

# **PUBLIC DISCLOSURE**

**March 18, 2013**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**CIT Bank  
Certificate Number: 35575**

**2180 South 1300 East, Suite 250  
Salt Lake City, Utah 84106**

**Federal Deposit Insurance Corporation  
25 Jessie Street at Ecker Square, Suite 2300  
San Francisco, California 94105**

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## TABLE OF CONTENTS

I.	General Information.....	1
II.	Institutional Rating.....	2
III.	Scope of Evaluation.....	3
IV.	Description of Institution.....	3
V.	Description of Assessment Area.....	5
VI.	Conclusion with Respect to Performance .....	9
VII.	Other Activities.....	15
VIII.	Appendix A – Scope of Examination.....	16
IX.	Appendix B – Glossary.....	17

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the CRA performance of **CIT Bank** prepared by **Federal Deposit Insurance Corporation (FDIC)**, the institution's supervisory agency, as **March 18, 2013**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

## INSTITUTION

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

CIT Bank was evaluated as a limited purpose institution (LPI) with respect to its qualified community development (CD) activities. Overall, CIT Bank's performance reflects a satisfactory record of helping to meet the credit needs of its assessment area (AA) based on the following findings:

### **Community Development Test**

The institution has an adequate level of community development loans, community development services, and qualified investments. Some of the investments are not routinely provided by private investors.

The institution occasionally uses innovative or complex qualified investments, community development loans, or community development services.

The institution exhibits adequate responsiveness to the credit and community economic development needs in its AA.

### **Fair Lending or Other Illegal Credit Practices**

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

## **SCOPE OF EVALUATION**

CIT Bank was approved as a designated LPI in accordance with the definition in Section 345.12(n) of FDIC Rules and Regulations Part 345 effective July 30, 2001. The FDIC determined on August 6, 2012, that CIT Bank no longer met the definition of a LPI due to a change in business strategy and loan portfolio composition. However, CIT Bank continued to be eligible for evaluation as a LPI for one year from the date of notice. As such, the bank's CRA performance was evaluated under the Community Development Test for a LPI for purposes of this current Performance Evaluation (PE).

This evaluation reflects CIT Bank's performance since the previous CRA PE dated November 15, 2010. The evaluation was performed at the bank's sole office in Salt Lake City, Utah. Examiners relied upon the records and reports provided by the bank and publically available information. Economic and demographic data, and information gathered from community contacts, were used as part of the evaluation process. Examiners evaluated the level of CIT Bank's qualified CD loans, investments, grants, and services in the bank's designated AA of Salt Lake County, Utah. The evaluation period was from November 15, 2010, through December 31, 2012. This evaluation did not include activity during the first quarter of 2013, since this data will be evaluated as part of the bank's Strategic Plan, which will include the entire calendar year of 2013, and which will be evaluated at the next PE. Examiners also evaluated the qualified CD activities of its parent, CIT Group, over the same evaluation period. For this evaluation, the bank's qualified CD investments carry more weight than loans in the assignment of the overall rating. This is primarily due to the number and dollar volume of CD investments in the AA.

Examiners evaluated the bank's CRA performance based upon the following performance criteria:

- The current economic environment,
- The demographic characteristics of the bank's AA,
- CD opportunities within the AA,
- CIT Bank's financial resources and constraints,
- CIT Bank's product offerings and business strategy, and
- Information derived from community contacts.

## **DESCRIPTION OF INSTITUTION**

CIT Bank was chartered as a State of Utah industrial bank in October of 2000. With the approval of the FDIC, CIT Bank modified its charter in December of 2008 and is now a state-chartered, non-member commercial bank. CIT Bank maintains a single, main office location at 2180 South 1300 East, Suite 250, Salt Lake City, Utah 84106. Currently, the bank employs approximately 640 people nationwide, including 33 employees in the Salt Lake City main office. CIT Bank is a wholly-owned, first-tier subsidiary of CIT Group. Founded in 1908, CIT Group is a bank holding company with more than \$33 billion in financing and leasing assets. CIT Group also provides advisory services to its clients and their customers across more than 30 industries nationwide and in several foreign countries. CIT Group maintains a leadership position in small business and middle- and large-market lending, factoring, retail finance, aerospace, equipment and rail leasing, and global vendor finance.

