Rating Report

CIT Group Inc.

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DBRS

Insight beyond the rating.

Ratings

Issuer	Obligation	Rating	Rating Action	Trend
CIT Group Inc.	Long-Term Issuer Rating	BBB (low)	Upgraded Apr' 19	Stable
CIT Group Inc.	Short-Term Issuer Rating	R-2 (low)	Upgraded Apr' 19	Stable
CIT Bank, N.A.	Long-Term Deposits	BBB	Upgraded Apr' 19	Stable
CIT Bank, N.A.	Intrinsic Assessment	BBB	--	--

See back of report for complete rating list.

Rating Drivers

Factors with Positive Rating Implications

1. A sustainable improvement in earnings and returns could result in upward ratings pressure.
2. Continued progress in expanding the contribution of funding from deposits, while expanding its overall relationship with deposit customers to improve the stickiness of the deposit base, would also be viewed favorably.

Factors with Negative Rating Implications

1. Conversely, a prolonged deterioration in operating results, especially if driven by excessive risk taking or weakness in risk management could result in negative ratings pressure.
2. Further, sustained deposit outflows could also lead to negative ratings pressure.

Rating Considerations

Franchise Strength: CIT's well-established presence as a commercial lender to U.S. middle market companies and small businesses underpins the sound franchise.	**Good/ Moderate**
Earnings Power: CIT's earnings generation is improving. While returns still lag the U.S. regional bank peer group, the gap is closing.	**Moderate**
Risk Profile: CIT's broad expertise in lending to the middle market along with a strong risk management function, well-developed risk appetite and sound servicing capabilities drive the strong asset performance.	**Good/ Moderate**
Liquidity and Funding: Liquidity is ample and well-managed while funding is primarily deposit sourced. Further strengthening in the quality of deposits is important for the ratings.	**Good/ Moderate**
Capitalization: Regulatory capital remains well above requirements and exceeds the regional bank peer group even after capital actions taken by CIT. Nevertheless, regulatory capital is expected to migrate lower but remain firmly above peers.	**Good/ Moderate**

Financial Information

CIT Group Inc.	For the quarter ended,		For the year ended December 31,					2017 vs 2018		2014 vs 2018	
(USD millions)	**1Q18**	**1Q19**	**2014**	**2015**	**2016**	**2017**	**2018**	**Delta**	**%**	**Delta**	**%**
Net income	97	119	1,119	1,034	(848)	468	447	(21.1)	-4.5%	(672.0)	-60.0%
Total adjusted net revenue [(2)]	486	466	1,253	1,564	2,072	1,974	1,916	(57.7)	-2.9%	663.3	53.0%
Adjusted IBPT	211	188	432	429	821	821	831	10.0	1.2%	399.0	92.4%
Total assets	51,543	50,782	47,756	67,392	64,170	49,279	48,537	(741.3)	-1.5%	781.9	1.6%
Net loans and operating leases, excluding held for sale	35,781	37,749	23,907	37,023	36,589	35,422	37,276	1,854.6	5.2%	13,369.0	55.9%
Total debt	10,437	6,571	15,970	16,350	14,936	8,974	8,119	(855.6)	-9.5%	(7,850.9)	-49.2%
Profitability (%)											
Adjusted IBPT margin	43.4%	40.3%	34.5%	27.4%	39.6%	41.6%	43.4%	1.8%	4.3%	8.9%	25.8%
Return on average earning assets [(4)]	0.9%	1.0%	2.0%	1.7%	0.8%	1.1%	1.1%	0.0%	-3.6%	-1.0%	-47.3%
Return on average common stockholders' equity [(4)]	5.7%	8.5%	7.7%	7.5%	5.4%	7.1%	7.7%	0.6%	8.5%	0.0%	0.0%
Tangible common equity/tangible assets	12.4%	10.2%	18.2%	14.7%	14.5%	13.3%	10.7%	-2.6%	-19.5%	-7.5%	-41.0%

Source: Company Documents, SNL Financial, DBRS

[(2)] *Adjusted net revenue = Total net revenue excluding noteworthy items.*

[(4)] *Excluding noteworthy items.*

Issuer Description

Founded in 1908, CIT Group Inc. (NYSE CIT) is a bank holding company based in Livingston, NJ. The Company provides financing, leasing and advisory services principally to middle market companies across a wide variety of industries primarily in North America. CIT also provides a full range of banking and related services to commercial and retail customers through its banking subsidiary, CIT Bank N.A., which has over 60 branches in Southern California, and its online bank.

Rating Rationale

On April 12, 2019, DBRS, Inc. (DBRS) upgraded the ratings of CIT Group Inc. (CIT or the Company), including the Company's Long-Term Issuer Rating to BBB (low) from BB (high). DBRS also upgraded the ratings of its primary banking subsidiary, CIT Bank, N.A. (the Bank) to BBB from BBB (low). The trend on all ratings is now Stable. The Intrinsic Assessment (IA) for the Bank is BBB, while its Support Assessment remains SA1. The Company's Support Assessment is SA3 and its Long-Term Issuer Rating is positioned one notch below the Bank's IA.

The ratings upgrade reflected CIT's success in implementing strategic initiatives, including refocusing on core businesses, improving operating efficiency and funding costs, and optimizing its capital structure. These initiatives have delivered sound new business volumes and good underlying returns. The ratings are supported by CIT's well-established commercial lending franchise to the U.S. middle market and small businesses. The Company's sound balance sheet is underpinned by a strong and disciplined risk management function, well-managed liquidity, and an improving funding profile that is significantly more deposit oriented.

While recognizing the progress CIT has made in its transformation plan, the ratings also consider CIT's above peer cost of funds and lower than peer returns. The ratings also consider the Company's lending to middle market companies and small businesses, which is inherently riskier than lending to large corporates, while also noting CIT's long track record and expertise in this space.

Franchise Strength

Grid Grade: Good/Moderate

CIT's sound franchise is anchored by its well-established, leading presence in U.S. middle market lending. The Company has a strong brand and deep customer relationships that are supported by its broad product offering and wide range of services. CIT's well-established commercial lending franchise is a key factor in the ratings.

CIT had total assets of $50.8 billion as of 1Q19. The Company is benefitting from strong origination volumes, which continue to trend higher. Origination volumes in CIT's core business (excluding factoring) were a strong $12.2 billion in 2018, up 28% year-over-year (YoY). Strong volumes indicate that the investments being made by CIT to broaden the Company's product and services offerings, and deepen relationships are flowing through to the business. Origination volumes are also being supported by current operating environment with strong demand for middle market loans.

With a history of lending to U.S. middle market companies and small businesses for more than 100 years, CIT has a well-developed brand and deep customer relationships that are supported by the Company's broad product offering and wide range of services. DBRS sees these strengths, as well as the Company's national lending footprint as anchoring the Company's strong competitive position.

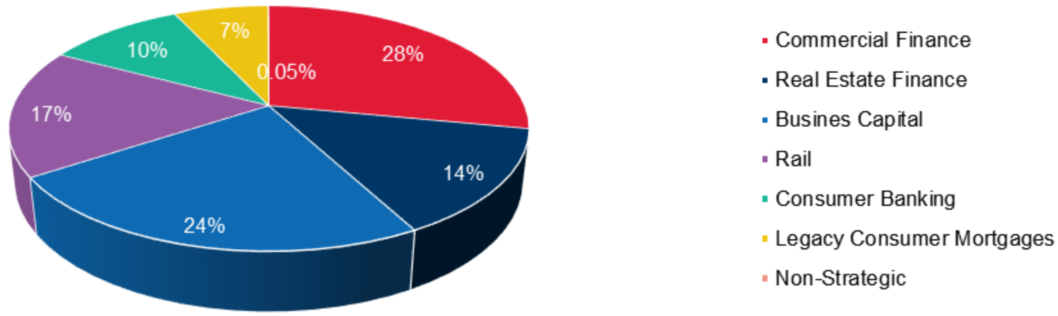
CIT has been focused on a transformation plan to refocus on core businesses, reduce expenses, improve funding costs, and optimize its capital structure while maintaining strong risk management. Its business simplification efforts have been successful, with the divestment or sale of more than $13 billion of noncore assets through the course of its three year transformation plan. CIT has also wound down portfolios where it did not have scale, including Europe, South America and Asia. In October 2018, the Company completed the sale of its European rail business, NACCO, which was deemed noncore, resulting in a modest pretax gain. With this sale, CIT exited its last remaining overseas business. CIT is primarily focused on the U.S. market. The Company has also reduced annual operating expenses by $150 million over the past two years and is targeting another $50 million of expense reductions over the coming two years.

