4Q18 Earnings

January 29th, 2019

Important Notice

This press release contains forward-looking statements within the meaning of applicable federal securities laws that are based upon our current expectations and assumptions concerning future events, which are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated. The words "expect," "anticipate," "estimate," "forecast," "initiative," "objective," "plan," "goal," "project," "outlook," "priorities," "target," "intend," "evaluate," "pursue," "commence," "seek," "may," "would," "could," "should," "believe," "potential," "continue," or the negative of any of those words or similar expressions is intended to identify forward-looking statements. All statements contained in this press release, other than statements of historical fact, including without limitation, statements about our plans, strategies, prospects and expectations regarding future events and our financial performance, are forward-looking statements that involve certain risks and uncertainties. While these statements represent our current judgment on what the future may hold, and we believe these judgments are reasonable, these statements are not guarantees of any events or financial results, and our actual results may differ materially. Important factors that could cause our actual results to be materially different from our expectations include, among others, the risk that (i) CIT is unsuccessful in implementing its strategy and business plan, (ii) CIT is unable to react to and address key business and regulatory issues, (iii) CIT is unable to achieve the projected revenue growth from its new business initiatives or the projected expense reductions from efficiency improvements, (iv) CIT is unable to achieve the projected gains from the sale of one or more of its businesses or assets, (v) CIT becomes subject to liquidity constraints and higher funding costs, or (vi) the parties to a transaction do not receive or satisfy regulatory or other approvals and conditions on a timely basis or approvals are subject to conditions that are not anticipated. We describe these and other risks that could affect our results in Item 1A, "Risk Factors," of our latest Annual Report on Form 10-K for the year ended December 31, 2017, which was filed with the Securities and Exchange Commission. Information regarding CIT's capital ratios consists of preliminary estimates. These estimates are forward-looking statements and are subject to change, possibly materially, as CIT completes its financial statements. Accordingly, you should not place undue reliance on the forward-looking statements contained in this press release. These forward-looking statements speak only as of the date on which the statements were made. CIT undertakes no obligation to update publicly or otherwise revise any forward-looking statements, except where expressly required by law.

Non-GAAP Financial Measures

This presentation contains references to non-GAAP financial measures, which provide additional information and insight regarding operating results and financial position of the business, including financial information that is presented to rating agencies and other users of financial information. **These non-GAAP measures are not in accordance with, or a substitute for, GAAP and may be different from or inconsistent with non-GAAP financial measures used by other companies.** The definitions of these measures and reconciliations of non-GAAP to GAAP financial information are available in our press release dated January 29, 2019, which is posted on the Investor Relations page of our website at http://ir.cit.com.

This presentation is to be used solely as part of CIT management's continuing investor communications program. This presentation shall not constitute an offer or solicitation in connection with any securities.

We Delivered On Our 2018 Targets

	2018 Targets	2018 Actual
Core Average Loans & Leases(1)	Mid-Single-Digit Growth	5.8%
Core Operating Expenses(2)	$1,050 Million For Full Year 2018	$1,046 Million
CET1 Ratio	11.5 to 12% At Year End 2018	12.0%
ROTCE(3)	9.5 to 10% For 4Q18	10.1%

- **Earnings per diluted share from continuing operations, excluding noteworthy items, increased more than 30% and tangible book value per share increased 3%**

(1) Core portfolios is total loans and leases net of credit balances of factoring clients, NACCO, Legacy Consumer Mortgages (LCM) and Non-Strategic Portfolios (NSP).
(2) Operating expenses excluding noteworthy items and intangible asset amortization.
(3) The numerator is net income from continuing operations adjusted for noteworthy items less intangible asset amortization. The denominator is average tangible common equity adjusted for the average disallowed deferred tax asset.

Executing on Our Strategies to Simplify, Strengthen and Grow CIT

		Strategies	2018 Accomplishments
1	Maximize Potential of Core Businesses	▪ Grow revenues – grow core businesses, enhance fee revenue, and leverage connectivity among businesses ▪ Optimize cash and investment portfolio	✓ 6% average core loan and lease growth(1) ✓ Divested non-core businesses ✓ Full year funded volume up 28% vs. 2017
2	Enhance Operational Efficiency	▪ Reduce and manage operating expenses ▪ Invest in and enhance technology	✓ Achieved our $1,050 million operating expense commitment while continuing to invest in technology(2)
3	Optimize Funding Costs	▪ Reduce unsecured debt cost ▪ Improve deposit mix to lower cost (relative to index)	✓ Terminated costly, legacy TRS funding vehicle ✓ Smoothed and extended unsecured maturity profile; next maturity not until 2021 ✓ Improved credit ratings ✓ Increased Direct Bank deposits by ~25% and added over 60,000 new customers
4	Optimize Capital Structure	▪ Manage, deploy, and align capital ▪ Target 10–11% CET1 ratio	✓ Reduced our CET1 ratio from over 14% to 12% ✓ Repurchased $1.6 billion of common stock ✓ Increased ordinary dividend by 56% ✓ Issued Tier 2 capital and further aligned capital structure with regional bank peers
5	Maintain Strong Risk Management	▪ Maintain credit and operating risk discipline	✓ Reduced international and operational risk with divestitures of non-core businesses ✓ Credit reserves remain strong at 1.59% ✓ Cash flow lending ~10% of total loan and lease exposure

(1) Core portfolios is total loans and leases net of credit balances of factoring clients, NACCO, Legacy Consumer Mortgages (LCM) and Non-Strategic Portfolios (NSP).
(2) Adjusted for noteworthy items and excluding the amortization of intangible assets.

Quarterly Earnings Summary – Reported

($ in millions, except per share data)	4Q18	3Q18	4Q17	Change from 3Q18 $	Change from 3Q18 %	Change from 4Q17 $	Change from 4Q17 %
Interest Income	492	474	448	18	4%	44	10%
Net Operating Lease Revenues[1]	97	130	120	(32)	(25%)	(23)	(19%)
Interest Expense	216	214	169	2	1%	47	28%
Net Finance Revenue	**374**	**389**	**399**	**(15)**	**(4%)**	**(25)**	**(6%)**
Other Non-Interest Income	48	86	137	(39)	(45%)	(90)	(65%)
Operating Expenses	258	263	304	(5)	(2%)	(46)	(15%)
Goodwill Impairment	-	-	256	-	NM	(256)	NM
Loss on Debt Extinguishment and Deposit Redemption	16	4	2	12	NM	14	NM
Pre-provision Net Revenue	**148**	**209**	**(25)**	**(61)**	**(29%)**	**173**	**NM**
Provision for Credit Losses	31	38	30	(7)	(18%)	1	3%
Pre-tax Income (Loss) from Continuing Operations	**117**	**171**	**(55)**	**(54)**	**(32%)**	**172**	**NM**
Provision for Income Taxes	25	41	28	(16)	(40%)	(3)	(10%)
Income (Loss) from Continuing Operations	**92**	**129**	**(83)**	**(38)**	**(29%)**	**175**	**NM**
Income (Loss) from Discontinued Operations, Net of Taxes	0	2	(5)	(2)	(95%)	5	NM
Net Income (Loss)	**92**	**132**	**(88)**	**(40)**	**(30%)**	**180**	**NM**
Preferred Dividends	10	-	10	10	NM	(0)	(3%)
Net Income (Loss) Available to Common Shareholders	**82**	**132**	**(98)**	**(49)**	**(37%)**	**180**	**NM**
Income (Loss) from Continuing Operations Available to Common Shareholders	82	129	(93)	(47)	(36%)	175	NM
Diluted Income per Common Share							
Income (Loss) from Continuing Operations	$0.78	$1.13	($0.70)	($0.34)	(31%)	$1.48	NM
Income (Loss) from Discontinued Operations, Net of Taxes	$0.00	$0.02	($0.04)	($0.02)	(94%)	$0.04	NM
Diluted Income (Loss) per Common Share	**$0.78**	**$1.15**	**($0.74)**	**($0.37)**	**(32%)**	**$1.52**	**NM**
Return on Average Earning Assets							
Average Earning Assets	44,113	45,377	44,562	(1,264)	(3%)	(449)	(1%)
After Tax Return on Average Earnings Assets – Continuing Operations	0.75%	1.14%	(0.83%)	(40) bps		158 bps	

Highlights

vs. Prior Quarter

- **Net Finance Revenue:** decreased $15 million as the prior quarter included $9 million of NACCO suspended depreciation and NACCO was sold early in the current quarter
- **Other Non-Interest Income:** decreased $39 million as the current quarter includes a pre-tax charge of $69 million related to the termination of our Dutch total return swap facility
- **Operating Expenses:** decreased $5 million driven primarily by declines in employee costs and FDIC insurance costs, partially offset by an increase in professional fees and technology costs. The sale of NACCO contributed $3 million to the decline in operating expenses, the majority of which was in employee costs
- **Provision for Credit Losses:** decreased $7 million primarily driven by lower provisions in Real Estate Finance and Business Capital, and lower net charge-offs in Commercial Finance
- **Income Tax Provision:** effective tax rate of 21% for the quarter was positively impacted by a decrease in state and local income taxes and tax credits recognized for research and development costs

vs. Year-ago Quarter

- **Net Finance Revenue:** decreased $25 million as the year-ago quarter includes $9 million of NACCO suspended depreciation, as well as lower average earning assets from the current quarter sale of NACCO and the reverse mortgage portfolio, in addition to higher funding costs, partially offset by higher income from commercial loans and investments
- **Other Non-Interest Income:** decreased $90 million as the current quarter includes a pre-tax charge of $69 million related to the termination of our Dutch total return swap facility, and the year-ago quarter includes a pre-tax benefit of $29 million related to the change in accounting for LIHTC investments
- **Operating Expenses:** decreased $46 million as the year-ago quarter includes $32 million of restructuring charges
- **Provision for Credit Losses:** essentially flat
- **Income Tax Provision:** the year-ago tax provision includes an aggregate $26 million benefit from noteworthy items, including the impact of tax items related to NACCO, the change in accounting policy for LIHTC and U.S. tax reform and an additional aggregate $22 million in discrete tax benefits

Certain balances may not sum due to rounding.
(1) Net of depreciation, maintenance, and other operating lease expenses.

Quarterly Earnings Summary Excluding Noteworthy Items (Non-GAAP)[1]

($ in millions, except per share data)	4Q18	3Q18	4Q17	Change from 3Q18 $	Change from 3Q18 %	Change from 4Q17 $	Change from 4Q17 %
Interest Income	492	474	448	18	4%	44	10%
Net Operating Lease Revenues[2]	97	121	112	(24)	(20%)	(14)	(13%)
Interest Expense	216	214	169	2	1%	47	28%
Net Finance Revenue	**374**	**381**	**391**	**(7)**	**(2%)**	**(17)**	**(4%)**
Other Non-Interest Income	92	97	108	(5)	(5%)	(16)	(15%)
Operating Expenses	258	263	272	(5)	(2%)	(14)	(5%)
Loss on Debt Extinguishment and Deposit Redemption	-	-	2	-	NM	(2)	NM
Pre-provision Net Revenue	**208**	**214**	**225**	**(6)**	**(3%)**	**(17)**	**(7%)**
Provision for Credit Losses	31	38	30	(7)	(18%)	1	3%
Pre-tax Income from Continuing Operations	**177**	**176**	**194**	**1**	**0%**	**(17)**	**(9%)**
Provision for Income Taxes	40	45	54	(5)	(11%)	(14)	(26%)
Income from Continuing Operations	**137**	**131**	**140**	**6**	**4%**	**(3)**	**(2%)**
Income (Loss) from Discontinued Operations, Net of Taxes	0	2	(5)	(2)	(95%)	5	NM
Net Income	**137**	**133**	**135**	**4**	**3%**	**2**	**1%**
Preferred Dividends	10	-	10	10	NM	(0)	(3%)
Net Income Available to Common Shareholders	**127**	**133**	**125**	**(6)**	**(4%)**	**2**	**2%**
Income from Continuing Operations Available to Common Shareholders	127	131	130	(4)	(3%)	(3)	(2%)
Diluted Income per Common Share							
Income from Continuing Operations	$1.21	$1.15	$0.99	$0.06	5%	$0.22	22%
Income (Loss) from Discontinued Operations, Net of Taxes	$0.00	$0.02	($0.04)	($0.02)	(94%)	$0.04	NM
Diluted Income per Common Share	**$1.21**	**$1.17**	**$0.95**	**$0.04**	**4%**	**$0.26**	**27%**
Return on Average Earning Assets							
Average Earning Assets	44,113	45,377	44,562	(1,264)	(3%)	(449)	(1%)
After Tax Return on Average Earnings Assets – Continuing Operations	1.15%	1.15%	1.17%	(0) bps		(2) bps	

Highlights

vs. Prior Quarter

- **Net Finance Revenue:** decreased $7 million due to lower net operating lease income, driven by a lease prepayment in Rail in the prior quarter and the sale of NACCO early in the current quarter, and an increase in deposit costs, partially offset by higher income from commercial loans, and higher net purchase accounting accretion in the Consumer Banking segment
- **Other Non-Interest Income:** decreased $5 million primarily driven by lower fee revenues from a decrease in capital markets fees and lower income from customer derivatives, partially offset by higher gains on the sale of leasing equipment
- **Operating Expenses:** decreased $5 million driven primarily by declines in employee costs and FDIC insurance costs, partially offset by an increase in professional fees and technology costs. The sale of NACCO contributed $3 million to the decline in operating expenses, the majority of which was in employee costs
- **Provision for Credit Losses:** decreased $7 million primarily driven by lower provisions in Real Estate Finance and Business Capital, and lower net charge-offs in Commercial Finance
- **Income Tax Provision:** effective tax rate of 23%, excluding noteworthy items, down from 26%

vs. Year-ago Quarter

- **Net Finance Revenue:** decreased $17 million primarily due to lower average earning assets from the NACCO and reverse mortgage portfolio sales, and higher funding costs, partially offset by higher income from commercial loans
- **Other Non-Interest Income:** Other non-interest income decreased $16 million primarily driven by lower capital markets fees, and decreases in gains from the reverse mortgage portfolio in LCM in the Consumer Banking segment
- **Operating Expenses:** Operating expenses decreased by $14 million driven primarily by lower professional fees and employee costs, partially offset by higher other non-income tax expenses
- **Provision for Credit Losses:** essentially flat
- **Income Tax Provision:** effective tax rate of 23%, excluding noteworthy items, down from 28%

Certain balances may not sum due to rounding.