CIT Bank is a non-traditional bank specializing exclusively in commercial credit products (loan and lease) across the United States (U.S.) and several foreign countries. CIT Bank's primary funding source has historically been wholesale brokered deposits. However, beginning in August of 2011, CIT Bank expanded its funding base to include direct-to-customer savings and certificate of deposit (COD) accounts using the internet as the sole delivery channel for account opening. CIT Bank also provides money market deposit accounts (MMDAs) for its commercial customers. CIT Bank does not operate a traditional walk-in bank lobby or branches with in-person contact via tellers or drive-up windows. Through its online bank (BankOnCIT.com), CIT Bank offers a suite of savings and COD accounts designed to help customers achieve a range of financial goals. The bank is a nationwide lender of commercial loan and lease products to small-, middle-, and large-market commercial enterprises. CIT Bank is a preferred Small Business Administration (SBA) lender offering SBA 7a and 504 loans. Additionally, through various bank subsidiaries, CIT Bank targets middle-to-large commercial markets via commercial real estate loans; air, maritime, and railroad credits and leases; vendor and manufacturer product leases; and commercial/industrial loans to finance commercial entities in industries including communications, media, and entertainment; energy, healthcare, industrials, information services and technology, restaurants, retail, sports and gaming. A large number of these commercial loans are syndicated deals or participations with other financial institutions or sponsoring equity firms. CIT Bank does not offer any consumer loans, farm loans, credit card loans, overdraft protection programs, or 1 to 4 family residential mortgage loans.

As of December 31, 2012, CIT Bank reported total assets of \$12.2 billion, total loans of \$8.1 billion, and total deposits of \$9.6 billion. The composition of the bank's loan portfolio is depicted in Table 1. As noted above, commercial real estate, commercial and industrial loans (commercial loans) comprise 78.8 percent of total loans and leases. Commercial leases (capital and operating) comprise 18.6 percent of total loans and leases. Multi-family residential loans comprise 1.5 percent, and construction and land development loans comprise 1.1 percent, of total loans and leases. Commercial lending and leasing represents 97.4 percent of the bank's total loan and lease portfolio. Deposits are comprised of wholesale CODs which represent 44 percent of total deposits, and retail CODs, savings accounts, and MMDAs which represent 56 percent of total deposits.

<b>Table 1 – Loan Portfolio Distribution as of December 31, 2012</b>		
<b>Loan Type</b>	<b>Dollar Volume (000)</b>	<b>Percentage of Total Loans</b>
Construction and Land Development	89,653	1.1
Secured by Farmland	-	-
Revolving Open-end 1 to 4 Family Residential	-	-
Closed-end 1 to 4 Family Residential First Lien	-	-
Closed-end 1 to 4 Family Residential Junior Lien	-	-
Multi-family Residential	122,152	1.5
Commercial Real Estate	575,145	7.1
<b>Total Real Estate Secured</b>	<b>786,950</b>	<b>9.7</b>
Loans to Finance Agricultural Production	-	-
Commercial and Industrial Loans	5,784,749	71.7
Consumer Credit Cards	-	-
Other Consumer Revolving Loans	-	-
Closed-end Consumer Loans	-	-
Obligations of States and Political Subdivisions	-	-
Other Loans	-	-
Lease financing receivables	1,498,105	18.6
Less: Any Unearned Income on Loans	-	-
<b>Total Loans</b>	<b>8,069,804</b>	<b>100.0</b>
<i>Source: December 31, 2012, Call Report</i>		

There are no legal or financial impediments that prevent the bank from helping to meet the credit and CD needs of its AA. CIT Bank received a “Satisfactory” rating in its previous CRA PE dated November 15, 2010.

From September 30, 2010, through December 31, 2012, CIT Bank’s total assets increased from \$7.4 billion to \$12.2 billion, respectively; which represents a rate of growth of 64.6 percent. During this same period, CIT Bank’s total loans grew from \$5.3 billion to \$8.1 billion, respectively; which represents a rate of growth of 52.3 percent.