As a bank holding company, CIT is highly regulated. The Company's primary regulator is the Fed, while CIT Bank has a national bank charter and is regulated by the OCC.

Business Operating Segments

The Company reports its operations through two primary operating segments: Commercial Banking and Consumer Banking. CIT also is in the process of running down Non-Strategic Portfolios. Within Commercial Banking, CIT has four divisions: Commercial Finance, Rail, Real Estate Finance, and Business Capital.

Exhibit 1: Loans and Leases by Segment as of March 31, 2019



Commercial Banking (82% of average loans and leases)

The *Commercial Finance* business is the Company's largest business with $10.8 billion in average loans and leases in 1Q19. Commercial Finance provides a broad range of lending and deposit products, as well as other services, including cash management and advisory services to small and middle market businesses. Typical deal size ranges from $5 million to $50 million, with terms from 3 to 7 years.

Loans are originated through direct relationships or through relationships with private equity sponsors. CIT provides financing to customers across a wide range of industries where CIT has a specific knowledge advantage and specialty, including commercial and industrial, communications and technology finance, entertainment and media, energy and healthcare.

Through a strategic partnership with Allstate, CIT has a joint venture named CIT Northbridge Credit LLC (CIT Northbridge). CIT Northbridge provides revolving and term-loan commitments from $15 million to $100 million to U.S. middle market companies across various industries. CIT Bank holds a 20% equity investment in CIT Northbridge, while CIT Asset Management LLC serves as investment advisor and servicer of the loan portfolio. CIT Bank's investment was $13.6 million at the end of 2018, up from $5 million a year earlier, with an expectation of additional investment as the portfolio grows.

CIT also has an equity interest in a joint venture with TPG Special Situations Partners (TPG) to extend credit in senior secured, middle market corporate term loans. The joint venture can acquire loans originated by CIT, allowing the Company an ability to originate larger cash flow loans. The joint venture may also acquire other types of loans, including subordinated corporate loans, second lien loans, revolving loans, asset backed loans and real estate loans. CIT has a 10% equity interest in the joint venture with TPG, with an investment of $5.6 million at the end of 2018.

The *Rail* division provides customized leasing and financing solutions, as well as a highly efficient fleet of railcars and locomotives to railroads and shippers throughout the U.S. and Canada. CIT is the 4th largest rail equipment lessor in North America. Rail had average loans and leases of $6.5 billion in 1Q19. The Company's North American fleet includes approximately 116,000 railcars that is diversified by railcar type and continues to be one of the youngest fleets in the industry with an average age of 13 years. The business serves over 500 clients across the U.S., Canada and Mexico, including all the U.S. and Canadian Schedule 1 railroads (those with annual revenues of at least $450 million).

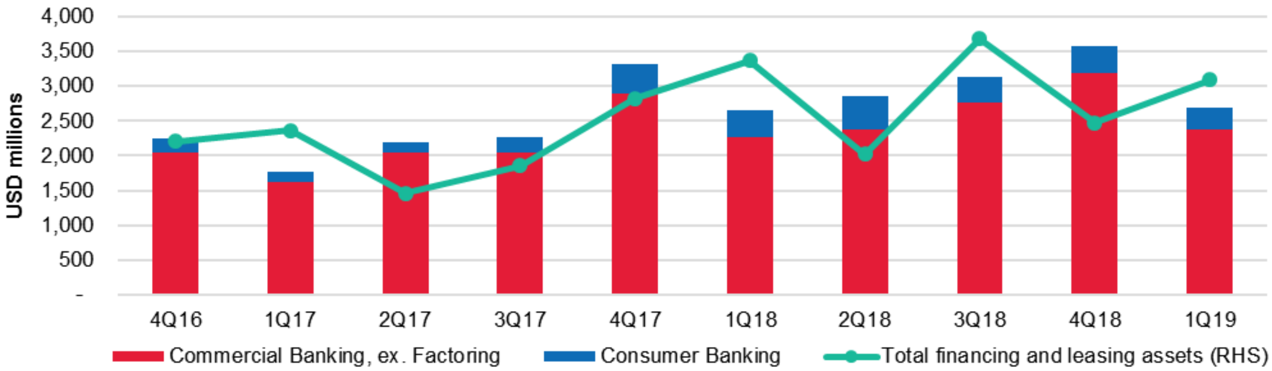
CIT's *Real Estate Finance* business ($5.4 billion in average loans and leases) provides senior secured commercial real estate loans to well-established developers and other commercial real estate professionals. CIT focuses on stable, cash flowing properties in large cities. CIT's largest exposures are to California and New York, the two largest commercial real estate markets in the country. Construction lending is underwritten with a focus on highly experienced and well-capitalized developers.

CIT's *Business Capital* division is sizable at $7.1 billion in 1Q19 average loans and leases. Business Capital provides leasing and equipment financing solutions, as well as commercial and factoring services to small businesses and middle market companies across a wide range of industries both on a private label and direct basis. The segment provides creative financing solutions for its borrowers and leases, and aids manufacturers and distributors in growing sales volumes, earnings, and customer loyalty by providing tailored finance solutions to their commercial clients.

Business Capital also provides factoring, receivable management products, and secured financing to businesses operating across several industries, including apparel, textile, furniture, home furnishings and consumer electronics. CIT is a leading provider of factoring services in the U.S. In 2018, CIT's factoring volume was $30 billion, up 10% from a year ago, reflecting continued growth in the consumer products and technology industries. Volumes continue to trend higher as the Company's focuses on improving the mix of volumes with a less of a focus on apparel, as well as the strengthening U.S. economy. CIT's leading position is supported by its long-term relationships, experienced management team, and extensive retail credit base.

Funded volumes, excluding factoring volumes, for Commercial Banking have been growing consistently across the four quarters of 2018 reaching $10.6 billion in 2018, and this trend continued in 1Q19. Total loans and leases were down YoY at the end of 2018, mainly due to non-strategic asset sales (NACCO, the reverse mortgage portfolio, and run-off of the LCM portfolio).

Exhibit 2: Funded New Business Volume and Portfolio Growth



Source: Company Documents, DBRS Analysis

Consumer Banking (18% of average loans and leases)
This segment consists of two divisions: Legacy Consumer Mortgages (LCM) and Other Consumer.

Consumer Banking offers mortgage lending, deposits and private banking services to its customers. In 1Q19, average loans and leases in Other Consumer Banking were $3.8 billion, up from $2.7 billion in 1Q18. The segment offers both jumbo and conforming mortgages primarily in Southern California. Mortgage loans are primarily sourced through CIT Bank branches and retail referrals, the internet, employee referrals and direct marketing. In addition, mortgages are purchased periodically through whole loan and portfolio acquisitions. Retail Banking is the primary source of deposit gathering business of CIT Bank and operates through a network of 64 branches in Southern California and an online direct channel. CIT offers a broad range of deposit and lending products along with payment solutions to meet the needs of the Bank's clients.