(1) See appendix for details on noteworthy items. See also Non-GAAP Disclosures for a reconciliation of non-GAAP to GAAP financial information, and non-GAAP tables in the corresponding earnings release.

(2) Net of depreciation, maintenance, and other operating lease expenses.

Full Year Earnings Summary

($ in millions, except per share data)	Reported 2018	Reported 2017	Change from 2017 $	Change from 2017 %	Excluding Noteworthy Items[1] 2018	Excluding Noteworthy Items[1] 2017	Change from 2017 $	Change from 2017 %
Interest Income	1,890	1,836	55	3%	1,890	1,827	64	3%
Net Operating Lease Revenues[2]	468	488	(21)	(4%)	441	472	(31)	(6%)
Interest Expense	815	718	97	14%	815	694	121	17%
Net Finance Revenue	**1,543**	**1,606**	**(63)**	**(4%)**	**1,516**	**1,604**	**(88)**	**(5%)**
Other Non-Interest Income	374	364	10	3%	400	370	30	8%
Operating Expenses	1,070	1,189	(119)	(10%)	1,070	1,136	(66)	(6%)
Goodwill Impairment	-	256	(256)	NM	-	-	-	NM
Loss on Debt Extinguishment and Deposit Redemption	39	220	(181)	(82%)	-	-	-	NM
Pre-provision Net Revenue	**808**	**306**	**502**	**NM**	**845**	**836**	**9**	**1%**
Provision for Credit Losses	171	115	56	49%	171	99	72	73%
Pre-tax Income from Continuing Operations	**637**	**192**	**445**	**NM**	**674**	**737**	**(63)**	**(9%)**
Provision (Benefit) for Income Taxes	165	(68)	233	NM	176	223	(48)	(21%)
Income from Continuing Operations	**472**	**259**	**213**	**82%**	**499**	**514**	**(15)**	**(3%)**
(Loss) Income from Discontinued Operations, Net of Taxes	(25)	209	(234)	NM	(11)	51	(62)	NM
Net Income	**447**	**468**	**(21)**	**(5%)**	**487**	**565**	**(78)**	**(14%)**
Preferred Dividends	19	10	9	93%	19	10	9	93%
Net Income Available to Common Shareholders	**428**	**458**	**(30)**	**(7%)**	**468**	**555**	**(87)**	**(16%)**
Income from Continuing Operations Available to Common Shareholders	453	250	204	82%	480	504	(24)	(5%)
Diluted Income per Common Share								
Income from Continuing Operations	$3.82	$1.52	$2.29	NM	$4.04	$3.07	$0.96	31%
(Loss) Income from Discontinued Operations, Net of Taxes	($0.21)	$1.28	($1.49)	NM	($0.10)	$0.32	($0.43)	NM
Diluted Income per Common Share	**$3.61**	**$2.80**	**$0.81**	**29%**	**$3.94**	**$3.39**	**$0.56**	**16%**
Return on Average Earning Assets								
Average Earning Assets	45,214	46,852	(1,638)	(3%)	45,214	45,922	(707)	(2%)
After Tax Return on Average Earnings Assets – Continuing Operations	1.00%	0.53%	47 bps		1.06%	1.10%	(4) bps	

Highlights

- Net income available to common shareholders for the full year was $428 million or $3.61 per diluted common share, compared to net income available to common shareholders of $458 million or $2.80 per diluted common share for the prior year
- Income from continuing operations available to common shareholders excluding noteworthy items for the full year was $480 million or $4.04 per diluted common share, compared to $504 million or $3.07 per diluted common share in the prior year, as a decline in net finance revenue (reflecting the sale of NACCO and the reverse mortgage portfolio) and an increase in the provision for credit losses were partially offset by lower operating expenses, higher other non-interest income and a lower effective income tax rate
- The increase in income from continuing operations excluding noteworthy items per diluted common share reflects the decline in the average number of diluted common shares outstanding due to significant share repurchases over the past four quarters

Certain balances may not sum due to rounding.
(1) See appendix for details on noteworthy items. See also Non-GAAP Disclosures for a reconciliation of non-GAAP to GAAP financial information, and non-GAAP tables in the corresponding earnings release.
(2) Net of depreciation, maintenance, and other operating lease expenses.

Fourth Quarter Impact of Noteworthy Items (Non-GAAP)[1]

($ in millions, except per share data)	Continuing Operations	Discontinued Operations	Total Reported
GAAP Income Available to Common Shareholders	**$82**	**$0**	**$82**
GAAP Diluted EPS	**$0.78**	**$0.00**	**$0.78**
Noteworthy Items *(After-Tax):*			
Gain on Sale of NACCO	**$19**		**$19**
Debt Extinguishment Costs	**($12)**		**($12)**
Net TRS Termination Charge	**($52)**		**($52)**
Total Noteworthy Items	**$45**	**$0**	**$45**
Non-GAAP Net Income Available to Common Shareholders Excluding Noteworthy Items	**$127**	**$0**	**$127**
Non-GAAP Diluted EPS Excluding Noteworthy Items	**$1.21**	**$0.00**	**$1.21**

Highlights

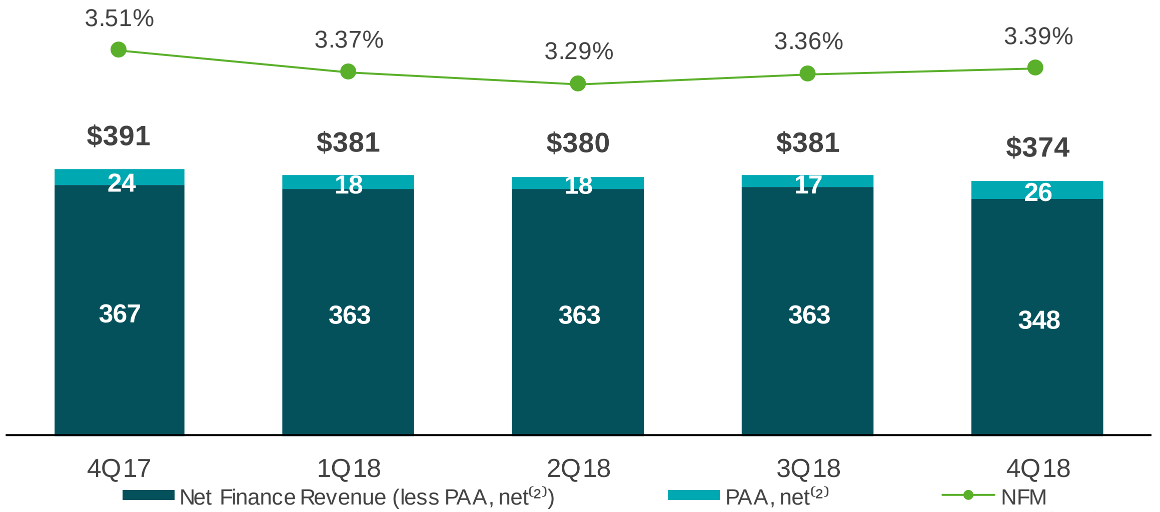
- **Gain on Sale of NACCO:**
  $19 million ($0.18 per diluted common share) after-tax benefit in other non-interest income from the gain on the sale of NACCO, our European rail business, which closed in October 2018
- **Debt Extinguishment Costs:**
  $12 million ($0.11 per diluted common share) after-tax expense related to the redemption of $434 million of unsecured senior debt and $465 million of Rail-related secured debt
- **TRS Termination Net Charge:**
  $52 million ($0.50 per diluted common share) after-tax charge in other non-interest income from the termination of our Dutch total return swap facility

Certain balances may not sum due to rounding. EPS based on 105 million average diluted shares outstanding. Dollar impacts are rounded.
(1) See appendix for details on noteworthy items. See also Non-GAAP Disclosures for a reconciliation of non-GAAP to GAAP financial information, and non-GAAP tables in the corresponding earnings release.

Net Finance Margin (NFM) – Continuing Operations (Excluding Noteworthy Items)[1]

Net Finance Revenue & Net Finance Margin

($ in millions)



($ in millions, except yield data)	4Q18		3Q18		4Q17		Change from 3Q18	Change from 4Q17
	Average Balance	*Yield*	*Average Balance*	*Yield*	*Average Balance*	*Yield*	*Yield*	*Yield*
Interest-bearing Deposits	1,791	1.7%	2,466	1.9%	2,270	1.6%	(20) bps	13 bps
Investments and Repurchase Agreements	6,426	2.9%	6,416	2.8%	6,068	2.5%	11 bps	41 bps
Loans[3][4]	28,954	6.1%	28,409	6.0%	28,225	5.9%	7 bps	18 bps
Operating Leases, Net of Depreciation[4]	6,924	5.6%	8,032	6.0%	7,841	5.7%	(41) bps	(7) bps
Indemnification Assets	18	(60.7%)	55	(74.9%)	158	(40.3%)	NM	NM
Earning Assets	**44,113**	**5.3%**	**45,377**	**5.2%**	**44,562**	**5.0%**	**10 bps**	**34 bps**
Deposits	30,864	1.7%	31,239	1.6%	29,635	1.2%	10 bps	43 bps
Borrowings	8,132	4.2%	8,692	4.2%	8,631	3.6%	4 bps	67 bps
Funding Liabilities	**38,996**	**2.2%**	**39,931**	**2.1%**	**38,266**	**1.8%**	**7 bps**	**45 bps**

Highlights

vs. Prior Quarter

- Net Finance Revenue decreased by $7 million
- Lower net operating lease income, driven by a lease prepayment in Rail in the prior quarter, and the sale of NACCO early in the current quarter, and an increase in deposit costs were partially offset by higher income from commercial loans and investments

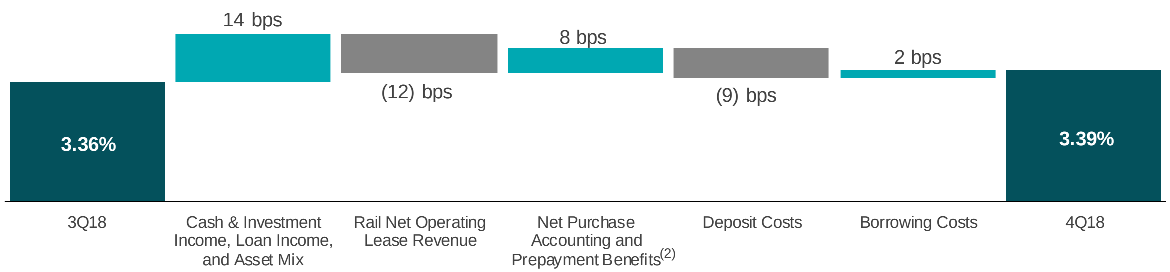
vs. Year-ago Quarter

- Net Finance Revenue decreased by $17 million
- Decrease primarily due to lower average earning assets from the NACCO and reverse mortgage portfolio sales, and higher funding costs
- Decrease partially offset by higher income from loans in the Commercial Banking segment and investment securities

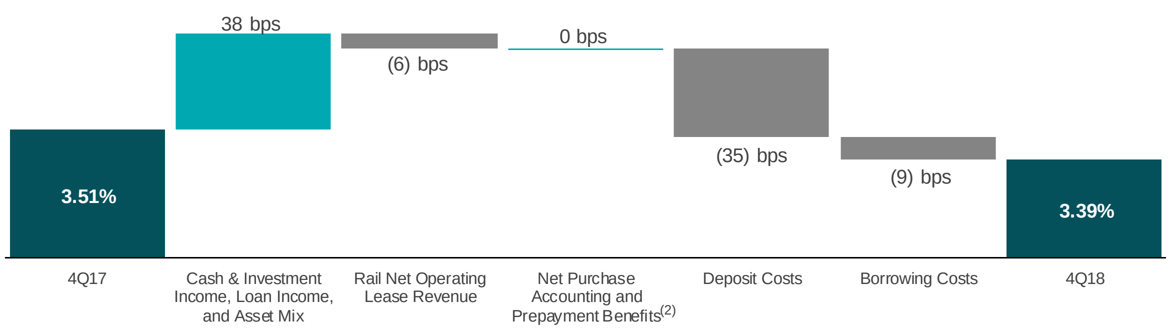
Certain balances may not sum due to rounding.
(1) See appendix for details on noteworthy items. See also Non-GAAP Disclosures for a reconciliation of non-GAAP to GAAP financial information.
(2) Purchase accounting accretion and negative return on indemnification assets.
(3) Net of credit balances of factoring clients.
(4) Balances include loans and leases held for sale, respectively.

