CIT GROUP INC
Form 10-Q
August 09, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

|X| Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2012

| | Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 001-31369

CIT GROUP INC.

(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**65-1051192** (IRS Employer Identification Number)
11 West 42nd Street New York, New York (Address of Registrant s principal executive offices)	**10036** (Zip Code)
(212) 461-5200 (Registrant s telephone number)	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes |X| No |_|

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes |X| No |_|

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. Large accelerated filer |X| Accelerated filer |_| Non-accelerated filer |_| Smaller reporting company |_|.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes |_| No |X|

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes |X| No |_|

As of July 31, 2012 there were 200,838,406 shares of the registrant s common stock outstanding.

CONTENTS

Part One Financial Information

ITEM 1. Consolidated Financial Statements

CIT GROUP INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Unaudited) (dollars in millions except share data)

	June 30, 2012	December 31, 2011
Assets		
Cash and due from banks	$ 550.8	$ 433.2
Interest bearing deposits, including restricted balances of $993.8 and $869.9 at June 30, 2012 and December 31, 2011[(1)]	5,542.4	7,002.4
Investment securities	1,184.3	1,250.6

	June 30, 2012	December 31, 2011
Trading assets at fair value derivatives	36.3	42.9
Assets held for sale[(1)]	1,434.0	2,332.3
Loans (see Note 5 for amounts pledged)	20,100.5	19,885.5
Allowance for loan losses	(414.2)	(407.8)
Total loans, net of allowance for loan losses[(1)]	19,686.3	19,477.7
Operating lease equipment, net (see Note 5 for amounts pledged)[(1)]	11,896.4	11,991.6
Unsecured counterparty receivable	638.2	733.5
Goodwill	330.8	330.8
Intangible assets, net	42.3	63.6
Other assets	1,454.2	1,576.8
Total Assets	**$42,796.0**	**$45,235.4**
Liabilities		
Deposits	$ 7,163.6	$ 6,193.7
Trading liabilities at fair value derivatives	60.7	74.9
Credit balances of factoring clients	1,164.1	1,225.5
Other liabilities	2,488.3	2,562.2
Long-term borrowings, including $1,265.2 and $3,203.8 contractually due within twelve months at June 30, 2012 and December 31, 2011, respectively	23,534.3	26,288.1
Total Liabilities	**34,411.0**	**36,344.4**
Stockholders Equity		
Common stock: $0.01 par value, 600,000,000 authorized		
Issued: 201,246,267 and 200,980,752 at June 30, 2012 and December 31, 2011	2.0	2.0
Outstanding: 200,836,649 and 200,660,314 at June 30, 2012 and December 31, 2011		
Paid-in capital	8,481.5	8,459.3
Retained earnings	14.9	532.1
Accumulated other comprehensive loss	(101.0)	(92.1)
Treasury stock: 409,618 and 320,438 shares at June 30, 2012 and December 31, 2011 at cost	(16.5)	(12.8)
Total Common Stockholders Equity	8,380.9	8,888.5
Noncontrolling minority interests	4.1	2.5
Total Equity	**8,385.0**	**8,891.0**
Total Liabilities and Equity	**$42,796.0**	**$45,235.4**

(1)

The following table presents information on assets and liabilities related to Variable Interest Entities (VIEs) that are consolidated by the Company. The difference between total VIE assets and liabilities represents the Company s interests in those entities, which were eliminated in consolidation. The assets of the consolidated VIEs will be used to settle the liabilities of those entities and, except for the Company s interest in the VIEs, are not available to the creditors of CIT or any affiliates of CIT. In the following table, certain prior period balances have been conformed to current period presentation.

Assets		
Interest bearing deposits, restricted	$ 615.1	$ 574.2
Assets held for sale	617.2	317.2
Total loans, net of allowance for loan losses	7,488.2	8,523.7
Operating lease equipment, net	4,251.3	4,285.4
Total Assets	**$12,971.8**	**$13,700.5**
Liabilities		
Beneficial interests issued by consolidated VIEs (classified as long-term borrowings)	$ 9,441.1	$ 9,875.5
Total Liabilities	**$ 9,441.1**	**$ 9,875.5**

The accompanying notes are an integral part of these consolidated financial statements.

