Moshe Orenbuch: Good morning everyone. We're very pleased to have with us the management of CIT. CIT has a long history as a premier commercial finance company and now middle market bank. I've actually followed CIT for quite some time ... for those of you who are historians, at the time was owned by Manufacturers Hanover in the late 1980's, through quite a number of corporate and public market ownership periods.

The new management team, relatively new management team that's led by CEO and Chairwoman Ellen Alemany, took over in 2016 has worked tirelessly to reposition the company, reducing costs, selling the aircraft leasing business, distributing excess capital, repositioning the balance sheet, and they're going to talk about that a lot today, as well as their plans for the future and their plans to grow their middle market bank.

Joining Ellen is CFO, John Fawcett. We look forward to their presentation, after which they'll take our questions.

Ellen Alemany: Thanks Moshe. And by the way, we just celebrated our 111th anniversary this week on February 11.

Good morning everyone. Thank you for joining us today. John and I are pleased to be here to give you an update on CIT. But before we start, I want to point you to our safe harbor language on slide one, and for those on the webcast you can access our presentation on cit.com.

As some of you may know, about three years ago we launched a multi year strategic plan to transform the company, and today's CIT is a top 50 national bank focused on lending and leasing to business customers, and offering competitive savings products to consumers. We have leading positions in our key markets. For example, we're a leader in middle market lending. A top three bank provider of equipment financing. A top four provider of rail-car leasing. A top provider of factoring services. A focused participant in the commercial real estate market, and a top 10 direct bank.

Our deep industry knowledge, structuring and collateral expertise, longstanding client relationships, and proprietary digital platforms are what differentiates us in the commercial marketplace.

On the consumer side, our business is centered on a national direct bank and a Southern California branch network. These franchises have been recognized for their compelling savings products and high level of service to customers.

On slide three I want to touch on some key aspects of our transformation. Over the past few years, CIT has been executing a major company-wide transformation that has simplified the company, strengthened our financial profile and reduced our risk.

First, let me touch on the simplification efforts. Our goal was to exit or sell operations that were not strategic for us as a bank, did not meet our return hurdles, or presented higher credit risk. To that end, we divested or sold more than $13 billion of non-core assets that included the commercial air business, more recently, the reverse mortgage operation, and our European rail business. We have also wound down portfolios in countries where we just did not have scale, such as China.

You can see what our footprint looked like in 2015 versus what it looks like today. We exited Europe, South America and Asia, and focused on growing our core business in North America. Today we are primarily focused on the US market with some limited rail activity in Canada and Mexico. A much simpler company that is focused on our core strengths.

Another key component of our turnaround plan was to optimize our funding and capital composition. On slide eight you can see the transformation of our capital profile. We have reduced our common equity tier 1 ratio for more than 14% in 2017 to 12% at the end of last year, and we further improved the composition of our capital. We're focused on continued optimization to bring us more in line with peers and are targeting a 10 to 11% common equity tier 1 ratio in the medium term.

Another step to advance this goal is the non-objection we received in January from our regulators to return another $450 million of capital and increase our dividend by 40%, subject to board approval.

On slide nine I want to touch on the evolution of our funding profile. Strengthening our funding profile and driving greater efficiency has been a key pillar in the plan and I'm pleased to say we've made a tremendous amount of progress in this area. About 80% of our total funding is now deposits, up from 64% when we started this journey in 2015. And our loan deposit ratio at the bank is essentially 100%. We exited higher cost legacy debt and funding structures and grew consumer deposits. We reduced our secured and unsecured debt to be a little over 10% of our total funding, excluding Federal Home Loan Bank borrowings. We extended unsecured debt maturities, which now won't begin until 2021. And today, our funding profile is more stable and efficient and provides a stronger foundation for us to grow our business.

Our third key area of transformation is around risk management. John will get into more detail on this, but the short version is that we continue to strengthen our risk management practices, significantly improve our risk profile, and we are in a much different position today than we were heading into past credit cycles.

As I mentioned, we exited businesses with higher credit and regulatory risk. We shifted our focus towards lending against assets that have higher quality collateral and reduced our cash flow lending, and we enhanced our overall risk framework. These efforts and more, helped us to deliver on our 2018 financial targets.