The Company continues to rundown its LCM portfolio, with average loans and leases of $2.7 billion in 1Q19, down from $4.3 billion in 1Q18. Certain loans in this segment are "covered" loans acquired by OneWest in connection with the IndyMac, First Federal and La Jolla transactions. The FDIC indemnified OneWest against certain future losses under loss sharing agreements. The loans were recorded at fair value upon acquisition, and the remaining assets on CIT's books are single family residential mortgages. The loss sharing agreement with the FDIC related to the IndyMac transaction expired at the end of March 2019. The Company's recognized indemnification asset was limited to the IndyMac transaction. With the expiration of this loss sharing agreement, CIT wrote down its indemnification asset to zero at the end of 1Q19. Two other loss sharing agreements with the FDIC remain outstanding, with the one related to the First Federal transaction expiring in December 2019 and the one related to the La Jolla transaction expiring in and February 2020. No indemnification asset was recognized in connection with either of these transactions.

Earnings Power

Grid Grade: Moderate

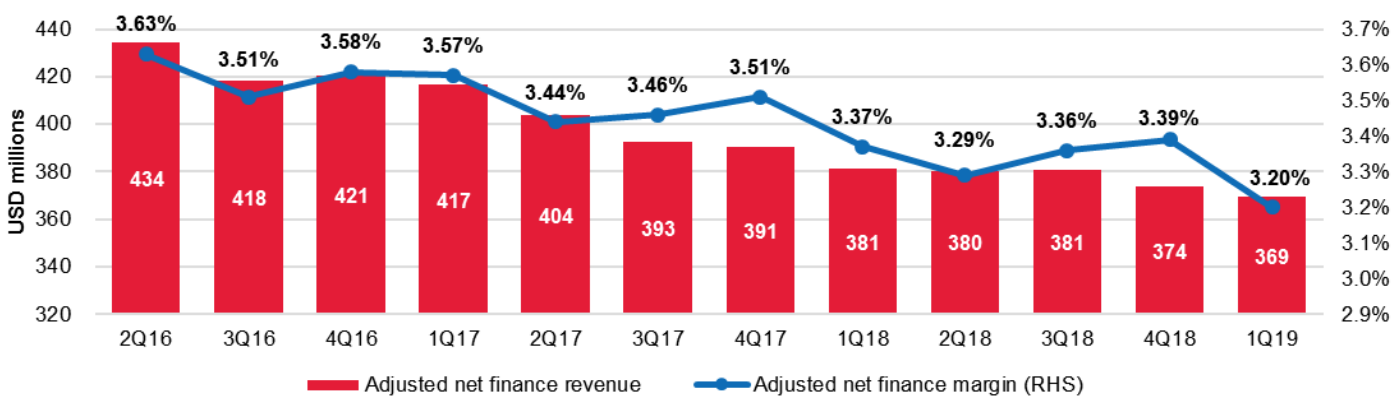
CIT's earnings generation is improving. While returns still lag the U.S. regional bank peer group, the gap is closing. The Company's actions to improve profitability, including improving the deposit mix and costs, driving top line revenue growth, cost reduction actions, and the return of excess capital, are positively impacting the bottom line and profitability metrics. The recent ratings upgrade reflects the progress the Company has made in improving earnings, and DBRS will continue to assess CIT's ability to sustain this momentum.

In 2018, CIT reported net income before preferred dividends of $447 million, down slightly YoY, reflecting various one-time items including the sale of the European rail business and the reverse mortgage business in 2018. When looking at underlying results, the YoY comparison is skewed by higher margin, non-core businesses being included in 2017 that were subsequently sold, including the commercial air business. The Company met its cost reduction target in 2018, contributing to efficiency gains. CIT reported a net efficiency ratio of 54.6% in 2018, in line with its target of mid-50% range by the end of 2018.

In 1Q19, this progress continued with CIT reporting net income before preferred dividends of $119 million. Quarterly earnings were supported by solid growth in core loans and leases, expansion in other non-interest income and stable provisions which were offset by headwinds from margin compression and seasonally higher operating expenses. The recent ratings upgrade reflects the progress the Company has made in improving earnings, and DBRS will continue to assess CIT's ability to sustain this momentum. DBRS sees underlying trends in earnings as benefiting from solid new business volumes, higher interest rates, and further progress in developing the deposit base.

CIT's non-interest income generation has become more predictable as a result of its strategic initiatives. About one fourth of other non-interest income is generated from factoring commissions which are strong and recurring. Factoring commissions were flat YoY in 2018 as higher volumes, driven by an increase in the technology industry, were offset by a lower average commission rate. While fee revenues were down in 2018, mainly due to lower capital markets-related fees, this was offset by higher bank-owned life insurance (BOLI) income reflecting a full year of income as compared to just a quarter of income in 2017.

Exhibit 3: Quarterly Adjusted Net Finance Revenue and Margins



Source: Company Documents

CIT's pre-provision earnings (IBPT) generation is sound and more than sufficient to absorb the expected normalization in credit costs as the credit cycle matures. For 2018, DBRS-calculated IBPT was $831 million. While IBPT was up marginally YoY, provisions for credit losses increased to a greater extent (up 49% YoY). With provisions for credit losses at 21% of IBPT, this is at the high end of the peer group. Given the point in the cycle, DBRS expects that credit costs will continue to trend higher but remain manageable given CIT's favorable credit performance. Provisions in 1Q19 were $33 million, or 18% of IBPT.

The Company continues to focus on improving operating efficiency while investing in the franchise through improving its technology capabilities. For 2018, operating expenses were $1.1 billion, down 10% YoY, reflecting progress on cost savings initiatives. In March 2016, CIT set a target for operating efficiency with a net efficiency ratio in the mid 50% range by the end of 2018. Along with this target efficiency ratio, CIT announced an initiative to remove $150 million of run-rate operating expense by 2018, which the Company achieved. CIT reported a net efficiency ratio of 54.6% in 2018. CIT further announced its plan to take out an additional $50 million in expenses by 2020 (excluding the impact of lease accounting changes). DBRS will look for continuing improvement in CIT's operating efficiency as one of the pillars that will drive strengthening profitability, which is a key factor for additional positive movement in the ratings.

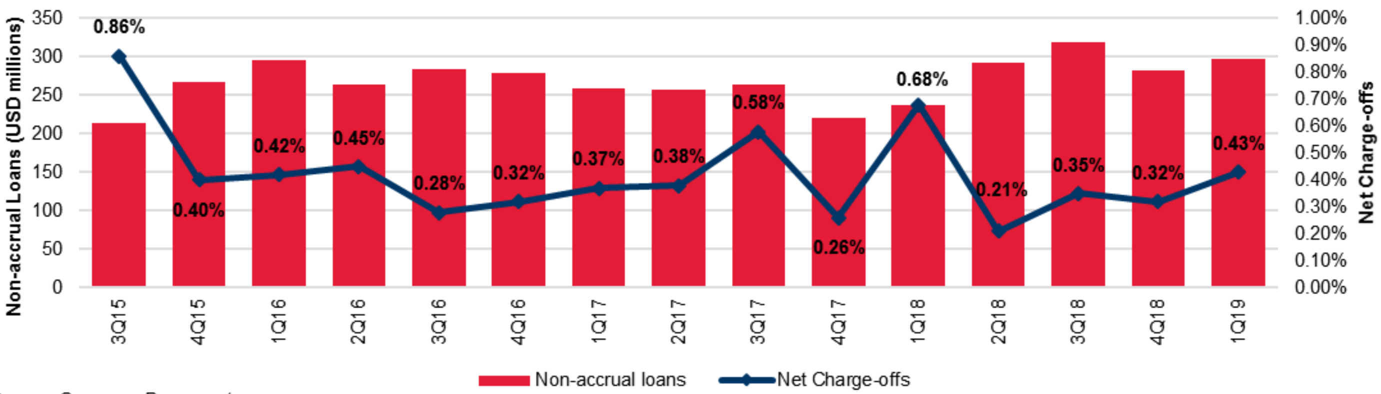
Risk Profile

Grid Grade: Good/Moderate

While lending to middle market companies and small businesses is inherently riskier than lending to large corporates, CIT's deep expertise in lending into this market along with a robust risk management function, well-articulated risk appetite and sound servicing capabilities are illustrated in the strong asset performance. DBRS considers the sale of CIT Commercial Air and its European rail business, NACCO, as positives for the Company's risk profile as a notable component of asset risk has been removed from the balance sheet. CIT continues to demonstrate sound discipline in underwriting and management of the risks associated with its core businesses, supported by its traditional position as a senior secured lender in all transactions. Through 1Q19, asset quality continues to be strong and near cyclically low levels reflecting the still favorable operating conditions for U.S. companies.

