Springleaf Holdings, Inc.
Form 10-Q
November 12, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended **September 30, 2013**

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

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

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

(812) 424-8031

(Registrant s telephone number, including area code)

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

Yes ¨ No þ

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

Yes ¨ No þ

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

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

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

Yes ¨ No þ

At November 12, 2013, there were 114,823,734 shares of the registrant s common stock, $.01 par value, outstanding.

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PART I FINANCIAL INFORMATION
Item 1. Financial Statements.

SPRINGLEAF HOLDINGS, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets (Unaudited)

(dollars in thousands)	**September 30, 2013**	**December 31, 2012**

[redacted]

See Notes to Condensed Consolidated Financial Statements.

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SPRINGLEAF HOLDINGS, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations (Unaudited)

(dollars in thousands except earnings (loss) per share)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Interest income:				
Finance charges	**$ 585,300**	$ 423,622	**$ 1,578,934**	$ 1,285,541
Finance receivables held for sale originated as held for investment	**-**	346	**-**	2,740
Total interest income	**585,300**	423,968	**1,578,934**	1,288,281
Interest expense	**228,439**	268,847	**697,365**	829,120
Net interest income	**356,861**	155,121	**881,569**	459,161
Provision for finance receivable losses	**158,785**	90,855	**341,723**	227,794
Net interest income after provision for finance receivable losses	**198,076**	64,266	**539,846**	231,367
Other revenues:				
Insurance	**38,277**	31,719	**107,144**	93,042
Investment	**6,756**	7,377	**27,687**	25,544
Net loss on repurchases and repayments of debt	**(34,503)**	(10,670)	**(34,558)**	(12,163)
Other	**1,603**	(2,709)	**6,986**	(32,814)
Total other revenues	**12,133**	25,717	**107,259**	73,609
Other expenses:				
Operating expenses:				
Salaries and benefits	**214,552**	78,122	**371,842**	241,114
Other operating expenses	**69,595**	65,491	**191,574**	208,326
Restructuring expenses	**-**	-	**-**	23,503
Insurance losses and loss adjustment expenses	**16,550**	15,152	**47,650**	42,302
Total other expenses	**300,697**	158,765	**611,066**	515,245
Income (loss) before provision for (benefit from) income taxes	**(90,488)**	(68,782)	**36,039**	(210,269)
Benefit from income taxes	**(29,606)**	(23,938)	**(1,898)**	(72,419)
Net income (loss)	**(60,882)**	(44,844)	**37,937**	(137,850)
Less: Net income attributable to non-controlling interests	**29,851**	-	**83,799**	-
Net loss attributable to Springleaf Holdings, Inc.	**$ (90,733)**	$ (44,844)	**$ (45,862)**	$ (137,850)
Share Data:				
Weighted average number of shares outstanding:				
Basic and diluted	**100,000,000**	100,000,000	**100,000,000**	100,000,000
Earnings (loss) per share:				
Basic and diluted	**$ (0.91)**	$ (0.45)	**$ (0.46)**	$ (1.38)

See Notes to Condensed Consolidated Financial Statements.

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SPRINGLEAF HOLDINGS, INC. AND SUBSIDIARIES

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

(dollars in thousands)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Net income (loss)	**$ (60,882)**	$ (44,844)	**$ 37,937**	$ (137,850)
Other comprehensive income (loss):				
Net unrealized gains (losses) on:				
Investment securities on which other-than-temporary impairments were taken	**(17)**	84	**(135)**	316
All other investment securities	**(331)**	4,618	**(10,989)**	17,005
Cash flow hedges	**-**	-	**-**	(16,987)
Retirement plan liabilities adjustments	**-**	-	**-**	20,937
Foreign currency translation adjustments	**(2,056)**	3,067	**38**	4,280
Income tax effect:				
Net unrealized (gains) losses on:				
Investment securities on which other-than-temporary impairments were taken	**6**	(29)	**47**	(110)
All other investment securities	**116**	(1,617)	**3,846**	(5,952)
Cash flow hedges	**-**	-	**-**	5,945
Retirement plan liabilities adjustments	**-**	-	**-**	(7,544)
Other comprehensive income (loss), net of tax, before reclassification adjustments	**(2,282)**	6,123	**(7,193)**	17,890
Reclassification adjustments included in net loss:				
Net realized (gains) losses on investment securities	**33**	(13)	**(2,686)**	52
Cash flow hedges	**-**	(1,192)	**(160)**	11,478
Income tax effect:				
Net realized gains (losses) on investment securities	**(12)**	5	**940**	(18)
Cash flow hedges	**-**	418	**56**	(4,017)
Reclassification adjustments included in net loss, net of tax	**21**	(782)	**(1,850)**	7,495
Other comprehensive income (loss), net of tax	**(2,261)**	5,341	**(9,043)**	25,385
Comprehensive income (loss)	**$ (63,143)**	$ (39,503)	**$ 28,894**	$ (112,465)

See Notes to Condensed Consolidated Financial Statements.

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SPRINGLEAF HOLDINGS, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Shareholders Equity (Unaudited)

(dollars in thousands)	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Springleaf Holdings, Inc. Shareholders Equity	Non-controlling Interests	Total Shareholders Equity
	Springleaf Holdings, Inc. Shareholders Equity						
Balance, January 1, 2013	**$ 1,000**	**$ 147,454**	**$ 30,188**	**$ 1,021,485**	**$ 1,200,127**	**$ -**	**$ 1,200,127**
Grant of restricted stock units	**-**	**131,250**	**-**	**-**	**131,250**	**-**	**131,250**
Capital contributions from parent and other	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Changes in non-controlling interests:							
Contributions from joint venture partners	**-**	**-**	**-**	**-**	**-**	**438,081**	**438,081**
Distributions declared to joint venture partners	**-**	**-**	**-**	**-**	**-**	**(204,516)**	**(204,516)**
Change in net unrealized gains (losses):							
Investment securities	**-**	**-**	**(8,977)**	**-**	**(8,977)**	**-**	**(8,977)**
Cash flow hedges	**-**	**-**	**(104)**	**-**	**(104)**	**-**	**(104)**
Foreign currency translation adjustments	**-**	**-**	**38**	**-**	**38**	**-**	**38**
Net income (loss)	**-**	**-**	**-**	**(45,862)**	**(45,862)**	**83,799**	**37,937**
Balance, September 30, 2013	**$ 1,000**	**$ 278,704**	**$ 21,145**	**$ 975,623**	**$ 1,276,472**	**$ 317,364**	**$ 1,593,836**
Balance, January 1, 2012	$ 1,000	$ 147,456	$ (25,671)	$ 1,240,119	$ 1,362,904	$ -	$ 1,362,904
Capital contributions from parent and other	-	6	-	-	6	-	6
Change in net unrealized gains (losses):							
Investment securities	-	-	11,293	-	11,293	-	11,293
Cash flow hedges	-	-	(3,581)	-	(3,581)	-	(3,581)
Retirement plan liabilities adjustments	-	-	13,393	-	13,393	-	13,393
Foreign currency translation adjustments	-	-	4,280	-	4,280	-	4,280
Net loss	-	-	-	(137,850)	(137,850)	-	(137,850)
Balance, September 30, 2012	$ 1,000	$ 147,462	$ (286)	$ 1,102,269	$ 1,250,445	$ -	$ 1,250,445

See Notes to Condensed Consolidated Financial Statements.

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SPRINGLEAF HOLDINGS, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows (Unaudited)

(dollars in thousands) **Nine Months Ended September 30,**	**2013**	2012
Cash flows from operating activities		
Net income (loss)	**$ 37,937**	$ (137,850)
Reconciling adjustments:		
Provision for finance receivable losses	**341,723**	227,794
Depreciation and amortization	**(40,181)**	141,435
Deferral of finance receivable origination costs	**(42,317)**	(32,729)
Deferred income tax benefit	**(88,668)**	(128,592)
Writedowns and net loss on sales of real estate owned	**1,546**	36,667
Writedowns on assets resulting from restructuring	**-**	5,046
Impairments of Ocean Finance and Mortgages Limited assets	**-**	8,342
Mark to market provision and net gain on sales of finance receivables held for sale originated as held for investment	**-**	(4,536)
Net loss on repurchases and repayments of debt	**17,075**	12,163
Net realized losses (gains) on investment securities	**(2,686)**	52
Grant of restricted stock units	**131,250**	-
Change in other assets and other liabilities	**50,431**	104,898
Change in insurance claims and policyholder liabilities	**14,917**	2,179
Change in taxes receivable and payable	**(29,177)**	64,077
Change in accrued finance charges	**1,941**	7,381
Change in restricted cash	**33,885**	(66,494)
Other, net	**(823)**	285
Net cash provided by operating activities	**426,853**	240,118
Cash flows from investing activities		
Finance receivables originated or purchased	**(1,596,394)**	(1,234,866)
Principal collections on finance receivables	**2,299,827**	2,010,539
Purchase of SpringCastle Portfolio	**(2,963,547)**	-
Sales and principal collections on finance receivables held for sale originated as held for investment	**-**	181,561
Investment securities purchased	**(448,981)**	(802,835)
Investment securities called, sold, and matured	**728,534**	992,376
Change in restricted cash	**(306,847)**	(25,241)
Proceeds from sale of real estate owned	**88,346**	148,134
Other, net	**(4,748)**	(4,889)
Net cash provided by (used for) investing activities	**(2,203,810)**	1,264,779
Cash flows from financing activities		
Proceeds from issuance of long-term debt, net of commissions	**6,008,369**	1,481,800
Repayment of long-term debt	**(4,768,854)**	(1,938,060)
Contributions from joint venture partners	**438,081**	-
Distributions to joint venture partners	**(204,516)**	-
Net cash provided by (used for) financing activities	**1,473,080**	(456,260)

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

(dollars in thousands) **Nine Months Ended September 30,**		**2013**		**2012**
Effect of exchange rate changes		**(835)**		2,888
Increase (decrease) in cash and cash equivalents		**(304,712)**		1,051,525
Cash and cash equivalents at beginning of period		**1,554,348**		689,586
Cash and cash equivalents at end of period	**$**	**1,249,636**	$	1,741,111
Supplemental non-cash activities				
Transfer of finance receivables to real estate owned	**$**	**70,004**	$	142,966
Transfer of finance receivables held for investment to finance receivables held for sale (prior to deducting allowance for finance receivable losses)		-		182,208
Transfer of finance receivables held for sale to finance receivables held for investment		-		1,353

See Notes to Condensed Consolidated Financial Statements.

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SPRINGLEAF HOLDINGS, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited)

September 30, 2013

1. Business and Summary of Significant Accounting Policies

Springleaf Holdings, Inc. (SHI or, collectively with its subsidiaries, whether directly or indirectly owned, the Company, we, us, or our) is a Delaware corporation, primarily owned by Springleaf Financial Holdings, LLC (the Initial Stockholder). At September 30, 2013, and prior to the reorganization described below, FCFI Acquisition LLC (FCFI), an affiliate of Fortress Investment Group LLC (Fortress), indirectly owned an 80% economic interest in SHI and American International Group, Inc. (AIG) indirectly owned a 20% economic interest in SHI.

SHI is a financial services holding company whose principal subsidiary is Springleaf Finance, Inc. (SFI). SFI s principal subsidiary is Springleaf Finance Corporation (SFC). SFC is also a financial services holding company with subsidiaries engaged in the consumer finance and credit insurance businesses.

