

CIT GROUP INC  
Form 10-Q  
May 09, 2013

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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 March 31, 2013

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

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Commission File Number: 001-31369

**CIT GROUP INC.**

*(Exact name of Registrant as specified in its charter)*

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**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 or a smaller reporting company. Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company .

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

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As of April 30, 2013 there were 201,252,748 shares of the registrant's common stock outstanding.

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#### Part One Financial Information

## ITEM 1. Consolidated Financial Statements

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### CIT GROUP INC. AND SUBSIDIARIES

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

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March 31,  
2013

December 31,  
2012

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	March 31, 2013	December 31, 2012
<b>Assets</b>		
Cash and due from banks	\$ 449.7	\$ 447.3
Interest bearing deposits, including restricted balances of \$1,203.1 and \$1,185.1 at March 31, 2013 and December 31, 2012 <sup>(1)</sup>	5,091.1	6,374.0
Investment securities	1,724.1	1,065.5
Trading assets at fair value – derivatives	21.2	8.4
Assets held for sale <sup>(1)</sup>	646.8	646.4
Loans (see Note 5 for amounts pledged)	22,120.4	20,847.6
Allowance for loan losses	(386.0)	(379.3)
Total loans, net of allowance for loan losses <sup>(1)</sup>	21,734.4	20,468.3
Operating lease equipment, net (see Note 5 for amounts pledged) <sup>(1)</sup>	12,290.6	12,411.7
Unsecured counterparty receivable	630.8	649.1
Goodwill	345.9	345.9
Intangible assets, net	27.7	31.9
Other assets	1,601.1	1,563.5
<b>Total Assets</b>	<b>\$44,563.4</b>	<b>\$44,012.0</b>
<b>Liabilities</b>		
Deposits	\$10,701.9	\$ 9,684.5
Trading liabilities at fair value – derivatives	52.1	81.9
Credit balances of factoring clients	1,237.7	1,256.5
Other liabilities	2,492.6	2,687.8
Long-term borrowings, including \$1,408.8 and \$1,425.9 contractually due within twelve months at March 31, 2013 and December 31, 2012, respectively	21,577.0	21,961.8
<b>Total Liabilities</b>	<b>36,061.3</b>	<b>35,672.5</b>
<b>Stockholders' Equity</b>		
Common stock: \$0.01 par value, 600,000,000 authorized		
Issued: 201,903,445 and 201,283,063 at March 31, 2013 and December 31, 2012	2.0	2.0
Outstanding: 201,246,659 and 200,868,802 at March 31, 2013 and December 31, 2012		
Paid-in capital	8,514.4	8,501.8
Retained earnings (Accumulated deficit)	88.0	(74.6)
Accumulated other comprehensive loss	(83.3)	(77.7)
Treasury stock: 656,786 and 414,261 shares at March 31, 2013 and December 31, 2012 at cost	(26.7)	(16.7)
<b>Total Common Stockholders' Equity</b>	<b>8,494.4</b>	<b>8,334.8</b>
Noncontrolling minority interests	7.7	4.7
<b>Total Equity</b>	<b>8,502.1</b>	<b>8,339.5</b>
<b>Total Liabilities and Equity</b>	<b>\$44,563.4</b>	<b>\$44,012.0</b>

<sup>(1)</sup> 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 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.

<b>Assets</b>		
Interest bearing deposits, restricted	\$ 675.5	\$ 751.5
Assets held for sale	6.2	8.7
Total loans, net of allowance for loan losses	7,112.8	7,135.5
Operating lease equipment, net	4,543.5	4,508.8

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<b>Total Assets</b>	<b>\$ 12,338.0</b>	<b>\$ 12,404.5</b>
<b>Liabilities</b>		
Beneficial interests issued by consolidated VIEs (classified as long-term borrowings)	\$ 8,874.8	\$ 9,241.3
<b>Total Liabilities</b>	<b>\$ 8,874.8</b>	<b>\$ 9,241.3</b>

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

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CIT GROUP INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)** (dollars in millions except per share data)

	Quarters Ended March 31,	
	2013	2012
<b>Interest income</b>		
Interest and fees on loans	\$ 349.4	\$ 418.5
Interest and dividends on interest bearing deposits and investments	6.4	7.8
Interest income	355.8	426.3
<b>Interest expense</b>		
Interest on long-term borrowings	(249.6)	(1,044.3)
Interest on deposits	(42.3)	(36.3)
Interest expense	(291.9)	(1,080.6)
Net interest revenue	63.9	(654.3)
Provision for credit losses	(19.5)	(42.6)
Net interest revenue, after credit provision	44.4	(696.9)
<b>Non-interest income</b>		
Rental income on operating leases	444.9	440.6
Other income	70.1	255.3
Total non-interest income	515.0	695.9
Total revenue, net of interest expense and credit provision	559.4	(1.0)
<b>Other expenses</b>		
Depreciation on operating lease equipment	(143.3)	(137.6)
Operating expenses	(235.3)	(224.3)
Loss on debt extinguishments		(22.9)
Total other expenses	(378.6)	(384.8)
Income (loss) before provision for income taxes	180.8	(385.8)
Provision for income taxes	(15.2)	(40.3)
Income (loss) before noncontrolling interests	165.6	(426.1)
Net income attributable to noncontrolling interests, after tax	(3.0)	(0.9)
Net Income (loss)	\$ 162.6	\$ (427.0)
<b>Basic income (loss) per common share</b>	<b>\$ 0.81</b>	<b>\$ (2.13)</b>
<b>Diluted income (loss) per common share</b>	<b>\$ 0.81</b>	<b>\$ (2.13)</b>

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	<u>Quarters Ended March 31,</u>	
Average number of common shares basic (thousands)	201,149	200,812
Average number of common shares diluted (thousands)	201,779	200,812

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

**Item 1: Consolidated Financial Statements 3**

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CIT GROUP INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)** (dollars in millions)

	<u>Quarters Ended March 31,</u>	
	<u>2013</u>	<u>2012</u>
<b>Income (loss) before noncontrolling interests</b>	\$ 165.6	\$(426.1)
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	(5.0)	0.9
Changes in fair values of derivatives qualifying as cash flow hedges	(0.1)	0.5
Net unrealized gains (losses) on available for sale securities	(0.3)	0.5
Changes in benefit plans net gain/(loss) and prior service (cost)/credit	(0.2)	0.4
Other comprehensive income (loss), net of tax	(5.6)	2.3
<b>Comprehensive income (loss) before noncontrolling interests</b>	160.0	(423.8)
Comprehensive income attributable to noncontrolling interests	(3.0)	(0.9)
<b>Comprehensive income (loss)</b>	\$	