Santander Consumer USA Holdings Inc.
Form 10-Q
May 05, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
ýQuarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2016
¨Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Commission File Number: 001-36270
SANTANDER CONSUMER USA HOLDINGS INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	32-0414408
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
1601 Elm Street, Suite 800, Dallas, Texas	75201
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (214) 634-1110
Not Applicable
(Former name, former address, and formal fiscal year, if changed since last report)

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 ý No ¨
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 ST (Section 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 ý No ¨
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. (Check one):

Large accelerated filer ý	Accelerated filer ¨
Non-accelerated filer ¨	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 ý
Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 30, 2016
Common Stock ($0.01 par value)	358,151,988 shares

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Unless otherwise specified or the context otherwise requires, the use herein of the terms " we," "our," "us," "SC," and the "Company" refer to Santander Consumer USA Holdings Inc. and its consolidated subsidiaries.

Cautionary Note Regarding Forward-Looking Information

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements about our expectations, beliefs, plans, predictions, forecasts, objectives, assumptions, or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as "anticipates," "believes," "can," "could," "may," "predicts," "potential," "should," "will," "estimate," "plans," "projects," "continuing," "ongoing," "expects," " similar words or phrases. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements are not guarantees of future performance and involve risks and uncertainties which are subject to change based on various important factors, some of which are beyond our control. For more information regarding these risks and uncertainties as well as certain additional risks that we face, refer to the Risk Factors detailed in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2015, as well as factors more fully described in Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this report, including the exhibits hereto, and subsequent reports and registration statements filed from time to time with the SEC. Among the factors that could cause our financial performance to differ materially from that suggested by the forward-looking statements are:

- we operate in a highly regulated industry and continually changing federal, state, and local laws and regulations could materially adversely affect our business;
- our ability to remediate any material weaknesses in internal controls over financial reporting completely and in a timely manner;
- adverse economic conditions in the United States and worldwide may negatively impact our results;
- our business could suffer if our access to funding is reduced;
- we face significant risks implementing our growth strategy, some of which are outside our control;
- we may incur unexpected costs and delays in connection with exiting our personal lending business;
- our agreement with FCA may not result in currently anticipated levels of growth and is subject to certain performance conditions that could result in termination of the agreement;
- our business could suffer if we are unsuccessful in developing and maintaining relationships with automobile dealerships;
- our financial condition, liquidity, and results of operations depend on the credit performance of our loans;
- loss of our key management or other personnel, or an inability to attract such management and personnel, could negatively impact our business;
- we are directly and indirectly, through our relationship with Santander Holdings USA, Inc., subject to certain bank regulations, including oversight by the OCC, the CFPB, the European Central Bank, and the Federal Reserve, which oversight and regulation may limit certain of our activities, including the timing and amount of dividends and other limitations on our business; and
- future changes in our relationship with Santander could adversely affect our operations.

If one or more of the factors affecting our forward-looking information and statements proves incorrect, its actual results, performance or achievements could differ materially from those expressed in, or implied by, forward-looking information and statements. Therefore, we caution not to place undue reliance on any forward-looking information or statements. The effect of these factors is difficult to predict. Factors other than these also could adversely affect our results, and the reader should not consider these factors to be a complete set of all potential risks or uncertainties. New factors emerge from time to time, and management cannot assess the impact of any such factor on our business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Any forward-looking statements only speak as of the date of this document, and we undertake no obligation to update any forward-looking information or statements, whether written or oral, to reflect any change, except as required by law. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

Glossary

The following is a list of abbreviations, acronyms, and commonly used terms used in this Quarterly Report on Form 10-Q.

ABS	Asset-backed securities
Advance Rate	The maximum percentage of unpaid principal balance that a lender is willing to lend.

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ALG	Automotive Lease Guide
APR	Annual Percentage Rate
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Bluestem	Bluestem Brands, Inc., an online retailer for whose customers SC provides financing
Board	SC’s Board of Directors
Capmark	Capmark Financial Group Inc., an investment company
CBP	Citizens Bank of Pennsylvania
CCAR	Comprehensive Capital Analysis and Review
CCART	Chrysler Capital Auto Receivables Trust, a securitization platform
Centerbridge	Centerbridge Partners, L.P., a private equity firm
CEO	Chief Executive Officer
CFPB	Consumer Financial Protection Bureau
Chrysler Agreement	Ten-year private-label financing agreement with FCA
Clean-up Call	The early redemption of a debt instrument by the issuer, generally when the underlying portfolio has amortized to 10% of its original balance
Commission	U.S. Securities and Exchange Commission
Credit Enhancement	A method such as overcollateralization, insurance, or a third-party guarantee, whereby a borrower reduces default risk
Dealer Loan	A floorplan line of credit, real estate loan, working capital loan, or other credit extended to an automobile dealer
Dodd-Frank Act	Comprehensive financial regulatory reform legislation enacted by the U.S. Congress on July 21, 2010
DOJ	U.S. Department of Justice
DRIVE	Drive Auto Receivables Trust, a securitization platform
ECOA	Equal Credit Opportunity Act
Employment Agreement	The amended and restated employment agreement, executed as of December 31, 2011, by and among SC, Banco Santander, S.A. and Thomas G. Dundon
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FCA	Fiat Chrysler Automobiles US LLC, formerly Chrysler Group LLC
FICO®	A common credit score created by Fair Isaac Corporation that is used on the credit reports that lenders use to assess an applicant’s credit risk. FICO® is computed using mathematical models that take into account five factors: payment history, current level of indebtedness, types of credit used, length of credit history, and new credit
FIRREA	Financial Institutions Reform, Recovery and Enforcement Act of 1989
Floorplan Loan	A revolving line of credit that finances inventory until sold
FRB	Federal Reserve Bank of Boston
FTC	Federal Trade Commission
GAP	Guaranteed Auto Protection
IPO	SC's Initial Public Offering
ISDA	International Swaps and Derivative Association
LendingClub	LendingClub Corporation, a peer-to-peer personal lending platform company from which SC acquired loans under terms of flow agreements
MSA	Master Service Agreement
Nonaccretable Difference	The difference between the undiscounted contractual cash flows and the undiscounted expected cash flows of a portfolio acquired with deteriorated credit quality
OCC	Office of the Comptroller of the Currency
Overcollateralization	

	A credit enhancement method whereby more collateral is posted than is required to obtain financing
OEM	Original equipment manufacturer

Private-label	Financing branded in the name of the product manufacturer rather than in the name of the finance provider
Remarketing	The controlled disposal of leased vehicles that have been reached the end of their lease term or of financed vehicles obtained through repossession
Residual Value	The future value of a leased asset at the end of its lease term
RSU	Restricted stock unit
Santander	Banco Santander, S.A.
SBNA	Santander Bank, N.A., a wholly-owned subsidiary of SHUSA. Formerly Sovereign Bank, N.A.
SC	Santander Consumer USA Holdings Inc., a Delaware corporation, and its consolidated subsidiaries
SCRA	Servicemembers Civil Relief Act
SDART	Santander Drive Auto Receivables Trust, a securitization platform
SEC	U.S. Securities and Exchange Commission
Separation Agreement	The Separation Agreement dated July 2, 2015 entered into by Thomas G. Dundon with SC, DDFS LLC, SHUSA, Santander Consumer USA Inc. (the wholly owned subsidiary of SC) and Banco Santander, S.A.
SHUSA	Santander Holdings USA, Inc., a wholly-owned subsidiary of Santander and the majority owner of SC
Subvention	Reimbursement of the finance provider by a manufacturer for the difference between a market loan or lease rate and the below-market rate given to a customer
TDR	Troubled Debt Restructuring
Trusts	Special purpose financing trusts utilized in SC's financing transactions
U.S. GAAP	U.S. Generally Accepted Accounting Principles
VIE	Variable Interest Entity
Warehouse Facility	A revolving line of credit generally used to fund finance receivable originations

PART I: FINANCIAL INFORMATION
Item 1. Condensed Consolidated Financial Statements
SANTANDER CONSUMER USA HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited) (Dollars in thousands, except per share amounts)

	March 31, 2016	December 31, 2015
Assets		
Cash and cash equivalents - $4,120 and zero held for affiliates, respectively	$42,047	$ 18,893
Finance receivables held for sale, net	2,324,190	2,868,603
Finance receivables held for investment, net	24,082,180	23,479,680
Restricted cash - $31,898 and $39,436 held for affiliates, respectively	2,636,216	2,236,329
Accrued interest receivable	369,656	405,464
Leased vehicles, net	7,298,521	6,516,030
Furniture and equipment, net of accumulated depreciation of $55,098 and $50,409, respectively	61,543	58,007
Federal, state and other income taxes receivable	260,687	267,686
Related party taxes receivable	85	—
Goodwill	74,056	74,056
Intangible assets, net of amortization of $30,053 and $28,422, respectively	33,915	53,316
Due from affiliates	65,062	42,665
Other assets	656,449	549,644
Total assets	$37,904,607	$ 36,570,373
Liabilities and Equity		
Liabilities:		
Notes payable — credit facilities	$8,389,269	$ 6,902,779
Notes payable — secured structured financings	20,340,959	20,872,900
Notes payable — related party	2,775,000	2,600,000
Accrued interest payable	25,632	22,544
Accounts payable and accrued expenses	374,843	413,269
Federal, state and other income taxes payable	3,088	2,449
Deferred tax liabilities, net	994,024	908,252
Related party taxes payable	—	342
Due to affiliates	177,061	145,013
Other liabilities	235,184	277,862
Total liabilities	33,315,060	32,145,410
Commitments and contingencies (Notes 5 and 10)		
Equity:		
Common stock, $0.01 par value — 1,100,000,000 shares authorized;		
358,108,351 and 358,014,870 shares issued and 358,039,346 and 357,945,865 shares outstanding, respectively	3,580	3,579
Additional paid-in capital	1,567,936	1,565,856
Accumulated other comprehensive income (loss), net	(36,065)	2,125
Retained earnings	3,054,096	2,853,403
Total stockholders’ equity	4,589,547	4,424,963
Total liabilities and equity	$37,904,607	$ 36,570,373

See notes to unaudited condensed consolidated financial statements.

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SANTANDER CONSUMER USA HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited) (Dollars in thousands, except per share amounts)

	For the Three Months Ended March 31,	
	2016	2015 (As Restated - Note 1)
Interest on finance receivables and loans	$1,341,763	$1,230,002
Leased vehicle income	329,792	231,616
Other finance and interest income	3,912	7,341
Total finance and other interest income	1,675,467	1,468,959
Interest expense — Including $31,686 and $44,016 to affiliates, respectively	184,735	148,856
Leased vehicle expense	218,779	171,734
Net finance and other interest income	1,271,953	1,148,369
Provision for credit losses	706,574	674,687
Net finance and other interest income after provision for credit losses	565,379	473,682
Profit sharing	11,394	13,516
Net finance and other interest income after provision for credit losses and profit sharing	553,985	460,166
Investment gains (losses), net	(73,151)	21,247
Servicing fee income — Including $4,936 and $5,024 from affiliates, respectively	44,494	24,803
Fees, commissions, and other — Including $225 and $5,849 from affiliates, respectively	101,335	101,133
Total other income	72,678	147,183
Compensation expense	119,842	100,540
Repossession expense	73,545	58,826
Other operating costs — Including $4,813 and $371 to affiliates, respectively	116,454	86,013
Total operating expenses	309,841	245,379
Income before income taxes	316,822	361,970
Income tax expense	116,129	115,688
Net income	$200,693	$246,282
Net income	$200,693	$246,282
Other comprehensive income (loss):		
Change in unrealized gains (losses) on cash flow hedges, net of tax of $22,733 and $7,622, respectively	(38,190)	(12,843)
Comprehensive income	$162,503	$233,439
Net income per common share (basic)	$0.56	$0.70
Net income per common share (diluted)	$0.56	$0.69
Weighted average common shares (basic)	357,974,890	349,421,960
Weighted average common shares (diluted)	360,228,272	356,654,466

See notes to unaudited condensed consolidated financial statements.

SANTANDER CONSUMER USA HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited) (In thousands)

	Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Retained	Total Stockholders'
	Shares	Amount	Capital	Income (Loss)	Earnings	Equity
Balance — January 1, 2015, as restated (Note 1)	348,978	$3,490	$1,560,519	$ 3,553	$2,026,110	$3,593,672
Stock issued in connection with employee incentive compensation plans	980	10	11,640	—	—	11,650
Stock-based compensation expense	—	—	4,075	—	—	4,075
Net income, as restated (Note 1)	—	—	—	—	246,282	246,282
Other comprehensive income (loss), net of taxes	—	—	—	(12,843)	—	(12,843)
Balance — March 31, 2015, as restated (Note 1)	349,958	$3,500	$1,576,234	$ (9,290)	$2,272,392	$3,842,836
Balance — January 1, 2016	357,946	$3,579	$1,565,856	$ 2,125	$2,853,403	$4,424,963
Stock issued in connection with employee incentive compensation plans	93	1	704	—	—	705
Stock-based compensation expense	—	—	1,768	—	—	1,768
Tax sharing with affiliate	—	—	(392)	—	—	(392)
Net income	—	—	—	—	200,693	200,693
Other comprehensive income (loss), net of taxes	—	—	—	(38,190)	—	(38,190)
Balance — March 31, 2016	358,039	$3,580	$1,567,936	$ (36,065)	$3,054,096	$4,589,547

See notes to unaudited condensed consolidated financial statements.

