IEGH Holdings Corp
(OTCQB: IEGH, Target Price: $10.50)

IEG Holdings Corporation (OTCQB: IEGH) provides online unsecured consumer loans under the brand name "Mr. Amazing Loans" via its website, www.mramazingloans.com, in 19 US states. The company offers $5,000 and $10,000 personal loans over a five-year term at 19.9% to 29.9% APR. IEG Holdings plans future expansion to a total of 25 US states by mid-2017E, which would cover 240mn people and represent approximately 75% of the US population. Since 2013, IEGH has obtained additional state lending licenses, and they are now licensed and originating direct consumer loans in Alabama, Arizona, California, Florida, Georgia, Illinois, Kentucky, Louisiana, Missouri, Nevada, New Jersey, New Mexico, Ohio, Oregon, Pennsylvania, Texas, Utah and Virginia. The Company was founded in 2010 and is headquartered in Las Vegas, Nevada.

Investment Highlights

IEGH reiterates guidance for operating cash flow in 2017

In a December 14, 2016, letter to investors and stakeholders, IEGH CEO Paul Mathieson issued a positive outlook and reiterated that the company plans to implement strategic cost cutting opportunities that should position IEGH to generate positive cash flow in 2017. Mathieson also stated that the company would likely initiate a small, ongoing dividend in April after the release of 1Q17 results, and explore other capital management activities such as stock buybacks.

IEGH enters Ohio; loan volume continues to rise

IEGH continues to expand its consumer loan book. According the company's results release, since January 2015, cumulative loan volume has increased by 154% from $5.5mn $14.1mn as of December 13, 2016. In our view, loan volume provides key insights into the health of IEGH's business, as it is a driver of revenue and potential profitability.

IEGH management noted that loan volume is affected by the performance of mramazingloans.com, the cost of new leads, and the pace of geographic expansion. IEGH continues to expand, entering Ohio – its 19th state – on December 22, 2016. IEGH's **mramazingloans.com** now offers loans online to a coverage area of approximately 20mn people representing 62% of the US population, and the company appears well on its way to reaching its goal of 25 states and 75% of the population by mid-2017.

IEGH to raise debt; announces tender offer for OneMain

We see access to capital as an important business factor for IEGH, as the company can use liquidity to grow the size of its consumer loan book, thereby growing revenue and potential profitability. IEGH has launched a private offering of up to $10mn in 12% unsecured notes due December 2026 in a self-underwritten basis. The company also announced an intriguing corporate action, in which it has initiated a tender offer for OneMain Holdings, Inc., a multi-billion dollar NYSE listed provider of consumer finance and insurance solutions. As part of the offer, which expires February 6, 2017, IEGH is prepared to offer two shares for each tendered share of OneMain (NYSE: OMF). IEGH management believes a combination of the entities offers an opportunity for synergy by combining IEGH's online business with OneMain's largely offline business, as well as cost synergies. OneMain is one of the largest consumer finance companies in the United States, and initially its Board of Directors has rejected the offer and declined to enter into negotiations with IEGH.

Price target of $10.50 for IEGH

Our price target for IEGH is $10.50. IEGH is a high risk, high potential reward company in the consumer finance sector. IEGH has several potential catalysts including growth, guidance for profitability in 2017, and ongoing strategic corporate finance initiatives.

Stock Details (1/9/17)

OTCQX:	IEGH
Sector / Industry	Financials / Specialty Finance
Price target	**$10.50**
Recent share price	$7.25
Shares o/s (mn)	9.7
Market cap (in $mn)	70.3
52-week high/low	$80.00 / 2.01

Source: Thomson Reuters, SeeThruEquity Research

Key Financial ($mn, unless specified)

	FY15	FY16E	FY17E
Revenues	1.8	2.3	5.0
EBITDA	(5.1)	(4.0)	0.1
EBIT	(5.2)	(4.1)	0.0
Net Income	(5.7)	(4.1)	0.0
EPS ($)	(1.97)	(0.42)	0.00

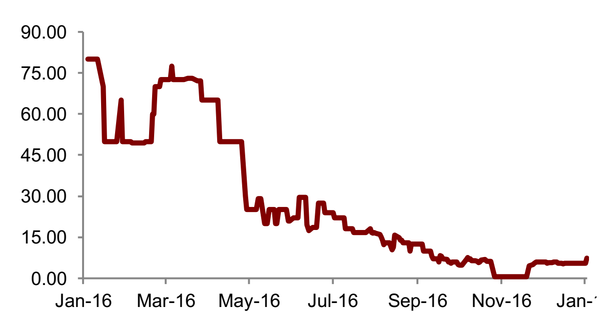
Source: SeeThruEquity Research

Key Ratios

	FY15	FY16E	FY17E
Gross margin (%)	100.0	100.0	100.0
Operating Margin (%)	(282.1)	(180.0)	0.0
EBITDA margin (%)	(277.1)	(177.8)	2.4
Net margin (%)	(310.5)	(181.0)	0.0
P/Revenue (x)	38.3	31.3	14.1
EV/Revenue (x)	37.8	30.8	13.9

Source: SeeThruEquity Research

Stock Performance (LTM)



Source: Thomson Reuters

IEGH management reiterates outlook for positive operating cash flow in 2017

- **IEGH reiterates guidance for positive cash flow in 2017:** In a December 14, 2016, letter to investors and stakeholders, IEGH CEO Paul Mathieson reiterated that the company plans to implement strategic cost cutting opportunities that should position IEGH to generate positive cash flow in 2017.

- The cuts include Mathieson reducing his own salary to $1, and reductions in consulting fees, director's fees, compensation and other expenses.

