OneMain Financial

OneMain Financial 4Q19 Earnings Presentation

(NYSE: OMF)

February 10, 2020

Important Information

This document contains summarized information concerning OneMain Holdings, Inc. (the “Company”) and the Company’s business, operations, financial performance and trends. No representation is made that the information in this document is complete. For additional financial, statistical and business related information see the Company's most recent Annual Report on Form 10-K (“Form 10-K”) and Quarterly Reports on Form 10-Q (“Form 10-Qs”) filed with the U.S. Securities and Exchange Commission (the “SEC”), as well as the Company’s other reports filed with the SEC from time to time. Such reports are or will be available in the Investor Relations section of the Company's website (https://www.omf.com) and the SEC's website (http://www.sec.gov).

Cautionary Note Regarding Forward-Looking Statements

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact but instead represent only management’s current beliefs regarding future events. By their nature, forward-looking statements are subject to risks, uncertainties, assumptions and other important factors that may cause actual results, performance or achievements to differ materially from those expressed in or implied by such forward-looking statements. We caution you not to place undue reliance on these forward-looking statements that speak only as of the date on which they were made. We do not undertake any obligation to update or revise these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events or the non-occurrence of anticipated events, whether as a result of new information, future developments or otherwise, except as required by law. Forward-looking statements include, without limitation, statements concerning future plans (including statements regarding the timing, declaration, amount and payment of any future dividends), objectives, goals, projections, strategies, events or performance, and underlying assumptions and other statements related thereto. Statements preceded by, followed by or that otherwise include the words “anticipates,” “appears,” “are likely,” “believes,” “estimates,” “expects,” “foresees,” “intends,” “plans,” “projects” and similar expressions or future or conditional verbs such as “would,” “should,” “could,” “may,” or “will,” are intended to identify forward-looking statements. Important factors that could cause actual results, performance or achievements to differ materially from those expressed in or implied by forward-looking statements include, without limitation, the following: adverse changes in general economic conditions, including the interest rate environment and the financial markets; risks related to the acquisition or sale of assets or businesses or the formation, termination or operation of joint ventures or other strategic alliances, including increased loan delinquencies or net charge-offs, integration or migration issues, increased costs of servicing, incomplete records, and retention of customers; our estimates of the allowance for finance receivable losses may not be adequate to absorb actual losses, causing our provision for finance receivable losses to increase, which would adversely affect our results of operations; increased levels of unemployment and personal bankruptcies; a change in the proportion of secured loans may affect our personal loan receivables and portfolio yield; adverse changes in the rate at which we can collect or potentially sell our finance receivables portfolio; natural or accidental events such as earthquakes, hurricanes, tornadoes, fires, or floods affecting our customers, collateral, or our branches or other operating facilities; war, acts of terrorism, riots, civil disruption, pandemics, disruptions in the operation of our information systems, or other events disrupting business or commerce; a failure in or breach of our operational or security systems or infrastructure or those of third parties, including as a result of cyber-attacks, or other cyber-related incidents involving the loss, theft or unauthorized disclosure of personally identifiable information, or “PII,” of our present or former customers; our credit risk scoring models may be inadequate to properly assess the risk of customer unwillingness or lack of capacity to repay; adverse changes in our ability to attract and retain employees or key executives to support our businesses; increased competition, or changes in customer responsiveness to our distribution channels; the ability of our competitors to offer a more attractive range of personal loan products than we offer; changes in federal, state or local laws, regulations, or regulatory policies and practices that adversely affect our ability to conduct business or the manner in which we are currently permitted to conduct business, such as licensing requirements, pricing limitations or restrictions on the method of offering products, as well as changes that may result from increased regulatory scrutiny of the sub-prime lending industry, our use of third-party vendors and real estate loan servicing, or changes in corporate or individual income tax laws or regulations, including effects of the Tax Cuts and Jobs Act; risks associated with our insurance operations, including insurance claims that exceed our expectations or insurance losses that exceed our reserves; our inability to successfully implement our growth strategy for our consumer lending business or successfully acquire portfolios of personal loans; declines in collateral values or increases in actual or projected delinquencies or net charge-offs; potential liability relating to finance receivables which we have sold or securitized or may sell or securitize in the future if it is determined that there was a non-curable breach of a representation or warranty made in connection with such transactions; the costs and effects of any actual or alleged violations of any federal, state or local laws, rules or regulations, including any associated litigation; the costs and effects of any fines, penalties, judgments, decrees, orders, inquiries, investigations, subpoenas, or enforcement or other proceedings of any governmental or quasi-governmental agency or authority and any associated litigation; our continued ability to access the capital markets and maintain adequate current sources of funds to satisfy our cash flow requirements; our ability to comply with our debt covenants; our ability to generate sufficient cash to service all of our indebtedness; any material impairment or write-down of the value of our assets; the ownership of our common stock continues to be highly concentrated, which may prevent other minority stockholders from influencing significant corporate decisions and may result in conflicts of interest; the effects of any downgrade of our debt ratings by credit rating agencies, which could have a negative impact on our cost of and/or access to capital; our substantial indebtedness, which could prevent us from meeting our obligations under our debt instruments and limit our ability to react to changes in the economy or our industry or our ability to incur additional borrowings; our ability to maintain sufficient capital levels in our regulated and unregulated subsidiaries; changes in accounting standards or tax policies and practices and the application of such new standards, policies and practices; management estimates and assumptions, including estimates and assumptions about future events, may prove to be incorrect; any failure to achieve the SpringCastle Portfolio performance requirements, which could, among other things, cause us to lose our loan servicing rights over the SpringCastle Portfolio; various risks relating to continued compliance with the Settlement Agreement with the U.S. Department of Justice; and other risks and uncertainties described in the “Risk Factors” and “Management’s Discussion and Analysis” sections of the Company’s most recent Form 10-K and Form 10-Qs filed with the SEC and in the Company’s other filings with the SEC from time to time.