SANTANDER CONSUMER USA HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (Dollars in thousands)

	For the Three Months Ended March 31, 2016	2015 (As Restated - Note 1)
Cash flows from operating activities:		
Net income	$200,693	$246,282
Adjustments to reconcile net income to net cash provided by operating activities		
Derivative mark to market	5,317	2,429
Provision for credit losses	706,574	674,687
Depreciation and amortization	265,077	196,191
Accretion of discount	(151,045)	(132,725)
Originations and purchases of receivables held for sale	(1,277,487)	(720,145)
Proceeds from sales of and collections on receivables held for sale	922,071	537,462
Change in revolving personal loans	(129,330)	—
Investment losses (gains), net	73,151	(21,247)
Stock-based compensation	1,768	4,075
Deferred tax expense (benefit)	107,540	(1,275)
Changes in assets and liabilities:		
Accrued interest receivable	11,272	6,512
Accounts receivable	3,157	(3,726)
Federal income tax and other taxes	7,515	388,718
Other assets	(59,275)	7,063
Accrued interest payable	3,102	1,744
Other liabilities	(19,963)	62,587
Due to/from affiliates	(15,748)	(5,435)
Net cash provided by operating activities	654,389	1,243,197
Cash flows from investing activities:		
Originations of and disbursements on finance receivables held for investment	(3,836,292)	(4,986,961)
Purchases of portfolios of finance receivables held for investment	(95,596)	—
Collections on finance receivables held for investment	2,598,238	2,537,187
Proceeds from sale of loans held for investment	823,877	407,470
Leased vehicles purchased	(1,622,199)	(1,135,171)
Manufacturer incentives received	329,616	219,419
Proceeds from sale of leased vehicles	295,118	586,664
Change in revolving personal loans	166,890	(4,237)
Purchases of furniture and equipment	(14,500)	(4,844)
Sales of furniture and equipment	1,010	188
Change in restricted cash	(404,457)	(766,447)
Other investing activities	(2,532)	(1,533)
Net cash used in investing activities	(1,760,827)	(3,148,265)
Cash flows from financing activities:		
Proceeds from notes payable related to secured structured financings — net of debt issuance costs	2,634,405	3,056,950
Payments on notes payable related to secured structured financings	(3,171,686)	(2,780,640)
Proceeds from unsecured notes payable	2,818,900	1,690,000

Payments on unsecured notes payable	(2,643,900)	(1,005,000)
Proceeds from notes payable	6,353,143	6,195,553
Payments on notes payable	(4,862,083)	(5,259,330)
Proceeds from stock option exercises, gross	813	9,161
Repurchase of stock - employee tax withholding	—	(164)
Other financing activities	—	(7,667)
Net cash provided by financing activities	1,129,592	1,898,863
Net increase (decrease) in cash and cash equivalents	23,154	(6,205)
Cash — Beginning of period	18,893	33,157
Cash — End of period	$42,047	$26,952

See notes to unaudited condensed consolidated financial statements.

SANTANDER CONSUMER USA HOLDINGS INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share amounts)
(Unaudited)

1. Description of Business, Basis of Presentation, and Significant Accounting Policies and Practices

Santander Consumer USA Holdings Inc., a Delaware Corporation (together with its subsidiaries, “SC” or “the Company”), is the holding company for Santander Consumer USA Inc., an Illinois corporation, and subsidiaries, a specialized consumer finance company focused on vehicle finance and third-party servicing. The Company’s primary business is the indirect origination of retail installment contracts principally through manufacturer-franchised dealers in connection with their sale of new and used vehicles to retail consumers.

In conjunction with a ten-year private label financing agreement (the Chrysler Agreement) with Fiat Chrysler Automobiles US LLC (FCA) that became effective May 1, 2013, the Company offers a full spectrum of auto financing products and services to FCA customers and dealers under the Chrysler Capital brand. These products and services include consumer retail installment contracts and leases, as well as dealer loans for inventory, construction, real estate, working capital and revolving lines of credit.

The Company also originates vehicle loans through a Web-based direct lending program, purchases vehicle retail installment contracts from other lenders, and services automobile and recreational and marine vehicle portfolios for other lenders. Additionally, the Company has several relationships through which it provides personal loans, private-label credit cards and other consumer finance products.

As of March 31, 2016, the Company was owned approximately 58.9% by Santander Holdings USA, Inc. (SHUSA), a subsidiary of Banco Santander, S.A. (Santander), approximately 31.2% by public shareholders, approximately 9.8% by DDFS LLC, an entity affiliated with Thomas G. Dundon, the Company’s former Chairman and CEO and approximately 0.1% by other holders, primarily members of senior management. Pursuant to a Separation Agreement with Mr. Dundon, SHUSA was deemed to have delivered, as of July 3, 2015, an irrevocable notice to exercise the call option with respect to all the shares of Company common stock owned by DDFS LLC and consummate the transactions contemplated by the call option notice, subject to required bank regulatory approvals and any other approvals required by law being obtained (the "Call Transaction"). Pursuant to the Separation Agreement, because the Call Transaction was not consummated prior to October 15, 2015 (the “Call End Date”), DDFS LLC is free to transfer any or all of its shares of Company common stock, subject to the terms and conditions of the Amended and Restated Loan Agreement, dated as of July 16, 2014, between DDFS LLC and Santander (Note 11).

Basis of Presentation

The accompanying condensed consolidated financial statements include the accounts of the Company and its subsidiaries, including certain Trusts, which are considered VIEs. The Company also consolidates other VIEs for which it was deemed to be the primary beneficiary. All intercompany balances and transactions have been eliminated in consolidation.

The accompanying condensed consolidated financial statements as of March 31, 2016 and December 31, 2015, and for the three months ended March 31, 2016 and 2015, have been prepared in accordance with U.S. GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, these financial statements contain all adjustments, consisting of normal recurring adjustments, necessary to for the fair statement of the financial position, results of operations and cash flows for the periods indicated. Results of operations for the periods presented herein are not necessarily indicative of results of operations for the entire year. These financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2015, filed on March 31, 2016.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosures of contingent assets and liabilities, as of the date of the financial statements and the amount of revenue and expenses during the reporting periods. Actual results could differ from those estimates and those differences may be material. These estimates include the determination of credit loss allowance, discount accretion, impairment, expected end-of-term lease residual values, values of repossessed assets, and income taxes. These estimates, although based on actual historical trends and modeling, may potentially show significant variances over time.

Corrections to Previously Reported Amounts

The Company has made certain corrections to the March 31, 2015 condensed consolidated statements of income and comprehensive income, equity, and cash flows, and Note 4, Note 9, and Note 12 thereto. The Company determined that its historical methodology for estimating its credit loss allowance for individually acquired retail installment contracts was in error as it did not estimate impairment on troubled debt restructurings (TDRs) separately from a general credit loss allowance on loans not classified as TDRs, and incorrectly applied a loss emergence period to the entire portfolio rather than only to loans not classified as TDRs. The Company has corrected its allowance methodology accordingly, and has determined, based on this corrected methodology, that the Provision for credit losses reported on the condensed consolidated statement of income for the three months ended March 31, 2015 was previously understated by $68,706. For the three months ended March 31, 2015, income tax expense and net income were overstated by $25,738 and $42,968, respectively. In addition, the Company has determined that it had incorrectly identified the population of loans that should be classified and disclosed as TDRs.

The Company also has determined that subvention payments related to leased vehicles were incorrectly classified, within the income statement, as an addition to Leased vehicle income rather than a reduction of Leased vehicle expense. The subvention payments classification errors did not impact net income for any period.

The impacts of the corrections of these errors on the unaudited quarterly financial information filed in our Quarterly Report on Form 10-Q for the three months ended March 31, 2015 have been provided in the Company's Annual Report on Form 10-K for the year ended December 31, 2015, and the corrected quarterly financial information is presented in this Form 10-Q.

The following table summarizes the impacts of the corrections on our condensed consolidated statement of income for the three months ended March 31, 2015:

	As Reported	Corrections	As Restated
Leased vehicle income	$332,946	$(101,330)	$231,616
Total finance and other interest income	1,570,289	(101,330)	1,468,959
Leased vehicle expense	273,064	(101,330)	171,734
Provision for credit losses	605,981	68,706	674,687
Net finance and other interest income after provision for credit losses	542,388	(68,706)	473,682
Net finance and other interest income after provision for credit losses and profit sharing	528,872	(68,706)	460,166
Income before income taxes	430,676	(68,706)	361,970
Income tax expense	141,426	(25,738)	115,688
Net income	$289,250	$(42,968)	$246,282
Net income	$289,250	$(42,968)	$246,282
Comprehensive income	$276,407	$(42,968)	$233,439
Net income per common share (basic)	$0.83	$(0.13)	$0.70
Net income per common share (diluted)	$0.81	$(0.12)	$0.69

The following table summarizes the impacts of the corrections on our condensed consolidated statement of equity for the three months ended March 31, 2015:

	Retained Earnings			Total Stockholders' Equity		
	As Reported	Corrections	As Restated	As Reported	Corrections	As Restated
Balance — January 1, 2015	$1,990,787	$ 35,323	$2,026,110	$3,558,349	$ 35,323	$3,593,672
Net income	289,250	(42,968)	246,282	289,250	(42,968)	246,282
Balance — March 31, 2015	$2,280,037	$ (7,645)	$2,272,392	$3,850,481	$ (7,645)	$3,842,836

The following table summarizes the impacts of the corrections on our condensed consolidated statement of cash flows for the three months ended March 31, 2015:

	As Reported	Corrections	As Restated
Cash flows from operating activities:			
Net income	$289,250	$(42,968)	$246,282
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses	605,981	68,706	674,687
Depreciation and amortization	297,521	(101,330)	196,191
Accretion of discount	(234,055)	101,330	(132,725)
Deferred tax expense	24,463	(25,738)	(1,275)

The impact of the corrections on the Company's disclosures of the activity in the credit loss allowance for individually acquired loans for the three months ended March 31, 2015 was as follows:

	Retail Installment Contracts Acquired Individually		
	As Reported	Corrections	As Restated
Balance — beginning of period	$2,726,338	$(56,508)	$2,669,830
Provision for credit losses	507,148	68,706	575,854
Balance — end of period	$2,822,712	$12,198	$2,834,910

The impact of the corrections on the Company's disclosures of the average recorded investment and income recognized on retail installment contract TDRs for the three months ended March 31, 2015 was as follows:

	Three Months Ended March 31, 2015		
	Retail Installment Contracts		
	As Reported	Corrections	As Restated
Average outstanding recorded investment in TDRs	$3,573,868	$709,318	$4,283,186
Interest income recognized	196,976	(15,566)	181,410

The impact of the corrections on the Company's disclosures of the financial effects of retail installment contract TDRs that occurred for the three months ended March 31, 2015 was as follows:

	Retail Installment Contracts		
	As Reported	Corrections	As Restated
Outstanding recorded investment before TDR	$875,809	$(27,442)	$848,367
Outstanding recorded investment after TDR	$874,371	$(17,126)	$857,245
Number of contracts (not in thousands)	52,319	(3,427)	48,892

The impact of the corrections on the Company's disclosures of retail installment contracts modified as TDRs that subsequently defaulted for the three months ended March 31, 2015 was as follows:

	Retail Installment Contracts		
	As Reported	Corrections	As Restated
Recorded investment in TDRs that subsequently defaulted	$158,518	$26,674	$185,192
Number of contracts (not in thousands)	11,654	(913)	10,741

The impact of the corrections on the Company's disclosures of the income tax expense and effective tax rate for the three months ended March 31, 2015 was as follows:

	As Reported	Corrections	As Restated
Income tax expense	$141,426	$(25,738)	$115,688
Income before income taxes	430,676	(68,706)	361,970
Effective tax rate	32.8 %	(0.8)%	32.0 %

The impact of the corrections on the Company's disclosures of earnings per share for the three months ended March 31, 2015 was as follows:

	As Reported	Corrections	As Restated
Earnings per common share			
Net income attributable to SC shareholders	$289,250	$(42,968)	$246,282
Earnings per common share	$0.83	$(0.13)	$0.70
Earnings per common share - assuming dilution			
Net income attributable to SC shareholders	$289,250	$(42,968)	$246,282
Earnings per common share - assuming dilution	$0.81	$(0.12)	$0.69

Business Segment Information

The Company has one reportable segment: Consumer Finance, which includes the Company's vehicle financial products and services, including retail installment contracts, vehicle leases, and dealer loans, as well as financial products and services related to motorcycles, recreational vehicles, and marine vehicles. It also includes the Company's personal loan and point-of-sale financing operations.

Recently Adopted Accounting Standards

In June 2014, the FASB issued ASU 2014-12, Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could be Achieved after the Requisite Service Period. This standard affects entities that issue share-based payments when the terms of an award stipulate that a performance target could be achieved after an employee completes the requisite service period. This guidance became effective for the Company January 1, 2016 and implementation of this guidance did not have a significant impact on the Company's financial position, results of operations, or cash flows.

In January 2015, the FASB issued ASU 2015-01, Income Statement - Extraordinary and Unusual Items. This standard simplifies income statement classification by removing the concept of extraordinary items from U.S. GAAP, and as a result, items that are both unusual and infrequent no longer will be separately reported net of tax after continuing operations. This guidance became effective for the Company January 1, 2016 and implementation of this guidance did not have a significant impact on the Company's financial position, results of operations, or cash flows.

