IEG HOLDINGS CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

IEG HOLDINGS CORPORATION
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2014 AND DECEMBER 31, 2013

ASSETS

	September 30, 2014 (UNAUDITED)	December 31, 2013
CURRENT ASSETS		
Cash and cash equivalents	$ 2,367,308	$ 281,879
Loans receivable - current, net, note 2	373,604	64,719
Prepaid consulting fees	70,570	-
TOTAL CURRENT ASSETS	2,811,482	346,598
PROPERTY AND EQUIPMENT, net, note 3	34,465	43,349
LOANS RECEIVABLE - LONG TERM, net, note 2	2,117,091	361,394
OTHER ASSETS		
Security deposits	39,329	39,329
Loan costs, net	91,203	131,470
TOTAL OTHER ASSETS	130,532	170,799
TOTAL ASSETS	$ 5,093,570	$ 922,140

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 152,323	$ 323,978
Deferred rent	41,712	48,844
Dividend payable	20,764	-
Current portion of senior debt, note 4	-	114,562
Due to officer	99,109	-
Working capital loans, note 5	-	140,000
TOTAL CURRENT LIABILITIES	313,908	627,384
LONG-TERM LIABILITIES		
Senior debt, note 4	2,230,000	385,438
Deposit on preferred stock	1,311,073	1,910,774
Deposit on stock to be issued	288,029	-
TOTAL LIABILITIES	4,143,010	2,923,596
COMMITMENTS AND CONTINGENCIES, note 10		
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock, $0.001 par value; 50,000,000 shares authorized, 1,983,025 shares issued and outstanding, note 6	1,983	-
Common stock, $0.001 par value; 2,500,000,000 shares authorized, 1,795,462,964 shares issued and outstanding, note 6	1,795,463	956,723
Additional paid-in capital	12,743,574	6,323,319
Accumulated deficit	(13,590,460)	(9,281,498)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	950,560	(2,001,456)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 5,093,570	$ 922,140

IEG HOLDINGS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013
(UNAUDITED)

	Three Months		Nine Months	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
REVENUES				
Interest revenue	$ 144,059	$ 13,313	$ 237,519	$ 35,024
Other revenue	$ 1,100	354	2,313	3,429
TOTAL REVENUES	145,160	13,667	239,832	38,453
OPERATING EXPENSES				
Salaries and wages	914,610	347,562	1,655,392	1,038,267
Rent	69,404	67,530	192,189	208,412
Consulting	118,955	83,158	708,023	159,428
General and administrative	152,803	31,426	322,638	98,744
Professional fees	26,465	5,243	128,942	65,674
Telephone and utilites	27,493	27,317	81,082	70,890
Marketing and travel	165,941	59,973	574,469	92,855
Depreciation and amortization	54,914	3,694	68,803	32,719
Provision for credit losses	142,182	15,839	344,558	31,786
Insurance	3,968	6,895	10,188	21,255
Licenses and taxes	13,557	1,925	43,631	10,679
Office and miscellaneous	7,135	5,273	15,700	10,281
Repairs	3,672	1,574	6,317	5,174
Start up costs, note 8	-	-	-	1,500,000
TOTAL OPERATING EXPENSES	1,701,098	657,409	4,151,932	3,346,164
LOSS FROM OPERATIONS	(1,555,939)	(643,742)	(3,912,100)	(3,307,711)
OTHER INCOME (EXPENSE)				
Interest expense	(100,971)	(53,196)	(334,666)	(143,726)
Other expenses	(14,248)	-	(62,196)	-
TOTAL OTHER INCOME (EXPENSE)	(115,219)	(53,196)	(396,862)	(143,726)
NET LOSS	$ (1,671,158)	$ (696,938)	$ (4,308,962)	$ (3,451,437)
Net loss per share, basic and diluted	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)
Weighted average number of shares, basic and diluted	1,571,178,873	804,937,297	1,166,803,519	578,728,669

