From:	Bao Nguyen
To:	ormec@sullcrom.com
Cc:	Andrew Hartlage; Jevon Gordon; Philip Bae (FRS); Crystall McCune (FRS); Adam Cohen; Andrew Cohen; Chae Hee Shin; You Suk Kim; Michael Waldron
Subject:	CIT - Additional Information Request
Date:	Friday, May 01, 2015 5:47:42 PM

Ms. Orme,

This is in reference to the applications filed under section 3 of the Bank Holding Company Act of 1956 by CIT Group Inc. (together with its subsidiaries, "CIT"), Livingston, New Jersey, the holding company of CIT Bank, Salt Lake City, Utah, and Carbon Merger Sub LLC, New York, New York, to acquire all of the voting securities of IMB Holdco LLC and thereby indirectly acquire OneWest Bank, National Association, both of Pasadena, California. Based on staff's review of the current record, the following additional information is requested. Provide supporting documentation as appropriate.

1. A number of commenters raised concerns about the financial stability aspects of the proposal. To the extent not previously provided, please directly address the allegation that, given the organization's interconnectedness to the economy and other financial institutions, the proposed merger would produce a systemically significant financial institution and would increase risk to financial stability. In addition, your response should address the following specific issues raised by commenters:
    a. CIT filed for bankruptcy in 2008 precisely because it was too interconnected to the economy and with other players in the national and international community;
    b. CIT's level of interconnectedness likely complicated bankruptcy procedures and has not changed since CIT emerged from bankruptcy;
    c. CIT's interconnectedness underscores its systemic importance and the risk it would pose if it failed;
    d. CIT has recognized that it is systemically important and its failure would harm the economy as evidenced by CIT's statements made in connection with seeking additional disbursal of TARP funds;
    e. Independent reviews, like a GAO study entitled "Complex Financial Institutions and International Coordination Poses Challenges," recognized CIT as an example of a complex

financial institution with attributes such as highly liquid sources of funding, uses of derivatives, and a complex legal structure that may complicate bankruptcy procedures; and

f. CIT's consummation of the proposed merger, without addressing CIT's interconnectedness, would be "reckless."

2. Please directly respond to comments concerning the risks presented by the amount of Level 3 liabilities on CIT's balance sheet. In this regard, your response should address allegations that the spike in the valuation of CIT's Level 3 liabilities during the 2008 financial crisis and immediately before CIT declared bankruptcy, coupled with the amount of these liabilities held at the time in comparison to peers, indicates an accounting anomaly or volatile internal situation. Your response should also address these concerns as they apply to the pro form balance sheet of the combined organization.

3. Confidential Exhibit D of the April 14, 2015, submission includes projected pro forma capital calculations starting at the end of the fourth quarter of 2015. Provide calculations for CIT Group's and CIT Bank's pro forma tier 1 leverage, tier 1 risk-based, and total risk-based capital ratios as of December 31, 2014.

Please let me know if you have any questions.

Regards,

Bao Nguyen
Counsel, Legal Division
Federal Reserve Board