## **DESCRIPTION OF ASSESSMENT AREA**

CIT Bank has designated all of Salt Lake County, Utah, as its CRA AA. The bank’s main office is located in Salt Lake City, Utah. CIT Bank has no branches, and lending and support operations are primarily located in Florida, New York, and New Jersey. The Salt Lake County AA does not arbitrarily exclude any LMI geographies and conforms to the requirements of CRA.

The evaluation of all CD loans, investments, grants, and services was conducted within the context and geographic delineation of Salt Lake County, the State of Utah, and/or the larger regional area containing the AA. Beginning January 1, 2012, institutions must collect 2012 CRA loan data using updated 2010 U.S. Census Bureau census tract (CT) data. CRA PEs will rely on the 2000 U.S. Census data to assess CRA performance in 2010 and 2011, and the 2010 Census data to assess CRA performance in 2012 and subsequent years. Since both the 2000 and 2010

census data apply to the current CRA PE, demographic data is presented in Tables 2 and 3 for each census period, respectively.

Table 2 reflects 2000 U.S. Census data, which shows that the AA contains 193 CTs (5 low-, 43 moderate-, 90 middle-, and 55 upper-income). Low-income CTs account for 2.6 percent of the total number of CTs in the AA, while moderate-income CTs account for 22.3 percent of the AA total. The total population of the AA is 898,387 persons. Table 2 shows demographic data about the bank’s AA based on 2000 U.S. Census data, 2011 Dun & Bradstreet (D&B) data, and 2011 Adjusted Median Family Income (AMFI) data provided by the U.S. Department of Housing and Urban Development (HUD).

<b>Table 2 – 2000 U.S. Census Demographic Information for the AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA % of #</b>
Census Tracts*	193	2.59	22.28	46.63	28.50	0.00
Population by Census Tract Income Level*	898,387	0.85	23.55	48.82	26.78	0.00
Owner-Occupied Housing Units by Census Tract Income Level*	203,690	0.21	17.40	51.86	30.53	0.00
Businesses by Census Tract Income Level**	125,990	5.88	18.90	42.35	32.87	0.00
Families by Income Level*	215,864	16.99	19.92	24.85	38.24	0.00
Distribution of LMI Families throughout the AA Geographies	79,691	1.56	35.80	49.27	13.37	0.00
Median Family Income*		\$54,586	Median Housing			\$165,698
HUD Adjusted Median Family Income for 2011		\$70,400	Value*			
Households Below Poverty Level*		8%				
<i>Source: *2000 U.S. Census Data, **2011 D&amp;B Data</i>						

Table 3 reflects 2010 U.S.Census data, which shows that the AA contains 212 CTs (12 low-, 41 moderate-, 97 middle-, 60 upper-, and 2 CTs with no income reported). Low-income CTs account for 5.7 percent of the total number of AA CTs, while moderate-income CTs represent 19.3 percent of the total number of AA CTs. The total population of the AA is 1,029,655 persons. Table 3 shows selected demographic data about the bank’s AA based on 2010 U.S Census data, 2011 D&B Data, and 2012 HUD AMFI.

<b>Table 3 – 2010 U.S. Census Demographic Information for the AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA % of #</b>
Census Tracts*	212	5.66	19.34	45.76	28.30	0.94
Population by Census Tract Income Level*	1,029,655	4.68	18.50	49.36	27.09	0.37
Owner-Occupied Housing Units by Census Tract Income Level*	229,637	2.52	14.05	51.79	31.64	0.00
Businesses by Census Tract Income Level**	115,592	4.62	18.66	43.31	32.95	0.46
Families by Income Level*	236,504	18.75	18.98	22.88	39.39	0.00
Distribution of LMI Families throughout the AA Geographies*	236,504	4.19	17.27	49.72	28.82	0.00
Median Family Income*		\$71,242	Median Housing Value*			\$252,807
HUD Adjusted Median Family Income for 2011		\$71,300				
Households Below Poverty Level*		10%				
<i>Source: *2010 U.S. Census Data; **2012 D&amp;B</i>						

Based on 2000 and 2010 U.S. Census data, Salt Lake County’s 2010 total population represents an increase of 14.6 percent over the 2000 total population. The AA’s 2010 population total represents 37.3 percent of the state’s 2010 population total of 2,763,885 persons.