IEG HOLDINGS CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE PERIOD FROM JANUARY 1, 2013 THROUGH SEPTEMBER 30, 2014
(UNAUDITED)

	Common Stock		Preferred Stock								Additional	Subscription	Accumulated	
			Series A		Series B		Series C		Series D					
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Paid-in Capital	Receivable	Deficit	Total
Balance, January 1, 2013	272,447,137	$ 272,447	-	$ -	-	$ -	-	$ -	-	$ -	$ 3,464,161	$ -	$ (4,803,523)	$ (1,066,915)
Shares issued for pre-merger shares of shell	7,484,650	7,485	-	-	-	-	-	-	-	-	(7,485)	-	-	-
Issuance of shares at $0.02 and $0.03	12,491,916	12,492	-	-	-	-	-	-	-	-	287,265	-	-	299,757
Issuance of shares at $0.005	664,299,127	664,299	-	-	-	-	-	-	-	-	2,579,378	-		3,243,677
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	(4,477,975)	(4,477,975)
Balance, December 31, 2013	956,722,830	956,723	-	-	-	-	-	-	-	-	6,323,319	-	(9,281,498)	(2,001,456)
Issuance of shares at $0.005	611,991,383	611,991									2,447,966	-	-	3,059,957
Issuance of shares at $0.01, $0.015 and $0.02	226,748,751	226,749									2,092,779	-	-	2,319,528
Issuance of Preferred Shares	-	-	1,000,000	1,000	-	-	-	-	-	-	999,000	-	-	1,000,000
Issuance of Preferred Shares	-	-	-	-	410,000	410	-	-	-	-	409,590	-	-	410,000
Issuance of Preferred Shares	-	-	-	-	-	-	400,025	400	-	-	399,625	-	-	400,025
Issuance of Preferred Shares	-	-	-	-	-	-	-	-	173,000	173	172,827	-	-	173,000
Preferred Dividends	-	-	-	-	-	-	-	-	-	-	(101,532)	-	-	(101,532)
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	(4,308,962)	(4,308,962)
Balance, September 30, 2014	1,795,462,964	$ 1,795,463	1,000,000	$ 1,000	410,000	$ 410	400,025	$ 400	173,000	$ 173	$ 12,743,574	$ -	$ (13,590,460)	$ 950,560

IEG HOLDINGS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2014
(UNAUDITED)

	September 30, 2014	September 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (4,308,962)	$ (3,451,438)
Adjustments to reconcile net loss		
to net cash used in operating activities:		
Provision for credit losses	344,558	31,786
Depreciation	11,531	32,720
Amortization of loan costs	40,267	35,631
Changes in assets - (increase) decrease:		
Prepaid expenses	(70,570)	-
Deposits	-	(4,875)
Changes in liabilities - increase (decrease):		
Accounts payable and accrued expenses	74,898	5,652
Dividends payable	51,011	-
Deferred salary	1,225,000	716,543
Deferred rent	(7,132)	-
Payable for Rights Sales Agreement	-	1,500,000
NET CASH USED IN OPERATING ACTIVITIES	(2,639,399)	(1,145,285)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Loans receivable originated	(2,587,016)	(155,008)
Loans receivable repaid	177,864	29,659
Purchases of property and equipment	(2,646)	-
Advances to IEG Holdings Limited ACN 131 987 838	-	(621,279)
Advances to officer	(427,196)	(64,713)
NET CASH USED IN INVESTING ACTIVITIES	(2,838,994)	(811,341)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	1,730,000	100,000
Proceeds from short-term loan	640,000	400,000
Payments on short-term loan	(690,000)	(220,000)
Deposits on stock to be issued	288,029	425,853
Proceeds from issuance of common stock	4,455,650	1,206,751
Deposits on preferred stock	1,170,061	-
Preferred dividends paid	(29,918)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	7,563,822	1,912,604
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,085,429	(44,022)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	281,879	178,601
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,367,308	$ 134,579
Supplemental disclosures:		
Interest paid in cash	$ 320,379	$ 108,095
Income taxes paid in cash	$ -	$ -
Issuance of stock in lieu of payment of accrued compensation	$ 975,484	$ 1,586,942
Advance to IEG Holdings limited ACN 131 987 838 offset against payable for Rights Sales Agreement	$ -	$ 621,279
Issuance of common stock in lieu of repayment of short term loan	$ 90,000	$ -
Advance officer offset against accrued wages and accrued expenses	$ 526,305	$ -