Important Information

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

Use of Non-GAAP Financial Measures

We report the operating results of Consumer and Insurance and Other using the Segment Accounting Basis, which (i) reflects our allocation methodologies for certain costs, primarily interest expense and other expenses, to reflect the manner in which we assess our business results and (ii) excludes the impact of applying purchase accounting (eliminates premiums/discounts on our finance receivables and long-term debt at acquisition, as well as the amortization/accretion in future periods). Consumer and Insurance adjusted pretax income (loss), Consumer and Insurance adjusted net income (loss), Consumer and Insurance adjusted earnings (loss) per diluted share and Other adjusted pretax income (loss) are key performance measures used by management in evaluating the performance of our business. Consumer and Insurance adjusted pretax income (loss) and Other adjusted pretax income (loss) represent income (loss) before income taxes on a Segment Accounting Basis and excludes net losses resulting from repurchases and repayments of debt, acquisition-related transaction and integration expenses, net gain on sale of cost method investment, restructuring charges, additional net gain on sale of SpringCastle interests, net loss on sale of real estate loans and non-cash incentive compensation expense related to the Fortress Transaction. Management believes these non-GAAP financial measures are useful in assessing the profitability of our segment and uses these non-GAAP financial measures in evaluating our operating performance and as a performance goal under the company's executive compensation programs. These non-GAAP financial measures should be considered supplemental to, but not as a substitute for or superior to, income (loss) before income taxes, net income, or other measures of financial performance prepared in accordance with GAAP.

4Q19 and FY19 Financial Performance Highlights

($ in millions, except Ending Net Receivables in billions, and per share statistics)

Earnings & Returns

	4Q19	YoY Chg	FY19	YoY Chg
Net Income	$261	55%	$855	55%[1]
C&I Adj Net Income*	$268	42%	$916	33%
Return on Assets	4.6%	130 bps	3.9%	170 bps
C&I Return on Receivables*	5.9%	120 bps	5.4%	90 bps

Receivables

- C&I ending net receivables* of $18.4, up 14% YoY
- C&I portfolio secured mix* of 52%, up from 47% YoY
- Optimization of customer acquisition and branch performance leading to stronger customer conversion and new customer growth

Credit

- Disciplined credit management with C&I net charge-off ratio* of 5.7% in 4Q19, and 6.0% for FY19
- C&I 30-89 delinquency ratio* of 2.5%, up 4 bps YoY
- C&I 90+ delinquency ratio* of 2.1%, down 14 bps YoY

Capital

- Raising regular quarterly dividend by 32% to $0.33; announcing special dividend of $2.50
- $5.58 per share in dividends declared over last 12 months ending March 31, 2020; 13% dividend yield[2]
- Net Tangible Leverage* of 5.8x, Tangible Leverage* of 6.2x

** See appendix for reconciliations and disclosures required by Regulation G for Non-GAAP Financial Measures along with glossary of select calculations.*
1. Excludes impact of the Fortress Transaction in 2018.
2. Based on close share price of $43.62 on February 6, 2020.

4Q19 Financial Results

($ in millions, except Average Net Receivables in billions, and per share statistics)

Earnings Summary

	4Q19	3Q19	4Q18
Consumer & Insurance*	$352	$317	$248
Other[1]*	(1)	(2)	(3)
Reconciling Items*	(7)	(18)	(31)
Pretax Income	$344	$297	$214
Taxes[2]	(83)	(49)	(46)
Net Income	**$261**	**$248**	**$168**
Effective Tax Rate[2]	24.0%	16.3%	21.4%
Diluted EPS	$1.91	$1.82	$1.24
Book value per basic share	$31.82	$30.09	$27.97
Return on Assets	**4.6%**	**4.5%**	**3.3%**

C&I Adjusted Earnings Summary*

	4Q19	3Q19	4Q18
Interest Income	$1,101	$1,060	$959
Other Net Revenue	114	107	96
Provision for Loan Losses	(289)	(277)	(275)
Operating Expenses	(327)	(335)	(312)
Interest Expense	(247)	(238)	(220)
Adjusted Pretax Income	$352	$317	$248
Adjusted Net Income[3]	**$268**	**$241**	**$189**
Adjusted Diluted EPS	$1.96	$1.77	$1.39
Avg. Net Receivables (ANR)	$18.1	$17.5	$16.0
Yield	24.1%	24.1%	23.8%
Return on Receivables	**5.9%**	**5.5%**	**4.7%**

Note: Income Statement ratios may not sum due to rounding.
** See appendix for reconciliations and disclosures required by Regulation G for Non-GAAP Financial Measures along with glossary of select calculations.*
1. Effective 4Q19, the Acquisition and Servicing segment was combined with Other. Prior periods have been revised to conform to the new segment alignment.
2. 3Q19 includes $22 of discrete tax benefits.
3. Adjusted Net Income assumes a statutory tax rate of 24%.

FY 2019 Financial Results

($ in millions, except Average Net Receivables in billions, and per share statistics)

Earnings Summary

	2019	2018
Consumer & Insurance*	$1,206	$905
Other[1]*	(9)	(19)
Reconciling Items*	(99)	(262)
Pretax Income	$1,098	$624
Taxes[2]	(243)	(177)
Net Income	**$855**	**$447**
Effective Tax Rate[2]	22.1%	28.4%
Diluted EPS	$6.27	$3.29
Book value per basic share	$31.82	$27.97
Return on Assets	**3.9%**	**2.2%**

