



March 1, 2018

Ms. Ellen R. Alemany  
Chairwoman of the Board and Chief Executive Officer  
CIT Group Inc.  
11 West 42nd Street  
New York, New York 10036

Dear Ms. Alemany:

The Board of Governors of the Federal Reserve System (the Board) and the Federal Deposit Insurance Corporation (the FDIC) (together, the Agencies) have reviewed the annual resolution plan submission (2016 Plan) that CIT Group Inc. (CIT) submitted in December 2016, as required by section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, 12 U.S.C. § 5365(d), and the jointly issued implementing regulation, 12 CFR Part 243 (Board) and 12 CFR Part 381 (FDIC) (the Resolution Plan Rule).

The Agencies are jointly issuing this letter to clarify expectations for the resolution plan required to be submitted on or before December 31, 2018 (2018 Plan). CIT must comply with the Resolution Plan Rule requirements and may do so for its 2018 Plan by submitting information that is responsive to and consistent with this letter by December 31, 2018.

Pursuant to paragraph \_\_.4(k) of the Resolution Plan Rule, the Agencies have determined that the executive summary and strategic analysis<sup>1</sup> of the 2018 Plan may be limited to any content that has changed from that of the 2016 Plan as a result of the feedback provided in this

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<sup>1</sup> See Resolution Plan Rule subsections \_\_.4(b) and \_\_.4(c).

letter. The 2018 Plan may incorporate by reference elements of the 2016 Plan that do not require any change or clarification as outlined in section \_\_.4(j) of the Resolution Plan Rule, with reference to relevant chapter and page(s) of the 2016 Plan. The 2018 Plan should also discuss material changes from the 2016 Plan; any actions taken by CIT since the filing of the 2016 Plan to improve the effectiveness of the resolution plan or remedy or otherwise mitigate any material weaknesses or impediments to effective and timely execution of the resolution plan<sup>2</sup>; and CIT's strategy for ensuring that any insured depository institution subsidiary will be adequately protected from risks arising from the activities of any nonbank subsidiaries (other than those that are subsidiaries of the insured depository institution).<sup>3</sup>

*Stress Scenario:* The 2018 Plan should assume the Dodd-Frank Act Stress Test (DFAST) severely adverse scenario for the fourth quarter of 2017 is the domestic and international economic environment at the time of CIT's failure and throughout the resolution process.<sup>4</sup> The 2018 Plan should also discuss any changes to the resolution strategy under the adverse and baseline scenarios to the extent that these scenarios reflect obstacles to a rapid and orderly resolution that are not captured under the severely adverse scenario.

*Shared and Outsourced Services:* The 2018 Plan should provide an update on any progress in addressing the risk that services provided to material entities by affiliates or third parties may be interrupted after CIT files for bankruptcy. The 2018 Plan should also provide an update on CIT's progress in addressing the risk that key employees may depart during its resolution.

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<sup>2</sup> Such actions may include progress on projects noted in the 2016 Plan relating to Financial Market Utility reporting (e.g., payment, clearing, and settlement activities); funding and liquidity (e.g., material entity funding and liquidity analysis); management information systems; collateral management; and legal entity simplification.

<sup>3</sup> *Id.*

<sup>4</sup> <https://www.federalreserve.gov/newsevents/press/bcreg/bcreg20170203a5.pdf>

*Financial Statements and Projections:* The 2018 Plan should include pro forma balance sheets for each material entity at key junctures in the execution of the resolution strategy, beginning at December 31, 2017. Key junctures should include the beginning and end of the runway period. The pro forma financial statements should clearly evidence the losses or other stress event(s) leading to the bankruptcy filing and any other key assumptions underlying the plan. If CIT's strategy includes an internal reorganization, the pro forma financial statements should reflect any recapitalization or reorganization actions to implement the strategy.

*Public Section:* The 2018 Plan must be divided into a confidential section and a public section. The public section should be submitted as a separate document and should contain an executive summary of the resolution plan that describes the business of CIT and includes, to the extent material to an understanding of CIT, the 11 informational elements required by subsection \_\_.8(c) of the Resolution Plan Rule. Additionally, either the public section or the confidential section must detail compliance with subsection \_\_.3(e) of the Resolution Plan Rule.

If you have any questions about the information communicated in this letter, please contact Catherine Tilford, Assistant Director, Federal Reserve Board, at 202-452-5240 or [catherine.a.tilford@frb.gov](mailto:catherine.a.tilford@frb.gov) or Robert Connors, Associate Director, FDIC, at 202-898-3834 or [rconnors@fdic.gov](mailto:rconnors@fdic.gov).

Sincerely,



Michael Gibson  
Director  
Division of Supervision & Regulation  
Board of Governors of the Federal Reserve System

Sincerely,



Doreen Eberley  
Director  
Division of Risk Management Supervision  
Federal Deposit Insurance Corporation