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The principal business activity of the Company is providing unsecured consumer loans ranging from $5,000 - $10,000 over a five year term. The loans are offered under the consumer brand "Mr. Amazing Loans". The Company is headquartered in Las Vegas, Nevada and originates direct consumer loans in the states of Nevada, Florida, Illinois, Arizona, Missouri, Georgia, Virginia and New Jersey via its online platform and distribution network. The Company is a fully licensed consumer installment loan provider in these 8 states and offers all loans within the prevailing statutory rates.

Organization and Basis of Accounting

Investment Evolution Global Corporation ("IEGC") was incorporated in the state of Delaware on February 20, 2008. On March 14, 2013, IEGC consummated a reverse merger transaction with IEG Holdings Corporation ("IEG Holdings") (f/k/a Ideal Accents, Inc.). As a result of the reverse merger, the shareholders of IEGC received 90,815.71 shares of common stock in IEG Holdings for each share of IEGC, so that they own approximately 99.1% of the issued and outstanding common shares of IEG Holdings immediately after the transaction. For accounting purposes, the reverse merger has been treated as an acquisition of IEG Holdings by IEGC (the accounting acquirer) and a recapitalization of IEGC. Immediately prior to the reverse merger, IEG Holdings effected a 1-for-6 reverse stock split. The stockholders' equity has been restated to retroactively reflect the number of shares of IEGC, using the capital structure of IEG Holdings and to present the accumulated deficit of IEGC as of the date of the merger.

These consolidated financial statements include the operations of IEG Holdings Corporation and its wholly-owned subsidiaries Investment Evolution Global Corporation, Investment Evolution Corporation, and IEC SPV, LLC (collectively the "Company"). All inter-company transactions and balances have been eliminated in consolidation.

We have prepared the Company's accompanying consolidated unaudited financial statements in accordance with accounting principles generally accepted in the United States of America, or GAAP, for interim financial statements and with instructions to annual statements pursuant to the rules and regulations of Securities and Exchange Act of 1934, as amended, or the Exchange Act and Article 8-03 of Regulation S-X promulgated under the Exchange Act. Accordingly, these financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of our management, we have included all adjustments considered necessary (consisting of normal recurring adjustments) for a fair presentation. Operating results for the nine months ended September 30, 2014 and 2013 are not indicative of the results that may be expected for the fiscal year ending December 31, 2014. You should read these unaudited consolidated financial statements in conjunction with the audited financial statements for the year ended December 31, 2013 and the notes thereto. The Company's accounting and reporting policies are in accordance with U.S. generally accepted accounting principles and conform to general practices within the consumer finance industry.

Going Concern

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The Company has reported recurring losses and has generated negative net cash flows from operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management intends to raise capital funding sufficient to continue operations through January 2016 via a private or public offering of equity. This additional working capital will enable the Company to increase loan volume utilizing its existing $10 million credit facility. If the Company is not successful in raising sufficient capital, it may have to delay or reduce expenses, or curtail operations. The accompanying consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that could result should the Company not continue as a going concern.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Management uses its historical records and knowledge of its business in making these estimates. Accordingly, actual results may differ from these estimates.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Company considers cash equivalents to include short-term, highly liquid investments with an original maturity of three months or less.