CIT GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited) (dollars in millions except per share data)

	Quarters Ended June 30,		Six Months Ended June 30,	
	2012	**2011**	**2012**	**2011**
Interest income				
Interest and fees on loans	$ 401.3	$ 591.0	$ 805.1	$ 1,221.4
Interest and dividends on investments	8.0	8.6	15.8	17.0
Interest income	409.3	599.6	820.9	1,238.4
Interest expense				
Interest on long-term borrowings	(603.9)	(781.3)	(1,647.3)	(1,455.5)
Interest on deposits	(35.3)	(25.1)	(71.6)	(49.5)
Interest expense	(639.2)	(806.4)	(1,718.9)	(1,505.0)
Net interest revenue	(229.9)	(206.8)	(898.0)	(266.6)
Provision for credit losses	(8.9)	(84.1)	(51.5)	(206.5)
Net interest revenue, after credit provision	(238.8)	(290.9)	(949.5)	(473.1)
Non-interest income				
Rental income on operating leases	445.5	420.2	884.8	829.1
Other income	144.0	233.4	393.4	503.8
Total non-interest income	589.5	653.6	1,278.2	1,332.9
Total revenue, net of interest expense and credit provision	350.7	362.7	328.7	859.8
Other expenses				
Depreciation on operating lease equipment	(130.7)	(153.2)	(268.2)	(313.4)
Operating expenses	(240.2)	(238.5)	(463.5)	(443.4)
Loss on debt extinguishments	(21.5)		(44.4)	
Total other expenses	(392.4)	(391.7)	(776.1)	(756.8)
Income (loss) before provision for income taxes	(41.7)	(29.0)	(447.4)	103.0
Provision for income taxes	(27.8)	(21.4)	(67.7)	(83.6)
Income (loss) before noncontrolling interests	(69.5)	(50.4)	(515.1)	19.4
Net (income) loss attributable to noncontrolling interests, after tax	(1.2)	0.7	(2.1)	(3.5)
Net income (loss)	$ (70.7)	$ (49.7)	$ (517.2)	$ 15.9
Basic earnings per common share	$ (0.35)	$ (0.25)	$ (2.57)	$ 0.08
Diluted earnings per common share	$ (0.35)	$ (0.25)	$ (2.57)	$ 0.08
Average number of common shares basic (thousands)	200,901	200,658	200,857	200,631
Average number of common shares diluted (thousands)	200,901	200,658	200,857	200,893

The accompanying notes are an integral part of these consolidated financial statements.

CIT GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited) (dollars in millions)

	Quarters Ended June 30,		Six Months Ended June 30,	
	2012	**2011**	**2012**	**2011**
Income (loss) before noncontrolling interests	$(69.5)	$(50.4)	$(515.1)	$19.4
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(12.0)	(15.8)	(10.9)	(9.0)
Changes in fair values of derivatives qualifying as cash flow hedges	0.2	(0.4)	0.7	0.5
Net unrealized gains (losses) on available for sale securities		8.0	0.5	5.9
Changes in benefit plans net gain/(loss) and prior service (cost)/credit	0.4		0.8	(0.1)
Other comprehensive loss, net of tax	(11.4)	(8.2)	(8.9)	(2.7)
Comprehensive income (loss) before noncontrolling interests	(80.9)	(58.6)	(524.0)	16.7
Comprehensive income (loss) attributable to noncontrolling interests	(1.2)	0.7	(2.1)	(3.5)
Comprehensive income (loss)	$(82.1)	$(57.9)	$(526.1)	$13.2

The accompanying notes are an integral part of these consolidated financial statements.

CIT GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY (Unaudited) (dollars in millions)

	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Noncontrolling Minority Interests	Total Equity
December 31, 2011	**$2.0**	**$8,459.3**	**$ 532.1**	**$ (92.1)**	**$(12.8)**	**$ 2.5**	**$8,891.0**
Net loss			(517.2)			2.1	(515.1)
Other comprehensive loss, net of tax				(8.9)			(8.9)
Amortization of restricted stock and stock option, and performance shares expense		21.6			(3.7)		17.9
Employee stock purchase plan		0.6					0.6
Distribution of earnings and capital						(0.5)	(0.5)
June 30, 2012	**$2.0**	**$8,481.5**	**$ 14.9**	**$(101.0)**	**$(16.5)**	**$ 4.1**	**$8,385.0**

