Moshe Orenbuch: So, good morning everyone, in the interest of time I'll start (and please continue to come in and join us.) We're very pleased to have with us the management of CIT this morning. CIT has a long history as a premier commercial finance company and now as a middle-market bank. I've actually personally followed CIT from the time it was owned by Manufacturer's Hanover in the late 1980s through many different corporate and public market ownership periods.

The current management team, led by CEO and chairwoman Ellen Alemany, took over in 2016, has worked tirelessly to reposition the company in that time, reducing costs, selling the aircraft leasing business and distributing excess capital, both from that aircraft sale and now in the process of doing that from the company's core excess capital position.

Joining Ellen this morning is CFO, John Fawcett. Both Ellen and John had their respective roles at Citizens Financial, as well as both as CEO and CFO, and had also worked together in a number of different roles at Citigroup prior to that. We very much look forward to their presentation.

Ellen Alemany: Thank you, Moshe. Good morning everyone, John and I are pleased to be here and share an update on CIT. As you may know, about two years ago we launched a strategic plan to transform CIT. A lot of progress was achieved and today, CIT is simpler, stronger and well-positioned to build on its core strengths and grow. Before I start, I want to point you to our safe harbor language, which you're all familiar with on slide two. For those on the webcast, you can access our presentation on the IR section of CIT.com.

Okay, let's get started. On slide three, you will see an overview of CIT today. We are a leading national bank that is focused on commercial lending and leasing to middle-market and small businesses. We have about $50 billion in assets, $38 billion in loans and leases and $30 billion in deposits. The deposit operation includes a national online bank, as well as 70 branches in Southern California.

We have strong positions in key markets that will allow us to continue and build on the franchise. We are a leader in middle-market lending and factoring services. We are a top 10 provider of equipment financing. We are a top five provider of rail car leasing, and we have two leading digital platforms: one is our consumer online bank and the other is our small business lending portal. We are one of the largest banks headquartered in Southern California, which gives us a strong connection to that important community.

On slide four, we highlight some of the key accomplishments that were achieved in the transformation of CIT. There has been a tremendous amount of progress over a relatively short amount of time that has simplified the company to allow more focus and capacity on our core capabilities. We've strengthened the financial and risk profile and addressed legacy issues. We've positioned CIT for growth and expansion, and we've delivered shareholder value. As a result of a series of transformational initiatives, we have sold or exited non-strategic businesses, which reduced our operating leases and forward commitments.

We've exited our international operations with the ongoing NACCO sale being the last divestiture in this area.

We've reduced leveraged loans and we've repositioned our Commercial Finance business. We've simplified our funding profile, while improving costs and strengthening our capital position, and we brought closure to a number of legacy issues, including mortgage-related matters. We've doubled the deposit base through the acquisition of the branch network, expanded our presence in a number of industry verticals and created joint venture relationships to expand our asset management capabilities.

Something I'm particularly proud of, we returned $3.4 billion in capital to shareholders last year, increased our dividend and we just received a non-objection to accelerate our capital actions in 2018. While these strategic actions have caused some volatility in our earnings at times, we believe that these efforts best position the company for long-term shareholder value. We know there's more to do, but with a number of these major initiatives in the rearview mirror, we're squarely focused on growth and delivering our profitability goals.

The next slide demonstrates the fundamental shift the company has made from a financial services company, funded by wholesale debt, to a bank model that is focused on its strength and powered by deposits. Today, we have almost 80% of our assets in the bank and that will continue to increase as we grow. This has been a steady climb and now our funding profile is more in line with bank peers. From an asset perspective, we are largely focused on commercial loans with operating leases making up a smaller part of our overall composition than in prior years. Our loan to lease deposit ratio is about 130% overall and at 1:1 in the bank.

The next two slides highlight our core franchises, and I'm going to spend a bit of time on these two pages. This year, we are focused on growth, and that strategy, and it entails building on our core competencies and our leading market positions in Commercial Banking. On slide six, we outline our four Commercial Banking business lines and our strength in these markets.

Commercial Finance is currently our largest business and CIT has deep roots in this part of the market. The business has a lot of diversification across a number of mid-market segments from energy to healthcare to C&I to technology. Our strengths include industry expertise across these verticals that allow us to provide customized financing solutions for clients to help them realize their goals.

