICO SCORE**

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

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

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

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

| (dollars in millions) | Personal Loans | Credit Cards | Total |
|---|---|---|---|
| **December 31, 2021** | | | |
| *FICO scores ** | | | |
| 660 or higher | **$ 4,897** | **$ 14** | **$ 4,911** |
| 620-659 | **5,321** | **7** | **5,328** |
| 619 or below | **8,969** | **4** | **8,973** |
| **Total** | **$ 19,187** | **$ 25** | **$ 19,212** |
| | | | |
| **December 31, 2020** | | | |
| *FICO scores ** | | | |
| 660 or higher | $ 4,653 | $ — | $ 4,653 |
| 620-659 | 4,877 | — | 4,877 |
| 619 or below | 8,554 | — | 8,554 |
| **Total** | **$ 18,084** | **$ —** | **$ 18,084** |

* Due to the impact of COVID-19, FICO scores as of December 31, 2021 and December 31, 2020 may have been impacted by government stimulus measures, borrower assistance programs, and potentially inconsistent reporting to credit bureaus.

## SOURCES AND USES OF FUNDS

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

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

During 2021, OMH generated net income of $1.3 billion. OMH's net cash inflow from operating and investing activities totaled $104 million for the year ended December 31, 2021. At December 31, 2021, our scheduled interest payments for 2022 totaled $594 million and there are no scheduled principal payments for 2022 on our existing debt (excluding securitizations). As of December 31, 2021, we had $10.2 billion of unencumbered gross finance receivables.

Based on our estimates and considering 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 24 months.

### *OMFC's Issuance and Notice of Redemption of Unsecured Debt*

For information regarding the issuance and notice of redemption of OMFC's unsecured debt, see Note 8 of the Notes to the Consolidated Financial Statements included in this report.

### *OMFC's Unsecured Corporate Revolver*

On October 25, 2021, we entered into an unsecured corporate revolver. At December 31, 2021, the borrowing capacity of our corporate revolver was $1.0 billion, and no amounts were drawn.

### *Securitizations and Borrowings from Revolving Conduit Facilities*

During the year ended December 31, 2021, we completed two personal loan securitizations (OMFIT 2021-1 and ODART 2021-1, see "Securitized Borrowings" below), and redeemed three personal loan securitizations (OMFIT 2017-1, SLFT 2015-B, and SLFT 2017-A). At December 31, 2021, we had $8.7 billion of gross finance receivables pledged as collateral for our securitization transactions.

During the year ended December 31, 2021, we entered into two new revolving conduit facilities and terminated one revolving conduit facility. At December 31, 2021, an aggregate of $600 million was drawn under our conduit facilities, and the remaining borrowing capacity is $5.4 billion. Amounts drawn on these facilities are collateralized by our personal loans.

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

***Credit Ratings***

Our credit ratings impact our ability to access capital markets and our borrowing costs. Rating agencies base their ratings on numerous factors, including liquidity, capital adequacy, asset quality, quality of earnings, and the probability of systemic support. Significant changes in these factors could result in different ratings.

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

| As of December 31, 2021 | Rating | Outlook |
|---|---|---|
| S&P | BB- | Positive |
| Moody's | Ba2 | Stable |
| KBRA | BB+ | Positive |

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

***Stock Repurchased***

During the year ended December 31, 2021, OMH repurchased and held in treasury 3,142,923 shares of its common stock through its stock repurchase program for an aggregate total of $169 million, including commissions and fees. To provide funding for the OMH stock repurchase, the OMFC Board of Directors authorized dividend payments in the amount of $200 million.

Additionally, on August 3, 2021 and October 28, 2021, OMH participated in two concurrent share buybacks, in which we purchased 1,700,000 shares and 1,870,000 shares, respectively, of OMH common stock for an aggregate total of $99 million and $100 million, respectively. The terms and conditions of the August and October Concurrent Share Buybacks were reviewed and approved by a special committee of the Board, comprised of independent and disinterested directors of OMH. The August and October Concurrent Share Buybacks were made pursuant to separate Board authorizations and did not reduce our availability under the stock repurchase program. To provide funding for the Concurrent Share Buybacks, the OMFC Board of Directors authorized dividend payments in the amount of $199 million.

As of December 31, 2021, OMH held a total of 6,712,923 shares of treasury stock. For additional information regarding the shares repurchased, see Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities of Part II included in this report.

***Cash Dividend to OMH's Common Stockholders***

As of December 31, 2021, the dividend declarations for the current year by the Board were as follows:

| Declaration Date | Record Date | Payment Date | Dividend Per Share | Amount Paid |
|---|---|---|---|---|
| | | | | (in millions) |
| February 8, 2021 | February 18, 2021 | February 25, 2021 | $ 3.95 * | $ 531 |
| April 26, 2021 | May 6, 2021 | May 13, 2021 | 0.70 | 94 |
| July 21, 2021 | August 6, 2021 | August 13, 2021 | 4.20 * | 555 |
| October 20, 2021 | November 2, 2021 | November 9, 2021 | 0.70 | 91 |
| **Total** | | | **$ 9.55** | **$ 1,271** |

* Our February 8, 2021 and July 21, 2021 dividend declarations included the minimum quarterly dividends of $0.45 per share and $0.70 per share, respectively.

To provide funding for the dividend, OMFC paid dividends of $1.3 billion to OMH during the year ended December 31, 2021.

On February 2, 2022, OMH declared a dividend of $0.95 per share payable on February 18, 2022 to record holders of OMH's common stock as of the close of business on February 14, 2022. To provide funding for the OMH dividend, the OMFC Board of Directors authorized a dividend in the amount of up to $122 million payable on or after February 14, 2022.

While OMH intends to pay its minimum quarterly dividend, currently $0.95 per share, for the foreseeable future, all subsequent dividends will be reviewed and declared at the discretion of the Board and will depend on many factors, including our financial condition, earnings, cash flows, capital requirements, level of indebtedness, statutory and contractual restrictions applicable to the payment of dividends, and other considerations that the Board deems relevant. OMH's dividend payments may change from time to time, and the Board may choose not to continue to declare dividends in the future. See our “Dividend Policy” in Part II - Item 5 of this report for further information.

***Whole Loan Sale Transactions***

As of December 31, 2021, we have whole loan sale flow agreements with third parties, with remaining terms ranging between one to two years, in which we agreed to sell a combined total of $180 million gross receivables per quarter of newly originated unsecured personal loans along with any associated accrued interest. Our first sale was executed in the first quarter of 2021. During the year ended December 31, 2021, we sold $505 million of gross finance receivables. For further information on the whole loan sale transactions, see Note 4 of the Notes to the Consolidated Financial Statements included in this report.

**LIQUIDITY**

***OMH's Operating Activities***

Net cash provided by operations of $2.2 billion for 2021 reflected net income of $1.3 billion, the impact of non-cash items, and an unfavorable change in working capital of $48 million. Net cash provided by operations of $2.2 billion for 2020 reflected net income of $730 million, the impact of non-cash items, and an unfavorable change in working capital of $118 million. Net cash provided by operations of $2.4 billion for 2019 reflected net income of $855 million, the impact of non-cash items, and a favorable change in working capital of $67 million.

***OMH's Investing Activities***

Net cash used for investing activities of $2.1 billion, $751 million, and $3.4 billion for 2021, 2020, and 2019 respectively, was primarily due to net principal originations of finance receivables and purchases of available-for-sale and other securities, partially offset by calls, sales, and maturities of available-for-sale and other securities and proceeds from sales of finance receivables.

***OMH's Financing Activities***

Net cash used for financing activities of $1.8 billion for 2021 was primarily due to debt repayments, cash dividends paid, and the cash paid to repurchase common stock during the period, partially offset by the issuances of the OMFIT 2021-1 and ODART 2021-1 securitizations, the Social Bond, and the 3.875% Senior Notes due 2028. Net cash used for financing activities of $370 million for 2020 was primarily due to debt repayments, cash dividends paid, and the cash paid on the common stock repurchased, partially offset by the issuances of the 8.875% Senior Notes due 2025, and the OMFIT 2020-1 and OMFIT 2020-2 securitizations during the period. Net cash provided by financing activities of $1.5 billion for 2019 was primarily due to net issuances of long-term debt offset primarily by the cash dividends paid in 2019.

***OMH's Cash and Investments***

At December 31, 2021, we had $541 million of cash and cash equivalents, which included $158 million of cash and cash equivalents held at our regulated insurance subsidiaries or for other operating activities that is unavailable for general corporate purposes.

At December 31, 2021, we had $2.0 billion of investment securities, which are all held as part of our insurance operations and are unavailable for general corporate purposes.

*Liquidity Risks and Strategies*

OMFC's credit ratings are non-investment grade, which has a significant impact on our cost and access to capital. This, in turn, can negatively affect our ability to manage our liquidity and our ability or cost to refinance our indebtedness.

There are numerous risks to our financial results, liquidity, capital raising, and debt refinancing plans, some of which may not be quantified in our current liquidity forecasts. These risks include, but are not limited to, the following:

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

The principal factors that could decrease our liquidity are customer delinquencies and defaults, a decline in customer prepayments, and a prolonged inability to adequately access capital market funding. We intend to support our liquidity position by utilizing some or all of the following strategies:

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

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

## OUR INSURANCE SUBSIDIARIES

Our insurance subsidiaries are subject to state regulations that limit their ability to pay dividends. See Note 10 of the Notes to the Consolidated Financial Statements included in this report for further information on these state restrictions and the dividends paid by our insurance subsidiaries from 2019 through 2021.

## OUR DEBT AGREEMENTS

The debt agreements which OMFC and its subsidiaries are a party to include customary terms and conditions, including covenants and representations and warranties. See Note 8 of the Notes to the Consolidated Financial Statements included in this report for more information on the restrictive covenants under OMFC's debt agreements, as well as the guarantees of OMFC's long-term debt.

***Securitized Borrowings***

We execute private securitizations under Rule 144A of the Securities Act of 1933, as amended. As of December 31, 2021, our structured financings consisted of the following:

| (dollars in millions) | Issue Amount (a) | Initial Collateral Balance | Current Note Amounts Outstanding (a) | Current Collateral Balance (b) | Current Weighted Average Interest Rate | Original Revolving Period |
|---|---|---|---|---|---|---|
| OMFIT 2015-3 | $ 293 | $ 329 | $ 80 | $ 104 | 5.75 % | 5 years |
| OMFIT 2016-3 | 350 | 397 | 153 | 234 | 4.86 % | 5 years |
| OMFIT 2018-1 | 632 | 650 | 298 | 339 | 3.91 % | 3 years |
| OMFIT 2018-2 | 368 | 381 | 350 | 400 | 3.87 % | 5 years |
| OMFIT 2019-1 | 632 | 654 | 277 | 322 | 4.15 % | 2 years |
| OMFIT 2019-2 | 900 | 947 | 900 | 995 | 3.30 % | 7 years |
| OMFIT 2019-A | 789 | 892 | 750 | 892 | 3.78 % | 7 years |
| OMFIT 2020-1 | 821 | 958 | 821 | 958 | 4.12 % | 2 years |
| OMFIT 2020-2 | 1,000 | 1,053 | 1,000 | 1,053 | 2.03 % | 5 years |
| OMFIT 2021-1 (c) | 850 | 904 | 850 | 904 | 1.57 % | 5 years |
| ODART 2018-1 | 947 | 964 | 253 | 277 | 3.90 % | 2 years |
| ODART 2019-1 | 737 | 750 | 700 | 750 | 3.79 % | 5 years |
| ODART 2021-1 (d) | 1,000 | 1,053 | 1,000 | 1,053 | 0.98 % | 2 years |
| **Total securitizations** | $ 9,319 | $ 9,932 | $ 7,432 | $ 8,281 | | |

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

(b) Inclusive of in-process replenishments of collateral for securitized borrowings in a revolving status as of December 31, 2021.

(c) On May 26, 2021, we issued $850 million of notes backed by personal loans. The notes mature in June of 2036.

(d) On October 15, 2021, we issued $1 billion of notes backed by personal loans. The notes mature in November of 2030.

***Revolving Conduit Facilities***

In addition to the structured financings, we had access to 14 revolving conduit facilities with a total borrowing capacity of $6.0 billion as of December 31, 2021:

| (dollars in millions) | Advance Maximum Balance | Amount Drawn |
|---|---|---|
| OneMain Financial Funding VII, LLC | $ 600 | $ — |
| OneMain Financial Funding IX, LLC | 600 | — |
| Mystic River Funding, LLC | 600 | — |
| OneMain Financial Auto Funding I, LLC | 550 | — |
| Seine River Funding, LLC | 550 | 150 |
| Chicago River Funding, LLC | 500 | — |
| Hudson River Funding, LLC | 500 | — |
| OneMain Financial Funding VIII, LLC | 400 | — |
| Thayer Brook Funding, LLC | 350 | — |
| Columbia River Funding, LLC | 350 | — |
| Hubbard River Funding, LLC | 250 | — |
| New River Funding Trust | 250 | — |
| River Thames Funding, LLC | 250 | 200 |
| St. Lawrence River Funding, LLC | 250 | 250 |
| Total | $ 6,000 | $ 600 |

***Contractual Obligations***

At December 31, 2021, our material contractual obligations were as follows:

| (dollars in millions) | 2022 | 2023-2024 | 2025-2026 | 2027+ | Securitizations | Revolving Conduit Facilities | Total |
|---|---|---|---|---|---|---|---|
| Principal maturities on long-term debt: | | | | | | | |
| Securitization debt (a) | $ — | $ — | $ — | $ — | $ 7,432 | $ — | $ 7,432 |
| Revolving conduit facilities (a) | — | — | — | — | — | 600 | 600 |
| Medium-term notes | — | 2,475 | 3,435 | 3,750 | — | — | 9,660 |
| Junior subordinated debt | — | — | — | 350 | — | — | 350 |
| Total principal maturities | — | 2,475 | 3,435 | 4,100 | 7,432 | 600 | 18,042 |
| Interest payments on debt (b) | 594 | 1,043 | 608 | 672 | 683 | 16 | 3,616 |
| Total | $ 594 | $ 3,518 | $ 4,043 | $ 4,772 | $ 8,115 | $ 616 | $ 21,658 |

(a) On-balance sheet securitizations and borrowings under revolving conduit facilities are not included in maturities by period due to their variable monthly payments.

(b) Future interest payments on floating-rate debt are estimated based upon floating rates in effect at December 31, 2021.

## OFF-BALANCE SHEET ARRANGEMENTS

We have no material off-balance sheet arrangements as defined by SEC rules, and we had no material off-balance sheet exposure to losses associated with unconsolidated VIEs at December 31, 2021 or December 31, 2020.

## Critical Accounting Policies and Estimates

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

### ALLOWANCE FOR FINANCE RECEIVABLE LOSSES

We estimate the expected credit losses on our finance receivables over their expected lives based on historical experience, current conditions, and reasonable and supportable forecasts of collectability. No new volume is assumed. Personal loan renewals are a significant piece of our new volume and are considered a terminal event of the previous loan. For our personal loans, we have elected not to measure an allowance on accrued finance charges as it is our policy to reverse finance charges previously accrued after four contractual payments become past due.

Our estimate of the allowance for finance receivable losses is primarily based on historical loss experience using a cumulative loss model applied to our personal loan portfolios. Our gross credit loss expectation is offset by the estimate of future recoveries using historical recovery curves. Our personal loans are primarily segmented in the loss model by contractual delinquency status. Other attributes in the model include collateral mix and recent credit score. To estimate the gross credit losses, the model utilizes a roll rate matrix to project the first 12 months of losses and historical cohort performance to project the expected losses over the remaining term. Our methodology relies on historical loss experience to forecast the corresponding future outcomes. These patterns are then applied to the current portfolio to obtain an estimate of future losses.

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

Forecasting macroeconomic conditions requires significant judgment and estimation uncertainty. We consider key economic factors, most notably unemployment rates, to incorporate into our estimate of the allowance for finance receivable losses. Our macroeconomic forecast considers various scenarios of economic projections from industry leading forecast providers, and extends over our reasonable and supportable forecast period, after which we revert to a historical average.

Due to the judgment and uncertainty in estimating the expected credit losses, we may experience changes to the macroeconomic assumptions within our forecast, as well as changes to our loan loss performance outlook, both of which could lead to further changes in our allowance for finance receivable losses, allowance ratio, and provision for finance receivable losses.

#### *Macroeconomic Sensitivity*

To demonstrate the sensitivity of forecasting macroeconomic conditions, we compared the output of our model using a baseline scenario to that of a downside scenario. As of December 31, 2021, the impact of a ten percentage point increase in weighting towards a downside scenario increased the estimate by approximately $40 million.

The macroeconomic scenarios are highly influenced by the timing, severity, and duration of changes in the underlying economic factors. This makes it difficult to estimate how potential changes in economic factors affect the estimated credit losses. Therefore, this hypothetical analysis is not intended to represent our expectation of changes in our estimate of expected credit losses due to a change in the macroeconomic environment, nor does it consider management's judgment of other quantitative and qualitative information which could increase or decrease the estimate.

### TDR FINANCE RECEIVABLES

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

The allowance for finance receivable losses related to our personal loan TDR finance receivables represent loan-specific reserves based on an analysis of the present value of expected future cash flows. We establish our allowance for finance receivable losses related to our TDR finance receivables by calculating the present value (discounted at the loan's effective interest rate prior to modification) of all expected cash flows less the recorded investment in the aggregated pool. We use historical cash flow performance by TDR segments to estimate expected cash flows from our current portfolio of TDR finance receivables.

## Recent Accounting Pronouncements

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

## Seasonality

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

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

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

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

| **December 31,** | **2021** | | **2020** | |
|---|---|---|---|---|
| (dollars in millions) | **+100 bps** | **-100 bps** | **+100 bps** | **-100 bps** |
| **Assets** | | | | |
| Net finance receivables, less allowance for finance receivable losses (a) | **$ (217)** | **$ 222** | $ (210) | $ 215 |
| Fixed-maturity investment securities (b) | **(84)** | **89** | (78) | 82 |
| **Liabilities** | | | | |
| Long-term debt (b) | **$ (645)** | **$ 670** | $ (652) | $ 673 |

(a) We did not adjust the estimated cash flows for any future loan originations.

(b) We adjusted the estimated cash flows to reflect expected prepayment and calls, but did not consider any new investment purchases or debt issuances.

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

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

An index to our financial statements and supplementary data follows:

## Report of Independent Registered Public Accounting Firm

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

***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of OneMain Holdings, Inc. and its subsidiaries (the “Company”) as of December 31, 2021 and 2020, and the related consolidated statements of operations, of comprehensive income, of shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

*Change in Accounting Principle*

As discussed in Note 5 to the consolidated financial statements, the Company changed the manner in which it accounts for credit losses in 2020.

***Basis for Opinions***

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

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

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

***Definition and Limitations of Internal Control over Financial Reporting***

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

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

***Critical Audit Matters***

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

*Allowance for Finance Receivable Losses for Personal Loans Collectively Evaluated for Impairment – Forecasted Macroeconomic Conditions*

As described in Notes 2 and 5 to the consolidated financial statements, the Company's allowance for finance receivable losses for personal loans collectively evaluated for impairment was $1,820 million as of December 31, 2021. Management estimates the allowance for finance receivable losses for personal loans collectively evaluated for impairment primarily on historical loss experience using a cumulative loss model applied to the Company's finance receivable portfolios. Management also considers forecasted macroeconomic conditions within the Company's reasonable and supportable forecast period, which incorporated the ongoing impacts of COVID-19 on the U.S. economy and the overall unemployment rate.