In February 2015, the FASB issued ASU 2015-02, Consolidation: Amendments to the Consolidation Analysis. This ASU changes the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. This guidance became effective for the Company January 1, 2016 and implementation of this guidance did not have a significant impact on the Company's financial position, results of operations, or cash flows.

In April 2015, the FASB issued ASU 2015-05, Customer's Accounting for Fees Paid in a Cloud Computing Arrangement. This ASU clarifies when fees paid in a cloud computing arrangement pertain to the acquisition of a software license, services, or both. This guidance became effective for the Company January 1, 2016 and implementation of this guidance did not have a significant impact on the Company's financial position, results of operations, or cash flows.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, which provides guidance on a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The effective date for this ASU, which was deferred by ASU 2015-14 issued in August 2015, is for fiscal years beginning after December 15, 2017. In March 2016, the FASB also issued ASU 2016-08, an amendment to the guidance in ASU 2014-09 which revises the structure of the indicators to provide indicators of when the entity is the principal or agent in a revenue transaction, and eliminated two of the indicators ("the entity's consideration is in the form of a commission" and "the entity is not exposed to credit risk") in making that determination. This amendment also clarifies that each indicator may be more or less relevant to the assessment depending on the terms and conditions of the contract. In April 2016, the FASB also issued ASU 2016-10, which clarifies the implementation guidance on identifying promised goods or services and on determining whether an entity's promise to grant a license with either a right to use the entity's intellectual property (which is satisfied at a point in time) or a right to access the entity's intellectual property (which is satisfied over time). The amendments, collectively, should be applied retrospectively to each prior reporting period presented or as a cumulative effect adjustment as of the date of adoption. Early adoption of the guidance is not permitted. The Company is currently evaluating the impact of adopting ASU 2014-09 and the related updates to it on its financial position, results of operations and disclosures.

In January 2016, the FASB issued ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, which provides guidance for the recognition, measurement, presentation, and disclosure of financial assets and liabilities. The guidance will be effective for the fiscal year beginning after December 15, 2017, including interim periods within that year. The Company is in the process of evaluating the impacts of the adoption of this ASU.

In February 2016, the FASB issued ASU 2016-02, Leases, which will, among other impacts, change the criteria under which leases are identified and accounted for as on- or off-balance sheet. The guidance will be effective for the fiscal year beginning after December 15, 2018, including interim periods within that year. Once effective, the new guidance must be applied for all periods presented. The Company is in the process of evaluating the impacts of the adoption of this ASU.

In March 2016, the FASB issued ASU 2016-09, Improvements to Employee Share-Based Payment Accounting, which is intended to simplify several aspects of the accounting for share-based payment award transactions. The guidance will be effective for the fiscal year beginning after December 15, 2016, including interim periods within that year. The Company is in the process of evaluating the impacts of the adoption of this ASU.

2. Finance Receivables

Finance receivables held for investment, net is comprised of the following at March 31, 2016 and December 31, 2015:

	March 31, 2016	December 31, 2015
Retail installment contracts acquired individually	$23,753,177	$23,111,146
Purchased receivables	215,344	244,362
Receivables from dealers	74,612	76,025
Personal loans	1,337	941
Capital lease receivables (Note 3)	37,710	47,206
	$24,082,180	$23,479,680

The Company's held for investment portfolio of retail installment contracts acquired individually, receivables from dealers, and personal loans was comprised of the following at March 31, 2016 and December 31, 2015:

	March 31, 2016		
	Retail Installment Contracts Acquired Individually	Receivables from Dealers Held for Investment	Personal Loans
Unpaid principal balance	$27,588,943	$ 76,015	$ 1,337
Credit loss allowance (Note 4)	(3,423,258)	(1,403)	—
Discount	(455,471)	—	—
Capitalized origination costs and fees	42,963	—	—
Net carrying balance	$23,753,177	$ 74,612	$ 1,337

	December 31, 2015		
	Retail Installment Contracts Acquired Individually	Receivables from Dealers Held for Investment	Personal Loans
Unpaid principal balance	$26,863,946	$ 76,941	$ 941
Credit loss allowance (Note 4)	(3,296,023)	(916)	—
Discount	(502,342)	—	—
Capitalized origination costs and fees	45,565	—	—
Net carrying balance	$23,111,146	$ 76,025	$ 941

Purchased receivables portfolios, which were acquired with deteriorated credit quality, were comprised of the following at March 31, 2016 and December 31, 2015:

	March 31, 2016	December 31, 2015
Unpaid principal balance	$314,847	$ 359,822
Outstanding recorded investment	$388,269	$ 419,183
Less: Impairment	(172,925)	(174,821)
Outstanding recorded investment, net of impairment	$215,344	$ 244,362

As of September 30, 2015, the Company determined that it no longer had the intent to hold its personal loans for investment and that classification of all of its personal loans as held for sale was appropriate as of that date. In connection with the reclassification to held for sale, the Company transferred the personal loan portfolio at the lower of cost or market, with the lower of cost or market adjustment being charged off against the credit loss allowance. Loan originations and purchases under the Company's personal lending platform subsequent to September 30, 2015, also are classified as held for sale. Following the reclassification of personal loans to held for sale, further adjustments to the recorded investment in personal loans held for sale, whether due to customer default or changes in market value, are recorded in investment gains (losses), net, in the condensed consolidated statements of income and comprehensive income (Note 16). On February 1, 2016, the Company sold personal loans with an unpaid principal balance of $869,349 to a third party for an immaterial gain to unpaid principal balance.

At December 31, 2015, the Company determined that its intent to sell certain non-performing personal installment loans had changed and now expects to hold these loans through their maturity. The Company recorded a lower of cost or market adjustment through investment gains (losses), net, immediately prior to transferring the loans to finance receivables held for investment at their new recorded investment. The carrying value of these loans was $1,337 and $941 at March 31, 2016 and December 31, 2015, respectively.

The carrying value of the Company's finance receivables held for sale was comprised of the following at March 31, 2016 and December 31, 2015:

	March 31, 2016	December 31, 2015
Retail installment contracts acquired individually	$1,345,371	$ 905,710
Personal loans	978,819	1,962,893
	$2,324,190	$ 2,868,603

Sales of retail installment contracts to third parties and proceeds from sales of charged-off assets for the three months ended March 31, 2016 and 2015 were as follows:

	For the Three Months Ended March 31,	
	2016	2015
Sales of retail installment contracts to third parties	$859,955	$919,078
Proceeds from sales of charged-off assets	$6,230	$38,376

The Company retains servicing of retail installment contracts and leases sold to third parties. Total contracts sold to unrelated third parties and serviced as of March 31, 2016 and December 31, 2015 were as follows:

	March 31, 2016	December 31, 2015
Serviced balance of retail installment contracts and leases sold to third parties	$11,617,032	$ 12,155,844

Retail installment contracts are collateralized by vehicle titles, and the Company has the right to repossess the vehicle in the event the consumer defaults on the payment terms of the contract. Most of the Company's retail installment contracts held for investment are pledged against warehouse facilities or securitization bonds (Note 5). Most of the creditors on the Company's retail installment contracts are retail consumers; however, $1,165,062 and $1,087,024 of the unpaid principal balance represented fleet contracts with commercial borrowers as of March 31, 2016 and December 31, 2015, respectively.

Borrowers on the Company's retail installment contracts held for investment are located in Texas (17%), Florida (13%), California (10%), Georgia (5%) and other states each individually representing less than 5% of the Company's total.

Receivables from dealers held for investment includes a term loan with a third-party vehicle dealer and lender that operates in multiple states. The loan allowed committed borrowings of $50,000 at March 31, 2016 and December 31, 2015, and the unpaid principal balance of the facility was $50,000 at each of those dates. The term loan will mature on December 31, 2018. The Company had accrued interest on this term loan of $158 and $156 at March 31, 2016, and December 31, 2015, respectively.

The remaining receivables from dealers held for investment are all Chrysler Agreement-related. Borrowers on these dealer receivables are located in Virginia (38%), California (23%), New York (20%), Missouri (9%), Mississippi (7%), and other states each individually representing less than 5% of the Company's total.

Changes in accretable yield on the Company's purchased receivables portfolios for the periods indicated were as follows:

	For the Three Months Ended	
	March 31, 2016	March 31, 2015
Balance — beginning of period	$193,564	$264,416
Accretion of accretable yield	(21,329)	(26,905)
Reclassifications from (to) nonaccretable difference	(24,258)	6,144
Balance — end of period	$147,977	$243,655

During the three months ended March 31, 2016 and 2015, the Company did not acquire any vehicle loan portfolios for which it was probable at acquisition that not all contractually required payments would be collected.

3. Leases

The Company has both operating and capital leases, which are separately accounted for and recorded on the Company's condensed consolidated balance sheets. Operating leases are reported as leased vehicles, net, while capital leases are included in finance receivables held for investment, net.

Operating Leases

Leased vehicles, net, which is comprised of leases originated under the Chrysler Agreement, consisted of the following as of March 31, 2016 and December 31, 2015:

	March 31, 2016	December 31, 2015
Leased vehicles	$10,004,043	$8,862,214
Less: accumulated depreciation	(1,736,884)	(1,517,198)
Depreciated net capitalized cost	8,267,159	7,345,016
Manufacturer subvention payments, net of accretion (a)	(987,901)	(845,142)
Origination fees and other costs	19,263	16,156
Net book value	$7,298,521	$6,516,030

(a) The Company recognized accretion of lease subvention payments, as a reduction to depreciation expense, of $151,871 and $101,330 for the three months ended March 31, 2016 and 2015, respectively.

During the three months ended March 31, 2016 and 2015, the Company executed bulk sales of Chrysler Capital leases with an aggregate depreciated net capitalized cost of zero and $561,334, respectively, and a net book value of zero and $488,919, to a third party, respectively. The bulk sale agreement included certain provisions whereby the Company agreed to share in residual losses for lease terminations with losses over a specific percentage threshold (Note 10). The Company retained servicing on the sold leases. Due to the accelerated depreciation permitted for tax purposes, the sale generated large taxable gains that the Company deferred through a qualified like-kind exchange program. An immaterial amount of taxable gain that did not qualify for deferral was recognized upon expiration of the reinvestment period.

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The following summarizes the future minimum rental payments due to the Company as lessor under operating leases as of March 31, 2016:

Remainder of 2016	$977,209
2017	963,272
2018	421,093
2019	24,165
2020	50
Thereafter	—
Total	$2,385,789

Capital Leases

Certain leases originated by the Company are accounted for as capital leases, as the contractual residual values are nominal amounts. Capital lease receivables, net consisted of the following as of March 31, 2016 and December 31, 2015:

	March 31, 2016	December 31, 2015
Gross investment in capital leases	$70,781	$ 91,393
Origination fees and other	168	155
Less unearned income	(17,379)	(24,464)
Net investment in capital leases before allowance	53,570	67,084
Less: allowance for lease losses	(15,860)	(19,878)
Net investment in capital leases	$37,710	$ 47,206

The following summarizes the future minimum lease payments due to the Company as lessor under capital leases as of March 31, 2016:

Remainder of 2016	$17,065
2017	22,721
2018	21,587
2019	8,279
2020	1,037
Thereafter	92
Total	$70,781

4. Credit Loss Allowance and Credit Quality

Credit Loss Allowance

The Company estimates credit losses on individually acquired retail installment contracts and personal loans held for investment not classified as TDRs based on delinquency status, historical loss experience, estimated values of underlying collateral, when applicable, and various economic factors. Loans classified as TDRs are assessed for impairment based on the present value of expected future cash flows discounted at the original effective interest rate. The Company maintains a general credit loss allowance for receivables from dealers based on risk ratings, and individually evaluates loans for specific impairment as necessary. As of March 31, 2016, the credit loss allowance for receivables from dealers is comprised of a general allowance of $978, plus $425 specific impairment for substandard commercial risk rated receivables from dealers with an unpaid principal balance of $5,965.

The activity in the credit loss allowance for individually acquired loans for the three months ended March 31, 2016 and 2015 was as follows:

	Three Months Ended March 31, 2016		Three Months Ended March 31, 2015		
	Retail Installment Contracts Acquired Individually	Receivables from Dealers Held for Investment	Retail Installment Contracts Acquired Individually	Receivables from Dealers Held for Investment	Personal Loans
			(As Restated - Note 1)		
Balance — beginning of period	$3,296,023	$ 916	$2,669,830	$ 674	$348,660
Provision for credit losses	709,530	487	575,854	456	97,703
Charge-offs	(1,192,610)	—	(926,993)	—	(99,690)
Recoveries	610,315	—	543,336	—	6,205
Transfers to held-for-sale	—	—	(27,117)	—	—
Balance — end of period	$3,423,258	$ 1,403	$2,834,910	$ 1,130	$352,878

The impairment activity related to purchased receivables portfolios for the three months ended March 31, 2016 and 2015 was as follows:

	Three Months Ended March 31,	
	2016	2015
Balance — beginning of period	$174,821	$188,639
Incremental provisions for purchased receivables portfolios	1,319	300
Incremental reversal of provisions for purchased receivables portfolios	(3,215)	(5,402)
Balance — end of period	$172,925	$183,537

The Company estimates lease losses on the capital lease receivable portfolio based on delinquency status and loss experience to date, as well as various economic factors. The activity in the lease loss allowance for capital leases for the three months ended March 31, 2016 and 2015 was as follows:

	Three Months Ended March 31,	
	2016	2015
Balance — beginning of period	$19,878	$9,589
Provision for lease losses	(1,547)	5,776
Charge-offs	(12,359)	(1,997)
Recoveries	9,888	1,814
Balance — end of period	$15,860	$15,182

Delinquencies

Retail installment contracts are classified as non-performing when they are greater than 60 days past due as to contractual principal or interest payments. Dealer receivables are classified as non-performing when they are greater than 90 days past due. At the time a loan is placed in non-performing status, previously accrued and uncollected interest is reversed against interest income. If an account is returned to a performing status, the Company returns to accruing interest on the contract.