In connection with the initial public offering of common stock of SHI, we executed a reorganization of Springleaf Holdings, LLC, the predecessor entity of SHI, into SHI, a newly formed Delaware corporation. The reorganization was completed on October 9, 2013. In connection with the reorganization, Springleaf Financial Holdings, LLC s predecessor, AGF Holding Inc., contributed all of the common stock of SFI to Springleaf Holdings, LLC and SFI became a wholly owned subsidiary of Springleaf Holdings, LLC. Following the contribution, Springleaf Holdings, LLC converted from a Delaware limited liability company into a Delaware corporation, named Springleaf Holdings, Inc. on October 9, 2013. Upon the conversion from a limited liability company to a corporation, the 100 common interests, previously held by Springleaf Financial Holdings, LLC (or its predecessor), converted into 100 shares of common stock. Additionally, SHI executed a 1,000,000-for-1 common stock split, resulting in 100,000,000 shares of common stock being issued and outstanding at October 9, 2013. The financial statements of SFI were adjusted on a retrospective basis, as appropriate, as financial statements of SHI to account for the reorganization.

On October 21, 2013, SHI completed the initial public offering of its common stock. As of November 12, 2013, the Initial Stockholder owns approximately 75% of SHI s common stock. The Initial Stockholder is owned primarily by a private equity fund managed by an affiliate of Fortress and AIG Capital Corporation, a subsidiary of AIG.

ACQUISITION OF LOAN PORTFOLIO BY SPRINGCASTLE

On March 5, 2013, SpringCastle Acquisition LLC (SCA), a newly formed joint venture in which one of our indirect wholly owned subsidiaries, Springleaf Acquisition Corporation (SAC), and NRZ Consumer LLC (NRZ), previously an indirect subsidiary of Newcastle Investment Corp., each held a 50% equity interest (the Joint Venture), entered into a definitive agreement to purchase a portfolio of loans from HSBC Finance Corporation and certain of its affiliates (collectively, HSBC). On April 1, 2013, BTO WillowHoldings, L.P. (Blackstone), an affiliate of Blackstone Tactical Opportunities Advisors L.L.C., acquired a 23% equity interest in SCA, which reduced our equity interests and the equity interests of NRZ to 47% and 30%, respectively.

The loan portfolio acquisition was completed on April 1, 2013 for a purchase price of $3.0 billion, at which time the portfolio consisted of over 415,000 finance receivable accounts with $3.9 billion unpaid principal balance (UPB). The portfolio included both unsecured loans and loans secured with subordinate residential real estate mortgages (which we service as unsecured loans due to the fact that the liens are subordinated to superior ranking security interests). The $3.0 billion purchase was funded with $2.2 billion of debt and the remainder was funded with equity contributed from each of the joint venture members, including $388.5 million of equity from SFI. Upon final validation by the parties, SCA received a refund of $15.4 million from HSBC in August 2013 for the true up of the April 1, 2013 purchase price.

Immediately prior to the completion of the loan portfolio acquisition, SCA assigned its right to purchase the portfolio to SpringCastle America, LLC (SC America), SpringCastle Credit, LLC (SC Credit), and SpringCastle Finance, LLC (SC Finance) (each, a Seller LLC and collectively, the Seller LLCs), which, in turn, immediately sold their respective portion of the portfolio to SpringCastle America Funding, LLC (SC America Funding), SpringCastle Credit Funding, LLC (SC Credit Funding), and SpringCastle Finance Funding, LLC (SC Finance Funding) (each, a Co-issuer LLC and collectively, the Co-issuer LLCs) and a loan trustee in connection with the securitization of the loan portfolio (the SpringCastle securitization) on April 1, 2013.

As of April 1, 2013, SpringCastle Holdings, LLC, a wholly owned subsidiary of SAC, NRZ, and Blackstone held a 47%, 30% and 23% equity interest in each Seller LLC, respectively. On May 15, 2013, Newcastle Investment Corp. completed the spinoff of New Residential Investment Corp. and its subsidiaries, including NRZ , which still retains its equity interest in the Seller LLCs. SC America holds a 100% equity interest in SC America Funding, SC Credit holds a 100% equity interest in SC Credit Funding and SC Finance holds a 100% equity interest in SC Finance Funding.

On April 1, 2013, SFI entered into a servicing agreement with the Co-issuer LLCs and the loan trustee whereby SFI agreed to service the loans in the loan portfolio effective on the servicing transfer date. In accordance with this agreement, we assumed the direct servicing obligations for the loans in September, 2013.

We have determined that our servicing agreement provides us with the power to direct the activities of Seller LLCs and Co-issuer LLCs that most significantly impact their economic performance. As such, we consider the Seller LLCs and Co-issuer LLCs to be variable interest entities (VIEs) because the equity investment in each lacks the characteristics of a controlling financial interest. Our decision-making rights as servicer, coupled with our significant indirect equity interest in the Seller LLCs and Co-issuer LLCs, provide us with a controlling financial interest in each, and thus the Seller LLCs and Co-issuer LLCs are included in our condensed consolidated financial statements. The equity (membership) interests in the Seller LLCs held by NRZ and Blackstone, which represent an indirect residual interest in the loans owned by the Co- issuers, are reported as non-controlling interests in our financial statements.

PURCHASE OF SERVICING FACILITY

On March 5, 2013, one of our subsidiaries signed an agreement to acquire a servicing facility located in London, Kentucky from Renaissance Bankcard Services of Kentucky, Inc. (Renaissance), a subsidiary of HSBC. The servicing facility was purchased on September 1, 2013 for consideration of $1.4 million. The acquisition of the servicing facility included the transfer of over 200 employees of Renaissance to the Company.

BASIS OF PRESENTATION

We prepared our condensed consolidated financial statements using generally accepted accounting principles in the United States of America (U.S. GAAP). These statements are unaudited. The year-end condensed balance sheet data was derived from our audited financial statements, but does not include all disclosures required by U.S. GAAP. The statements include the accounts of SHI, its subsidiaries (all of which are wholly owned, except for the Seller LLCs and Co-issuer LLCs), and VIEs in which we hold a controlling financial interest as of the financial statement date.

We eliminated all material intercompany accounts and transactions. We made judgments, estimates, and assumptions that affect amounts reported in our condensed consolidated financial statements and disclosures of contingent assets and liabilities. In management s opinion, the condensed consolidated

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financial statements include the normal, recurring adjustments necessary for a fair statement of results, and the out-of-period adjustments recorded in the nine months ended September 30, 2013 discussed below. 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. These statements should be read in conjunction with our audited consolidated financial statements and related notes for the years ended December 31, 2012 and 2011.

In the second quarter of 2013, we recorded an out-of-period adjustment, which increased provision for finance receivable losses by $2.7 million and decreased basic and diluted earnings per share by $0.02 for the nine months ended September 30, 2013. The adjustment related to the correction of the identification of certain bankrupt real estate loan accounts for consideration as troubled debt restructured (TDR) finance receivables.

In the third quarter of 2013, we recorded an out-of-period adjustment, which decreased provision for finance receivable losses by $3.8 million and increased basic and diluted earnings per share by $0.02 for the three months ended September 30, 2013. The adjustment related to the correction of certain inputs in our model supporting the TDR allowance for finance receivable losses. There was no impact for the nine months ended September 30, 2013 as the error was isolated to intra-period reporting in 2013.

In the third quarter of 2013, we identified two errors in the classification of certain line items within our condensed consolidated statement of cash flows for the six months ended June 30, 2013. The errors related to the misclassifications of the original issue discount and rebate on the SpringCastle securitization.

See reconciliation below of amounts previously presented in our condensed consolidated statement of cash flows for the six months ended June 30, 2013 in our final prospectus (the Prospectus), which forms part of our Registration Statement on Form S-1 filed with the SEC on October 16, 2013, to the corrected amounts:

(dollars in thousands)	**Six Months Ended June 30, 2013**

[redacted]

In addition, we combined Debt commissions on issuance of long-term debt with Proceeds from issuance of long-term debt within our condensed consolidated statement of cash flows for the nine months ended September 30, 2013, as Proceeds from issuance of long-term debt, net of commissions.

After evaluating the quantitative and qualitative aspects of these corrections (individually and in aggregate), management has determined that our previous quarterly and annual consolidated financial statements were not materially misstated.

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Due to the significance of the ownership interest acquired by FCFI (the Fortress Acquisition), the nature of the transaction, and at the direction of our acquirer, we applied push-down accounting to SFI as an acquired business. We revalued our assets and liabilities based on their fair values at the date of the Fortress Acquisition, November 30, 2010, in accordance with business combination accounting standards (push-down accounting).

ACCOUNTING PRONOUNCEMENTS ADOPTED

Offsetting Assets and Liabilities

In December 2011, the Financial Accounting Standards Board (FASB) issued an accounting standards update (ASU), ASU 2011-11, *Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities*, which requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. In January 2013, the FASB issued ASU 2013-1, *Clarifying the Scope of Disclosures About Offsetting Assets and Liabilities (Topic 210)*, which amended the effective date for ASU 2011-11 to be effective for annual periods beginning on or after January 1, 2013, and interim periods within those annual periods. The amendments were applied retrospectively for all prior periods presented. The adoption of this new standard did not have a material effect on our consolidated statements of financial condition, results of operations, or cash flows.

Comprehensive Income

In February 2013, the FASB issued ASU 2013-02, *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income,* to improve the reporting of reclassifications out of accumulated other comprehensive income or loss. The amendments require an entity to present (either on the face of the statement where net income is presented or in the notes) the effect of significant reclassifications out of accumulated other comprehensive income or loss on the respective line items in net income if the amount being reclassified is required under U.S. GAAP to be reclassified in its entirety to net income. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. GAAP that provide additional detail about those amounts.

The amendments in this ASU became effective prospectively for the Company for reporting periods beginning after December 15, 2012. The adoption of this ASU did not have a material effect on our consolidated statements of financial condition, results of operations, or cash flows.

ACCOUNTING PRONOUNCEMENTS TO BE ADOPTED

Income Taxes

In July 2013, the FASB issued ASU 2013-11, *Income Taxes (Topic 740)*, which clarifies the presentation requirements of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists at the reporting date. The amendments in this ASU are effective for fiscal years, and interim periods within those years, beginning after December 15, 2014 and should be applied prospectively. The adoption of this ASU is not expected to have a material effect on our consolidated statements of financial condition, results of operations, or cash flows.

CHANGES IN ACCOUNTING POLICIES

Beginning in the period ended March 31, 2013, our servicing practice was updated for the charge-off policy for personal loans in an effort to more closely align the timing of charge-offs when the Company believes a particular loan is uncollectible. We charge off to the allowance for finance receivable losses, personal loans which are greater than 180 days contractually delinquent.

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This change in policy was considered a change in estimate in accordance with ASC 250 and incorporated prospectively into our calculation of allowance for finance receivable losses beginning with the quarter ended March 31, 2013. We recorded $13.3 million in additional charge-offs in March 2013 as a result of this change.

2. Finance Receivables

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

- ***Personal loans*** are secured by consumer goods, automobiles, or other personal property or are unsecured, generally have maximum original terms of four years, and are usually fixed-rate, fixed-term loans.

- ***SpringCastlePortfolio*** are loans jointly acquired from HSBC on April 1, 2013 through a newly formed joint venture. These loans include unsecured loans and loans secured with subordinate residential real estate mortgages (which we service as unsecured loans due to the fact that the liens are subordinated to superior ranking security interests). The SpringCastle Portfolio includes both closed-end accounts and open-end lines of credit. These loans are in a liquidating status and vary in substance and form from our originated loans. We assumed the direct servicing obligations for these loans in September 2013.

- ***Real estate loans*** are secured by first or second mortgages on residential real estate, generally have maximum original terms of 360 months, and are usually considered non-conforming. Real estate loans may be closed-end accounts or open-end home equity lines of credit and are primarily fixed-rate products. As of January 1, 2012, we ceased originating real estate loans.