	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Noncontrolling Minority Interests	Total Equity
December 31, 2010	**$ 2.0**	**$ 8,434.1**	**$ 505.4**	**$ (9.6)**	**$ (8.8)**	**$ (2.3)**	**$ 8,920.8**
Net income			15.9			3.5	19.4
Other comprehensive income				(2.7)			(2.7)
Amortization of restricted stock and stock option expenses		13.3			(2.7)		10.6
Distribution of earnings and capital						0.2	0.2
June 30, 2011	**$ 2.0**	**$ 8,447.4**	**$ 521.3**	**$ (12.3)**	**$ (11.5)**	**$ 1.4**	**$ 8,948.3**

The accompanying notes are an integral part of these consolidated financial statements.

CIT GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited) (dollars in millions)

	Six Months Ended June 30,	
	2012	**2011**
Cash Flows From Operations		
Net income (loss)	$ (517.2)	$ 15.9
Adjustments to reconcile net income (loss) to net cash flows from operations:		
Provision for credit losses	51.5	206.5
Net depreciation, amortization and (accretion)	1,104.5	329.2
Net gains on equipment, receivable and investment sales	(228.0)	(252.6)
Loss on debt extinguishments	10.5	
Provision for deferred income taxes	6.7	12.6
(Increase) decrease in finance receivables held for sale	(36.9)	7.2
Decrease in other assets	77.0	65.1
Decrease in accrued liabilities and payables	(156.7)	(128.1)
Net cash flows provided by operations	311.4	255.8
Cash Flows From Investing Activities		
Loans extended and purchased	(9,460.3)	(10,611.8)
Principal collections of loans	8,150.1	11,713.6
Purchases of investment securities	(8,286.6)	(12,633.4)
Proceeds from maturities of investment securities	8,376.2	9,956.2
Proceeds from asset and receivable sales	2,978.1	1,681.4
Purchases of assets to be leased and other equipment	(807.4)	(546.5)
Net increase in short-term factoring receivables	(2.9)	(26.4)
Change in restricted cash	(123.9)	128.0

	Six Months Ended June 30,	
Net cash flows provided by (used in) investing activities	823.3	(338.9)
Cash Flows From Financing Activities		
Proceeds from the issuance of term debt	8,730.3	2,692.8
Repayments of term debt	(12,383.2)	(6,285.2)
Net increase (decrease) in deposits	977.6	(94.0)
Collection of security deposits and maintenance funds	257.2	264.4
Repayment of security deposits and maintenance funds	(182.9)	(209.7)
Net cash flows used in financing activities	(2,601.0)	(3,631.7)
Decrease in cash and cash equivalents	(1,466.3)	(3,714.8)
Unrestricted cash and cash equivalents, beginning of period	6,565.7	8,650.4
Unrestricted cash and cash equivalents, end of period	**$ 5,099.4**	**$ 4,935.6**
Supplementary Cash Flow Disclosure		
Interest paid	$ 667.6	$ 1,077.6
Federal, foreign, state and local income taxes (collected), net	$ 14.1	$ 51.1
Supplementary Non Cash Flow Disclosure		
Transfer of assets from held for investment to held for sale	$ 1,189.3	$ 1,580.0
Transfer of assets from held for sale to held for investment	$ 25.3	$ 54.6

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CIT Group Inc. has provided financial solutions to its clients since its formation in 1908. We provide financing and leasing capital principally for small businesses and middle market companies in a wide variety of industries and offer vendor, equipment, commercial and structured financing products, as well as factoring and management advisory services. CIT became a bank holding company (BHC) in 2008 and is the parent of CIT Bank, a state-chartered bank in Utah. We operate primarily in North America, with locations in Europe, South America and Asia.

BASIS OF PRESENTATION

Principles of Consolidation

The accompanying consolidated financial statements include financial information related to CIT Group Inc., a Delaware Corporation, and its majority owned subsidiaries, including CIT Bank (collectively, CIT or the Company), and those variable interest entities (VIEs) where the Company is the primary beneficiary. Assets held in an agency or fiduciary capacity are not included in the consolidated financial statements.