Salt Lake County does not host any distressed or underserved middle-income geographies. There was only one Federal Emergency Management Agency declared disaster in Salt Lake County during the evaluation period. This was the Utah Rose Crest Fire disaster, with an incident period of June 29, 2012, to June 30, 2012. This disaster had no material effect on the CD profile of the AA.

### **Economic Information**

According to Moody’s Economy.com, as of December 2012, Salt Lake County is booming due to a positive county-wide hiring trend for the professional services, leisure and hospitality sectors. Total employment has surpassed the pre-recession peak in November of 2012. The 4<sup>th</sup> quarter of 2012 unemployment rate dropped 0.8 percent since the 2<sup>nd</sup> quarter of 2012, despite upward pressure from the rapidly expanding labor force. As of the 4<sup>th</sup> quarter of 2012, the unemployment rate for Salt Lake County was 4.8 percent, the first time the unemployment rate was below 5 percent since 2008. The county’s 4.8 percent unemployment rate is below the state rate of 5.1 and the national rate of 7.5 percent. Technology growth and expansion will be a key source of payroll and income growth as Salt Lake County transitions into one of the nation’s top technology locations. According to the Utah Department of Workforce Services, the AA’s largest non-government employers are Intermountain Health Care, the University of Utah, Wal-Mart, Zions BanCorp, and Delta Airlines.

The strength of the labor market, a rapidly growing population, and a shortage of housing supply will drive housing prices and housing construction upward in the near term. The current real estate market is underpriced and severely undersupplied. As house prices increase, the lack of supply will drive developers to begin building. According to the Utah Association of Realtors,

the Salt Lake County homeownership rate is 6 percent below its peak in 2011, and inventories are at their lowest level since 2007. The rate of foreclosures is at its lowest level since 2008, and recently dipped below the nationwide level. Short sales and other real estate owned sales rose in 2011. These distressed and discounted properties represented 30 percent of the total home sales in Salt Lake County during 2011.

### **Community Contacts**

Two recent community contacts were reviewed for this evaluation. These contacts were an affordable housing and an economic development organization. The director of a local housing authority involved in affordable housing development indicated that there is a critical need for housing for the homeless, services for senior citizens, and transitional housing for people impacted by recent mortgage troubles. The director stated that he has been pleased with local community and financial institution involvement. One example of financial institution involvement that he pointed to was the assistance provided through the Utah Community Reinvestment Corporation (UCRC), which has provided much needed financial assistance for the development of affordable housing. The involvement by retail and industrial banks in the UCRC illustrates a strong commitment to affordable housing needs within the AA. However, there continues to be a need for housing assistance, school programs, services for seniors, and other related community services.

The other contact was a Community Development Corporation (CDC) organized to revitalize blighted neighborhoods in Salt Lake County and statewide. This organization provides homebuyer education and one-on-one counseling to many communities throughout the State of Utah. The CDC receives the majority of its funding from HUD and various municipalities. It also receives some grant money from financial institutions and foundations. The CDC director stated that Utah is a favorable environment for CD investment opportunities. He indicated that local financial institutions have been especially helpful and responsive in providing funding for affordable housing projects.

### **Assessment Area Credit and Community Development Needs**

CIT Bank contacted a number of CD organizations, government agencies, and community advocates in assessing the needs of its AA and the CD lending, investments, and service opportunities within the AA. CIT Bank identified the following opportunities and critical needs:

#### CD Opportunities:

- Grants
- Capacity building
- Loans

#### Critical Needs:

- Affordable housing
- Poverty alleviation
- Services for the homeless
- Employment opportunities and counseling

- Economic development
- Foreclosure counseling

The CD activities and resources comprising the bank's CRA program have been structured to respond to these areas of need inside its AA or broader statewide and/or regional area.