Net Finance Margin Trends – Continuing Operations (Excluding Noteworthy Items)[1]

Net Finance Margin Walk 3Q18 to 4Q18



Net Finance Margin Walk 4Q17 to 4Q18



Highlights

vs. Prior Quarter

- 14 bps improvement from cash & investment income, loan income, and asset mix shift
  - Attributable in part to the increase in LIBOR, higher yields in select areas of our equipment lending businesses, an annual cash dividend from the FHLB, and lower average cash balances
- (12) bps decrease from rail net operating lease revenue
  - Last quarter benefitted from an $8.5 million customer prepayment and this quarter does not include NACCO which had slightly higher yields than the overall portfolio
- 8 bps improvement from net PAA and prepayment benefits, mostly driven by a reduction in negative yield on the indemnification asset
- (9) bps decrease from deposit costs, reflecting continued upward market trends
- 2 bps improvement from borrowing costs , reflecting our liability management actions, offset by an increase in FHLB borrowings

vs. Year-ago Quarter

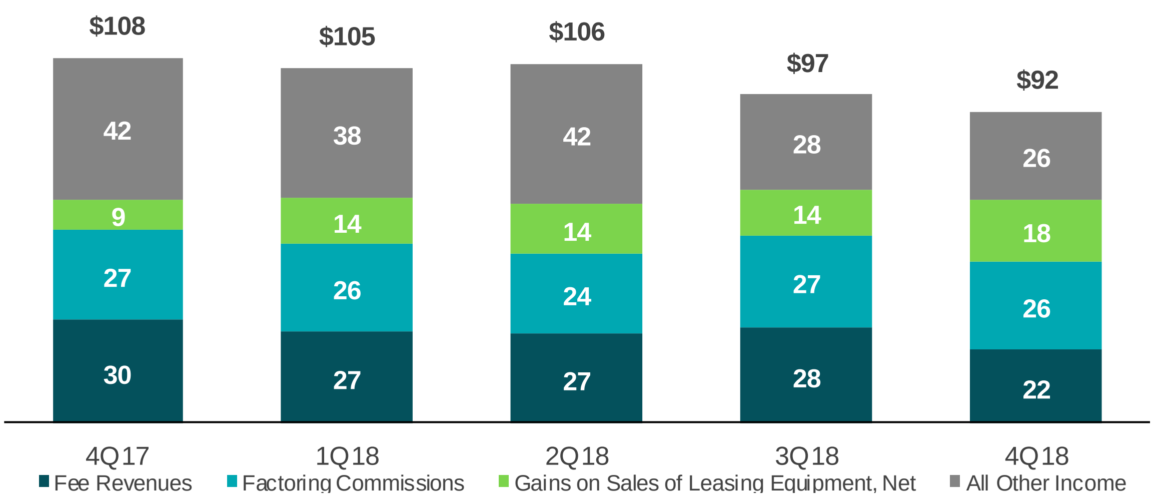
- Decline of 12 bps reflects higher yields on loans, cash and investments, more than offset by lower rail operating lease rates, as well as higher deposit and borrowing costs

(1) See appendix for details on noteworthy items. See also Non-GAAP Disclosures for a reconciliation of non-GAAP to GAAP financial information.
(2) Purchasing accounting accretion net of negative income associated with our indemnification asset.

Other Non-Interest Income – Continuing Operations (Excluding Noteworthy Items)[1]

($ in millions)	4Q18	3Q18	4Q17	Change from 3Q18 $	Change from 3Q18 %	Change from 4Q17 $	Change from 4Q17 %
Fee Revenues	**22**	28	30	(7)	(23%)	(9)	(29%)
Factoring Commissions	**26**	27	27	(1)	(4%)	(1)	(2%)
Gains on Sales of Leasing Equipment, Net of Impairments	**18**	14	9	4	32%	9	98%
Gains on Investment Securities, Net of Impairments	**5**	4	11	1	31%	(7)	(59%)
BOLI Income	**6**	7	6	(1)	(9%)	0	3%
Other Revenues	**15**	18	25	(2)	(13%)	(9)	(37%)
Total Other Non-Interest Income	**92**	**97**	**108**	**(5)**	**(5%)**	**(16)**	**(15%)**

Other Income: Gains on Investment Securities, Net of Impairments; BOLI Income; Other Revenues



Highlights

vs. Prior Quarter

- Other non-interest income decreased $5 million
- Decrease primarily driven by lower fee revenues from a decrease in capital markets fees and lower income from customer derivatives
- Decrease partially offset by higher gains on the sale of leasing equipment

vs. Year-ago Quarter

- Other non-interest income decreased $16 million
- Decrease primarily driven by lower capital markets fees, and decreases in gains from the reverse mortgage portfolio in LCM in the Consumer Banking segment

Certain balances may not sum due to rounding.

(1) See appendix for details on noteworthy items. See also Non-GAAP Disclosures for a reconciliation of non-GAAP to GAAP financial information.

Operating Expenses[1] – Continuing Operations (Excluding Noteworthy Items)[2]

($ in millions)	4Q18	3Q18	4Q17	Change from 3Q18 $	Change from 3Q18 %	Change from 4Q17 $	Change from 4Q17 %
Compensation and Benefits	**130**	137	139	(7)	(5%)	(9)	(6%)
Technology	**34**	32	31	2	6%	3	11%
Professional Fees	**20**	17	29	3	17%	(9)	(32%)
All Other Expenses: Advertising and Marketing	**11**	11	13	-	0%	(2)	(17%)
All Other Expenses: Net Occupancy Expense	**17**	16	17	1	7%	1	4%
All Other Expenses: Insurance	**14**	16	16	(2)	(12%)	(2)	(11%)
All Other Expenses: Other	**26**	28	23	(2)	(7%)	4	16%
Total Operating Expenses[1]	**252**	**257**	**266**	**(5)**	**(2%)**	**(14)**	**(5%)**
Headcount	**3,678**	**3,757**	**3,909**	**(79)**	**(2%)**	**(231)**	**(6%)**

Net Efficiency Ratio [3]

4Q17	1Q18	2Q18	3Q18	4Q18
53%	57%	54%	54%	54%

	4Q17	1Q18	2Q18	3Q18	4Q18
Total	$266	$275	$262	$257	$252
All Other Expenses	68	69	65	71	68
Professional Fees	29	26	21	17	20
Technology	31	32	33	32	34
Compensation and Benefits	139	148	143	137	130

Highlights

vs. Prior Quarter

- Operating Expenses decreased by $5 million
- Decrease driven primarily by declines in employee costs and FDIC insurance costs, partially offset by an increase in professional fees and technology costs. The sale of NACCO contributed $3 million to the decline in operating expenses, the majority of which was in employee costs

vs. Year-ago Quarter

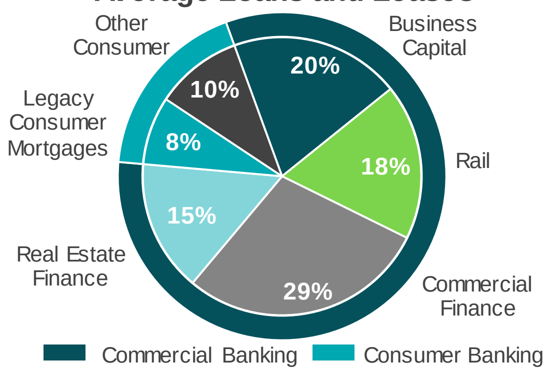
- Operating Expenses decreased by $14 million
- Reduction driven primarily by lower professional fees and employee costs, partially offset by higher other non-income tax expenses

Certain balances may not sum due to rounding.
(1) In addition to the exclusion of noteworthy items, operating expenses also exclude amortization of intangibles.
(2) See appendix for details on noteworthy items. See also Non-GAAP Disclosures for a reconciliation of non-GAAP to GAAP financial information
(3) Total operating expenses exclusive of noteworthy items and amortization of intangibles divided by total revenue (net finance revenue and other non-interest income).

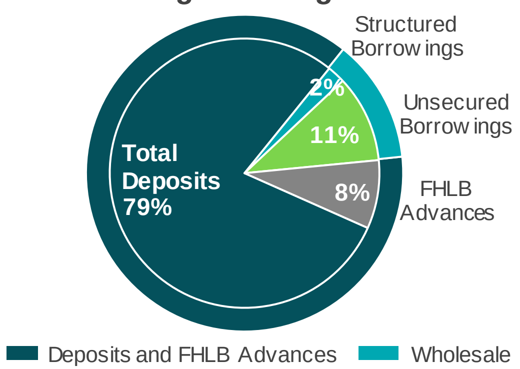
Consolidated Average Balance Sheet

($ in millions)	4Q18	3Q18	4Q17	Change from 3Q18 $	Change from 3Q18 %	Change from 4Q17 $	Change from 4Q17 %
Interest-bearing Deposits	**1,791**	2,466	2,270	(675)	(27%)	(479)	(21%)
Investments and Repurchase Agreements	**6,426**	6,416	6,068	11	0%	359	6%
Loans[(1)(2)]	**28,954**	28,409	28,225	546	2%	729	3%
Operating Leases, Net[(2)]	**6,924**	8,032	7,841	(1,108)	(14%)	(918)	(12%)
Total Loans and Leases	**35,878**	**36,441**	**36,066**	**(563)**	**(2%)**	**(189)**	**(1%)**
Indemnification Assets	**18**	55	158	(37)	(67%)	(140)	(89%)
Total Earning Assets (AEA)	**44,113**	**45,377**	**44,562**	**(1,264)**	**(3%)**	**(449)**	**(1%)**
Total Non-Earning Assets	**2,287**	2,421	2,772	(134)	(6%)	(485)	(17%)
Discontinued Assets	**300**	353	533	(53)	(15%)	(232)	(44%)
Total Assets	**46,701**	**48,151**	**47,867**	**(1,450)**	**(3%)**	**(1,166)**	**(2%)**
Total Deposits	**30,864**	31,239	29,635	(374)	(1%)	1,229	4%
Secured Borrowings	**4,049**	4,270	4,885	(221)	(5%)	(836)	(17%)
Unsecured Borrowings	**4,083**	4,422	3,746	(339)	(8%)	337	9%
Total Borrowed Funds and Deposits	**38,996**	**39,931**	**38,266**	**(935)**	**(2%)**	**730**	**2%**
Other Liabilities	**1,338**	1,474	1,618	(136)	(9%)	(281)	(17%)
Discontinued Liabilities	**300**	328	542	(28)	(9%)	(242)	(45%)
Total Liabilities	**40,634**	**41,732**	**40,426**	**(1,099)**	**(3%)**	**207**	**1%**
Total Stockholders' Equity	**6,067**	**6,419**	**7,441**	**(352)**	**(5%)**	**(1,374)**	**(18%)**
Total Liabilities and Equity	**46,701**	**48,151**	**47,867**	**(1,450)**	**(3%)**	**(1,166)**	**(2%)**

Average Loans and Leases[(3)]



Average Funding Mix



(1) Net of credit balances of factoring clients.
(2) Loans and leases include assets held for sale.
(3) Excludes our Non-Strategic Portfolios segment.