- ***Retail sales finance*** includes retail sales contracts and revolving retail accounts. Retail sales contracts are closed-end accounts that represent a single purchase transaction. Revolving retail accounts are open-end accounts that can be used for financing repeated purchases from the same merchant. Retail sales contracts are secured by the personal property designated in the contract and generally have maximum original terms of 60 months. Revolving retail accounts are secured by the goods purchased and generally require minimum monthly payments based on the amount financed calculated after the most recent purchase or outstanding balances. In January 2013, we ceased purchasing retail sales contracts and revolving retail accounts.

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Components of net finance receivables by type were as follows:

(dollars in thousands)	Personal Loans	SpringCastle Portfolio	Real Estate Loans	Retail Sales Finance	Total
September 30, 2013					
Gross receivables (a)	**$ 3,462,921**	**$ 2,633,240**	**$ 8,170,418**	**$ 129,602**	**$ 14,396,181**
Unearned finance charges and points and fees	**(515,575)**	**-**	**(2,038)**	**(12,804)**	**(530,417)**
Accrued finance charges	**42,810**	**20,392**	**44,184**	**1,090**	**108,476**
Deferred origination costs	**37,099**	**-**	**291**	**-**	**37,390**
Total	**$ 3,027,255**	**$ 2,653,632**	**$ 8,212,855**	**$ 117,888**	**$ 14,011,630**
December 31, 2012					
Gross receivables	$ 2,984,423	N/A(b)	$ 8,909,523	$ 233,296	$ 12,127,242
Unearned finance charges and points and fees	(402,828)	N/A	(5,836)	(27,087)	(435,751)
Accrued finance charges	36,937	N/A	51,327	2,148	90,412
Deferred origination costs	31,200	N/A	351	-	31,551
Total	$ 2,649,732	N/A	$ 8,955,365	$ 208,357	$ 11,813,454

(a) Gross receivables are defined below:

- ***finance receivables purchased as a performing receivable*** gross finance receivables equal the UPB for interest bearing accounts and the gross remaining contractual payments for precompute accounts plus the remaining unearned discount, net of premium established at the time of purchase to reflect the finance receivable balance at its fair value;

- ***finance receivables originated subsequent to the Fortress Acquisition*** gross finance receivables equals the UPB for interest bearing accounts and the gross remaining contractual payments for precompute accounts; and

- ***purchased credit impaired finance receivables*** gross finance receivables equals the remaining estimated cash flows less the current balance of accretable yield on the purchased credit impaired accounts.

(b) Not applicable. The purchase of the SpringCastle Portfolio was completed on April 1, 2013.

Included in the table above are personal loans totaling $1.7 billion at September 30, 2013, SpringCastle Portfolio loans totaling $2.7 billion at September 30, 2013, and real estate loans totaling $5.5 billion at September 30, 2013 and $4.1 billion at December 31, 2012 associated with securitizations that remain on our balance sheet. The carrying amount of consolidated long-term debt associated with these securitizations totaled $7.6 billion at September 30, 2013 and $3.1 billion at December 31, 2012. See Note 8 for further discussion regarding our securitization transactions. Also included in the table above are finance receivables totaling $1.9 billion at September 30, 2013 and $5.2 billion at December 31, 2012, which have been pledged as collateral for our secured term loan.

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

(dollars in thousands)		September 30, 2013			December 31, 2012	
SpringCastle Portfolio	**$**	**447,764**		$	N/A	(a)
Real estate loans		**65,201**			86,437	
Retail sales finance		**-**	**(b)**		78,071	
Total	**$**	**512,965**		$	164,508	

(a) Not applicable. The purchase of the SpringCastle Portfolio was completed on April 1, 2013.

(b) Reflects the cessation of purchases of revolving retail accounts effective January 16, 2013.

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Unused lines of credit on our real estate loans and the SpringCastle Portfolio secured with subordinate residential real estate mortgages can be suspended if one of the following occurs: the value of the real estate declines significantly below the property s initial appraised value; we believe the borrower will be unable to fulfill the repayment obligations because of a material change in the borrower s financial circumstances; or any other default by the borrower of any material obligation under the agreement. Unused lines of credit on home equity lines of credit, including the SpringCastle Portfolio secured with subordinate residential real estate mortgages, can be terminated for delinquency. Unused lines of credit on the unsecured loans of the SpringCastle Portfolio can be terminated at our discretion.

CREDIT QUALITY INDICATORS

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

We accrue finance charges on revolving retail finance receivables up to the date of charge-off at 180 days past due. We had $0.5 million of revolving retail finance receivables that were more than 90 days past due at September 30, 2013, compared to $1.0 million at December 31, 2012. Our personal loans, SpringCastle Portfolio, and real estate loans do not have finance receivables that were more than 90 days past due and still accruing finance charges.

Delinquent Finance Receivables

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

The following is a summary of net finance receivable by type by days delinquent:

(dollars in thousands)	Personal Loans	SpringCastle Portfolio	Real Estate Loans	Retail Sales Finance	Total
September 30, 2013					
Net finance receivables:					
60-89 days past due	$ **26,151**	$ **62,253**	$ **94,975**	$ **1,705**	$ **185,084**
90-119 days past due	**19,433**	**43,156**	**63,202**	**1,094**	**126,885**
120-149 days past due	**15,273**	**32,648**	**59,449**	**811**	**108,181**
150-179 days past due	**12,263**	**10,171**	**38,551**	**649**	**61,634**
180 days or more past due	**919**	**16,017**	**355,707**	**130**	**372,773**
Total delinquent finance receivables	**74,039**	**164,245**	**611,884**	**4,389**	**854,557**
Current	**2,904,671**	**2,352,344**	**7,416,990**	**110,114**	**12,784,119**
30-59 days past due	**48,545**	**137,043**	**183,981**	**3,385**	**372,954**
Total	$ **3,027,255**	$ **2,653,632**	$ **8,212,855**	$ **117,888**	$ **14,011,630**
December 31, 2012					

Net finance receivables:					
60-89 days past due	$ 21,683	N/A *	$ 99,956	$ 2,107	$ 123,746
90-119 days past due	17,538	N/A	73,803	1,416	92,757
120-149 days past due	14,050	N/A	58,364	1,171	73,585
150-179 days past due	9,613	N/A	45,648	743	56,004
180 days or more past due	12,107	N/A	386,024	331	398,462
Total delinquent finance receivables	74,991	N/A	663,795	5,768	744,554
Current	2,534,960	N/A	8,094,459	197,392	10,826,811
30-59 days past due	39,781	N/A	197,111	5,197	242,089
Total	$ 2,649,732	N/A	$ 8,955,365	$ 208,357	$ 11,813,454

* Not applicable. The purchase of the SpringCastle Portfolio was completed on April 1, 2013.

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Nonperforming Finance Receivables

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

Our performing and nonperforming net finance receivables by type were as follows:

(dollars in thousands)	Personal Loans	SpringCastle Portfolio	Real Estate Loans	Retail Sales Finance	Total
September 30, 2013					
Performing	**$ 2,979,367**	**$ 2,551,640**	**$ 7,695,946**	**$ 115,204**	**$ 13,342,157**
Nonperforming	**47,888**	**101,992**	**516,909**	**2,684**	**669,473**
Total	**$ 3,027,255**	**$ 2,653,632**	**$ 8,212,855**	**$ 117,888**	**$ 14,011,630**
December 31, 2012					
Performing	$ 2,596,424	N/A *	$ 8,391,526	$ 204,696	$ 11,192,646
Nonperforming	53,308	N/A	563,839	3,661	620,808
Total	$ 2,649,732	N/A	$ 8,955,365	$ 208,357	$ 11,813,454

* Not applicable. The purchase of the SpringCastle Portfolio was completed on April 1, 2013.

PURCHASED CREDIT IMPAIRED FINANCE RECEIVABLES

As a result of the Fortress Acquisition, we applied push-down accounting and adjusted the carrying value of our finance receivables (the FA Loans) to their fair value on November 30, 2010. For purchased finance receivables, such as the SpringCastle Portfolio (SCP Loans), we also record these loans at fair value on the day of purchase.

We include the carrying amount (which initially was the fair value) of our purchased credit impaired finance receivables in net finance receivables, less allowance for finance receivable losses. Prepayments reduce the outstanding balance, contractual cash flows, and cash flows expected to be collected.

Information regarding these purchased credit impaired finance receivables was as follows:

(dollars in thousands)	SCP Loans	FA Loans	Total
September 30, 2013			
Carrying amount, net of allowance	**$ 598,301**	**$ 1,289,290**	**$ 1,887,591**
Outstanding balance	**$ 947,940**	**$ 1,835,193**	**$ 2,783,133**
Allowance for purchased credit impaired finance receivable losses	**$ -**	**$ 46,350**	**$ 46,350**
December 31, 2012			
Carrying amount, net of allowance	N/A *	$ 1,381,409	$ 1,381,409
Outstanding balance	N/A	$ 1,968,817	$ 1,968,817
Allowance for purchased credit impaired finance receivable losses	N/A	$ 17,358	$ 17,358

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* Not applicable. The purchase of the SpringCastle Portfolio was completed on April 1, 2013.

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The allowance for purchased credit impaired finance receivable losses at September 30, 2013 and December 31, 2012 reflected the net carrying value of these purchased credit impaired finance receivables being higher than the present value of the expected cash flows.

As part of the acquisition of the SpringCastle Portfolio, we determined that at April 1, 2013, acquired loans with an aggregated $1.2 billion UPB, an expected undiscounted cash flows of $1.2 billion, and a fair value of $754.8 million, were credit impaired.

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

(dollars in thousands)	SCP Loans	FA Loans	Total
Three Months Ended September 30, 2013			
Balance at beginning of period	**$ 407,237**	**$ 849,153**	**$ 1,256,390**
Accretion	**(25,887)**	**(32,224)**	**(58,111)**
Reclassifications from nonaccretable difference (a)	**-**	**2,741**	**2,741**
Disposals of finance receivables (b)	**(19,078)**	**(8,471)**	**(27,549)**
Balance at end of period	**$ 362,272**	**$ 811,199**	**$ 1,173,471**
Three Months Ended September 30, 2012			
Balance at beginning of period	N/A (c)	$ 391,620	$ 391,620
Accretion	N/A	(34,996)	(34,996)
Reclassifications from nonaccretable difference (a)	N/A	316,580	316,580
Disposals of finance receivables (b)	N/A	(7,002)	(7,002)
Balance at end of period	N/A	$ 666,202	$ 666,202
Nine Months Ended September 30, 2013			
Balance at beginning of period	**$ -**	**$ 629,200**	**$ 629,200**
Additions	**437,604**	**-**	**437,604**
Accretion	**(54,190)**	**(97,616)**	**(151,806)**
Reclassifications from nonaccretable difference (a)	**-**	**304,575**	**304,575**
Disposals of finance receivables (b)	**(21,142)**	**(24,960)**	**(46,102)**
Balance at end of period	**$ 362,272**	**$ 811,199**	**$ 1,173,471**
Nine Months Ended September 30, 2012			
Balance at beginning of period	N/A (c)	$ 466,648	$ 466,648
Accretion	N/A	(97,317)	(97,317)
Reclassifications from nonaccretable difference (a)	N/A	316,580	316,580
Disposals of finance receivables (b)	N/A	(19,709)	(19,709)
Balance at end of period	N/A	$ 666,202	$ 666,202

(a) Reclassifications from nonaccretable difference for the three and nine months ended September 30, 2013 represent the increases in accretion resulting from higher estimated undiscounted cash flows. Reclassifications from nonaccretable difference for the three and nine months ended September 30, 2012 represent the increase in accretion related to an increase in the pool yield.