### **Competition in the Assessment Area**

Within the bank's AA there is strong competition among several large financial institutions. Although select opportunities exist within the AA for CD loans, investments, and services, the ability of CIT Bank to participate is limited due to the number of large financial institutions within Salt Lake County. According to the FDIC Summary of Deposits database, as of June 2012, there were 247 FDIC-insured offices of competitor institutions, holding \$310 billion in deposits representing a 91 percent AA market share. Additionally, the number of non-profit organizations in the AA has shrunk during the current review period. CIT Bank partners with these non-profit organizations in providing CD loans, investments, grants, and services.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE**

CIT Bank is being evaluated as a LPI for this CRA PE, based on its qualified CD activities. In order to qualify for CD, a loan, investment, grant, or service must have as its primary purpose: (1) affordable housing; (2) services targeting LMI individuals or families; (3) activities that promote economic development by financing small farms and/or small businesses; or (4) activities that revitalize or stabilize LMI areas, distressed or underserved middle-income geographies, and designated disaster areas.

### **Community Development Lending**

CIT Bank originated an adequate level of CD loans within the AA or statewide/regional area benefiting the AA. During the evaluation period, the bank originated, committed, and or/funded 38 qualified CD loans totaling \$18.5 million within its AA and broader statewide/regional area. This lending activity supported affordable housing, revitalization and stabilization of LMI geographies, economic development, and small business lending. Qualified CD loans are 0.21 percent of the average of total assets of \$9.0 billion over the evaluation period (nine calendar quarters from quarter-end December 31, 2010, through quarter-end December 31, 2012), and 0.29 percent of the average of total loans of \$6.4 billion over the same period. Table 4 details CD loans by year and purpose.

**Table 4 – CD Lending in the AA**

Community Development	2010*		2011		2012		Total	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Affordable Housing	2	80	2	5,023	2	7,608	6	12,711
Revitalization and Stabilization	-	-	-	-	1	808	1	808
Micro Small Business Lending	-	-	12	0.6	8	0.4	20	1
Economic Development	-	-	-	-	1	1,000	1	1,000
Small Business Lending	-	-	4	1,603	4	2,435	8	4,038
<b>Totals</b>	<b>2</b>	<b>80</b>	<b>18</b>	<b>6,627</b>	<b>16</b>	<b>11,851</b>	<b>36</b>	<b>18,558</b>

Source: Bank records. \*2010 only includes activity from November 15, 2010, through December 31, 2010.

As shown in Table 4, a majority of CD loans (63.9 percent of total dollar volume) were originated in 2012, the latter half of the evaluation period.

CIT Bank is a member of the UCRC, a statewide consortium that funds affordable multi-family housing loans. This consortium is a non-profit Community Reinvestment Corporation whose membership is comprised of local financial institutions. The consortium uses a pool of funds provided by its members to provide funding and technical assistance to project sponsors in developing affordable housing for LMI individuals and families. Funds are available for new construction and the acquisition and/or rehabilitation of existing housing.

Since the previous CRA PE, CIT Bank has allocated funds through this consortium to finance 3 new projects totaling \$103,000 and in 2011, renewed its total commitment of \$5 million with the UCRC. This \$5 million commitment remained in place throughout the entire evaluation period. CIT Bank expanded investment in the consortium by acquiring a \$2.6 million funded commitment from a financial institution exiting the program. Additionally, CIT Bank acquired this institution's future commitment to invest in 19 new projects totaling \$3.5 million. This transaction is included within the 2012 totals. The bank participated in 16 loans through the UCRC loan pool during the evaluation period.

The following are notable examples of CIT Bank's CD lending activity, including the affordable housing projects through the UCRC:

- **Economic Development Revolving Loan Fund** – The Salt Lake County Economic Development Revolving Loan Fund is a consortium of six banks and Salt Lake County to provide financing for small businesses to create permanent full-time jobs targeted to LMI individuals. CIT Bank has a 14.3 percent interest in this consortium representing a \$1 million commitment.