Loans Receivable and Interest Income

The Company is licensed to originate consumer loans in the states of Nevada, Florida, Illinois, Arizona, Missouri, Georgia, Virginia and New Jersey. During the nine months ended September 30, 2014 and 2013, the Company originated $2,000, $3,000, $5,000 and $10,000 loans with terms ranging from three to five years. The Company offers its loans at or below the prevailing statutory rates. Loans are carried at the unpaid principal amount outstanding, net of an allowance for credit losses.

The Company calculates interest revenue using the interest yield method. Charges for late payments are credited to income when collected. Application fees are insignificant.

Accrual of interest income on loans receivable is suspended when no payment has been received on account for 60 days or more on a contractual basis, at which time a loan is considered delinquent. Loans are returned to active status and accrual of interest income is resumed when all of the principal and interest amounts contractually due are brought current; at which time management believes future payments are reasonably assured. At September 30, 2014, 21 loans with a balance of $75,254 were delinquent.

Allowance for Credit Losses

The Company maintains an allowance for credit losses due to the fact that it is probable that a portion of the loans receivable will not be collected. The allowance is estimated by management based on various factors, including specific circumstances of the individual loans, management's knowledge of the industry, and the experience and trends of other companies in the same industry.

Impaired Loans

The Company defines impaired loans as bankrupt accounts and accounts that are 184 days or more past due. In accordance with the Company's charge-off policy, once a loan is deemed uncollectible, 100% of the remaining balance is charged-off. Loans can also be charged off when deemed uncollectable due to consumer specific circumstances.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are being provided using the straight-line method over the estimated useful lives of the assets as follows:

Classification	Life
Computer equipment	3-5 years
Furniture and fixtures	8 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

The Company amortizes its leasehold improvements over the shorter of their economic lives, which are generally five years, or the lease term that considers renewal periods that are reasonably assured. Expenses for repairs and maintenance are charged to expense as incurred, while renewals and betterments are capitalized. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in the consolidated statement of operations.

Operating Leases

The Company's office leases typically have a lease term of three to five years and contain lessee renewal options and cancellation clauses in the event of regulatory changes.

Loan Costs

Loan costs relate to the $10 million credit facility, and include broker success fees and legal fees. These costs are amortized over four years, the period of the credit facility. Accumulated amortization of loan costs amounted to $114,281 and $74,015 at September, 2014 and December 31, 2013, respectively.

Income Taxes

We account for income taxes using the liability method in accordance with FASB Accounting Standards Codification ("ASC") 740 "Income Taxes". To date, no current income tax liability has been recorded due to our accumulated net losses. Deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of assets and liabilities and the amounts that are reported in the income tax returns. Our net deferred income tax assets have been fully reserved by a valuation allowance due to the uncertainty of our ability to realize future taxable income and to recover our net deferred income tax assets.

Advertising Costs

Advertising costs are expensed as incurred and are included in general administrative expenses. Advertising costs amounted to $207,814 and $56,264 for the nine months ended September 30, 2014 and 2013, respectively.

Earnings and loss per Share

The Company computes net earnings (loss) per share in accordance with ASC 260-10 that establishes standards for computing and presenting net earnings (loss) per shares. Basic earnings (loss) per share are computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed similar to basic earnings per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares, if any, had been issued and if the additional common shares were dilutive.

Fair Value of Financial Instruments

The Company has adopted guidance issued by the FASB that defines fair value, establishes a framework for measuring fair value in accordance with existing generally accepted accounting principles, and expands disclosures about fair value measurements. Assets and liabilities recorded at fair value in the consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The categories are as follows:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (Continued)

Level I	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level II	Inputs, other than quoted prices included in Level I, that are observable for the asset or liability through corroboration with market data at the measurement date.
Level III	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

At September 30, 2014 and December 31, 2013, the only financial instruments that are subject to these classifications are cash and cash equivalents, which are considered Level I assets.

Carrying amounts reported in the consolidated balance sheets for accounts payable and accrued expenses approximate fair value because of their immediate or short-term nature. The fair value of borrowings is not considered to be significantly different than its carrying amount because the stated rates for such debt reflect current market rates and conditions.

