

CIT GROUP INC  
Form 10-Q  
November 03, 2017  
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended September 30, 2017

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 001-31369  
CIT GROUP INC.

(Exact name of Registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or organization)

65-1051192  
(IRS Employer Identification Number)

11 West 42nd Street New York, New York  
(Address of Registrant's principal executive offices)

10036  
(Zip Code)

(212) 461-5200  
(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  
Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of 'large accelerated filer,' 'accelerated filer,' 'smaller reporting company' and 'emerging growth company' in Rule 12b-2 of the Exchange Act. (Check One):  
Large accelerated filer  Accelerated filer  Non-accelerated filer  (Do not check if a smaller reporting company)  
Smaller reporting company  Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

As of October 31, 2017, there were 131,258,836 shares of the registrant's common stock outstanding.

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## Part One — Financial Information

## Item 1. Consolidated Financial Statements

## CIT GROUP INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (Unaudited) (dollars in millions — except share data)

	September 30, 2017	December 31, 2016
Assets		
Cash and due from banks, including restricted balances of \$60.8 and \$176.1 at September 30, 2017 and December 31, 2016 <sup>(1)</sup> , respectively (see Note 6 for amounts pledged)	\$453.4	\$822.1
Interest bearing deposits, including restricted balances of \$90.1 and \$102.8 at September 30, 2017 and December 31, 2016 <sup>(1)</sup> , respectively (see Note 6 for amounts pledged)	2,658.9	5,608.5
Investment securities, including securities carried at fair value with changes recorded in net income of \$247.7 and \$283.5 at September 30, 2017 and December 31, 2016, respectively (see Note 6 for amounts pledged)	5,744.8	4,491.1
Assets held for sale <sup>(1)</sup>	2,162.0	636.0
Loans (see Note 6 for amounts pledged)	28,505.3	29,535.9
Allowance for loan losses	(419.5)	(432.6)
Total loans, net of allowance for loan losses <sup>(1)</sup>	28,085.8	29,103.3
Operating lease equipment, net (see Note 6 for amounts pledged) <sup>(1)</sup>	6,724.2	7,486.1
Bank-owned life insurance	651.8	—
Goodwill	625.5	685.4
Other assets, including \$71.5 and \$111.6 at September 30, 2017 and December 31, 2016, respectively, at fair value	1,667.1	2,117.0
Assets of discontinued operations <sup>(1)</sup>	562.0	13,220.7
Total Assets	\$49,335.5	\$64,170.2
Liabilities		
Deposits	\$29,594.7	\$32,304.3
Credit balances of factoring clients	1,698.5	1,292.0
Other liabilities, including \$190.6 and \$177.9 at September 30, 2017 and December 31, 2016, respectively, at fair value	1,496.1	1,897.6
Borrowings, including \$897.4 and \$2,321.7 contractually due within twelve months at September 30, 2017 and December 31, 2016, respectively	8,531.2	14,935.5
Liabilities of discontinued operations <sup>(1)</sup>	563.7	3,737.7
Total Liabilities	41,884.2	54,167.1
Stockholders' Equity		
Preferred Stock: \$0.01 par value, 100,000,000 authorized, 325,000 shares issued and outstanding	325.0	—
Common Stock: \$0.01 par value, 600,000,000 authorized		
Issued: 207,439,872 and 206,182,213 at September 30, 2017 and December 31, 2016, respectively	2.1	2.1
Outstanding: 131,370,803 and 202,087,672 at September 30, 2017 and December 31, 2016, respectively		
Paid-in capital	8,787.1	8,765.8
Retained earnings	2,025.8	1,553.0
Accumulated other comprehensive loss	(73.3)	(140.1)

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Treasury stock: 76,069,069 and 4,094,541 shares at September 30, 2017 and December 31, 2016 at cost, respectively	(3,615.4 )	(178.1 )
Total Common Stockholders' Equity	7,126.3	10,002.7
Noncontrolling minority interests	—	0.4
Total Equity	7,451.3	10,003.1
Total Liabilities and Equity	\$49,335.5	\$64,170.2

The following table presents information on assets and liabilities related to Variable Interest Entities (VIEs) that are consolidated by the Company. The difference between VIE total assets and total liabilities represents the (1) Company's interests in those entities, which were eliminated in consolidation. The assets of the consolidated VIEs will be used to settle the liabilities of those entities and, except for the Company's interest in the VIEs, are not available to the creditors of CIT or any affiliates of CIT.

Assets		
Cash and interest bearing deposits, restricted	\$88.3	\$99.9
Total loans, net of allowance for loan losses	146.8	300.5
Operating lease equipment, net	759.9	775.8
Assets of discontinued operations	—	2,321.7
Total Assets	\$995.0	\$3,497.9
Liabilities		
Beneficial interests issued by consolidated VIEs (classified as long-term borrowings)	\$603.9	\$770.0
Liabilities of discontinued operations	—	1,204.6
Total Liabilities	\$603.9	\$1,974.6

The accompanying notes are an integral part of these consolidated financial statements.

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CIT GROUP INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF INCOME  
 (Unaudited) (dollars in millions — except per share data)

	Quarters Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Interest income				
Interest and fees on loans	\$403.5	\$443.8	\$1,236.9	\$1,343.4
Other interest and dividends	50.5	31.9	151.0	93.9
Interest income	454.0	475.7	1,387.9	1,437.3
Interest expense				
Interest on borrowings	(84.1 )	(88.8 )	(267.8 )	(276.5 )