Asset quality metrics within CIT's $37.9 billion loan and lease portfolio continue to be very sound. In 2018, net charge-offs (NCOs) were $115 million, in line with the prior year. At 0.39% of average loans, NCOs are still low relative to historical levels. Non-accrual loans totaled $282 million at the end of 2018, or 0.92% of total loans, a 16-bps increase from 2017. DBRS notes that the increase in non-accruals reflects general normalization in credit with no particular pockets of weakness. Loss coverage remains steady and appropriate given the trends in the loan book. Reserve coverage ratios were solid at 1.59% of total loans.

Exhibit 4: Credit Performance



Source: Company Documents

CIT's Commercial Lending portfolio is well diversified by industry and product type. The Company's largest exposure is to Real Estate (16%), followed by Manufacturing (15%), Retail (8%), Energy Utilities (8%) and Wholesale (6%). Commercial Finance provides asset-based and cash flow-based lending, though CIT has been shifting its portfolio to be more focused on opportunities in asset-based lending given the late stage of the credit cycle. As of December 2018, 33% of the Commercial Finance loan and lease portfolio was cash flow lending. This compares to about 50% three years ago. Loans offered by Commercial Finance are senior secured and include revolving lines of credit and term loans.

Within the Real Estate Finance business, CIT provides senior secured commercial real estate (CRE) loans to developers and other CRE professionals. This portfolio averaged $5.5 billion in 2018, in line with the prior two years. DBRS considers the Company's CRE exposure as acceptable given the relative size of the portfolio, the senior secured position of the loans, as well as the sector and geographic diversification. Moreover, the quality of CIT's CRE portfolio is good, with just $228 million, or 4% of the portfolio in "Classified" status, of which all but $2.2 million were accruing as of December 31, 2018.

Overcapacity in the tank car market due to the industry's overinvesting at the beginning of the decade to meet the demands of the energy sector has impacted the Company's Rail business with lease rates repricing lower on tank cars and coal cars. Continued pressure from Rail repricing is expected to continue to negatively impact margins through 2019. Positively, utilization rates in North American Rail remain strong at 97% in 1Q19 demonstrating CITs well-established expertise in managing the assets and the strong U.S. economy. North America Rail portfolio averaged $6.4 billion in 2018, comprised primarily of operating leases on locomotives and railcars.

At the end of 2018, CIT had total commitments of $9.7 billion, of which $7.1 billion were relating to financing commitments, including credit lines to Business Capital clients. These financing commitments are cancellable by CIT typically after a 90-day notice period, and substantially all were senior facilities. Approximately 86% of undrawn financing commitments were secured by commercial equipment or other assets, and the remainder comprised cash flow or enterprise value facilities. This amount excludes uncommitted revolving credit facilities extended to Business Capital clients for working capital purposes, though with these facilities CIT has the sole discretion to determine the amount that may be drawn, if any.

Retail lending exposure for CIT is very modest. CIT's largest consumer exposure is the residential mortgage portfolio. In 2018, CIT's Consumer Banking loan portfolio averaged $6.6 billion. Of the portfolio, $3.4 billion is LCM purchased from OneWest. DBRS considers the risk in the residential mortgage portfolio as manageable with just 5% of the portfolio having loan-to-values (LTVs) of greater than 100% and negative amortization loans with an unpaid principal balance of just $382 million. The performance of the residential mortgage portfolio continues to be solid supported by the ongoing strength of the U.S. economy. At December 31, 2018, non-accrual loans within the LCM portfolio were just $32 million, or about 1% of the LCM portfolio.

CIT has benefitted from the increase in rates because of its floating rate loan portfolio, which reprices frequently, and on a net basis exceeds floating rate liabilities. Further rate increases would modestly benefit net interest income. CIT estimates that as of December 31, 2018, a 100-bps parallel increase in interest rates, all else being equal, would result in 5% growth in net interest income (up $55 million).

Funding and Liquidity

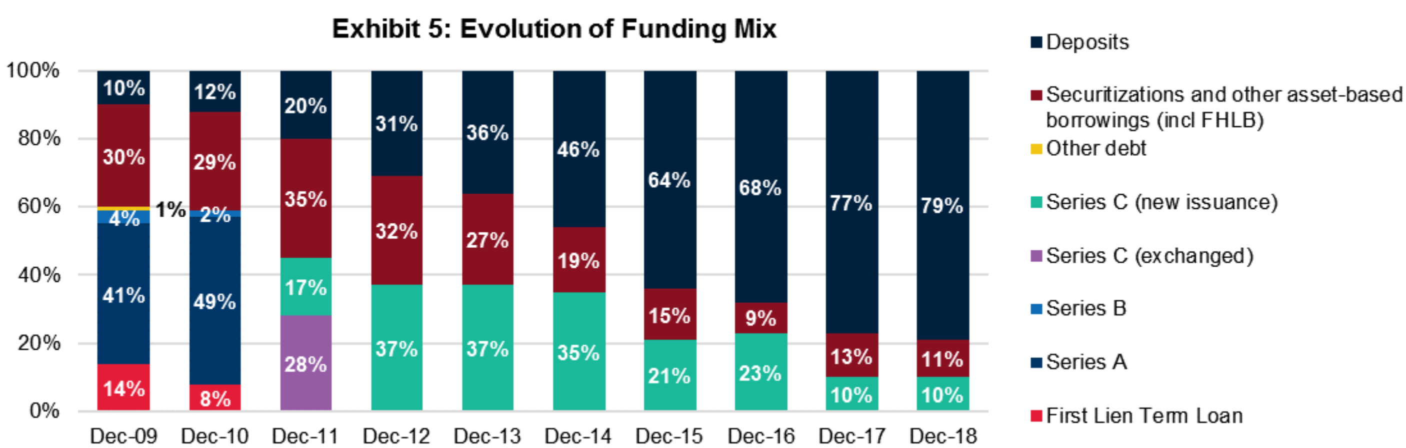
Grid Grade: Good/Moderate

CIT's funding and liquidity profile is good. Wholesale funding reliance is being reduced with most assets being funded in the Bank via deposits. About 87% of total assets are funded within CIT Bank. The Company's funding profile has notably transformed post-crisis, with deposit growth the major driver of the transformation. Deposit funding reached 79% of total funding at the end of 2018, up from 77% a year earlier, and a notable increase from just 12% in 2010. Debt maturities are well-laddered at the Bank Holding Company with modest maturities over the coming years, and no near-term senior debt maturities. Also, in 2018, CIT significantly reduced its secured borrowing and structured debt, further unencumbering its balance sheet.

CIT's funding profile has been transformed over the last several years to a commercial bank model. This transformation was accelerated by CIT's acquisition of OneWest in August 2015, which introduced branch-based deposits materially reducing the Company's dependency on wholesale funding. Prior to this acquisition, CIT's deposit gathering capabilities were limited to its online bank channel. Further, OneWest's treasury management services and commercial deposit platform provided CIT with products and services it previously was unable to offer its core commercial customers.