2. LOANS RECEIVABLE

Loans receivable consisted of the following at September 30, 2014 and December 31, 2013:

	September 30, 2014	December 31, 2013
Loans receivable	$ 2,849,114	$ 487,432
Allowance for credit losses	(358,419)	(61,319)
Loans receivable, net	2,490,695	426,113
Loan receivables, current, net	373,604	64,719
Loan receivables, non current, net	$ 2,117,091	$ 361,394

A reconciliation of the allowance for credit losses consist of the following at September 30, 2014 and December 31, 2013:

	September 30, 2014	December 31, 2013
Beginning balance	$ 61,319	$ 17,777
Provision for credit losses	344,558	63,492
Loans charged off	(47,458)	(19,950)
Ending balance	$ 358,419	$ 61,319

3. PROPERTY AND EQUIPMENT

At September 30, 2014 and December 31, 2013, property and equipment consists of the following:

	September 30, 2014	December 31, 2013
Computer equipment	$ 120,513	$ 120,513
Furniture and fixtures	15,961	13,314
Leasehold improvements	57,980	57,980
	194,454	191,807
Less accumulated depreciation and amortization	159,989	148,458
Total	$ 34,465	$ 43,349

Depreciation of property and equipment amounted to $11,531 and $32,720 during the nine months ended September 30, 2014 and 2013, respectively, are included in the accompanying statements of operations in operating expenses.

4. LONG TERM DEBT

The Company has a credit facility that provides for borrowings of up to $10 million with $2,230,000 and $500,000 outstanding at September 30, 2014 and December 31, 2013, respectively, subject to a borrowing base formula. The Company may borrow, at its option, at the rate of 18% with a minimum advance of $25,000. As of September 30, 2014 the Company's effective interest rate was 18% and the unused amount available under the credit line was $7.77 million. Proceeds from this credit facility are used to fund loans to consumers. The credit facility revolving period, during which interest only payments are due, was extended on June 30, 2014 under an amendment to the loan agreement. Upon conversion to a term loan, monthly principal and interest payments equal to 100% of the consumer loan proceeds will be due. This note matures on June 1, 2016.

Substantially all of the Company's assets are pledged as collateral for borrowings under the revolving credit agreement.

Future minimum payments on the credit facility at September 30, 2014 are as follows:

Twelve months ending September 30,	
2015	$ -
2016	2,230,000
	$ 2,230,000

5. WORKING CAPITAL LOANS

On April 28, 2014, the Company secured a loan up to $245,000 from Dr. L. Prasad, an investor in the Company. The Company repaid $109,500 on May 1, 2014 which comprised full repayment of $85,000 loan principal advanced and a $24,500 facility fee recorded as interest expense.

On April 28, 2014, the Company secured a $265,000 loan from Willoughby Family Trust, an investor in the Company. The Company repaid $310,000 on June 30, 2014 which comprised full repayment of $265,000 loan principal and a $45,000 facility fee recorded as interest expense.

On July 13, 2014, the Company secured a $100,000 working capital loan to expand from Dr L Prasad, an investor in the Company. The Company repaid $115,000 on September 30, 2014 which comprised full repayment of $100,000 loan principal and a $15,000 facility fee recorded as interest expense.

5. WORKING CAPITAL LOANS (Continued)

On July 14, 2014, the Company secured a $90,000 working capital loan to expand from Willoughby Family Trust, an investor in the Company. The Company repaid $99,000 ($90,000 in stock and $9,000 in cash) by September 8, 2014 which comprised full repayment of $90,000 loan principal and a $9,000 facility fee recorded as interest expense.

On July 28, 2014, the Company secured a $100,000 working capital loan to expand from Domenic Tacca, an investor in the Company. The Company repaid $115,000 on September 30, 2014 which comprised full repayment of $100,000 loan principal and a $15,000 facility fee recorded as interest expense.