Over the past two years, we made the strategic shift in this business to lead more deals and pursue deeper relationships that tap into our capital markets capability. Last year, we were the lead left or sole lead in 42 deals, up from 33 in 2016. This has also helped us to drive capital markets fees, which is up 23% year over year. A recent example that really demonstrates our strength in this market is the White Oak Aviation Transaction. We led a $400 million financing deal for the purpose of 20 on lease aircraft engines from GE Capital Aviation Services. There were many parties involved, various intricacies to the deal, but this is where our strength shines. We're really good at complicated deals.

CIT has been in the aerospace and aviation industries for over 30 years. We know the market. We know the products. We understand residuals and capital markets, and we have commitment to work through deals on a customized basis and deliver value for our customers. Last year, we also entered into a joint venture relationship with Allstate. That expands our addressable market in the ABL space.

Our Business Capital unit provides equipment financing solutions to small, mid and large cap businesses, mainly through technology-enabled platforms. We have expanded the number of teams in this area over the last year and built direct origination capability for the capital equipment business, which supports our client-focused approach. We bring technology, industry expertise and unique knowledge of residual values to our clients to help their businesses grow and this combination gives us a strong position in the market.

Whether it's financing equipment for a metal recycling center across 18 east coast locations or leasing equipment to an auto parts company in Michigan or being the one stop online financing source for a global printing company, our Business Capital team has the expertise and comprehensive client-centered approach to win these deals. Our factoring business continues to diversify across industries and geographies.

Rail car leasing is also a key business for us, and we are one of the top participants in the industry. While the market cycle for Rail has been a bit challenging in recent years, our portfolio management and customer service has been strong and part of why we're a leader in the business. We have a young and diverse fleet across a range of industries that helps us to ensure demand for our cars. We enjoy long tenured relationships in this market.

Lastly, our Commercial Real Estate business specializes in construction and bridge lending, mainly into prominent geographies: the Northeast corridor and Southern California. We bring high touch service and expertise to these transactions and are focused on prudent growth and further expansion of our syndication activities. As you can see, our commercial businesses are highly diversified, well-positioned for future growth, supported by deep industry knowledge, technology and relationships. We're focused on continuing to unlock the potential in these areas.

On the next slide, I want to touch on Consumer Banking, which is largely comprised of our deposit business. As I mentioned earlier, we have two deposit franchises: a highly scalable national online bank and a more localized, high touch branch bank in a desirable footprint. The direct bank continues to have a lot of runway with our value proposition built on competitive savings products, delivered through a digital experience, which is on trend with customer preferences.

The branch bank offers customer service experience and a localized connection to the community. The focus on relationships is evidenced by our average customer relationship, which is more than 12 years. The lending side of the consumer business is modest and mainly comprised of some mortgage assets and small business loans. It brings incremental diversification and allows us to support our Southern California footprint. Our Consumer Banking segment delivers stable funding and a growing base of customers.

On slide eight, I want to talk about technology and innovation, and how we really approach this from two fronts. The first is using technology and digitization as a means to drive greater efficiency, and the second is the way to enhance the customer experience and support growth. First, let's touch on efficiency. We've taken a number of steps to improve our operational efficiency by using technology to streamline, reduce complexity and enable greater scalability in the operations. Some of these efforts will ultimately support our expense goals as we drive more automation through our operations.

Next, we have focused on using technology and innovation to improve the customer experience and support our growth efforts. We recently took a number of steps to improve the direct bank application process and customer experience. This is an area we will continue to build on as the direct bank expands.

On the commercial side, we launched an award-winning digital platform that enables vendors to finance purchases at point of sale. We have signed on one major technology client to this platform and hope to expand it to other companies looking for that digital offering for their customers. We also continue to invest in our flexibility platform, which is an important differentiator in our equipment finance offering. It's a key digital platform that allows a vendor to manage their sales, invoicing, marketing and servicing all from one comprehensive system.

Before I turn it to John, I want to touch on our strategic plan. We mentioned during our earnings call, we have updated our ROTCE target to 11% to 12% over the next two to three years, which is what we are defining as medium term. The five key areas of the plan remain the same and we continue to develop initiatives in each area to ensure we are driving towards continuous improvement and ultimately, achieving of our goals. With that, let me turn it to John.