(b) Disposals of finance receivables represent finance charges forfeited due to purchased credit impaired finance receivables charged-off during the period.

(c) Not applicable. The purchase of the SpringCastle Portfolio was completed on April 1, 2013.

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TROUBLED DEBT RESTRUCTURED FINANCE RECEIVABLES

Information regarding TDR finance receivables were as follows:

(dollars in thousands)	Real Estate Loans
September 30, 2013	
TDR gross finance receivables	**$ 1,268,266**
TDR net finance receivables	**$ 1,272,833**
Allowance for TDR finance receivable losses	**$ 160,983**
December 31, 2012	
TDR gross finance receivables	$ 809,020
TDR net finance receivables	$ 812,969
Allowance for TDR finance receivable losses	$ 92,290

We have no commitments to lend additional funds on our TDR finance receivables.

TDR average net receivables and finance charges recognized on TDR finance receivables were as follows:

(dollars in thousands)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Real Estate Loans				
TDR average net receivables	**$ 1,232,112**	$ 590,024	**$ 1,079,510**	$ 451,248
TDR finance charges recognized	**$ 17,171**	$ 8,572	**$ 45,959**	$ 18,470

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

(dollars in thousands)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Real Estate Loans				
Number of TDR accounts	**1,621**	1,634	**5,930**	3,610
Pre-modification TDR net finance receivables	**$ 132,366**	$ 154,492	**$ 468,782**	$ 367,858

Post-modification TDR net finance receivables	**$ 140,234**	$ 152,073	**$ 499,087**	$ 370,031

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Net finance receivables that were modified as TDR finance receivables within the previous 12 months and for which there was a default during the period were as follows:

(dollars in thousands)	**Three Months Ended September 30, 2013**	Three Months Ended September 30, 2012	**Nine Months Ended September 30, 2013**	Nine Months Ended September 30, 2012
Real Estate Loans				
Number of TDR accounts	**378**	126	**797**	408
TDR net finance receivables*	**$ 26,120**	$ 12,416	**$ 59,809**	$ 47,418

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

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3. Allowance for Finance Receivable Losses

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

(dollars in thousands)	Personal Loans	SpringCastle Portfolio	Real Estate Loans	Retail Sales Finance	Consolidated Total
Three Months Ended September 30, 2013					
Balance at beginning of period	**$ 60,250**	**$ -**	**$ 184,585**	**$ 920**	**$ 245,755**
Provision for finance receivable losses (a)	**39,747**	**61,194**	**56,001**	**1,843**	**158,785**
Charge-offs	**(32,528)**	**(61,470)**	**(33,129)**	**(2,032)**	**(129,159)**
Recoveries	**2,136**	**2,210**	**1,326**	**294**	**5,966**
Balance at end of period	**$ 69,605**	**$ 1,934**	**$ 208,783**	**$ 1,025**	**$ 281,347**
Three Months Ended September 30, 2012					
Balance at beginning of period	$ 41,431	N/A (d)	$ 49,051	$ 1,191	$ 91,673
Provision for finance receivable losses (a)	29,010	N/A	59,327	2,518	90,855
Charge-offs	(26,797)	N/A	(31,433)	(4,049)	(62,279)
Recoveries	7,865	N/A	2,545	2,427	12,837
Balance at end of period	$ 51,509	N/A	$ 79,490	$ 2,087	$ 133,086
Nine Months Ended September 30, 2013					
Balance at beginning of period	**$ 66,580**	**$ -**	**$ 111,248**	**$ 2,260**	**$ 180,088**
Provision for finance receivable losses (a)	**64,344**	**78,991**	**202,622**	**(4,234)**	**341,723**
Charge-offs (b)	**(106,162)**	**(79,267)**	**(120,699)**	**(7,338)**	**(313,466)**
Recoveries (c)	**44,843**	**2,210**	**15,612**	**10,337**	**73,002**
Balance at end of period	**$ 69,605**	**$ 1,934**	**$ 208,783**	**$ 1,025**	**$ 281,347**
Nine Months Ended September 30, 2012					
Balance at beginning of period	$ 39,522	N/A (d)	$ 31,471	$ 1,007	$ 72,000
Provision for finance receivable losses (a)	69,731	N/A	148,873	9,190	227,794
Charge-offs	(82,035)	N/A	(107,850)	(15,974)	(205,859)
Recoveries	25,398	N/A	6,996	8,058	40,452
Transfers to finance receivables held for sale (e)	(1,107)	N/A	-	(194)	(1,301)
Balance at end of period	$ 51,509	N/A	$ 79,490	$ 2,087	$ 133,086

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(a) Components of provision for finance receivable losses on our real estate loans were as follows:

(dollars in thousands)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Real estate loans				
Provision for finance receivable losses				
Non-credit impaired finance receivables	**$ 17,947**	$ 19,580	**$ 63,233**	$ 70,074
Purchased credit impaired finance receivables	**21,192**	17,955	**60,708**	37,579
TDR finance receivables	**16,862**	21,792	**78,681**	41,220
Total	**$ 56,001**	$ 59,327	**$ 202,622**	$ 148,873

(b) Effective March 31, 2013, we charge off to the allowance for finance receivable losses for personal loans that are 180 days past due. Previously, we charged-off to the allowance for finance receivable losses for personal loans on which payments received in the prior six months totaled less than 5% of the original loan amount. As a result of this change, we recorded $13.3 million of additional charge-offs in March 2013.

(c) Recoveries during the nine months ended September 30, 2013 included $41.2 million ($25.4 million of personal loan recoveries, $9.9 million of real estate loan recoveries, and $5.9 million of retail sales finance recoveries) resulting from a sale of previously charged-off finance receivables in June 2013.

(d) Not applicable. The purchase of the SpringCastle Portfolio was completed on April 1, 2013.

(e) During the nine months ended September 30, 2012, we decreased the allowance for finance receivable losses as a result of the transfers of $77.8 million of finance receivables from finance receivables held for investment to finance receivables held for sale due to management s intent to no longer hold these finance receivables for the foreseeable future.

Included in the allowance for finance receivable losses are allowances associated with securitizations that totaled $89.6 million at September 30, 2013 and $14.5 million at December 31, 2012. See Note 8 for further discussion regarding our securitization transactions.

The carrying value charged-off for purchased credit impaired loans was as follows:

(dollars in thousands)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012

Charged-off against provision for finance receivable losses:										
SCP Loans	**$**	**31,544**	$	N/A	(a)	**$**	**48,717**	$	N/A	(a)
FA Loans gross charge-offs (b)		**10,074**		9,384			**31,737**		29,008	

(a) Not applicable. The purchase of the SpringCastle Portfolio was completed on April 1, 2013.

(b) Represents additional impairment recognized, subsequent to the establishment of the pools of purchased credit impaired loans, related to loans that have been foreclosed and transferred to real estate owned status.

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

(dollars in thousands)	Personal Loans	SpringCastle Portfolio	Real Estate Loans	Retail Sales Finance	Total
September 30, 2013					
Allowance for finance receivable losses for finance receivables:					
Collectively evaluated for impairment	**$ 69,605**	**$ 1,934**	**$ 1,450**	**$ 1,025**	**$ 74,014**
Acquired with deteriorated credit quality (purchased credit impaired finance receivables)	**-**	**-**	**46,350**	**-**	**46,350**
Individually evaluated for impairment (TDR finance receivables)	**-**	**-**	**160,983**	**-**	**160,983**
Total	**$ 69,605**	**$ 1,934**	**$ 208,783**	**$ 1,025**	**$ 281,347**
Finance receivables:					
Collectively evaluated for impairment	**$ 3,027,255**	**$ 2,055,331**	**$ 5,604,382**	**$ 117,888**	**$ 10,804,856**
Purchased credit impaired finance receivables	**-**	**598,301**	**1,335,640**	**-**	**1,933,941**
TDR finance receivables	**-**	**-**	**1,272,833**	**-**	**1,272,833**
Total	**$ 3,027,255**	**$ 2,653,632**	**$ 8,212,855**	**$ 117,888**	**$ 14,011,630**
December 31, 2012					
Allowance for finance receivable losses for finance receivables:					
Collectively evaluated for impairment	$ 66,580	N/A *	$ 1,600	$ 2,260	$ 70,440
Purchased credit impaired finance receivables	-	N/A	17,358	-	17,358
TDR finance receivables	-	N/A	92,290	-	92,290
Total	$ 66,580	N/A	$ 111,248	$ 2,260	$ 180,088
Finance receivables:					
Collectively evaluated for impairment	$ 2,649,732	N/A *	$ 6,743,629	$ 208,357	$ 9,601,718
Purchased credit impaired finance receivables	-	N/A	1,398,767	-	1,398,767
TDR finance receivables	-	N/A	812,969	-	812,969
Total	$ 2,649,732	N/A	$ 8,955,365	$ 208,357	$ 11,813,454

* Not applicable. The purchase of the SpringCastle Portfolio was completed on April 1, 2013.

4. Finance Receivables Held for Sale

During the nine months ended September 30, 2013, we did not have any transfer activity between finance receivables held for investment to finance receivables held for sale.

During the first and third quarters of 2012, we transferred $77.8 million and $103.1 million, respectively, of finance receivables from held for investment to held for sale due to management s intent to no longer hold these finance receivables for the foreseeable future. We marked these loans to the lower of cost or fair value at the time of transfer and subsequently recorded additional gains in other revenues other at the time of sale resulting in net gains for the three and nine months ended September 30, 2012 of $6.5 million and $4.5 million, respectively. During the three and nine months ended September 30, 2012, we sold finance receivables held for sale totaling $123.0 million and $171.0 million, respectively.

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We repurchased two loans for $0.3 million during the three months ended September 30, 2013, compared to five loans for $1.0 million repurchased during the three months ended September 30, 2012. We repurchased 19 loans for $2.8 million during the nine months ended September 30, 2013, compared to six loans for $1.1 million during the nine months ended September 30, 2012. In each period, we repurchased the loans because such loans were reaching the defined delinquency limits or had breached the contractual representations and warranties under the loan sale agreements. At September 30, 2013, there were no material unresolved recourse requests.

The activity in our reserve for sales recourse obligations was as follows:

(dollars in thousands)	**At or for the Three Months Ended September 30, 2013**	At or for the Three Months Ended September 30, 2012	**At or for the Nine Months Ended September 30, 2013**	At or for the Nine Months Ended September 30, 2012
Balance at beginning of period	**$ 4,766**	$ 1,765	**$ 4,863**	$ 1,648
Provision for recourse obligations	**-**	-	**322**	117
Recourse losses	**(42)**	(25)	**(461)**	(25)
Balance at end of period	**$ 4,724**	$ 1,740	**$ 4,724**	$ 1,740

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5. Investment Securities

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

(dollars in thousands)	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
September 30, 2013				
Fixed maturity investment securities:				
Bonds:				
U.S. government and government sponsored entities	**$ 75,615**	**$ 1,028**	**$ (170)**	**$ 76,473**
Obligations of states, municipalities, and political subdivisions	**94,319**	**2,215**	**(162)**	**96,372**
Corporate debt	**230,681**	**6,349**	**(2,276)**	**234,754**
Mortgage-backed, asset-backed, and collateralized:				
Residential mortgage-backed securities (RMBS)	**135,468**	**6,487**	**(1,458)**	**140,497**
Commercial mortgage-backed securities (CMBS)	**22,802**	**1,209**	**(211)**	**23,800**
Collateralized debt obligations (CDO)/Asset-backed securities (ABS)	**18,999**	**679**	**(24)**	**19,654**
Total	**577,884**	**17,967**	**(4,301)**	**591,550**
Other long-term investments*	**1,395**	**46**	**(66)**	**1,375**
Common stocks	**964**	**-**	**(14)**	**950**
Total	**$ 580,243**	**$ 18,013**	**$ (4,381)**	**$ 593,875**
December 31, 2012				
Fixed maturity investment securities:				
Bonds:				
U.S. government and government sponsored entities	$ 50,717	$ 2,488	$ -	$ 53,205
Obligations of states, municipalities, and political subdivisions	150,721	4,998	(249)	155,470
Corporate debt	365,342	11,051	(1,397)	374,996
Mortgage-backed, asset-backed, and collateralized:				
RMBS	183,835	8,029	(71)	191,793
CMBS	40,388	1,245	(87)	41,546
CDO/ABS	67,123	1,466	(8)	68,581
Total	858,126	29,277	(1,812)	885,591
Other long-term investments*	1,404	-	(24)	1,380
Common stocks	974	30	(29)	975
Total	$ 860,504	$ 29,307	$ (1,865)	$ 887,946

* Excludes interest in a limited partnership that we account for using the equity method ($0.6 million at September 30, 2013 and December 31, 2012).