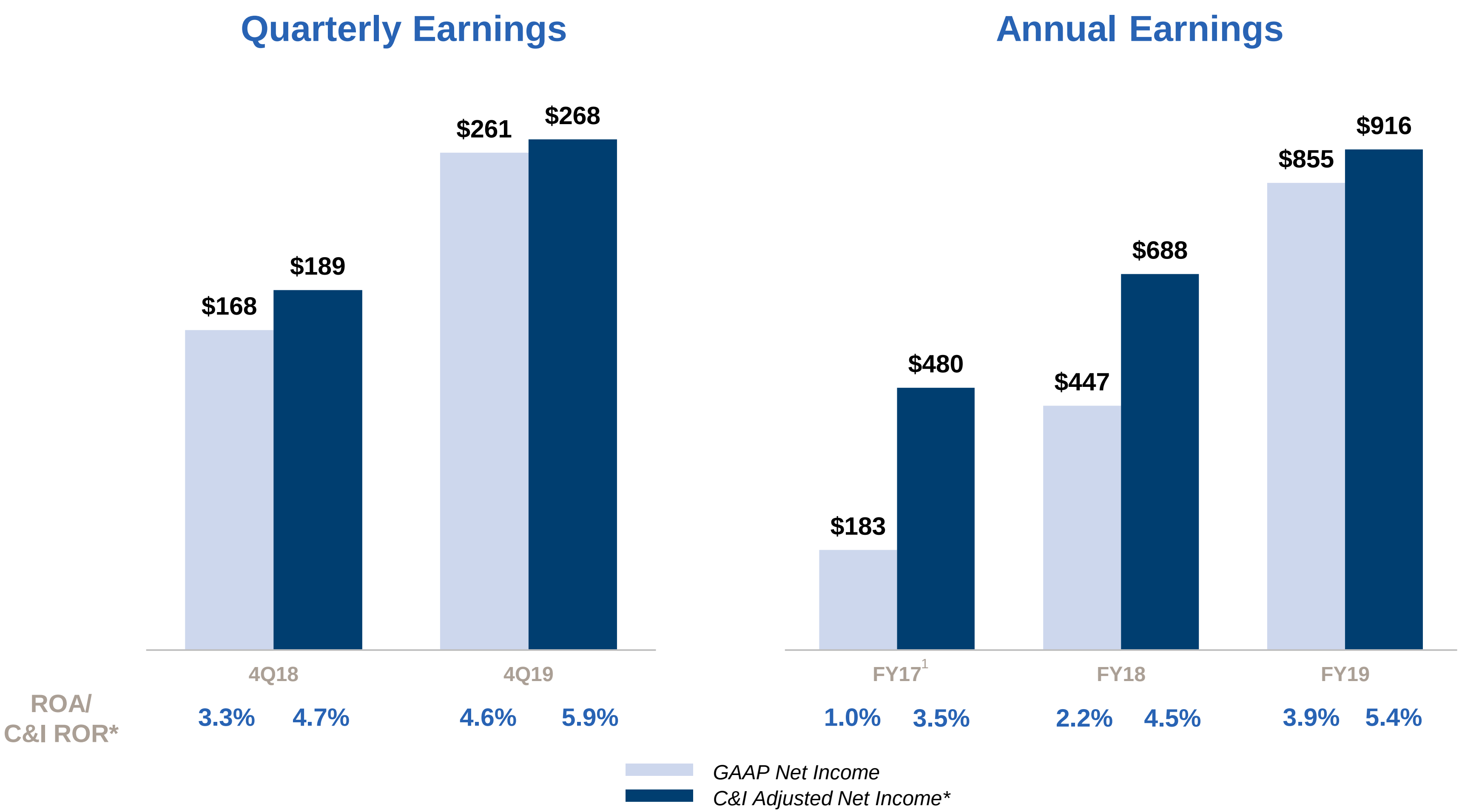
C&I Adjusted Earnings Summary*

	2019	2018
Interest Income	$4,114	$3,677
Other Net Revenue	434	366
Provision for Loan Losses	(1,105)	(1,047)
Operating Expense	(1,290)	(1,247)
Interest Expense	(947)	(844)
Adjusted Pretax Income	$1,206	$905
Adjusted Net Income[3]	**$916**	**$688**
Adjusted Diluted EPS	$6.72	$5.06
Avg. Net Receivables (ANR)	$17.1	$15.4
Yield	24.1%	23.9%
Return on Receivables	**5.4%**	**4.5%**

Note: Full year may not sum due to rounding.
** See appendix for reconciliations and disclosures required by Regulation G for Non-GAAP Financial Measures along with glossary of select calculations.*
1. Effective 4Q19, the Acquisition and Servicing segment was combined with Other. Prior periods have been revised to conform to the new segment alignment.
2. 2019 includes $22 of discrete tax benefits.
3. Adjusted Net Income assumes a statutory tax rate of 24%.

Quarterly C&I adjusted net income up 42% YoY

($ in millions)



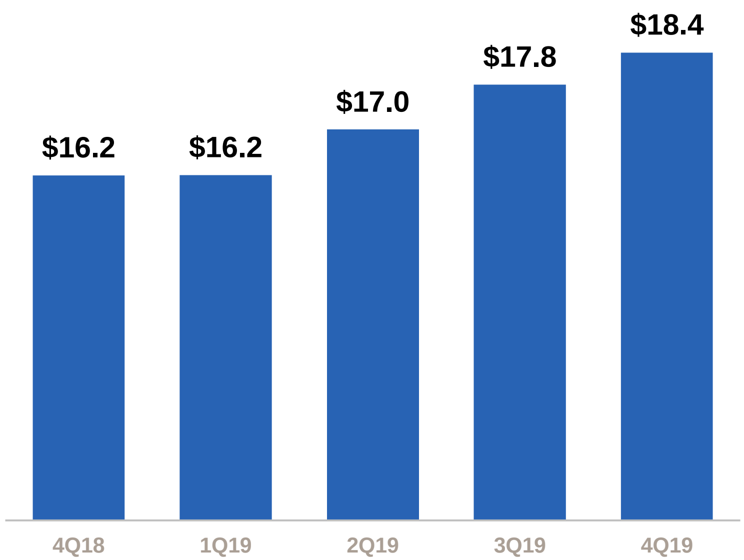
** See appendix for reconciliations and disclosures required by Regulation G for Non-GAAP Financial Measures along with glossary of select calculations.*

1. Refer to 3Q19 earnings presentation. 2017 includes one-time impact associated with tax reform. See slide 13 of the 4Q17 Earnings presentation for more details.

Achieving disciplined receivables growth (C&I)*

($ in billions)

Ending Net Receivables
(“ENR”)



	4Q18	1Q19	2Q19	3Q19	4Q19
ANR	$16.0	$16.2	$16.6	$17.5	$18.1
Secured % (ENR)	47%	49%	50%	51%	52%

4Q19 Key Highlights

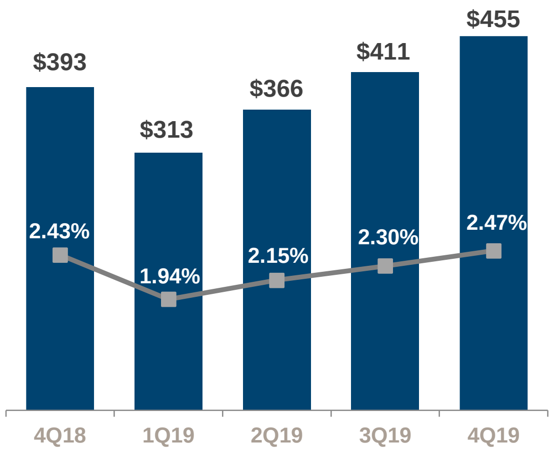
- Originations of $3.7, up from $3.3 in 4Q18
  - Secured originations 54% of total, up from 53% in 4Q18
- Portfolio ENR 52% secured, up from 47% in 4Q18
  - Direct Auto ENR of 22%, down from 23% in 4Q18
- Yield of 24.1%, up from 23.8% in 4Q18

** See appendix for reconciliations and disclosures required by Regulation G for Non-GAAP Financial Measures along with glossary of select calculations.*