6. STOCKHOLDERS' EQUITY

The aggregate number of shares which the Company has the authority to issue is 2,550,000,000 shares, of which 2,500,000,000 shares are common stock, par value $0.001 per share, and 50,000,000 shares are preferred stock, par value $0.001 per share. The Board of Directors is authorized at any time, and from time to time, to provide for the issuance of Preferred Stock in one or more series, and to determine the designations, preferences, limitations and relative or other rights of the Preferred Stock or any series thereof.

The stockholders' equity has been restated to retroactively reflect the number of shares of Investment Evolution Global Corporation, using the capital structure of IEG Holdings Corporation and to present the accumulated deficit of Investment Evolution Global Corporation as of the date of the merger.

During the nine months ended September 30, 2014 and 2013, the Company issued 838,740,134 shares of common stock at a price of $0.005, $0.01, $0.015 and $0.02 per share and 12,491,916 shares at a price of $0.02 and $0.03 per share, respectively, in accordance with rights offerings to existing stockholders of the Company.

On March 31, 2014 the Board of Directors resolved to increase the authorized number of common stock from 1,000,000,000 to 2,500,000,000. In addition, the Board of Directors authorized to issue Series A, B, C and D of Preferred Stock, par value $0.001 per share.

On March 31, 2014 the Company issued 1,983,025 shares of convertible preferred stock ("Preferred Stock"), which is allocated as follows: Series A: 1,000,000 shares, Series B: 410,000 shares, Series C: 400,025 shares and Series D: 173,000 shares.

On March 31, 2014 the Company authorized the issuance of 1,000,000 unregistered shares of its Series A Preferred Stock to the Company's President and Chief Executive Officer, Mr. Paul Mathieson, in consideration for $1,000,000.

The Preferred Stock accrues dividends at the rate of 12% per annum paid monthly. Each series of preferred stock ranks pari-pasu with each other series of preferred stock, and senior to the common stock of the Company, as to dividends, and upon liquidation, dissolution or a winding up of the Company. In the event of a liquidation or winding up of the Corporation, holders of the Preferred Stock shall be entitled to receive the Stated Value of $1 per share.

Series A Preferred Stock

During the nine months ended September 30, 2014 and 2013, the Company issued 1,000,000 and 0 shares of Series A convertible preferred stock, respectively, with a par value of $0.001 per share. Each share is convertible into 400 shares of common stock at the option of the holder any time after December 31, 2014. The holder of the shares is also entitled to vote at a ratio of 1001 votes for each share of preferred stock.

6. STOCKHOLDERS' EQUITY (Continued)

Series B Preferred Stock

During the nine months ended September 30, 2014 and 2013, the Company issued 410,000 and 0 shares of Series B convertible preferred stock, respectively, with a par value of $0.001 per share. Each share is convertible into 400 shares of common stock at the option of the holder on December 31, 2014; or if the holder elects to convert on December 31, 2015, each share is convertible into 66 2/3 shares of common stock. The holder of the shares is also entitled to vote at a ratio of 200 votes for each shares of preferred stock. Any time after December 31, 2015, the Company also has the right to redeem the shares at a redemption value of $1 per share.

Series C Preferred Stock

During the nine months ended September 30, 2014 and 2013, the Company issued 400,025 and 0 shares of Series C convertible preferred stock, respectively, with a par value of $0.001 per share. Each share is convertible into 200 shares of common stock at the option of the holder on December 31, 2014; or if the holder elects to convert on December 31, 2015, each share is convertible into 57.1428 shares of common stock. The holder of the shares is also entitled to vote at a ratio of 100 votes for each shares of preferred stock. Any time after December 31, 2015, the Company also has the right to redeem the shares at a redemption value of $1 per share.

Series D Preferred Stock

During the nine months ended September 30, 2014 and 2013, the Company issued 173,000 and 0 shares of Series D convertible preferred stock, respectively, with a par value of $0.001 per share. Each share is convertible into 133.3333 shares of common stock at the option of the holder on December 31, 2014; or if the holder elects to convert on December 31, 2015, each share is convertible into 50 shares of common stock. The holder of the shares is also entitled to vote at a ratio of 67 votes for each shares of preferred stock. Any time after December 31, 2015, the Company also has the right to redeem the shares at a redemption value of $1 per share.