In preparing the consolidated financial statements, all significant intercompany accounts and transactions have been eliminated. These consolidated financial statements, which have been prepared in accordance with the instructions to Form 10-Q, do not include all information and note disclosures required by generally accepted accounting principles in the United States of America (GAAP). The financial statements in this Form 10-Q have not been audited by an independent registered public accounting firm in accordance with standards of the Public Company Accounting Oversight Board (U.S.), but in the opinion of management include all adjustments, consisting only of normal recurring adjustments necessary for a fair presentation of CIT s financial position, results of operations and cash flows in accordance with GAAP. These consolidated financial statements should be read in conjunction with our current Form 10-K on file.

The consolidated financial statements include the effects of adopting Fresh Start Accounting (FSA) upon emergence from bankruptcy on December 10, 2009, based on a convenience date of December 31, 2009 (the Convenience Date), as required by GAAP. Accretion and amortization of certain FSA adjustments are included in the Statements of Operations and Cash Flows. See the Company s Annual Report on

Form 10-K for the year ended December 31, 2011 (Form 10-K), Note 1 Business and Summary of Significant Accounting Policies and Note 26 Fresh Start Accounting , for additional FSA and reorganization information.

The accounting and financial reporting policies of CIT Group Inc. conform to GAAP and the preparation of the consolidated financial statements requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates and assumptions. Some of the more significant estimates include: fresh start accounting fair values; valuation of deferred tax assets; lease residual values and depreciation of operating lease equipment; and allowance for loan losses. Additionally, where applicable, the policies conform to accounting and reporting guidelines prescribed by bank regulatory authorities.

NEW ACCOUNTING PRONOUNCEMENTS

Fair Value Measurement

In May 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurement (Topic 820)*: *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS.* The new guidance results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between U.S. GAAP and IFRS. The disclosure requirements also have been enhanced. The most significant change requires entities, for their recurring Level 3 fair value measurements, to disclose quantitative information about unobservable inputs used, a description of the valuation processes used by the entity, and a qualitative discussion about the sensitivity of the measurements. New disclosures are required about the use of a nonfinancial asset measured or disclosed at fair value if its use differs from its highest and best use. In addition, entities must report the level in the fair value hierarchy of assets and liabilities not recorded at fair value but where fair value is disclosed. The amendment became effective for fiscal years beginning after December 15, 2011, with early adoption prohibited. The adoption of the guidance during the quarter ended March 31, 2012, did not affect the Company s financial condition and resulted in additional fair value measurement disclosures.

Comprehensive Income

In June 2011, the FASB issued ASU No. 2011-05 to amend the guidance on the presentation of comprehensive income in FASB ASC Topic 220, *Comprehensive Income* that requires companies to present a single statement of comprehensive income or two consecutive statements. The guidance makes the financial statement presentation of other comprehensive income more prominent by eliminating the alternative to present comprehensive income within the statement of equity. The ASU became effective for annual and interim periods beginning after December 15, 2011. The adoption of the guidance during the quarter ended March 31, 2012 did not affect the Company s financial condition but added the Consolidated Statements of Comprehensive Income (Loss).

On December 23, 2011, the FASB issued ASU No. 2011-12, *Comprehensive Income (Topic 220): Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05*. The ASU defers the requirement to present components of reclassifications of other comprehensive income on the face of the income statement, while still requiring companies to adopt the other requirements contained in ASU No. 2011-05, as noted above.

Balance Sheet Offsetting Disclosure Requirements

In December 2011, the FASB issued ASU No. 2011-11, *Disclosures about Offsetting Assets and Liabilities* which creates new disclosure requirements about the nature of an entity s rights of setoff and related arrangements associated with its financial instruments and derivative instruments. The new disclosures will enable financial statement users to compare balance sheets prepared under U.S. GAAP and International Financial Reporting Standards (IFRS), which are subject to different offsetting models. The disclosures will be limited to financial instruments and derivatives subject to enforceable master netting arrangements or similar agreements and excludes loans unless they are netted in the statement of financial condition. The amendments will affect all entities that have financial instruments and derivatives that are either offset in the balance sheet or subject to an enforceable master netting arrangement or similar agreement regardless of whether they are offset in the balance sheet. The ASU will require entities to disclose, separately for financial assets and liabilities, including derivatives, the gross amounts of recognized financial assets and liabilities; the amounts offset under current U.S. GAAP; the net amounts presented in the balance sheet; the amounts subject to an enforceable master netting arrangement or similar agreement that were not included in the offset amount above, and the reconciling amount.