- **Affordable Housing Mission Investment Fund (AHMI) II** – The AHMI is a 50/50 participation loan between CIT Bank and one other lender. AHMI was developed by a local Community Development Financial Institution (CDFI) to attract other financial institutions that could provide a source of low-cost capital. AHMI is a loan pool that assists NeighborWorks Organizations nationwide to achieve their mission of providing medium-term loans to non-profit organizations. These non-profit organizations develop affordable and sustainable housing as well as economic development and neighborhood revitalization projects. CIT Bank provided a commitment of \$5 million in 2012 towards a total loan pool of \$10 million. This is an innovative and complex loan, which demonstrates CIT Bank’s responsiveness in assisting a local CDFI to provide capital to non-profit organizations serving local communities nationwide.
- **New Markets Tax Credit Loan** – The Tribune Building in Salt Lake City was renovated to provide housing and classroom space for Neumont University. Developers used an innovative and complex form of financing due to the number of parties involved and multiple transactions needed to channel tax credits, equity, and leveraged debt capital to the project. As part of an urban revitalization initiative, this renovated project will provide 42 residential units and 44,070 square feet of commercial space in downtown Salt Lake City. The entire building will be leased by Neumont University. This project created 17 part-time jobs with 5 from LMI households and 33 full-time construction jobs during the rehabilitation phase. Upon completion, it is expected that the project will create 20 ongoing jobs with five of them employing LMI individuals.
- **Low-Income Multi-family Housing Complex** – This is a project in Salt Lake County that will provide 112 units of affordable housing, including 68 studio, 31 one-bedroom, and 12 two-bedroom units. All of the rents are restricted to families earning less than 60 percent of the AMFI with 20 units restricted to 35 percent of the AMFI. These 20 units are often subsidized by Housing Assistance Payment Vouchers provided by a local housing authority.
- **Low-Income Housing Tax Credit** – This project provided term financing for a multi-family, affordable housing project in Brigham City, Utah, within the broader statewide area that includes the bank’s AA. This project provides 56 units of duplex houses in a planned unit development. All rental units are restricted to families earning 25-50 percent of the AMFI, with the average rent equaling 43 percent of the AMFI.

### **Community Development Investments and Grants**

CIT Bank transacted an adequate level of qualified CD investments and grants that are responsive to the CD needs of the AA and the broader statewide area that includes the AA. Examiners identified approximately \$123 million in qualified investments, including debt or equity investments and qualified donations and grants. Total current-period and prior-period qualified investments and grants of \$123 million represent 1.4 percent of the average of total assets during the evaluation period. CIT Bank made 103 new qualified CD investments and grants totaling \$87.6 million during the evaluation period. These new qualified investments

represent 1 percent of the average of total assets of \$9 billion over the evaluation period (nine calendar quarters from quarter-end December 31, 2010, through quarter-end December 31, 2012). However, the bank made limited use of innovative or complex qualified investments. Table 5 summarizes the number and dollar volume of the bank's qualified investments made during the evaluation period, including carryover balances from qualified investments made during the previous CRA Evaluation period.

<b>Table 5 – CD Investments in the AA</b>										
<b>Year</b>	<b>Total</b>		<b>Affordable Housing</b>		<b>Community Development Services</b>		<b>Economic Development</b>		<b>Revitalization or Stabilization</b>	
	<b>#</b>	<b>\$ (000)</b>	<b>#</b>	<b>\$ (000)</b>	<b>#</b>	<b>\$ (000)</b>	<b>#</b>	<b>\$ (000)</b>	<b>#</b>	<b>\$ (000)</b>
Prior Period	36	35,407	36	35,407	-	-	-	-	-	-
<b>Total Prior Period</b>	<b>36</b>	<b>35,407</b>	<b>36</b>	<b>35,407</b>	-	-	-	-	-	-
<b>*2010</b>										
Salt Lake County	1	66	1	66	-	-	-	-	-	-
Statewide Area	-	-	-	-	-	-	-	-	-	-
<b>Total 2010</b>	<b>1</b>	<b>66</b>	<b>1</b>	<b>66</b>	-	-	-	-	-	-
<b>2011</b>										
Salt Lake County	-	-	-	-	-	-	-	-	-	-
Statewide Area	3	1,491	3	1,491	-	-	-	-	-	-
<b>Total 2011</b>	<b>3</b>	<b>1,491</b>	<b>3</b>	<b>1,491</b>	-	-	-	-	-	-
<b>2012</b>										
Salt Lake County	21	72,971	21	72,971	-	-	-	-	-	-
Statewide Area	10	12,707	10	12,707	-	-	-	-	-	-
<b>Total 2012</b>	<b>31</b>	<b>85,678</b>	<b>31</b>	<b>85,678</b>	-	-	-	-	-	-
<b>Total Current Period</b>	<b>35</b>	<b>87,235</b>	<b>35</b>	<b>87,235</b>	-	-	-	-	-	-
<b>Grand Total</b>	<b>71</b>	<b>122,642</b>	<b>71</b>	<b>122,642</b>	-	-	-	-	-	-