Highlights

vs. Prior Quarter

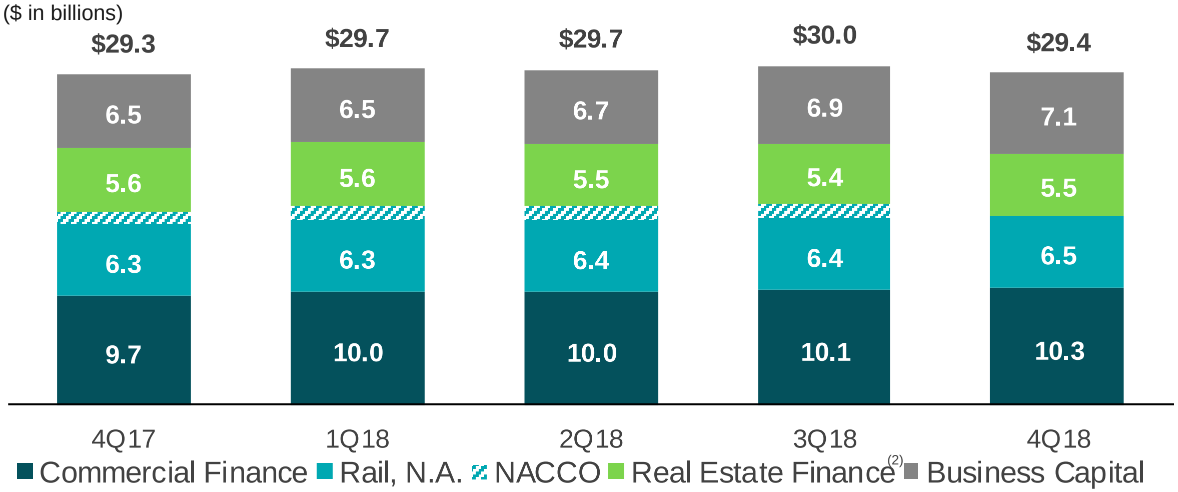
- Average earning assets decreased 3% primarily reflecting the reduction in operating leases from the NACCO sale and a reduction in interest-bearing cash, which was used to redeem debt and repurchase common shares, partially offset by growth in commercial loans
- Average deposits decreased by 1%, driven by a decline in the branch, online and brokered channels
- The reduction of average borrowing balances is due to liability management actions related to the sale of NACCO

vs. Year-ago Quarter

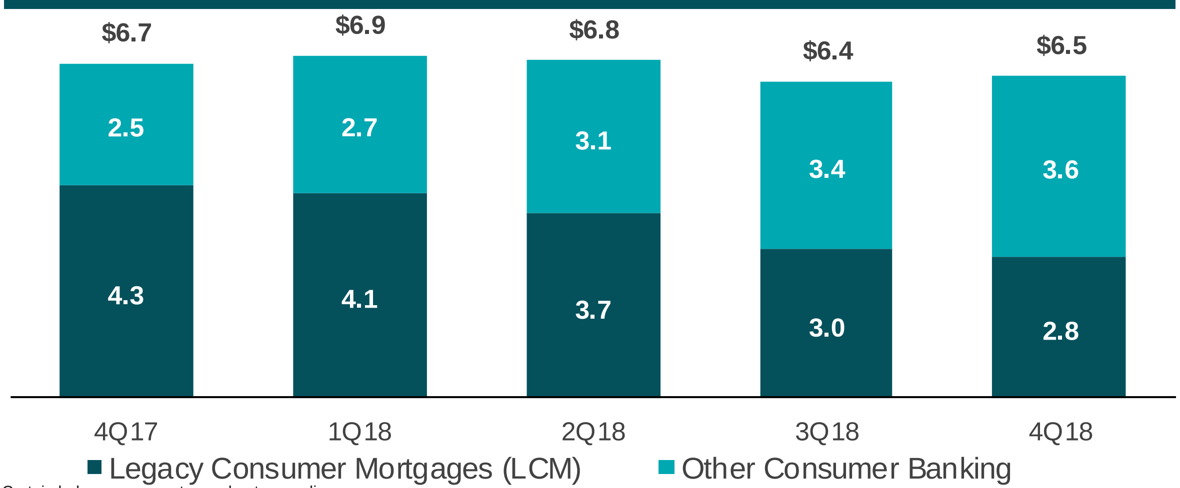
- Average earning assets declined slightly, reflecting the run-off of legacy portfolios and the sales of our reverse mortgage portfolio and NACCO, partially offset by growth in the core portfolios and the investment portfolio
- Average deposits increased 4% primarily due to growth in our direct bank channel, partially offset by the reduction of brokered and commercial deposits
- Average equity decreased 18% driven by $1.6 billion of common share repurchases

Commercial Banking and Consumer Banking Average Loans and Leases(1)

Commercial Banking



Consumer Banking



Highlights

Core Average Loans and Leases(3)

- **Vs. Prior Quarter:** +2%
- **Vs. Year-ago Quarter:** + 8%

Commercial Banking

- **Vs. Prior Quarter:** Average loans and leases decreased 2%, driven by the sale of NACCO early in the current quarter and an increase in prepayments, partially offset by strong growth in funded volume in Commercial Finance, Real Estate Finance and Business Capital
- **Vs. Year-ago Quarter:** Average loans and leases increased slightly, as growth in Commercial Finance, North American Rail and Business Capital were offset by a slight decline in Real Estate Finance and the sale of NACCO

Consumer Banking

- **Vs. Prior Quarter:** Average loans increased slightly, as new business volume in the Other Consumer Banking division was partially offset by run-off of the LCM portfolio
- **Vs. Year-ago Quarter:** Average loans decreased as run-off of the LCM portfolio and the sale of the reverse mortgage portfolio were partially offset by new business volume in the Other Consumer Banking division

Certain balances may not sum due to rounding.

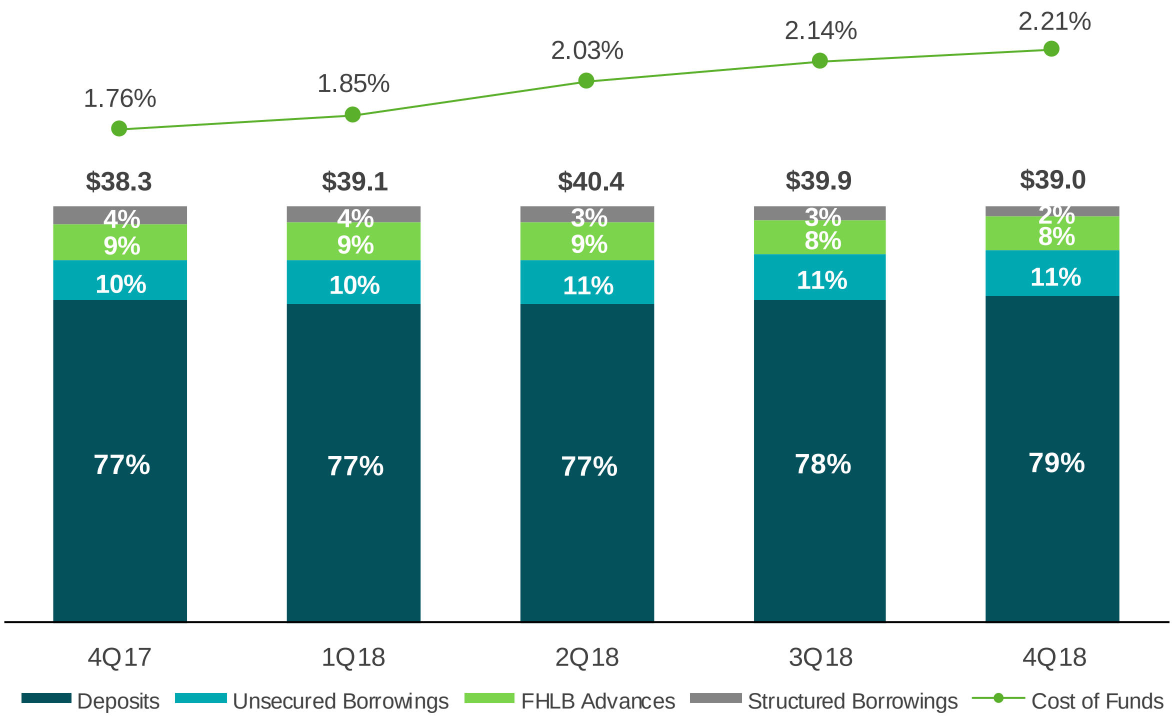
(1) Net of credit balances of factoring clients and including assets held for sale.

(2) Real Estate Finance includes legacy non-SFR currently in run-off in the amounts of $551 million, $582 million, $613 million, $647 million, and $684 million for 4Q18, 3Q18, 2Q18, 1Q18, and 4Q17, respectively.

(3) Core portfolios is total loans and leases net of credit balances of factoring clients, NACCO, Legacy Consumer Mortgages (LCM) and Non-Strategic Portfolios (NSP), and totaled $33,002 million, $32,224 million, $31,568 million, $31,269 million, and $30,566 million for 4Q18, 3Q18, 2Q18, 1Q18, and 4Q17, respectively.

Average Funding Mix

($ in millions)	4Q18 Average Balance	4Q18 %	3Q18 Average Balance	3Q18 %	4Q17 Average Balance	4Q17 %	Change from 3Q18 Balance	Change from 4Q17 Balance
Total Deposits	30,864	79%	31,239	78%	29,635	77%	(374)	1,229
Unsecured Borrowings	4,083	11%	4,422	11%	3,746	10%	(339)	337
FHLB Advances	3,204	8%	2,967	8%	3,283	9%	237	(79)
Structured Borrowings	845	2%	1,302	3%	1,602	4%	(458)	(757)
Total Borrowed Funds and Deposits	**38,996**	**100%**	**39,931**	**100%**	**38,266**	**100%**	**(935)**	**730**



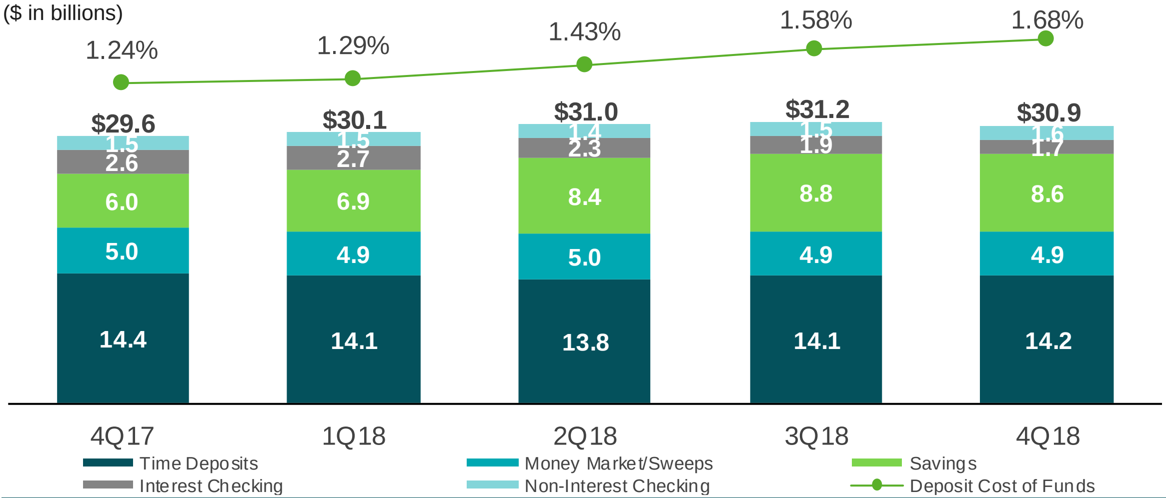
Highlights

- Average deposits decreased by 1%, or $374 million, driven by declines in the branch, online and brokered channels
- Unsecured borrowings and structured borrowings decreased by 8% and 35%, respectively, reflecting liability management actions related to the sale of NACCO
- Only one significant structured borrowing facility remains (related to Commercial Services), following the termination of our Dutch total return swap facility during the quarter

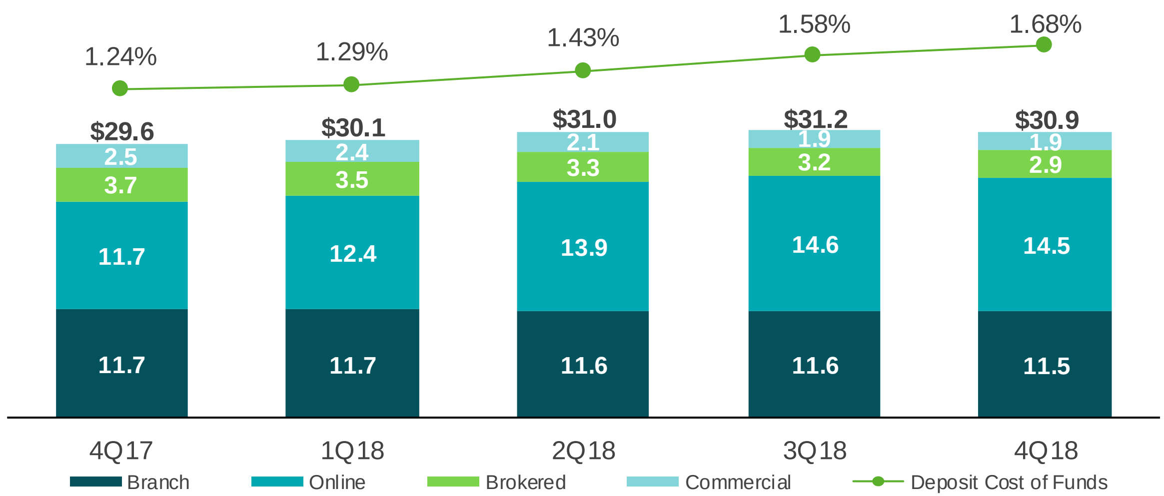
Certain balances may not sum due to rounding.