On slide 11 you can see an overview of how we ended the year. We grew average core loans and leases by about 6%. We hit our expense goal. We reduced our common equity tier 1 ratio to 12%. We achieved a return on tangible common equity target of 10.1% in the fourth quarter, excluding noteworthy items. And we increased earnings per share from continuing operations more than 30%, excluding noteworthy items. We hit our 2018 milestones and we're encouraged by the progress in a fairly short period of time.

So, that was our one minute victory lap. We know we have more to do, so let's turn to what's next.

With the simplification efforts completed and our foundation much stronger, the next phase of our plan is really centered on powering forward and unlocking the full potential of CIT. There are four key pillars to our plan. We're going to continue to grow our core business, further optimize our balance sheet, drive greater operating efficiency and maintain strong credit risk management.

I'll focus on business growth over the next few slides and then turn it over to John. For 2019 we're targeting another year of mid-single digit growth across our five core business divisions. We're being thoughtful in the business we are originating and continuing to expand our deep knowledge and expertise in these markets.

I want to spend a little time on slide 14, as this highlights our strategic approach to each business. We have deep roots in commercial financing and we have also made some strategic shifts more recently to reduce risk and expand on our core competencies. We shifted the portfolio to be more focused on asset backed or secured lending in key verticals where we have deep expertise and reduced our cashflow lending.

Key growth initiatives have included re-engaging in the aviation lending and maritime markets, as well as building on our presence in healthcare real estate and power and energy finance. We have continued to expand our presence in clean energy projects, for example, and financed 15 projects generating 1,500 megawatts of renewable power in 2018. The CIT Northbridge joint venture continues to be an opportunity to expand our addressable market and leverage our ABL experience.

The business capital division is a strong growth engine for CIT and we have proprietary digital platforms that help to drive an integrated relationship and a seamless customer experience. I'll talk more about that in a moment. This division services small, mid and large ticket equipment financing across a range of industries, and we expanded our territory recently to include material handling and other areas of industrial. We have core competencies in this area and we believe there's more runway for growth here.

The factoring business had a strong year in 2018 and is expanding into additional areas of consumer goods, such as consumer electronics and housewares.

As we've shared before, the rail division continues to manage through the cycle. We have some key advantages in this industry, such as a young and diverse fleet with broad market coverage, and our team is opportunistically purchasing new cars where we see strong demand and returns.

Our real estate business specializes mainly in construction and bridge lending to commercial investors and developers. The team is being prudent about growth and focusing on strong relationships in markets.

And finally, our consumer banking business offers incremental lending opportunities through the mortgage and SBA businesses, as well as drives our consumer deposit growth.

Through our transformation we laid the groundwork to unlock the potential of our core businesses and that started to bear fruit in 2018 and we plan to build on those strengths going forward.

I mentioned that we have some key digital platforms in our business capital division that provides competitive advantages, and on slide 15 we highlight a few examples of how we can integrate with vendors and business customers. Our technology solutions automate an end to end commercial banking process from acquisition through asset disposition. It delivers a strong customer experience, creates scale and efficient growth. Let me highlight a few examples.

QuickBooks is used by more than three and a half million small businesses. Through our integration with their software, QuickBooks users can apply for equipment or working capital financing with just one click, which creates a highly streamlined application process and funding as fast as the same day.

Konica Minolta is a leading manufacturer of business imaging equipment and one of our largest clients. Through our direct integration with their customer system we're able to automate the transaction process from credit application through asset disposition.

There are many more examples just like these where CIT is creating an end to end digital process between vendors, their customers and their financing options, and the technology in this business is just helping us gain market share.

On slide 16 we have an overview of our consumer deposit business, which is core to our strategy. Growth of consumer deposits has driven a more stable and efficient funding profile for CIT, and we are able to leverage both a branch based bank in a strong market, as well as a national direct bank, which offers a competitive value proposition to a growing number of consumers.

Our direct bank has posted strong growth and is highly scalable. As a result of our strategic plan over the last three years, the direct bank has grown deposits by nearly 40% and expanded their customer base more than 130%. Many of those new customers are generation X, Y, and Z, which allows us to build a longer term relationship as these groups build their saving strategies. We've developed a steady pipeline of products to appeal to a broader audience of consumers. Most recently we launched the Savings Builder account, which has some unique features that encourage customers to develop a steady habit of savings.