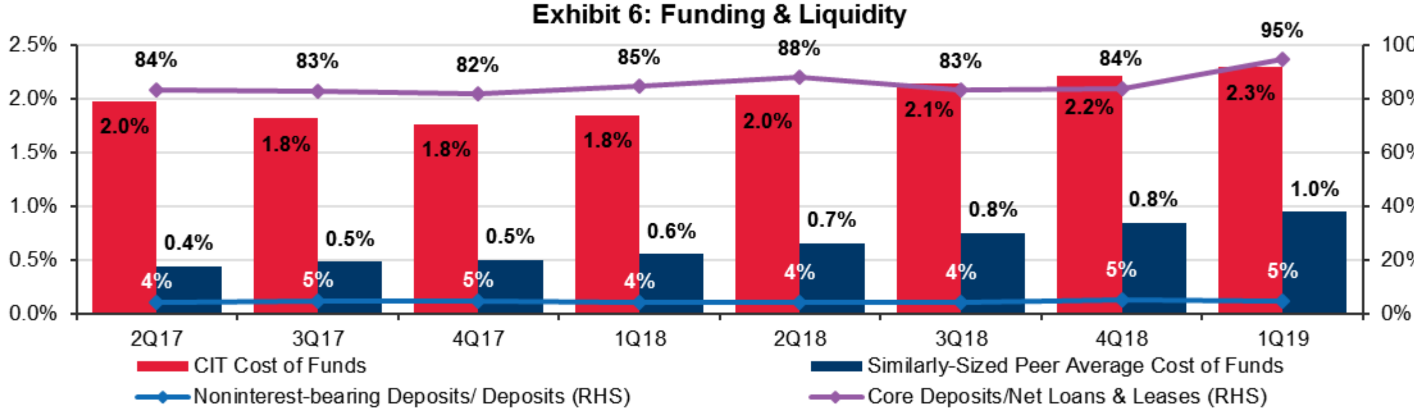
DBRS considers CIT's progress in strengthening its funding profile favorably and an important consideration in the recent upwards movement in the ratings. However, DBRS sees further work to be done on improving the quality of the deposit base. While expanding its demand deposits as a component of its deposit base is improving funding costs, DBRS would also view any efforts to enhance the stickiness of deposits favorably. This includes further enhancing relationships with corporate clients and consumers, to better entrench the Bank into its customers' day-to-day activities. Growth of corporate operating deposits would also be viewed favorably.

At the end of 2018, CIT's funding mix was 79% deposits, 10% unsecured funding and 11% secured funding. This compares favorably to 10% deposit funding at year-end 2010 (see Exhibit 5). Benefitting funding costs, CIT continues to make progress on improving the deposit mix by allowing higher-cost maturing time deposits to roll-off, as well as reducing higher-beta commercial deposits. While certain deposits from the online channel are price sensitive, the majority of CIT's deposits are targeted toward Generation X, Y, Z customers who have less of a demand for a brick and mortar branch presence and have a tendency to be stickier. CIT's deposit pricing remains lower than its cost for wholesale funding. Deposit mix remains important and DBRS will continue to monitor CIT's progress with its branch, online and commercial deposit evolution.



Source: Company Documents

CIT's higher-cost corporate debt has been materially reduced. Furthermore, CIT has terminated costly legacy vehicles. Despite this, funding costs remain well above similarly-sized regional bank peers (see Exhibit 6). Nevertheless, CIT's debt maturity profile is conservative and well-managed, with its next debt maturity not until 2021. Further, the material reduction in legacy wholesale funding has resulted in a balance sheet that is largely unencumbered.



Note: Similarly-sized Peer Average consists of 11 banks with total assets >$20Bn and <$75Bn.
Source: SNL Financial, DBRS Analysis

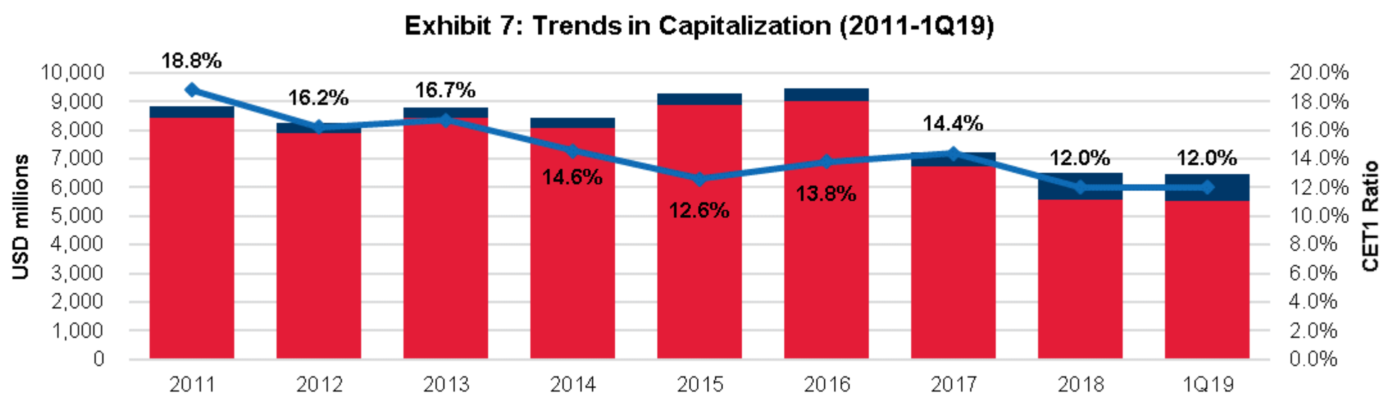
CIT's liquidity position is sound and well-managed. At the end of 2018, CIT had balance sheet liquidity of $8.4 billion, including $1.8 billion of cash and $6.2 billion of investment securities that consisted primarily of High-Quality Liquid Assets, and $400 million of resale securities, or 17% of total assets. Liquidity is further bolstered by CIT's $400 million committed revolving credit facility, with just $38 million drawn at the end of 1Q19. In addition, CIT Bank has access to the Federal Home Loan Bank (FHLB), while CIT has access to the Fed's Discount Window.

Potential liquidity needs from financing commitments to customers and purchase commitments was $9.7 billion at the end of 2018. DBRS notes that the $7.1 billion of undrawn financing commitments includes $2.0 billion of commitments for which the criteria for funding have not been met by the customer.

Capitalization

Grid Grade: Good/Moderate

CIT continues to maintain sound levels of capital. CIT is currently targeting a common equity tier 1 (CET1) ratio at the upper end of the 10%-11% range by 2019, subject to regulatory approval. This range is in line with U.S. regional bank peers. At the end of 1Q19, CIT reported a CET1 ratio of 12.0%. The Company's tangible common equity/tangible assets ratio was solid at 10.2% at the end of the quarter.



Note: 2015, 2016, 2017 and 2018 numbers on fully phased-in basis
Source: Company Documents

CIT continues to develop its capital structure to align the mix with that of its U.S, regional banking peers. In 2017, CIT issued its first additional tier 1 capital (AT1) security issuing $325.0 million of preferred stock. This was followed in March 2018 by CIT's first issuance of Tier 2 subordinated notes with the completion of a $400 million 10-year subordinated note issuance.

In 2018, the regulators determined CIT is no longer subject to supervisory stress testing, including CCAR. When CIT was subject to CCAR in 2017, its CCAR capital plan received a non-objection from the Fed. Further, on February 1, 2018, CIT received a non-objection from the Fed to its amended capital plan, which included additional issuance of notes and an increase in common equity distributions through June 30, 2018. Subsequently, on January 29, 2019, CIT announced a non-objection from the Fed to repurchase up to $450 million of common stock through September 2019.