As of September 30, 2013 and December 31, 2012, we had no investment securities with other-than-temporary impairments recognized in accumulated other comprehensive income or loss.

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

(dollars in thousands)	Less Than 12 Months Fair Value	Less Than 12 Months Unrealized Losses	12 Months or Longer Fair Value	12 Months or Longer Unrealized Losses	Total Fair Value	Total Unrealized Losses
September 30, 2013						
Bonds:						
U.S. government and government sponsored entities	**$ 20,935**	**$ (170)**	**$ -**	**$ -**	**$ 20,935**	**$ (170)**
Obligations of states, municipalities, and political subdivisions	**3,035**	**(162)**	**-**		**3,035**	**(162)**
Corporate debt	**49,565**	**(1,872)**	**8,712**	**(404)**	**58,277**	**(2,276)**
RMBS	**40,301**	**(1,458)**	**31**	**-**	**40,332**	**(1,458)**
CMBS	**9,406**	**(211)**	**-**	**-**	**9,406**	**(211)**
CDO/ABS	**5,891**	**(24)**	**-**	**-**	**5,891**	**(24)**
Total	**129,133**	**(3,897)**	**8,743**	**(404)**	**137,876**	**(4,301)**
Other long-term investments	**135**	**(66)**	**-**	**-**	**135**	**(66)**
Common stocks	**100**	**(14)**	**-**	**-**	**100**	**(14)**
Total	**$ 129,368**	**$ (3,977)**	**$ 8,743**	**$ (404)**	**$ 138,111**	**$ (4,381)**
December 31, 2012						
Bonds:						
U.S. government and government sponsored entities	$ 1,310	$ -	$ -	$ -	$ 1,310	$ -
Obligations of states, municipalities, and political subdivisions	1,570	(4)	9,646	(245)	11,216	(249)
Corporate debt	30,942	(527)	49,690	(870)	80,632	(1,397)
RMBS	32,047	(70)	46	(1)	32,093	(71)
CMBS	11,290	(52)	5,673	(35)	16,963	(87)
CDO/ABS	5,442	(8)	-	-	5,442	(8)
Total	82,601	(661)	65,055	(1,151)	147,656	(1,812)
Other long-term investments	178	(23)	8	(1)	186	(24)
Common stocks	-	-	85	(29)	85	(29)
Total	$ 82,779	$ (684)	$ 65,148	$ (1,181)	$ 147,927	$ (1,865)

We continue to monitor unrealized loss positions for potential impairments. During the nine months ended September 30, 2013, we recognized other-than-temporary impairments on RMBS totaling $26 thousand, which are recorded as an offset to investment revenues.

Components of the other-than-temporary impairment charges on investment securities were as follows:

(dollars in thousands)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Total other-than-temporary impairment losses	**$ -**	$ (254)	**$ (26)**	$ (906)
Portion of loss recognized in accumulated other comprehensive loss	**-**	-	**-**	-
Net impairment losses recognized in net loss	**$ -**	$ (254)	**$ (26)**	$ (906)

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

(dollars in thousands)	At or for the Three Months Ended September 30, 2013	At or for the Three Months Ended September 30, 2012	At or for the Nine Months Ended September 30, 2013	At or for the Nine Months Ended September 30, 2012
[redacted]				

The fair values of investment securities sold or redeemed and the resulting realized gains, realized losses, and net realized gains (losses) were as follows:

(dollars in thousands)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Fair value	**$ 52,232**	$ 310,313	**$ 498,680**	$ 520,704
Realized gains	**$ 237**	$ 1,349	**$ 3,374**	$ 2,289
Realized losses	**(270)**	(1,081)	**(662)**	(1,572)
Net realized gains (losses)	**$ (33)**	$ 268	**$ 2,712**	$ 717

Contractual maturities of fixed-maturity investment securities at September 30, 2013 were as follows:

(dollars in thousands) **September 30, 2013**	**Fair Value**	**Amortized Cost**
Fixed maturities, excluding mortgage-backed securities:		
Due in 1 year or less	$ 20,368	$ 20,300
Due after 1 year through 5 years	201,805	196,896
Due after 5 years through 10 years	131,516	131,146
Due after 10 years	53,910	52,273
Mortgage-backed, asset-backed, and collateralized securities	183,951	177,269
Total	$ 591,550	$ 577,884

Actual maturities may differ from contractual maturities since borrowers may have the right to call or prepay obligations. We may sell investment securities before maturity to achieve corporate requirements and investment strategies.

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6. Transactions with Affiliates of Fortress or AIG

SECURED TERM LOAN

Springleaf Financial Funding Company (SFFC), a wholly owned subsidiary of SFC, is party to a six-year secured term loan pursuant to a credit agreement among SFFC, SFC, and most of the consumer finance operating subsidiaries of SFC (collectively, the Subsidiary Guarantors), and a syndicate of lenders, various agents, and Bank of America, N.A, as administrative agent.

On September 30, 2013, SFC, SFFC and the Subsidiary Guarantors entered into an incremental facility joinder agreement with Bank of America, N.A., as lender, administrative agent and collateral agent, and established new term loan commitments totaling $750.0 million under the secured term loan (the New Loan Tranche). SFFC remained the borrower of the loans made under the New Loan Tranche, and the proceeds of such loans were used to make a voluntary prepayment of the existing secured term loan. The New Loan Tranche is guaranteed by SFC and by the Subsidiary Guarantors, and the New Loan Tranche is secured by the same collateral as, and on a pro rata basis with, the initial loans under the secured term loan.

At September 30, 2013, the outstanding principal amount of the secured term loan totaled $1.3 billion, compared to $3.8 billion at December 31, 2012. Affiliates of Fortress owned or managed lending positions in the syndicate of lenders totaling approximately $12.5 million at September 30, 2013 and $85.0 million at December 31, 2012.

SUBSERVICING AND REFINANCE AGREEMENTS

Nationstar Mortgage LLC (Nationstar) subservices the real estate loans of MorEquity, Inc. (MorEquity), our indirect wholly owned subsidiary, and two other indirect subsidiaries (collectively, the Owners), including certain securitized real estate loans. Investment funds managed by affiliates of Fortress indirectly own a majority interest in Nationstar.

The Owners paid Nationstar fees for its subservicing and to facilitate the repayment of our real estate loans through refinancings with other lenders as follows:

(dollars in thousands)		**Three Months Ended September 30, 2013**		Three Months Ended September 30, 2012		**Nine Months Ended September 30, 2013**		Nine Months Ended September 30, 2012
Subservicing fees	**$**	**2,132**	$	2,380	**$**	**6,556**	$	7,525
Refinancing concessions	**$**	**-**	$	216	**$**	**265**	$	4,177

INVESTMENT MANAGEMENT AGREEMENT

Logan Circle Partners, L.P. (Logan Circle) provides investment management services for our investments. Logan Circle is a wholly owned subsidiary of Fortress. Costs and fees incurred for these investment management services totaled $0.2 million and $0.9 million for the three and nine months ended September 30, 2013, respectively, compared to $0.4 million and $0.9 million for the three and nine months ended September 30, 2012, respectively.

REINSURANCE AGREEMENTS

Merit Life Insurance Co. (Merit), our indirect wholly owned subsidiary, enters into reinsurance agreements with subsidiaries of AIG, for reinsurance of various group annuity, credit life, and credit accident and health insurance where Merit reinsures the risk of loss. The reserves for this business fluctuate over time and, in some instances, are subject to recapture by the insurer. Reserves recorded by

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Merit for reinsurance agreements with subsidiaries of AIG totaled $45.9 million at September 30, 2013 and $46.8 million at December 31, 2012.

DERIVATIVES

At December 31, 2012, our derivative financial instrument was with AIG Financial Products Corp. (AIGFP), a subsidiary of AIG. In July 2012, SFI posted $60.0 million of cash collateral with AIGFP as security for SFC s two remaining Euro swap positions with AIGFP and agreed to act as guarantor for the swap positions. In August 2012, one of the swap positions was terminated and the cash collateral was reduced by $20.0 million. Cash collateral with AIGFP totaled $40.0 million at December 31, 2012.

On August 5, 2013, we terminated our remaining cross currency interest rate swap agreement with AIGFP and recorded a loss of $1.9 million in other revenues other. The notional amount of this swap agreement totaled $416.6 million at August 5, 2013. Immediately following this termination, we had no derivative financial instruments. As a result of this termination, AIGFP returned the cash collateral of $40.0 million to SFI.

JOINT VENTURE

Under the joint venture structure established in conjunction with the purchase of the SpringCastle Portfolio, NRZ, a subsidiary of New Residential Investment Corp., owns a 30% equity interest in SCA. New Residential Investment Corp. is managed by an affiliate of Fortress.

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7. Long-term Debt

Principal maturities of long-term debt (excluding projected securitization repayments by period) by type of debt at September 30, 2013 were as follows:

(dollars in thousands)	Retail Notes	Medium Term Notes (a)	Euro Denominated Note (b)	Secured Term Loan (c)	Securitizations	Junior Subordinated Debt	Total
Interest rates (d)	4.95%-7.50%	5.40%-8.25%	4.125%	4.75%-5.50%	1.27-6.00%	6.00%	
Fourth quarter 2013	$ 2,903	$ -	$ 416,637	$ -	$ -	$ -	$ 419,540
First quarter 2014	1,115	-	-	-	-	-	1,115
Second quarter 2014	10,892	-	-	-	-	-	10,892
Third quarter 2014	8,569	-	-	-	-	-	8,569
Remainder of 2014	335,486	-	-	-	-	-	335,486
2015	47,254	750,000	-	-	-	-	797,254
2016	-	375,000	-	-	-	-	375,000
2017	-	2,416,337	-	550,000	-	-	2,966,337
2018-2067	-	1,250,000	-	750,000	-	350,000	2,350,000
Securitizations (e)	-	-	-	-	7,608,751	-	7,608,751
Total principal maturities	$ 406,219	$ 4,791,337	$ 416,637	$ 1,300,000	$ 7,608,751	$ 350,000	$ 14,872,944
Total carrying amount	$ 382,061	$ 4,148,608	$ 432,245	$ 1,303,739	$ 7,560,743	$ 171,565	$ 13,998,961

(a) Medium-term notes at September 30, 2013 included aggregate principal amounts of $300 million of Senior Notes issued in May 2013 and $950 million of Senior Notes issued in September 2013 of which $700 million were exchanged for medium-term notes due 2017.

(b) Euro denominated note includes a 323.4 million note, shown here at the U.S. dollar equivalent at time of issuance.

(c) Our secured term loan is issued by wholly owned Company subsidiaries and guaranteed by SFC and the Subsidiary Guarantors.

(d) The interest rates shown are the range of contractual rates in effect at September 30, 2013.