*Source: Bank records. \*2010 only includes activity from November 15, 2010, through December 31, 2010.*

As reflected in Table 5, a significant majority of new qualified investments (98.1 percent of total dollar volume) were acquired in 2012, the latter half of the evaluation period. Of the 2012 investments, the largest portion consists of mortgage-backed securities totaling \$60.1 million that are secured with mortgages from LMI borrowers residing in the AA or the broader statewide area that includes the AA. A majority of these collateralized mortgages are in the bank's designated AA.

CIT Bank reinvested all of the dividends earned (totaling \$939,000) in the CRA Qualified Investment Fund during the evaluation period. Additionally, in 2012 this pooled investment funded \$12.3 million for 9 affordable housing projects in the bank's AA. This fund's cumulative impact provided 851 affordable housing units within the AA and broader statewide area, as well as 162 affordable housing units outside the AA, during the evaluation period. Since its inception, the CRA Qualified Investment Fund has invested over \$4 billion in CD initiatives on behalf of its shareholders.

CIT Bank maintained 36 qualified CD investments totaling \$35.4 million that were made prior to the current evaluation period. These investments represent outstanding balances of affordable housing mortgage-backed securities and Utah Housing Bonds.

CIT Bank provided 68 grants totaling \$352,000 to local non-profit CD organizations. These organizations provided affordable housing, economic development, and community services to the homeless and at-risk youth. Table 6 details CIT Bank’s qualified grants in the AA by purpose, year, and number.

<b>Table 6 – CD Donations in the AA</b>								
<b>Community Development Purpose</b>	<b>*2010</b>		<b>2011</b>		<b>2012</b>		<b>Total</b>	
	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>
Affordable Housing	0	0	7	16	7	78	14	94
Community Services	0	0	18	61	24	144	42	205
Economic Development	0	0	5	10	6	36	11	46
Revitalize or Stabilize Community	0	0	0	0	1	7	1	7
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>30</b>	<b>87</b>	<b>38</b>	<b>265</b>	<b>68</b>	<b>352</b>

*Source: Bank records. \*2010 only includes activity from November 15, 2010, through December 31, 2010.*

As shown in Table 6, a significant majority of CD grants (75.3 percent of total dollar volume) were provided in 2012, the latter half of the evaluation period. The majority of CIT Bank’s qualified grants were directed to CD organizations providing essential services to LMI individuals and families within the AA. The following are notable highlights of the services provided by these organizations:

- **Affordable Housing** – CD organizations providing technical assistance or development resources for single- and multi-family affordable housing.
- **Poverty Assistance** – CD organizations serving LMI individuals and families by providing education, legal services, health care, financial services, and basic necessities such as food and shelter.
- **Homelessness** – CD organizations serving homeless individuals. Services offered include basic needs such as temporary housing, medical services, food, and offering long-term solutions such as permanent housing, mental and social counseling, drug rehabilitation, and employment services.
- **Unemployment** – CD services to assist unemployed individuals (including disabled individuals), counseling for start-up small businesses, mentoring, and identifying job leads for homeless individuals.
- **Foreclosure Counseling** – Grants were provided to organizations that were HUD-approved counseling agencies to assist in foreclosure counseling.

- **Community Development** – CD organizations providing essential services to LMI individuals. These services include after-school programs for children in low-income families, educational services for low-income children, and the revitalization and stabilization of distressed or LMI neighborhoods.

**Community Development Services**

CIT Bank provided an adequate level of CD services focusing on the CD needs and opportunities within the AA. During the evaluation period, CIT Bank management and staff personnel provided 327 hours of CD service.