The disclosure requirements are effective for annual and interim reporting periods beginning on or after January 1, 2013, with retrospective application required. The Company is evaluating the impact of this amendment.

Indefinite-Lived Intangible Assets Impairment Test

In July 2012, the FASB issued ASU No. 2012-02, Testing Indefinite-Lived Intangible Assets for Impairment which amends the guidance in ASC Topic 350 on testing indefinite-lived intangible assets other than goodwill for impairment. Under ASC 350-30, entities must test indefinite-lived intangible assets for impairment at least annually by calculating and comparing an asset s fair value with its carrying amount. An impairment loss would be recorded for an amount equal to the excess of the asset s carrying amount over its fair value. ASU No. 2012-02 provides the option of performing a qualitative assessment before calculating the fair value of the asset, when testing an indefinite-lived intangible asset for impairment. If an entity determines, on the basis of qualitative factors, that the fair value of an indefinite-lived intangible asset is not more likely than not impaired, they would not need to calculate the fair value of the asset. The ASU does not revise the requirement to test indefinite-lived intangible assets annually for impairment. In addition, the ASU does not amend the requirement to test these assets for impairment between annual tests if there is a change in events or circumstances; however, it does revise the examples of events and circumstances that an entity should consider in interim periods.

The guidance will be effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. The Company is currently evaluating the potential impact of adopting the ASU.

NOTE 2 LOANS

Finance receivables consist of the following:

Finance Receivables by Product (dollars in millions)

	June 30, 2012	December 31, 2011
Loans	$15,400.2	$15,663.6
Direct financing leases and leveraged leases	4,700.3	4,221.9
Finance receivables	20,100.5	19,885.5
Finance receivables held for sale	880.7	2,088.0
Finance receivables and held for sale receivables(1)	$20,981.2	$21,973.5

(1) Assets held for sale in the balance sheet includes finance receivables and operating lease equipment. As discussed in subsequent tables, since the Company manages the credit risk and collections of finance receivables held for sale consistently with its finance receivables held for investment, the applicable amount is presented.

The following table presents finance receivables by segment, based on obligor location:

Finance Receivables (dollars in millions)

	June 30, 2012			December 31, 2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Corporate Finance	$ 6,473.8	$1,075.9	$ 7,549.7	$ 5,870.0	$ 992.7	$ 6,862.7
Transportation Finance	1,287.9	468.9	1,756.8	1,063.2	423.8	1,487.0
Trade Finance	2,274.6	96.7	2,371.3	2,299.1	132.3	2,431.4
Vendor Finance	2,386.1	2,138.4	4,524.5	2,365.5	2,056.2	4,421.7
Consumer	3,888.2	10.0	3,898.2	4,670.9	11.8	4,682.7
Total	$16,310.6	$3,789.9	$20,100.5	$16,268.7	$3,616.8	$19,885.5

CIT GROUP INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table presents selected components of the net investment in finance receivables.

Components of Net Investment in Finance Receivables (dollars in millions)

	June 30, 2012	December 31, 2011
Unearned income	$(993.1)	$(1,057.5)
Unamortized premiums and discounts	(45.5)	(42.3)
Net unamortized deferred fees and costs	54.1	39.8

Certain of the following tables present credit-related information at the class level in accordance with ASC 310-10-50, *Disclosures about the Credit Quality of Finance Receivables and the Allowance for Credit Losses*. A class is generally a disaggregation of a portfolio segment. In determining the classes, CIT considered the finance receivable characteristics and methods it applies in monitoring and assessing credit risk and performance.

Credit Quality Information

The following table summarizes finance receivables by the risk ratings that bank regulatory agencies utilize to classify credit exposure and which are consistent with indicators the Company monitors. Risk ratings are reviewed on a regular basis by Credit Risk Management and are adjusted as necessary for updated information affecting the borrowers ability to fulfill their obligations.

The definitions of these ratings are as follows:

- Pass finance receivables in this category do not meet the criteria for classification in one of the categories below.