(e) Securitizations are not included in above maturities by period due to their variable monthly repayments.

SFFC, a wholly owned subsidiary of SFC, is the borrower of the secured term loan that is guaranteed by SFC and by the Subsidiary Guarantors. In addition, our other operating subsidiaries that from time to time meet certain criteria will be required to become Subsidiary Guarantors. The secured term loan is secured by a first priority pledge of the stock of SFFC that was limited at the transaction date, in accordance with existing SFC debt agreements, to $167.9 million.

SFFC used a portion of the proceeds from the secured term loan to make new intercompany loans to the Subsidiary Guarantors. The intercompany loans are secured by a first priority security interest in eligible finance receivables, according to pre-determined eligibility requirements and in accordance with a borrowing base formula. The Subsidiary Guarantors used proceeds of the loans to pay down their intercompany loans from SFC. SFC used the payments from Subsidiary Guarantors to, among other things, repay debt and fund operations.

Immediately prior to the 2013-1 securitization transaction discussed in Note 8, the real estate loans to be securitized comprised a portion of the finance receivables pledged as collateral to support the outstanding principal amount under our secured term loan. Upon completion of the securitization transaction, these real estate loans were released from the collateral pledged to support our secured term loan and the Subsidiary Guarantors elected not to pledge new finance receivables as collateral to replace the real estate loans sold in the securitization transaction. The voluntary reduction of the collateral pledged required

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SFFC to make a mandatory prepayment of a portion of the outstanding principal (plus accrued interest). As a result, SFFC made a mandatory prepayment on April 11, 2013, without penalty or premium, of $714.9 million of outstanding principal (plus accrued interest).

On each of May 15, 2013 and May 30, 2013, SFFC made additional prepayments, without penalty or premium, of $500.0 million of outstanding principal (plus accrued interest) on the secured term loan. On July 29, 2013 and September 30, 2013, SFFC made prepayments, without penalty or premium, of $235.1 million and $1.25 billion, respectively, of outstanding principal (plus accrued interest) on the secured term loan.

In addition, on September 30, 2013, SFC, SFFC and the Subsidiary Guarantors entered into the New Loan Tranche, which consisted of new term loan commitments totaling $750.0 million under the secured term loan pursuant to the incremental facility joinder agreement to the secured term loan. SFFC remained the borrower of the loans made under the New Loan Tranche, and the proceeds of such loans were used to fund the $1.25 billion prepayment of existing secured term loans due 2017. The New Loan Tranche is guaranteed by SFC and by the Subsidiary Guarantors, and the New Loan Tranche is secured by the same collateral as, and on a pro rata basis with, the initial loans under the secured term loan.

In connection with our liability management efforts, we or our affiliates from time to time have purchased, and may in the future purchase, portions of our outstanding indebtedness. Any such purchases may be made 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 or any such affiliates may determine. Our plans are dynamic and we may adjust our plans in response to changes in our expectations and changes in market conditions.

8. Variable Interest Entities

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

CONSOLIDATED VIES

We evaluated the securitization trusts and determined that these entities are VIEs of which we are the primary beneficiary; therefore, we consolidate such entities. We are deemed to be the primary beneficiaries of these VIEs because we have the ability to direct the activities of each VIE that most significantly impact the entity s economic performance and the obligation to absorb losses and the right to receive benefits that are potentially significant to the VIE. Such ability stems from SFI s and/or its affiliates contractual right to service the securitized finance receivables. In instances where servicing is performed by parties other than SFI, this ability arises from SFI s prescription of detailed servicing standards and procedures that the servicer must observe (and which can be modified only with our consent), and from our mandatory involvement in certain loan workouts and disposals of defaulted loans or related collateral. Our retained subordinated notes and residual interest trust certificates expose us to potentially significant losses and potentially significant returns.

The asset-backed and mortgage-backed securities issued by the securitization trusts are supported by the expected cash flows from the underlying securitized finance receivables. Cash inflows from these finance receivables are distributed to investors and service providers in accordance with each transaction s contractual priority of payments (waterfall) and, as such, most of these inflows must be directed first to service and repay each trust s senior notes or certificates held principally by third-party investors. After these senior obligations are extinguished, substantially all cash inflows will be directed to the subordinated notes until fully repaid and, thereafter, to the residual interest that we own in each trust. We retain interests in these securitization transactions, including senior and subordinated securities issued by

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the VIEs and residual interests. We retain credit risk in the securitizations because our retained interests include the most subordinated interest in the securitized assets, which are the first to absorb credit losses on the securitized assets. We expect that any credit losses in the pools of securitized assets will likely be limited to our subordinated and residual retained interests. We have no obligation to repurchase or replace qualified securitized assets that subsequently become delinquent or are otherwise in default.

The carrying amounts of consolidated VIE assets and liabilities associated with our securitization trusts were as follows:

(dollars in thousands)		September 30, 2013		December 31, 2012
Assets				
Finance receivables:				
Personal loans	**$**	**1,696,019**	$	-
SpringCastle Portfolio		**2,653,632**		N/A*
Real estate loans		**5,452,163**		4,096,108
Allowance for finance receivable losses		**89,584**		14,502
Restricted cash		**415,841**		108,994
Liabilities				
Long-term debt	$	**7,560,743**	$	3,120,599

* Not applicable. The purchase of the SpringCastle Portfolio was completed on April 1, 2013.

Consumer Loan Securitizations

2013-A Securitization. On February 19, 2013, we completed a private securitization transaction in which a wholly owned special purpose vehicle of SFC sold $567.9 million of notes backed by personal loans held by Springleaf Funding Trust 2013-A (the 2013-A Trust), at a 2.83% weighted average yield. We sold the asset-backed notes for $567.5 million, after the price discount but before expenses and a $6.6 million interest reserve requirement. We initially retained $36.4 million of the 2013-A Trust s subordinate asset-backed notes.

SpringCastle Securitization. As discussed in Note 1, in connection with our acquisition of an unsecured loan portfolio from HSBC, on April 1, 2013, the Co-issuer LLCs sold, in a private securitization transaction, $2.2 billion of Class A Notes backed by the acquired loans. The Class A Notes were acquired by initial purchasers for $2.2 billion, after the price discount but before expenses and a $10.0 million advance reserve requirement. The initial purchasers sold the Class A Notes to secondary investors at a 3.75% weighted average yield. The Co-issuer LLCs retained subordinate Class B Notes with a principal balance of $372.0 million.

2013-B Securitization. On June 19, 2013, we completed a private securitization transaction in which a wholly owned special purpose vehicle of SFC sold $256.2 million of notes backed by personal loans held by Springleaf Funding Trust 2013-B (the 2013-B Trust), at a 4.11% weighted average yield. We sold the asset-backed notes for $255.4 million, after the price discount but before expenses and a $4.4 million interest reserve requirement. We initially retained $114.0 million of the 2013-B Trust s senior asset-backed notes and $29.8 million of the 2013-B Trust s subordinate asset-backed notes.

2013-BAC Securitization. On September 25, 2013, we completed a private securitization transaction in which Springleaf Funding Trust 2013-BAC (the 2013-BAC Trust), a wholly owned special purpose vehicle of SFC, issued $500.0 million of notes backed by an amortizing pool of personal loans acquired from subsidiaries of SFC. We sold the personal loan-backed notes for gross proceeds of $500.0 million.

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Midbrook 2013-VFN1 Securitization. On September 26, 2013, we established a private securitization transaction in which Midbrook Funding Trust 2013-VFN1 (the Midbrook 2013-VFN1 Trust), a wholly owned special purpose vehicle of SFC, may issue variable funding notes with a maximum principal balance of $300 million to be backed by personal loans acquired from subsidiaries of SFC from time to time. No amounts were funded at closing, but may be funded from time to time over a one-year period, subject to the satisfaction of customary conditions precedent. During this period, the notes can also be paid down in whole or in part and then redrawn. Following the one-year funding period, the principal amount of the notes, if any, will amortize and will be due and payable in full in October 2017. At September 30, 2013, no amounts had been drawn under the notes.

Springleaf 2013-VFN1 Securitization. On September 27, 2013, we established a private securitization transaction in which Springleaf Funding Trust 2013-VFN1 (the Springleaf 2013-VFN1 Trust), a wholly owned special purpose vehicle of SFC, may issue variable funding notes with a maximum principal balance of $350 million to be backed by personal loans acquired from subsidiaries of SFC from time to time. No amounts were funded at closing, but may be funded from time to time over a two-year period, which may be extended for one year, subject to the satisfaction of customary conditions precedent. During this period, the notes can also be paid down in whole or in part and then redrawn. Following the two-or three-year funding period, as the case may be, the principal amount of the notes, if any, will amortize and will be due and payable in full in October 2019. At September 30, 2013, no amounts had been drawn under the notes.

Mortgage Loan Securitizations

2013-1 Securitization. On April 10, 2013, we completed a private securitization transaction in which a wholly owned special purpose vehicle of SFC sold $782.5 million of notes backed by real estate loans held by Springleaf Mortgage Loan Trust 2013-1 (the 2013-1 Trust), at a 2.85% weighted average yield. We sold the mortgage-backed notes for $782.4 million, after the price discount but before expenses. We initially retained $236.8 million of the 2013-1 Trust s subordinate mortgage-backed notes.

2013-2 Securitization. On July 9, 2013, we completed a private securitization transaction in which a wholly owned special purpose vehicle of SFC sold $599.4 million of notes backed by real estate loans held by Springleaf Mortgage Loan Trust 2013-2 (the 2013-2 Trust), at a 2.88% weighted average yield. We sold the mortgage-backed notes for $590.9 million, after the price discount but before expenses. We initially retained $535.1 million of the 2013-2 Trust s subordinate mortgage-backed notes.

Sales of Previously Retained Notes

During the nine months ended September 30, 2013, we sold the following previously retained mortgage-backed and asset- backed notes:

- $20.0 million mortgage-backed notes from our 2012-2 securitization and subsequently recorded $20.7 million of additional debt;
- $7.5 million mortgage-backed notes from our 2012-3 securitization and subsequently recorded $7.8 million of additional debt;
- $157.5 million mortgage-backed notes from our 2013-2 securitization and subsequently recorded $148.6 million of additional debt;

- $114.0 million asset-backed notes from our 2013-B securitization and subsequently recorded $111.6 million of additional debt; and
- $372.0 million Class B Notes from our SpringCastle securitization and subsequently recorded $357.1 million of additional debt.

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VIE Interest Expense

Other than our retained subordinate and residual interests in the consolidated securitization trusts, we are under no obligation, either contractually or implicitly, to provide financial support to these entities. Consolidated interest expense related to these VIEs for the three and nine months ended September 30, 2013 totaled $85.0 million and $202.5 million, respectively. Consolidated interest expense related to these VIEs for the three and nine months ended September 30, 2012 totaled $34.4 million and $80.0 million, respectively.

UNCONSOLIDATED VIE

We have established a VIE that holds the junior subordinated debt. We are not the primary beneficiary, and we do not have a variable interest in this VIE. Therefore, we do not consolidate such entity. We had no off-balance sheet exposure to loss associated with this VIE at September 30, 2013 or December 31, 2012.

9. Derivative Financial Instruments

Our principal borrowing subsidiary is SFC. SFC has used derivative financial instruments in managing the cost of its debt by mitigating its exposures to interest rate and currency risks in conjunction with specific long-term debt issuances and has used them in managing its return on finance receivables held for sale, but is neither a dealer nor a trader in derivative financial instruments. On August 5, 2013, SFC terminated its remaining cross currency interest rate swap agreement with AIGFP, a subsidiary of AIG, and recorded a loss of $1.9 million in other revenues other. Immediately following this termination, we had no derivative financial instruments.