Credit trends remain stable (C&I)*

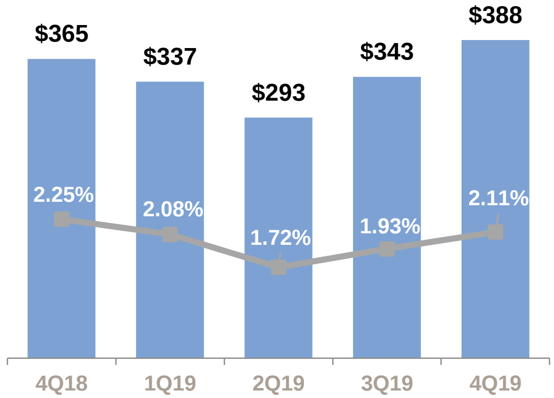
($ in millions)

30-89 Days Delinquent



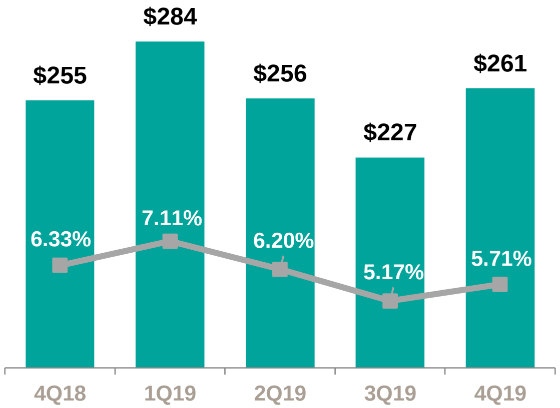
30-89 delinquency up 4 bps YoY

90+ Days Delinquent



90+ delinquency down 14 bps YoY

Net Charge-offs



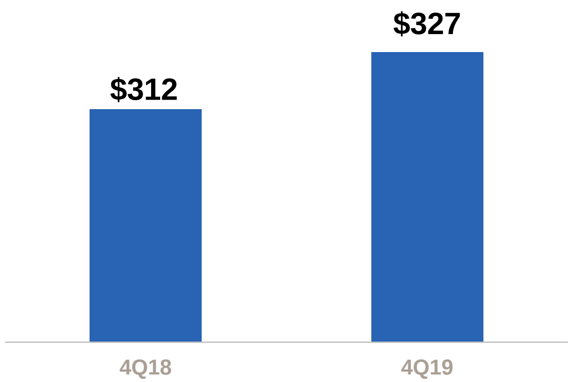
Net charge-offs down 62 bps YoY

** See appendix for reconciliations and disclosures required by Regulation G for Non-GAAP Financial Measures along with glossary of select calculations*

Driving operating leverage while reinvesting in our business (C&I)*

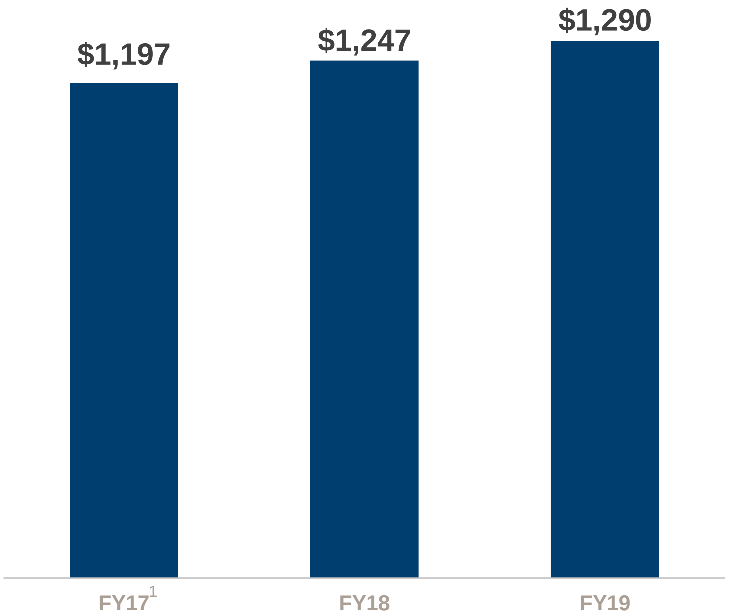
(Operating Expenses $ in millions, ANR $ in billions)

Quarterly Operating Expenses



	4Q18	4Q19
ANR	$16.0	$18.1
Opex/ ANR	7.8%	7.1%

Annual Operating Expenses



	FY17[1]	FY18	FY19
ANR	$13.9	$15.4	$17.1
Opex/ ANR	8.6%	8.1%	7.5%

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** See appendix for reconciliations and disclosures required by Regulation G for Non-GAAP Financial Measures along with glossary of select calculations*

1. Refer to 3Q19 earnings presentation.

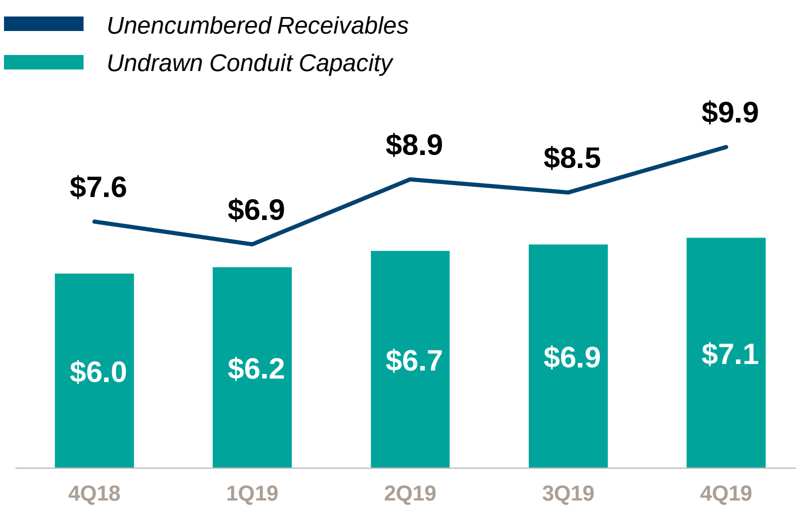
Maintaining a strong balance sheet & long liquidity runway

($ in billions unless noted)