On the retail branch front, we have long-term relationships, a strong average deposit balance per branch, and a presence in a strong southern California market. Overall, our consumer deposit business offers a strong foundation for continued growth.

With that, let me turn it over to John.

John Fawcett: Thank you Ellen, and good morning everyone.

Starting on slide 17, returning excess capital has been and continues to be a key strategic priority for us, and over the past 18 months we've taken a thoughtful and comprehensive approach to returning capital to our shareholders. In that time we have returned more than $5 billion of capital, which reduced our share count by approximately 50%, and 95% of those shares repurchased were at prices below tangible book value. We utilized a combination of tender offers, an accelerated share repurchase program, and open market repurchases to maximize value to shareholders while working towards optimizing our capital position.

We also increased our quarterly dividend in 2018 to 25 cents per share, from 16 cents in 2017, and subject to board approval, we are planning another increase in the quarterly dividend to 35 cents per share, which would be a 40% increase starting in the second quarter of this year. This would move us closer to our targeted dividend payout ratio of 30 to 40%, generally consistent with our mid-sized regional bank peers.

Our capital levels remain strong and we expect to continue to return excess capital in 2019, albeit at a more measured pace. We recently received a non-objection from our regulators to repurchase up to $450 million of common stock through September of this year, and we remain focused on achieving a common equity tier one ratio by the end of 2019 of 11%. The high end of our medium term target range.

Turning to slide 18, regarding operating expenses, we achieved our goal for 2018 and we believe there are further opportunities for continuous improvement in our operating expense base by maintaining vigilance in this area. We are targeting an additional reduction of at least $50 million over the next two years, which will be driven primarily by continued organizational efficiencies and digital process automation, along with rationalization of our real estate footprint.

Our target excludes the impact of new accounting rule changes, which grosses up property tax collections and disbursements, and causes us to expense certain origination costs that had been deferred in the past. We expect the impact on operating expenses to be approximately $40 to $50 million per annum from these rule changes. $25 to $30 million of this increase will be offset in non-interest income related to the property tax gross up, and $15 to $20 million will benefit net finance revenue over the life of the lease, as there will be less capitalized costs to amortize.

We are also targeting an efficiency ratio in the longer term in the low 50% area, taking into account the recent lease accounting changes, which increased this ratio for us by roughly 50 to 100 basis points.

Now on slide 19 I think it's important to understand the significant transition that CIT has been through over the past decade or so, from a risk management perspective, and particularly over the past three years as we've become an OCC regulated entity. We now have in place a more robust risk management framework with governance practices consistent with that of other regulated midsize regional banks. This includes a strong risk culture along with underwriting and credit standards that are focused on a balance of prudent growth and risk adjusted returns.

More specifically, we have separated our credit and enterprise risk functions, added senior risk professionals with strong experience from other regulated banks, and built out second line of defense programs in operational risk, credit review, compliance, and other areas. We further developed robust liquidity and capital stress testing as part of our governance and capital planning processes, and while we are no longer a SIFI or CCAR Bank, we are maintaining that discipline today. In addition, we continue to look for and evaluate further opportunities to de-risk the enterprise and our portfolios.

Slide 20 illustrates how much our portfolio has changed since the last downturn. As you can see, we are out of the riskiest asset classes that made up our portfolio back in 2007, and contributed to the higher concentration of losses, including subprime and Alt A mortgages, mezzanine commercial real estate, private student loans, and our international equipment finance businesses. We also sold commercial air, which reduced asset and liquidity risk, and government guaranteed student loans, reducing regulatory risk. Further, we have significantly reduced our exposure to cash flow loans, which now make up about 10% of our total exposure.

On slide 21 we take a closer look at the credit characteristics of our current portfolio. We are being selective and disciplined in the face of current competitive market conditions. Here you can see that we are focused on collateral based lending with strong structures and collateral values in products that align with our expertise. This is evidenced by low loan to values in asset classes such as commercial real estate, aviation and maritime lending, and in our consumer mortgages.

In addition, our borrowers in consumer mortgage and small business solutions maintained strong FICO scores. I'd also point out that in our equipment finance business, we finance essential use equipment, and in our factoring business we finance short term receivables. In both cases we have decades of data through numerous credit cycles that inform our risk management practices.