- Special mention a special mention asset exhibits potential weaknesses that deserve management s close attention. If left uncorrected, these potential weaknesses may, at some future date, result in the deterioration of the repayment prospects.

- Classified a classified asset ranges from: 1) assets that are inadequately protected by the current sound worth and paying capacity of the borrower, and are characterized by the distinct possibility that some loss will be sustained if the deficiencies are not corrected to 2) assets with weaknesses that make collection or liquidation in full unlikely on the basis of current facts, conditions, and values. Assets in this classification can be accruing or on non-accrual depending on the evaluation of these factors.

Finance Receivables[(1)] **By Classification** (dollars in millions)

Grade:	Corporate Finance Other	Corporate Finance SBL	Transportation Finance	Trade Finance	Vendor Finance U.S.	Vendor Finance International	Commercial	Consumer	Totals
June 30, 2012									
Pass	$5,191.7	$151.2	$1,387.3	$1,940.9	$1,971.7	$2,071.8	$12,714.6	$981.6	$13,696.2
Special mention	966.2	395.1	166.5	286.1	209.3	181.4	2,204.6	28.7	2,233.3
Classified accruing	516.9	116.5	185.7	96.5	153.4	81.1	1,150.1	246.7	1,396.8
Classified non accrual	233.2	82.7	17.3	47.8	48.7	24.8	454.5	0.4	454.9

Grade:	Corporate Finance Other	Corporate Finance SBL	Transportation Finance	Trade Finance	Vendor Finance U.S.	Vendor Finance International	Commercial	Consumer	Totals
Total	$6,908.0	$745.5	$1,756.8	$2,371.3	$2,383.1	$2,359.1	$16,523.8	$4,457.4	$20,981.2
December 31, 2011									
Pass	$4,255.6	$279.9	$1,089.3	$2,019.1	$2,017.8	$2,058.1	$11,720.3	[illegible]	[illegible]
Special mention	930.9	236.9	136.7	263.8	156.1	123.0	1,847.4	[illegible]	2,214.9
Classified accruing	735.6	135.0	216.0	73.2	131.9	67.3	1,359.3	[illegible]	[illegible]
Classified non accrual	356.4	141.5	45.0	75.3	55.3	27.6	701.1	0.9	702.0
Total	$6,278.5	$793.3	$1,487.0	$2,431.4	$2,361.1	$2,276.1	[illegible]	[illegible]	[illegible]

(1) *Balances include $880.7 million and $2,088.0 million of loans in Assets Held for Sale at June 30, 2012 and December 31, 2011, respectively, which are measured at the lower of cost or fair value. ASC 310-10-50 does not require inclusion of these finance receivables in the disclosures above. However, until they are disposed of, the Company manages the credit risk and collections of finance receivables held for sale consistently with its finance receivables held for investment, so that Company data are tracked and used for management purposes on an aggregated basis, as presented above. Other than finance receivables, the total for Assets Held for Sale on the balance sheet also include operating lease equipment held for sale, which are not included in the above table.*

Past Due and Non-accrual Loans

The table that follows presents portfolio delinquency status, regardless of accrual/non-accrual classification:

Finance Receivables(1) **Delinquency Status** (dollars in millions)

	30 59 Days Past Due	60 89 Days Past Due	90 Days or Greater	Total Past Due	Current	Total Finance Receivables(1)
June 30, 2012						
Commercial						
Corporate Finance Other	$ 5.9	$ 20.0	$ 36.2	$ 62.1	$ 6,845.9	$ 6,908.0
Corporate Finance SBL	2.7	4.6	18.5	25.8	719.7	745.5
Transportation Finance	1.4	0.8	1.5	3.7	1,753.1	1,756.8
Trade Finance	61.4	1.5	1.5	64.4	2,306.9	2,371.3
Vendor Finance U.S.	41.3	11.7	12.3	65.3	2,317.8	2,383.1
Vendor Finance International	15.4	5.9	6.3	27.6	2,331.5	2,359.1
Total Commercial	128.1	44.5	76.3	248.9	16,274.9	16,523.8
Consumer	152.0	79.3	250.0	481.3	3,976.1	4,457.4
Total	$280.1	$123.8	$326.3	$730.2	$20,251.0	$20,981.2
December 31, 2011						
Commercial						