CIT Group Inc. - Annual Financial Information

	For the year ended December 31,				
	2014	2015	2016	2017	2018
Franchise ($ millions)					
Funded new business volumes, ex. factoring	11,433	10,023	9,328	9,557	12,223
Earnings and Outlook ($ millions)					
Total adjusted net finance revenue (1)	974	1,318	1,715	1,604	1,516
Total adjusted net revenue (2)	1,253	1,564	2,072	1,974	1,916
Provisions for credit losses	104	159	195	115	171
Adjusted IBPT	432	429	821	821	831
Net income	1,119	1,034	(848)	468	447
Annual Growth Rates (%)					
Total adjusted net finance revenue	-31.3%	35.3%	30.2%	-6.5%	-5.5%
Total adjusted net revenue	-33.8%	24.9%	32.5%	-4.8%	-2.9%
Net income	65.6%	-7.6%	-182.0%	n.m.	-4.5%
Profitability (%)					
Adjusted net finance margin (3)	3.30%	3.47%	3.60%	3.49%	3.35%
Net income margin	89.3%	66.1%	-40.9%	23.7%	23.3%
Adjusted IBPT margin	34.5%	27.4%	39.6%	41.6%	43.4%
Provisions % of adjusted IBPT	24.2%	37.0%	23.7%	14.0%	20.6%
Return on average earning assets (4)	2.01%	1.68%	0.80%	1.10%	1.06%
Return on average common stockholders' equity (4)	7.70%	7.50%	5.40%	7.10%	7.70%
Efficiency ratio	69.2%	71.5%	65.5%	56.4%	54.6%
Risk Profile ($ millions)					
Loan loss reserve	334	347	433	431	490
Non-accruals	160	252	279	221	282
Net charge-offs	99	137	111	115	115
Asset Quality – Owned (%)					
Net charge-offs/average financing receivables	0.55%	0.58%	0.37%	0.39%	0.39%
Reserves as % of finance receivables	1.83%	1.14%	1.46%	1.48%	1.59%
Reserves/non-accruals	208%	138%	155%	195%	173%
Reserves/net charge-offs	339%	254%	389%	374%	424%
Reserves/Adjusted IBPT	77.4%	80.9%	52.7%	52.5%	58.9%
Balance Sheet ($ millions)					
Total assets	47,756	67,392	64,170	49,279	48,537
Net loans and operating leases, excluding held for sale	23,907	37,023	36,589	35,422	37,276
Total liabilities	38,817	56,447	54,167	41,959	42,591
Total deposits	15,839	32,761	32,304	29,569	31,240
Total debt	15,970	16,350	14,936	8,974	8,119
Total common stockholders equity	9,058	10,945	10,003	6,995	5,622
Goodwill and other intangible assets	449	1,229	826	483	459
Tangible common equity	8,609	9,715	9,177	6,512	5,163
Balance Sheet Ratios (%)					
Tangible common equity/tangible assets	18.2%	14.7%	14.5%	13.3%	10.7%
Debt/capitalization	51.1%	48.8%	48.0%	40.5%	40.7%
Balance Sheet Ratios (x)					
Debt/equity	1.8	1.5	1.5	1.3	1.4
Debt/equity + LLR	1.7	1.4	1.4	1.2	1.3
Debt/tangible equity + LLR	1.8	1.6	1.6	1.3	1.4
Capitalization					
Tier 1 capital ratio	14.5%	12.6%	13.8%	14.4%	12.0%
Tier 1 leverage ratio	10.9%	13.4%	13.9%	13.8%	11.6%
Unrestricted cash and cash equivalents, including investment securities	7,706	10,273	10,643	8,214	8,401

Source: Company Documents, SNL Financial. IBPT = income before provisions and taxes.

(1) *Adjusted net finance revenue = Total net finance revenue excluding suspended depreciation on held for sale assets and interest earned on proceeds from sale of Commercial Air.*

(2) *Adjusted net revenue = Total net revenue excluding noteworthy items.*

(3) *Net finance revenue as % of average earning assets, excluding noteworthy items.*

(4) *Excluding noteworthy items.*

CIT Group Inc. - Quarterly Financial Information

	For the quarter ended,				
	1Q18	2Q18	3Q18	4Q18	1Q19
Franchise ($ millions)					
Funded new business volumes, ex. factoring	2,656	2,861	3,130	3,575	2,684
Earnings and Outlook ($ millions)					
Total adjusted net finance revenue (1)	381	380	381	374	369
Total adjusted net revenue (2)	486	487	478	466	466
Provisions for credit losses	69	33	38	31	33
Adjusted IBPT	211	253	209	159	188
Net income	97	127	132	92	119
Annual Growth Rates (%)					
Total adjusted net finance revenue	-2.5%	0.1%	-1.8%	-2.5%	0.1%
Total adjusted net revenue	-13.9%	19.9%	-17.4%	-23.9%	18.3%
Net income	-210.2%	30.7%	3.7%	-30.2%	29.5%
Profitability (%)					
Adjusted net finance margin (3)	3.4%	3.3%	3.4%	3.4%	3.2%
Net income margin	20.0%	26.1%	27.5%	19.7%	25.5%
Adjusted IBPT margin	43.4%	52.0%	43.8%	34.1%	40.3%
Return on average earning assets (4)	0.9%	1.1%	1.2%	1.2%	1.0%
Return on average common stockholders' equity (4)	5.7%	7.7%	8.7%	9.0%	8.5%
Net efficiency ratio (4)	56.7%	53.8%	53.9%	54.1%	58.0%
Risk Profile ($ millions)					
Loan loss reserve	448	467	477	490	488
Non-accruals	237	292	318	282	297
Net charge-offs	50	15	26	24	34
Asset Quality – Owned (%)					
Net charge-offs/average financing receivables	0.68%	0.21%	0.35%	0.32%	0.43%
Reserves as % of total loans	1.52%	1.59%	1.57%	1.59%	1.56%
Reserves/non-accruals	189%	160%	150%	173%	164%
Reserves/net charge-offs (annualized)	224%	764%	459%	506%	363%
Reserves/Adjusted IBPT (x) (annualized)	1.2%	0.9%	0.9%	1.3%	1.0%
Balance Sheet ($ millions)					
Total assets	51,543	49,855	49,262	48,537	50,782
Net loans and operating leases, excluding held for sale	35,781	35,715	36,907	37,276	37,749
Total liabilities	44,416	43,329	42,942	42,591	44,872
Total deposits	30,594	31,181	30,825	31,240	34,949
Total debt	10,437	8,860	8,674	8,119	6,571
Total common equity	6,802	6,201	5,995	5,622	5,585
Goodwill and other intangibles	477	471	465	459	453
Tangible common equity	6,325	5,730	5,530	5,163	5,131
Balance Sheet Ratios (%)					
Tangible common equity/tangible assets	12.4%	11.6%	11.3%	10.7%	10.2%
Debt/capitalization	60.5%	58.8%	59.1%	59.1%	54.1%
Balance Sheet Ratios (x)					
Debt/equity	1.5	1.4	1.4	1.4	1.2
Debt/equity + LLR	1.4	1.3	1.3	1.3	1.1
Debt/ tangible equity + LLR	1.5	1.4	1.4	1.4	1.2
Captialization (fully phased-in Basel III)					
Risk-weighted assets (RWAs)	44,778	43,676	45,193	44,052	43,600
Tier 1 captial	6,638	6,072	5,905	5,593	5,532
RWAs % of total assets	86.9%	87.6%	91.7%	90.8%	85.9%
Capitalization (%) (fully phased-in Basel III)					
Common Equity Tier 1 ratio	14.1%	13.2%	12.4%	12.0%	12.0%
Tier 1 leverage ratio	13.5%	12.1%	12.0%	11.7%	11.0%
Total capital ratio	16.8%	16.0%	15.1%	14.8%	14.8%
Liquidity ($ millions)					
Unrestricted cash and cash equivalents, including investment securities	10,140	9,583	7,805	8,401	9,739

Source: Company Documents, SNL Financial. IBPT = income before provisions and taxes.

