



OneWest Bank N. A.

Dodd-Frank Act Stress Test Disclosure

Capital Stress Testing Results Covering the Time Period October 1, 2014 through December 31, 2016 for OneWest Bank N.A. under a Hypothetical Severely Adverse Economic Scenario

June 2015



Dodd-Frank Act Stress Test

Disclaimer

- OneWest Bank N.A. (“OneWest” or the “Bank”) is subject to certain rules and requirements established by the Dodd-Frank Wall Street Reform and Consumer Protection Act (“DFA”), including those related to capital stress testing. This disclosure provides the results of OneWest’s 2015 DFA company-run stress test results for the Severely Adverse hypothetical macroeconomic scenario determined by bank regulators. Results comply with methodologies and instructions provided by the interagency guidance effective March 2014⁽¹⁾.
- This presentation provides internal projections for OneWest Bank under the stressed macroeconomic and market conditions in the Supervisory Severely Adverse scenario. These projections represent hypothetical estimates that involve an economic outcome that is significantly more adverse than expected. The stress test results are not forecasts of actual expected financial results for OneWest Bank. These estimates are not forecasts of OneWest Bank expected losses, revenues, net income before taxes, capital, risk weighted assets, or capital ratios. Actual results during a similar economic scenario may deviate materially from these estimates.
- Amounts presented are rounded to the nearest significant digit, as indicated or stated. Immaterial differences arising from the effect of rounding are not adjusted.
- The results for OneWest Bank do not incorporate the anticipated merger of IMB HoldCo, LLC (a direct holder of OneWest Bank) with and into CIT Group, Inc.
- This disclosure contains certain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These statements may address issues that involve significant risks, uncertainties, estimates and assumptions made by management. Actual results may differ materially from current projections.
- OneWest Bank undertakes no obligation to revise these statements following the date of this disclosure.

(1) Agency Publication “Supervisory Guidance on Implementing Dodd-Frank Act Company-Run Stress Tests for Banking Organizations with Total Consolidated Assets of more than \$10 Billion but less than \$50 Billion”.



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OneWest Bank Overview

OneWest Bank is one of the top 50 largest banks in the United States and one of the largest banks headquartered in Southern California with \$21.3 billion in assets and \$14.5 billion in deposits as of March 31, 2015.

Focused on delivering personalized, relationship-based banking to its customers, OneWest offers a full suite of consumer and commercial banking products and services and operates 76 relationship centers and standalone full-service ATMs spanning from Ventura to San Diego county.



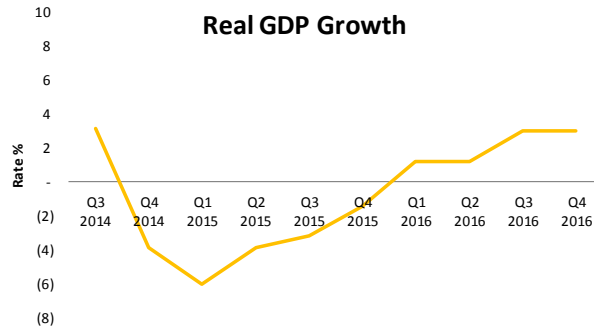


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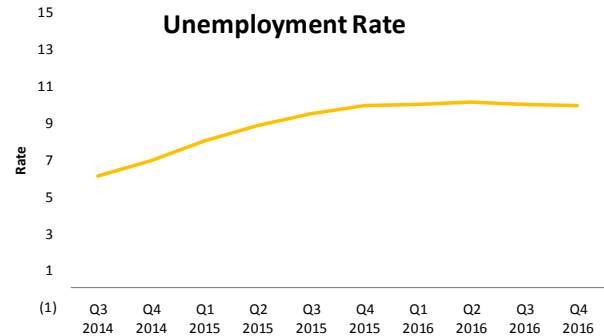
2015 Supervisory Severely Adverse Scenario Description

The Severely Adverse Scenario represents a significant macroeconomic economic downturn including:

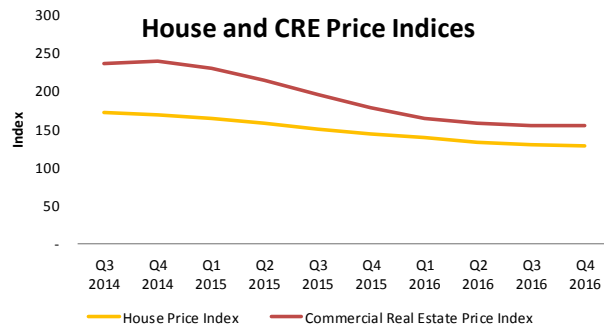
Significant decline in Real GDP through 2015



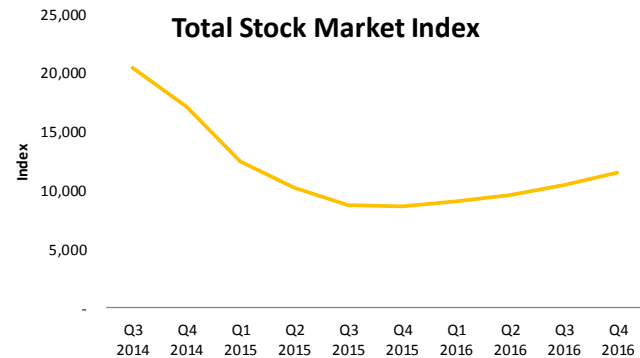
Unemployment increases to 10.1%



House prices drop 25% and Commercial Real Estate drops 35%



Dow Jones Total Stock Market Index falls nearly 60%



Note: The Severely Adverse scenario prescribes 28 variables, 16 domestic and 12 international. OneWest does not have significant exposure to international markets. As a result, only the scenario variables corresponding to domestic exposures were included. Of the 16 domestic variables, this page and the following describe the macroeconomic factors with the most significant impact to the OneWest assets and liabilities.

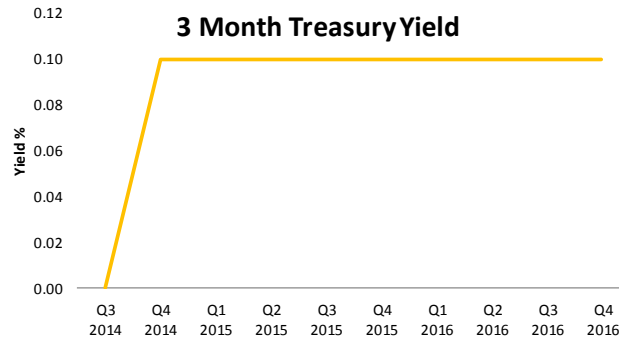


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2015 Supervisory Severely Adverse Scenario Description

The Severely Adverse Scenario represents a flattening of the yield curve.