Average Deposit Mix and Cost of Deposits

Deposits by Type



Deposits by Channel



Highlights

vs. Prior Quarter

- Average deposit costs increased 10 bps
- Average deposit balances decreased 1%, driven by declines in the branch, online and brokered channels

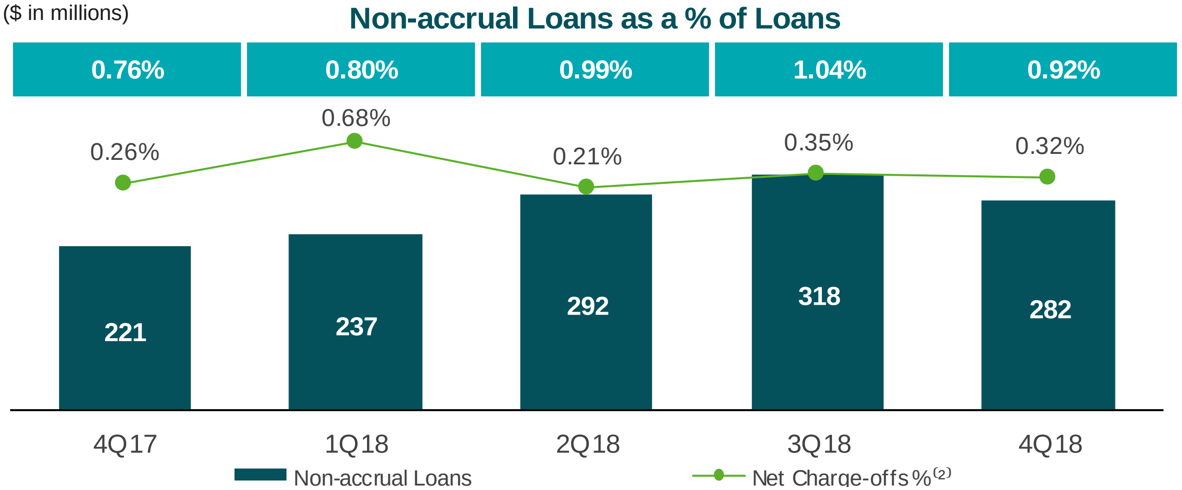
vs. Year-ago Quarter

- Average deposit costs increased 44 basis points
- Average deposits increased $1.2 billion, driven by growth in the online channel, partially offset by declines in the branch, commercial and brokered channels

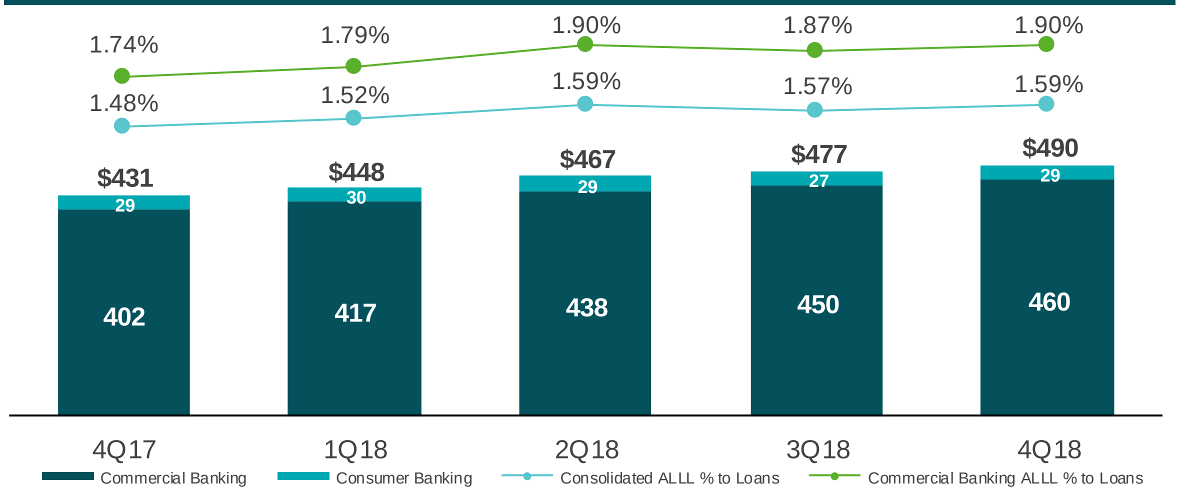
Asset Quality Trends – Continuing Operations (Excluding Noteworthy Items)[1]

Non-accrual Loans & Net Charge-offs

($ in millions)



Allowance for Loan Losses (ALLL)



Highlights

vs. Prior Quarter

- Non-accrual loans decreased $36 million and decreased 12 bps as percentage of loans, primarily driven by a loan sale in Commercial Finance
- Net charge-offs in the Commercial Banking segment were $23 million, down from $25 million in the prior quarter
- The increase in ALLL was primarily driven by increases in the Commercial Finance division

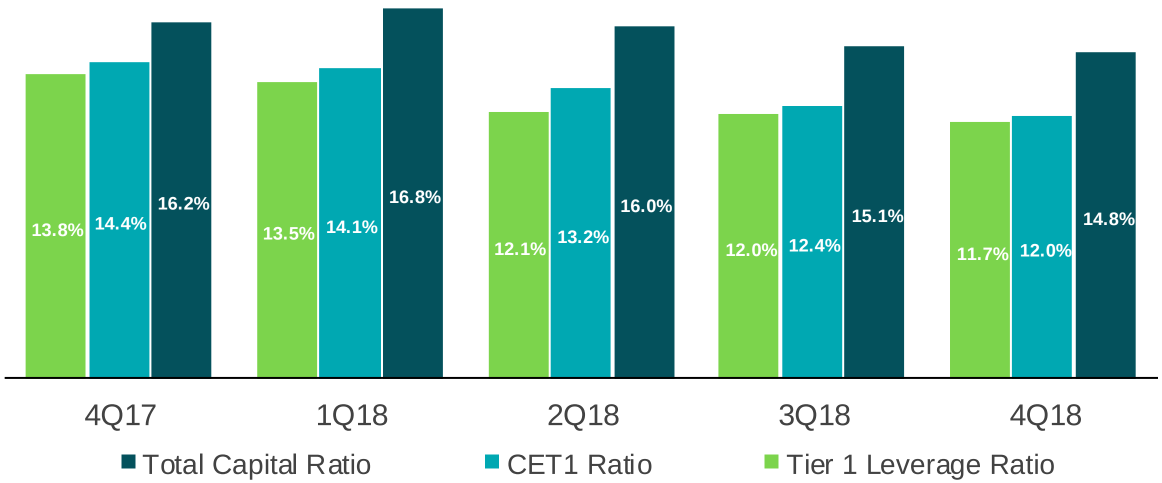
vs. Year-ago Quarter

- The increase in non-accrual loans is primarily driven by increases in the Commercial Finance division
- Allowance for loan losses up 11 basis points to 1.59%, mostly attributable to Commercial Finance, and also reflects an increase in specific reserves associated with non-accruals

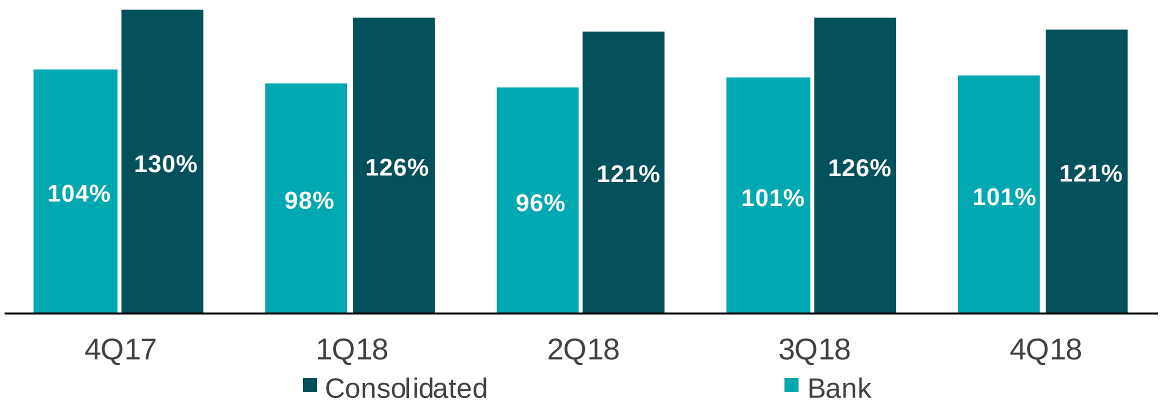
(1) See appendix for details on noteworthy items.
(2) As a percent of average loans, excluding loans held for sale.

Strong Capital Position

Risk Based Capital Ratios[1]



Loans and Leases-to-Deposit Ratio



Highlights

vs. Prior Quarter

- Capital levels remain strong
- CET1 capital ratio decreased approximately 40 basis points from the prior quarter to 12.0%
- Total capital ratio decreased approximately 30 basis points
- Approximately 9.7 million shares were repurchased during the quarter at an average price of $47.45

vs. Year-ago Quarter

- CET1 capital ratio decreased approximately 240 basis points
- Total capital ratio decreased approximately 140 basis points, as capital returns more than offset a qualifying Tier 2 capital issuance and net income

(1) Capital ratios for the current quarter are preliminary.

2018 Key Performance Metrics – Continuing Operations

($ in millions)	Reported 4Q18	Reported 3Q18	Reported 4Q17	Reported 2018	Reported 2017	Excluding Noteworthy Items(1) 4Q18	Excluding Noteworthy Items(1) 3Q18	Excluding Noteworthy Items(1) 4Q17	Excluding Noteworthy Items(1) 2018	Excluding Noteworthy Items(1) 2017
AEA	**$44,113**	$45,377	$44,562	$45,214	$46,852	**$44,113**	$45,377	$44,562	$45,214	$45,922
Core Average Loans and Leases(2)	**$33,002**	$32,224	$30,566	$32,019	$30,278	**$33,002**	$32,224	$30,566	$32,019	$30,278
Net Finance Margin	**3.39%**	3.43%	3.59%	3.41%	3.43%	**3.39%**	3.36%	3.51%	3.35%	3.49%
Core Operating Expenses(3)	**$252**	$257	$266	$1,046	$1,111	**$252**	$257	$266	$1,046	$1,111
Net Efficiency Ratio(4)	**60%**	54%	50%	55%	56%	**54%**	54%	53%	55%	56%
Net Charge Offs	**0.32%**	0.35%	0.26%	0.39%	0.39%	**0.32%**	0.35%	0.26%	0.39%	0.34%
Effective Tax Rate(5)	**21%**	24%	(50%)	26%	(35%)	**23%, 24%**	26%, 28%	28%, 39%	26%, 26%	30%, 34%
CET1 Ratio	**12.0%**	12.4%	14.4%	12.0%	14.4%	**12.0%**	12.4%	14.4%	12.0%	14.4%
Adjusted ROTCE(6)	**6.7%**	9.7%	8.4%	8.2%	7.7%	**10.1%**	9.8%	8.5%	8.7%	8.2%

(1) See appendix for details on noteworthy items. See also Non-GAAP Disclosures for a reconciliation of non-GAAP to GAAP financial information, and non-GAAP tables in the corresponding earnings release.
(2) Core portfolios is total loans and leases net of credit balances of factoring clients, NACCO, Legacy Consumer Mortgages (LCM) and Non-Strategic Portfolios (NSP).
(3) Operating expenses exclusive of restructuring costs and intangible asset amortization.
(4) Total operating expenses exclusive of restructuring charges and amortization of intangibles divided by total revenue (net finance revenue and other income).
(5) Under the section excluding noteworthy items, the first value is only excluding noteworthy items, whereas the second value is excluding both noteworthy items and discrete items.
(6) The numerator is adjusted to remove the impact of intangible amortization and goodwill impairment. The denominator is reduced for disallowed deferred tax assets and in FY17, ~$1.2 billion of capital reduction associated with the Commercial Air sale.

2018 Key Performance Metrics and 2019 Targets

($ in millions)	Reported 2018	Excluding Noteworthy Items[1] 2018	2019 Target
Core Average Loans and Leases[2]	$32,019	**$32,019**	▪ Core: mid-single digit growth ▪ Total: low-single digit growth
Net Finance Margin	3.41%	**3.35%**	▪ 3.10% to 3.30%
Core Operating Expenses[3]	$1,046	**$1,046**	▪ Down ~3%. Excludes the impact from recent accounting rule changes[7]
Net Efficiency Ratio[4]	55%	**55%**	▪ Mid 50% area. Excludes the impact from recent accounting rule changes[7]
Net Charge-offs	0.39%	**0.39%**	▪ 0.35% to 0.45%
Effective Tax Rate[5]	26%	**26%, 26%**	▪ 25% to 26%, excluding discrete items
CET1 Ratio	12.0%	**12.0%**	▪ 11% by year-end
ROTCE[6]	8.2%	**8.7%**	▪ 11% in 4Q19

(1) See appendix for details on noteworthy items. See also Non-GAAP Disclosures for a reconciliation of non-GAAP to GAAP financial information, and non-GAAP tables in the corresponding earnings release.
(2) Core portfolios is total loans and leases net of credit balances of factoring clients, NACCO, Legacy Consumer Mortgages (LCM) and Non-Strategic Portfolios (NSP).
(3) Operating expenses exclusive of restructuring costs and intangible asset amortization.
(4) Core operating expenses divided by total revenue (net finance revenue and other non-interest income excluding property tax income).
(5) Under the section excluding noteworthy items, the first value is only excluding noteworthy items, whereas the second value is excluding both noteworthy items and discrete items.
(6) The numerator is adjusted to remove the impact of intangible amortization and goodwill impairment. In addition, 4Q19 target ROTCE is adjusted to normalize for the preferred dividend payment as if it were accrued evenly through the year due to its semiannual payment. The denominator is reduced for disallowed deferred tax assets.
(7) Implementing the changes to ASC 842 results in two different sources of increases to operating expenses. Accounting for the initial direct costs of originating leases is estimated to increase operating expenses by $15 to $20 million annually. Accounting for the gross-up of property taxes billed to jurisdictions, but then collected from customers, is expected to increase operating expenses by $25 to $30 million annually with an offset in other non-interest income.