John Fawcett: Thank you, Ellen and good morning everyone. We begin with a pretty important slide. We start with a return on tangible common equity walk that takes us from the fourth quarter of '17 to low end of our medium term target range of 11% to 12% in the fourth quarter of 2019 and describe the elements that we need to execute against. An intermediate stopping point at the end of the fourth quarter of 2018 is a return on tangible common equity of 9.5% to 10%, per the guidance that we provided on our most recent earnings call.

The starting point of 8.5% is adjusted for two things. It adjusts for a full year normalized tax rate of 34% by excluding discrete tax benefits that occurred in the fourth quarter of 2017 and it spreads the preferred dividend payable in the fourth quarter across the third and the fourth quarter as if it had been ratably accrued.

Post these adjustments, our starting point falls to 8.1%. Moving through the walk, the benefit of tax reform is effectively neutralized by the net income impact of assets held for sale, which are part of the strategic transformation of the company, namely the sale of NACCO, our European rail business, and the sale of our reverse mortgage portfolio. This reduction of 1% to 1.2% excludes any benefits for debt or capital actions that we may take.

On the NACCO sale, we continue to support the buyer as they seek to gain antitrust clearance from European regulators, which is taking longer than expected. We now anticipate the closing to occur in the second half of 2018. Financial Freedom and the reverse mortgage portfolio sale is still expected to close by the end of the second quarter. We expect these headwinds will be offset by the lower tax rate of 25% to 26%, resulting from US tax reform.

Moving through the stack, growth in net income from our businesses includes the impact of rail headwinds and lower net purchase accounting accretion from the run-off of the legacy consumer mortgage portfolio. We expect to deliver against our commitments to reduce net operating expenses, which will drive 20 to 40 basis points of improvement.

We will continue to evaluate options to reduce our unsecured debt costs, as well as options to deploy our excess capital over the next couple of years, which will serve as another significant driver of improved returns. Our current forecast assumes two rate hikes in 2018 and one in 2019, and we manage down to an 11% common equity Tier 1 ratio by the end of 2019, which again is subject to regulatory approval. Now, we'll get into a bit more detail in the next few pages.

In terms of business growth, we're targeting mid-single digit growth in our core franchises over the next couple of years. Ellen provided an overview of each of our businesses and how we differentiate ourselves, and I'll spend a few minutes highlighting some of the key growth initiatives. In Commercial Finance, we expect to be able to increase fee revenues by expanding capital markets business and growing our Northbridge and TCP joint venture, where we earn asset management fees. We are also expanding our footprint within key verticals, including the re-established Aviation Finance Team, where we have seen early results already in Q4 and a strong pipeline.

In Business Capital, we have four discrete channels. In Direct Capital, we are leveraging our award-winning digital platform for small businesses. In equipment finance, we are expanding into new industry verticals. We added eight business development officers there, as well as in office imaging to grow market share, while further penetrating existing customer bases.

In Capital Equipment Finance, we have expanded our direct origination channel and added five new business sales heads. In factoring in 2017, we increased our factoring buying from $25 billion in 2016 to $27 billion in 2017, while reducing our concentration from the apparel segment from 57% to 53%, and will continue to look for opportunities to expand client relationships across different industries.

In Rail in 2017, we averaged a 94% to 95% utilization rate and will continue to manage the portfolio to optimize returns over the cycle. This includes adjusting lease terms and rates based on market conditions, diverting cars to other services for locations where possible and continuing to manage the fleet to ensure we have the most in-demand cars. Our order book at year-end was about $80 million, but we look for opportunities to add to the fleet where it is accretive to returns.

In Real Estate Finance, we have increased the number of salespeople and are looking to broaden coverage with key sponsors and expand syndication activities. Although the portfolio is focused in the Northeast and California, we will look to geographically expand through our sponsor coverage in other major US metropolitan areas.

In Consumer Banking, we continue to grow jumbo mortgage loans and small business loans in Southern California. These are typically very high FICO, low LTV. An owner-originated portfolio actually comes with deposits of 10% to 15% of principal balance, usually. We also offer Direct Capital's, digital small business lending platforms, to their small business bank customers, which we think provides further differentiation for our branches.

As I mentioned on the earnings call, we expect our core portfolios to grow in the mid-single digit area, but 2018 growth will be offset by the sale of NACCO, the reverse mortgage portfolios as part of the sale of Financial Freedom Servicing Operations and continued runoff of the legacy consumer mortgage portfolio.