The principal considerations for our determination that performing procedures relating to the allowance for finance receivable losses for personal loans collectively evaluated for impairment – forecasted macroeconomic conditions is a critical audit matter are (i) the significant judgment by management in determining adjustments to the results of the cumulative loss model to reflect forecasted macroeconomic conditions, which led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to management's determination of the impact of forecasted macroeconomic conditions, and (ii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the allowance for finance receivable losses, including controls over management's determination of the impact of forecasted macroeconomic conditions. These procedures also included, among others, the involvement of professionals with specialized skill and knowledge to assist in testing management's process for determining forecasted macroeconomic conditions and applying those forecasts to the results of the cumulative loss model, which included (i) evaluating the appropriateness of the methodology, (ii) testing the data used in the estimate and (iii) evaluating the reasonableness of management's determination of the impact of forecasted macroeconomic conditions on the allowance for finance receivable losses.

/s/ PricewaterhouseCoopers LLP

Dallas, Texas
February 11, 2022

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

## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholder of OneMain Finance Corporation

***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheets of OneMain Finance Corporation and its subsidiaries (the “Company”) as of December 31, 2021 and 2020, and the related consolidated statements of operations, of comprehensive income, of shareholder's equity and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America.

*Change in Accounting Principle*

As discussed in Note 5 to the consolidated financial statements, the Company changed the manner in which it accounts for credit losses in 2020.

***Basis for Opinion***

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

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

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

***Critical Audit Matters***

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

*Allowance for Finance Receivable Losses for Personal Loans Collectively Evaluated for Impairment – Forecasted Macroeconomic Conditions*

As described in Notes 2 and 5 to the consolidated financial statements, the Company’s allowance for finance receivable losses for personal loans collectively evaluated for impairment was $1,820 million as of December 31, 2021. Management estimates the allowance for finance receivable losses for personal loans collectively evaluated for impairment primarily on historical loss experience using a cumulative loss model applied to the Company’s finance receivable portfolios. Management also considers forecasted macroeconomic conditions within the Company’s reasonable and supportable forecast period, which incorporated the ongoing impacts of COVID-19 on the U.S. economy and the overall unemployment rate.

The principal considerations for our determination that performing procedures relating to the allowance for finance receivable losses for personal loans collectively evaluated for impairment – forecasted macroeconomic conditions is a critical audit matter are (i) the significant judgment by management in determining adjustments to the results of the cumulative loss model to reflect forecasted macroeconomic conditions, which led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to management's determination of the impact of forecasted macroeconomic conditions, and (ii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the allowance for finance receivable losses, including controls over management's determination of the impact of forecasted macroeconomic conditions. These procedures also included, among others, the involvement of professionals with specialized skill and knowledge to assist in testing management's process for determining forecasted macroeconomic conditions and applying those forecasts to the results of the cumulative loss model, which included (i) evaluating the appropriateness of the methodology, (ii) testing the data used in the estimate and (iii) evaluating the reasonableness of management's determination of the impact of forecasted macroeconomic conditions on the allowance for finance receivable losses.

/s/ PricewaterhouseCoopers LLP

Dallas, Texas
February 11, 2022

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

**ONEMAIN HOLDINGS, INC. AND SUBSIDIARIES**
**Consolidated Balance Sheets**

(dollars in millions, except par value amount)

| December 31, | 2021 | 2020 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | **$ 541** | $ 2,272 |
| Investment securities (includes available-for-sale securities with a fair value and an amortized cost basis of $1.9 billion and $1.8 billion in 2021, respectively, and $1.8 billion and $1.7 billion in 2020, respectively) | **1,992** | 1,922 |
| Net finance receivables (includes loans of consolidated VIEs of $8.8 billion in 2021 and 2020) | **19,212** | 18,084 |
| Unearned insurance premium and claim reserves | **(761)** | (771) |
| Allowance for finance receivable losses (includes allowance of consolidated VIEs of $910 million in 2021 and $1.1 billion in 2020) | **(2,095)** | (2,269) |
| Net finance receivables, less unearned insurance premium and claim reserves and allowance for finance receivable losses | **16,356** | 15,044 |
| Restricted cash and restricted cash equivalents (includes restricted cash and restricted cash equivalents of consolidated VIEs of $466 million in 2021 and $441 million in 2020) | **476** | 451 |
| Goodwill | **1,437** | 1,422 |
| Other intangible assets | **274** | 306 |
| Other assets | **1,003** | 1,054 |
| Total assets | **$ 22,079** | $ 22,471 |
| **Liabilities and Shareholders' Equity** | | |
| Long-term debt (includes debt of consolidated VIEs of $8.0 billion in 2021 and $7.8 billion in 2020) | **$ 17,750** | $ 17,800 |
| Insurance claims and policyholder liabilities | **621** | 621 |
| Deferred and accrued taxes | **1** | 45 |
| Other liabilities (includes other liabilities of consolidated VIEs of $13 million in 2021 and $15 million in 2020) | **614** | 564 |
| Total liabilities | **18,986** | 19,030 |
| Contingencies (Note 14) | | |
| Shareholders' equity: | | |
| Common stock, par value $0.01 per share; 2,000,000,000 shares authorized, 127,809,640 and 134,341,724 shares issued and outstanding at December 31, 2021 and December 31, 2020, respectively | **1** | 1 |
| Additional paid-in capital | **1,672** | 1,655 |
| Accumulated other comprehensive income | **61** | 94 |
| Retained earnings | **1,727** | 1,691 |
| Treasury stock, at cost; 6,712,923 shares at December 31, 2021 and no shares at December 31, 2020, respectively | **(368)** | — |
| Total shareholders' equity | **3,093** | 3,441 |
| Total liabilities and shareholders' equity | **$ 22,079** | $ 22,471 |

See Notes to the Consolidated Financial Statements.

**ONEMAIN HOLDINGS, INC. AND SUBSIDIARIES**
**Consolidated Statements of Operations**

(dollars in millions, except per share amounts)

| Years Ended December 31, | 2021 | 2020 | 2019 |
|---|---|---|---|
| Interest income | **$ 4,364** | $ 4,368 | $ 4,127 |
| Interest expense | **937** | 1,027 | 970 |
| **Net interest income** | **3,427** | 3,341 | 3,157 |
| Provision for finance receivable losses | **593** | 1,319 | 1,129 |
| **Net interest income after provision for finance receivable losses** | **2,834** | 2,022 | 2,028 |
| Other revenues: | | | |
| Insurance | **434** | 443 | 460 |
| Investment | **65** | 75 | 95 |
| Net loss on repurchases and repayments of debt | **(78)** | (39) | (35) |
| Other | **110** | 47 | 102 |
| **Total other revenues** | **531** | 526 | 622 |
| Other expenses: | | | |
| Salaries and benefits | **839** | 756 | 808 |
| Other operating expenses | **609** | 573 | 559 |
| Insurance policy benefits and claims | **176** | 242 | 185 |
| **Total other expenses** | **1,624** | 1,571 | 1,552 |
| **Income before income taxes** | **1,741** | 977 | 1,098 |
| Income taxes | **427** | 247 | 243 |
| **Net income** | **$ 1,314** | $ 730 | $ 855 |
| **Share Data:** | | | |
| Weighted average number of shares outstanding: | | | |
| Basic | **132,653,889** | 134,716,012 | 136,070,837 |
| Diluted | **133,054,494** | 134,919,258 | 136,326,911 |
| Earnings per share: | | | |
| Basic | **$ 9.90** | $ 5.42 | $ 6.28 |
| Diluted | **$ 9.87** | $ 5.41 | $ 6.27 |

See Notes to the Consolidated Financial Statements.

**ONEMAIN HOLDINGS, INC. AND SUBSIDIARIES**
**Consolidated Statements of Comprehensive Income**

(dollars in millions)

| Years Ended December 31, | 2021 | 2020 | 2019 |
|---|---|---|---|
| **Net income** | **$ 1,314** | $ 730 | $ 855 |
| **Other comprehensive income (loss):** | | | |
| Net change in unrealized gains (losses) on non-credit impaired available-for-sale securities | **(53)** | 66 | 88 |
| Retirement plan liability adjustments | **(1)** | (2) | 7 |
| Foreign currency translation adjustments | **1** | 2 | 5 |
| Other | **11** | — | — |
| Income tax effect: | | | |
| Net change in unrealized gains (losses) on non-credit impaired available-for-sale securities | **12** | (15) | (20) |
| Retirement plan liability adjustments | **1** | — | (1) |
| Foreign currency translation adjustments | **—** | — | (2) |
| Other | **(3)** | — | — |
| Other comprehensive income (loss), net of tax, before reclassification adjustments | **(32)** | 51 | 77 |
| Reclassification adjustments included in net income, net of tax: | | | |
| Net realized gains (losses) on available-for-sale securities, net of tax | **(1)** | (1) | 1 |
| Reclassification adjustments included in net income, net of tax | **(1)** | (1) | 1 |
| Other comprehensive income (loss), net of tax | **(33)** | 50 | 78 |
| **Comprehensive income** | **$ 1,281** | $ 780 | $ 933 |

See Notes to the Consolidated Financial Statements.

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

| | OneMain Holdings, Inc. Shareholders' Equity | | | | | |
|---|---|---|---|---|---|---|
| (dollars in millions) | Common Stock | Additional Paid-in Capital | Accumulated Other Comprehensive Income (Loss) | Retained Earnings | Treasury Stock | Total Shareholders' Equity |
| **Balance, January 1, 2021** | **$ 1** | **$ 1,655** | **$ 94** | **$ 1,691** | **$ —** | **$ 3,441** |
| Common stock repurchased | **—** | **—** | **—** | **—** | **(368)** | **(368)** |
| Share-based compensation expense, net of forfeitures | **—** | **23** | **—** | **—** | **—** | **23** |
| Withholding tax on share-based compensation | **—** | **(6)** | **—** | **—** | **—** | **(6)** |
| Other comprehensive loss | **—** | **—** | **(33)** | **—** | **—** | **(33)** |
| Cash dividends (a) | **—** | **—** | **—** | **(1,278)** | **—** | **(1,278)** |
| Net income | **—** | **—** | **—** | **1,314** | **—** | **1,314** |
| **Balance, December 31, 2021** | **$ 1** | **$ 1,672** | **$ 61** | **$ 1,727** | **$ (368)** | **$ 3,093** |
| **Balance, January 1, 2020 (pre-adoption)** | $ 1 | $ 1,689 | $ 44 | $ 2,596 | $ — | $ 4,330 |
| Net impact of adoption of ASU 2016-13 (b) | — | — | — | (828) | — | (828) |
| **Balance, January 1, 2020 (post-adoption)** | 1 | 1,689 | 44 | 1,768 | — | 3,502 |
| Common stock repurchased (c) | — | (45) | — | — | — | (45) |
| Share-based compensation expense, net of forfeitures | — | 17 | — | — | — | 17 |
| Withholding tax on share-based compensation | — | (6) | — | — | — | (6) |
| Other comprehensive income | — | — | 50 | — | — | 50 |
| Cash dividends (a) | — | — | — | (807) | — | (807) |
| Net income | — | — | — | 730 | — | 730 |
| **Balance, December 31, 2020** | $ 1 | $ 1,655 | $ 94 | $ 1,691 | $ — | $ 3,441 |
| **Balance, January 1, 2019** | $ 1 | $ 1,681 | $ (34) | $ 2,151 | $ — | $ 3,799 |
| Share-based compensation expense, net of forfeitures | — | 13 | — | — | — | 13 |
| Withholding tax on share-based compensation | — | (5) | — | — | — | (5) |
| Other comprehensive income | — | — | 78 | — | — | 78 |
| Cash dividends (a) | — | — | — | (410) | — | (410) |
| Net income | — | — | — | 855 | — | 855 |
| **Balance, December 31, 2019** | $ 1 | $ 1,689 | $ 44 | $ 2,596 | $ — | $ 4,330 |

(a) Cash dividends declared were $9.55 per share, $5.94 per share, and $3.00 per share in 2021, 2020, and 2019, respectively.

(b) As a result of the adoption of ASU 2016-13, *Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments*, on January 1, 2020, we recorded a one-time cumulative reduction to retained earnings, net of tax.

(c) The common stock repurchased was retired in 2020.

See Notes to the Consolidated Financial Statements.

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

| (dollars in millions)<br>**Years Ended December 31,** | **2021** | 2020 | 2019 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net income | **$ 1,314** | $ 730 | $ 855 |
| Reconciling adjustments: | | | |
| Provision for finance receivable losses | **593** | 1,319 | 1,129 |
| Depreciation and amortization | **264** | 264 | 271 |
| Deferred income tax charge (benefit) | **78** | (42) | 1 |
| Net loss on repurchases and repayments of debt | **78** | 39 | 35 |
| Share-based compensation expense, net of forfeitures | **23** | 17 | 13 |
| Gain on sales of finance receivables | **(47)** | — | — |
| Other | **(8)** | 3 | (9) |
| Cash flows due to changes in other assets and other liabilities | **(48)** | (118) | 67 |
| Net cash provided by operating activities | **2,247** | 2,212 | 2,362 |
| **Cash flows from investing activities** | | | |
| Net principal originations and purchases of finance receivables | **(2,514)** | (748) | (3,305) |
| Proceeds from sales of finance receivables | **560** | — | — |
| Available-for-sale securities purchased | **(517)** | (456) | (718) |
| Available-for-sale securities called, sold, and matured | **404** | 478 | 574 |
| Other securities purchased | **(708)** | (538) | (18) |
| Other securities called, sold, and matured | **701** | 542 | 31 |
| Other, net | **(69)** | (29) | 7 |
| Net cash used for investing activities | **(2,143)** | (751) | (3,429) |
| **Cash flows from financing activities** | | | |
| Proceeds from issuance of long-term debt, net of issuance costs | **3,759** | 7,279 | 5,895 |
| Repayment of long-term debt | **(3,921)** | (6,792) | (3,961) |
| Cash dividends | **(1,274)** | (806) | (408) |
| Common stock repurchased | **(368)** | (45) | — |
| Withholding tax on share-based compensation | **(6)** | (6) | (5) |
| Net cash provided by (used for) financing activities | **(1,810)** | (370) | 1,521 |
| Net change in cash and cash equivalents and restricted cash and restricted cash equivalents | **(1,706)** | 1,091 | 454 |
| Cash and cash equivalents and restricted cash and restricted cash equivalents at beginning of period | **2,723** | 1,632 | 1,178 |
| Cash and cash equivalents and restricted cash and restricted cash equivalents at end of period | **$ 1,017** | $ 2,723 | $ 1,632 |
| **Supplemental cash flow information** | | | |
| Cash and cash equivalents | **$ 541** | $ 2,272 | $ 1,227 |
| Restricted cash and restricted cash equivalents | **476** | 451 | 405 |
| Total cash and cash equivalents and restricted cash and restricted cash equivalents | **$ 1,017** | $ 2,723 | $ 1,632 |
| Interest paid | **$ (891)** | $ (978) | $ (845) |
| Income taxes paid | **(403)** | (289) | (261) |
| Cash paid for amounts included in the measurement of operating lease liabilities | **(58)** | (57) | (58) |

**ONEMAIN HOLDINGS, INC. AND SUBSIDIARIES**
**Consolidated Statements of Cash Flows (Continued)**

(dollars in millions)

| Years Ended December 31, | 2021 | 2020 | 2019 |
|---|---|---|---|
| **Supplemental non-cash activities** | | | |
| Right-of-use assets obtained in exchange for operating lease obligations | **$ 43** | $ 47 | $ 233 |

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

See Notes to the Consolidated Financial Statements.

**ONEMAIN FINANCE CORPORATION AND SUBSIDIARIES**
**Consolidated Balance Sheets**

(dollars in millions, except par value amount)

| December 31, | 2021 | 2020 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 510 | $ 2,272 |
| Investment securities (includes available-for-sale securities with a fair value and an amortized cost basis of $1.9 billion and $1.8 billion in 2021, respectively, and $1.8 billion and $1.7 billion in 2020, respectively) | 1,992 | 1,922 |
| Net finance receivables (includes loans of consolidated VIEs of $8.8 billion in 2021 and 2020) | 19,212 | 18,084 |
| Unearned insurance premium and claim reserves | (761) | (771) |
| Allowance for finance receivable losses (includes allowance of consolidated VIEs of $910 million in 2021 and $1.1 billion in 2020) | (2,095) | (2,269) |
| Net finance receivables, less unearned insurance premium and claim reserves and allowance for finance receivable losses | 16,356 | 15,044 |
| Restricted cash and restricted cash equivalents (includes restricted cash and restricted cash equivalents of consolidated VIEs of $466 million in 2021 and $441 million in 2020) | 476 | 451 |
| Goodwill | 1,437 | 1,422 |
| Other intangible assets | 274 | 306 |
| Other assets | 1,001 | 1,054 |
| Total assets | $ 22,046 | $ 22,471 |
| **Liabilities and Shareholder's Equity** | | |
| Long-term debt (includes debt of consolidated VIEs of $8.0 billion in 2021 and $7.8 billion in 2020) | $ 17,750 | $ 17,800 |
| Insurance claims and policyholder liabilities | 621 | 621 |
| Deferred and accrued taxes | 1 | 47 |
| Other liabilities (includes other liabilities of consolidated VIEs of $13 million in 2021 and $15 million in 2020) | 614 | 563 |
| Total liabilities | 18,986 | 19,031 |
| Contingencies (Note 14) | | |
| Shareholder's equity: | | |
| Common stock, par value $0.50 per share; 25,000,000 shares authorized, 10,160,021 shares issued and outstanding at December 31, 2021 and December 31, 2020 | 5 | 5 |
| Additional paid-in capital | 1,916 | 1,899 |
| Accumulated other comprehensive income | 61 | 94 |
| Retained earnings | 1,078 | 1,442 |
| Total shareholder's equity | 3,060 | 3,440 |
| Total liabilities and shareholder's equity | $ 22,046 | $ 22,471 |

See Notes to the Consolidated Financial Statements.

**ONEMAIN FINANCE CORPORATION AND SUBSIDIARIES**
**Consolidated Statements of Operations**

| (dollars in millions)<br>**Years Ended December 31,** | **2021** | 2020 | 2019 |
|---|---|---|---|
| Interest income | **$ 4,364** | $ 4,368 | $ 4,127 |
| Interest expense | **937** | 1,027 | 972 |
| **Net interest income** | **3,427** | 3,341 | 3,155 |
| Provision for finance receivable losses | **593** | 1,319 | 1,129 |
| **Net interest income after provision for finance receivable losses** | **2,834** | 2,022 | 2,026 |
| Other revenues: | | | |
| Insurance | **434** | 443 | 460 |
| Investment | **65** | 75 | 95 |
| Net loss on repurchases and repayments of debt | **(78)** | (39) | (35) |
| Other | **110** | 47 | 109 |
| **Total other revenues** | **531** | 526 | 629 |
| Other expenses: | | | |
| Salaries and benefits | **839** | 756 | 808 |
| Other operating expenses | **609** | 573 | 558 |
| Insurance policy benefits and claims | **176** | 242 | 185 |
| **Total other expenses** | **1,624** | 1,571 | 1,551 |
| **Income before income taxes** | **1,741** | 977 | 1,104 |
| Income taxes | **427** | 247 | 246 |
| **Net income** | **$ 1,314** | $ 730 | $ 858 |

See Notes to the Consolidated Financial Statements.