A summary of delinquencies as of March 31, 2016 and December 31, 2015 is as follows:

March 31, 2016

	Retail Installment Contracts Held for Investment		
	Loans Acquired Individually	Purchased Receivables Portfolios	Total
Principal, 31-60 days past due	$1,900,922	$ 20,131	$1,921,053
Delinquent principal over 60 days	852,863	11,570	864,433
Total delinquent principal	$2,753,785	$ 31,701	$2,785,486

	December 31, 2015		
	Retail Installment Contracts Held for Investment		
	Loans Acquired Individually	Purchased Receivables Portfolios	Total
Principal, 31-60 days past due	$2,454,986	$ 30,442	$2,485,428
Delinquent principal over 60 days	1,191,567	17,297	1,208,864
Total delinquent principal	$3,646,553	$ 47,739	$3,694,292

The balances in the above tables reflect total unpaid principal balance rather than net investment before allowance; the difference is considered insignificant. As of March 31, 2016 and December 31, 2015, there were no receivables from dealers that were 31 days or more delinquent.

FICO® Distribution — A summary of the credit risk profile of the Company's retail installment contract held for investment by FICO® distribution, determined at origination, as of March 31, 2016 and December 31, 2015 was as follows:

FICO® Band	March 31, 2016	December 31, 2015
Commercial (a)	4.2%	4.0%
No-FICOs	12.6%	12.2%
<540	23.2%	23.4%
540-599	31.0%	30.9%
600-639	17.1%	17.3%
>640	11.9%	12.2%

(a)No FICO score is obtained on loans to commercial borrowers

Commercial Lending Credit Quality Indicators — The credit quality of receivables from dealers, which are considered commercial loans, is summarized according to standard regulatory classifications as follows:

Pass — Asset is well-protected by the current net worth and paying capacity of the obligor or guarantors, if any, or by the fair value less costs to acquire and sell any underlying collateral in a timely manner.

Special Mention — Asset has potential weaknesses that deserve management's close attention, which, if left uncorrected, may result in deterioration of the repayment prospects for an asset at some future date. Special Mention assets are not adversely classified.

Substandard — Asset is inadequately protected by the current net worth and paying capacity of the obligor or by the collateral pledged, if any. A well-defined weakness or weaknesses exist that jeopardize the liquidation of the debt. The loans are characterized by the distinct possibility that the Company will sustain some loss if deficiencies are not corrected.

Doubtful — Exhibits the inherent weaknesses of a substandard credit. Additional characteristics exist that make collection or liquidation in full highly questionable and improbable, on the basis of currently known facts, conditions and values. Possibility of loss is extremely high, but because of certain important and reasonable specific pending factors which may work to the advantage and strengthening of the credit, an estimated loss cannot yet be determined.

Loss — Credit is considered uncollectible and of such little value that it does not warrant consideration as an active asset. There may be some recovery or salvage value, but there is doubt as to whether, how much or when the recovery would occur.

As discussed in Note 2, the Company has $1,165,062 of fleet retail installment contracts with commercial borrowers. The Company's risk department performs a commercial analysis and classifies certain loans over an internal threshold based on the classifications above. As of March 31, 2016, $6,409 of fleet loans were classified as Special Mention; the remaining fleet portfolio borrowers with balances over the classification threshold all were classified as Pass.

Commercial loan credit quality indicators for receivables from dealers held for investment as of March 31, 2016 and December 31, 2015 were as follows:

	March 31, 2016	December 31, 2015
Pass	$ 67,644	$ 68,873
Special Mention	2,406	8,068
Substandard	5,965	—
Doubtful	—	—
Loss	—	—
Unpaid principal balance	$ 76,015	$ 76,941

Troubled Debt Restructurings

In certain circumstances, the Company modifies the terms of its finance receivables to troubled borrowers. Modifications may include a reduction in interest rate, an extension of the maturity date, rescheduling of future cash flows, or a combination thereof. A modification of finance receivable terms is considered a TDR if the Company grants a concession to a borrower for economic or legal reasons related to the debtor's financial difficulties that would not otherwise have been considered. Management considers TDRs to include all individually acquired retail installment contracts that have been modified at least once, deferred for a period of 90 days or more, or deferred at least twice. Additionally, restructurings through bankruptcy proceedings are deemed to be TDRs. The purchased receivables portfolio, operating and capital leases, and loans held for sale, including personal loans, are excluded from the scope of the applicable guidance. As of March 31, 2016 and December 31, 2015, there were no receivables from dealers classified as a TDR.

For loans not classified as TDRs, the Company generally estimates an appropriate allowance for credit losses based on delinquency status, the Company's historical loss experience, estimated values of underlying collateral, and various economic factors. Once a loan has been classified as a TDR, it is assessed for impairment based on the present value of expected future cash flows discounted at the loan's original effective interest rate considering all available evidence.

The table below presents the Company's TDRs as of March 31, 2016 and December 31, 2015:

	March 31, 2016	December 31, 2015
	Retail Installment Contracts	
Outstanding recorded investment	$4,803,486	$4,667,380
Impairment	(1,374,510)	(1,356,092)
Outstanding recorded investment, net of impairment	$3,428,976	$3,311,288

A summary of the Company's delinquent TDRs at March 31, 2016 and December 31, 2015, is as follows:

	March 31, 2016	December 31, 2015
	Retail Installment Contracts	
Principal, 31-60 days past due	$793,139	$ 942,021
Delinquent principal over 60 days	367,413	510,015
Total delinquent TDR principal	$1,160,552	$ 1,452,036

A loan that has been classified as a TDR remains so until the loan is liquidated through payoff or charge-off. Consistent with the Company's other retail installment contracts, TDRs are placed on nonaccrual status when the account becomes past due more than 60 days, and returns to accrual status when the account is 60 days or less past due. Average recorded investment and income recognized on TDR loans are as follows:

	Three Months Ended		
	March 31, 2016	March 31, 2015	
	Retail Installment Contracts	Retail Installment Contracts (As Restated - Note 1)	Personal Loans
Average outstanding recorded investment in TDRs	$4,735,433	$4,283,186	$10,387
Interest income recognized	$174,191	$181,410	$589

The following table summarizes the financial effects of TDRs that occurred during the three months ended March 31, 2016 and 2015:

	Three Months Ended		
	March 31, 2016	March 31, 2015	
	Retail Installment Contracts	Retail Installment Contracts (As Restated - Note 1)	Personal Loans
Outstanding recorded investment before TDR	$703,948	$848,367	$ 5,394
Outstanding recorded investment after TDR	$711,225	$857,245	$ 5,356
Number of contracts (not in thousands)	39,380	48,892	4,468

A TDR is considered to have subsequently defaulted upon charge off, which for retail installment contracts is at the earlier of the date of repossession or the month in which the loan becomes 120 days past due and for revolving personal loans is generally the month in which the receivable becomes 180 days past due. Loan restructurings accounted for as TDRs within the previous twelve months that subsequently defaulted during the three months ended March 31, 2016 and 2015 are summarized in the following table:

	Three Months Ended		
	March 31, 2016	March 31, 2015	
	Retail Installment Contracts	Retail Installment Contracts (As Restated - Note 1)	Personal Loans
Recorded investment in TDRs that subsequently defaulted	$204,040	$185,192	$ 1,411
Number of contracts (not in thousands)	11,402	10,741	1,411

5. Debt

Revolving Credit Facilities

The following table presents information regarding credit facilities as of March 31, 2016 and December 31, 2015:

	March 31, 2016					
	Maturity Date(s)	Utilized Balance	Committed Amount	Effective Rate	Assets Pledged	Restricted Cash Pledged
Warehouse line	June 2016	$328,484	$500,000	1.53%	$470,935	$—
Warehouse line (a)	Various (a)	898,785	1,250,000	1.65%	1,268,593	33,876
Warehouse line (b)	July 2017	1,136,620	1,260,000	1.26%	1,327,405	39,890
Warehouse line (c)	July 2017	2,151,543	2,940,000	1.37%	3,301,792	59,169
Warehouse line	December 2017	1,342,277	1,800,000	1.59%	1,903,553	45,797
Repurchase facility (d)	December 2016	1,147,361	1,147,361	2.51%	—	44,767
Warehouse line	March 2018	886,199	1,000,000	1.26%	1,287,618	28,733
Warehouse line (e)	November 2016	175,000	175,000	1.99%	—	—
Warehouse line (e)	November 2016	250,000	250,000	1.99%	—	2,502
Warehouse line	January 2018	73,000	400,000	3.13%	102,309	—
Total facilities with third parties		8,389,269	10,722,361		9,662,205	254,734
Lines of credit with Santander and related subsidiaries (f):						
Line of credit	December 2016	500,000	500,000	2.74%	—	—
Line of credit	December 2018	—	500,000	3.49%	—	—
Line of credit	December 2016	1,000,000	1,000,000	2.70%	—	—
Line of credit	December 2018	975,000	1,000,000	2.94%	—	—
Line of credit	March 2017	300,000	300,000	1.99%	—	—
Line of credit	March 2019	—	1,500,000	4.44%	—	—
Total facilities with Santander and related subsidiaries		2,775,000	4,800,000		—	—
Total revolving credit facilities		$11,164,269	$15,522,361		$9,662,205	$254,734

(a) Half of the outstanding balance on this facility matures in March 2017 and half matures in March 2018.

(b) This line is held exclusively for financing of Chrysler Capital loans.

(c) This line is held exclusively for financing of Chrysler Capital leases.

(d) The repurchase facility is collateralized by securitization notes payable retained by the Company. This facility has rolling maturities of up to 180 days. On April 14, 2016, the Company entered into a second repurchase facility, advancing $237,000.

(e) These lines are collateralized by residuals retained by the Company.

(f) These lines generally are also collateralized by securitization notes payable and residuals retained by the Company. As of March 31, 2016 and December 31, 2015, $1,591,882 and $1,420,584, respectively, of the aggregate outstanding balances on these facilities were unsecured.

	December 31, 2015					
	Maturity Date(s)	Utilized Balance	Committed Amount	Effective Rate	Assets Pledged	Restricted Cash Pledged
Warehouse line	June 2016	$378,301	$500,000	1.48%	$535,737	$—
Warehouse line	Various	808,135	1,250,000	1.29%	1,137,257	24,942
Warehouse line	July 2017	682,720	1,260,000	1.35%	809,185	20,852
Warehouse line	July 2017	2,247,443	2,940,000	1.41%	3,412,321	48,589
Warehouse line	December 2017	944,877	2,000,000	1.56%	1,345,051	32,038
Repurchase facility	December 2016	850,904	850,904	2.07%	—	34,166
Warehouse line	September 2017	565,399	1,000,000	1.20%	824,327	15,759
Warehouse line	November 2016	175,000	175,000	1.90%	—	—
Warehouse line	November 2016	250,000	250,000	1.90%	—	2,501
Total facilities with third parties		6,902,779	10,225,904		8,063,878	178,847
Lines of credit with Santander and related subsidiaries:						
Line of credit	December 2016	500,000	500,000	2.65%	—	—
Line of credit	December 2018	—	500,000	3.48%	—	—
Line of credit	December 2016	1,000,000	1,750,000	2.61%	—	—
Line of credit	December 2018	800,000	1,750,000	2.84%	—	—
Line of credit	March 2017	300,000	300,000	1.88%	—	—
Total facilities with Santander and related subsidiaries		2,600,000	4,800,000		—	—
Total revolving credit facilities		$9,502,779	$15,025,904		$8,063,878	$178,847

Facilities with Third Parties

The warehouse lines and repurchase facility are fully collateralized by a designated portion of the Company's retail installment contracts (Note 2), leased vehicles (Note 3), securitization notes payables and residuals retained by the Company.

Lines of Credit with Santander and Related Subsidiaries

Through its New York branch, Santander provides the Company with $3,000,000 of long-term committed revolving credit facilities. Through SHUSA, Santander provides the Company with an additional $300,000 of committed revolving credit, collateralized by residuals retained on the Company's own securitizations, and $1,500,000 of committed revolving credit that can be drawn on an unsecured basis.

The facilities offered through the New York branch are structured as three- and five-year floating rate facilities, with current maturity dates of December 31, 2016 and December 31, 2018, respectively. These facilities currently permit unsecured borrowing but generally are collateralized by retail installment contracts and retained residuals. Any secured balances outstanding under the facilities at the time of their maturity will amortize to match the maturities and expected cash flows of the corresponding collateral.