Turning to operating efficiency, we are very focused on our net efficiency ratio, which will result mostly from reducing operating expenses and debt costs in the medium term. We do expect revenue growth as our core portfolios grow and some of our initiatives to improve non-interest income start to take hold. But we need to grow at a pace that will more than offset the reduction from the portfolio sold and those that are in runoff, so we think most of the increase in revenues will come in 2019. We are on track to meet our 2018 operating expense target of $1.050 billion and continue to look for opportunities to further reduce our costs.

Three big pools account for 75% of our cost base: people, consultants and operations and technology and these remain a focus of our attention. We are aggressively working to reduce our reliance on contractors and other professional services, and right-sizing the organization as we complete the rationalization of applications, further automate processes and improve our infrastructure. Finally, our branch footprint is modest, so many of the costs that come with a larger footprint are easier to manage, but even here, we are looking at strategies to reduce costs.

Turning to our funding, we have been focused on reducing our unsecured debt. As Ellen mentioned, in 2017, we reduced unsecured debt by nearly $7 billion, which had an average coupon of 5.15%. This includes $800 million that we tendered in the third quarter of 2017. At the end of the year, we had $3.7 billion of unsecured debt remaining with an average coupon of 4.80% and a remaining average term of 3.5 years. We will continue to look for opportunities to manage and reduce overall debt costs by refinancing, extending maturities and lowering the absolute level of unsecured debt.

On the deposits side of funding, we are executing on a strategy to improve the mix of our deposits, while optimizing costs. This strategy includes reducing higher cost deposits from our broker channel, as well as institutional accounts within the commercial channel, while growing lower cost deposits in the online channel. The chart illustrates this strategy as brokered in commercial channels declined from 30% of deposits a year ago to 21% today, and non-maturity deposits from our online channel grew from 11% to 18%.

Despite three rate hikes over the past year, overall deposit costs are up only five basis points from a year ago, reflecting our strategy to optimize costs, while improving the quality of our deposits. Deposit betas have been historically low through 2017, about 5% to 10% in total. We expect betas to increase as loan growth picks up and as interest rates continue to rise, and we are modeling non-maturity deposit betas in the 40% to 50% range. It's difficult to determine at this time what the levels will be as we continue to look for ways to optimize both costs and mix of our deposits as we grow.

Retail deposits are about $24 billion and split 50/50 between branch and online. We manage 70 branches in Southern California from Ventura County to San Diego County, principally centered in Los Angeles County and as far west as Palm Springs. Our average branch carries deposits of about $165 million. Turning to our capital structure, we are optimizing our capital structure to be more in line with mid cap banks by deploying excess capital, while shifting the mix of our capital. We are targeting a 10% to 11% common equity Tier 1 ratio and expect to achieve the upper end of the target range by the end of 2019, subject to regulatory approval. We are also shifting the mix to include preferred and Tier 2 qualifying subordinated debt.

We recently received a non-objection to our amended capital plan, which will enable us to increase our capital return in the first half of 2018 by $800 million, of which $400 million is predicated on the issuance of Tier 2 qualifying subordinated debt. When added to the $100 million remaining at the end of the year and under the original capital plan, we now have up to $900 million of capital that can be returned to shareholders through June of 2018.

We are in the process of evaluating alternatives to return capital to shareholders as quickly and as effectively as possible. These actions will help to reduce our capital and get us closer to our target level. We know there is more to do and we will continue to work within the regulatory framework and our risk management discipline to return capital to shareholders as prudently and as efficiently as possible.

Turning to risk management, maintaining a strong risk management discipline is a cornerstone to our strategy of achieving and maintaining an appropriate return through the cycle. We have been improving the diversification of our loan and lease mix, while reducing the overall risk profile. The top chart illustrates this shift. We have reduced our concentration of cash flow loans as we've repositioned our Commercial Finance business. We have reduced our transportation leases with the sale of Commercial Air. We have increased our commercial real estate assets as we established our Real Estate Finance business in 2012 and expanded into Southern California with the OneWest acquisition.

As I mentioned on the fourth quarter call, credit trends continue to reflect a favorable environment, and we are not seeing substantive changes in overall trends. New originations continue to come in at a lower risk rating than the overall performing portfolio, and non-accrual loans are down. The allowance for loan losses as a percent of both commercial and consumer loans in aggregate, has been a little under 150 basis points over the past two years and up from 2015, reflecting reserve builds in energy and the maritime portfolio, which we have mostly worked through.