## ONEMAIN FINANCE CORPORATION AND SUBSIDIARIES
### Consolidated Statements of Comprehensive Income

(dollars in millions)

| Years Ended December 31, | 2021 | 2020 | 2019 |
|---|---|---|---|
| **Net income** | **$ 1,314** | $ 730 | $ 858 |
| **Other comprehensive income (loss):** | | | |
| Net change in unrealized gains (losses) on non-credit impaired available-for-sale securities | **(53)** | 66 | 88 |
| Retirement plan liability adjustments | **(1)** | (2) | 7 |
| Foreign currency translation adjustments | **1** | 2 | 5 |
| Other | **11** | — | — |
| Income tax effect: | | | |
| Net change in unrealized gains (losses) on non-credit impaired available-for-sale securities | **12** | (15) | (20) |
| Retirement plan liability adjustments | **1** | — | (1) |
| Foreign currency translation adjustments | **—** | — | (2) |
| Other | **(3)** | — | — |
| Other comprehensive income (loss), net of tax, before reclassification adjustments | **(32)** | 51 | 77 |
| Reclassification adjustments included in net income, net of tax: | | | |
| Net realized gains (losses) on available-for-sale securities, net of tax | **(1)** | (1) | 1 |
| Reclassification adjustments included in net income, net of tax | **(1)** | (1) | 1 |
| Other comprehensive income (loss), net of tax | **(33)** | 50 | 78 |
| **Comprehensive income** | **$ 1,281** | $ 780 | $ 936 |

See Notes to the Consolidated Financial Statements.

**ONEMAIN FINANCE CORPORATION AND SUBSIDIARIES**
**Consolidated Statements of Shareholder's Equity**

| | OneMain Finance Corporation Shareholder's Equity | | | | |
|---|---|---|---|---|---|
| (dollars in millions) | Common Stock | Additional Paid-in Capital | Accumulated Other Comprehensive Income (Loss) | Retained Earnings | Total Shareholders' Equity |
| **Balance, January 1, 2021** | **$ 5** | **$ 1,899** | **$ 94** | **$ 1,442** | **$ 3,440** |
| Share-based compensation expense, net of forfeitures | **—** | **23** | **—** | **—** | **23** |
| Withholding tax on share-based compensation | **—** | **(6)** | **—** | **—** | **(6)** |
| Other comprehensive loss | **—** | **—** | **(33)** | **—** | **(33)** |
| Cash dividends | **—** | **—** | **—** | **(1,678)** | **(1,678)** |
| Net income | **—** | **—** | **—** | **1,314** | **1,314** |
| **Balance, December 31, 2021** | **$ 5** | **$ 1,916** | **$ 61** | **$ 1,078** | **$ 3,060** |
| | | | | | |
| **Balance, January 1, 2020 (pre-adoption)** | $ 5 | $ 1,888 | $ 44 | $ 2,388 | $ 4,325 |
| Net impact of adoption of ASU 2016-13 * | — | — | — | (828) | (828) |
| **Balance, January 1, 2020 (post-adoption)** | 5 | 1,888 | 44 | 1,560 | 3,497 |
| Share-based compensation expense, net of forfeitures | — | 17 | — | — | 17 |
| Withholding tax on shared-based compensation | — | (6) | — | — | (6) |
| Other comprehensive income | — | — | 50 | — | 50 |
| Cash dividends | — | — | — | (848) | (848) |
| Net income | — | — | — | 730 | 730 |
| **Balance, December 31, 2020** | $ 5 | $ 1,899 | $ 94 | $ 1,442 | $ 3,440 |
| | | | | | |
| **Balance, January 1, 2019** | $ 5 | $ 2,110 | $ (34) | $ 1,940 | $ 4,021 |
| Merger of SFI with OMFC | — | (408) | — | — | (408) |
| Cash contribution from OMH | — | 144 | — | — | 144 |
| Contribution of SCHC to OMFC from SFI | — | 34 | — | — | 34 |
| Share-based compensation expense, net of forfeitures | — | 13 | — | — | 13 |
| Withholding tax on shared-based compensation | — | (5) | — | — | (5) |
| Other comprehensive income | — | — | 78 | — | 78 |
| Cash dividends | — | — | — | (410) | (410) |
| Net income | — | — | — | 858 | 858 |
| **Balance, December 31, 2019** | $ 5 | $ 1,888 | $ 44 | $ 2,388 | $ 4,325 |

* As a result of the adoption of ASU 2016-13, *Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments* on January 1, 2020, we recorded a one-time cumulative reduction to retained earnings, net of tax.

See Notes to the Consolidated Financial Statements.

**ONEMAIN FINANCE CORPORATION AND SUBSIDIARIES**
**Consolidated Statements of Cash Flows**

(dollars in millions)

| Years Ended December 31, | 2021 | 2020 | 2019 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net income | **$ 1,314** | $ 730 | $ 858 |
| Reconciling adjustments: | | | |
| Provision for finance receivable losses | **593** | 1,319 | 1,129 |
| Depreciation and amortization | **264** | 264 | 271 |
| Deferred income tax charge (benefit) | **78** | (42) | 3 |
| Net loss on repurchases and repayments of debt | **78** | 39 | 35 |
| Share-based compensation expense, net of forfeitures | **23** | 17 | 13 |
| Gain on sales of finance receivables | **(47)** | — | — |
| Other | **(8)** | 3 | (9) |
| Cash flows due to changes in other assets and other liabilities | **(44)** | (123) | 92 |
| Net cash provided by operating activities | **2,251** | 2,207 | 2,392 |
| **Cash flows from investing activities** | | | |
| Net principal originations and purchases of finance receivables | **(2,514)** | (748) | (3,305) |
| Proceeds from sales of finance receivables | **560** | — | — |
| Available-for-sale securities purchased | **(517)** | (456) | (718) |
| Available-for-sale securities called, sold, and matured | **404** | 478 | 574 |
| Other securities purchased | **(708)** | (538) | (18) |
| Other securities called, sold, and matured | **701** | 542 | 31 |
| Other, net | **(69)** | (29) | 7 |
| Net cash used for investing activities | **(2,143)** | (751) | (3,429) |
| **Cash flows from financing activities** | | | |
| Proceeds from issuance of long-term debt, net of issuance costs | **3,759** | 7,279 | 5,895 |
| Repayment of long-term debt | **(3,921)** | (6,792) | (3,961) |
| Cash contribution of SCLH | **—** | — | 12 |
| Cash contribution from OMH | **—** | — | 144 |
| Cash dividends | **(1,677)** | (846) | (408) |
| Payments on intercompany notes payable | **—** | — | (170) |
| Withholding tax on share-based compensation | **(6)** | (6) | (5) |
| Net cash provided by (used for) financing activities | **(1,845)** | (365) | 1,507 |
| Net change in cash and cash equivalents and restricted cash and restricted cash equivalents | **(1,737)** | 1,091 | 470 |
| Cash and cash equivalents and restricted cash and restricted cash equivalents at beginning of period | **2,723** | 1,632 | 1,162 |
| Cash and cash equivalents and restricted cash and restricted cash equivalents at end of period | **$ 986** | $ 2,723 | $ 1,632 |

**ONEMAIN FINANCE CORPORATION AND SUBSIDIARIES**
**Consolidated Statements of Cash Flows (Continued)**

(dollars in millions)

| Years Ended December 31, | 2021 | 2020 | 2019 |
|---|---|---|---|
| **Supplemental cash flow information** | | | |
| Cash and cash equivalents | **$ 510** | $ 2,272 | $ 1,227 |
| Restricted cash and restricted cash equivalents | **476** | 451 | 405 |
| Total cash and cash equivalents and restricted cash and restricted cash equivalents | **$ 986** | $ 2,723 | $ 1,632 |
| | | | |
| Interest paid | **$ (891)** | $ (978) | $ (847) |
| Income taxes paid | **(403)** | (289) | (261) |
| Cash paid for amounts included in the measurement of operating lease liabilities | **(58)** | (57) | (58) |
| | | | |
| **Supplemental non-cash activities** | | | |
| Right-of-use assets obtained in exchange for operating lease obligations | **$ 43** | $ 47 | $ 233 |
| Non-cash merger of SFI with OMFC | — | — | (408) |
| Non-cash contribution of SCLH | **—** | — | 22 |

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

See Notes to the Consolidated Financial Statements.

## 1. Nature of Operations

OneMain Holdings, Inc. (“OMH”) and its wholly owned direct subsidiary, OneMain Finance Corporation (“OMFC”), are financial services holding companies whose subsidiaries engage in the consumer finance and insurance businesses.

The results of OMFC are consolidated into the results of OMH. Due to the nominal differences between OMFC and OMH, content throughout this filing relates to both OMH and OMFC, except where otherwise indicated. OMH and OMFC are referred to in this report, collectively with their subsidiaries, whether directly or indirectly owned, as “the Company,” “OneMain,” “we,” “us,” or “our.”

## 2. Summary of Significant Accounting Policies

### BASIS OF PRESENTATION

We prepared our consolidated financial statements using generally accepted accounting principles in the United States of America ("GAAP"). The statements include the accounts of OMH, its subsidiaries (all of which are wholly owned), and variable interest entities ("VIEs") in which we hold a controlling financial interest and for which we are considered to be the primary beneficiary as of the financial statement date.

We eliminated all material intercompany accounts and transactions. We made judgments, estimates, and assumptions that affect amounts reported in our consolidated financial statements and disclosures of contingent assets and liabilities. In management’s opinion, the consolidated financial statements include the normal, recurring adjustments necessary for a fair statement of results. Ultimate results could differ from our estimates. We evaluated the effects of and the need to disclose events that occurred subsequent to the balance sheet date. To conform to the 2021 presentation, we reclassified certain items in prior periods of our consolidated financial statements.

### ACCOUNTING POLICIES

***Operating Segment***

At December 31, 2021, Consumer and Insurance (“C&I”) is our only reportable segment. The remaining components (which we refer to as “Other”) consist of our liquidating SpringCastle Portfolio servicing activity and our non-originating legacy operations, which primarily include our liquidating real estate loans.

***Finance Receivables***

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

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

*Finance Receivable Revenue Recognition*

We recognize finance charges as revenue on the accrual basis using the interest method, which we report in interest income. We defer and amortize the costs to originate certain finance receivables and the revenue from nonrefundable fees, along with any premiums or discounts, as an adjustment to finance charge income using the interest method. For credit cards, we amortize certain deferred costs on a straight-line basis over a twelve-month period.

For our personal loans, we stop accruing finance charges when four payments (approximately 90 days) become contractually past due. We reverse finance charge amounts previously accrued upon suspension of accrual of finance charges. For credit cards, we continue to accrue finance charges and fees until charge-off when seven payments (approximately 180 days) become contractually past due and reverse finance charges and fees previously accrued.

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

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

*Troubled Debt Restructured Finance Receivables*

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

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

*Allowance for Finance Receivable Losses*

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

We estimate the allowance for finance receivable losses primarily on historical loss experience using a cumulative loss model applied to our personal loan portfolios. Our gross credit loss expectation is offset by the estimate of future recoveries using historical recovery curves. Our personal loans are primarily segmented in the loss model by contractual delinquency status. Other attributes in the model include collateral mix and recent credit score. To estimate the gross credit losses, the model utilizes a roll rate matrix to project the first 12 months of losses and historical cohort performance to project the expected losses over the remaining term. Our methodology relies on historical loss experience to forecast the corresponding future outcomes. These patterns are then applied to the current portfolio to obtain an estimate of future losses. We also consider key economic trends including unemployment rates. Forecasted macroeconomic conditions extend to our reasonable and supportable forecast period and revert to a historical average. No new volume is assumed. Personal loan renewals are a significant piece of our new volume and are considered a terminal event of the previous loan.

For our personal loans, we have elected not to measure an allowance on accrued finance charges as it is our policy to reverse finance charge amounts previously accrued after four contractual payments become past due. For credit cards, we measure an allowance on uncollected finance charges, but do not measure an allowance on the unfunded portion of the credit card lines as the accounts are unconditionally cancellable.

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

We generally charge-off to the allowance for finance receivable losses on personal loans and credit cards that are beyond seven payments (approximately 180 days) past due. Exceptions include accounts in bankruptcy, which are generally charged off at the earlier of notice of discharge or when the customer becomes seven payments past due, and accounts of deceased borrowers, which are generally charged off at the time of notice. Generally, we start repossession of any titled personal property when the customer becomes two payments (approximately 30 days) past due and may charge-off prior to the account becoming seven payments (approximately 180 days) past due.

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

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

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

***Goodwill***

Goodwill represents the amount of purchase price over the fair value of net assets we acquired in connection with business combinations, primarily related to the OneMain Acquisition. We test goodwill for potential impairment annually as of October 1 of each year and whenever events occur or circumstances change that would more likely than not reduce the fair value of our reporting unit below its carrying amount.

We first complete a qualitative assessment to determine whether it is necessary to perform a quantitative impairment test. If the qualitative assessment indicates that it is more likely than not that the reporting unit's fair value is less than its carrying amount, we proceed with the quantitative impairment test. When necessary, the fair value of the reporting unit is calculated utilizing the income approach, which uses prospective financial information of the reporting unit discounted at a rate we estimate a market participant would use.

***Intangible Assets other than Goodwill***

At the time we initially recognize intangible assets, a determination is made with regard to each asset's useful life. We have determined that each of our intangible assets have indefinite lives with the exception of value of business acquired ("VOBA"), which has a finite useful life. We amortize our finite useful life intangible assets in a manner that reflects the pattern of economic benefit used.

For intangible assets with a finite useful life, we review for impairment at least annually and whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Impairment is indicated if the sum of undiscounted estimated future cash flows is less than the carrying value of the respective asset. Impairment is permanently recognized by writing down the asset to the extent that the carrying value exceeds the estimated fair value.

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

***Leases***

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

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

***Insurance Premiums***

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

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

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

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

***Policy and Claim Reserves***

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

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

***Insurance Policy Acquisition Costs***

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

***Investment Securities***

We generally classify our investment securities as available-for-sale or other, depending on management's intent. Other securities primarily consist of equity securities and those securities for which the fair value option was elected.

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

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

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

***Impairments on Investment Securities***

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

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

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

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

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

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

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

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

***Investment Revenue Recognition***

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

*Variable Interest Entities*

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

*Cash and Cash Equivalents*

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

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

*Restricted Cash and Cash Equivalents*

We include funds to be used for future debt payments and collateral relating to our securitization and conduit transactions, insurance regulatory deposits and reinsurance trusts with third parties, in each case, in restricted cash and cash equivalents.

*Long-term Debt*

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

*Income Taxes*

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

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

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

### *Retirement Benefit Plans*

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

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

### *Share-based Compensation Plans*

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

### *Fair Value Measurements*

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

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

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

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

Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. The use of observable and unobservable inputs is further discussed in Note 18.

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

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

***Earnings Per Share (OMH Only)***

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

## 3. Recent Accounting Pronouncements

### ACCOUNTING PRONOUNCEMENTS TO BE ADOPTED

***Insurance***

In August of 2018, the FASB issued ASU 2018-12, *Financial Services - Insurance: Targeted Improvements to the Accounting for Long-Duration Contracts*, which provides targeted improvements to Topic 944 for the assumptions used to measure the liability for future policy benefits for nonparticipating traditional and limited-payment contracts; measurement of market risk benefits; amortization of deferred acquisition costs; and enhanced disclosures. Upon adoption, our cash flow assumptions used to measure the liability for future policy benefits will be updated at least annually. The guidance requires the discount rate used to measure the liability to be an upper-medium grade fixed-income instrument yield and updated at each reporting date with changes in the liability due to the discount rate recognized in other comprehensive income. The amendments in this ASU become effective for the Company beginning January 1, 2023.

The Company’s cross-functional implementation team continues to make progress in line with the established project plan to ensure we comply with all the amendments in this ASU at the time of adoption. We will utilize an actuarial software solution to meet the new accounting and disclosure requirements, and we continue to refine the development of the actuarial model and assumptions. After the model has been subject to a parallel testing phase in 2022, the Company will provide further disclosure regarding the estimated impact of the adoption of the ASU on our consolidated financial statements.

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

## 4. Finance Receivables

At December 31, 2021, our finance receivables consisted of personal loans and credit cards. Personal loans are non-revolving, with a fixed rate, fixed terms generally between three and six years, and are secured by automobiles, other titled collateral, or are unsecured. During the third quarter of 2021, we began offering credit cards. Credit cards are open-ended, revolving, with a fixed rate, and are unsecured.

Components of our net finance receivables were as follows:

| (dollars in millions) | Personal Loans | Credit Cards | Total |
|---|---|---|---|
| **December 31, 2021** | | | |
| Gross finance receivables (a) | **$ 18,944** | **$ 24** | **$ 18,968** |
| Unearned fees | **(225)** | **(1)** | **(226)** |
| Accrued finance charges and fees | **289** | **—** | **289** |
| Deferred origination costs | **179** | **2** | **181** |
| Total | **$ 19,187** | **$ 25** | **$ 19,212** |
| **December 31, 2020 (b)** | | | |
| Gross finance receivables (a) | $ 17,860 | $ — | $ 17,860 |
| Unearned fees | (225) | — | (225) |
| Accrued finance charges and fees | 299 | — | 299 |
| Deferred origination costs | 150 | — | 150 |
| Total | $ 18,084 | $ — | $ 18,084 |

(a) Gross finance receivables equal the unpaid principal balance of our personal loans and credit cards. For precompute loans, unpaid principal balance is the gross contractual payments less the unaccreted balance of unearned finance charges.
(b) There were no credit cards at December 31, 2020 as the product offering began in 2021.

## GEOGRAPHIC DIVERSIFICATION

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

| **December 31,** | **2021** | | **2020 (a)** | |
|---|---|---|---|---|
| (dollars in millions) | **Amount** | **Percent** | **Amount** | **Percent** |
| *Personal Loans:* | | | | |
| Texas | **$ 1,812** | **9 %** | $ 1,614 | 9 % |
| California | **1,289** | **7** | 1,196 | 7 |
| Florida | **1,255** | **7** | 1,060 | 6 |
| Pennsylvania | **1,199** | **6** | 1,123 | 6 |
| North Carolina | **1,117** | **6** | 1,130 | 6 |
| Ohio | **960** | **5** | 922 | 5 |
| Georgia | **770** | **4** | 712 | 4 |
| Illinois | **765** | **4** | 739 | 4 |
| Indiana | **728** | **4** | 728 | 4 |
| New York | **681** | **4** | 580 | 3 |
| Virginia | **665** | **3** | 666 | 4 |
| Other | **7,946** | **41** | 7,614 | 42 |
| Total personal loans | **$ 19,187** | **100 %** | $ 18,084 | 100 % |
| *Credit Cards (b):* | | | | |
| California | **$ 7** | **28 %** | $ — | — % |
| Texas | **4** | **14** | — | — |
| Florida | **2** | **7** | — | — |
| Other | **12** | **51** | — | — |
| Total credit cards | **$ 25** | **100 %** | $ — | — % |

(a) December 31, 2020 concentrations of net finance receivables are presented in the order of December 31, 2021 state concentrations.
(b) There were no credit cards at December 31, 2020 as the product offering began in 2021.

## WHOLE LOAN SALE TRANSACTIONS

As of December 31, 2021, we have whole loan sale flow agreements with third parties, with remaining terms ranging between one to two years, in which we agreed to sell a combined total of $180 million gross receivables per quarter of newly originated unsecured personal loans along with any associated accrued interest. These unsecured personal loans are derecognized from our balance sheet at the time of sale. We service the personal loans sold and are entitled to a servicing fee and other fees commensurate with the services performed as part of the agreements. The gain on sales and servicing fees are recorded in other revenue. Our first sale was executed in the first quarter of 2021. During 2021, we sold $505 million of gross finance receivables and the gain on the sales was $47 million.

## CREDIT QUALITY INDICATOR

We consider the delinquency status of our finance receivables as our key credit quality indicator. We monitor the delinquency of our finance receivable portfolio, including the migration between the delinquency buckets and changes in the delinquency trends to manage our exposure to credit risk in the portfolio.