While SFC s cross currency interest rate swap agreement mitigated economic exposure of related debt, it did not qualify as a cash flow or fair value hedge under U.S. GAAP.

The fair value of our derivative instrument presented on a gross basis was as follows:

	September 30, 2013			December 31, 2012		
(dollars in thousands)	Notional Amount	Derivative Assets	Derivative Liabilities	Notional Amount	Derivative Assets	Derivative Liabilities
Non-Designated Hedging Instruments						
Cross currency interest rate	**$ -**	**$ -**	**$ -**	$ 416,636	$ 26,699	$ -

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The amount of gain (loss) for cash flow hedges recognized in accumulated other comprehensive income or loss, reclassified from accumulated other comprehensive income or loss into other revenues other (effective portion) and interest expense (effective portion), and recognized in other revenues other (ineffective portion) were as follows:

(dollars in thousands)	AOCI(L)	From AOCI(L) (a) to Other Revenues - Other	From AOCI(L) (a) to Interest Expense	Earnings (b)	Recognized in Other Revenues - Other
Three Months Ended September 30, 2013					
Cross currency interest rate	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Three Months Ended September 30, 2012					
Cross currency interest rate	$ -	$ 293	$ 899	$ 1,192	$ -
Nine Months Ended September 30, 2013					
Cross currency interest rate	**$ -**	**$ -**	**$ 160**	**$ 160**	**$ -**
Nine Months Ended September 30, 2012					
Cross currency interest rate	$ (16,987)	$ (12,453)	$ 975	$ (11,478)	$ (426)

(a) Accumulated other comprehensive income (loss).

(b) Represents the total amounts reclassified from accumulated other comprehensive income or loss to other revenues other and to interest expense for cash flow hedges as disclosed on our condensed consolidated statement of comprehensive income (loss).

We elected to discontinue hedge accounting prospectively on one of our cash flow hedges as of May 2012 and terminated this cross currency interest rate swap agreement in August 2012. We continued to report the gain related to the discontinued and terminated cash flow hedge in accumulated other comprehensive income or loss. In January 2013, we reclassified the remaining $0.2 million of deferred net gain on cash flow hedges from accumulated other comprehensive income or loss to earnings.

The amounts recognized in other revenues other for non-designated hedging instruments were as follows:

(dollars in thousands)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012

Non-Designated Hedging Instruments				
Cross currency interest rate	**$ 986**	$ (19,244)	**$ (3,376)**	$ (23,825)

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Derivative adjustments included in other revenues other consisted of the following:

(dollars in thousands)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Mark to market gains (losses)	**$ 6,260**	$ (6,364)	**$ (8,244)**	$ (33,687)
Net interest income	**1,701**	4,955	**9,161**	14,575
Credit valuation adjustment gains (losses)	**11**	211	**50**	(3,614)
Ineffectiveness losses	**-**	-	**-**	(426)
Other	**(292)**	(1,258)	**(292)**	(517)
Total	**$ 7,680**	$ (2,456)	**$ 675**	$ (23,669)

SFC was exposed to credit risk if counterparties to its swap agreement did not perform. SFC regularly monitored counterparty credit ratings throughout the term of the agreement. SFC s exposure to market risk was limited to changes in the value of its swap agreement offset by changes in the value of the hedged debt.

10. Earnings Per Share

Weighted average number of shares outstanding and earnings (loss) per share were as follows:

	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Share Data:				
Weighted average number of shares outstanding:				
Basic and diluted	**100,000,000**	100,000,000	**100,000,000**	100,000,000
Earnings (loss) per share:				
Basic and diluted	**$ (0.91)**	$ (0.45)	**$ (0.46)**	$ (1.38)

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11. Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) were as follows:

(dollars in thousands)	Unrealized Gains (Losses) Investment Securities	Unrealized Gains (Losses) Cash Flow Hedges	Retirement Plan Liabilities Adjustments	Foreign Currency Translation Adjustments	Total Accumulated Other Comprehensive Income (Loss)
Three Months Ended September 30, 2013					
Balance at beginning of period	**$ 9,065**	**$ -**	**$ 8,120**	**$ 6,221**	**$ 23,406**
Other comprehensive loss before reclassifications	**(226)**	**-**	**-**	**(2,056)**	**(2,282)**
Reclassification adjustments from accumulated other comprehensive income	**21**	**-**	**-**	**-**	**21**
Balance at end of period	**$ 8,860**	**$ -**	**$ 8,120**	**$ 4,165**	**$ 21,145**
Three Months Ended September 30, 2012					
Balance at beginning of period	$ 13,325	$ 1,511	$ (21,828)	$ 1,365	$ (5,627)
Other comprehensive income before reclassifications	3,056	-	-	3,067	6,123
Reclassification adjustments from accumulated other comprehensive income	(8)	(774)	-	-	(782)
Balance at end of period	$ 16,373	$ 737	$ (21,828)	$ 4,432	$ (286)
Nine Months Ended September 30, 2013					
Balance at beginning of period	**$ 17,837**	**$ 104**	**$ 8,120**	**$ 4,127**	**$ 30,188**
Other comprehensive income (loss) before reclassifications	**(7,231)**	**-**	**-**	**38**	**(7,193)**
Reclassification adjustments from accumulated other comprehensive income	**(1,746)**	**(104)**	**-**	**-**	**(1,850)**
Balance at end of period	**$ 8,860**	**$ -**	**$ 8,120**	**$ 4,165**	**$ 21,145**
Nine Months Ended September 30, 2012					
Balance at beginning of period	$ 5,080	$ 4,318	$ (35,221)	$ 152	$ (25,671)
Other comprehensive income (loss) before reclassifications	11,259	(11,042)	13,393	4,280	17,890
Reclassification adjustments from accumulated other comprehensive income	34	7,461	-	-	7,495
Balance at end of period	$ 16,373	$ 737	$ (21,828)	$ 4,432	$ (286)

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

(dollars in thousands)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Unrealized gains (losses) on investment securities:				
Reclassification from accumulated other comprehensive income (loss) to investment revenues, before taxes	**$ (33)**	$ 13	**$ 2,686**	$ (52)
Income tax effect	**12**	(5)	**(940)**	18
Reclassification from accumulated other comprehensive income (loss) to investment revenues, net of taxes	**(21)**	8	**1,746**	(34)
Unrealized gains (losses) on cash flow hedges:				
Reclassification from accumulated other comprehensive income (loss) to interest expense, before taxes	**-**	899	**160**	975
Reclassification from accumulated other comprehensive income (loss) to other revenues - other, before taxes	**-**	293	**-**	(12,453)
Income tax effect	**-**	(418)	**(56)**	4,017
Reclassification from accumulated other comprehensive income (loss) to interest expense and other revenues - other, net of taxes	**-**	774	**104**	(7,461)
Total	**$ (21)**	$ 782	**$ 1,850**	$ (7,495)

12. Income Taxes

At September 30, 2013, we had a net deferred tax liability of $174.8 million, compared to $268.0 million at December 31, 2012. The decrease in the net deferred tax liability was primarily due to an improvement in the fair value of our finance receivables, which are marked to market value for tax basis. The decrease also reflected the recording of a deferred tax asset related to the accrual of expenses associated with the grant of restricted stock units (RSUs). See Note 16 for further discussion on the grant of RSUs of Springleaf Holdings, LLC, the predecessor entity of SHI, to certain of our executives on September 30, 2013. We had a partial valuation allowance on our state deferred tax assets, net of a deferred federal tax benefit of $21.3 million at September 30, 2013, compared to $19.1 million at December 31, 2012. We also had a valuation allowance against our United Kingdom operations of $20.1 million at September 30, 2013 and $19.6 million at December 31, 2012.

The effective tax rate for the nine months ended September 30, 2013 was (5.3)%. The effective tax rate differed from the federal statutory rate primarily due to the effect of the non-controlling interest in our joint venture, which decreased the effective tax rate by 41.3%.

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13. Restructuring

As part of a strategic effort to streamline operations and reduce expenses, we initiated the following restructuring activities during the first half of 2012:

- ceased originating real estate loans in the United States and the United Kingdom;
- ceased branch-based personal lending and retail sales financing in 14 states where we did not have a significant presence;
- consolidated certain branch operations in 26 states; and
- closed 231 branch offices.

As a result of these initiatives, during the first half of 2012 we reduced our workforce at our branch offices, at our Evansville, Indiana headquarters, and in the United Kingdom by 820 employees and incurred a pretax charge of $23.5 million.

Restructuring expenses and related asset impairment and other expenses by segment were as follows:

(dollars in thousands)	Consumer	Insurance	Real Estate	Other	Consolidated Total
Nine Months Ended September 30, 2012					
Restructuring expenses	$ 15,634	$ 229	$ 818	$ 6,822	$ 23,503

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Changes in the restructuring liability were as follows:

(dollars in thousands)	Severance Expenses	Contract Termination Expenses	Asset Writedowns	Other Exit Expenses*	Total Restructuring Expenses
Three Months Ended September 30, 2013					
Balance at beginning of period	**$ -**	**$ 113**	**$ -**	**$ -**	**$ 113**
Amounts paid	**-**	**(44)**	**-**	**-**	**(44)**
Balance at end of period	**$ -**	**$ 69**	**$ -**	**$ -**	**$ 69**
Three Months Ended September 30, 2012					
Balance at beginning of period	$ 2,168	$ 1,609	$ -	$ 397	$ 4,174
Amounts paid	(1,583)	(885)	-	(136)	(2,604)
Balance at end of period	$ 585	$ 724	$ -	$ 261	$ 1,570
Nine Months Ended September 30, 2013					
Balance at beginning of period	**$ 56**	**$ 365**	**$ -**	**$ -**	**$ 421**
Amounts paid	**(56)**	**(296)**	**-**	**-**	**(352)**
Balance at end of period	**$ -**	**$ 69**	**$ -**	**$ -**	**$ 69**
Nine Months Ended September 30, 2012					
Balance at beginning of period	$ -	$ -	$ -	$ -	$ -
Amounts charged to expense	11,600	5,840	5,246	817	23,503
Amounts paid	(11,015)	(5,116)	-	(756)	(16,887)
Non-cash expenses	-	-	(5,246)	200	(5,046)
Balance at end of period	$ 585	$ 724	$ -	$ 261	$ 1,570

* Primarily includes removal expenses for branch furniture and signs and fees for outplacement services. Also includes the impairment of the market value adjustment on leased branch offices from the Fortress Acquisition.

We do not anticipate any additional future restructuring expenses to be incurred that can be reasonably estimated at September 30, 2013.

14. Contingencies

LEGAL CONTINGENCIES

In the normal course of business, the Company has been named, from time to time, as a defendant in various legal actions, including arbitrations, class actions and other litigation arising in connection with its 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 identify certain legal actions where we believe a material loss to be reasonably possible and reasonably estimable, there can be no assurance that material losses will not be incurred from claims that we have not yet been notified of or are not yet determined to be probable or reasonably possible and reasonably estimable.

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

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

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

PAYMENT PROTECTION INSURANCE

Our United Kingdom subsidiary provides payments of compensation to its customers who have made claims concerning Payment Protection Insurance (PPI) policies sold in the normal course of business by insurance intermediaries. On April 20, 2011, the High Court in the United Kingdom handed down judgment supporting the Financial Services Authority (now known as the Financial Conduct Authority) (FCA) guidelines on the treatment of PPI complaints. In addition, the FCA issued a guidance consultation paper in March 2012 on the PPI customer contact letters. As a result, we have concluded that there are certain circumstances where customer contact and/or redress is appropriate; therefore, this activity is ongoing. The total reserves related to the estimated PPI claims were $46.9 million at September 30, 2013 and $62.7 million at December 31, 2012. In 2012, our professional indemnity insurance claim was disputed, and in the fourth quarter of 2012, we reversed the recorded recovery on this insurance claim based upon our assessment that the probability of the recovery of the claim no longer met the probability standard for recognition.