Finally, we continue to strengthen our portfolio and demonstrate our discipline as new business originations continue to come in at better risk ratings than our existing performing portfolio. With our deep industry expertise, structuring capabilities and experience with collateral based lending, we are confident that we are properly balancing our growth strategy with our underwriting strategy. We believe this approach will reduce our loss severity going forward and that we are properly prepared and reserved for the turn in the credit cycle whenever it comes.

Turning to slide 22. Here we wanted to provide some additional detail on our cashflow loans which reside in our commercial finance division. I would remind you that over the past few years we have repositioned our commercial finance portfolio to emphasize opportunities with higher quality collateral and to build upon our industry expertise and lending capabilities. As a result, we significantly reduced our cashflow lending commitments while growing in areas that have more predictable asset values, such as aviation lending, healthcare real estate and project finance transactions within our power and energy vertical.

Our remaining cashflow loans today are all senior secured loans. They have average leverage through senior debt of less than four times and average total leverage of less than five times. Levels that we are comfortable with and below the regulatory leverage lending guidelines.

There are a few other things I would also point out about this portfolio. The majority of our remaining cashflow loans are in industries where we maintain an industry vertical and have particularly strong expertise. We no longer have exposure in our cashflow book to certain cyclical industries, such as oil field services, and we have tightened our underwriting standards in industries deemed to be more cyclical.

And finally, about two thirds of these loans are club deals, where we have a significant relationship with the borrower, while most of the remaining third is in broadly syndicated loans. Given market trends in the cashflow originations, we believe we have demonstrated a prudent approach to this market and we believe this repositioning of our cashflow portfolio should continue to improve our risk profile and limit loss severities.

Overall, we believe we have significantly strengthened our enterprise risk profile and the credit worthiness of our lending and leasing commitments, and as a result, we believe we are much better prepared to withstand the challenges of the next credit downturn although we believe the credit environment remains stable and we do not see specific indicators that suggest a downturn is on the horizon.

So in conclusion on page 23, while we are pleased with having met our targets for 2018, we recognize that we have more work to do to unlock the full potential of CIT. We are going to continue to focus on improving our returns and targeting an 11% return on tangible common equity by the fourth quarter of 2019, and at least 12% by the end of 2020. Improvements will come from growing our core businesses, optimizing our balance sheet and enhancing operating efficiency while maintaining our strong risk management framework.

And with that, Ellen and I would be pleased to take your questions.

Moshe Orenbuch: I'll kick it off with a couple. Obviously there have been a number of transactions in the banking industry in the past month or two that have started to create larger banks, both the smaller end, and from the mid-size to larger end of the spectrum. How do you think that ... or does that have an impact on the way you think about CIT in the future? Talk about that a little.

Ellen Alemany: I'll address that.

You're probably referencing the recent TCF - Chemical transaction and then more recently the BB&T - Sun transaction. It absolutely makes us think differently about our business. I think the significant part of these transactions is that you can create a lot of shareholder value without having to pay a premium for a transaction.

I think in the TCF - Chemical transaction, people were really able to deal with ... in most of these transactions social issues are big ones, that make these transactions more difficult. In both transactions, I think everybody elegantly dealt with the social issues.

I think with BB&T and Sun, it's really gonna come down to culture. These are two companies that have very, very different cultures, but their business lines are very complimentary in the sense that BB&T has always had this really strong retail bank network and insurance business and Sun always had a really good middle market lending with the old Robinson Humphrey, et cetera.

I think no one would have ever thought that either of these banks would have moved their headquarters, and I think it was great the way they did it. Even their branding strategy. It's funny, our head of marketing came from Ally and she worked on their branding strategy, but you know a lot of the studies show that having a completely new brand can lift an entire franchise. But again, it's all going to be down to the culture and the execution.

At CIT we've put together this plan and I think the team's done a great job executing, but we're still at a 10% return on tangible common equity, and we've set out a medium term plan to get to 12%, but we still recognize that that's below where some of our competitors are. We're very open to any transactions that can help accelerate or create more value for shareholders.

Moshe Orenbuch: When you think about the things ... obviously, a long list of accomplishments of things you've done over the past three years, are there other things you could do to become "more bank like" in the next year or two? What do you put at the top of the priorities for that as you prepare for this environment?

Ellen Alemany: Let me start off and then I'll turn it over to John.