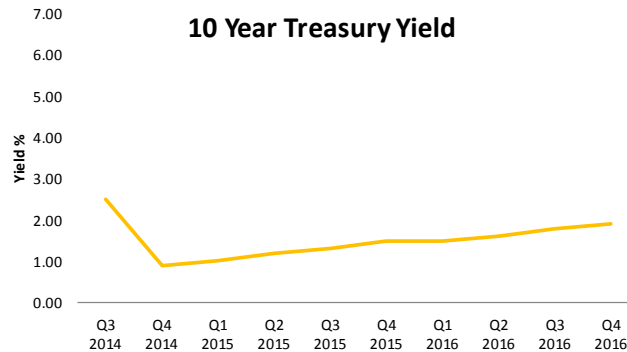
3 month Treasury remains low



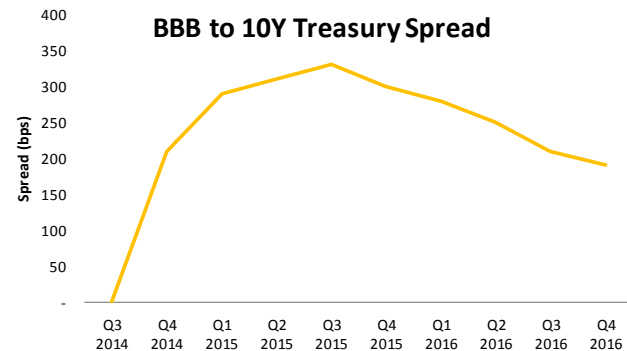
5 year Treasury drops and remains low



10 year Treasury drops before increasing to 1.9% by the end of 2016



BBB credit spread⁽¹⁾ widens ~330bps and gradually tightens



(1) BBB credit spread is the difference between the BBB Corporate Yield and the 10Y Treasury Yield scenario variables



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Overview of Business Activities and Key Risks

	OneWest Business Activities	Primary Risks
Consumer Banking	<ul style="list-style-type: none"> ▪ Deposit Branches ▪ Mortgage Lending ▪ Credit Cards 	<ul style="list-style-type: none"> ▪ Credit ▪ Market ▪ Business and Operational ▪ Compliance, Legal and Reputational
Wholesale Banking	<ul style="list-style-type: none"> ▪ Commercial Real Estate ▪ Commercial & Specialty Banking ▪ SBA Lending ▪ Private Banking / Investment Advisory ▪ Deposit & Payment Solutions 	<ul style="list-style-type: none"> ▪ Credit ▪ Market ▪ Business and Operational ▪ Compliance, Legal and Reputational
Core Assets	<ul style="list-style-type: none"> ▪ Mortgage Backed Securities Portfolio ▪ Mortgage Loans accounted for under Fair Value Option ▪ Mortgage Loans accounted for under ASC 310-30 ▪ Commercial Real Estate Loans accounted for under ASC 310-30 ▪ Associated Indemnification Assets 	<ul style="list-style-type: none"> ▪ Credit (with loss share coverage) ▪ Market ▪ Business and Operational ▪ Compliance, Legal and Reputational
Discontinued Ops	<ul style="list-style-type: none"> ▪ Financial Freedom (Reverse Mortgage Servicing) 	<ul style="list-style-type: none"> ▪ Business and Operational ▪ Compliance, Legal and Reputational



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Key risks inherent in the Bank's business activities

Credit Risk	Risk of loss from a borrower, obligor or counterparty failing to perform on an obligation as contractually agreed.
Market Risk	Risk of loss resulting from movement in market variables such as interest rates, credit spreads, foreign exchange rates, equity prices, or implied volatilities.
Business and Operational Risk	The risk of loss from inadequate information systems, operational problems, breaches in internal controls, fraud, or unforeseen catastrophes.
Legal Risk	Loss arising from: regulatory or legal action; disputes for or against the company; failure to correctly document, enforce or adhere to contractual arrangements; inadequate management of non-contractual rights; or failure to meet non-contractual obligations.
Liquidity Risk	The risk that the Bank's financial condition or safety is adversely affected by an inability to meet its funding obligations.
Compliance Risk	The risk of fines, penalties or other financial losses resulting from violations of or noncompliance with laws, regulations and guidelines.
Reputational Risk	The risk that actions or events will reduce the trust that clients, employees or the broader public has in the Bank's competence.