Secured Structured Financings

The following table presents information regarding secured structured financings as of March 31, 2016 and December 31, 2015:

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	March 31, 2016					
	Original Estimated Maturity Date(s)	Balance	Initial Note Amounts Issued	Initial Weighted Average Interest Rate	Collateral	Restricted Cash
2012 Securitizations	September 2018	364,210	2,525,540	0.92%-1.23%	500,444	85,090
2013 Securitizations	January 2019 - January 2021	1,718,547	6,689,700	0.89%-1.59%	2,251,347	269,731
2014 Securitizations	February 2020 - January 2021	2,569,061	6,391,020	1.16%-1.72%	3,435,615	320,444
2015 Securitizations	September 2019 - January 2023	6,340,242	9,317,032	1.33%-2.29%	8,223,569	613,124
2016 Securitizations	April 2022 - May 2023	1,558,668	1,639,790	1.94%-2.44%	2,041,205	107,886
Securitizations (a)		12,550,728	26,563,082		16,452,180	1,396,275
2010 Private issuances (b)	June 2011	162,149	516,000	1.29%	260,960	7,794
2011 Private issuances	December 2018	552,070	1,700,000	1.46%	987,640	51,728
2013 Private issuances	September 2018-September 2020	2,919,009	2,693,754	1.13%-1.38%	4,597,426	171,712
2014 Private issuances	March 2018 - December 2021	1,282,460	3,271,175	1.05%-1.40%	1,871,997	114,993
2015 Private issuances	December 2016 - July 2019	2,392,487	2,855,062	0.88%-2.81%	2,660,644	141,190
2016 Private issuances	May 2020	482,056	500,000	1.55%	650,578	11,419
Privately issued amortizing notes		7,790,231	11,535,991		11,029,245	498,836
Total secured structured financings		$20,340,959	$38,099,073		$27,481,425	$1,895,111

(a) Securitizations executed under Rule 144A of the Securities Act are included within this balance.
(b) This securitization was most recently amended in May 2015 to extend the maturity date to May 2016.

	December 31, 2015					
	Original Estimated Maturity Date(s)	Balance	Initial Note Amounts Issued	Initial Weighted Average Interest Rate	Collateral	Restricted Cash
2012 Securitizations	September 2018	$433,771	$2,525,540	0.92%-1.23%	$580,581	$84,231
2013 Securitizations	January 2019 - January 2021	2,000,915	6,689,700	0.89%-1.59%	2,577,552	267,623
2014 Securitizations	February 2020 - January 2021	2,956,273	6,391,020	1.16%-1.72%	3,894,365	313,356
2015 Securitizations	September 2019 - January 2023	7,269,037	9,317,032	1.33%-2.29%	9,203,569	577,647
Securitizations		12,659,996	24,923,292		16,256,067	1,242,857
2010 Private issuances	June 2011	108,201	516,000	1.29%	240,026	6,855
2011 Private issuances	December 2018	708,884	1,700,000	1.46%	1,142,853	50,432

2013 Private issuances	September 2018-September 2020	2,836,420	2,693,754	1.13%-1.38%	4,311,481	143,450
2014 Private issuances	March 2018 - December 2021	1,541,970	3,271,175	1.05%-1.40%	2,192,495	95,325
2015 Private issuances	November 2016 - May 2020	3,017,429	3,548,242	0.88%-2.81%	3,608,497	161,778
Privately issued amortizing notes		8,212,904	11,729,171		11,495,352	457,840
Total secured structured financings		$20,872,900	$36,652,463		$27,751,419	$1,700,697

Most of the Company’s secured structured financings are in the form of public, SEC-registered securitizations. The Company also executes private securitizations under Rule 144A of the Securities Act and periodically issues private term amortizing notes, which are structured similarly to securitizations but are acquired by banks and conduits. The Company’s securitizations and private issuances are collateralized by vehicle retail installment contracts and loans or leases. As of March 31, 2016 and December 31, 2015, the Company had private issuances of notes backed by vehicle leases totaling $3,904,803 and $3,228,240, respectively.

Unamortized debt issuance costs are amortized as interest expense over the terms of the related notes payable using the effective interest method and are classified as a discount to the related recorded debt balance. For securitizations, the term takes into consideration the expected execution of the contractual call option, if applicable. Amortization of premium or accretion of discount on acquired notes payable is also included in interest expense using the effective interest method over the estimated remaining life of the acquired notes. Total interest expense on secured structured financings for the three months ended March 31, 2016 and 2015 was $94,376 and $60,852, respectively.

6. Variable Interest Entities

The Company transfers retail installment contracts and leased vehicles into newly formed Trusts that then issue one or more classes of notes payable backed by the collateral. The Company’s continuing involvement with these Trusts is in the form of servicing the assets and, generally, through holding residual interests in the Trusts. These transactions are structured without recourse. The Trusts are considered VIEs under U.S. GAAP and, when the Company holds the residual interest, are consolidated because the Company has: (a) power over the significant activities of each entity as servicer of its financial assets and (b) through the residual interest and in some cases debt securities held by the Company, an obligation to absorb losses or the right to receive benefits from each VIE that are potentially significant to the VIE. When the Company does not retain any debt or equity interests in its securitizations or subsequently sells such interests, it records these transactions as sales of the associated retail installment contracts.

Revolving credit facilities generally also utilize Trusts that are considered VIEs. The collateral, borrowings under credit facilities and securitization notes payable of the Company's consolidated VIEs remain on the condensed consolidated balance sheets. The Company recognizes finance charges, fee income, and provision for credit losses on the retail installment contracts, and leased vehicles and interest expense on the debt. All of the Trusts are separate legal entities and the collateral and other assets held by these subsidiaries are legally owned by them and are not available to other creditors.

The Company also uses a titling trust to originate and hold its leased vehicles and the associated leases, in order to facilitate the pledging of leases to financing facilities or the sale of leases to other parties without incurring the costs and administrative burden of retitling the leased vehicles. This titling trust is considered a VIE.

On-balance sheet variable interest entities

The following table summarizes the assets and liabilities related to VIEs included in the Company’s condensed consolidated financial statements:

	March 31, 2016	December 31, 2015
Restricted cash	$ 1,982,611	$ 1,842,877
Finance receivables held for sale	1,271,856	1,539,686
Finance receivables held for investment, net	22,897,337	22,891,064
Leased vehicles, net	7,298,521	6,516,030
Various other assets	581,758	620,482
Notes payable	30,500,847	30,611,019
Various other liabilities	7,654	5,379

Certain amounts shown above are greater than the amounts shown in the corresponding line items in the accompanying condensed consolidated balance sheets due to intercompany eliminations between the VIEs and other entities consolidated by the Company. For example, for most of its securitizations, the Company retains one or more of the lowest tranches of bonds. Rather than showing investment in bonds as an asset and the associated debt as a liability, these amounts are eliminated in consolidation as required by U.S. GAAP.

The Company retains servicing for receivables transferred to the Trusts and receives a monthly servicing fee on the outstanding principal balance. Supplemental fees, such as late charges, for servicing the receivables are reflected in fees, commissions and other income. As of March 31, 2016 and December 31, 2015, the Company was servicing $28,446,136 and $27,995,907, respectively, of gross retail installment contracts that have been transferred to consolidated Trusts. The remainder of the Company’s retail installment contracts remain unpledged.

A summary of the cash flows received from consolidated securitization trusts during the three months ended March 31, 2016 and 2015, is as follows:

	Three Months Ended	
	March 31, 2016	March 31, 2015
Assets securitized	$3,621,496	$3,981,855
Net proceeds from new securitizations (a)	$2,633,626	$3,060,862
Cash received for servicing fees (b)	194,365	159,802
Net distributions from Trusts (b)	431,591	300,487
Total cash received from Trusts	$3,259,582	$3,521,151

(a) Includes additional advances on existing securitizations.

(b) These amounts are not reflected in the accompanying condensed consolidated statements of cash flows because the cash flows are intra-company and eliminated in consolidation.

Off-balance sheet variable interest entities

The Company has completed sales to VIEs that met sale accounting treatment in accordance with the applicable guidance. Due to the nature, purpose, and activity of the transactions, the Company determined for consolidation purposes that it either does not hold potentially significant variable interests or is not the primary beneficiary as a result of the Company's limited further involvement with the financial assets. For such transactions, the transferred financial assets are removed from the Company's condensed consolidated balance sheets. In certain situations, the Company remains the servicer of the financial assets and receives servicing fees that represent adequate compensation, and may reacquire assets from the Trusts through the exercise of an optional clean-up call, as permitted through the respective servicing agreements. The Company also recognizes a gain or loss for the difference between the cash proceeds and carrying value of the assets sold.

During the three months ended March 31, 2016 and 2015, the Company executed no off-balance sheet securitizations with VIEs with which it has continuing involvement. As of March 31, 2016 and December 31, 2015, the Company was servicing $3,407,333 and $3,897,223, respectively, of gross retail installment contracts that have been sold in off-balance sheet securitizations and were subject to an optional clean-up call. Other than repurchases of sold assets due to standard representations and warranties, the Company has no exposure to loss as a result of its involvement with these VIEs.

A summary of the cash flows received from off-balance sheet securitization trusts during the three months ended March 31, 2016 and 2015 is as follows:

	Three Months Ended	
	March 31, 2016	March 31, 2015
Receivables securitized	$—	$ —
Net proceeds from new securitizations	$—	$ —
Cash received for servicing fees	15,701	5,304
Total cash received from securitization trusts	$15,701	$ 5,304

7. Derivative Financial Instruments

The Company manages its exposure to changing interest rates using derivative financial instruments. In certain circumstances, the Company is required to hedge its interest rate risk on its secured structured financings and the borrowings under its revolving credit facilities. The Company uses both interest rate swaps and interest rate caps to satisfy these requirements and to hedge the variability of cash flows on securities issued by securitization Trusts and borrowings under the Company's warehouse facilities. Certain of the Company’s interest rate swap agreements are designated as cash flow hedges for accounting purposes. Changes in the fair value of derivatives designated as cash flow hedges are recorded as a component of accumulated other comprehensive income (AOCI), to the extent that the hedge relationships are effective, and amounts are reclassified from AOCI to earnings as the forecasted transactions impact earnings. Ineffectiveness, if any, associated with changes in the fair value of derivatives designated as cash flow hedges is recorded currently in earnings.

The Company’s remaining interest rate swap agreements, as well as its interest rate cap agreements and the corresponding options written in order to offset the interest rate cap agreements, are not designated as hedges for accounting purposes. Changes in the fair value of derivative instruments not designated as hedges for accounting purposes are reflected in earnings.

The underlying notional amounts and aggregate fair values of these agreements at March 31, 2016 and December 31, 2015, were as follows:

	March 31, 2016		December 31, 2015	
	Notional	Fair Value	Notional	Fair Value
Interest rate swap agreements designated as cash flow hedges	$10,152,000	$(59,008)	$9,150,000	$1,706
Interest rate swap agreements not designated as hedges	1,984,000	(6,580)	2,399,000	(1,306)
Interest rate cap agreements	9,159,361	13,716	10,013,912	32,951
Options for interest rate cap agreements	9,159,361	(13,785)	10,013,912	(32,977)

The aggregate fair value of the interest rate swap agreements is included on the Company’s condensed consolidated balance sheets in other assets or other liabilities, as appropriate. The interest rate cap agreements are included in other assets, and the related options in other liabilities, on the Company’s condensed consolidated balance sheets. See Note 13 for additional disclosure of fair value and balance sheet location of the Company's derivative financial instruments.

The Company is the holder of a warrant that gives it the right, if certain vesting conditions are satisfied, to purchase additional shares in a company in which it has a cost method investment. This warrant was issued in 2012 and is carried at its estimated fair value of zero at March 31, 2016 and December 31, 2015.

The Company enters into legally enforceable master netting agreements that reduce risk by permitting netting of transactions, such as derivatives and collateral posting, with the same counterparty on the occurrence of certain events. A master netting agreement allows two counterparties the ability to net-settle amounts under all contracts, including any related collateral posted, through a single payment. The right to offset and certain terms regarding the collateral process, such as valuation, credit events and settlement, are contained in ISDA master agreements. The Company has elected to present derivative balances on a gross basis even if the derivative is subject to a legally enforceable master netting (ISDA) agreements for all derivative financial instruments. Collateral that is received or pledged for these transactions is disclosed within the “Gross amounts not offset in the Condensed Consolidated Balance Sheet” section of the tables below. Information on the offsetting of derivative assets and derivative liabilities due to the right of offset was as follows, as of March 31, 2016 and December 31, 2015:

	Offsetting of Financial Assets					
				Gross Amounts Not Offset in the Condensed Consolidated Balance Sheet		
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Condensed Consolidated Balance Sheet	Net Amounts of Assets Presented in the Condensed Consolidated Balance Sheet	Financial Instruments	Cash Collateral Received	Net Amount
March 31, 2016						
Interest rate swaps - Santander & affiliates	$189	$ —	$ 189	$ —	$ —	$189
Interest rate swaps - third party	—	—	—	—	—	—
Interest rate caps - Santander & affiliates	4,908	—	4,908	—	—	4,908
Interest rate caps - third party	8,809	—	8,809	—	—	8,809
Total derivatives subject to a master netting arrangement or similar arrangement	13,906	—	13,906	—	—	13,906
Total derivatives not subject to a master netting arrangement or similar arrangement	—	—	—	—	—	—
Total derivative assets	$13,906	$ —	$ 13,906	$ —	$ —	$13,906
Total financial assets	$13,906	$ —	$ 13,906	$ —	$ —	$13,906
December 31, 2015						
Interest rate swaps - Santander & affiliates	$4,607	$ —	$ 4,607	$ —	$ —	$4,607
Interest rate swaps - third party	3,863	—	3,863	—	—	3,863
Interest rate caps - Santander & affiliates	12,724	—	12,724	—	—	12,724
Interest rate caps - third party	20,227	—	20,227	—	—	20,227
Total derivatives subject to a master netting arrangement or similar arrangement	41,421	—	41,421	—	—	41,421
Total derivatives not subject to a master netting arrangement or similar arrangement	—	—	—	—	—	—
Total derivative assets	$41,421	$ —	$ 41,421	$ —	$ —	$41,421
Total financial assets	$41,421	$ —	$ 41,421	$ —	$ —	$41,421