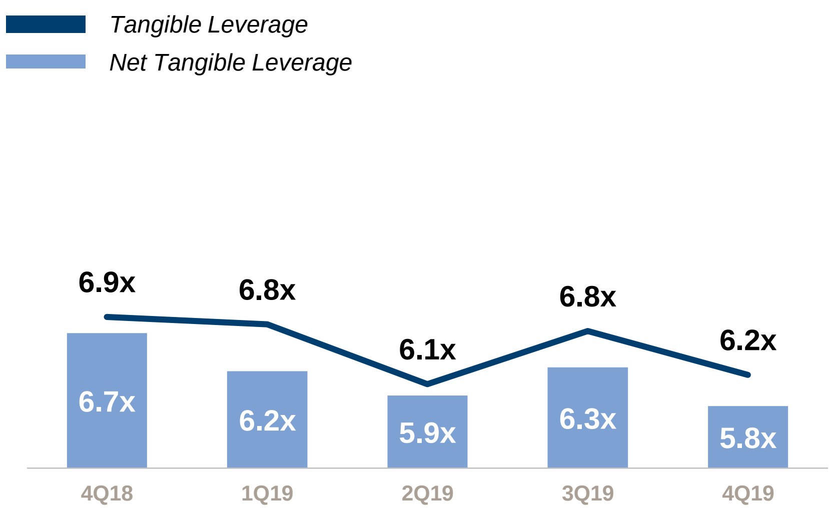
Key Highlights

- Issued $750MM at 5.375% notes due 2029
- Undrawn conduit capacity increased by $250MM to $7.1
- Cash and Cash Equivalents of $1.2

Liquidity



Leverage*



* See appendix for reconciliations and disclosures required by Regulation G for Non-GAAP Financial Measures along with glossary of select calculations

Strong execution of our 2019 Strategic Priorities

		2018A	2019E[1]	2019A
C&I Segment Metrics*	Yield	23.9%	~24.0%	24.1%
	Net charge-off ratio	6.5%	~6.1%	6.0%
	Operating expense growth	$1.2B	~3%	3%
Balance Sheet*	C&I ending net receivables growth	$16.2B	12 - 14%	14%
	Tangible leverage	6.9x	6.1x to 6.3x	6.2x
	Net tangible leverage	6.7x	~6.0x	5.8x

** See appendix for reconciliations and disclosures required by Regulation G for Non-GAAP Financial Measures along with glossary of select calculations*
1. As updated during Investor Day on November 20, 2019.

Capital adequacy is unchanged post-CECL

($ in billions)

Impact to Balance Sheet

	12/31/19	*Day 1 CECL Impact*	1/1/20
Allowance for Finance Receivable Losses (ALL)	$0.8	*$1.1*	$1.9
Deferred Tax Asset on ALL[1]	($0.2)	*($0.3)*	($0.5)
Adjusted Tangible Common Equity	$2.7	*($0.8)*	$1.9
Adjusted Capital[2]	**$3.4**		**$3.4**
Net Adjusted Debt	$16.0		$16.0
Net Adjusted Debt to Adjusted Capital	**4.76x**		**4.74x**

Key Considerations

- Reserve rate increased to 10.6% from 4.5%, in line with expectations
- Anticipate 1H20 reserve rate to generally run between 10.6% and 10.9%, assuming stable economic conditions
- Adoption impacts strictly reflect an accounting principle change
- There is no change to the capital generation capacity or adequacy of the business

Note: Totals may not sum due to rounding.
1. The deferred tax asset on reserves assumes the applicable deferred tax rate for that period.
2. Adjusted Capital = Adjusted Tangible Common Equity + Allowance for Finance Receivable Losses (ALL) + Deferred Tax Asset on ALL.

We have a disciplined capital allocation framework…

1 Fund portfolio growth with loans that meet our risk / return criteria

2 Invest in our platform and consider inorganic opportunities if they arise

3 Return excess capital to shareholders

Regular dividends
Special dividends
Consider share buybacks in the future

- **30%+ ROTCE* business generating substantial excess capital for reinvestment and capital return**
- **Raising regular quarterly dividend by 32% to $0.33; announcing special dividend of $2.50**
- **$5.58 per share in dividends declared over last 12 months ended March 31, 2020; 13% dividend yield[1]**

* See appendix for reconciliations and disclosures required by Regulation G for Non-GAAP Financial Measures along with glossary of selected calculations.
1. Based on close share price of $43.62 on February 6, 2020.

Powerful model driving differentiated performance

Differentiated Business Model

- Hybrid operating model with enhanced digital and analytical capabilities driving strong returns
- Deep customer relationships, disciplined underwriting, and secured lending enable differentiated credit performance from non-prime customer

Optimizing Our Platform

- Improvements in marketing efficiency and customer acquisition leading to better booking rates and disciplined receivables growth
- Continued investment in customer experience, technology and analytics will enhance future growth and business performance

Strong Funding & Liquidity

- Balanced, fixed-rate funding with staggered maturities reduces exposure to interest rate changes and provides stability to operations
- Robust liquidity runway, assuming no access to capital markets

Balanced Capital Allocation

- Significant capital generation (30%+ ROTCE*)
- Returned ~$760MM of capital over last 12 months ending March 31, 2020 through regular and special dividends

** See appendix for reconciliations and disclosures required by Regulation G for Non-GAAP Financial Measures along with glossary of select calculations*

Appendix

Consolidated Income Statements

(unaudited, $ in millions, except per share statistics)	4Q19	3Q19	2Q19	1Q19	4Q18	FY19	FY18
Finance Charges	$1,104	$1,062	$998	$953	$954	$4,116	$3,645
Finance Receivables Held for Sale	3	3	2	3	4	11	13
Total Interest Income	**1,107**	**1,065**	**1,000**	**956**	**958**	**4,127**	**3,658**
Interest Expense	(252)	(244)	(238)	(236)	(229)	(970)	(875)
Provision for Finance Receivables Losses	(293)	(282)	(268)	(286)	(278)	(1,129)	(1,048)
Net Interest Income after Provision	**562**	**539**	**494**	**434**	**451**	**2,028**	**1,735**
Insurance	119	117	114	110	111	460	429
Investment	24	21	24	26	16	95	66
Portfolio Servicing Fees from SpringCastle (1)	5	4	12	7	7	28	33
Net Loss on Repurchases and Repayments of Debt	0	(2)	(12)	(21)	0	(35)	(9)
Net Gain on Sale of Real Estate Loans	0	0	0	3	18	3	18
Other (2)	14	16	18	23	1	71	37
Total Other Revenues	**162**	**156**	**156**	**148**	**153**	**622**	**574**
Operating Expenses (3)	(336)	(351)	(344)	(335)	(343)	(1,367)	(1,493)
Insurance Policy Benefits and Claims	(44)	(47)	(50)	(45)	(47)	(185)	(192)
Total Other Expenses	**(380)**	**(398)**	**(394)**	**(380)**	**(390)**	**(1,552)**	**(1,685)**
Pretax Income	**344**	**297**	**256**	**202**	**214**	**1,098**	**624**
Income Taxes (4)	(83)	(49)	(62)	(50)	(46)	(243)	(177)
Net Income	**$261**	**$248**	**$194**	**$152**	**$168**	**$855**	**$447**
Weighted Average Diluted Shares	136.5	136.4	136.2	136.2	136.2	136.3	136.0
Diluted EPS	$1.91	$1.82	$1.42	$1.11	$1.24	$6.27	$3.29
Book value per basic share	$31.82	$30.09	$30.43	$29.03	$27.97	$31.82	$27.97
Return on assets	4.6%	4.5%	3.7%	2.9%	3.3%	3.9%	2.2%