Dodd-Frank Act Stress Test

Stress Test Methodology

- Overseen by our board and executive risk committees, our stress testing framework employs both quantitative and qualitative estimation methodologies. Where applicable and practical, we attempt to use quantitatively-derived econometric models to estimate pre-provision net revenue and credit losses, which help us to project capital levels for the nine-quarter forecast horizon used in DFAST.
- Our methodologies focus on defining the relationship between macroeconomic variables provided by the regulators and OneWest's businesses to estimate potential outcomes for the supervisory scenarios. The stress testing process relies on a combination of econometric models, cash flow modeling techniques, and qualitative assessments to produce the hypothetical stressed outcomes.
- The qualitative assessments are used to estimate operational and legal losses under the scenario. The qualitative reviews are performed by OneWest senior management across the organization including risk management, finance, credit and our lines of business.
- Using our September 30, 2014 balance sheet position as a starting point, we use our quantitative and qualitative estimation methodologies to simulate, among other items, future values for the components of pre-provision net revenue (net interest income plus non-interest income less non-interest expense) and credit losses across a nine-quarter forecast horizon. These estimation methodologies come together and dynamically interact with each other in our internally-developed stress testing system. The output provides the requisite information to estimate our capital levels and other information contained in this disclosure.
- Results for the stress scenarios are reviewed by our board and executive-level risk management committee.



Dodd-Frank Act Stress Test

Stress Test Methodology

Component	Methodology
Pre-Provision Net Revenue	<p>Granular, business unit level projections for: Loan balances, deposits, net interest income, fee revenue and operational expenses.</p> <p>Income statement and balance sheet projections capture interest rate risk.</p>
Provision for Loan Loss	<p>We employ econometric modeling techniques to forecast loss rates for our commercial and non-commercial portfolios. These econometric models link credit losses to the supervisory scenarios.</p> <p>As the economic scenario unfolds, our credit loss models are updated to incorporate the scenario information through the applicable forecasted quarter. These loss rates are also applied to unfunded commitments with a conservative draw assumption.</p>
Market Risk	<p>Spot and forward curves applicable to each forecasted quarter are derived from the interest rate scenarios provided by our regulators. Additionally, we assume credit spreads are increased on our fair value portfolios according to the spread widening present in the macroeconomic scenarios.</p> <p>Changes in market dynamics are incorporated as they are realized through the stress scenario which allows us to generate a view of the bank as the scenarios unfold.</p>



Dodd-Frank Act Stress Test

Severely Adverse Summary Results (\$ in Millions)

Cumulative⁽¹⁾ Revenue, Loss and Net Income before Taxes

Pre-Provision Net Revenue ("PPNR") ⁽²⁾	\$162
Less: Provisions	(618)
Less: Realized gain / (loss) on securities AFS/ HTM	(57)
Net Income Before Taxes	(\$513)

Cumulative⁽¹⁾ Loss by Loan Portfolio

	\$ ⁴	% ⁵
Commercial & Industrial Loans ⁽³⁾	\$123	3.0%
Commercial Real Estate	144	4.1%
Mortgage Loans	220	5.3%
Consumer / Other ⁽⁶⁾	1	9.0%
Total	\$488	4.2%

(1) Cumulative means the sum over all nine quarters.

(2) PPNR includes mark-to-market losses driven by the fair value accounting treatment of certain acquired forward and reverse mortgage loans including associated indemnification assets, offset by a fair value interest rate hedge.

(3) Commercial & Industrial Loans include small business loans.

(4) Losses include charge offs as well as provisions on purchased credit impaired (ASC310-30) portfolios.

(5) Denominator of loss rate is the average portfolio balance for the nine quarter horizon