- **IEGH announces plans for dividend:** Management also stated that the company would institute a small dividend policy in 2017, beginning in April following the release of 1Q17 results and that it expected to pay regular dividends in the future.

- **Buyback possible:** Finally, Mathieson also stated that IEGH would investigate other ways to manage capital, such as potential stock repurchases.

Transaction volume continues sharp growth; new capital drives growth

- IEGH continues to report rises in its loan volume. We see this as an important metric to track, as loan volume is a core driver of the company's business and potential profitability.

- In its results announcement, IEGH noted that it continues to experience increases in loan volume. As illustrated in the accompanying chart, the results are the latest in a growth trend, which management sees as being driven by www.mramazingloans.com, low acquisition costs, and continued expansion of state licenses.

Source: Company investor materials

- According the company's results release, since January 2015, cumulative loan volume has increased by 154% from $5.5mn $14.1mn as of December 13, 2016. In our view, loan volume provides key insights into the health of IEGH's business, as it is a driver of revenue and potential profitability.

- **Adds 19th state:** IEGH announced on December 22, 2016, that it entered its 19th state, Ohio. IEGH expects this growth to continue in coming months. The company is now expecting to be in 25 states by mid-2017, which would cover approximately 75% of the US population.

Intriguing corporate announcements including tender offer for OneMain, debt raise

- IEGH issued an intriguing press release on January 6, 2017, in which management announced that it had initiated a tender offer for OneMain Holdings, Inc., a multi-billion dollar NYSE listed provider of consumer finance and insurance solutions. As part of the offer, which expires February 6, 2017, IEGH is prepared to offer two shares for each tendered

- share of OneMain (OMF). In his letter to OneMain shareholders, IEGH CEO Paul Mathieson likened OneMain to an outdated brick and mortar retailer in need of an updated online strategy.

- The offer was rejected by OneMain's Board in a press release, calling it grossly inadequate and reckless. We are not aware of a situation in which a company the size of IEGH has successfully acquired a company as large as OneMain, particularly considering certain large institutional shareholders of OneMain, such as Fortress, which controls more than 50% of shares.

- We assume that the aim of IEGH is either to compel OneMain into strategic talks, or to attract attention and possible new investors to its online consumer lending model, given the impracticality of executing a full tie-up of the companies. The key points outlined by IEGH supporting the tender offer include cost savings possible at OneMain under new leadership, and the potential benefits of integrating IEGH's online platform with OneMain.

- **Private Debt offering of up to $10mn:** We see access to capital as an important business factor for IEGH, as the company can use liquidity to grow the size of its consumer loan book, thereby growing revenue and potential profitability. At the end of November IEGH announced that it was seeking to raise as much as $10mn in a private offering of 12% unsecured notes due December 2026 in a self-underwritten basis. Proceeds are expected to be used to increase consumer loans at mramazingloans.com

$10.50 price target for IEGH

- We recently updated our price target to $10.50 for IEGH, and are encouraged that management has reiterated its outlook for positive operating cash flow generation in 2017.

- We see several potential catalysts ahead for IEGH, including commentary by management that it was considering adding a dividend or share buyback after reporting 1Q17 results in April. We are also eager to see the results of the financing activities, which could enable IEGH to accelerate growth. Finally, we are intrigued by the announcement that the company will seek to acquire shares of OneMain Holdings (NYSE: OMF) through a share-based tender offer.

Management Team

Paul Mathieson – Founder, Executive Chairman & CEO

Mr. Mathieson has served as the Chief Executive Officer and member of IEGH's Board of Directors since 2012 and a member of the board of directors of our subsidiary since 2009. In 2005, Mr. Mathieson founded IEG Holdings Limited in Sydney, Australia which launched the Amazing Loans business in Australia in 2005 and the Mr. Amazing Loans business in the United States via IEGC in 2010. In recognition of IEG Holdings Limited's success, Mr. Mathieson was awarded Ernst & Young's 2007 Australian Young Entrepreneur of the Year (Eastern Region). Mr. Mathieson has over 22 years finance industry experience in lending, funds management, stock market research and investment banking. His career has included positions as Financial Analyst/Institutional Dealer with Daiwa Securities from 1995 to 1995, Head of Research for Hogan & Partners from 1995 to 2000, and Stockbroker and Investment Banking Associate with ING Barings from 2000 to 2001. In addition, from 2002 to 2010, Mr. Mathieson was the Founder and Managing Director of IE Portfolio Warrants, a funds management business that offered high return and leveraged structured Australian equities products. Mr. Mathieson received a Bachelor of Commerce from Bond University, Queensland, Australia in 1994 and a Master's Degree of Applied Finance from Macquarie University, New South Wales, Australia in 2000.

Carla Cholewinski – Chief Operating Officer

Ms. Cholewinski has served as our Chief Operating Officer since 2008 and has over 37 years' experience in the finance industry including banking, credit union management, regulatory oversight, debt securitization and underwriting. Her career has included positions as Vice President and Branch Manager at Glendale Federal Bank from 1976 to 1986, Vice President and District Sales and Lending Manager with California Federal Bank from 1986 to 1992, Mortgage Banker with First Choice Financial Services from 1992 to 1995, Corporate Vice President of Lending and Collections with WesStar Credit Union from 1995 to 1999, Chief Lending Officer for American Corp & Funding from 1999 to 2000, Chief Credit Officer for Security State Savings Bank from 2000 to 2004, and Chief Credit Officer for Fifth Street Bank from 2004 to 2008. Since 2008, Ms. Cholewinski has served as our Chief

Operating Officer and Chief Credit Officer and has utilized her extensive finance, banking and regulatory experience to grow the business from initial launch to our current level of operations.

About IEG Holdings Corporation

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