Note: YTD figures may not sum due to rounding.
(1) 2Q19 and FY19 includes $7 additional net gain on the sale of the SpringCastle interests.
(2) 1Q19, FY19, 4Q18 and FY18 include fair value impairment of remaining loans in held for sale after certain real estate loan sales. 1Q19 and FY19 also includes a gain on sale related to an investment held at cost.
(3) FY18 includes $106 of incentive compensation expense associated with the Fortress Transaction, this expense was non-cash, equity neutral and not tax deductible. See slide 13 of the 2Q18 Earnings presentation for more information.
(4) 3Q19 and FY19 includes $22 of discrete tax benefits.

Consolidated Balance Sheets

(unaudited, $ in millions)	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
Cash and Cash Equivalents	$1,227	$1,393	$786	$1,709	$679
Investment Securities	1,884	1,779	1,721	1,743	1,694
Net Finance Receivables	18,389	17,791	16,980	16,136	16,164
Unearned Insurance Premium and Claim Reserves	(793)	(762)	(720)	(668)	(662)
Allowance for Finance Receivable Losses	(829)	(798)	(744)	(733)	(731)
Net Finance Receivables, Less Unearned Insurance and Allowance	**16,767**	**16,231**	**15,516**	**14,735**	**14,771**
Finance Receivables Held for Sale	64	69	74	78	103
Restricted Cash and Cash Equivalents	405	434	420	575	499
Goodwill	1,422	1,422	1,422	1,422	1,422
Intangible Assets	343	352	362	372	388
Other Assets	705	730	716	724	534
Total Assets	**$22,817**	**$22,410**	**$21,017**	**$21,358**	**$20,090**
Long-Term Debt	$17,212	$17,021	$15,551	$16,117	$15,178
Insurance Claims and Policyholder Liabilities	649	646	648	642	685
Deferred and Accrued Taxes	34	37	34	81	45
Other Liabilities	592	612	643	568	383
Total Liabilities	**18,487**	**18,316**	**16,876**	**17,408**	**16,291**
Common Stock	1	1	1	1	1
Additional Paid-In Capital	1,689	1,686	1,683	1,682	1,681
Accumulated Other Comprehensive Income (Loss)	44	38	28	(2)	(34)
Retained Earnings	2,596	2,369	2,429	2,269	2,151
Total Shareholders' Equity	**4,330**	**4,094**	**4,141**	**3,950**	**3,799**
Total Liabilities and Shareholders' Equity	**$22,817**	**$22,410**	**$21,017**	**$21,358**	**$20,090**

Balance Sheet Metrics

(unaudited, $ in millions)	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
Total Assets	$22,817	$22,410	$21,017	$21,358	$20,090
Less: Goodwill	(1,422)	(1,422)	(1,422)	(1,422)	(1,422)
Less: Other Intangible Assets	(343)	(352)	(362)	(372)	(388)
Tangible Managed Assets	**$21,052**	**$20,636**	**$19,233**	**$19,564**	**$18,280**
Long-Term Debt	$17,212	$17,021	$15,551	$16,117	$15,178
Less: Junior Subordinated Debt	(172)	(172)	(172)	(172)	(172)
Adjusted Debt	**$17,040**	**$16,849**	**$15,379**	**$15,945**	**$15,006**
Total Shareholders' Equity	$4,330	$4,094	$4,141	$3,950	$3,799
Less: Goodwill	(1,422)	(1,422)	(1,422)	(1,422)	(1,422)
Less: Other Intangible Assets	(343)	(352)	(362)	(372)	(388)
Plus: Junior Subordinated Debt	172	172	172	172	172
Adjusted Tangible Common Equity	**$2,737**	**$2,492**	**$2,529**	**$2,328**	**$2,161**
Adjusted Debt to Adjusted Tangible Common Equity (Tangible Leverage)	**6.2x**	**6.8x**	**6.1x**	**6.8x**	**6.9x**
Adjusted Tangible Common Equity to Tangible Managed Assets	**13.0%**	**12.1%**	**13.1%**	**11.9%**	**11.8%**

Adjusted Debt	$17,040	$16,849	$15,379	$15,945	$15,006
Less: Available Cash and Cash Equivalents	(1,045)	(1,163)	(366)	(1,397)	(453)
Net Adjusted Debt	**$15,995**	**$15,686**	**$15,013**	**$14,548**	**$14,553**
Adjusted Tangible Common Equity	**$2,737**	**$2,492**	**$2,529**	**$2,328**	**$2,161**
Net Adjusted Debt to Adjusted Tangible Common Equity (Net Tangible Leverage)	**5.8x**	**6.3x**	**5.9x**	**6.2x**	**6.7x**

Note: See "Important Information" slide regarding Use of Non-GAAP Financial Measures.