When personal loans are 60 days contractually past due, we consider these accounts to be at an increased risk for loss and collection of these accounts is handled by our centralized operations. At 90 days or more contractually past due, we consider our personal loans to be nonperforming and stop accruing finance charges. We reverse finance charges previously accrued. For our personal loans, we reversed net accrued finance charges of $77 million and $86 million during the years ended December 31, 2021 and 2020, respectively.

Finance charges recognized from the contractual interest portion of payments received on nonaccrual personal loans totaled $13 million and $14 million during the years ended December 31, 2021 and 2020, respectively. All personal loans in nonaccrual status are considered in our estimate of allowance for finance receivable losses.

We accrue finance charges and fees on credit cards until charge-off at approximately 180 days past due and reverse finance charges and fees previously accrued. For credit cards, there were no net accrued finance charges and fees reversed for the year ended December 31, 2021.

The following tables below are a summary of our personal loans by the year of origination and number of days delinquent, our key credit quality indicator:

| (dollars in millions) | 2021 | 2020 | 2019 | 2018 | 2017 | Prior | Total |
|---|---|---|---|---|---|---|---|
| **December 31, 2021** | | | | | | | |
| *Performing* | | | | | | | |
| Current | **$ 10,645** | **$ 3,935** | **$ 2,641** | **$ 814** | **$ 193** | **$ 109** | **$ 18,337** |
| 30-59 days past due | **125** | **74** | **53** | **19** | **6** | **5** | **282** |
| 60-89 days past due | **81** | **53** | **33** | **11** | **4** | **3** | **185** |
| Total performing | **10,851** | **4,062** | **2,727** | **844** | **203** | **117** | **18,804** |
| *Nonperforming (Nonaccrual)* | | | | | | | |
| 90+ days past due | **125** | **130** | **85** | **28** | **9** | **6** | **383** |
| Total | **$ 10,976** | **$ 4,192** | **$ 2,812** | **$ 872** | **$ 212** | **$ 123** | **$ 19,187** |

| (dollars in millions) | 2020 | 2019 | 2018 | 2017 | 2016 | Prior | Total |
|---|---|---|---|---|---|---|---|
| **December 31, 2020** | | | | | | | |
| *Performing* | | | | | | | |
| Current | $ 8,659 | $ 5,691 | $ 2,064 | $ 651 | $ 184 | $ 106 | $ 17,355 |
| 30-59 days past due | 72 | 106 | 44 | 18 | 6 | 5 | 251 |
| 60-89 days past due | 44 | 72 | 28 | 11 | 4 | 3 | 162 |
| Total performing | 8,775 | 5,869 | 2,136 | 680 | 194 | 114 | 17,768 |
| *Nonperforming (Nonaccrual)* | | | | | | | |
| 90+ days past due | 63 | 157 | 60 | 23 | 8 | 5 | 316 |
| Total | $ 8,838 | $ 6,026 | $ 2,196 | $ 703 | $ 202 | $ 119 | $ 18,084 |

The following is a summary of credit cards by number of days delinquent, our key credit quality indicator:

| (dollars in millions)<br>December 31, | 2021 |
|---|---|
| Current | **$ 25** |
| 30-59 days past due | — |
| 60-89 days past due | — |
| 90+ days past due | — |
| Total | **$ 25** |

There were no credit cards converted to term loans for the year ended December 31, 2021.

**TROUBLED DEBT RESTRUCTURED FINANCE RECEIVABLES**

Information regarding TDR finance receivables were as follows:

| (dollars in millions)<br>December 31, | 2021 | 2020 |
|---|---|---|
| TDR gross finance receivables | **$ 646** | $ 689 |
| TDR net finance receivables * | **650** | 691 |
| Allowance for TDR finance receivable losses | **270** | 314 |

* TDR net finance receivables are TDR gross finance receivables net of unearned fees, accrued finance charges, and deferred origination costs.

There were no credit cards classified as TDR finance receivables for the year ended December 31, 2021.

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

| (dollars in millions)<br>Years Ended December 31, | 2021 | 2020 | 2019 |
|---|---|---|---|
| Pre-modification TDR net finance receivables | **$ 453** | $ 499 | $ 536 |
| Post-modification TDR net finance receivables: | | | |
| Rate reduction | **310** | 312 | 370 |
| Other * | **143** | 187 | 166 |
| Total post-modification TDR net finance receivables | **$ 453** | $ 499 | $ 536 |
| Number of TDR accounts | **55,229** | 66,484 | 78,257 |

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

Finance receivables that were modified as TDR finance receivables within the previous 12 months and for which there was a default during the period to cause the TDR finance receivables to be considered nonperforming (90 days or more past due) are reflected in the following table:

| (dollars in millions)<br>Years Ended December 31, | 2021 | 2020 | 2019 |
|---|---|---|---|
| TDR net finance receivables * | **$ 117** | $ 105 | $ 96 |
| Number of TDR accounts | **16,046** | 15,229 | 14,732 |

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

**UNFUNDED LENDING COMMITMENTS**

Our unfunded lending commitments consist of the unused credit card lines, which are unconditionally cancellable. We do not anticipate that all of our customers will access their entire available line at any given point in time. The unused credit card lines totaled $54 million at December 31, 2021.

## 5. Allowance for Finance Receivable Losses

We establish an allowance for finance receivable losses through the provision for finance receivable losses. We evaluate our finance receivable portfolio by the level of contractual delinquency in the portfolio, specifically in the late stage delinquency buckets and inclusive of the migration of the finance receivables through the delinquency buckets. We estimate and record an allowance for finance receivable losses to cover the estimated lifetime expected credit losses on our finance receivables, pursuant to the adoption of ASU 2016-13 on January 1, 2020. Prior to the adoption of ASU 2016-13, we estimated and recorded an allowance for finance receivable losses to cover estimated incurred losses on our finance receivables. Our allowance for finance receivable losses may fluctuate based upon changes in portfolio growth, credit quality, and economic conditions. See Note 2 for additional information regarding our policy for allowance for finance receivable losses.

Our current methodology to estimate expected credit losses used the most recent macroeconomic forecasts, which incorporated the ongoing impacts of the global outbreak of a novel strain of coronavirus ("COVID-19") on the U.S. economy and the overall unemployment rate. We also considered inflationary pressures, supply chain concerns, and businesses' ability to remain open. Our forecast leveraged economic projections from industry leading forecast providers. At December 31, 2021, our economic forecast used a reasonable and supportable period of 12 months. The decrease in our allowance for finance receivable losses for the year ended December 31, 2021 was largely due an improved outlook for unemployment and macroeconomic conditions, partially offset by growth in our loan portfolio. We may experience further changes to the macroeconomic assumptions within our forecast, as well as changes to our loan loss performance outlook, both of which could lead to further changes in our allowance for finance receivable losses, allowance ratio, and provision for finance receivable losses.

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

| (dollars in millions) | Personal Loans | Credit Cards | Total |
|---|---|---|---|
| **Year Ended December 31, 2021** | | | |
| Balance at beginning of period | **$ 2,269** | **$ —** | **$ 2,269** |
| Provision for finance receivable losses | **588** | **5** | **593** |
| Charge-offs | **(989)** | **—** | **(989)** |
| Recoveries | **222** | **—** | **222** |
| Balance at end of period | **$ 2,090** | **$ 5** | **$ 2,095** |
| **Year Ended December 31, 2020 (a)** | | | |
| Balance at beginning of period | $ 829 | $ — | $ 829 |
| Impact of adoption of ASU 2016-13 (b) | 1,118 | — | 1,118 |
| Provision for finance receivable losses | 1,319 | — | 1,319 |
| Charge-offs | (1,162) | — | (1,162) |
| Recoveries | 165 | — | 165 |
| Balance at end of period | $ 2,269 | $ — | $ 2,269 |
| **Year Ended December 31, 2019 (a)** | | | |
| Balance at beginning of period | $ 731 | $ — | $ 731 |
| Provision for finance receivable losses | 1,129 | — | 1,129 |
| Charge-offs | (1,157) | — | (1,157) |
| Recoveries | 126 | — | 126 |
| Balance at end of period | $ 829 | $ — | $ 829 |

(a) There were no credit cards for the years ended December 31, 2020 and 2019 as the product offering began in 2021.

(b) As a result of the adoption of ASU 2016-13 on January 1, 2020, we recorded a one-time adjustment to the allowance for finance receivable losses.

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

| (dollars in millions) | Personal Loans | Credit Cards | Total |
|---|---|---|---|
| **December 31, 2021** | | | |
| *Allowance for finance receivable losses:* | | | |
| Collectively evaluated for impairment | **$ 1,820** | **$ 5** | **$ 1,825** |
| TDR finance receivables | **270** | **—** | **270** |
| Total | **$ 2,090** | **$ 5** | **$ 2,095** |
| *Finance receivables:* | | | |
| Collectively evaluated for impairment | **$ 18,537** | **$ 25** | **$ 18,562** |
| TDR finance receivables | **650** | **—** | **650** |
| Total | **$ 19,187** | **$ 25** | **$ 19,212** |
| *Allowance for finance receivable losses as a percentage of finance receivables* | **10.89 %** | **19.91 %** | **10.90 %** |
| **December 31, 2020 (a)** | | | |
| *Allowance for finance receivable losses:* | | | |
| Collectively evaluated for impairment | $ 1,955 | $ — | $ 1,955 |
| TDR finance receivables | 314 | — | 314 |
| Total | $ 2,269 | $ — | $ 2,269 |
| *Finance receivables:* | | | |
| Collectively evaluated for impairment | $ 17,393 | $ — | $ 17,393 |
| TDR finance receivables | 691 | — | 691 |
| Total | $ 18,084 | $ — | $ 18,084 |
| *Allowance for finance receivable losses as a percentage of finance receivables* | 12.55 % | — % | 12.55 % |

(a) There were no credit cards for the year ended December 31, 2020 as the product offering began in 2021.

## 6. Investment Securities

### AVAILABLE-FOR-SALE SECURITIES

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

| (dollars in millions) | Cost/ Amortized Cost | Unrealized Gains | Unrealized Losses | Fair Value |
|---|---|---|---|---|
| **December 31, 2021*** | | | | |
| Fixed maturity available-for-sale securities: | | | | |
| U.S. government and government sponsored entities | **$ 16** | **$ —** | **$ —** | **$ 16** |
| Obligations of states, municipalities, and political subdivisions | **76** | **3** | **—** | **79** |
| Commercial paper | **50** | **—** | **—** | **50** |
| Non-U.S. government and government sponsored entities | **151** | **4** | **—** | **155** |
| Corporate debt | **1,246** | **61** | **(5)** | **1,302** |
| Mortgage-backed, asset-backed, and collateralized: | | | | |
| RMBS | **169** | **3** | **(2)** | **170** |
| CMBS | **44** | **1** | **—** | **45** |
| CDO/ABS | **90** | **1** | **(1)** | **90** |
| Total | **$ 1,842** | **$ 73** | **$ (8)** | **$ 1,907** |
| **December 31, 2020*** | | | | |
| Fixed maturity available-for-sale securities: | | | | |
| U.S. government and government sponsored entities | $ 12 | $ — | $ — | $ 12 |
| Obligations of states, municipalities, and political subdivisions | 87 | 5 | — | 92 |
| Commercial paper | 28 | — | — | 28 |
| Non-U.S. government and government sponsored entities | 137 | 9 | — | 146 |
| Corporate debt | 1,124 | 95 | (1) | 1,218 |
| Mortgage-backed, asset-backed, and collateralized: | | | | |
| RMBS | 208 | 7 | — | 215 |
| CMBS | 55 | 3 | — | 58 |
| CDO/ABS | 77 | 2 | (1) | 78 |
| Total | $ 1,728 | $ 121 | $ (2) | $ 1,847 |

* There was no material allowance for credit losses related to our investment securities as of December 31, 2021 and there was no allowance for credit losses as of December 31, 2020.

Interest receivables reported in “Other assets” totaled $13 million and $12 million as of December 31, 2021 and 2020, respectively. There were no material amounts reversed from investment revenue for available-for-sale securities for the year ended December 31, 2021 and no amounts reversed from investment revenue for available-for-sale securities for the year ended December 31, 2020.

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

| | Less Than 12 Months | | 12 Months or Longer | | Total | |
|---|---|---|---|---|---|---|
| (dollars in millions) | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| **December 31, 2021** | | | | | | |
| U.S. government and government sponsored entities | **$ 6** | **$ —** | **$ —** | **$ —** | **$ 6** | **$ —** |
| Obligations of states, municipalities, and political subdivisions | **10** | **—** | **—** | **—** | **10** | **—** |
| Commercial paper | **46** | **—** | **—** | **—** | **46** | **—** |
| Non-U.S. government and government sponsored entities | **19** | **—** | **5** | **—** | **24** | **—** |
| Corporate debt | **208** | **(3)** | **38** | **(2)** | **246** | **(5)** |
| Mortgage-backed, asset-backed, and collateralized: | | | | | | |
| RMBS | **81** | **(1)** | **15** | **(1)** | **96** | **(2)** |
| CMBS | **7** | **—** | **—** | **—** | **7** | **—** |
| CDO/ABS | **41** | **(1)** | **3** | **—** | **44** | **(1)** |
| Total | **$ 418** | **$ (5)** | **$ 61** | **$ (3)** | **$ 479** | **$ (8)** |
| **December 31, 2020** | | | | | | |
| Obligations of states, municipalities, and political subdivisions | $ 2 | $ — | $ — | $ — | $ 2 | $ — |
| Commercial paper | 19 | — | — | — | 19 | — |
| Non-U.S. government and government sponsored entities | 1 | — | — | — | 1 | — |
| Corporate debt | 45 | (1) | 8 | — | 53 | (1) |
| Mortgage-backed, asset-backed, and collateralized: | | | | | | |
| CMBS | 8 | — | — | — | 8 | — |
| CDO/ABS | 17 | (1) | — | — | 17 | (1) |
| Total | $ 92 | $ (2) | $ 8 | $ — | $ 100 | $ (2) |

On a lot basis, we had 570 and 148 investment securities in an unrealized loss position at December 31, 2021 and 2020, respectively. We do not consider the unrealized losses to be credit-related, as these unrealized losses primarily relate to changes in interest rates and market spreads subsequent to purchase. Additionally, as of December 31, 2021, there were no credit impairments on investment securities that we intend to sell. We do not have plans to sell any of the remaining investment securities with unrealized losses as of December 31, 2021, and we believe it is more likely than not that we would not be required to sell such investment securities before recovery of their amortized cost.

We continue to monitor unrealized loss positions for potential credit impairments. During the years ended December 31, 2021 and 2020, there were no material credit impairments related to our investment securities. Therefore, there were no material additions or reductions in the allowance for credit losses (impairments recognized or reversed in earnings) on credit impaired available-for-sale securities for the years ended December 31, 2021 and 2020.

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

The proceeds of available-for-sale securities sold or redeemed totaled $250 million, $259 million and $284 million during 2021, 2020, and 2019, respectively. The net realized gains and losses were immaterial during 2021, 2020, and 2019.

Contractual maturities of fixed-maturity available-for-sale securities at December 31, 2021 were as follows:

| (dollars in millions) | Fair Value | Amortized Cost |
|---|---|---|
| Fixed maturities, excluding mortgage-backed, asset-backed, and collateralized securities: | | |
| Due in 1 year or less | $ 170 | $ 169 |
| Due after 1 year through 5 years | 573 | 552 |
| Due after 5 years through 10 years | 677 | 652 |
| Due after 10 years | 182 | 166 |
| Mortgage-backed, asset-backed, and collateralized securities | 305 | 303 |
| Total | $ 1,907 | $ 1,842 |

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

The fair value of securities on deposit with third parties totaled $587 million and $604 million at December 31, 2021 and 2020, respectively.

**OTHER SECURITIES**

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

| (dollars in millions)<br>**December 31,** | **2021** | **2020** |
|---|---|---|
| Fixed maturity other securities: | | |
| Bonds | **$ 30** | $ 35 |
| Preferred stock * | **22** | 13 |
| Common stock * | **33** | 27 |
| Total | **$ 85** | $ 75 |

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

Net unrealized gains and losses on other securities held were immaterial at December 31, 2021, 2020, and 2019. Net realized gains and losses on other securities sold or redeemed were immaterial during 2021, 2020, and 2019.

Other securities primarily consist of equity securities and those securities for which the fair value option was elected. We report net unrealized and realized gains and losses on other securities held, sold, or redeemed in investment revenue.

## 7. Goodwill and Other Intangible Assets

### GOODWILL

The carrying amount of goodwill totaled $1.4 billion at December 31, 2021 and 2020. We did not record any impairments to goodwill during 2021, 2020 and 2019.

### OTHER INTANGIBLE ASSETS

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

| (dollars in millions) | Gross Carrying Amount | Accumulated Amortization | Net Other Intangible Assets |
|---|---|---|---|
| **December 31, 2021** | | | |
| Trade names | **$ 220** | **$ —** | **$ 220** |
| VOBA | **105** | **(77)** | **28** |
| Licenses | **25** | **—** | **25** |
| Customer relationships | **223** | **(223)** | **—** |
| Other | **13** | **(12)** | **1** |
| Total | **$ 586** | **$ (312)** | **$ 274** |
| **December 31, 2020** | | | |
| Trade names | $ 220 | $ — | $ 220 |
| VOBA | 105 | (74) | 31 |
| Licenses | 25 | — | 25 |
| Customer relationships | 223 | (194) | 29 |
| Other | 13 | (12) | 1 |
| Total | $ 586 | $ (280) | $ 306 |

Amortization expense totaled $32 million in 2021, $37 million in 2020, and $39 million in 2019. The estimated aggregate amortization of other intangible assets for each of the next five years is immaterial.

## 8. Long-term Debt

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

| | December 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| (dollars in millions) | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Senior debt | **$ 17,578** | **$ 18,574** | $ 17,628 | $ 19,278 |
| Junior subordinated debt | **172** | **207** | 172 | 148 |
| Total | **$ 17,750** | **$ 18,781** | $ 17,800 | $ 19,426 |

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

| | Years Ended December 31, | | | At December 31, | |
|---|---|---|---|---|---|
| | 2021 | 2020 | 2019 | 2021 | 2020 |
| Senior debt | **5.38 %** | 5.68 % | 5.90 % | **5.05 %** | 5.70 % |
| Junior subordinated debt | **4.02** | 5.64 | 8.68 | **3.86** | 4.09 |
| Total | **5.37** | 5.68 | 5.93 | **5.03** | 5.68 |

Principal maturities of long-term debt (excluding projected repayments on securitizations and revolving conduit facilities by period) by type of debt at December 31, 2021 were as follows:

| | Senior Debt | | | | |
|---|---|---|---|---|---|
| (dollars in millions) | Securitizations | Revolving Conduit Facilities | Unsecured Notes (a) | Junior Subordinated Debt (a) | Total |
| Interest rates (b) | 0.81%-6.94% | 0.86%-1.02% | 3.50%-8.88% | 1.87 % | |
| 2022 | $ — | $ — | $ — | $ — | $ — |
| 2023 | — | — | 1,175 | — | 1,175 |
| 2024 | — | — | 1,300 | — | 1,300 |
| 2025 | — | — | 1,835 | — | 1,835 |
| 2026 | — | — | 1,600 | — | 1,600 |
| 2027-2067 | — | — | 3,750 | 350 | 4,100 |
| Securitizations (c) | 7,432 | — | — | — | 7,432 |
| Revolving conduit facilities (c) | — | 600 | — | — | 600 |
| Total principal maturities | $ 7,432 | $ 600 | $ 9,660 | $ 350 | $ 18,042 |
| Total carrying amount | $ 7,399 | $ 600 | $ 9,579 | $ 172 | $ 17,750 |
| Debt issuance costs (d) | (31) | — | (83) | — | (114) |

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

(b) The interest rates shown are the range of contractual rates in effect at December 31, 2021.