Turning to key performance metrics, a couple of weeks ago on our fourth quarter earnings call, I provided our 2018 Outlook, which I will go through briefly again. Note that my commentary will focus on full year 2018 targets when compared to full year 2017, excluding noteworthy items and actual results may vary by quarter. We expect overall average earning assets in 2018 to be flat, as mid-single digit growth in our core portfolios are offset by the sales of NACCO and the reverse mortgages, as well as the runoff of the legacy consumer mortgage portfolio.

We have narrowed the net finance margin target range and expect it to drift down from the current level due to headwinds in Rail, lower net purchase accounting accretion from the runoff of the legacy portfolio and the sale of the reverse mortgage portfolio. These headwinds are expected to be partially offset by net benefits from higher interest rates, resulting from our asset sensitivity position and potential future actions to reduce our unsecured debt costs.

As I mentioned earlier, our outlook tracks the forward curve at year-end and assumes two rate hikes in 2018. We have previously discussed our full year 2018 expense target as $1.050 billion, which excludes the amortization of intangibles. As I just talked about, we are making progress on our net efficiency and targeting a mid 50s range for 2018. We expect credit trends to remain relatively constant, with net charge ranges from 35 to 45 basis points, while the provision will also reflect growth in the core portfolios. Keep in mind that there may be some volatility around this range from discrete items.

The effective tax rate before the impact of discrete items is expected to be 25% to 26%, reflecting US tax reform and the mix of our businesses. We expect to end 2018 with a return on tangible common equity around 9.5% to 10% and a CET1 ratio of 11.5% to 12%. We continue to work within the regulatory framework and our risk management discipline to return capital to shareholders as prudently and as efficiently as possible, and manage down to the upper end of our 10% to 11% common equity Tier 1 target in 2019.

In 2019, we expect to continue to make progress towards the lower end of the 11% to 12% return on tangible common equity target, primarily from revenue growth from our core businesses, continuous improvement in our efficiency ratio and further reduction in the common equity Tier 1 ratio, and we'll continue to update you on our progress.

In ending, we will continue to execute on priorities to simplify, strengthen and grow CIT. To recap, we have made significant progress over the past two years transforming CIT to a leading national bank, focused on lending and leasing to the middle-market and small businesses.

We are pleased with our progress, and we are positioned for growth. We know we have more work to do and continue to focus on actions to simplify, strengthen and grow CIT. We remain committed to delivering shareholder value, and we expect the return on tangible common equity to improve to 9.5% to 10% by the end of the year and expect to make further progress towards our 11% to 12% return on tangible common equity target in 2019.

Our plan is centered on maximizing the potential of our core businesses, enhancing operational efficiency, reducing funding cost, optimizing the capital structure and maintaining strong risk management. And with that, it looks like we have 14 seconds for questions.

Moshe Orenbuch: Just to kick it off, maybe just talk a little bit about deploying the excess capital. In addition to what you'd be doing in terms of distributing, obviously, growing the balance sheet is a way to do that. Given all of the dispositions that you've got scheduled, when do you think that that mid-single digit core asset growth translates into actual growth in the balance sheet pushing that capital ratio in the right direction?

John Fawcett: I think it starts to happen in 2019. I think 2018, we have to work through all of the transition of NACCO, the runoff of the legacy consumer mortgage portfolio and the reverse mortgage portfolio that goes with the sale of Financial Freedom. In many respects, we're running hard to stand still in '18. I think in

2019, we'll start to see a lot of the growth come through the portfolios. I think the fourth quarter was a really important transition point for us in terms of actually seeing growth. I've been here for 10 months, didn't see a lot of activity in the second quarter, third quarter. I think the fourth quarter, the businesses actually did quite well.

The things that you're hearing here today are exactly the same things you would hear Ellen say in the hallways of CIT, so there's an absolute singularity of message. The only other thing I would add is that in terms of portfolio acquisitions, we look at them all the time and so that might be another activity in terms of bolt-ons. If I think ahead to maybe your next question about M&A activity, we don't have a lot of currency right now, trading at just one-time tangible book value. I think we've got to earn our right to do a little bit more and increase the return on tangible book value before we kind of get into that space.

Moshe Orenbuch: Got it, with that, that the light is flashing red, so we'd like to thank Ellen and John and they'll be around during the course of the day so try to get some questions in, but thanks very much and we'll talk soon.

Ellen Alemany: Thank you.

John Fawcett: Thank you.