First Quarter 2019 Outlook

($ in millions)	Reported 4Q18	Excluding Noteworthy Items[1] 4Q18	1Q19 Outlook Commentary	2019 Target
Core Average Loans and Leases[2]	$33,002	**$33,002**	▪ Low single digit core growth	▪ Core: mid-single digit growth ▪ Total: low-single digit growth
Net Finance Margin	3.39%	**3.39%**	▪ Middle to upper end of 2019 guidance; higher deposit costs and lower rail yields partially offset by higher loan yields	▪ 3.10% to 3.30%
Core Operating Expenses[3]	$252	**$252**	▪ Higher due to an increase in annual benefit restarts and accelerated retirement costs. Excludes the impact from recent accounting rule changes[6]	▪ Down ~3%. Excludes the impact from recent accounting rule changes[6]
Net Efficiency Ratio[4]	60%	**54%**	▪ High 50% area. Excludes the impact from recent accounting rule changes[6]	▪ Mid 50% area. Excludes the impact from recent accounting rule changes[6]
Net Charge-offs	0.32%	**0.32%**	▪ 0.35% to 0.45%	▪ 0.35% to 0.45%
Effective Tax Rate[5]	21%	**23%, 24%**	▪ 25% to 26%, excluding discrete items	▪ 25% to 26%, excluding discrete items

(1) See appendix for details on noteworthy items. See also Non-GAAP Disclosures for a reconciliation of non-GAAP to GAAP financial information, and non-GAAP tables in the corresponding earnings release.
(2) Core portfolios is total loans and leases net of credit balances of factoring clients, NACCO, Legacy Consumer Mortgages (LCM) and Non-Strategic Portfolios (NSP).
(3) Operating expenses exclusive of restructuring costs and intangible asset amortization.
(4) Core operating expenses divided by total revenue (net finance revenue and other non-interest income excluding property tax income).
(5) Under the section excluding noteworthy items, the first value is only excluding noteworthy items, whereas the second value is excluding both noteworthy items and discrete items.
(6) Implementing the changes to ASC 842 results in two different sources of increases to operating expenses. Accounting for the initial direct costs of originating leases is estimated to increase operating expenses by $15 to $20 million annually. Accounting for the gross-up of property taxes billed to jurisdictions, but then collected from customers, is expected to increase operating expenses by $25 to $30 million annually with an offset in other non-interest income. Due to these accounting changes, for 1Q19 we estimate operating expenses will increase by $10 million, and we estimate other non-interest income will increase by $6 to $7 million.

Executing on Our Strategies

A Leading National Bank Focused on Lending and Leasing to the Middle Market and Small Businesses

Focusing on Our Strategic Priorities

1	Maximize Potential of Core Businesses
2	Enhance Operational Efficiency
3	Optimize Funding Costs
4	Optimize Capital Structure
5	Maintain Strong Risk Management

Appendix

Quarterly Noteworthy Items

($ in millions, except for per share data)		Segment	Item	Line Item	Pre-Tax	After-Tax	Per Share(1)
4Q17	Continuing Operations	Corporate	LIHTC Methodology Change	Other Non-Interest Income – Other Revenue	$29	$29	$0.22
		Corporate	LIHTC Methodology Change	Tax Provision	-	($38)	($0.29)
		Corporate	Impact of US Corporate Tax Reform	Tax Provision	-	$12	$0.09
		Commercial Banking	NACCO Suspended Depreciation	Depreciation on Operating Lease Equipment	$9	$6	$0.05
		Commercial Banking	NACCO Related Tax Items	Tax Provision	-	$10	$0.08
		Commercial Banking	Commercial Goodwill Impairment	Goodwill Impairment	($256)	($222)	($1.69)
		Corporate	Restructuring Charges	Operating Expenses	($32)	($20)	($0.15)
1Q18	Continuing Operations	Commercial Banking	NACCO Suspended Depreciation	Depreciation on Operating Lease Equipment	$9	$7	$0.05
2Q18	Continuing Operations	Consumer Banking	Financial Freedom Transaction – Primarily Gain on Sale of Reverse Mortgage Portfolio	Other Non-Interest Income – Other Revenue	$29	$22	$0.17
		Commercial Banking	NACCO Suspended Depreciation	Depreciation on Operating Lease Equipment	$9	$6	$0.05
		Corporate	Loss on Debt Redemption	Debt Extinguishment Costs	($19)	($14)	($0.11)
	Discontinued Operations		Net Loss on Financial Freedom Servicing Ops. – Primarily Reserve & Transaction Costs		($19)	($14)	($0.11)
3Q18	Continuing Operations	Consumer Banking	Impairment of LCM Indemnification Asset	Other Non-Interest Income – Other Revenue	($21)	($16)	($0.14)
		Non-Strategic Portfolios	Release of Valuation Reserve on AHFS	Other Non-Interest Income – Other Revenue	$11	$11	$0.09
		Commercial Banking	NACCO Suspended Depreciation	Depreciation on Operating Lease Equipment	$9	$6	$0.05
		Corporate	Loss on Debt Redemption	Debt Extinguishment Costs	($3)	($3)	($0.02)
4Q18	Continuing Operations	Commercial Banking	Gain on Sale of NACCO	Other Non-Interest Income – Other Revenue	$25	$19	$0.18
		Corporate	Loss on Debt Redemption	Debt Extinguishment Costs	($16)	($12)	($0.11)
		Corporate	Net TRS Termination Charge	Other Non-Interest Income – Other Revenue	($69)	($52)	($0.50)

(1) Per share impact based on 105 million, 114 million, 125 million, 132 million, and 131 million average diluted shares outstanding for 4Q18, 3Q18, 2Q18, 1Q18, and 4Q17, respectively.

Full Year Noteworthy Items

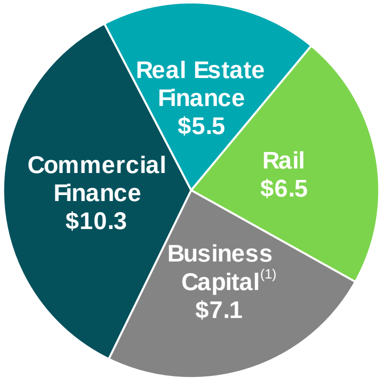
($ in millions, except for per share data)		Segment	Item	Line Item	Pre-Tax	After-Tax	Per Share
FY17	Continuing Operations	Corporate	Entity Restructuring	Tax Provision	-	($14)	($0.09)
		NSP	Currency Translation Adjustments	Other Income	($8)	($7)	($0.04)
		Corporate	Excess Interest Cost	Interest Expense	($23)	($15)	($0.09)
		Corporate	Interest Income	Interest Income	$9	$6	$0.03
		Corporate	Commercial Air Asset Adjustment	Average Earning Assets			
		Corporate	Resolution of Legacy Tax Items	Tax Provision	-	$19	$0.12
		Corporate	NACCO DTA Recognition	Tax Provision	$0	$7	$0.04
		Corporate	Strategic Tax Item – Restructuring of an International Legal Entity	Tax Provision	-	$140	$0.86
		Consumer Banking	Financial Freedom Transaction – Impairment on REO	Other Non-Interest Income – Gains on OREO Sales	($5)	($3)	($0.02)
		Consumer Banking	Financial Freedom Transaction – Impairment on Reverse Mortgage-Related Assets	Other Non-Interest Income – Impairment on Assets Held for Sale	($9)	($6)	($0.03)
		Consumer Banking	Financial Freedom Transaction – Impairment on HECMs-HFS	Other Non-Interest Income – Impairment on Assets Held for Sale	($12)	($8)	($0.05)
		Consumer Banking	Financial Freedom Transaction – Impairment on HECMs-HFI	Credit Provision/Charge-offs	($15)	($10)	($0.06)
		Corporate	LIHTC Methodology Change	Other Income	$29	$29	$0.18
		Corporate	LIHTC Methodology Change	Tax Provision	-	($38)	($0.23)
		Commercial Banking	Commercial Goodwill Impairment	Goodwill Impairment	($256)	($222)	($1.35)
		Commercial Banking	NACCO Related Tax Items	Tax Provision	-	$10	$0.06
		Corporate	Impact of US Corporate Tax Reform	Tax Provision	-	$12	$0.07
		Corporate	Restructuring Charges	Operating Expenses	($53)	($35)	($0.21)
		Corporate	Debt Extinguishment Costs	Debt Extinguishment Costs	($218)	($133)	($0.81)
		Commercial Banking	NACCO Suspended Depreciation	Depreciation on Operating Lease Equipment	$17	$11	$0.07
	Discontinued Operations		Commercial Air Suspended Depreciation		$113	$69	$0.42
			Commercial Air Secured Debt Expenses		($39)	($34)	($0.21)
			TC-CIT Joint Venture Gain		$14	$13	$0.08
			Commercial Air Gain on Sale		$135	$100	$0.61
			Financial Freedom Net Settlement Items and Servicing Rights Impairment		$20	$12	$0.08
			Financial Freedom Related Impairment		($4)	($2)	($0.01)
FY18	Continuing Operations	Commercial Banking	NACCO Suspended Depreciation	Depreciation on Operating Lease Equipment	$27	$19	$0.16
		Consumer Banking	Gain and Other Revenues from Sale of Reverse Mortgage Portfolio	Other Non-Interest Income – Other Revenue	$29	$22	$0.18
		Corporate	Loss on Debt Redemption	Debt Extinguishment Costs	($38)	($29)	($0.24)
		Consumer Banking	Impairment of LCM Indemnification Asset	Other Non-Interest Income – Other Revenue	($21)	($16)	($0.13)
		Non-Strategic Portfolios	Release of Valuation Reserve on AHFS	Other Non-Interest Income – Other Revenue	$11	$11	$0.09
		Commercial Banking	Gain on Sale of NACCO	Other Non-Interest Income – Other Revenue	$25	$19	$0.16
		Corporate	Net TRS Termination Charge	Other Non-Interest Income – Other Revenue	($69)	($52)	($0.44)
	Discontinued Operations		Net Loss on Financial Freedom Servicing Ops. – Primarily Reserve & Transaction Costs		($19)	($14)	($0.12)

(1) Per share impact based on 119 million and 164 million average diluted shares outstanding for 2018 and 2017, respectively.

A Leading National Bank for Lending and Leasing to the Middle Market and Small Businesses

Commercial Banking

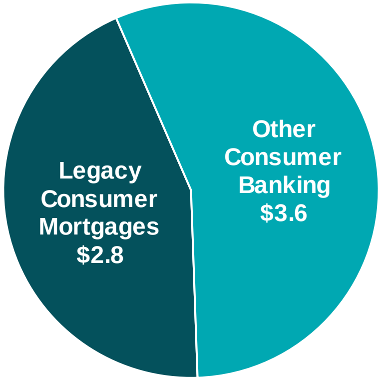
(4Q18; $ in billions)



Average Loans and Leases: $29.4

- **Commercial Finance**: Middle-market lender with expertise in targeted industries and products. Emphasis on asset growth and lead-managed transactions.
- **Rail**: Leading railcar lessor providing financial solutions to customers in the US, Canada and Mexico. Focus on maintaining utilization rate; market demand pressuring renewal pricing. European Rail business (NACCO) sold in the 4th quarter of 2018.
- **Real Estate Finance**: Leading lender to commercial real estate investors and developers; deep industry relationships, underwriting experience and market expertise.
- **Business Capital**: Leading equipment lessor and lender; among the nations largest providers of factoring services. Trusted business partner providing innovative technology, industry expertise and unique residual knowledge.

Consumer Banking



Average Loans: $6.5

- **Legacy Consumer Mortgages**: Run-off legacy consumer mortgage portfolio. High margins and loss share agreement. Reverse mortgage portfolio sold in the second quarter of 2018.
- **Other Consumer Banking**:
  - Consumer deposit products, residential mortgage and SBA products offered through OneWest retail branches.
  - **Online banking**: Well-recognized Direct Banking channel offers online savings accounts and CDs nationally.

Certain balances may not sum due to rounding.
(1) Net of credit balances of factoring clients.