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

(d) Debt issuance costs are reported as a direct deduction from long-term debt, with the exception of debt issuance costs associated with our revolving conduit facilities and unsecured corporate revolver, which totaled $29 million at December 31, 2021 and are reported in "Other assets."

## 2021 DEBT ISSUANCES AND REDEMPTIONS

### *Redemption of 7.75% Senior Notes Due 2021*

On December 9, 2020, OMFC issued a notice of full redemption of its 7.75% Senior Notes due 2021. On January 8, 2021, OMFC paid a net aggregate amount of $681 million, inclusive of accrued interest and premiums, to complete the redemption. In connection with the redemption, we recognized $47 million of net loss on repurchases and repayments of debt during the year ended December 31, 2021.

### *Social Bond Offering - Issuance of 3.50% Senior Notes Due 2027*

OMFC issued its inaugural social bond offering on June 22, 2021 for a total of $750 million aggregate principal amount of 3.50% Senior Notes due 2027 (the "Social Bond") under the Base Indenture, as supplemented by the Twelfth Supplemental Indenture, pursuant to which OMH provided a guarantee on an unsecured basis.

### *Issuance of 3.875% Senior Notes Due 2028*

On August 11, 2021, OMFC issued a total of $600 million aggregate principal amount of 3.875% Senior Notes due 2028 (the "3.875% Senior Notes due 2028") under the Base Indenture, as supplemented by the Thirteenth Supplemental Indenture, pursuant to which OMH provided a guarantee on an unsecured basis.

### *Redemption of 6.125% Senior Notes Due 2022*

On November 10, 2021, OMFC issued a notice of full redemption of its 6.125% Senior Notes due 2022. On December 10, 2021, OMFC paid a net aggregate amount of $1.0 billion, inclusive of accrued interest and premiums, to complete the redemption. In connection with the redemption, we recognized $23 million of net loss on repurchases and repayments of debt during the year ended December 31, 2021.

## UNSECURED CORPORATE REVOLVER

On October 25, 2021, OMFC entered into an unsecured corporate revolver with a total maximum borrowing capacity of $1.0 billion. The corporate revolver has a five-year term during which draws and repayments may occur. Any outstanding principal balance is due and payable on October 25, 2026. At December 31, 2021, no amounts were drawn under this facility.

## DEBT COVENANTS

### *OMFC Debt Agreements*

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

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

As of December 31, 2021, OMFC was in compliance with all of the covenants under its debt agreements.

***Junior Subordinated Debenture***

In January of 2007, OMFC issued the Junior Subordinated Debenture, consisting of $350 million aggregate principal amount of 60-year junior subordinated debt. The Junior Subordinated Debenture underlies the trust preferred securities sold by a trust sponsored by OMFC. OMFC can redeem the Junior Subordinated Debenture at par beginning in January of 2017. The interest rate on the remaining principal balance of the Junior Subordinated Debenture consists of a variable floating rate (determined quarterly) equal to 3-month LIBOR plus 1.75%, or 1.87% as of December 31, 2021. On December 30, 2013, OMH entered into a guaranty agreement whereby it agreed to fully and unconditionally guarantee, on a junior subordinated basis, the payment of principle of, premium (if any), and interest on the Junior Subordinated Debenture.

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

Based upon OMFC's financial results for the 12 months ended December 31, 2021, a mandatory trigger event did not occur with respect to the interest payment due in January of 2022, as OMFC was in compliance with both required ratios discussed above.

## 9. Variable Interest Entities

### CONSOLIDATED VIES

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

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

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

(dollars in millions)

| December 31, | 2021 | 2020 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | **$ 2** | $ 2 |
| Net finance receivables | **8,821** | 8,772 |
| Allowance for finance receivable losses | **910** | 1,085 |
| Restricted cash and restricted cash equivalents | **466** | 441 |
| Other assets | **26** | 33 |
| | | |
| **Liabilities** | | |
| Long-term debt | **$ 7,999** | $ 7,789 |
| Other liabilities | **13** | 15 |

Other than the retained subordinate and residual interests in our consolidated VIEs, we are under no further obligation than is otherwise noted herein, either contractually or implicitly, to provide financial support to these entities. Consolidated interest expense related to our VIEs totaled $293 million in 2021, $338 million in 2020, and $326 million in 2019.

## SECURITIZED BORROWINGS

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

## REVOLVING CONDUIT FACILITIES

We had access to 14 revolving conduit facilities with a total maximum borrowing capacity of $6.0 billion as of December 31, 2021. Our conduit facilities contain revolving periods during which time no principal payments are required, but may be made without penalty, followed by a subsequent amortization period. Principal balances of outstanding loans, if any, are due and payable in full over periods ranging up to nine years as of December 31, 2021. Amounts drawn on these facilities are collateralized by our personal loans.

At December 31, 2021, an aggregate amount of $600 million was drawn under these facilities and the remaining borrowing capacity was $5.4 billion.

## 10. Insurance

Our insurance business is conducted through our wholly owned insurance subsidiaries, American Health and Life Insurance Company ("AHL") and Triton Insurance Company ("Triton"). AHL is a life and health insurance company licensed in 49 states, the District of Columbia, and Canada to write credit life, credit disability, and non-credit insurance products. Triton is a property and casualty insurance company licensed in 50 states, the District of Columbia, and Canada to write credit involuntary unemployment, credit disability, and collateral protection insurance. As part of our continuing integration efforts in connection with the OneMain Acquisition, we sold all of the issued and outstanding shares of our former insurance subsidiary, Merit Life Insurance Co. ("Merit") during the 2019 period.

### INSURANCE RESERVES

Components of our insurance reserves were as follows:

(dollars in millions)

| December 31, | 2021 | 2020 |
|---|---|---|
| Finance receivable related: | | |
| Payable to OMH: | | |
| Unearned premium reserves | **$ 677** | $ 662 |
| Claim reserves | **84** | 109 |
| Subtotal (a) | **761** | 771 |
| Payable to third-party beneficiaries (b) | **256** | 236 |
| Non-finance receivable related (b) | **365** | 385 |
| Total | **$ 1,382** | $ 1,392 |

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

(b) Reported in insurance claims and policyholder liabilities.

Our insurance subsidiaries enter into reinsurance agreements with other insurers. Reserves related to unearned premiums, claims and benefits assumed from non-affiliated insurance companies totaled $322 million and $338 million at December 31, 2021 and 2020, respectively.

Reserves related to unearned premiums, claims and benefits ceded to non-affiliated insurance companies totaled $62 million and $66 million at December 31, 2021 and 2020, respectively.

Changes in the reserve for unpaid claims and loss adjustment expenses (net of reinsurance recoverables):

| (dollars in millions)<br>**At or for the Years Ended December 31,** | **2021** | **2020** | **2019** |
|---|---|---|---|
| Balance at beginning of period | **$ 148** | $ 117 | $ 117 |
| Less reinsurance recoverables | **(3)** | (4) | (4) |
| Net balance at beginning of period | **145** | 113 | 113 |
| Additions for losses and loss adjustment expenses incurred to: | | | |
| Current year | **212** | 272 | 200 |
| Prior years * | **(18)** | (11) | (15) |
| Total | **194** | 261 | 185 |
| Reductions for losses and loss adjustment expenses paid related to: | | | |
| Current year | **(135)** | (161) | (121) |
| Prior years | **(89)** | (67) | (64) |
| Total | **(224)** | (228) | (185) |
| Foreign currency translation adjustment | **—** | (1) | — |
| Net balance at end of period | **115** | 145 | 113 |
| Plus reinsurance recoverables | **3** | 3 | 4 |
| Balance at end of period | **$ 118** | $ 148 | $ 117 |

* At December 31, 2021, $18 million reflected a redundancy in the prior years' net reserves, primarily due to net favorable developments of credit disability and unemployment claims. At December 31, 2020, $11 million reflected a redundancy in the prior years' net reserves, primarily due to net favorable developments of term life, credit life, and credit disability. At December 31, 2019, $15 million reflected a redundancy in the prior years' net reserves, primarily due to favorable developments of credit life, disability, and unemployment claims.

Incurred claims and allocated claim adjustment expenses, net of reinsurance, as of December 31, 2021, were as follows:

| | **Years Ended December 31,** | | | | | **At December 31, 2021** | | |
|---|---|---|---|---|---|---|---|---|
| (dollars in millions) | **2017 (a)** | **2018 (a)** | **2019 (a)** | **2020 (a)** | **2021** | **Incurred-but-not-reported Liabilities (b)** | **Cumulative Number of Reported Claims** | **Cumulative Frequency (c)** |
| **Credit Insurance** | | | | | | | | |
| Accident Year | | | | | | | | |
| 2017 | $ 136 | $ 129 | $ 125 | $ 125 | $ 124 | $ — | 43,960 | 2.4 % |
| 2018 | — | 146 | 135 | 134 | 133 | 3 | 42,883 | 2.2 % |
| 2019 | — | — | 155 | 150 | 150 | 10 | 45,444 | 2.0 % |
| 2020 | — | — | — | 226 | 209 | 21 | 68,365 | 3.1 % |
| 2021 | — | — | — | — | 162 | 63 | 30,853 | 1.4 % |
| Total | | | | | **$ 778** | | | |

(a) Unaudited.

(b) Includes expected development on reported claims.

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

Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance, as of December 31, 2021, were as follows:

| | Years Ended December 31, | | | | |
|---|---|---|---|---|---|
| (dollars in millions) | 2017 * | 2018 * | 2019* | 2020* | 2021 |
| **Credit Insurance** | | | | | |
| Accident Year | | | | | |
| 2017 | $ 75 | $ 108 | $ 118 | $ 122 | **$ 124** |
| 2018 | — | 82 | 116 | 125 | **130** |
| 2019 | — | — | 88 | 129 | **140** |
| 2020 | — | — | — | 129 | **188** |
| 2021 | — | — | — | — | **99** |
| Total | | | | | **$ 681** |
| All outstanding liabilities before 2017, net of reinsurance | | | | | **—** |
| Liabilities for claims and claim adjustment expenses, net of reinsurance | | | | | **$ 97** |

* Unaudited.

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

| (dollars in millions)<br>**December 31,** | **2021** |
|---|---|
| Liabilities for unpaid claims and claim adjustment expenses, net of reinsurance: | |
| Credit insurance | **$ 97** |
| Other short-duration insurance lines | **2** |
| Total | **99** |
| Insurance lines other than short-duration | **19** |
| Total gross liability for unpaid claims and claim adjustment expense | **$ 118** |

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

There have been no significant changes in methodologies or assumptions during 2021.

Our average annual percentage payout of incurred claims by age, net of reinsurance, as of December 31, 2021, were as follows:

| **Years** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|
| Credit insurance* | 60.9 % | 26.9 % | 7.4 % | 3.6 % | 1.1 % |

* Unaudited.

## STATUTORY ACCOUNTING

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

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

(dollars in millions)

| Years Ended December 31, | 2021 | 2020 | 2019 |
|---|---|---|---|
| **Property and casualty:** | | | |
| Triton | **$ 66** | $ (7) | $ 16 |
| **Life and health:** | | | |
| AHL | **$ 79** | $ 114 | $ 56 |

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

(dollars in millions)

| December 31, | 2021 | 2020 |
|---|---|---|
| **Property and casualty:** | | |
| Triton | **$ 210** | $ 137 |
| **Life and health:** | | |
| AHL | **$ 292** | $ 261 |

Our insurance companies are also subject to risk-based capital requirements adopted by the Texas DOI. Minimum statutory capital and surplus is the risk-based capital level that would trigger regulatory action. At December 31, 2021 and 2020, our insurance subsidiaries' statutory capital and surplus exceeded the risk-based capital minimum required levels.

## DIVIDEND RESTRICTIONS

Our insurance subsidiaries are subject to domiciliary state regulations that limit their ability to pay dividends. Our previously owned life insurance subsidiary, Merit, was domiciled in Indiana and redomesticated to Texas on January 28, 2019. AHL and Triton are domiciled in Texas. State law restricts the amounts that our insurance subsidiaries may pay as dividends without prior notice to the state of domicile DOI. The maximum amount of dividends, referred to as "ordinary dividends," for an Indiana or Texas domiciled life insurance company that can be paid without prior approval in a 12 month period (measured retrospectively from the date of payment) is the greater of: (i) 10% of policyholders' surplus as of the prior year-end or (ii) the statutory net gain from operations as of the prior year-end. Any amount greater must be approved by the state of domicile DOI. The maximum ordinary dividends for a Texas domiciled property and casualty insurance company that can be paid without prior approval in a 12 month period (measured retrospectively from the date of payment) is the greater of: (i) 10% of policyholders' surplus as of the prior year-end or (ii) the statutory net income. Any amount greater must be approved by the state of domicile DOI. These approved dividends are called "extraordinary dividends."

Ordinary dividends paid were as follows:

| (dollars in millions)<br>**Years Ended December 31,** | **2021** | **2020** | **2019** |
|---|---|---|---|
| AHL | **$ 50** | $ 48 | $ — |

Extraordinary dividends paid were as follows:

| (dollars in millions)<br>**Years Ended December 31,** | **2021** | **2020** | **2019** |
|---|---|---|---|
| Merit | **$ —** | $ — | $ 140 |

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

### CAPITAL STOCK

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

Par value and shares authorized at December 31, 2021 were as follows:

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

* No shares of OMH preferred stock or OMFC special stock were issued and outstanding at December 31, 2021 or 2020.

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

| **At or for the Years Ended December 31,** | **2021** | **2020** | **2019** |
|---|---|---|---|
| Balance at beginning of period | **134,341,724** | 136,101,156 | 135,832,278 |
| Common shares issued | **180,839** | 272,266 | 268,878 |
| Common shares repurchased * | **(6,712,923)** | (2,031,698) | — |
| Balance at end of period | **127,809,640** | 134,341,724 | 136,101,156 |

* During the year ended December 31, 2021, the common stock repurchased was held in treasury. During the year ended December 31, 2020, the common stock repurchased was retired.

OMFC shares issued and outstanding were as follows:

| | **Special Stock** | | **Common Stock** | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| Shares issued and outstanding | — | — | 10,160,021 | 10,160,021 |

## EARNINGS PER SHARE (OMH ONLY)

The computation of earnings per share was as follows:

| (dollars in millions, except per share data)<br>Years Ended December 31, | 2021 | 2020 | 2019 |
|---|---|---|---|
| **Numerator (basic and diluted):** | | | |
| Net income | **$ 1,314** | $ 730 | $ 855 |
| **Denominator:** | | | |
| Weighted average number of shares outstanding (basic) | **132,653,889** | 134,716,012 | 136,070,837 |
| Effect of dilutive securities * | **400,605** | 203,246 | 256,074 |
| Weighted average number of shares outstanding (diluted) | **133,054,494** | 134,919,258 | 136,326,911 |
| **Earnings per share:** | | | |
| Basic | **$ 9.90** | $ 5.42 | $ 6.28 |
| Diluted | **$ 9.87** | $ 5.41 | $ 6.27 |

* We have excluded weighted-average unvested restricted stock units totaling 421,511, 231,125, and 270,955 for 2021, 2020, and 2019, respectively, from the fully-diluted earnings per share calculations as these shares would be anti-dilutive, which could impact the earnings per share calculation in the future.

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

## 12. Accumulated Other Comprehensive Income (Loss)

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

| (dollars in millions) | Unrealized Gains (Losses) Available-for-Sale Securities (a) | Retirement Plan Liabilities Adjustments | Foreign Currency Translation Adjustments | Other (b) | Total Accumulated Other Comprehensive Income (Loss) |
|---|---|---|---|---|---|
| **Year Ended December 31, 2021** | | | | | |
| Balance at beginning of period | **$ 91** | **$ 1** | **$ 2** | **$ —** | **$ 94** |
| Other comprehensive income (loss) before reclassifications | **(41)** | **—** | **1** | **8** | **(32)** |
| Reclassification adjustments from accumulated other comprehensive income | **(1)** | **—** | **—** | **—** | **(1)** |
| Balance at end of period | **$ 49** | **$ 1** | **$ 3** | **$ 8** | **$ 61** |
| **Year Ended December 31, 2020** | | | | | |
| Balance at beginning of period | $ 41 | $ 3 | $ — | $ — | $ 44 |
| Other comprehensive income (loss) before reclassifications | 51 | (2) | 2 | — | 51 |
| Reclassification adjustments from accumulated other comprehensive income | (1) | — | — | | (1) |
| Balance at end of period | $ 91 | $ 1 | $ 2 | $ — | $ 94 |
| **Year Ended December 31, 2019** | | | | | |
| Balance at beginning of period | $ (28) | $ (3) | $ (3) | $ — | $ (34) |
| Other comprehensive income before reclassifications | 68 | 6 | 3 | — | 77 |
| Reclassification adjustments from accumulated other comprehensive income | 1 | — | — | — | 1 |
| Balance at end of period | $ 41 | $ 3 | $ — | $ — | $ 44 |

(a) There were no material amounts related to available-for-sale debt securities for which an allowance for credit losses was recorded during the year ended December 31, 2021. There were no amounts related to available-for-sale debt securities for which an allowance for credit losses was recorded during the years ended December 31, 2020 and 2019.

(b) Other primarily includes changes in the fair value of our mark-to-market derivative instruments that have been designated as cash flow hedges.

Reclassification adjustments from accumulated other comprehensive income (loss) to the applicable line item on our consolidated statements of operations were immaterial for the years ended December 31, 2021, 2020, and 2019.

## 13. Income Taxes

OMH and all of its eligible domestic U.S. subsidiaries file a consolidated life/non-life federal tax return with the IRS. Income taxes from the consolidated federal and state tax returns are allocated to our eligible subsidiaries under a tax sharing agreement with OMH.

The Company's foreign subsidiaries/branches file tax returns in Canada, Puerto Rico, and the U.S. Virgin Islands. The Company recognizes a deferred tax liability for the undistributed earnings of its foreign operations, if any, as we do not consider the amounts to be permanently reinvested. As of December 31, 2021, the Company had no undistributed foreign earnings.

Components of income before income tax expense were as follows:

(dollars in millions)

| Years Ended December 31, | 2021 | 2020 | 2019 |
|---|---|---|---|
| Income before income tax expense - U.S. operations | **$ 1,722** | $ 973 | $ 1,082 |
| Income before income tax expense - foreign operations | **19** | 4 | 16 |
| Total | **$ 1,741** | $ 977 | $ 1,098 |

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

(dollars in millions)

| Years Ended December 31, | 2021 | 2020 | 2019 |
|---|---|---|---|
| **Current:** | | | |
| Federal | **$ 298** | $ 235 | $ 205 |
| Foreign | **1** | 9 | 3 |
| State | **50** | 45 | 34 |
| Total current | **349** | 289 | 242 |
| **Deferred:** | | | |
| Federal | **55** | (43) | 15 |
| State | **23** | 1 | (14) |
| Total deferred | **78** | (42) | 1 |
| Total | **$ 427** | $ 247 | $ 243 |

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

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

| Years Ended December 31, | 2021 | 2020 | 2019 |
|---|---|---|---|
| Statutory federal income tax rate | **21.00 %** | 21.00 % | 21.00 % |
| State income taxes, net of federal | **3.27** | 3.52 | 3.49 |
| Change in valuation allowance | **0.24** | 0.08 | (2.07) |
| Nondeductible compensation | **0.50** | 0.25 | 0.13 |
| Other, net | **(0.45)** | 0.48 | (0.39) |
| Effective income tax rate | **24.56 %** | 25.33 % | 22.16 % |

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

| Years Ended December 31, | 2021 | 2020 | 2019 |
|---|---|---|---|
| Statutory federal income tax rate | **21.00 %** | 21.00 % | 21.00 % |
| State income taxes, net of federal | **3.27** | 3.52 | 3.49 |
| Change in valuation allowance | **0.24** | 0.08 | (2.06) |
| Nondeductible compensation | **0.50** | 0.25 | 0.13 |
| Other, net | **(0.45)** | 0.48 | (0.29) |
| Effective income tax rate | **24.56 %** | 25.33 % | 22.27 % |

The lower effective income tax rate in 2021 as compared to 2020 is primarily due to recording the benefit of tax credits and lower state tax expense. The higher effective income tax rate in 2020 as compared to 2019 is primarily due to the release of the valuation allowance against certain state deferred taxes in 2019.