Reconciliation of Non-GAAP Measures

(unaudited, $ in millions)	4Q19	3Q19	2Q19	1Q19	4Q18	FY19	FY18
Consumer & Insurance	$354	$312	$270	$232	$234	$1,168	$787
Other	(1)	(2)	3	(3)	(9)	(3)	(131)
Segment to GAAP Adjustment	(9)	(13)	(17)	(27)	(11)	(67)	(32)
Income Before Income Taxes - GAAP basis	**$344**	**$297**	**$256**	**$202**	**$214**	**$1,098**	**$624**
Pretax Income - Segment Accounting Basis	$354	$312	$270	$232	$234	$1,168	$787
Net Loss on Repurchases, Repayments and Refinancing of Debt [1]	0	2	12	16	0	30	63
Acquisition-Related Transaction and Integration Expenses [1]	(2)	2	8	6	6	14	47
Restructuring Charges	0	1	1	3	8	5	8
Net Gain on Sale of Cost Method Investment	0	0	0	(11)	0	(11)	0
Consumer & Insurance Adjusted Pretax Income (non-GAAP)	**$352**	**$317**	**$291**	**$246**	**$248**	**$1,206**	**$905**
Pretax Income (Loss) - Segment Accounting Basis	($1)	($2)	$3	($3)	($9)	($3)	($131)
Additional Net Gain on Sale of SpringCastle Interests	0	0	(7)	0	0	(7)	0
Net Loss on Sale of Real Estate Loans [2]	0	0	0	1	6	1	6
Non-Cash Incentive Compensation Expense [3]	0	0	0	0	0	0	106
Other Adjusted Pretax Loss (non-GAAP) [4]	**($1)**	**($2)**	**($4)**	**($2)**	**($3)**	**($9)**	**($19)**
Springleaf Debt Discount Accretion	($5)	($5)	($5)	($6)	($6)	($21)	($24)
OMFH LLR Provision Catch-up	(3)	(4)	(4)	(10)	(4)	(22)	(15)
OMFH Receivable Premium Amortization	(2)	(2)	(4)	(5)	(8)	(13)	(50)
OMFH Receivable Discount Accretion	3	4	2	3	4	12	22
Other	(2)	(6)	(6)	(9)	3	(23)	35
Total Segment to GAAP Adjustment	**($9)**	**($13)**	**($17)**	**($27)**	**($11)**	**($67)**	**($32)**
Reconciling Items [5]	**($7)**	**($18)**	**($31)**	**($42)**	**($31)**	**($99)**	**($262)**

Note: YTD figures may not sum due to rounding.
(1) Amounts differ from those presented on "Consolidated Income Statements" slide as a result of purchase accounting adjustments that are not applicable on a Segment Accounting Basis.
(2) In 1Q19, FY19, 4Q18, and FY18 any gain on the sale associated with real estate loans sold has been combined with the resulting fair value impairment of remaining loans in held for sale.
(3) Incentive compensation expense associated with the Fortress Transaction, this expense was non-cash, equity neutral and not tax deductible. See slide 13 of the 2Q18 Earnings presentation for more information.
(4) Effective 4Q19, the Acquisition and Servicing segment was combined with Other. Prior periods have been revised to conform to the new segment alignment.
(5) Reconciling Items consist of Total Segment to GAAP Adjustment less the adjustments to Pretax Income (Loss) – Segment Accounting Basis as detailed above.

Reconciliation of Non-GAAP Measures (cont'd)

(unaudited, $ in millions)	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
Consumer & Insurance	$18,421	$17,825	$17,016	$16,170	$16,195
Other	0	0	0	0	0
Segment to GAAP Adjustment	(32)	(34)	(36)	(34)	(31)
Net Finance Receivables - GAAP basis	**$18,389**	**$17,791**	**$16,980**	**$16,136**	**$16,164**
Consumer & Insurance	$849	$822	$772	$765	$773
Other	0	0	0	0	0
Segment to GAAP Adjustment	(20)	(24)	(28)	(32)	(42)
Allowance for Finance Receivable Losses - GAAP basis	**$829**	**$798**	**$744**	**$733**	**$731**

Consumer & Insurance Segment (Non-GAAP)

(unaudited, $ in millions, except per share statistics)	4Q19	3Q19	2Q19	1Q19	4Q18	FY19	FY18
Interest Income	$1,101	$1,060	$999	$954	$959	$4,114	$3,677
Interest Expense	(247)	(238)	(232)	(229)	(220)	(947)	(844)
Provision for Finance Receivables Losses	(289)	(277)	(263)	(276)	(275)	(1,105)	(1,047)
Net Interest Income after Provision	**565**	**545**	**504**	**449**	**464**	**2,062**	**1,786**
Insurance	119	117	114	110	111	460	429
Investment	24	21	24	27	16	96	71
Other	15	16	18	14	16	63	58
Total Other Revenues	**158**	**154**	**156**	**151**	**143**	**619**	**558**
Operating Expenses	(327)	(335)	(319)	(309)	(312)	(1,290)	(1,247)
Insurance Policy Benefits and Claims	(44)	(47)	(50)	(45)	(47)	(185)	(192)
Total Other Expenses	**(371)**	**(382)**	**(369)**	**(354)**	**(359)**	**(1,475)**	**(1,439)**
Adjusted Pretax Income (non-GAAP)	**352**	**317**	**291**	**246**	**248**	**1,206**	**905**
Income Taxes [1]	(84)	(76)	(70)	(59)	(59)	(290)	(217)
Adjusted Net Income (non-GAAP)	**$268**	**$241**	**$221**	**$187**	**$189**	**$916**	**$688**
Weighted Average Diluted Shares	136.5	136.4	136.2	136.2	136.2	136.3	136.2
C&I Adjusted Diluted EPS	$1.96	$1.77	$1.62	$1.37	$1.39	$6.72	$5.06
Net Finance Receivables	$18,421	$17,825	$17,016	$16,170	$16,195	$18,421	$16,195
Average Net Receivables	$18,136	$17,469	$16,573	$16,179	$15,994	$17,089	$15,401
Yield	24.09%	24.07%	24.17%	23.92%	23.78%	24.07%	23.88%
Origination Volume	$3,685	$3,657	$3,879	$2,582	$3,268	$13,803	$11,923

Note: Consumer & Insurance is presented on an adjusted Segment Accounting Basis. See "Important Information" slide regarding Use of Non-GAAP Financial Measures. YTD figures may not sum due to rounding.
(1) Income taxes assume a 24% statutory tax rate for 2018 and 2019.

Consumer & Insurance Segment Metrics (Non-GAAP)

(unaudited)	4Q19	3Q19	2Q19	1Q19	4Q18	FY19	FY18
Revenue [1]	26.6%	26.5%	26.8%	26.6%	26.4%	26.6%	26.2%
Net Charge-Off	(5.7%)	(5.2%)	(6.2%)	(7.1%)	(6.3%)	(6.0%)	(6.5%)
Risk Adjusted Margin	**20.8%**	**21.3%**	**20.6%**	**19.5%**	**20.1%**	**20.6%**	**19.8%**
Operating Expenses	(7.1%)	(7.6%)	(7.7%)	(7.7%)	(7.8%)	(7.5%)	(8.1%)
Unlevered Return on Receivables	**13.7%**	**13.7%**	**12.8%**	**11.7%**	**12.3%**	**13.0%**	**11.7%**
Interest Expense	(5.4%)	(5.4%)	(5.6%)	(5.7%)	(5.5%)	(5.5%)	(5.5%)
Change in Allowance	(0.6%)	(1.1%)	(0.2%)	0.2%	(0.5%)	(0.4%)	(0.3%)
Provision for Income Taxes [2]	(1.8%)	(1.7%)	(1.7%)	(1.5%)	(1.5%)	(1.7%)	(1.4%)
Return on Receivables	**5.9%**	**5.5%**	**5.4%**	**4.7%**	**4.7%**	**5.4%**	**4.5%**

Note: All income statement ratios are shown as a percentage of C&I average net finance receivables. See "Important Information" slide regarding Use of Non-GAAP Financial Measures. Ratios may not sum due to rounding.
(1) Revenue includes interest income on finance receivables plus other revenues less insurance policy benefits and claims.
(2) Income taxes assume a 24% statutory tax rate for 2018 and 2019.