Commercial Banking – Reported

($ in millions)	4Q18	3Q18	4Q17	Change from 3Q18 $	Change from 3Q18 %	Change from 4Q17 $	Change from 4Q17 %
Interest Income	**349**	339	315	10	3%	34	11%
Net Operating Lease Revenues[1]	**97**	130	120	(32)	(25%)	(23)	(19%)
Interest Expense	**193**	190	139	2	1%	54	39%
Net Finance Revenue	**254**	**278**	**296**	**(25)**	**(9%)**	**(43)**	**(14%)**
Other Non-Interest Income	**93**	76	73	17	22%	20	28%
Provision for Credit Losses	**28**	39	29	(11)	(29%)	(1)	(3%)
Operating Expenses	**166**	172	168	(6)	(4%)	(2)	(1%)
Goodwill Impairment	**-**	-	256	-	NM	(256)	NM
Pre-tax Income (Loss) from Continuing Operations	**153**	**143**	**(83)**	**10**	**7%**	**236**	**NM**

Key Metrics							
Average Earning Assets	**29,590**	30,319	29,507	(729)	(2%)	83	0%
Net Finance Margin	**3.43%**	3.67%	4.01%	(24) bps		(59) bps	
Net Efficiency Ratio	**47.5%**	48.2%	45.1%	(0.7%)		2.4%	
PTI-ROAEA	**2.07%**	1.89%	(1.13%)	18 bps		319 bps	

Highlights

vs. Prior Quarter

- **Net Finance Revenue:** decreased $25 million as the prior quarter includes a $9 million benefit from NACCO suspended depreciation, as well as the sale of NACCO during the current quarter
- **Other Non-Interest Income:** increased $17 million as the current quarter includes a $25 million pre-tax benefit from the gain on the sale of NACCO

vs. Year-ago Quarter

- **Net Finance Revenue:** decreased $43 million primarily due to the foregone income from NACCO during the current quarter, as well as higher interest expense and lower purchase accounting accretion, partially offset by the net benefit of higher interest rates on earning assets and asset growth

Certain balances may not sum due to rounding.
(1) Net of depreciation and maintenance and other operating lease expenses.

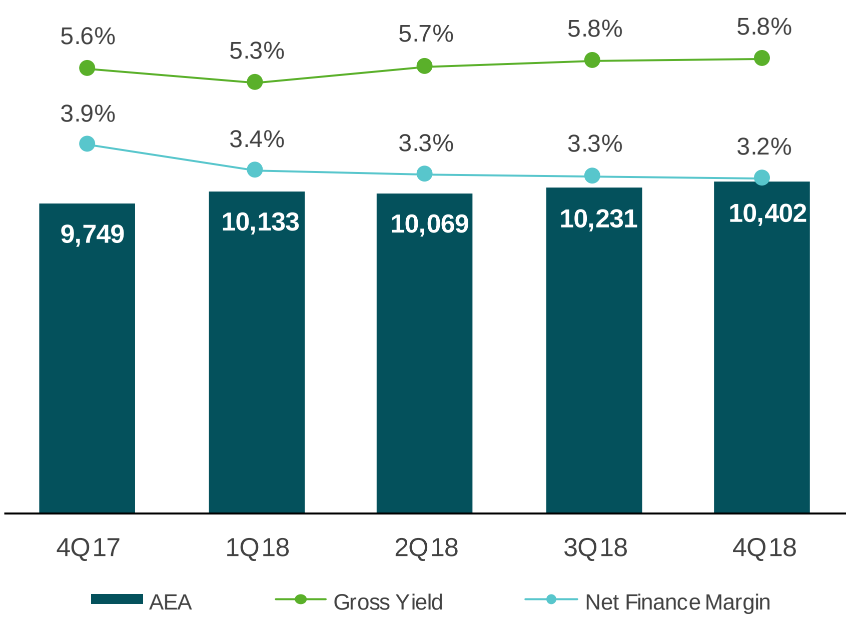
Commercial Banking Divisional Performance

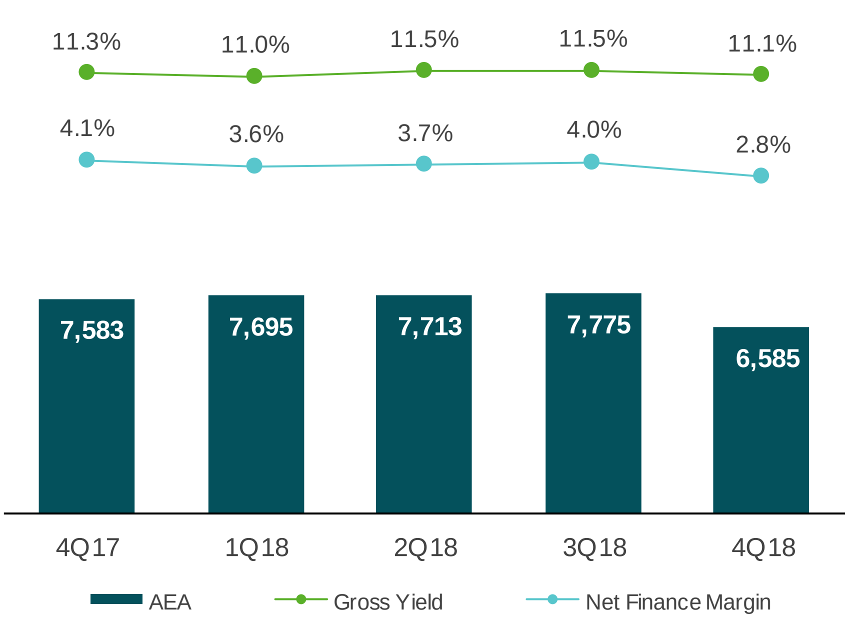
Commercial Finance

($ in millions)	4Q18	3Q18	4Q17	Change from 3Q18 $	Change from 3Q18 %	Change from 4Q17 $	Change from 4Q17 %
Average Loans and Leases	10,324	10,130	9,655	194	2%	669	7%
AEA	10,402	10,231	9,749	172	2%	654	7%
Net Finance Revenue	84	84	96	(0)	(0%)	(12)	(13%)
Gross Yield	5.82%	5.78%	5.61%	4 bps		21 bps	
Net Finance Margin	3.23%	3.29%	3.94%	(6) bps		(71) bps	

Rail

($ in millions)	4Q18	3Q18	4Q17	Change from 3Q18 $	Change from 3Q18 %	Change from 4Q17 $	Change from 4Q17 %
Average Loans and Leases	6,487	7,640	7,484	(1,153)	(15%)	(997)	(13%)
AEA	6,585	7,775	7,583	(1,189)	(15%)	(998)	(13%)
Net Finance Revenue	46	78	78	(31)	(41%)	(32)	(41%)
Gross Yield	11.10%	11.51%	11.25%	(41) bps		(16) bps	
Net Finance Margin	2.80%	4.00%	4.14%	(120) bps		(134) bps	

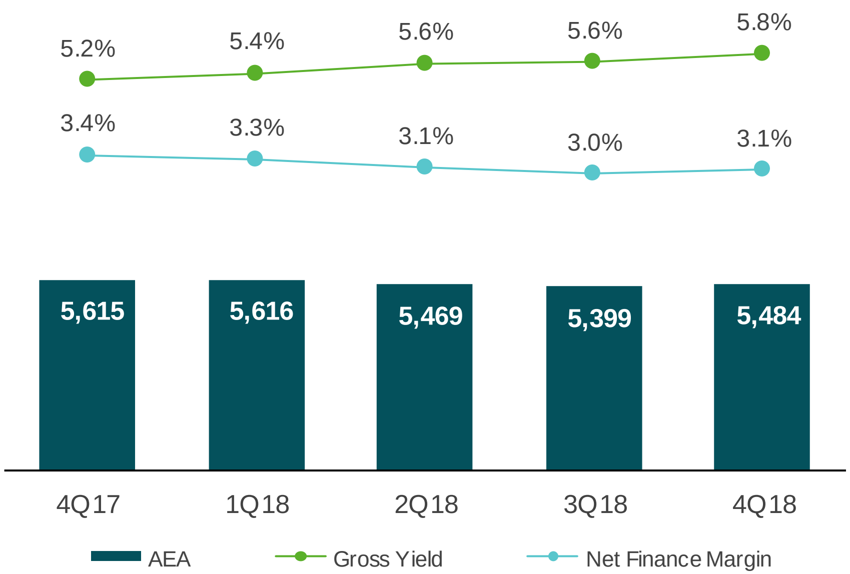




Commercial Banking Divisional Performance

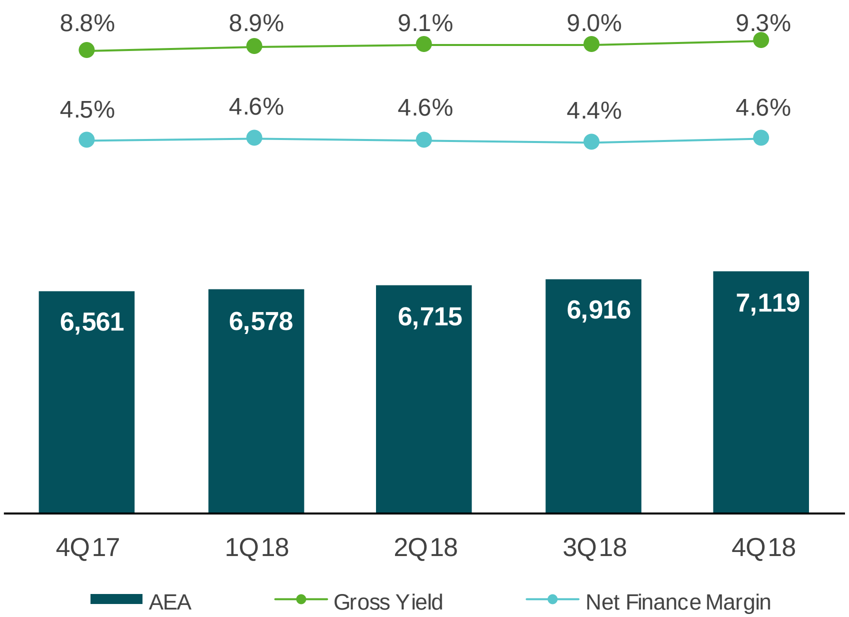
Real Estate Finance

($ in millions)	4Q18	3Q18	4Q17	Change from 3Q18 $	Change from 3Q18 %	Change from 4Q17 $	Change from 4Q17 %
Average Loans and Leases	5,484	5,399	5,615	85	2%	(131)	(2%)
AEA	5,484	5,399	5,615	85	2%	(131)	(2%)
Net Finance Revenue	42	40	48	2	5%	(6)	(13%)
Gross Yield	5.80%	5.60%	5.18%	20 bps		62 bps	
Net Finance Margin	3.07%	2.98%	3.43%	9 bps		(36) bps	



Business Capital

($ in millions)	4Q18	3Q18	4Q17	Change from 3Q18 $	Change from 3Q18 %	Change from 4Q17 $	Change from 4Q17 %
Average Loans and Leases[(1)]	7,085	6,881	6,508	204	3%	577	9%
AEA	7,119	6,916	6,561	203	3%	558	9%
Net Finance Revenue	81	76	73	5	7%	8	11%
Gross Yield	9.27%	9.04%	8.79%	24 bps		48 bps	
Net Finance Margin	4.57%	4.41%	4.47%	16 bps		10 bps	



(1) Net of credit balances of factoring clients.

Consumer Banking – Reported

($ in millions)	4Q18	3Q18	4Q17	Change from 3Q18 $	Change from 3Q18 %	Change from 4Q17 $	Change from 4Q17 %
Interest Income	**90**	79	84	11	14%	5	6%
Interest Benefit	**(40)**	(42)	(20)	1	3%	(21)	NM
Net Finance Revenue	**130**	**121**	**104**	**9**	**8%**	**26**	**25%**
Other Non-Interest Income	**4**	(18)	13	22	NM	(9)	(69%)
Provision for Credit Losses	**4**	(1)	2	4	NM	2	94%
Operating Expenses	**91**	89	104	2	2%	(13)	(12%)
Pre-tax Income from Continuing Operations	**40**	**15**	**12**	**25**	**NM**	**28**	**NM**

Key Metrics	4Q18	3Q18	4Q17	Change from 3Q18 $	Change from 3Q18 %	Change from 4Q17 $	Change from 4Q17 %
Average Earning Assets	**6,501**	6,433	6,886	68	1%	(385)	(6%)
Net Finance Margin	**8.00%**	7.50%	6.04%	50 bps		196 bps	
Net Efficiency Ratio	**64.1%**	82.2%	84.4%	(18.1%)		(20.3%)	
PTI-ROAEA	**2.46%**	0.90%	0.69%	156 bps		178 bps	

Highlights

vs. Prior Quarter

- **Net Finance Revenue:** increased $9 million primarily driven by lower negative interest income from the indemnification asset, as well as higher income from growth in our Other Consumer Banking division
- **Other Non-Interest Income:** increased $22 million as the prior quarter included a $21 million impairment charge of the indemnification asset