(1) *Adjusted net finance revenue = Total net finance revenue excluding suspended depreciation on held for sale assets and interest earned on proceeds from sale of Commercial Air.*

(2) *Adjusted net revenue = Total net revenue excluding noteworthy items.*

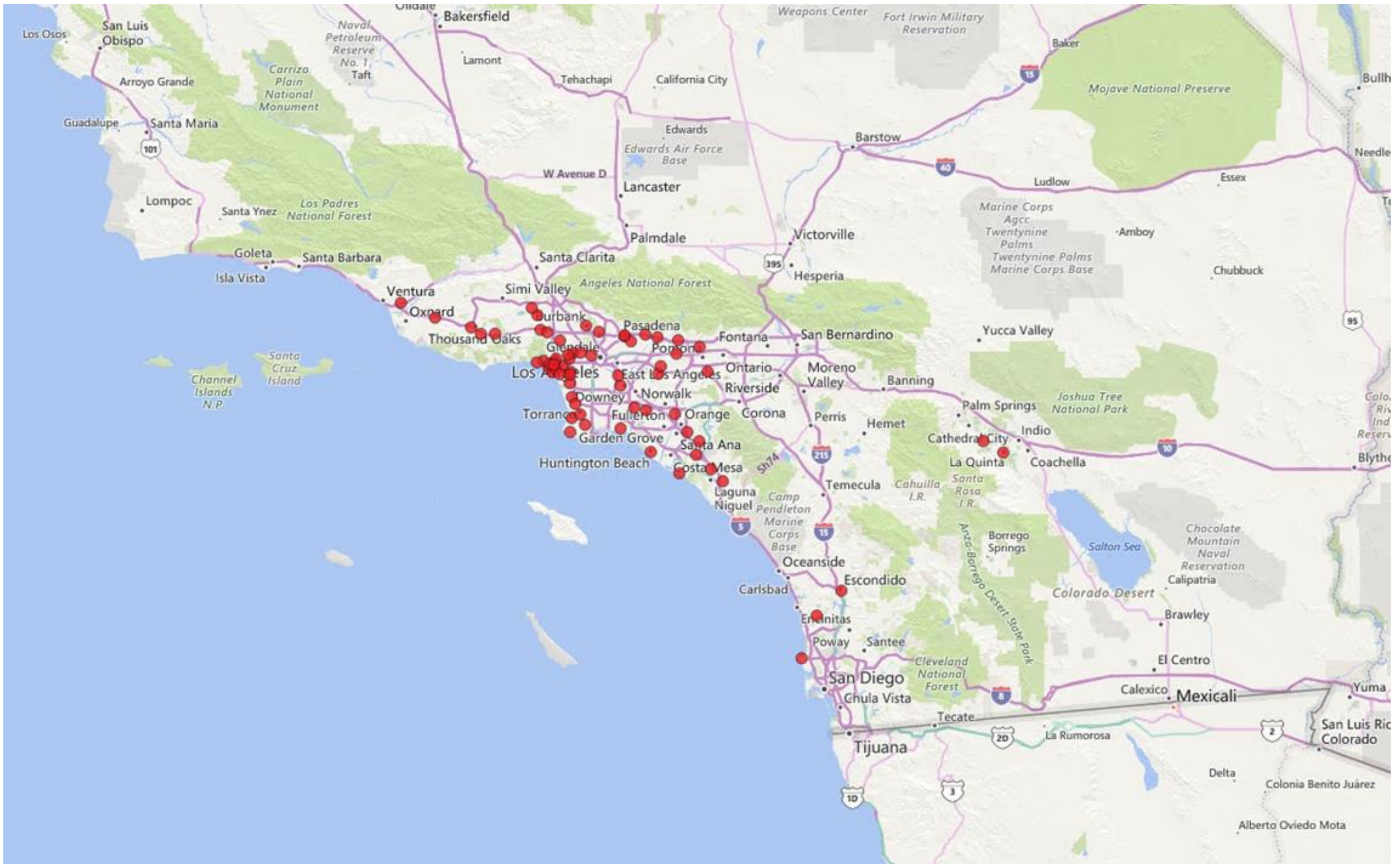
(3) *Net finance revenue as % of average earning assets, excluding noteworthy items.*

(4) *Excluding noteworthy items.*

Peer Group Comparison

	BBB (low)		BBB (high)	A (low)	A (low)	A (low)	A (low)
	CIT Group Inc.		New York Community Bancorp, Inc.	KeyCorp	Citizens Financial Group, Inc.	Fulton Financial Corporation	Valley National Bancorp
Regulatory Data - FY2018	Stable	Med	Stable	Positive	Stable	Stable	Stable
Income Statement Data (US$ millions)							
Net Interest Income	1,088	1,031	1,031	3,908	4,541	630	857
Non-Interest Income	1,364	196	93	2,489	1,572	196	136
Non-Interest Expenses	1,657	630	546	3,973	3,623	547	630
Income Before Loss Provisions	812	578	578	2,424	2,506	280	361
Loan Loss Provisions	174	47	18	240	323	47	32
Net Income Bef. Extra. Items	472	422	422	1,859	1,721	208	261
Income Statement Ratios (%)							
Return on Assets	0.9	1.0	0.8	1.4	1.1	1.0	0.9
Inc. Bef. Loss Prov./RW Assets	1.8	1.6	1.6	2.0	1.8	1.6	1.5
ROACE Before Extra	7.2	8.5	6.2	12.8	8.5	9.3	8.3
Non-Interest Income/Total Revenues	56.0	23.7	8.3	38.9	25.9	23.7	13.5
Net Interest Margin	2.3	3.1	2.3	3.1	3.2	3.3	3.1
Opt'g Expenses/Opt'g Revenue	67.1	62.1	48.6	62.1	59.1	66.1	63.5
Loan Loss Prov./Inc. before Loss Prov.	21.4	9.9	3.2	9.9	12.9	16.8	8.8
(Prov. + Tax + Div.)/Inc. Bef. Loss Prov.	53.7	58.1	84.2	48.4	50.1	58.1	68.2
Common Dividend/Net Income Bef. Extra. Items	20.6	43.7	78.8	31.7	27.4	43.7	56.0
Balance Sheet Data (US$ millions)							
Total Assets	48,537	51,899	51,899	140,038	161,005	20,641	31,863
Domestic Core Deposits	25,367	23,842	23,842	102,557	107,341	15,298	20,120
Total Wholesale Funding	17,332	20,336	24,662	20,336	37,489	3,463	11,316
Common Equity	5,622	6,152	6,152	14,174	19,977	2,248	3,141
Tangible Common Equity	5,163	3,716	3,716	11,342	13,022	1,716	2,003
BIS Tier 1 Capital	5,593	4,310	4,310	13,712	15,324	1,765	2,287
Balance Sheet Ratios (%)							
BIS Risk Weighted Assets/Total Assets	90.8	83.6	69.6	88.4	84.6	83.6	77.1
Earnings Assets/Total Assets	79.7	90.5	90.5	89.6	89.7	92.7	90.9
Loans/Total Assets	64.1	77.4	77.4	65.6	73.1	78.5	78.7
Securities/Total Assets	12.5	13.4	10.9	23.0	15.4	13.4	12.1
Capital Ratios (%)							
Tang. Com. Eqty/RW Assets	11.7	9.6	10.3	9.2	9.6	9.9	8.2
Tang. Com. Eqty/Tangible Assets	10.7	8.3	7.5	8.3	8.5	8.5	6.5
Leverage Ratio	11.6	9.0	8.7	9.9	10.0	9.0	7.6
BIS Tier 1 Ratio	12.7	11.1	11.9	11.1	11.3	10.2	9.3
Tier 1 Common Capital Ratio	12.0	10.2	10.6	9.9	10.6	10.2	8.4
Common Equity/Total Assets	11.6	10.9	11.9	10.1	12.4	10.9	9.9
Double Leverage (PCO)	105.2	106.2	106.2	106.2	99.3	128.0	107.7
Liquidity Ratios (%)							
Core Deposits/Net loans	73.5	86.6	49.9	112.2	86.6	91.4	68.0
Wholesale Funding Reliance	29.0	18.2	40.4	13.9	18.2	13.5	24.8
Net Short-Term Liab./Total Assets	0.007	0.00	0.025	(0.01)	0.00	0.00	0.01
Liquidity Coverage (PCO)	147.5	75.0	54.1	303.0	150.0	75.0	50.2
Credit Quality Ratios (%)							
Gross NPA/Gross Loans + OREO	1.1	1.1	0.2	0.9	1.3	1.2	1.1
NPAs Incl. 90 Days Past Due/Tang. CE	11.4	12.1	1.8	8.3	12.6	12.1	14.0
NPAs Incl. 90 Days Past Due/Inc. Bef. Loss Prov.	72.7	65.5	11.3	38.8	65.5	74.0	77.5
Loss Reserve/Gross NPA	141.3	83.8	244.1	111.6	83.8	82.0	55.8
Loss Reserve/Gross Loans	1.6	1.0	0.4	1.0	1.1	1.0	0.6
Net Charge-off/Avg. Loans	0.4	0.3	0.0	0.3	0.3	0.3	-
Loan Portfolio Distributions (Totals 100%)							
Residential RE	25.0%	19.4%	75.5%	14.6%	17.7%	19.4%	31.4%
Home Equity	0.7%	8.8%	0.0%	8.8%	11.6%	8.9%	2.4%
Credit Card	0.0%	1.6%	0.0%	2.0%	1.6%	0.2%	3.4%
Other Consumer	0.0%	4.9%	0.0%	6.4%	19.6%	2.5%	4.9%
Commercial RE	11.5%	17.4%	17.4%	11.3%	10.0%	39.1%	34.3%
Construction RE	4.4%	3.4%	1.0%	1.8%	3.4%	4.9%	5.9%
C & I Loans	43.7%	15.7%	4.2%	39.0%	30.5%	14.1%	15.7%
All Other Loans and Leases	14.7%	5.4%	1.7%	16.2%	5.4%	11.0%	2.0%