Consumer & Insurance Credit Metrics (Non-GAAP)

(unaudited, $ in millions)	4Q19	3Q19	2Q19	1Q19	4Q18	FY19	FY18
Gross Charge-Off	$299	$263	$294	$316	$285	$1,172	$1,127
Gross Charge-Off Ratio	6.53%	5.98%	7.11%	7.92%	7.08%	6.86%	7.32%
Recovery	$38	$36	$38	$32	$30	$143	$129
Recovery Ratio	0.82%	0.81%	0.91%	0.81%	0.75%	0.84%	0.84%
Net Charge-Off	$261	$227	$256	$284	$255	$1,028	$998
Net Charge-Off Ratio	5.71%	5.17%	6.20%	7.11%	6.33%	6.02%	6.48%
30-89 Delinquency	$455	$411	$366	$313	$393	$455	$393
30-89 Delinquency Ratio	2.47%	2.30%	2.15%	1.94%	2.43%	2.47%	2.43%
30+ Delinquency	$843	$754	$659	$650	$758	$843	$758
30+ Delinquency Ratio	4.58%	4.23%	3.87%	4.02%	4.68%	4.58%	4.68%
60+ Delinquency	$570	$508	$438	$470	$527	$570	$527
60+ Delinquency Ratio	3.09%	2.85%	2.58%	2.91%	3.26%	3.09%	3.26%
90+ Delinquency	$388	$343	$293	$337	$365	$388	$365
90+ Delinquency Ratio	2.11%	1.93%	1.72%	2.08%	2.25%	2.11%	2.25%
Non-TDR Allowance	$557	$558	$518	$539	$563	$557	$563
TDR Allowance	292	264	254	226	210	292	210
Allowance (1)	**$849**	**$822**	**$772**	**$765**	**$773**	**$849**	**$773**
Non-TDR Net Finance Receivables	$17,700	$17,159	$16,388	$15,579	$15,640	$17,700	$15,640
TDR Net Finance Receivables	721	666	628	591	555	721	555
Net Finance Receivables (1)	**$18,421**	**$17,825**	**$17,016**	**$16,170**	**$16,195**	**$18,421**	**$16,195**
Non-TDR Allowance Ratio	3.15%	3.25%	3.16%	3.45%	3.60%	3.15%	3.60%
TDR Allowance Ratio	40.46%	39.72%	40.42%	38.35%	37.73%	40.46%	37.73%
Allowance Ratio	**4.61%**	**4.61%**	**4.54%**	**4.73%**	**4.77%**	**4.61%**	**4.77%**

Note: Delinquency ratios are calculated as a percentage of C&I ending net finance receivables. Charge-off and Recovery ratios are shown as a percentage of C&I average net finance receivables. See "Important Information" slide regarding Use of Non-GAAP Financial Measures. Ratios may not sum due to rounding.
(1) For reconciliation to GAAP, see "Reconciliation of Non-GAAP Measures (continued)" slide.

Other (Non-GAAP)

(unaudited, $ in millions)	4Q19	3Q19	2Q19	1Q19	4Q18	FY19	FY18
Interest Income	$3	$2	$2	$3	$4	$9	$17
Interest Expense	(1)	(1)	(1)	(2)	(4)	(5)	(17)
Provision for Finance Receivable Losses	0	0	0	0	0	0	5
Net Interest Income (Loss) after Provision	**2**	**1**	**1**	**1**	**0**	**4**	**5**
Other Revenues [1]	5	5	5	9	8	26	33
Operating Expenses	(8)	(8)	(10)	(12)	(11)	(39)	(57)
Adjusted Pretax Loss (Non-GAAP)	**($1)**	**($2)**	**($4)**	**($2)**	**($3)**	**($9)**	**($19)**
Net Finance Receivables Held for Sale	**$66**	**$70**	**$75**	**$79**	**$103**	**$66**	**$103**

Note: Other is presented on an adjusted Segment Accounting Basis. See "Important Information" slide regarding Use of Non-GAAP Financial Measures. Effective 4Q19, the Acquisition and Servicing segment was combined with Other. Prior periods have been revised to conform to the new segment alignment. YTD figures may not sum due to rounding.
(1) Other Revenues includes portfolio servicing fees from SpringCastle.

Glossary

Select Calculations:

- **Adjusted Capital =** Adjusted Tangible Common Equity + Allowance for Finance Receivable Losses (ALL) + Deferred Tax Asset on ALL
- **Adjusted Debt** = Long-Term Debt – Junior Subordinated Debt
- **Adjusted Tangible Common Equity (TCE)** = Total Shareholders' Equity – Goodwill – Other Intangible Assets + Junior Subordinated Debt
- **Available Cash and Cash Equivalents** = Cash and Cash Equivalents – Cash and Cash Equivalents held at our regulated insurance subsidiaries or is unavailable for general corporate purposes
- **C&I Adjusted Diluted EPS** = C&I Adjusted Net Income (Non-GAAP) / Weighted Average Diluted Shares
- **C&I Operating Expense (Opex) Ratio** = Annualized C&I Operating Expenses / C&I Average Net Receivables
- **Net Adjusted Debt to Adjusted Capital =** Net Adjusted Debt / Adjusted Capital
- **Net Adjusted Debt** = Adjusted Debt – Available Cash and Cash Equivalents
- **Net Tangible Leverage** = Net Adjusted Debt / Adjusted Tangible Common Equity
- **Other Net Revenue** = Other Revenues - Insurance Policy Benefits and Claims Expense
- **Return on Assets (ROA)** = Annualized Net Income / Average Total Assets
- **Return on Receivables (C&I ROR)** = Annualized C&I Adjusted Net Income / C&I Average Net Receivables
- **Return on Tangible Common Equity (ROTCE)** = Annualized Net Income / Average Adjusted Tangible Common Equity
- **Tangible Leverage** = Adjusted Debt / Adjusted Tangible Common Equity
- **Tangible Managed Assets (TMA)** = Total Assets – Goodwill – Other Intangible Assets
- **TCE/TMA** = Adjusted Tangible Common Equity / Tangible Managed Assets