	Offsetting of Financial Liabilities					
				Gross Amounts Not Offset in the Condensed Consolidated Balance Sheet		
	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Condensed Consolidated Balance Sheet	Net Amounts of Liabilities Presented in the Condensed Consolidated Balance Sheet	Financial Instruments	Cash Collateral Pledged (a)	Net Amount
March 31, 2016						
Interest rate swaps - Santander & affiliates	$18,179	$ —	$ 18,179	$ —	$(17,336)	$ 843
Interest rate swaps - third party	47,599	—	47,599	—	(47,599)	—
Back to back - Santander & affiliates	4,908	—	4,908	—	(4,908)	—
Back to back - third party	8,877	—	8,877	—	(8,877)	—
Total derivatives subject to a master netting arrangement or similar arrangement	79,563	—	79,563	—	(78,720)	843
Total return swap	—	—	—	—	—	—
Total derivatives not subject to a master netting arrangement or similar arrangement	—	—	—	—	—	—
Total derivative liabilities	$79,563	$ —	$ 79,563	$ —	$(78,720)	$ 843
Total financial liabilities	$79,563	$ —	$ 79,563	$ —	$(78,720)	$ 843
December 31, 2015						
Interest rate swaps - Santander & affiliates	$4,977	$ (3,430)	$ 1,547	$ —	$ —	$ 1,547
Interest rate swaps - third party	3,093	(3,093)	—	—	—	—
Back to back - Santander & affiliates	12,724	(12,270)	454	—	—	454
Back to back - third party	20,253	(20,253)	—	—	—	—
Total derivatives subject to a master netting arrangement or similar arrangement	41,047	(39,046)	2,001	—	—	2,001
Total return swap	—	—	—	—	—	—
Total derivatives not subject to a master netting arrangement or similar arrangement	—	—	—	—	—	—
Total derivative liabilities	$41,047	$ (39,046)	$ 2,001	$ —	$ —	$ 2,001
Total financial liabilities	$41,047	$ (39,046)	$ 2,001	$ —	$ —	$ 2,001

(a) Cash collateral pledged is reported in Other assets and Due from affiliate in the condensed consolidated balance sheet.

The gross gains (losses) reclassified from accumulated other comprehensive income (loss) to net income, and gains (losses) recognized in net income, are included as components of interest expense. The impacts on the condensed consolidated statements of income and comprehensive income for the three months ended March 31, 2016 and 2015 were as follows:

Three Months Ended
March 31, 2016

	Recognized in Earnings	Gross Gains (Losses) Recognized in Accumulated Other Comprehensive Income (Loss)	Gross Gains (Losses) Reclassified From Accumulated Other Comprehensive Income to Interest Expense
Interest rate swap agreements designated as cash flow hedges	$208	$ (73,005)	$ (12,082)
Derivative instruments not designated as hedges	$(5,499)		

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	Three Months Ended March 31, 2015		
	Recognized in Earnings	Gross Gains (Losses) Recognized in Accumulated Other Comprehensive Income (Loss)	Gross Gains (Losses) Reclassified From Accumulated Other Comprehensive Income to Interest Expense
Interest rate swap agreements designated as cash flow hedges	$223	$ (31,536)	$ (11,071)
Derivative instruments not designated as hedges	$(2,429)		

The ineffectiveness related to the interest rate swap agreements designated as cash flow hedges was insignificant for the three months ended March 31, 2016 and 2015. The Company estimates that approximately $48,000 of unrealized losses included in accumulated other comprehensive income (loss) will be reclassified to interest expense within the next twelve months.

8. Other Assets

Other assets were comprised as follows:

	March 31, 2016	December 31, 2015
Upfront fee (a)	$106,251	$ 110,000
Vehicles (b)	251,780	203,906
Manufacturer subvention payments receivable (a)	146,735	132,856
Accounts receivable	24,132	27,028
Prepaids	44,332	33,183
Derivative assets (Note 7)	65,285	24,090
Other	17,934	18,581
Total other assets	$656,449	$ 549,644

(a) These amounts relate to the Chrysler Agreement. The Company paid a $150,000 upfront fee upon the May 2013 inception of the agreement. The fee is being amortized into finance and other interest income over a ten-year term. As the preferred financing provider for FCA, the Company is entitled to subvention payments on loans and leases with below-market customer payments.

(b) Includes vehicles obtained through repossession as well as vehicles obtained due to lease terminations.

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9. Income Taxes

The Company recorded income tax expense of $116,129 (36.7% effective tax rate) and $115,688 (32.0% effective tax rate, as restated - Note 1) during the three months ended March 31, 2016 and 2015, respectively. The increase in effective tax rate is primarily due to discrete adjustments recognized during the three months ended March 31, 2015.

The Company is a party to a tax sharing agreement requiring that the unitary state tax liability among affiliates included in unitary state tax returns be allocated using the hypothetical separate company tax calculation method. At March 31, 2016, the Company had a net receivable from affiliates under the tax sharing agreement of $85, which was included in Related party taxes receivable in the condensed consolidated balance sheet. At December 31, 2015, the Company had a net payable to affiliates under the tax sharing agreement of $342, which was included in Related party taxes payable in the condensed consolidated balance sheet.

Significant judgment is required in evaluating and reserving for uncertain tax positions. Although management believes adequate reserves have been established for all uncertain tax positions, the final outcomes of these matters may differ. Management does not believe the outcome of any uncertain tax position, individually or combined, will have a material effect on the results of operations. The reserve for uncertain tax positions, as well as associated penalties and interest, is a component of the income tax provision.

10. Commitments and Contingencies

The Company is obligated to make purchase price holdback payments to a third-party originator of auto loans that the Company has purchased, when losses are lower than originally expected. The Company also is obligated to make total return settlement payments to this third-party originator beginning in June 2016 if returns on the purchased pools are greater than originally expected. The Company had $56,791 and $57,573 accrued at March 31, 2016 and December 31, 2015, respectively, related to this obligation.

The Company has extended revolving lines of credit to certain auto dealers. Under this arrangement, the Company is committed to lend up to each dealer's established credit limit. At March 31, 2016 and December 31, 2015, there was an outstanding balance of $26,015 and $26,941, respectively and a committed amount of $28,549 and $27,385, respectively.

Under terms of agreements with LendingClub, the Company was committed to purchase, at a minimum, through March 31, 2016, the lesser of $30,000 per month or 50% of LendingClub’s aggregate "near-prime" (as that term is defined in the agreements) originations and, thereafter through July 2017, the lesser of $30,000 per month or 50% of LendingClub’s aggregate near-prime originations. This commitment could be reduced or canceled with 90 days' notice. On October 9, 2015, the Company sent a notice of termination to LendingClub, and, accordingly, ceased originations on this platform on January 7, 2016.

The Company is committed to purchase certain new advances on personal revolving financings originated by a third party retailer, along with existing balances on accounts with new advances, for an initial term ending in April 2020 and renewing through April 2022 at the retailer's option. Each customer account generated under the agreements generally is approved with a credit limit higher than the amount of the initial purchase, with each subsequent purchase automatically approved as long as it does not cause the account to exceed its limit and the customer is in good standing. As these credit lines do not have a specified maturity, but rather can be terminated at any time in the event of adverse credit changes or lack of use, the Company has not recorded an allowance for unfunded commitments. As of March 31, 2016 and December 31, 2015, the Company was obligated to purchase $11,596 and $12,486, respectively, in receivables that had been originated by the retailer but not yet purchased by the Company. The Company also is required to make a profit-sharing payment to the retailer each month if performance exceeds a specified return threshold. The retailer also has the right to repurchase up to 9.99% of the existing portfolio at any time during the term of the agreement, and, provided that repurchase right is exercised, has the right to retain up to 20% of new accounts subsequently originated.

Under terms of an application transfer agreement with an OEM other than FCA, the Company has the first opportunity to review for its own portfolio any credit applications turned down by the OEM's captive finance company. The agreement does not require the Company to originate any loans, but for each loan originated the Company pays the OEM a referral fee, comprised of a volume bonus fee and a loss betterment bonus fee. The loss betterment bonus fee is calculated annually and is based on the amount by which losses on loans originated under the agreement are lower than an established percentage threshold.

The Company has agreements with SBNA to service recreational and marine vehicle portfolios. These agreements call for a periodic retroactive adjustment, based on cumulative return performance, of the servicing fee rate to inception of the contract. There were upward adjustments of $836 and downward adjustments of $147 for the three months ended March 31, 2016 and 2015, respectively.

In connection with the sale of retail installment contracts through securitizations and other sales, the Company has made standard representations and warranties customary to the consumer finance industry. Violations of these representations and warranties may require the Company to repurchase loans previously sold to on- or off-balance sheet trusts or other third parties. As of March 31, 2016, there were no loans that were the subject of a demand to repurchase or replace for breach of representations and warranties for the Company's asset-backed securities or other sales. In the opinion of management, the potential exposure of other recourse obligations related to the Company's retail installment contract sales agreements will not have a material adverse effect on the Company's consolidated financial position, results of operations, or cash flows.

Santander has provided guarantees on the covenants, agreements, and obligations of the Company under the governing documents of its warehouse facilities and privately issued amortizing notes. These guarantees are limited to the obligations of the Company as servicer.

Under terms of the Chrysler Agreement, the Company must make revenue sharing payments to FCA and also must make gain-sharing payments when residual gains on leased vehicles exceed a specified threshold. The Company had accrued $10,701 and $12,054 at March 31, 2016 and December 31, 2015, respectively, related to this obligation.

The Company has a flow agreement with Bank of America whereby the Company is committed to sell up to a specified amount of eligible loans to the bank each month through May 2018. Prior to October 1, 2015, the amount of this monthly commitment was $300,000. On October 1, 2015, the Company and Bank of America amended the flow agreement to increase the maximum commitment to sell to $350,000 of eligible loans each month, and to change the required written notice period from either party, in the event of termination of the agreement, from 120 days to 90 days. The Company retains servicing on all sold loans and may receive or pay a servicer performance payment based on an agreed-upon formula if performance on the sold loans is better or worse, respectively, than expected performance at time of sale. The Company had accrued $8,004 and $6,331 at March 31, 2016 and December 31, 2015, respectively, related to this obligation.

The Company has sold loans to CBP under terms of a flow agreement and predecessor sale agreements. The Company retains servicing on the sold loans and will owe CBP a loss-sharing payment capped at 0.5% of the original pool balance if losses exceed a specified threshold, established on a pool-by-pool basis. On June 25, 2015, the Company executed an amendment to the servicing agreement with CBP, which increased the servicing fee the Company receives. The Company and CBP also amended the flow agreement which reduced, effective from and after August 1, 2015, CBP's committed purchases of Chrysler Capital prime loans from a maximum of $600,000 and a minimum of $250,000 per quarter to a maximum of $200,000 and a minimum of $50,000 per quarter, as may be adjusted according to the agreement. In January 2016, the Company executed an amendment to the servicing agreement with CBP that decreased the servicing fee the Company receives on loans sold to CBP by the Company under the flow agreement. The Company had accrued $3,354 and $3,375 at March 31, 2016 and December 31, 2015, respectively, related to the loss-sharing obligation.

The Company provided SBNA with the first right to review and approve consumer vehicle lease applications, subject to volume constraints, under terms of a flow agreement that was terminated on May 9, 2015. The Company has indemnified SBNA for potential credit and residual losses on $48,226 of leases that had been originated by SBNA under this program but were subsequently determined not to meet SBNA's underwriting requirements. This indemnification agreement is supported by an equal amount of cash collateral posted by the Company in an SBNA bank account. The collateral account balance is included in restricted cash in the Company's condensed consolidated balance sheets. The Company additionally has agreed to indemnify SBNA for residual losses, up to a cap, on certain leases originated under the flow agreement between September 24, 2014 and May 9, 2015 for which SBNA and the Company had differing residual value expectations at lease inception.

The Company is party to a forward flow asset sale agreement with a third party under terms of which the Company is committed to sell charged off loan receivables in bankruptcy status on a quarterly basis until sales total at least

$350,000 in proceeds. Any sale after the total sales have reached $275,000 is subject to a market price check. As of March 31, 2016 and December 31, 2015, the remaining aggregate commitment was $195,652 and $200,707, respectively.

In connection with the bulk sales of Chrysler Capital leases (including the sale described in Note 3), the Company is obligated to make quarterly payments to the purchaser sharing residual losses for lease terminations with losses over a specific percentage threshold. The estimated guarantee liability, net, was $1,929 and $2,893, net, as of March 31, 2016 and December 31, 2015, respectively.

Legal Proceedings

Periodically, the Company is party to, or otherwise involved in, various lawsuits and other legal proceedings that arise in the ordinary course of business.

On August 26, 2014, a purported securities class action lawsuit was filed in the United States District Court, Southern District of New York, captioned Steck v. Santander Consumer USA Holdings Inc. et al., No. 1:14-cv-06942 (the Deka Lawsuit). On October 6, 2014, another purported securities class action lawsuit was filed in the District Court of Dallas County, State of Texas, captioned Kumar v. Santander Consumer USA Holdings, et al., No. DC-14-11783, which was subsequently removed to the United States District Court, Northern District of Texas, and re-captioned Kumar v. Santander Consumer USA Holdings, et al., No. 3:14-CV-3746 (the Kumar Lawsuit).