On September 25, 2014 the Board of Directors resolved to issue Series E and F of Preferred Stock, par value $0.001 per share.

7. INCOME TAXES

The difference between income tax expense attributable to continuing operations and the amount of income tax expense that would result from applying domestic federal statutory rates to pre-tax income (loss) is mainly related to an increase in the valuation allowance. Valuation allowances are established, when necessary, to reduce deferred income tax assets to the amount expected to be realized. Deferred income tax assets are mainly related to net operating loss carryforwards. Management has chosen to take a 100% valuation allowance against the deferred income tax asset until such time as management believes that its projections of future profits make the realization of the deferred income tax assets more likely than not. Significant judgment is required in the evaluation of deferred income tax benefits and differences in future results from management's estimates could result in material differences.

As of September 30, 2014, the Company is in the process of determining the amount of loss carryforwards that may potentially be used to offset future Federal taxable income, which will expire through 2033. In the event of statutory ownership changes, the amount of net operating loss carryforwards that may be utilized in future years is subject to significant limitations.

7. INCOME TAXES (Continued)

The Company has adopted guidance issued by the FASB that clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold of more likely than not and a measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In making this assessment, a company must determine whether it is more likely than not that a tax position will be sustained upon examination, based solely on the technical merits of the position and must assume that the tax position will be examined by taxing authorities. The Company's policy is to include interest and penalties related to unrecognized tax benefits in income tax expense. Interest and penalties totaled $0 for the nine months ended September 30, 2014 and 2013. The Company files income tax returns with the Internal Revenue Service ("IRS") and the states of Nevada, Florida, Illinois and Arizona. All of the Company's tax filings are still subject to examination. The Company's net operating loss carryforwards are subject to IRS examination until they are fully utilized and such tax years are closed.

8. CONCENTRATION OF CREDIT RISK

The Company's portfolio of finance receivables is with consumers living throughout Nevada, Florida, Illinois, Arizona, Missouri, Georgia, Virginia and New Jersey and consequently such consumers' ability to honor their installment contracts may be affected by economic conditions in these areas.

The Company maintains cash at financial institutions which may, at times, exceed federally insured limits.

Operating Leases

The Company leases its operating facilities under non-cancelable operating leases that expire through August 2016. Total rent expense for the nine months ended September 30, 2014 and 2013 was $192,189 and $208,412 respectively. The Company is responsible for certain operating expenses in connection with these leases. The following is a schedule, by year, of future minimum rental payments required under non-cancelable operating leases in excess of one year as of September 30, 2014:

Twelve months ending September 30,		
2015	$	192,163
2016	$	118,717

The Chicago, Phoenix and West Palm Beach offices were vacated in 2013 after obtaining special approval from the Illinois, Arizona and Florida Commissioners to operate the state licenses without having a physical office location in each state. The Company subleased the Chicago office in September 2014 and is currently looking to sublease the remaining two unused offices which could reduce future required rental payments.

Legal Matters

From time to time, the Company may get involved in legal proceedings in the normal course of its business. The Company is not involved in any legal proceedings at the present time.

Professional Employment Contract

The Company has a professional employment contract with its Chief Executive Officer ("CEO"), according to which, the Company paid $225,000 salary plus health insurance and $1,000,000 bonus ($975,484 of $1,000,000 bonus was issued in common stock) for the nine months ended September 30, 2014. Commencing October 1, 2014 the Company is obligated to pay its CEO $1,000,000 salary annually plus health insurance, with a discretionary bonus to be determined by the IEG Holdings Corporation Board on December 31, 2015.