As we continue through this journey, I think, still focusing on our funding costs. When you look at our funding costs, it's more stable. We're 100% deposit funded at the bank and the goal is to continue to put more assets in the bank. But anything that we can do to help our funding costs, working on getting an investment grade rating, looking at ways that we can grow more deposits, those are key to the strategy going forward.

Our asset management ability and being able to collect some fees and leverage that. I mean, we did the Northbridge JV, we're up to almost 300 million in commitments on that already, where we get a fee because we're good asset originators, so it allows us to play in a space that we wouldn't be able to put on our own books, but originate the deal, collect a fee and book it. You'll see us do more types of transactions like that.

John Fawcett: Look, I think the transition has been nothing short of transformational. I think it's remarkable the amount of work that Ellen's accomplished in the last three years. I think when I walked in here everybody talked to us as a specialty finance, even the rating agencies. When they'd show up to the table they'd have four specialty finance guys, a managing director and four bank guys, and now we just meet with the bank people.

I think the transition is pretty far along. I think, if you look at the work we've done in terms of "financial engineering," in terms of re-stacking capital, re-stacking debt, a lot of the table's been set and I think we're well positioned. Internally we characterize this year as the year of the business and the business has got to grow. We've got to continue to operate efficiently, take costs out of our infrastructure and just continue to execute, execute, execute. But I think on the inside we feel like a bank.

I think Ellen's brought a real team of bank operators and I don't think anybody would say that we're not a bank. I think it gets a little bit more complicated because we have operating entities, obviously at the holding company, we're working to reduce that and rail. We're looking at opportunities in our factoring business to move, potentially, some of that in to the bank. I think the other one that I think troubles people, and we just looked at it as another asset class, is rail, is the over concentration of rail relative to the rest of the bank.

But the reality is, this is a great business. It's a scale business. It's a well managed business. And I like the fact that we've got 14% market share in the United States and it's a very long cycled business that seems to be coming out of three or four years of tough times, especially in the tank space.

Moshe Orenbuch: Got it. John, you did spend a lot of time talking about the ways you've repositioned the portfolio to be more recession resistant or less concentrated. As you look at that right now, if we were to have, I guess ... I'm gonna make up a word here, like a typical recession, not one that's particularly deep, not one that is caused by the absence of any kind of funding, but some of the kinds we've had in years past. How do you think that would affect the portfolio today and maybe contrast it to where CIT had been when this management team came in?

John Fawcett: I think it's dramatically different. I think the work that Ellen and the team have done is, as I said before, it's completely transformational. The book of business is completely different. I spoke a little bit about where we are in cashflow lending. It's only 10% of our overall book. If you look at our senior leverage, we're below four times. If you look at, I guess, overall industry targets, we're one turn better than the rest of banks and non-banks. So if they're at 485, call us at 385. We're more in the senior tranches.

If you look at even the non-accrual portion of the cashflow business, 60% of that is still cash flowing and fully performing. So, it feels like we're completely different. If you look at the sub-prime, and the Alt A mortgage and the non-government guaranteed student loan, we're not in any of that stuff and so it's kind of harder to get hurt in businesses that you're no longer in. Even in the mortgage business that we're doing in Southern California, average FICO score is 760, average LTV is 70-75%. The risk discipline's in place and I think there's a good amount of friction in it.

I think the other thing too that ... and we had this in one of the question/answer sessions yesterday was in terms of some of the risk analytical framework that Ellen's built out that we were a SIFI, we were a CCAR Bank, and all that lives within the DNA of the company. I think the fact that we've actually gone through a couple of amended capital plans and submissions with the FED is an indication that we've got the process down, and I would say we're not walking away from it.

I fully expect that, not on the CCAR cycle, but we are going to take the FEDs scenarios and run them on a severely adverse scenario and actually submit them to the FED on a different cycle, probably coincident with our strategic planning cycle. We're going to continue to participate in this to understand the risks that are inherent in this business and continue to manage them down.

I think to Ellen's credit, notwithstanding all of the pressure to go for a little bit more yield, we've been remarkably circumspect and disciplined in not stretching for that extra buck, that we'll get today, but will haunt us two years from now.

Moshe Orenbuch: Great. With that, we are actually out of time. Ellen and John will be in the Plaza One ballroom for a breakout for 20 minutes or so after this. Please join me in thanking them and if you'd like to ask other questions, please join them in the Plaza .