15. Risks and Uncertainties Related to Liquidity and Capital Resources

We currently have a significant amount of indebtedness in relation to our equity. SFI s and SFC s credit ratings are non-investment grade, which impacts our cost of, and at times access to, capital and can (depending on market conditions) affect our ability to manage liquidity and the cost to refinance our indebtedness.

There are numerous risks to our financial results, liquidity, and 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 our personal loan portfolio with adequate profitability;
- the effect of federal, state and local laws, regulations, or regulatory policies and practices;

- the liquidation and related losses within our real estate portfolio could be substantial and result in reduced cash receipts;
- potential liability relating to real estate and personal loans which we have sold or may sell in the future, or relating to securitized loans;
- our inability to monetize assets including, but not limited to, our access to debt and securitization markets; and
- the potential for disruptions in bond and equity markets.

At September 30, 2013, we had $1.2 billion of cash and cash equivalents and during the nine months ended September 30, 2013 we generated net income of $37.9 million. Our net cash outflow from

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operating and investing activities totaled $1.8 billion for the nine months ended September 30, 2013 as a result of the purchase of the SpringCastle Portfolio. At September 30, 2013, our remaining principal and interest payments for 2013 on our existing debt (excluding securitizations) totaled $560.0 million. Additionally, we have $262.8 million of debt maturities and interest payments (excluding securitizations) due in the first nine months of 2014. As of September 30, 2013, we had $1.4 billion UPB of unencumbered personal loans and $1.0 billion UPB of unencumbered real estate loans.

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

It is possible that the actual outcome of one or more of our plans could be materially different than we expect or that one or more of our significant judgments or estimates about the potential effects of these risks and uncertainties could prove to be materially incorrect and such actual results could materially adversely affect us.

16. Benefit Plans

PENSION AND POSTRETIREMENT PLANS

Effective December 31, 2012, the Springleaf Financial Services Retirement Plan (the Retirement Plan) and the CommoLoCo Retirement Plan (a defined benefit pension plan for our employees in Puerto Rico) were frozen. Our current and former employees will not lose any vested benefits in the Retirement Plan or the CommoLoCo Retirement Plan that accrued prior to January 1, 2013.

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

(dollars in thousands)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Pension				
Components of net periodic benefit cost:				
Service cost	**$ -**	$ 3,728	**$ -**	$ 11,852
Interest cost	**3,589**	4,790	**10,769**	14,345
Expected return on assets	**(3,874)**	(5,159)	**(11,622)**	(15,530)
Amortization of net loss	**12**	23	**35**	296
Net periodic benefit cost	**$ (273)**	$ 3,382	**$ (818)**	$ 10,963
Postretirement				
Components of net periodic benefit cost:				
Service cost	**$ 81**	$ 76	**$ 242**	$ 234

Interest cost	**64**	71	**193**	214
Curtailment gain	**-**	-	**-**	(110)
Net periodic benefit cost	**$ 145**	$ 147	**$ 435**	$ 338

GRANT OF RESTRICTED STOCK UNITS

We recorded share-based compensation expense of $131.3 million in the third quarter of 2013 due to the grant of RSUs of Springleaf Holdings, LLC, the predecessor entity of SHI, to certain of our executives on September 30, 2013. These RSUs were converted into the right to receive 8.203125% of the outstanding shares of SHI common stock following the conversion of Springleaf Holdings, LLC into SHI on October 9, 2013. The shares of SHI common stock underlying these RSUs were delivered to the holders in

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October, 2013 after the conversion. The shares are fully vested, however generally cannot be sold or otherwise transferred for five years following the date of delivery, except to the extent necessary to satisfy certain tax obligations.

The Company has recognized this grant in accordance with ASC 718, *Compensation Stock Compensation*. This guidance requires all share-based payments to employees, including grants of employee stock options, to be recognized as an expense in the consolidated statements of income and comprehensive income, based on the fair values.

17. Segment Information

During the fourth quarter of 2012, we redefined our segments to coincide with how our businesses are managed. Effective December 31, 2012, our three segments include: Consumer, Insurance, and Real Estate. These segments evolved primarily from management s redefined business strategy, including its decision to cease real estate lending effective January 1, 2012 and to shift its focus to personal loan products which we believe have significant prospects for growth and business development due to the strong demand in our target market of nonprime borrowers. Effective June 30, 2013, we added a fourth segment, Portfolio Acquisitions, as a result of our co-investment in the SpringCastle Portfolio. We assumed the direct servicing obligations for the loans in the SpringCastle Portfolio in September 2013, at which time we changed the name of this segment from Portfolio Acquisitions to Acquisitions and Servicing.

Management considers Consumer, Insurance, and Acquisitions and Servicing as our Core Consumer Operations and Real Estate as our Non-Core Portfolio.

Our segments are managed as follows:

Core Consumer Operations

- ***Consumer*** We originate and service personal loans (secured and unsecured) through two business divisions: branch operations and centralized internet. Branch operations primarily conducts business in 26 states, which are our core operating states. Centralized internet processes and underwrites loan applications that we receive through an internet portal. If the applicant is located near an existing branch (in footprint), our centralized internet lending division makes the credit decision regarding the application and then refers the customer to a nearby branch for closing, funding and servicing. If the applicant is not located near a branch (out of footprint), the centralized internet group originates the loan.

- ***Insurance*** We offer credit insurance (life insurance, accident and health insurance, and involuntary unemployment insurance), non-credit insurance, and ancillary products, such as warranty protection. We also require credit-related property and casualty insurance, when needed, to protect our interest in the property pledged as collateral.

- ***Acquisitions and Servicing*** On April 1, 2013, we acquired the SpringCastle Portfolio, at which time the $3.9 billion consumer loan portfolio consisted of over 415,000 unsecured loans and loans secured by subordinate residential real estate mortgages (which we service as unsecured loans due to the fact that the liens are subordinated to superior ranking security interests). This SpringCastle Portfolio was acquired from HSBC through a newly formed joint venture in which we own a 47% equity interest and which we consolidate in our financial statements. The loans in the SpringCastle Portfolio vary in form and substance from our typical branch serviced loans and are in a liquidating status with no anticipation of significant renewal activity. We assumed the direct servicing obligations for the loans in the SpringCastle Portfolio in September 2013. Future strategic portfolio or business acquisitions will also be a part of this segment.

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Non-Core Portfolio

- ***Real Estate*** We service and hold real estate loans secured by first or second mortgages on residential real estate. Real estate loans previously originated through our branch offices are either serviced by our branch personnel or by our centralized servicing operation. Real estate loans previously acquired or originated through centralized distribution channels are serviced by one of our indirect wholly owned subsidiaries, MorEquity, all of which are subserviced by Nationstar, except for certain securitized real estate loans, which are serviced and subserviced by third parties. Investment funds managed by affiliates of Fortress indirectly own a majority interest in Nationstar. As a result of the cessation of real estate lending effective January 1, 2012, all of our real estate loans are in a liquidating status.

The remaining components (which we refer to as Other) consist of our other non-core, non-originating legacy operations, which are isolated by geographic market and/or distribution channel from our Core Consumer Operations and our Non-Core Portfolio. These operations include our legacy operations in 14 states where we have also ceased branch-based personal lending as a result of our restructuring activities during the first half of 2012, our liquidating retail sales finance portfolio (including our retail sales finance accounts from our dedicated auto finance operation), our lending operations in Puerto Rico and the U.S. Virgin Islands, and the operations of our United Kingdom subsidiary. Other also includes $131.3 million of non-cash stock compensation expense due to the grant of RSUs to certain of our executives in the third quarter of 2013, which is not considered pertinent in determining segment performance.

Due to the nature of the Fortress Acquisition, we applied push-down accounting. However, we report the operating results of our Core Consumer Operations, Non-Core Portfolio, and Other using the same accounting basis that we employed prior to the Fortress Acquisition, which we refer to as historical accounting basis, to provide a consistent basis for both management and other interested third parties to better understand the operating results of these segments. The historical accounting basis (which is a basis of accounting other than U.S. GAAP) also provides better comparability of the operating results of these segments to our competitors and other companies in the financial services industry. The historical accounting basis is not applicable to the Acquisitions and Servicing segment since this segment resulted from the purchase of the SpringCastle Portfolio on April 1, 2013 and therefore, was not affected by the Fortress Acquisition.

The Push-down Accounting Adjustments column in the following tables consists of:

- the accretion or amortization of the valuation adjustments on the applicable revalued assets and liabilities;
- the difference in finance charges on our purchased credit impaired finance receivables compared to the finance charges on these finance receivables on a historical accounting basis;
- the elimination of accretion or amortization of historical based discounts, premiums, and other deferred costs on our finance receivables and long-term debt; and
- the reversal of the decreases to the allowance for finance receivable losses (on a historical accounting basis).

The following tables present information about the Company s segments as well as reconciliations to the condensed consolidated financial statement amounts. Due to the changes in the composition of our previously reported segments, we have restated the corresponding segment information for the prior period.

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(dollars in thousands)	Consumer	Insurance	Acquisitions and Servicing	Real Estate	Other	Eliminations	Push-down Accounting Adjustments	Consolidated Total
Three Months Ended September 30, 2013								
Interest income:								
Finance charges	$ 188,601	$ -	$ 163,804	$ 170,772	$ 10,002	$ -	$ 52,121	$ 585,300
Interest expense	38,247	-	22,419	131,233	3,322	-	33,218	228,439
Net interest income	150,354	-	141,385	39,539	6,680	-	18,903	356,861
Provision for finance receivable losses	38,174	-	61,194	42,895	2,392	-	14,130	158,785
Net interest income after provision for finance receivable losses	112,180	-	80,191	(3,356)	4,288	-	4,773	198,076
Other revenues:								
Insurance	-	38,266	-	-	18	-	(7)	38,277
Investment	-	8,308	-	-	-	-	(1,552)	6,756
Intersegment - insurance commissions	15,131	(15,142)	-	36	(25)	-	-	-
Portfolio servicing fees from SpringCastle	-	-	9,565	-	-	(9,565)	-	-
Net loss on repurchases and repayments of debt	(2,890)	-	-	(17,176)	(706)	-	(13,731)	(34,503)
Other	910	2,426	279	(2,045)	(2)	-	35	1,603
Total other revenues	13,151	33,858	9,844	(19,185)	(715)	(9,565)	(15,255)	12,133
Other expenses:								
Operating expenses:								
Salaries and benefits	62,318	4,481	4,006	7,551	136,249	-	(53)	214,552
Other operating expenses	30,421	3,115	18,605	14,313	2,037	-	1,104	69,595
Portfolio servicing fees to Springleaf	-	-	9,565	-	-	(9,565)	-	-
Insurance losses and loss adjustment expenses	-	16,849	-	-	-	-	(299)	16,550
Total other expenses	92,739	24,445	32,176	21,864	138,286	(9,565)	752	300,697
Income (loss) before provision for (benefit from) income taxes	32,592	9,413	57,859	(44,405)	(134,713)	-	(11,234)	(90,488)
Income (loss) before provision for (benefit from) income taxes attributable to non-controlling interests	-	-	29,851	-	-	-	-	29,851
Income (loss) before provision for (benefit from) income attributable to Springleaf	$ 32,592	$ 9,413	$ 28,008	$ (44,405)	$ (134,713)	$ -	$ (11,234)	$ (120,339)

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(dollars in thousands)	Consumer	Insurance	Real Estate	Other	Push-down Accounting Adjustments	Consolidated Total

[redacted]