Both the Deka Lawsuit and the Kumar Lawsuit were brought against the Company, certain of its current and former directors and executive officers and certain institutions that served as underwriters in the Company's IPO on behalf of a class consisting of those who purchased or otherwise acquired our securities between January 23, 2014 and June 12, 2014. In February 2015, the Kumar Lawsuit was voluntarily dismissed with prejudice. In June 2015, the venue of the Deka Lawsuit was transferred to the United States District Court, Northern District of Texas. In September 2015, the court granted a motion to appoint lead plaintiffs and lead counsel, and the Deka Lawsuit is now captioned Deka Investment GmbH et al. v. Santander Consumer USA Holdings Inc. et al., No. 3:15-cv-2129-K.

The amended class action complaint in the Deka Lawsuit alleges that our Registration Statement and Prospectus and certain subsequent public disclosures contained misleading statements concerning the Company’s ability to pay dividends and the adequacy of the Company’s compliance systems and oversight. The amended complaint asserts claims under Sections 11, 12(a) and 15 of the Securities Act of 1933 and under Sections 10(b) and 20(a) of the Exchange Act, and Rule 10b-5 promulgated thereunder, and seeks damages and other relief. On December 18, 2015, the Company and the individual defendants moved to dismiss the amended class action complaint.

On October 15, 2015, a shareholder derivative complaint was filed in the Court of Chancery of the State of Delaware, captioned Feldman v. Jason A. Kulas, et al., C.A. No. 11614 (the Feldman Lawsuit). The Feldman Lawsuit names as defendants current and former members of the Company’s Board, and names the Company as a nominal defendant. The complaint alleges, among other things, that the current and former director defendants breached their fiduciary duties in connection with overseeing the Company’s subprime auto lending practices, resulting in harm to the Company. The complaint seeks unspecified damages and equitable relief. On December 29, 2015, the Feldman Lawsuit was stayed pending the resolution of the Deka Lawsuit.

On March 18, 2016, a purported securities class action lawsuit was filed in the United States District Court, Northern District of Texas, captioned Parmelee v. Santander Consumer USA Holdings Inc. et al., No. 3:16-cv-783 (the Parmelee Lawsuit). On April 4, 2016, another purported securities class action lawsuit was filed in the United States District Court, Northern District of Texas, captioned Benson v. Santander Consumer USA Holdings Inc. et al., No. 3:16-cv-919 (the Benson Lawsuit). Both the Parmelee Lawsuit and the Benson Lawsuit were filed against the Company and certain of its current and former directors and executive officers on behalf of a class consisting of all those who purchased or otherwise acquired our securities between February 3, 2015 and March 15, 2016. The complaints in the Parmelee Lawsuit and Benson Lawsuit allege that the Company made false or misleading statements, as well as failed to disclose material adverse facts, in prior Annual and Quarterly Reports filed under the Exchange Act and certain other public disclosures, in connection with the Company’s change in its methodology for estimating its allowance for credit losses and correction of such allowance for prior periods in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015. The complaints assert claims under Sections 10(b) and 20(a) of the Exchange Act, and Rule 10b-5 promulgated thereunder, and seek damages and other relief.

Further, the Company is party to, or is periodically otherwise involved in, reviews, investigations, and proceedings (both formal and informal), and information-gathering requests, by government and self-regulatory agencies, including the Federal Reserve, the CFPB, the DOJ, the SEC, the FTC and various state regulatory agencies. Currently, such proceedings include a civil subpoena from the DOJ, under FIRREA, requesting the production of documents and communications that, among other things, relate to the underwriting and securitization of nonprime auto loans since 2007. Additionally, on October 28, 2014, the Company received a preservation letter and request for documents from the SEC requesting the preservation and production of documents and communications that, among other things, relate to the underwriting and securitization of auto loans since January 1, 2011. The Company also has received civil subpoenas from various state Attorneys General requesting similar documents and communications. The Company is complying with the requests for information and document preservation.

On November 4, 2015, the Company entered into an Assurance of Discontinuance (AOD) with the Office of Attorney General of the Commonwealth of Massachusetts (the Massachusetts AG). The Massachusetts AG alleged that the Company violated the maximum permissible interest rates allowed under Massachusetts law due to the inclusion of GAP charges in the calculation of finance charges. Among other things, the AOD requires the Company, with respect to any loan that exceeded the maximum rates, to issue refunds of all finance charges paid to date and to waive all future finance charges. The AOD also requires the Company to undertake certain remedial measures, including ensuring that interest rates on its loans do not exceed maximum rates (when GAP charges are included) in the future, and provides that the Company pay $150 to the Massachusetts AG to reimburse its costs in of implementing the AOD.

On February 25, 2015, the Company entered into a consent order with the DOJ, approved by the United States District Court for the Northern District of Texas, that resolves the DOJ’s claims against the Company that certain of its repossession and collection activities during the period of time between January 2008 and February 2013 violated the Servicemembers Civil Relief Act (SCRA). The consent order requires the Company to pay a civil fine in the amount of $55, as well as at least $9,360 to affected servicemembers consisting of $10 per servicemember plus compensation for any lost equity (with interest) for each repossession by us, and $5 per servicemember for each instance where the Company sought to collect repossession-related fees on accounts where a repossession was conducted by a prior account holder, as well as requires the Company to undertake certain additional remedial measures.

On July 31, 2015, the CFPB notified the Company that it had referred to the DOJ certain alleged violations by the Company of the ECOA regarding statistical disparities in markups charged by automobile dealers to protected groups on loans originated by those dealers and purchased by the Company and the treatment of certain types of income in the Company’s underwriting process. On September 25, 2015, the DOJ notified us that it has initiated, based on the referral from the CFPB, an investigation under the ECOA of our pricing of automobile loans.

The Company does not believe that there are any proceedings, threatened or pending, that, if determined adversely, would have a material adverse effect on the consolidated financial position, results of operations, or liquidity of the Company.

11. Related-Party Transactions

Related-party transactions not otherwise disclosed in these footnotes to the condensed consolidated financial statements include the following:

Interest expense, including unused fees, for affiliate lines/letters of credit for the three months ended March 31, 2016 and 2015, was as follows:

	Three Months Ended	
	March 31, 2016	March 31, 2015
Line of credit agreement with Santander - New York Branch (Note 5)	$20,273	$ 25,484
Line of credit agreement with SHUSA (Note 5)	2,864	1,290

Accrued interest for affiliate lines/letters of credit at March 31, 2016 and December 31, 2015, was as follows:

	March 31, 2016	December 31, 2015
Line of credit agreement with Santander - New York Branch (Note 5)	$ 5,997	$ 6,015
Line of credit agreement with SHUSA (Note 5)	1,450	267

In August 2015, under a agreement with Santander, the Company began paying Santander a fee of 12.5 basis points (per annum) on certain warehouse lines, as they renew, for which Santander provides a guarantee of the Company's

servicing obligations. The Company recognized guarantee fee expense of $1,578 for the three months ended March 31, 2016. As of March 31, 2016, the Company had $3,860 of related fees payable to Santander.
The Company has derivative financial instruments with Santander and affiliates with outstanding notional amounts of $11,340,000 and $13,739,000 at March 31, 2016 and December 31, 2015, respectively (Note 7). The Company had a collateral overage on derivative liabilities with Santander and affiliates of $31,619 and $20,775 at March 31, 2016 and December 31, 2015, respectively. Interest expense and mark-to-market adjustments on these agreements include amounts totaling $10,150 and $17,242 for the three months ended March 31, 2016 and 2015, respectively.
The Company is required to permit SBNA first right to review and assess Chrysler Capital dealer lending opportunities; SBNA pays the Company a relationship management fee based upon the performance and yields of Chrysler Capital dealer loans held by SBNA. As of March 31, 2016 and December 31, 2015, the Company had relationship management fees receivable from SBNA of $525 and $419, respectively. The Company recognized $1,279 and $1,623 of relationship management fee income for the three months ended March 31, 2016 and 2015, respectively. On April 15, 2016, the relationship management fee was replaced with an origination fee and annual renewal fee for each loan.
All Chrysler Capital receivables from dealers, including receivables held by SBNA and by the Company, are serviced by SBNA. Servicing fee expense to SBNA for the Company's Chrysler Capital receivables from dealers totaled $34 and $86 for the three months ended March 31, 2016 and 2015, respectively. As of March 31, 2016 and December 31, 2015, the Company had $36 and $37, respectively, of servicing fees payable to SBNA. The Company may provide advance funding for dealer loans originated by SBNA, which is reimbursed to the Company by SBNA. The Company had no outstanding receivable from SBNA as of March 31, 2016 or December 31, 2015 for such advances.

Under the agreement with SBNA, the Company may originate retail consumer loans in connection with sales of vehicles that are collateral held against floorplan loans by SBNA. Upon origination, the Company remits payment to SBNA, who settles the transaction with the dealer. The Company owed SBNA $5,065 and $2,737, related to such originations, as of March 31, 2016 and December 31, 2015, respectively.

The Company is amortizing a $9,000 referral fee received in connection with the dealer lending arrangements into income over a ten-year period, ending on the July 1, 2022 termination date of the governing agreements. As of March 31, 2016 and December 31, 2015, the unamortized fee balance was $6,525 and $6,750, respectively. The Company recognized $225 of income related to the referral fee for each of the three-month periods ended March 31, 2016 and 2015.

The Company also has agreements with SBNA to service auto retail installment contracts and recreational and marine vehicle portfolios. Servicing fee income recognized under these agreements totaled $2,108 and $1,944 for the three months ended March 31, 2016 and 2015, respectively. Other information on the serviced auto loan and retail installment contract portfolios for SBNA as of March 31, 2016 and December 31, 2015 is as follows:

	March 31, 2016	December 31, 2015
Total serviced portfolio	$ 653,186	$ 692,291
Cash collections due to owner	24,234	19,302
Servicing fees receivable	2,244	1,476

Until May 9, 2015, the Company was party to a flow agreement with SBNA whereby SBNA had the first right to review and approve Chrysler Capital consumer vehicle lease applications. The Company could review any applications declined by SBNA for the Company’s own portfolio. The Company provides servicing and received an origination fee on all leases originated under this agreement. Pursuant to the Chrysler Agreement, the Company pays FCA on behalf of SBNA for residual gains and losses on the flowed leases. The Company also services leases it sold to SBNA in 2014. Origination fee income recognized under the agreement totaled zero and $5,624 for the three months ended March 31, 2016 and 2015, respectively. Servicing fee income recognized on leases serviced for SBNA totaled $1,549 and $1,457 for the three months ended March 31, 2016 and 2015, respectively. Other information on the consumer vehicle lease portfolio serviced for SBNA as of March 31, 2016 and December 31, 2015 is as follows:

	March 31, 2016	December 31, 2015
Total serviced portfolio	$ 1,964,315	$ 2,198,519
Cash collections due to owner	1,317	132
Servicing fees receivable	821	784
Revenue share reimbursement receivable	2,514	1,370

On June 30, 2014, the Company entered into an indemnification agreement with SBNA whereby SC indemnifies SBNA for any credit or residual losses on a pool of $48,226 in leases originated under the flow agreement. The covered leases are non-conforming units because they did not meet SBNA's credit criteria at origination. At the time of the agreement, SC established a $48,226 collateral account with SBNA in restricted cash that will be released over time to SBNA, in the case of losses, and SC, in the case of payments and sale proceeds. As of March 31, 2016 and December 31, 2015, the balance in the collateral account was $31,598 and $34,516, respectively. As of March 31, 2016 and December 31, 2015, the Company had a recorded liability of $2,691 related to the residual losses covered under the agreement.

In December 2015, the Company formed a new wholly-owned subsidiary, Santander Consumer International PR, LLC (SCI), and SCI opened deposit accounts with Banco Santander Puerto Rico, an affiliated entity. As of March 31, 2016 and December 31, 2015, SCI had cash of $4,420 and $4,920, respectively, on deposit with Banco Santander Puerto Rico.

During 2015, Santander Investment Securities Inc. (SIS), an affiliated entity, purchased a portion of the Class B notes of SDART 2013-3, a consolidated securitization Trust, with a principal balance of $725 as of March 31, 2016 and December 31, 2015, respectively. As of March 31, 2016 and December 31, 2015, the unpaid note balance of the Class B notes owned by SIS was $237 and $510, respectively. In addition, SIS purchased an investment of $2,000 in the Class A3 notes of CCART 2013-A, a securitization Trust formed by the Company in 2013. Although CCART 2013-A is not a consolidated entity of the Company, the Company continues to service the assets of the associated trust. SIS also serves as co-manager on certain of the Company's securitizations. Amounts paid to SIS as co-manager for each of the three-month periods ended March 31, 2016 and 2015, totaled $100, and are accounted for as debt issuance costs in the accompanying condensed consolidated financial statements.

Produban Servicios Informaticos Generales S.L., a Santander affiliate, is under contract with the Company to provide professional services, telecommunications, and internal and/or external applications. Expenses incurred, which are included as a component of other operating costs, totaled $24 and $102 for the three months ended March 31, 2016 and 2015, respectively.