9. COMMITMENTS AND CONTINGENCIES (Continued)

Regulatory Requirements

State statutes authorizing the Company's products and services typically provide state agencies that regulate banks and financial institutions with significant regulatory powers to administer and enforce the law. Under statutory authority, state regulators have broad discretionary power and may impose new licensing requirements, interpret or enforce existing regulatory requirements in different ways, or issue new administrative rules. In addition, when the staff of state regulatory bodies change, it is possible that the interpretations of applicable laws and regulations may also change.

10. RELATED PARTIES TRANSACTIONS

Deferred salary and bonus to our Chief Executive Officer totaling $975,484 was offset against issuance of shares of common stock during the nine months ended September 30, 2014. Advance to officer was also offset against wages and accrued expenses paid on behalf of the company for a total of $526,305.

11. REVERSE MERGER

On January 25, 2013 the Investment Evolution Global Corporation ("IEGC") entered into a stock exchange agreement (the "Stock Exchange Agreement") among IEGC, its sole shareholder IEG Holdings Limited, an Australian company ("IEG") and IEG Holdings Corporation (f/k/a Ideal Accents, Inc.), a Florida corporation ("IEG Holdings"). Under the terms of the Stock Exchange Agreement, IEG Holdings agreed to acquire a 100% interest in the Company for 272,447,137 shares of IEG Holdings' common stock after giving effect to a 1 for 6 reverse stock split. On February 14, 2013 IEG Holdings filed the Amended Articles with the Secretary of State of Florida changing its name from Ideal Accents, Inc. to IEG Holdings Corporation, increasing the number of shares of its authorized common stock to 1,000,000,000, $.001 par value, creation of 50,000,000 shares of "blank-check" preferred stock and effectuating a 1 for 6 reverse stock split of its issued and outstanding common stock (the "Reverse Stock Split") pursuant to the terms of the Stock Exchange Agreement. FINRA approved the IEG Holdings Amended Articles on March 11, 2013.

On March 13, 2013 IEG Holdings completed the acquisition of IEGC under the terms of the Stock Exchange Agreement and issued to IEG 272,447,137 shares of IEG Holdings common stock after giving effect to the Reverse Stock Split whereby IEG Holdings acquired a 100% interest in the Company. As a result of the ownership interests of IEG in IEG Holdings and its former ownership interest in the Company, for financial statement reporting purposes, the acquisition of the Company by IEG Holdings has been treated as a reverse acquisition with the Company being the accounting acquirer.

11. SUBSEQUENT EVENTS

Common Stock Issuance
On November 19, 2014 the Company issued 75,316,666 shares of common stock at a price of $0.01, $0.015 and $0.02 per share in accordance with an entitlement offering to existing stockholders of the Company.

Preferred Stock Issuance
On November 19, 2014 the Company issued 1,861,000 shares of convertible preferred stock ("Preferred Stock") which is allocated as follows: Series E: 461,000 shares, Series F: 1,400,000 shares.

Series E Preferred Stock
On November 19, 2014 the Company issued 461,000 shares of Series E convertible preferred stock, with a par value of $0.001 per share. Each share is convertible into 40 shares of common stock at the option of the holder on December 31, 2014; or if the holder elects to convert on December 31, 2015, each share is convertible into 25 shares of common stock. The holder of the shares is also entitled to vote at a ratio of 40 votes for each shares of preferred stock. Any time after December 31, 2015, the Company also has the right to redeem the shares at a redemption value of $1 per share.

11. SUBSEQUENT EVENTS (Continued)

Series F Preferred Stock

On November 19, 2014 the Company issued 1,400,000 shares of Series F convertible preferred stock, with a par value of $0.001 per share. Each share is convertible into 33.3333 shares of common stock at the option of the holder on December 31, 2015. The holder of the shares is also entitled to vote at a ratio of 34 votes for each shares of preferred stock. Any time after December 31, 2015, the Company also has the right to redeem the shares at a redemption value of $1 per share.

Texas Lending License

On November 14, 2014 the Company was issued a lending license for the state of Texas and plans to commence lending to residents of Texas in November 2014.