CIT Group Inc. - Franchise Map



U.S. Branches: Current (64) **Source: SNL Financial, May 17, 2019**

Rating Methodology

The applicable methodology is the Global Methodology for Rating Banks and Banking Organisations (July 2018), which can be found on our website under Methodologies.

Ratings

Issuer	Obligation	Rating	Rating Action	Trend
CIT Group Inc.	Long-Term Issuer Rating	BBB (low)	Upgraded	Stable
CIT Group Inc.	Long-Term Senior Debt	BBB (low)	Upgraded	Stable
CIT Group Inc.	Short-Term Issuer Rating	R-2 (low)	Upgraded	Stable
CIT Group Inc.	Short-Term Instruments	R-2 (low)	Upgraded	Stable
CIT Group Inc.	Subordinated Debt	BB (high)	Upgraded	Stable
CIT Group Inc.	Revolving Credit Facility	BBB (low)	Confirmed	Stable
CIT Group Inc.	Preferred Stock	BB (low)	Upgraded	Stable
CIT Bank, N.A.	Long-Term Issuer Rating	BBB	Upgraded	Stable
CIT Bank, N.A.	Long-Term Senior Debt	BBB	Upgraded	Stable
CIT Bank, N.A.	Long-Term Deposits	BBB	Upgraded	Stable
CIT Bank, N.A.	Short-Term Issuer Rating	R-2 (high)	Upgraded	Stable
CIT Bank, N.A.	Short-Term Instruments	R-2 (high)	Upgraded	Stable

Ratings History

Issuer	Obligation	Current	2018	2017	2016
CIT Group Inc.	Long-Term Issuer Rating	BBB (low)	BB (high)	BB (high)	BB (high)
CIT Group Inc.	Long-Term Senior Debt	BBB (low)	BB (high)	BB (high)	BB (high)
CIT Group Inc.	Short-Term Issuer Rating	R-2 (low)	R-4	R-4	NA
CIT Group Inc.	Short-Term Instruments	R-2 (low)	R-4	R-4	R-4
CIT Group Inc.	Series C Notes	Discontinued-Repaid	Discontinued-Repaid	BB (high)	BB (high)
CIT Group Inc.	Subordinated Debt	BB (high)	BB	NA	NA
CIT Group Inc.	Revolving Credit Facility	BBB (low)	BBB (low)	BBB (low)	BBB (low)
CIT Group Inc.	Preferred Stock	BB (low)	B (high)	B (high)	NA
CIT Bank, N.A.	Long-Term Issuer Rating	BBB	BBB (low)	BBB (low)	NA
CIT Bank, N.A.	Long-Term Senior Debt	BBB	BBB (low)	BBB (low)	BB (high)
CIT Bank, N.A.	Long-Term Deposits	BBB	BBB (low)	BBB (low)	NA
CIT Bank, N.A.	Short-Term Issuer Rating	R-2 (high)	R-2 (middle)	R-2 (middle)	NA
CIT Bank, N.A.	Short-Term Instruments	R-2 (high)	R-2 (middle)	R-2 (middle)	R-4

Previous Action(s)

- DBRS Upgrades CIT Group to BBB (low), Trend Now Stable, April 12, 2019.
- DBRS Rates CIT's $500 million Issuance of Senior Notes Due Feb. 2024 at BB (high), Trend Positive, August 16, 2018.
- DBRS Confirms CIT Group at BB (high), Trend Revised to Positive, April 4, 2018.
- DBRS Confirms CIT Group at BB (high), Upgrades CIT Bank to BBB (low); Trend Stable on All Ratings, October 13, 2017.
- DBRS Assigns Preferred Stock Rating of B (high), Stable Trend to CIT Group Inc., June 5, 2017.
- DBRS Confirms CIT's Issuer and Unsecured Debt at BB (high), Trend on Bank Revised to Positive, October 14, 2016.
- DBRS Upgrades CIT Group Inc. to BB (high) Trend Stable, Assigns Ratings to CIT Bank, N.A., September 1, 2015.

Related Research

- DBRS: CIT's Solid 1Q Results; Good Growth in Earning Assets Offset by Margin Compression, April 23, 2019.
- DBRS: Improved Fundamentals Drive Higher Bank Ratings in the U.S., November 13, 2018.
- DBRS: CIT Continues to Execute on Initiatives, Driving Solid 3Q Results, October 26, 2018.
- DBRS Publishes Global Banking Methodology Grid Summaries for 99 Banking Groups Globally, September 4, 2018.
- DBRS: CIT's Solid 2Q Results Shows Progress on Expense Initiative, Good Deposit Growth July 31, 2018.
- DBRS: CIT's 1Q18 Results Underscore Progress on Strategic Initiatives; Funded New Volumes Strengthen April 26, 2018.
- DBRS: Fed's Proposed Stress Buffer Requirements Credit Neutral April 16, 2018.
- DBRS: One-Time Items Impact CIT's 4Q Results; Operating Trends Positive with Volumes Strengthening, February 1, 2018.
- DBRS: CIT's 3Q Results Higher QoQ on Cost Reduction Initiatives; Further Progress in Transformation, October 26, 2017.
- DBRS: CIT's 2Q Underlying Results Improve Sequentially on Lower Provisions and Operating Expenses, July 25, 2017.
- DBRS: CIT's 1Q Results Demonstrate Progress on Strategic Initiatives, Steady Margins, April 25, 2017.
- DBRS: CIT's Sizeable Loss Driven by Discrete Items Related to Transformation; Core Business Solid, February 1, 2017.

Previous Report

- CIT Group Inc., Rating Report, September 7, 2018.
- CIT Group Inc., Rating Report, December 18, 2017.
- CIT Group Inc. Rating Report, December 14, 2016.
- CIT Group Inc., Rating Report, September 22, 2015.

Note:
All figures are in U.S. dollars unless otherwise noted.
The DBRS group of companies consists of DBRS, Inc. (Delaware, U.S.)(NRSRO, DRO affiliate); DBRS Limited (Ontario, Canada)(DRO, NRSRO affiliate); DBRS Ratings GmbH (Frankfurt, Germany)(CRA, NRSRO affiliate, DRO affiliate); and DBRS Ratings Limited (England and Wales)(CRA, NRSRO affiliate, DRO affiliate). For more information on regulatory registrations, recognitions and approvals, please see: http://www.dbrs.com/research/highlights.pdf.