CIT Bank representatives served on, and volunteered their skills and expertise to, the credit committees and boards of 15 local non-profit organizations that primarily serve LMI families and individuals throughout the AA. Table 7 summarizes these CD service activities.

<b>Table 7 – CD Services in the AA</b>					
<b>Qualifying Services</b>	<b>Activities</b>	<b>2010*</b>	<b>2011</b>	<b>2012</b>	<b>Totals</b>
		<b>Hours</b>	<b>Hours</b>	<b>Hours</b>	<b>Hours</b>
Affordable Housing	Board and committee service to entities engaged in affordable housing development	0	69	78	147
Financial Literacy	Provision of financial literacy training targeted to LMI individuals and students.	0	41	82	123
Economic & Development	Promote economic and development opportunities.	0	30	27	57
<b>Totals</b>		<b>0</b>	<b>140</b>	<b>187</b>	<b>327</b>

Source: Bank records. \*2010 only includes activity from November 15, 2010, through December 31, 2010.

As shown in Table 7, a majority of CD service hours (57.2 percent) were performed over the latter half of the evaluation period. Throughout the evaluation period, CIT Bank employed an average of 36 employees in its Salt Lake City location. This equates to approximately 4.5 hours of CD service per employee per year.

Examples of CD service include the following:

- Members of bank management provided their financial expertise while serving on the boards of various organizations that provide affordable housing for LMI individuals and families within the bank’s AA.
- A senior bank officer provided financial expertise for a local non-profit organization that provides financing and management support to entrepreneurs in start-up and existing

firms that do not have access to traditional sources of capital. This target audience also includes those who are socially and economically disadvantaged.

- A member of bank management served on a steering committee of an economic development organization that brought a nationally recognized CDFI with expertise in small business lending to Salt Lake City to address gaps in the Salt Lake County small businessmarket. This bank officer, along with the CDFI representative, assisted this organization in building a presence in Salt Lake County and assisted in the development of a revolving loan pool to assist small business owners.

### **SUMMARY OF INSTITUTION'S OTHER COMMUNITY DEVELOPMENT ACTIVITIES**

CIT Bank adequately addressed the CD needs of its AA. Therefore, consideration was given to qualified CD loans, investments, and services that have benefitted areas within the broader statewide or regional areas that include the bank's AA. These additional CRA qualified activities were provided by the bank's parent, CIT Group.

CIT Group is the largest originator of SBA 7a loans in the nation. CIT Group also originates SBA 504 certified development company program loans. During the evaluation period, CIT Group originated four qualified SBA loans totaling \$2 million outside the bank's AA. These loans promoted economic development by creating 49 new jobs and retaining 38 existing jobs.

CIT Group provided \$14,000 in CRA qualified grants to 6 non-profit organizations serving LMI individuals and families. Some of these organizations were involved in providing relief to victims of Hurricane Sandy, which affected the northeastern U.S. in October and November of 2012.

CIT Group employees provided 333 qualified CRA service hours. Employees working in New York and North Carolina partnered with Junior Achievement to provide financial education to children in these areas.

### **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No evidence of discriminatory or other illegal credit practices inconsistent with meeting the community credit needs of the AA was identified.

**APPENDIX A – SCOPE OF EXAMINATION**

<b>TIME PERIOD REVIEWED</b>	November 15, 2010 to March 18, 2013	
<b>FINANCIAL INSTITUTION</b>  CIT Bank		<b>PRODUCTS REVIEWED</b>  Community Development Loans Community Development Investments Community Development Services
<b>AFFILIATE</b>	<b>AFFILIATE RELATIONSHIP</b>	<b>PRODUCTS REVIEWED</b>
CIT Group, Inc.	Bank holding company	Community Development Small Business Loans Community Development Grants Community Development Services

<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>
Salt Lake County, UT	Limited-Purpose	None	None

## APPENDIX B – GLOSSARY

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration’s Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

**Full-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments and branch distribution).

**Low-income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of geography.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**Middle-income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of geography.

**Moderate-income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Upper-income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of geography.