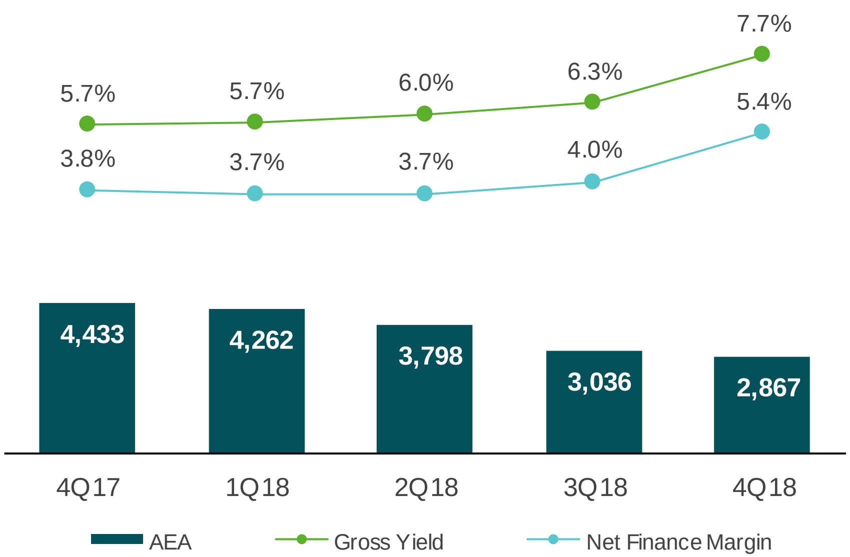
vs. Year-ago Quarter

- **Net Finance Revenue:** increased $26 million, primarily due to an increase in the benefit in interest expense received from the other segments for the value of the excess deposits Consumer Banking generates, and lower negative interest income from the indemnification asset, partially offset by lower interest income from LCM due to the sale of the reverse mortgage portfolio
- **AEA:** decreased 6% as run-off of the LCM portfolio and the sale of the reverse mortgage portfolio were partially offset by new business volume in the Other Consumer Banking division

Consumer Banking Divisional Performance

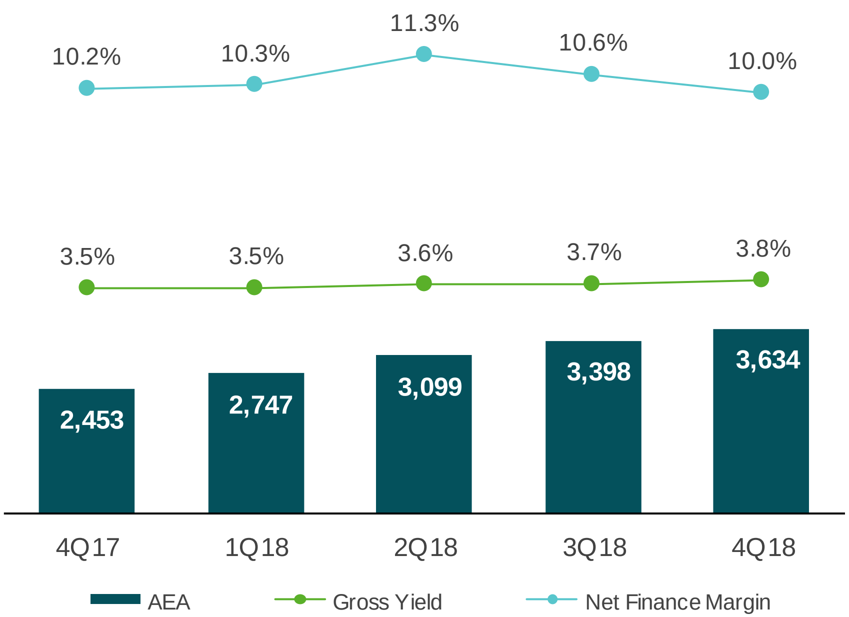
Legacy Consumer Mortgages

($ in millions)	4Q18	3Q18	4Q17	Change from 3Q18 $	Change from 3Q18 %	Change from 4Q17 $	Change from 4Q17 %
Average Loans and Leases	2,849	2,981	4,275	(132)	(4%)	(1,426)	(33%)
AEA	2,867	3,036	4,433	(168)	(6%)	(1,566)	(35%)
Net Finance Revenue	39	30	42	8	28%	(3)	(7%)
Gross Yield	7.72%	6.31%	5.66%	141 bps		206 bps	
Net Finance Margin	5.43%	4.01%	3.75%	142 bps		167 bps	



Other Consumer Banking

($ in millions)	4Q18	3Q18	4Q17	Change from 3Q18 $	Change from 3Q18 %	Change from 4Q17 $	Change from 4Q17 %
Average Loans and Leases	3,623	3,383	2,453	240	7%	1,170	48%
AEA	3,634	3,398	2,453	236	7%	1,181	48%
Net Finance Revenue	91	90	62	1	1%	29	46%
Gross Yield	3.78%	3.66%	3.52%	11 bps		26 bps	
Net Finance Margin	10.03%	10.63%	10.18%	(60) bps		(15) bps	



Non-GAAP Disclosures[1]

	At or for the Quarters Ended			At or for the Years Ended	
Tangible Book Value	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Total common shareholders' equity	$ 5,621.6	$ 5,995.3	$ 6,995.0	$ 5,621.6	$ 6,995.0
Less: Goodwill	(369.9)	(369.9)	(369.9)	(369.9)	(369.9)
Intangible assets	(89.2)	(95.0)	(113.0)	(89.2)	(113.0)
Tangible book value (Non-GAAP)	5,162.5	5,530.4	6,512.1	5,162.5	6,512.1
Less: Disallowed deferred tax asset	(64.6)	(89.9)	(104.8)	(64.6)	(104.8)
Tangible common equity (Non-GAAP)	$ 5,097.9	$ 5,440.5	$ 6,407.3	$ 5,097.9	$ 6,407.3
Average tangible common equity (Non-GAAP)	$ 5,200.1	$ 5,534.8	$ 6,327.5	$ 5,740.1	$ 7,486.6
Estimated capital adjustment related to Commercial Air sale	-	-	-	-	(1,166.7)
Average tangible common equity, excluding noteworthy items (Non-GAAP)	$ 5,200.1	$ 5,534.8	$ 6,327.5	$ 5,740.1	$ 6,319.9
Net income (loss) applicable to common shareholders	$ 82.3	$ 131.5	$ (97.8)	$ 428.2	$ 458.4
Intangible asset amortization, after tax	4.5	4.3	3.7	17.6	16.4
Goodwill impairment	-	-	222.1	-	222.1
Non-GAAP income (loss) - for ROTCE calculation	$ 86.8	$ 135.8	$ 128.0	$ 445.8	$ 696.9
Return on average tangible common equity	6.68%	9.81%	8.09%	7.77%	9.31%
Non-GAAP income applicable to common shareholders	$ 127.2	$ 133.1	$ 125.1	$ 468.4	$ 555.1
Intangible asset amortization, after tax	4.5	4.3	3.7	17.6	16.4
Non-GAAP income - for ROTCE calculation	$ 131.7	$ 137.4	$ 128.8	$ 486.0	$ 571.5
Return on average tangible common equity, after noteworthy items and adjusted for estimated capital adjustment	10.13%	9.93%	8.14%	8.47%	9.04%
Income (loss) from continuing operations applicable to common shareholders	$ 82.2	$ 129.4	$ (92.6)	$ 453.2	$ 249.6
Intangible asset amortization, after tax	4.5	4.3	3.7	17.6	16.4
Goodwill impairment	-	-	222.1	-	222.1
Non-GAAP income from continuing operations - for ROTCE calculation	$ 86.7	$ 133.7	$ 133.2	$ 470.8	$ 488.1
Return on average tangible common equity, adjusted for estimated capital adjustment	6.67%	9.66%	8.42%	8.20%	7.72%
Non-GAAP income from continuing operations	$ 127.1	$ 131.0	$ 130.3	$ 479.6	$ 504.1
Intangible asset amortization, after tax	4.5	4.3	3.7	17.6	16.4
Non-GAAP income from continuing operations - for ROTCE calculation, excluding noteworthy items	$ 131.6	$ 135.3	$ 134.0	$ 497.2	$ 520.5
Return on average tangible common equity, after noteworthy items and adjusted for estimated capital adjustment	10.12%	9.78%	8.47%	8.66%	8.24%

Certain balances may not sum due to rounding.
(1) Reconciliations of non-GAAP measurements to GAAP measurements that are included in our quarterly earnings release are not repeated in this presentation.

Non-GAAP Disclosures[1]

Total Net Revenues	At or for the Quarters Ended December 31, 2018	September 30, 2018	December 31, 2017	Years Ended December 31, 2018	2017
Interest income	$ 492.0	$ 473.6	$ 447.7	$ 1,890.4	$ 1,835.6
Rental income on operating lease equipment	229.8	264.3	252.6	1,009.0	1,007.4
Finance revenue (Non-GAAP)	721.8	737.9	700.3	2,899.4	2,843.0
Interest expense	215.5	213.9	168.7	815.1	717.7
Depreciation on operating lease equipment	79.5	78.0	74.3	311.1	296.3
Maintenance and other operating lease expenses	52.9	56.6	57.9	230.4	222.9
Net finance revenue (NFR)[6] (Non-GAAP)	373.9	389.4	399.4	1,542.8	1,606.1
Other non-interest income	47.5	86.2	137.2	373.8	364.2
Total net revenues (Non-GAAP)	$ 421.4	$ 475.6	$ 536.6	$ 1,916.6	$ 1,970.3
NFR (Non-GAAP)	$ 373.9	$ 389.4	$ 399.4	$ 1,542.8	$ 1,606.1
Suspended depreciation on assets HFS	-	(8.6)	(8.8)	(26.5)	(16.6)
Excess interest costs over interest income from Commercial Air proceeds usage	-	-	-	-	23.4
Interest on excess cash	-	-	-	-	(9.1)
Adjusted NFR (Non-GAAP)	$ 373.9	$ 380.8	$ 390.6	$ 1,516.3	$ 1,603.8
NFR as a % of AEA	3.39%	3.43%	3.59%	3.41%	3.43%
NFR as a % of AEA, adjusted for noteworthy items	3.39%	3.36%	3.51%	3.35%	3.49%
Net Operating Lease Revenues					
Rental income on operating leases	$ 229.8	$ 264.3	$ 252.6	$ 1,009.0	$ 1,007.4
Depreciation on operating lease equipment	79.5	78.0	74.3	311.1	296.3
Maintenance and other operating lease expenses	52.9	56.6	57.9	230.4	222.9
Net operating lease revenue (Non-GAAP)	$ 97.4	$ 129.7	$ 120.4	$ 467.5	$ 488.2
Operating Expenses					
Operating expenses	$ 257.9	$ 263.3	$ 304.0	$ 1,070.0	$ 1,188.5
Intangible asset amortization	5.9	6.0	6.1	23.9	24.7
Restructuring costs	-	-	31.9	-	53.0
Operating expenses excluding restructuring costs, intangible assets amortization, and other noteworthy items	$ 252.0	$ 257.3	$ 266.0	$ 1,046.1	$ 1,110.8
Operating expenses (excluding restructuring costs and intangible assets amortization) as a % of AEA (excluding noteworthy items and adjustment for Commercial Air)	2.29%	2.27%	2.39%	2.31%	2.42%
Total Net Revenue (Non-GAAP)	$ 421.4	$ 475.6	$ 536.6	$ 1,916.6	$ 1,970.3
Suspended depreciation on assets HFS	-	(8.6)	(8.8)	(26.5)	(16.6)
Financial Freedom Transaction impairments on reverse mortgage related assets	-	-	-	-	26.8
LIHTC Method change	-	-	(29.4)	-	(29.4)
Net costs of excess liquidity	-	-	-	-	14.3
CTA charge	-	-	-	-	8.1
Gain and other revenues from sale of reverse mortgage portfolio	-	-	-	(29.3)	-
Impairment of LCM indemnification asset	-	21.2	-	21.2	-
Release of valuation reserve on AHFS	-	(10.6)	-	(10.6)	-
TRS termination charge	69.5	-	-	69.5	
NACCO gain on sale	(25.1)	-		(25.1)	
Total Net Revenue, excluding noteworthy items (Non-GAAP)	$ 465.8	$ 477.6	$ 498.4	$ 1,915.8	$ 1,973.5
Net Efficiency Ratio (Non-GAAP)	59.8%	54.1%	49.6%	54.6%	56.4%
Net Efficiency Ratio excluding noteworthy items (Non-GAAP)	54.1%	53.9%	53.4%	54.6%	56.3%
Other non-interest income	$ 47.5	$ 86.2	$ 137.2	$ 373.8	$ 364.2
Financial Freedom Transaction impairments on reverse mortgage related assets	-	-	-	-	26.8
CTA charge	-	-	-	-	8.1
Gain and other revenues from sale of reverse mortgage portfolio	-	-	-	(29.3)	-
Impairment of LCM indemnification asset balance	-	21.2	-	21.2	-
Release of valuation reserve on AHFS	-	(10.6)	-	(10.6)	-
LIHTC Method change	-	-	(29.4)	-	(29.4)
TRS termination charge	69.5	-	-	69.5	-
NACCO gain on sale	(25.1)	-	-	(25.1)	-
Total other non-interest income, excluding noteworthy items (Non-GAAP)	$ 91.9	$ 96.8	$ 107.8	$ 399.5	$ 369.7

Certain balances may not sum due to rounding. Capital numbers for current quarter are preliminary.
(1) Selective reconciliations of non-GAAP measurements to GAAP measurements are included in our quarterly earnings release and not repeated in this presentation.

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