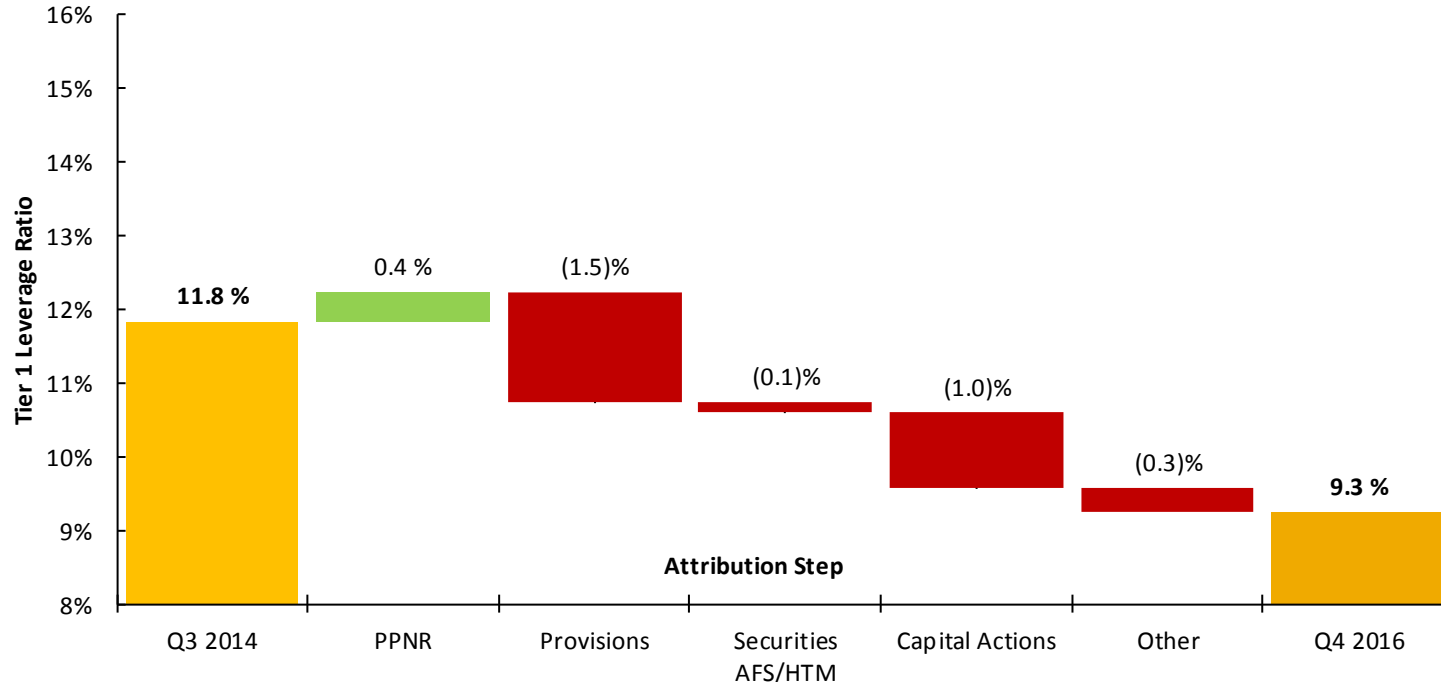
(6) Consumer / Other includes credit cards and overdraft lines of credit.



Dodd-Frank Act Stress Test

Severely Adverse Significant Drivers to Capital Ratio Changes

Tier 1 Leverage Ratio



- As shown above, the primary driver to the reduction in capital is provisioning on our loan portfolios.
- Capital actions also contribute significantly to our reduced capital levels as well as mark-to-market losses; the latter included within PPNR.
- The other category includes core deposit intangible amortization and other small items.



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Summary Results

Pro Forma Capital Ratios

	Actual	Regulatory	Severely Adverse	
	Q3 2014	Minimum	Q4 2016	Minimum ⁽³⁾
CET 1 Risk-Based Capital Ratio	N/A	6.5%	14.7%	14.7%
Tier 1 Risk-Based Capital Ratio	24.1%	8.0%	13.6%	13.6%
Total Risk-Based Capital Ratio	24.9%	10.0%	14.9%	14.9%
Tier 1 Leverage Ratio	11.8%	5.0%	9.3%	9.3%
Average Assets ⁽¹⁾ (\$B)	21.9		22.3	21.1
Common Equity Tier 1 Capital ⁽²⁾	N/A		2.2	2.2
Tier 1 Capital	2.6		2.1	2.0
Risk-Weighted Assets	10.8		15.4	11.6

(1) Average balance for the planning quarter

(2) CET 1 ratio is applicable starting in the second planning quarter

(3) Reflects the minimum in the nine quarter forecast horizon

OneWest Bank maintains capital ratios far in excess of the regulatory minimums for a well capitalized institution in all periods