The Company is party to an MSA with a company in which it has a cost method investment and holds a warrant to increase its ownership if certain vesting conditions are satisfied. The MSA enables SC to review credit applications of retail store customers. Under terms of the MSA, the Company had net originations of personal revolving loans of zero and $7,626 during the three months ended March 31, 2016 and 2015, respectively. As of March 31, 2016 and December 31, 2015, this cost method investment was carried at a value of zero in the Company's condensed consolidated balance sheets as it had been fully impaired. On March 24, 2016, the Company notified most of the retailers for which it reviews credit applications that it would no longer fund new originations effective April 11, 2016.

On July 2, 2015, the Company announced the departure of Mr. Dundon from his roles as Chairman of the Board and Chief Executive Officer of the Company, effective as of the close of business on July 2, 2015. In connection with his departure, and subject to the terms and conditions of his Employment Agreement, including Mr. Dundon's execution of a release of claims against the Company, Mr. Dundon became entitled to receive certain payments and benefits under his Employment Agreement. The Separation Agreement also provided for the modification of terms for certain equity-based awards (Note 14). Certain of the payments, agreements to make payments and benefits may be effective only upon receipt of certain required regulatory approvals.

As of March 31, 2016 and December 31, 2015, the Company had recorded a liability for $115,139 in contemplation of the payments and benefits due under the terms of the Separation Agreement. Mr. Dundon is serving as a consultant to the Company, at a mutually agreed rate, for a twelve-month period following the date of the Separation Agreement. Mr. Dundon also served as a Director on the Company's Board until his resignation from the Board on April 1, 2016.

As of March 31, 2016, the Company has not made any payments to Mr. Dundon arising from or pursuant to the terms of the Separation Agreement.

On July 2, 2015, Mr. Dundon entered into a Separation Agreement with the Company, DDFS LLC, SHUSA and Santander, under which his roles as Chairman of the Board and CEO were terminated effective as of that date. The Separation Agreement provided, among other things, that Mr. Dundon resign as Chairman of the Board, as CEO of the Company and as an officer and/or director of any of the Company's subsidiary companies. Also, in connection with, and pursuant to, the Separation Agreement, on July 2, 2015, Mr. Dundon, the Company, DDFS LLC, SHUSA and Santander entered into an amendment to the Shareholders Agreement (the Second Amendment). The Second Amendment amended, for purposes of calculating the price per share to be paid in the event that a put or call option was exercised with respect to the shares of Company Common Stock owned by DDFS LLC in accordance with the terms and conditions of the Shareholders Agreement, the definition of the term "Average Stock Price" to mean $26.83.

Pursuant to the Separation Agreement, SHUSA was deemed to have delivered as of July 3, 2015 an irrevocable notice to exercise the call option with respect to all 34,598,506 shares of our Common Stock owned by DDFS and consummate the transactions contemplated by such call option notice, subject to the receipt of required bank regulatory approvals and any other approvals required by law (the "Call Transaction"). Because the Call Transaction was not consummated prior to the Call End Date, DDFS LLC is free to transfer any or all shares of Company Common Stock it owns, subject to the terms and conditions of the Amended and Restated Loan Agreement, dated as of July 16, 2014, between DDFS LLC and Santander (the Loan Agreement). The Loan Agreement provides for a $300,000 loan, which, as of March 31, 2016 and December 31, 2015, had an unpaid principal balance of $290,000. Pursuant to the Loan Agreement, 29,598,506 shares of the Company's common stock owned by DDFS LLC are pledged as collateral under a related pledge agreement (the Pledge Agreement). Because the Call Transaction was not completed on or before the Call End Date, interest began accruing on the price paid per share in the Call Transaction at the overnight LIBOR rate on the third business day preceding the consummation of the Call Transaction plus 100 basis points with respect to any shares of Company Common Stock ultimately sold in the Call Transaction. The Shareholder Agreement further provides that Santander may, at its option, become the direct beneficiary of the Call Option. If consummated in full, SHUSA would pay DDFS LLC $928,278 plus interest that has accrued since the Call End Date. To date, the Call Transaction has not been consummated and remains subject to receipt of applicable regulatory approvals.

Pursuant to the Loan Agreement, if at any time the value of the Common Stock pledged under the Pledge Agreement is less than 150% of the aggregate principal amount outstanding under the Loan Agreement, DDFS LLC has an obligation to either (a) repay a portion of such outstanding principal amount such that the value of the pledged collateral is equal to at least 200% of the outstanding principal amount, or (b) pledge additional shares of Company Common Stock such that the value of the additional shares of Common Stock, together with the 29,598,506 shares already pledged under the Pledge Agreement, is equal to at least 200% of the outstanding principal amount. The value of the pledged collateral is less than 150% of aggregate principal amount outstanding under the Loan Agreement, and DDFS LLC has not taken any of the collateral posting actions described in clauses (a) or (b) above. If Santander declares the borrower's obligations under the Loan Agreement due and payable as a result of an event of default (including with respect to the collateral posting obligations described above), under the terms of the Loan Agreement and the Pledge Agreement, Santander's ability to rely upon the shares of Company Common Stock subject to the Pledge Agreement is, subject to certain exceptions, limited to the exercise by SHUSA and/or Santander of the right to deliver the call option notice and to consummate the Call Transaction at the price specified in the Shareholders Agreement. If the borrower fails to pay obligations under the Loan Agreement when due, including because of Santander's declaration of such obligations as due and payable as a result of an event of default, a higher default interest rate will apply to such overdue amounts.

During the three months ended March 31, 2015, the Company paid certain expenses incurred by Mr. Dundon in the operation of a private plane in which he owns a partial interest when used for SC business within the contiguous 48 states. Under this practice, payment is based on a set flight time hourly rate, and the amount of reimbursement is not subject to a maximum cap per fiscal year. For the three months ended March 31, 2015, the Company paid $183 to Meregrass, Inc., the Company managing the plane's operations, with an average rate of $5.8 per hour.

Under an agreement with Mr. Dundon, the Company is provided access to a suite at an event center that is leased by Mr. Dundon, and which the Company uses for business purposes. The Company reimburses Mr. Dundon for the use of this space on a periodic basis.

As of March 31, 2016, Jason Kulas, the Company's CEO, Mr. Dundon, and a Santander employee who was a member of the SC Board until the second quarter of 2015, each had a minority equity investment in a property in which the Company leases 373,000 square feet as its corporate headquarters. For the three months ended March 31, 2016 and 2015, the Company paid $1,576 and $522, respectively, in lease payments on this property. Future minimum lease payments for the 12-year term of the lease total $73,889.

The Company is party to certain agreements with Bluestem whereby the Company is committed to purchase receivables originated by Bluestem for an initial term ending in April 2020 and renewable through April 2022 at Bluestem's option. Bluestem is owned by Capmark, a company in which affiliates of Centerbridge own an approximately 32% interest. During the three months ended March 31, 2015, Centerbridge decreased its ownership in SC from approximately 1% as of January 1, 2015, to zero as of March 31, 2015. Further, an individual that was a member of SC's Board until July 15, 2015, is a member of Centerbridge management and also serves on the board of directors of Capmark. During the three months ended March 31, 2015, the Company advanced $158,229 to, and received $277,360 in payments on, receivables originated under its agreements with the retailer.

12. Computation of Basic and Diluted Earnings per Common Share

Earnings per common share (EPS) is computed using the two-class method required for participating securities. Restricted stock awards are considered to be participating securities because holders of such shares have non-forfeitable dividend rights in the event of a declaration of a dividend on the Company’s common shares.

The calculation of EPS excludes 3,724,001 and 1,512,091 employee stock option awards for the three months ended March 31, 2016 and 2015, respectively, as the effect of those securities would be anti-dilutive. The following table represents EPS numbers for the three months ended March 31, 2016 and 2015:

	Three Months Ended March 31,	
	2016	2015 (As Restated - Note 1)
Earnings per common share		
Net income	$200,693	$246,282
Weighted average number of common shares outstanding before restricted participating shares (in thousands)	357,625	348,955
Weighted average number of participating restricted common shares outstanding (in thousands)	350	467
Weighted average number of common shares outstanding (in thousands)	357,975	349,422
Earnings per common share	$0.56	$0.70
Earnings per common share - assuming dilution		
Net income	$200,693	$246,282
Weighted average number of common shares outstanding (in thousands)	357,975	349,422
Effect of employee stock-based awards (in thousands)	2,253	7,232
Weighted average number of common shares outstanding - assuming dilution (in thousands)	360,228	356,654
Earnings per common share - assuming dilution	$0.56	$0.69

13. Fair Value of Financial Instruments

Fair value measurement requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs and also establishes a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that can be accessed as of the measurement date. Active markets are those in which transactions for the asset or liability occur in sufficient

frequency and volume to provide pricing information on an ongoing basis.
Level 2 inputs are those other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
Level 3 inputs are those that are unobservable for the asset or liability and are used to measure fair value to the extent relevant observable inputs are not available.
Fair value estimates, methods, and assumptions are as follows:

	Level	March 31, 2016 Carrying Value	March 31, 2016 Estimated Fair Value	December 31, 2015 Carrying Value	December 31, 2015 Estimated Fair Value
Cash and cash equivalents (a)	1	$42,047	$ 42,047	$18,893	$ 18,893
Finance receivables held for sale, net (b)	3	2,324,190	2,334,887	2,868,603	2,889,043
Finance receivables held for investment, net (c)	3	24,082,180	25,715,311	23,479,680	24,960,092
Restricted cash (a)	1	2,636,216	2,636,216	2,236,329	2,236,329
Notes payable — credit facilities (d)	3	8,389,269	8,389,269	6,902,779	6,902,779
Notes payable — secured structured financings (e)	2	20,340,959	20,406,382	20,872,900	20,917,733
Notes payable — related party (f)	3	2,775,000	2,775,000	2,600,000	2,600,000

(a) Cash and cash equivalents and restricted cash — The carrying amount of cash and cash equivalents, including restricted cash, is at an approximated fair value as the instruments mature within 90 days or less and bear interest at market rates.

(b) Finance receivables held for sale, net — Finance receivables held for sale, net are comprised of retail installment contracts acquired individually and personal loans and are carried at the lower of cost or market, as determined on an aggregate basis for each type of receivable.

- Retail installment contracts acquired individually — The estimated fair value is based on prices obtained in recent market transactions or expected to be obtained in the subsequent sales for similar assets.
- Personal loans — The estimated fair value for personal loans held for sale is calculated based on a combination of estimated cash flows and market rates for similar loans with similar credit risks and a discounted cash flow (DCF) analysis in which the Company uses significant unobservable inputs on key assumptions, including historical default rates and adjustments to reflect prepayment rates, discount rates reflective of the cost of funding, and credit loss expectations.

(c) Finance receivables held for investment, net — Finance receivables held for investment, net are carried at amortized cost, net of an allowance. The estimated fair value for the underlying financial instruments are determined as follows:

- Retail installment contracts held for investment, net — The estimated fair value is calculated based on a DCF in which the Company uses significant unobservable inputs on key assumptions, including historical default rates and adjustments to reflect prepayment rates, expected recovery rates, discount rates reflective of the cost of funding, and credit loss expectations.
- Receivables from dealers held for investment and Capital lease receivables, net — Receivables from dealers held for investment and capital lease receivables are carried at amortized cost, net of credit loss allowance and gross investments, net of unearned income and allowance for lease losses, respectively. Management believes that the terms of these credit agreements approximate market terms for similar credit agreements.

(d) Notes payable — credit facilities — The carrying amount of notes payable related to revolving credit facilities is estimated to approximate fair value. Management believes that the terms of these credit agreements approximate market terms for similar credit agreements as the facilities are subject to short-term floating interest rates that approximate rates available to the Company.

(e) Notes payable — secured structured financings — The estimated fair value of notes payable related to secured structured financings is calculated based on market quotes for the Company's publicly traded debt and estimated market rates currently available from recent transactions involving similar debt with similar credit risks.

(f) Notes payable — related party — The carrying amount of notes payable to a related party is estimated to approximate fair value as the facilities are subject to short-term floating interest rates that approximate rates available to the Company.

The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis at March 31, 2016 and December 31, 2015, and are categorized using the fair value hierarchy:

	Fair Value Measurements at March 31, 2016			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Other assets — trading interest rate caps (a)	$8,809	$ —	$ 8,809	$ —
Due from affiliates — trading interest rate caps (a)	4,908	—	4,908	—
Due from affiliates — cash flow hedging interest rate swaps (a)	189	—	189	—
Other liabilities — trading options for interest rate caps (a)	8,877	—	8,877	—
Due to affiliates — trading options for interest rate caps (a)	4,908	—	4,908	—
Other liabilities — cash flow hedging interest rate swaps (a)	44,481	—	44,481	—
Due to affiliates — cash flow hedging interest rate swaps (a)	14,717	—	14,717	—
Other liabilities — trading interest rate swaps (a)	3,118	—	3,118	—
Due to affiliates — trading interest rate swaps (a)	3,462	—	3,462	—
Retail installment contracts acquired individually (b)	4,139	—	—	4,139

	Fair Value Measurements at December 31, 2015			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Other assets — trading interest rate caps (a)	$20,227	$ —	$ 20,227	$ —
Due from affiliates — trading interest rate caps (a)	12,724	—	12,724	—
Other assets — cash flow hedging interest rate swaps (a)	3,863	—	3,863	—
Due from affiliates — cash flow hedging interest rate swaps (a)	3,431	—	3,431	—
Due from affiliates — trading interest rate swaps (a)	1,176	—	1,176	—
Other liabilities — trading options for interest rate caps (a)	20,253			