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

(dollars in millions)

| Years Ended December 31, | 2021 | 2020 | 2019 |
|---|---|---|---|
| Balance at beginning of year | **$ 10** | $ 12 | $ 17 |
| Increases in tax positions for current years | **2** | 2 | 2 |
| Increases in tax positions for prior years | **2** | — | 2 |
| Lapse in statute of limitations | **(2)** | (4) | (3) |
| Settlements with tax authorities | **(4)** | — | (6) |
| Balance at end of year | **$ 8** | $ 10 | $ 12 |

Our gross unrecognized tax benefits include related interest and penalties. We accrue interest and penalties related to uncertain tax positions in income tax expense. The amount of any change in the balance of uncertain tax liabilities over the next 12 months is not expected to be material to our consolidated financial statements.

We are under examination by various states for the years 2017 to 2018. Management believes it has adequately provided for taxes for such years.

Components of deferred tax assets and liabilities were as follows:

| (dollars in millions)<br>**December 31,** | **2021** | **2020** |
|---|---|---|
| **Deferred tax assets:** | | |
| Allowance for loan losses | **$ 523** | $ 568 |
| Net operating losses and tax credits | **32** | 30 |
| Insurance reserves | **34** | 19 |
| Pension/employee benefits | **22** | 15 |
| Other | **32** | 33 |
| Total | **$ 643** | $ 665 |
| **Deferred tax liabilities:** | | |
| Goodwill | **$ 144** | $ 120 |
| Debt fair value adjustment | **43** | 46 |
| Deferred loan fees | **33** | 21 |
| Fair value of equity and securities investments | **17** | 27 |
| Fixed assets | **13** | 15 |
| Other | **26** | 9 |
| Total | **$ 276** | $ 238 |
| Net deferred tax assets before valuation allowance | **$ 367** | $ 427 |
| Valuation allowance | **(28)** | (22) |
| Net deferred tax assets | **$ 339** | $ 405 |

The gross deferred tax liabilities are expected to reverse in time, and projected taxable income is expected to be sufficient to create positive taxable income, which will allow for the realization of all of our gross federal deferred tax assets and a portion of the state deferred tax assets. The decrease in net deferred tax assets of $66 million was primarily due to the tax effect of the decrease in the allowance for finance receivable losses and the tax amortization of goodwill.

At December 31, 2021, we had state net operating loss carryforwards of $375 million compared to $451 million at December 31, 2020. The state net operating loss carryforwards mostly expire between 2026 and 2041, except for some states which conform to the federal rules for indefinite carryforward. We had a valuation allowance on our gross state deferred tax assets, net of deferred federal tax benefit, of $23 million and $19 million at December 31, 2021 and 2020, respectively. The total valuation allowance was established based on management’s determination that the deferred tax assets are more likely than not to not be realized.

During 2020, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) and the Consolidated Appropriations Act of 2021 (the “CAA”) were signed into law. During 2021, the American Rescue Plan Act of 2021 (the “ARPA”) was signed into law. Among other things, the provisions of these laws relate to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, and technical corrections to tax depreciation methods for qualified improvement property. Based on our review, we have determined the CARES Act, the CAA, and the ARPA will not have a material impact on our consolidated financial statements. We will continue to monitor legislative developments related to the COVID-19 pandemic, along with other tax legislative and regulatory developments.

## 14. Leases and Contingencies

### LEASES

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

Our operating right-of-use asset and liability balances were $140 million and $151 million, respectively, at December 31, 2021 and $153 million and $165 million, respectively, at December 31, 2020.

At December 31, 2021, maturities of lease liabilities, excluding leases on a month-to-month basis, were as follows:

| (dollars in millions) | Operating Leases |
|---|---|
| 2022 | $ 57 |
| 2023 | 42 |
| 2024 | 28 |
| 2025 | 19 |
| 2026 | 12 |
| 2027 | 5 |
| Thereafter | 1 |
| Total lease payments | 164 |
| Imputed interest | (13) |
| Total | $ 151 |
| Weighted Average Remaining Lease Term | 3.71 years |
| Weighted Average Discount Rate | 3.34 % |

Operating lease cost and variable lease cost, which are recorded in other operating expenses, were as follows:

| (dollars in millions)<br>**Years Ended December 31,** | **2021** | **2020** | **2019** |
|---|---|---|---|
| Operating lease cost | **$ 60** | $ 63 | $ 61 |
| Variable lease cost | **15** | 15 | 16 |
| Total | **$ 75** | $ 78 | $ 77 |

Our sublease income was immaterial for the years ended December 31, 2021, 2020, and 2019.

### LEGAL CONTINGENCIES

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

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

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

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

## 15. Retirement Benefit Plans

### DEFINED CONTRIBUTION PLAN

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

***OneMain 401(k) Plan***

The OneMain 401(k) Plan (the “401(k) Plan”) provided for a 100% Company matching on the first 4% of the salary reduction contributions of the employees for 2021, 2020, and 2019. The salaries and benefits expense associated with this plan was $17 million in 2021, $18 million in 2020, and $17 million in 2019.

In addition, the Company may make a discretionary profit sharing contribution to the 401(k) Plan. The Company has full discretion to determine whether to make such a contribution, and the amount of such contribution. In no event, however, will the discretionary profit sharing contribution exceed 4% of annual pay. The Company did not make any discretionary profit sharing contributions to the 401(k) Plan in 2021, 2020, or 2019.

### DEFINED BENEFIT PLANS

***Springleaf Financial Services Retirement Plan***

The Springleaf Financial Services Retirement Plan (the “Springleaf Retirement Plan”) is a qualified non-contributory defined benefit plan, which is subject to the provisions of Employee Retirement Income Security Act of 1974 (“ERISA”). Effective December 31, 2012, the Springleaf Retirement Plan was frozen with respect to both benefits accrual and new participation. U.S. salaried employees who were employed by a participating company, had attained age 21, and completed twelve months of continuous service were eligible to participate in the plan. Employees generally vested after 5 years of service. Prior to January 1, 2013, unreduced benefits were paid to retirees at normal retirement (age 65) and were based upon a percentage of final average compensation multiplied by years of credited service, up to 44 years. Our current and former employees will not lose any vested benefits in the Springleaf Retirement Plan that accrued prior to January 1, 2013.

***CommoLoCo Retirement Plan***

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

***Unfunded Defined Benefit Plans***

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

**OBLIGATIONS AND FUNDED STATUS**

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

| (dollars in millions) | | Pension | |
|---|---|---|---|
| **At or for the Years Ended December 31,** | **2021** | **2020** | **2019** |
| Projected benefit obligation, beginning of period | **$ 401** | $ 364 | $ 320 |
| Interest cost | **7** | 10 | 12 |
| Actuarial loss (gain) (a) | **(18)** | 42 | 47 |
| Benefits paid: | | | |
| Plan assets | **(16)** | (15) | (15) |
| Projected benefit obligation, end of period (b) | **374** | 401 | 364 |
| | | | |
| Fair value of plan assets, beginning of period | **405** | 363 | 308 |
| Actual return on plan assets, net of expenses | **(7)** | 56 | 69 |
| Company contributions | **1** | 1 | 1 |
| Benefits paid: | | | |
| Plan assets | **(16)** | (15) | (15) |
| Fair value of plan assets, end of period (b) | **383** | 405 | 363 |
| Funded status, end of period | **$ 9** | $ 4 | $ (1) |
| | | | |
| Other assets (other liabilities) recognized in the consolidated balance sheet | **$ 9** | $ 4 | $ (1) |
| | | | |
| Pretax net gain recognized in accumulated other comprehensive income (loss) | **$ 2** | $ 3 | $ 4 |

(a) For the years ended December 31, 2021, 2020, and 2019, the actuarial gains or losses were primarily due to year-over-year fluctuations in discount rates used to calculate the present value of benefit obligations for the defined benefit plans. Adoption of updated mortality assumptions had additional impacts on calculation of gains or losses as did the implementation of refined plan demographic assumptions at December 31, 2019.

(b) Includes three underfunded benefit plans, for which the aggregate projected benefit obligation and accumulated benefit obligation exceeded the related plan assets by $13 million, $14 million, and $13 million at December 31, 2021, 2020, and 2019, respectively.

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

| (dollars in millions) | Pension | | |
|---|---|---|---|
| **Years Ended December 31,** | **2021** | **2020** | **2019** |
| Components of net periodic benefit cost: | | | |
| Interest cost | **$ 7** | $ 10 | $ 12 |
| Expected return on assets | **(12)** | (15) | (15) |
| Net periodic benefit cost | **(5)** | (5) | (3) |
| Other changes in plan assets and projected benefit obligation recognized in other comprehensive income or loss: | | | |
| Net actuarial loss (gain) | **1** | 2 | (7) |
| Total recognized in other comprehensive income or loss | **1** | 2 | (7) |
| Total recognized in net periodic benefit cost and other comprehensive income | **$ (4)** | $ (3) | $ (10) |

***Assumptions***

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

| | Pension | |
|---|---|---|
| **December 31,** | **2021** | **2020** |
| Projected benefit obligation: | | |
| Discount rate | **2.67 %** | 2.30 % |
| Net periodic benefit costs: | | |
| Discount rate | **2.30 %** | 3.08 % |
| Expected long-term rate of return on plan assets | **3.04 %** | 4.28 % |

***Discount Rate Methodology***

The projected benefit cash flows were discounted using the spot rates derived from the unadjusted FTSE Pension Discount Curve at December 31, 2021 and December 31, 2020, and an equivalent weighted average discount rate was derived that resulted in the same liability.

***Investment Strategy***

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

***Allocation of Plan Assets***

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

At December 31, 2021, the actual asset allocation for the primary asset classes was 95% in fixed income securities, 4% in equity securities, and 1% in cash and cash equivalents. The 2022 target asset allocation for the primary asset classes is 96% in fixed income securities and 4% in equity securities. The actual allocation may differ from the target allocation at any particular point in time.

The expected long-term rate of return for the plans was 3.0% for the Springleaf Retirement Plan and 4.3% for the CommoLoCo Retirement Plan for 2021. The expected rate of return is an aggregation of expected returns within each asset class category. The expected asset return and any contributions made by the Company together are expected to maintain the plans' ability to meet all required benefit obligations. The expected asset return with respect to each asset class was developed based on a building block approach that considers historical returns, current market conditions, asset volatility and the expectations for future market returns. While the assessment of the expected rate of return is long-term, and thus, not expected to change annually, significant changes in investment strategy or economic conditions may warrant such a change.

***Expected Cash Flows***

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

The expected future benefit payments, net of participants' contributions, of our defined benefit pension plans at December 31, 2021 are as follows:

| (dollars in millions) | Pension |
|---|---|
| 2022 | $ 17 |
| 2023 | 17 |
| 2024 | 17 |
| 2025 | 17 |
| 2026 | 18 |
| 2027-2031 | 90 |

**FAIR VALUE MEASUREMENTS — PLAN ASSETS**

The inputs and methodology used in determining the fair value of the plan assets are consistent with those used to measure our assets. See Note 2 for a discussion of the accounting policies related to fair value measurements, which includes the valuation process and the inputs used to develop our fair value measurements.

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

| (dollars in millions) | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **December 31, 2021** | | | | |
| Assets: | | | | |
| Cash and cash equivalents | **$ 4** | **$ —** | **$ —** | **$ 4** |
| Equity securities: | | | | |
| U.S. (a) | **1** | **1** | **—** | **2** |
| International (b) | **1** | **—** | **—** | **1** |
| Fixed income securities: | | | | |
| U.S. investment grade (c) | **28** | **276** | **—** | **304** |
| U.S. high yield (d) | **—** | **4** | **—** | **4** |
| Total | **$ 34** | **$ 281** | **$ —** | **$ 315** |
| Investments measured at NAV (e) | | | | **68** |
| Total investments at fair value | | | | **$ 383** |
| **December 31, 2020** | | | | |
| Assets: | | | | |
| Cash and cash equivalents | $ 4 | $ — | $ — | $ 4 |
| Equity securities: | | | | |
| U.S. (a) | 2 | — | — | 2 |
| International (b) | 1 | — | — | 1 |
| Fixed income securities: | | | | |
| U.S. investment grade (c) | 45 | 307 | — | 352 |
| U.S. high yield (d) | — | 4 | — | 4 |
| Total | $ 52 | $ 311 | $ — | $ 363 |
| Investments measured at NAV (e) | | | | 42 |
| Total investments at fair value | | | | $ 405 |

(a) Includes index mutual funds that primarily track several indices, including S&P 500 and S&P 600, in addition to other actively managed accounts, comprised of investments in small cap and large cap companies.
(b) Includes investment mutual funds in companies in emerging and developed markets.
(c) Includes investment mutual funds in U.S. and non-U.S. government issued bonds, U.S. government agency or sponsored agency bonds, and investment grade corporate bonds.
(d) Includes investment mutual funds in securities or debt obligations that have a rating below investment grade.
(e) We have elected the practical expedient to exclude certain investments that were measured at net asset value ("NAV") per share (or equivalent) from the fair value hierarchy.

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

## ONEMAIN HOLDINGS, INC. AMENDED 2013 OMNIBUS INCENTIVE PLAN

In 2013, OMH adopted the OneMain Holdings, Inc. Amended 2013 Omnibus Incentive Plan (the "Omnibus Plan"). As of December 31, 2021, 12,339,199 shares of common stock were reserved for issuance under the Omnibus Plan. The amount of shares reserved is adjusted annually at the beginning of the year by a number of shares equal to the excess of 10% of the number of outstanding shares on the last day of the previous fiscal year over the number of shares reserved and available for issuance as of the last day of the previous fiscal year. The Omnibus Plan allows for issuance of stock options, RSUs, RSAs, stock appreciation rights, and other stock-based awards and cash awards.

Total share-based compensation expense, net of forfeitures, for all equity-based awards totaled $22 million, $15 million, and $13 million during 2021, 2020, and 2019, respectively. The total income tax benefit recognized for stock-based compensation was $6 million, $4 million, and $3 million in 2021, 2020, and 2019, respectively. As of December 31, 2021, there was total unrecognized compensation expense of $53 million related to unvested stock-based awards that are expected to be recognized over a weighted average period of approximately two years.

### *Service-based Awards*

OMH has granted service-based RSUs to certain non-employee directors, executives, and employees. The RSUs are granted with varying service terms of one year to five years and do not provide the holders with any rights as shareholders, except with respect to dividend equivalents. The grant date fair value for RSUs is generally the closing market price of OMH's common stock on the date of the award.

Expense for service-based awards is amortized on a straight-line basis over the vesting period, based on the number of awards that are ultimately expected to vest. The weighted-average grant date fair value of service-based awards issued in 2021, 2020, and 2019, was $55.39, $39.86, and $30.10, respectively. The total fair value of service-based awards that vested during 2021, 2020, and 2019 was $12 million, $15 million, and $12 million, respectively.

The following table summarizes the service-based stock activity and related information for the Omnibus Plan for 2021:

| | Number of Shares | Weighted Average Grant Date Fair Value | Weighted Average Remaining Term (in Years) |
|---|---|---|---|
| Unvested as of January 1, 2021 | **423,468** | **$ 37.09** | |
| Granted | **649,593** | **55.39** | |
| Vested | **(296,425)** | **40.62** | |
| Forfeited | **(40,351)** | **48.00** | |
| Unvested at December 31, 2021 | **736,285** | **51.25** | **1.47** |

### *Performance-based Awards*

During 2021, 2020 and 2019, OMH awarded certain executives performance-based awards that may be earned based on the financial performance of OMH or the market performance of OMH's common stock. These awards are subject to the achievement of performance goals during either a cumulative three-year period or up to a seven-year period. The awards are considered earned after the attainment of the performance goal, which can occur during or after the performance period when results have been evaluated and approved by the committee of the OMH Board of Directors, which oversees OMH's compensation programs (the "Compensation Committee"), and vest according to their certain terms and conditions.

The fair value for performance-based awards is typically based on the closing market price of OMH's stock on the date of the award. For performance-based awards with market conditions, the fair value is measured on the grant date using an option-pricing model.

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

The weighted average grant date fair value of performance-based awards issued in 2021, 2020, and 2019 was $40.62, $42.86, and $31.86, respectively. The total fair value of performance-based awards that vested was immaterial during 2021, 2020, and 2019.

The following table summarizes the performance-based stock activity and related information for the Omnibus Plan for 2021:

| | Number of Shares | Weighted Average Grant Date Fair Value | Weighted Average Remaining Term (in Years) |
|---|---|---|---|
| Unvested as of January 1, 2021 | **290,725** | **$ 36.23** | |
| Granted | **724,031** | **40.62** | |
| Vested | — | — | |
| Forfeited | **(40,065)** | **45.31** | |
| Unvested at December 31, 2021 | **974,691** | **39.12** | **1.93** |

***Cash-settled Stock-based Awards***

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

During 2021, the vesting conditions related to a portion of the cash-settled stock-based awards were satisfied and we recognized $54 million in salaries and benefits expense. For the remaining unvested awards, the fair value was estimated using an option-pricing model on the date the required event-based performance condition was satisfied. The unvested cash-settled stock-based awards are liability-classified and expense is recognized over the requisite service period, which is the period of time the remaining vesting conditions are expected to be satisfied. As a result, we recognized additional salaries and benefits expense during 2021, which was immaterial.

## 17. Segment Information

At December 31, 2021, 2020, and 2019, Consumer and Insurance ("C&I") was our only reportable segment. The remaining components (which we refer to as "Other") consist of our liquidating SpringCastle Portfolio servicing activity and our non-originating legacy operations, which primarily include our liquidating real estate loans.

The accounting policies of the C&I segment are the same as those disclosed in Note 2, except as described below.

We report the operating results of C&I and Other using the Segment Accounting Basis, which (i) reflects our allocation methodologies for interest expense and operating costs, and (ii) excludes the impact of applying purchase accounting.

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

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

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

- *Interest income* - reverses the impact of premiums/discounts on certain purchased finance receivables and the interest income recognition under guidance in ASC 310-20, *Nonrefundable Fees and Other Costs*, and ASC 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*, prior to the adoption of ASU 2016-13 on January 1, 2020, and reestablishes interest income recognition on a historical cost basis;
- *Interest expense* - reverses the impact of premiums/discounts on acquired long-term debt and reestablishes interest expense recognition on a historical cost basis;
- *Provision for finance receivable losses* - reverses the impact of providing an allowance for finance receivable losses upon acquisition and reestablishes the allowance on a historical cost basis leveraging historical TDR receivables and reverses the impact of recognition of net charge-offs on purchased credit impaired finance receivables, prior to the adoption of ASU 2016-13 on January 1, 2020, and reestablishes the net charge-offs on a historical cost basis;

- *Other revenues* - reestablishes the historical cost basis of mark-to-market adjustments on finance receivables held for sale and on realized gains/losses associated with our investment portfolio;
- *Other expenses* - reestablishes expenses on a historical cost basis by reversing the impact of amortization from acquired intangible assets, including amortization of other historical deferred costs and the amortization of purchased software assets on a historical cost basis; and
- *Assets* - revalues assets based on their fair values at the effective date of the acquisition.

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

| (dollars in millions) | Consumer and Insurance | Other | Segment to GAAP Adjustment | Consolidated Total |
|---|---|---|---|---|
| **At or for the Year Ended December 31, 2021** | | | | |
| Interest income | **$ 4,355** | **$ 5** | **$ 4** | **$ 4,364** |
| Interest expense | **930** | **3** | **4** | **937** |
| Provision for finance receivable losses | **587** | **—** | **6** | **593** |
| Net interest income after provision for finance receivable losses | **2,838** | **2** | **(6)** | **2,834** |
| Other revenues | **527** | **12** | **(8)** | **531** |
| Other expenses | **1,577** | **21** | **26** | **1,624** |
| Income (loss) before income tax expense (benefit) | **$ 1,788** | **$ (7)** | **$ (40)** | **$ 1,741** |
| Assets | **$ 20,019** | **$ 40** | **$ 2,020** | **$ 22,079** |
| **At or for the Year Ended December 31, 2020** | | | | |
| Interest income | $ 4,353 | $ 6 | $ 9 | $ 4,368 |
| Interest expense | 1,007 | 4 | 16 | 1,027 |
| Provision for finance receivable losses | 1,313 | — | 6 | 1,319 |
| Net interest income after provision for finance receivable losses | 2,033 | 2 | (13) | 2,022 |
| Other revenues | 515 | 13 | (2) | 526 |
| Other expenses | 1,527 | 24 | 20 | 1,571 |
| Income (loss) before income tax expense (benefit) | $ 1,021 | $ (9) | $ (35) | $ 977 |
| Assets | $ 20,376 | $ 57 | $ 2,038 | $ 22,471 |
| **At or for the Year Ended December 31, 2019** | | | | |
| Interest income | $ 4,114 | $ 9 | $ 4 | $ 4,127 |
| Interest expense | 947 | 5 | 18 | 970 |
| Provision for finance receivables losses | 1,105 | — | 24 | 1,129 |
| Net interest income after provision for finance receivable losses | 2,062 | 4 | (38) | 2,028 |
| Other revenues * | 600 | 32 | (10) | 622 |
| Other expenses | 1,494 | 39 | 19 | 1,552 |
| Income (loss) before income tax expense (benefit) | $ 1,168 | $ (3) | $ (67) | $ 1,098 |
| Assets | $ 20,705 | $ 77 | $ 2,035 | $ 22,817 |

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

## 18. Fair Value Measurements

The fair value of a financial instrument is the expected amount that would be received if an asset were to be sold or the expected amount that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The degree of judgment used in measuring the fair value of financial instruments generally correlates with the level of pricing observability. Financial instruments with quoted prices in active markets generally have more pricing observability and less judgment is used in measuring fair value. Conversely, financial instruments traded in other-than-active markets or that do not have quoted prices have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment. An other-than-active market is one in which there are few transactions, the prices are not current, price quotations vary substantially either over time or among market makers, or little information is released publicly for the asset or liability being valued. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is listed on an exchange, traded over-the-counter, or is new to the market and not yet established, the characteristics specific to the transaction, and general market conditions. See Note 2 for a discussion of the accounting policies related to fair value measurements, which includes the valuation process and the inputs used to develop our fair value measurements.

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

| | Fair Value Measurements Using | | | Total Fair Value | Total Carrying Value |
|---|---|---|---|---|---|
| (dollars in millions) | Level 1 | Level 2 | Level 3 | | |
| **December 31, 2021** | | | | | |
| *Assets* | | | | | |
| Cash and cash equivalents | **$ 535** | **$ 6** | **$ —** | **$ 541** | **$ 541** |
| Investment securities | **59** | **1,927** | **6** | **1,992** | **1,992** |
| Net finance receivables, less allowance for finance receivable losses | **—** | **—** | **20,083** | **20,083** | **17,117** |
| Restricted cash and restricted cash equivalents | **476** | **—** | **—** | **476** | **476** |
| Other assets * | **—** | **—** | **52** | **52** | **46** |
| *Liabilities* | | | | | |
| Long-term debt | **$ —** | **$ 18,781** | **$ —** | **$ 18,781** | **$ 17,750** |
| **December 31, 2020** | | | | | |
| *Assets* | | | | | |
| Cash and cash equivalents | $ 2,255 | $ 17 | $ — | $ 2,272 | $ 2,272 |
| Investment securities | 44 | 1,870 | 8 | 1,922 | 1,922 |
| Net finance receivables, less allowance for finance receivable losses | — | — | 18,629 | 18,629 | 15,815 |
| Restricted cash and restricted cash equivalents | 451 | — | — | 451 | 451 |
| Other assets * | — | 2 | 60 | 62 | 62 |
| *Liabilities* | | | | | |
| Long-term debt | $ — | $ 19,426 | $ — | $ 19,426 | $ 17,800 |

* Other assets at December 31, 2021 and December 31, 2020 primarily consists of finance receivables held for sale.

## FAIR VALUE MEASUREMENTS — RECURRING BASIS

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

| (dollars in millions) | Fair Value Measurements Using Level 1 | Level 2 | Level 3 | Total Carried At Fair Value |
|---|---|---|---|---|
| **December 31, 2021** | | | | |
| *Assets* | | | | |
| Cash equivalents in mutual funds | $ 41 | $ — | $ — | $ 41 |
| Cash equivalents in securities | — | 6 | — | 6 |
| Investment securities: | | | | |
| *Available-for-sale securities* | | | | |
| U.S. government and government sponsored entities | — | 16 | — | 16 |
| Obligations of states, municipalities, and political subdivisions | — | 79 | — | 79 |
| Commercial paper | — | 50 | — | 50 |
| Non-U.S. government and government sponsored entities | — | 155 | — | 155 |
| Corporate debt | 5 | 1,292 | 5 | 1,302 |
| RMBS | — | 170 | — | 170 |
| CMBS | — | 45 | — | 45 |
| CDO/ABS | — | 90 | — | 90 |
| Total available-for-sale securities | 5 | 1,897 | 5 | 1,907 |
| *Other securities* | | | | |
| Bonds: | | | | |
| Corporate debt | — | 9 | — | 9 |
| RMBS | — | 1 | — | 1 |
| CDO/ABS | — | 20 | — | 20 |
| Total bonds | — | 30 | — | 30 |
| Preferred stock | 22 | — | — | 22 |
| Common stock | 32 | — | 1 | 33 |
| Total other securities | 54 | 30 | 1 | 85 |
| Total investment securities | 59 | 1,927 | 6 | 1,992 |
| Restricted cash equivalents in mutual funds | 468 | — | — | 468 |
| Total | $ 568 | $ 1,933 | $ 6 | $ 2,507 |

| (dollars in millions) | Fair Value Measurements Using Level 1 | Level 2 | Level 3 | Total Carried At Fair Value |
|---|---|---|---|---|
| **December 31, 2020** | | | | |
| *Assets* | | | | |
| Cash equivalents in mutual funds | $ 2,018 | $ — | $ — | $ 2,018 |
| Cash equivalents in securities | — | 17 | — | 17 |
| Investment securities: | | | | |
| *Available-for-sale securities* | | | | |
| U.S. government and government sponsored entities | — | 12 | — | 12 |
| Obligations of states, municipalities, and political subdivisions | — | 92 | — | 92 |
| Certificates of deposit and commercial paper | — | 28 | — | 28 |
| Non-U.S. government and government sponsored entities | — | 146 | — | 146 |
| Corporate debt | 5 | 1,207 | 6 | 1,218 |
| RMBS | — | 215 | — | 215 |
| CMBS | — | 58 | — | 58 |
| CDO/ABS | — | 78 | — | 78 |
| Total available-for-sale securities | 5 | 1,836 | 6 | 1,847 |
| *Other securities* | | | | |
| Bonds: | | | | |
| Non-U.S. government and government sponsored entities | — | 1 | — | 1 |
| Corporate debt | — | 16 | 1 | 17 |
| CDO/ABS | — | 17 | — | 17 |
| Total bonds | — | 34 | 1 | 35 |
| Preferred stock | 13 | — | — | 13 |
| Common stock | 26 | — | 1 | 27 |
| Total other securities | 39 | 34 | 2 | 75 |
| Total investment securities | 44 | 1,870 | 8 | 1,922 |
| Restricted cash equivalents in mutual funds | 441 | — | — | 441 |
| Total | $ 2,503 | $ 1,887 | $ 8 | $ 4,398 |

Due to the insignificant activity within the Level 3 assets during the years ended December 31, 2021 and 2020, we have omitted the additional disclosures relating to the changes in Level 3 assets measured at fair value on a recurring basis and the quantitative information about Level 3 unobservable inputs.

## FAIR VALUE MEASUREMENTS — NON-RECURRING BASIS

We measure the fair value of certain assets on a non-recurring basis when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Net impairment charges recorded on assets measured at fair value on a non-recurring basis were immaterial during the years ended December 31, 2021 and 2020.

## FAIR VALUE MEASUREMENTS — VALUATION METHODOLOGIES AND ASSUMPTIONS

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

### *Cash and Cash Equivalents*

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

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

***Restricted Cash and Restricted Cash Equivalents***

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

***Investment Securities***

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

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

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

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

***Finance Receivables***

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

***Long-term Debt***

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

We record at fair value long-term debt issuances that are deemed to incorporate an embedded derivative and for which it is impracticable for us to isolate and/or value the derivative. At December 31, 2021, we had no debt carried at fair value under the fair value option.

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

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

None.

### *Item 9A. Controls and Procedures.*

**CONTROLS AND PROCEDURES OF ONEMAIN HOLDINGS, INC.**

***Evaluation of Disclosure Controls and Procedures***

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

As of December 31, 2021, OMH carried out an evaluation of the effectiveness of its disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. This evaluation was conducted under the supervision of, and with the participation of OMH's management, including the Chief Executive Officer and the Chief Financial Officer. Based on the evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that OMH's disclosure controls and procedures were effective as of December 31, 2021 to provide the reasonable assurance described above.

***Management's Report on Internal Control over Financial Reporting***

OMH's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, and has conducted an evaluation of the effectiveness of its internal control over financial reporting as of December 31, 2021, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in "Internal Control - Integrated Framework" (2013). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Based on this evaluation, OMH's management concluded that OMH's internal control over financial reporting was effective as of December 31, 2021.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited the financial statements as of December 31, 2021 included in this Annual Report on Form 10-K, has also audited the effectiveness of OMH's internal control over financial reporting as of December 31, 2021. The Report of Independent Registered Public Accounting Firm is included in Item 8 of this report.

***Changes in Internal Control over Financial Reporting***

There were no changes in OMH's internal control over financial reporting during the fourth quarter of 2021 that have materially affected, or are reasonably likely to materially affect, OMH's internal control over financial reporting.

## CONTROLS AND PROCEDURES OF ONEMAIN FINANCE CORPORATION

***Evaluation of Disclosure Controls and Procedures***

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

As of December 31, 2021, OMFC carried out an evaluation of the effectiveness of its disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. This evaluation was conducted under the supervision of, and with the participation of OMFC's management, including the Chief Executive Officer and the Chief Financial Officer. Based on the evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that OMFC's disclosure controls and procedures were effective as of December 31, 2021 to provide the reasonable assurance described above.

***Management's Report on Internal Control over Financial Reporting***

OMFC's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, and has conducted an evaluation of the effectiveness of its internal control over financial reporting as of December 31, 2021, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in "Internal Control - Integrated Framework" (2013). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Based on this evaluation, OMFC's management concluded that OMFC's internal control over financial reporting was effective as of December 31, 2021.

***Changes in Internal Control over Financial Reporting***

There were no changes in OMFC's internal control over financial reporting during the fourth quarter of 2021 that have materially affected, or are reasonably likely to materially affect, OMFC's internal control over financial reporting.

### *Item 9B. Other Information.*

None.

### *Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.*

None.

## PART III

### *Item 10. Directors, Executive Officers and Corporate Governance.*

The information required by Item 10 with respect to executive officers is incorporated by reference to the information presented in the section captioned “Executive Officers” in OMH’s definitive proxy statement for the 2022 Annual Meeting of Shareholders, which will be filed with the SEC pursuant to Regulation 14A within 120 days of OMH’s fiscal year-end (the “Proxy Statement”).

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

### *Item 11. Executive Compensation.*

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

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

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

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

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

### *Item 14. Principal Accountant Fees and Services.*

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

## PART IV

### *Item 15. Exhibits and Financial Statement Schedules.*

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

Consolidated Balance Sheets, December 31, 2021 and 2020

Consolidated Statements of Operations, years ended December 31, 2021, 2020, and 2019

Consolidated Statements of Comprehensive Income (Loss), years ended December 31, 2021, 2020, and 2019

Consolidated Statements of Shareholders' Equity, years ended December 31, 2021, 2020, and 2019

Consolidated Statements of Cash Flows, years ended December 31, 2021, 2020, and 2019

Notes to the Consolidated Financial Statements

**(2) Financial Statement Schedules:**

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

**(3) Exhibits:**

Exhibits are listed in the Exhibit Index below.

**(b) Exhibits**

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

### *Item 16. Form 10-K Summary.*

None.

## Exhibit Index

| Exhibit | |
|---|---|
| 3.1 | Restated Certificate of Incorporation of OneMain Holdings, Inc. (formerly Springleaf Holdings, Inc.) Incorporated by reference to Exhibit 3.1 to OMH's Quarterly Report on Form 10-Q for the period ended September 30, 2013, filed on November 12, 2013 (File No. 001-36129). |
| 3.2 | Amendment to Restated Certificate of Incorporation of OneMain Holdings, Inc. Incorporated by reference to Exhibit 3.1 to OMH's Current Report on Form 8-K filed on November 17, 2015. |
| 3.3 | Amended and Restated Articles of Incorporation of OneMain Finance Corporation (formerly Springleaf Finance Corporation), as amended to date. Incorporated by reference to Exhibit 3a. to Springleaf Finance Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed on March 30, 2011 (File No. 001-06155). |
| 3.4 | Amended and Restated Bylaws of OneMain Holdings, Inc.(formerly Springleaf Holdings, Inc.) Incorporated by reference to Exhibit 3.2 to OMH's Quarterly Report on Form 10-Q for the period ended September 30, 2013, filed on November 12, 2013 (File No. 001-36129). |
| 3.5 | First Amendment to the Amended and Restated Bylaws of OneMain Holdings, Inc. (formerly Springleaf Holdings, Inc.). Incorporated by reference to Exhibit 3.b.1 to our Annual Report on Form 10-K for the year ended December 31, 2015, filed on February 29, 2016. |
| 3.6 | Amended and Restated By-laws of OneMain Finance Corporation (formerly Springleaf Finance Corporation). Incorporated by reference to Exhibit 3b. to Springleaf Finance Corporation's Annual Report on Form 10-K for the year ended December 31, 2010, filed on March 30, 2011 (File No. 001-06155). |

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

| | |
|---|---|
| 4.1 | Junior Subordinated Indenture, dated as of January 22, 2007, from OneMain Finance Corporation (formerly Springleaf Finance Corporation) to Deutsche Bank Trust Company Americas, as Trustee. Incorporated by reference to Exhibit 4.2 to OneMain Finance Corporation's (File No. 1-06155) Annual Report on Form 10-K for the year ended December 31, 2016, filed on February 21, 2017. |
| 4.2 | Indenture, dated as of September 24, 2013, by and between OneMain Finance Corporation (formerly Springleaf Finance Corporation) and Wilmington Trust, National Association, as trustee. Incorporated by reference to Exhibit 4.2 to Springleaf Finance Corporation's (File No. 1-06155) Current Report on Form 8-K filed on September 25, 2013. |
| 4.3 | Indenture, dated as of December 3, 2014, by OneMain Finance Corporation (formerly Springleaf Finance Corporation), OneMain Holdings, Inc. (formerly Springleaf Holdings, Inc.), as Guarantor, and Wilmington Trust, National Association. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed on December 3, 2014. |
| 4.3.1 | Fourth Supplemental Indenture, dated as of December 8, 2017, by and among OneMain Finance Corporation (formerly Springleaf Finance Corporation), OneMain Holdings, Inc., as Guarantor, and Wilmington Trust, National Association, as Trustee (including the form of 5.625% Senior Notes due 2023 included therein as Exhibit A). Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed on December 8, 2017. |
| 4.3.2 | Fifth Supplemental Indenture, dated as of March 12, 2018, by and among OneMain Finance Corporation (formerly Springleaf Finance Corporation), OneMain Holdings, Inc., as Guarantor, and Wilmington Trust, National Association, as Trustee (including the form of 6.875% Senior Notes due 2025 included therein as Exhibit A). Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed on March 12, 2018. |
| 4.3.3 | Sixth Supplemental Indenture, dated as of May 11, 2018, by and among OneMain Finance Corporation (formerly Springleaf Finance Corporation), OneMain Holdings, Inc., as Guarantor, and Wilmington Trust, National Association as Trustee (including the form of 7.125% Senior Notes due 2026 included therein as Exhibit A). Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed on May 11, 2018. |
| 4.3.4 | Seventh Supplemental Indenture, dated as of February 22, 2019, by and among OneMain Finance Corporation (formerly Springleaf Finance Corporation), OneMain Holdings, Inc., as Guarantor, and Wilmington Trust, National Association as Trustee (including the form of 6.125% Senior Notes due 2024 included therein as Exhibit A). Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed on February 22, 2019. |

| Exhibit | |
|---|---|
| 4.3.5 | Eighth Supplemental Indenture, dated as of May 9, 2019, by and among OneMain Finance Corporation (formerly Springleaf Finance Corporation), OneMain Holdings, Inc., as Guarantor, and Wilmington Trust, National Association as Trustee (including the form of 6.625% Senior Notes due 2028 included therein as Exhibit A). Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K on May 9, 2019. |
| 4.3.6 | Ninth Supplemental Indenture, dated as of November 7, 2019, by and among OneMain Finance Corporation (formerly Springleaf Finance Corporation), OneMain Holdings, Inc., as Guarantor, and Wilmington Trust, National Association as Trustee (including the form of 5.375% Senior Notes due 2029 included therein as Exhibit A). Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K on November 7, 2019. |
| 4.3.7 | Tenth Supplemental Indenture, dated as of May 14, 2020, by and among OneMain Finance Corporation (formerly Springleaf Finance Corporation), OneMain Holdings, Inc., as Guarantor, and Wilmington Trust, National Association as Trustee (including form of 8.875% Senior Notes due 2025 included therein as Exhibit A). Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K on May 14, 2020. |
| 4.3.8 | Eleventh Supplemental Indenture, dated as of December 17,2020, by and among OneMain Finance Corporation, OneMain Holdings, Inc., as Guarantor, and Wilmington Trust, National Association as Trustee (including form of 4.00% Senior Notes due 2030 included therein as Exhibit A). Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K on December 17, 2020. |
| 4.3.9 | Twelfth Supplemental Indenture, dated as of June 22, 2021, by and among OneMain Finance Corporation, OneMain Holdings, Inc., as Guarantor, and Wilmington Trust, National Association as Trustee (including form of 3.500% Senior Notes due 2027 included therein as Exhibit A). Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K on June 22, 2021. |
| 4.3.10 | Thirteenth Supplemental Indenture, dated as of August 11, 2021, by and among OneMain Finance Corporation, OneMain Holdings, Inc., as Guarantor, and Wilmington Trust, National Association as Trustee (including form of 3.875% Senior Notes due 2028 included therein as Exhibit A). Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K on August 11, 2021. |
| 4.5 | Description of the registrant's securities registered pursuant to section 12 of the Securities Exchange Act of 1934. Incorporated by reference to Exhibit 4.5 to OMH’s Annual Report on Form 10-K for the year ended December 31, 2019, filed on February 14, 2020. |
| 10.1 | Form of Indemnification Agreement. Incorporated by reference to Exhibit 10.2 to OMH’s Current Report on Form 8-K filed on June 25, 2018. |
| 10.2** | OneMain Holdings, Inc. Amended 2013 Omnibus Incentive Plan. Incorporated by reference to Exhibit 10.2 to OMH’s Annual Report on Form 10-K for the year ended December 31, 2020 filed on February 9, 2021. |
| 10.2.1** | OneMain Holdings, Inc. Amended and Restated Annual Leadership Incentive Plan, effective retroactively to January 1, 2016. Incorporated by reference to Exhibit 10.16 to OMH’s Annual Report on Form 10-K for the year ended December 31, 2015, filed on February 29, 2016. |
| 10.2.2** | Form of Restricted Stock Award Agreement under the OneMain Holdings, Inc. (formerly Springleaf Holdings, Inc.) 2013 Omnibus Incentive Plan (Employees). Incorporated by reference as Exhibit 10.1 to OMH’s Quarterly Report on Form 10-Q for the period ended March 31, 2016, filed on May 6, 2016. |
| 10.2.3** | Form of Restricted Stock Award Agreement under the OneMain Holdings, Inc. (formerly Springleaf Holdings, Inc.) 2013 Omnibus Incentive Plan (Non-Employee Directors). Incorporated by reference to Exhibit 10.10 to Amendment No. 2 to OMH’s Form S-1 filed on October 1, 2013. |
| 10.2.4** | Form of Restricted Stock Unit Award Agreement under the OneMain Holdings, Inc. Amended 2013 Omnibus Incentive Plan (Non-Employee Directors). Incorporated by reference to Exhibit 10.2.4 to our Annual Report on Form 10-K for the year ended December 31, 2020 filed on February 9, 2021. |
| 10.2.5** | Form of Restricted Stock Unit Award Agreement under the OneMain Holdings, Inc. Amended 2013 Omnibus Incentive Plan (Employees). Incorporated by reference to Exhibit 10.2.5 to our Annual Report on Form 10-K for the year ended December 31, 2020 filed on February 9, 2021. |
| 10.2.5.1** | Form of Restricted Stock Unit Award Agreement under the OneMain Holdings, Inc. Amended 2013 Omnibus Incentive Plan (Employees). Incorporated by reference to Exhibit 10.2.5.1 to our Annual Report on Form 10-K for the year ended December 31, 2020 filed on February 9, 2021. |
| 10.2.6** | Form of Restricted Stock Unit Award Agreement under the OneMain Holdings, Inc. Amended 2013 Omnibus Incentive Plan (Executive Team), effective for grants on or after July 16, 2021. Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 filed on October 21, 2021. |

| Exhibit | |
|---|---|
| 10.2.7** | Form of Performance-Based Restricted Stock Unit Award Agreement under the OneMain Holdings, Inc. Amended 2013 Omnibus Incentive Plan, effective for grants on or after July 16, 2021. Incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 filed on October 21, 2021. |
| 10.2.8** | Form of Cash-Settled Stock-Based Award Agreement under the OneMain Holdings, Inc. Amended and Restated 2013 Omnibus Incentive Plan. Incorporated by reference to Exhibit 10.4 to OMH's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, filed on November 1, 2019. |
| 10.2.8.1** | Form of Amendment Number 1 to Cash-Settled Stock-Based Award Agreement under the OneMain Holdings, Inc. Amended 2013 Omnibus Incentive Plan (for executive officers other than the Chief Executive Officer). Incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 filed on October 21, 2021. |
| 10.3** | Amendment to Springleaf Finance, Inc. Excess Retirement Income Plan, effective as of December 19, 2012. Incorporated by reference to Exhibit 10.5 to Springleaf Finance Corporation's (File No. 1-06155) Annual Report on Form 10-K for the year ended December 31, 2012, filed on March 19, 2013. |
| 10.4** | OneMain Holdings, Inc. Nonqualified Deferred Compensation Plan. Incorporated by reference to Exhibit 10.1 to OMH's Current Report on Form 8-K filed on October 18, 2021. |
| 10.5** | OneMain Holdings, Inc. Nonqualified Deferred Compensation Plan Adoption Agreement. Incorporated by reference to Exhibit 10.2 to OMH's Current Report on Form 8-K filed on October 18, 2021. |
| 10.7** | Employment Agreement, dated as of July 10, 2018, among OneMain Holdings, Inc., OneMain General Services Corporation and Douglas H. Shulman. Incorporated by reference to Exhibit 10.1 to OMH's Current Report on Form 8-K filed on July 13, 2018. |
| 10.7.1** | Amended and Restated Cash-Settled Option Award Agreement under the Amended and Restated 2013 Omnibus Incentive Plan, dated as of July 26, 2019, by and between OneMain Holdings, Inc. and Douglas H. Shulman. Incorporated by reference to Exhibit 10.5 to OMH's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, filed on November 1, 2019. |
| 10.7.1.1** | Amendment Number 1 to Amended and Restated Cash-Settled Option Award Agreement (Chief Executive Officer). Incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 filed on October 21, 2021. |
| 10.8 | Amended and Restated Stockholders Agreement dated as of June 25, 2018 between OneMain Holdings, Inc. (formerly Springleaf Holdings, Inc.) and OMH Holdings, L.P. Incorporated by reference to Exhibit 10.1 to OMH's Current Report on Form 8-K filed on June 25, 2018. |
| 10.8.1 | Joinder Agreement dated December 16, 2019 to the Amended and Restated Stockholders Agreement dated as of June 25, 2018 between OneMain Holdings, Inc. and OMH Holdings, L.P. by OMH (ML), L.P. and V-OMH (ML) II, L.P. Incorporated by reference to Exhibit 10.8.1 to OMH's Annual Report on Form 10-K filed on February 14, 2020. |
| 10.8.2 | Joinder Agreement dated October 14, 2021 to the Amended and Restated Stockholders Agreement dated as of June 25, 2018 between OneMain Holdings, Inc., OMH Holdings, L.P. and Uniform InvestCo GP LLC, filed herewith as Exhibit 10.8.2. |
| 10.9 | Guaranty, dated as of December 30, 2013, by OneMain Holdings, Inc. (formerly Springleaf Holdings, Inc.) in respect of Springleaf Finance Corporation's 8.250% Senior Notes due 2023. Incorporated by reference to Exhibit 10.1 to OMH's Current Report on Form 8-K filed on January 3, 2014 (File No. 001-36129). |
| 10.10 | Guaranty, dated as of December 30, 2013, by OneMain Holdings, Inc. (formerly Springleaf Holdings, Inc.) in respect of Springleaf Finance Corporation's 60-year junior subordinated debentures. Incorporated by reference to Exhibit 10.5 to OMH's Current Report on Form 8-K filed on January 3, 2014 (File No. 001-36129). |
| 10.11 | Trust Guaranty, dated as of December 30, 2013, by OneMain Holdings, Inc. (formerly Springleaf Holdings, Inc.) in respect of Springleaf Finance Corporation's trust preferred securities. Incorporated by reference to Exhibit 10.6 to OMH's Current Report on Form 8-K filed on January 3, 2014 (File No. 001-36129). |
| 10.12** | Letter Agreement by and between OneMain General Services Corporation and Rajive Chadha, dated June 4, 2019. Incorporated by reference to Exhibit 10.1 to OMH's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, filed on April 29, 2020. |
| 21.1 | Subsidiaries of OneMain Holdings, Inc. and OneMain Finance Corporation |
| 23.1 | Consent of PricewaterhouseCoopers LLP relating to financial statements of OneMain Holdings, Inc. |

| Exhibit | |
|---|---|
| 23.2 | Consent of PricewaterhouseCoopers LLP relating to financial statements of OneMain Finance Corporation |
| 31.1 | Rule 13a-14(a)/15d-14(a) Certifications of the President and Chief Executive Officer of OneMain Holdings, Inc. |
| 31.2 | Rule 13a-14(a)/15d-14(a) Certifications of the Executive Vice President and Chief Financial Officer of OneMain Holdings, Inc. |
| 31.3 | Rule 13a-14(a)/15d-14(a) Certifications of the President and Chief Executive Officer of OneMain Finance Corporation |
| 31.4 | Rule 13a-14(a)/15d-14(a) Certifications of the Executive Vice President and Chief Financial Officer of OneMain Finance Corporation |
| 32.1 | Section 1350 Certifications of OneMain Holdings, Inc. |
| 32.2 | Section 1350 Certifications of OneMain Finance Corporation |
| 101 | Interactive data files pursuant to Rule 405 of Regulation S-T, formatted in Inline XBRL:<br>(i) Consolidated Balance Sheets,<br>(ii) Consolidated Statements of Operations,<br>(iii) Consolidated Statements of Comprehensive Income,<br>(iv) Consolidated Statements of Shareholder’s Equity,<br>(v) Consolidated Statements of Cash Flows, and<br>(vi) Notes to the Consolidated Financial Statements. |
| 104 | Cover Page Interactive Data File in Inline XBRL format (Included in Exhibit 101). |

---

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

** Management contract or compensatory plan or arrangement.

## OMH Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 11, 2022.

ONEMAIN HOLDINGS, INC.
(Registrant)

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 11, 2022.

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

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

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

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

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

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

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

/s/ Phyllis R. Caldwell
Phyllis R. Caldwell
(Director)

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

/s/ Philip L. Bronner
Philip L. Bronner
(Director)

**OMFC Signatures**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 11, 2022.

ONEMAIN FINANCE CORPORATION
(Registrant)

By: /s/ Micah R. Conrad

Micah R. Conrad

Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 11, 2022.

/s/ Richard N. Tambor

Richard N. Tambor

(President, Chief Executive Officer, and Director
— Principal Executive Officer)

/s/ Micah R. Conrad

Micah R. Conrad

(Executive Vice President, Chief Financial Officer, and Director
— Principal Financial Officer)

/s/ Jeannette Osterhout

Jeannette Osterhout

(Executive Vice President and Director)

/s/ Michael A. Hedlund

Michael A. Hedlund

(Senior Vice President and Group Controller
— Principal Accounting Officer)

**Exhibit 21.1**

| Subsidiaries of OneMain Holdings, Inc. * | Jurisdiction of Incorporation |
|---|---|
| AGFC Capital Trust I | Delaware |
| American Health and Life Insurance Company | Texas |
| Ask Benjamin LLC | Delaware |
| Chicago River Funding, LLC | Delaware |
| Columbia River Funding, LLC | Delaware |
| CommoLoCo, Inc. | Puerto Rico |
| CREDITHRIFT of Puerto Rico, Inc. | Puerto Rico |
| Hubbard River Funding, LLC | Delaware |
| Hudson River Funding, LLC | Delaware |
| MorEquity, Inc. | Nevada |
| Mystic River Funding, LLC | Delaware |
| New River Funding, LLC | Delaware |
| New River Funding Trust | Delaware |
| OMF HY, Inc. | Delaware |
| OneMain Alliance, LLC | Texas |
| OneMain Assurance Services, LLC | Texas |
| OneMain Consumer Loan, Inc. | Delaware |
| OneMain Direct Auto Funding, LLC | Delaware |
| OneMain Direct Auto Funding II, LLC | Delaware |
| OneMain Direct Auto Receivables Trust 2017-1 | Delaware |
| OneMain Direct Auto Receivables Trust 2017-2 | Delaware |
| OneMain Direct Auto Receivables Trust 2018-1 | Delaware |
| OneMain Direct Auto Receivables Trust 2019-1 | Delaware |
| OneMain Direct Auto Receivables Trust 2021-1 | Delaware |
| OneMain Financial Auto Funding I, LLC | Delaware |
| OneMain Financial (HI), Inc. | Hawaii |
| OneMain Financial Funding III, LLC | Delaware |
| OneMain Financial Funding VII, LLC | Delaware |
| OneMain Financial Funding VIII, LLC | Delaware |
| OneMain Financial Funding IX, LLC | Delaware |
| OneMain Financial Group, LLC | Delaware |
| OneMain Financial Holdings, LLC | Delaware |
| OneMain Financial Insurance Agency of Florida, LLC | Florida |
| OneMain Financial Insurance Agency of Washington, LLC | Washington |
| OneMain Financial Issuance Trust 2015-1 | Delaware |
| OneMain Financial Issuance Trust 2015-3 | Delaware |
| OneMain Financial Issuance Trust 2016-1 | Delaware |
| OneMain Financial Issuance Trust 2016-3 | Delaware |
| OneMain Financial Issuance Trust 2017-1 | Delaware |
| OneMain Financial Issuance Trust 2018-1 | Delaware |
| OneMain Financial Issuance Trust 2018-2 | Delaware |
| OneMain Financial Issuance Trust 2019-A | Delaware |
| OneMain Financial Issuance Trust 2019-1 | Delaware |
| OneMain Financial Issuance Trust 2019-2 | Delaware |
| OneMain Financial Issuance Trust 2020-1 | Delaware |

| Subsidiaries of OneMain Holdings, Inc. * | Jurisdiction of Incorporation |
|---|---|
| OneMain Financial Issuance Trust 2020-2 | Delaware |
| OneMain Financial Issuance Trust 2021-1 | Delaware |
| OneMain Financial of Minnesota, Inc. | Minnesota |
| OneMain Financial, Inc. | West Virginia |
| OneMain General Services Corporation | Delaware |
| OneMain Mortgage Services, Inc. | Delaware |
| OneMain Remarketing, LLC | Delaware |
| River Thames Funding, LLC | Delaware |
| Rocky River Funding, LLC | Delaware |
| Second Street Funding Corporation | Delaware |
| Seine River Funding, LLC | Delaware |
| Sixth Street Funding LLC | Delaware |
| SpringCastle Holdings, LLC | Delaware |
| Springleaf Acquisition Corporation | Delaware |
| Springleaf Asset Holding II, Inc. | Delaware |
| Springleaf Asset Holding, Inc. | Delaware |
| Springleaf Asset Holdings, LLC | Delaware |
| Springleaf Branch Holding Company | Delaware |
| Springleaf Consumer Loan Holding Company | Delaware |
| Springleaf Consumer Loan of Pennsylvania, Inc. | Pennsylvania |
| Springleaf Consumer Loan of West Virginia, Inc. | West Virginia |
| Springleaf Depositor LLC | Delaware |
| Springleaf Documentation Services, Inc. | California |
| Springleaf Finance Commercial Corp. | Indiana |
| Springleaf Finance Foundation, Inc. | Indiana |
| Springleaf Financial Asset Holdings, LLC | Delaware |
| Springleaf Financial Cash Services, Inc. | Delaware |
| Springleaf Financial Center Thrift Company | California |
| Springleaf Financial Funding Company | Delaware |
| Springleaf Financial Funding Company II | Delaware |
| Springleaf Financial Funding II Holding Company | Delaware |
| Springleaf Funding I, LLC | Delaware |
| Springleaf Funding II, LLC | Delaware |
| Springleaf Funding Trust 2015-B | Delaware |
| Springleaf Funding Trust 2016-A | Delaware |
| Springleaf Funding Trust 2017-A | Delaware |
| Springleaf Mortgage Holding Company | Delaware |
| Springleaf Properties, Inc. | Indiana |
| St. Lawrence River Funding, LLC | Delaware |
| Thayer Brook Funding, LLC | Delaware |
| Third Street Funding LLC | Delaware |
| Triton Insurance Company | Texas |
| Twenty-Third Street Funding LLC | Delaware |
| Wilmington Finance, Inc. | Delaware |

* OneMain Finance Corporation is a wholly-owned direct subsidiary of OneMain Holdings, Inc.

**Exhibit 23.1**

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-249937) and S-8 (No. 333-261417) of OneMain Holdings, Inc. of our report dated February 11, 2022 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Dallas, TX
February 11, 2022

**Exhibit 23.2**

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-249937-01) of OneMain Finance Corporation of our report dated February 11, 2022 relating to the financial statements, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Dallas, TX
February 11, 2022

**Exhibit 31.1**

**Certifications**

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

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

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

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

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

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

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

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

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

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

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

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

Date: February 11, 2022

/s/ Douglas H. Shulman

Douglas H. Shulman

President and Chief Executive Officer

## Exhibit 31.2

**Certifications**

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

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

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

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

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

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

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

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

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

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

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

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

Date: February 11, 2022

/s/ Micah R. Conrad

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

**Exhibit 31.3**

**Certifications**

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

1. I have reviewed this Annual Report on Form 10-K of OneMain Finance Corporation (the "registrant");

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

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

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

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

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

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

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

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

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

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

Date: February 11, 2022

/s/ Richard N. Tambor

Richard N. Tambor

President and Chief Executive Officer

**Exhibit 31.4**

**Certifications**

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

1. I have reviewed this Annual Report on Form 10-K of OneMain Finance Corporation (the "registrant");

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

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

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

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

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

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

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

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

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

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

Date: February 11, 2022

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

**Exhibit 32.1**

**Certifications**

In connection with the Annual Report on Form 10-K for the year ended December 31, 2021 of OneMain Holdings, Inc. (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of Douglas H. Shulman, President and Chief Executive Officer of the Company, and Micah R. Conrad, Executive Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Douglas H. Shulman

Douglas H. Shulman

President and Chief Executive Officer

/s/ Micah R. Conrad

Micah R. Conrad

Executive Vice President and Chief Financial Officer

Date: February 11, 2022

**Exhibit 32.2**

**Certifications**

In connection with the Annual Report on Form 10-K for the year ended December 31, 2021 of OneMain Finance Corporation (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of Richard N. Tambor, President and Chief Executive Officer of the Company, and Micah R. Conrad, Executive Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Richard N. Tambor

Richard N. Tambor

President and Chief Executive Officer

/s/ Micah R. Conrad

Micah R. Conrad

Executive Vice President and Chief Financial Officer

Date: February 11, 2022

(This page has been left blank intentionally.)

# CORPORATE INFORMATION

## Board of Directors

Douglas H. Shulman
Chairman of the Board and Chief Executive Officer

Roy A. Guthrie
Lead Independent Director

Philip L. Bronner
Director

Phyllis R. Caldwell
Director

Toos N. Daruvala
Director

Valerie Soranno Keating
Director

Aneek S. Mamik
Director

Richard A. Smith
Director

## Stock Transfer Agent Information

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, NY 11219
Phone: 800-937-5449
help@astfinancial.com

## Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP
2121 North Pearl Street
Dallas, TX 75201

## OneMain Investor Relations

575 5th Avenue, 27th Floor
New York, NY 10017
Phone: 212-359-2432
http://investor.onemainfinancial.com

## Stock Listing

The company's common stock is traded on the New York Stock Exchange under the symbol OMF.

## Annual Meeting

2022 Annual Meeting of Stockholders
Monday, June 13, 3:00 p.m. Central Time
at our corporate offices located at
601 NW Second Street
Evansville, Indiana 47708

## Investor Information

The Company's Annual Report on Form 10-K, Corporate Governance Guidelines, Code of Business Conduct and Ethics, Code of Ethics for Principal Executive and Senior Financial Officers, Board committee charters and other investor information may be accessed via the Internet at http://investor.onemainfinancial.com and are also available, free of charge, upon request directly to the company as follows: OneMain Holdings, Inc. 601 NW Second Street Evansville, IN 47708 Attention: Secretary

OneMain Financial®

ONEMAIN HOLDINGS, INC. / 601 NW Second Street / Evansville, IN 47708