



*Last Amended: July 18, 2019  
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## **CIT Group Inc.**

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### **Charter of the Risk Management Committee of the Board of Directors**

**Adopted by the Board of Directors March 10, 2009**

#### **I. PURPOSE**

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with regard to (a) the major risks that are inherent to CIT's business activities, including, without limitation, strategic, credit, asset, capital, liquidity, market, operational, model, technology, business continuity, third party, reputation, and human resources risks and the control processes with respect to such risks, (b) CIT's ERM framework, including the policies, procedures, practices and resources employed by CIT to manage and assess its major risks and the governance structure that supports it; (c) CIT's risk appetite (i.e., the level and type of risk CIT is able and willing to assume in its exposures and business activities, given its business objectives and obligations to stakeholders), and (d) fulfill its other responsibilities set forth in this Charter.

#### **II. GENERAL**

##### **A. Definitions**

1. **"Board"** means the Board of Directors of CIT.
2. **"Chairman"** means the Chairman of the Committee.
3. **"CIT"** means CIT Group Inc., a Delaware corporation, and its subsidiaries.
4. **"Committee"** means the Risk Management Committee of the Board.
5. **"Director of Loan and Risk Review"** means the officer of CIT that leads CIT's Loan and Risk Review function.
6. **"ERM"** means Enterprise Risk Management.
7. **"NYSE"** means the New York Stock Exchange.

**B. Reliance on Information and Access to Consultants and Counsel.** In carrying out its oversight responsibilities, Committee members shall be entitled to rely on the integrity and expertise of those persons providing information to the Committee and on the accuracy and completeness of such information, absent actual knowledge of inaccuracy. The Committee will have the resources and authority appropriate to discharge its responsibilities, including authority to retain and terminate the engagement of such consultants and independent counsel to the Committee as it determines to be appropriate to assist the Committee in the performance of its responsibilities, and to establish the terms of retention (including fees) of such consultants and counsel. Any fees and expenses of such consultants and counsel shall be borne by CIT.

**C. Annual Review of Charter.** The Committee shall review and assess the adequacy of this Charter at least annually and submit any proposed revisions to the Nominating & Governance Committee for its consideration and the approval of the Board.

**D. Composition and Qualification of Members.** The Committee shall be comprised of two or more directors as designated by the Board, each of whom shall meet all applicable legal and NYSE listing qualifications as may exist from time to time. At least one member of the Committee must have experience in identifying, assessing and managing risk of large, complex financial firms.

**E. Appointment and Removal.** The members of the Committee shall be appointed by the Board and shall serve until the applicable member's successor is duly elected and qualified or until such member's earlier resignation or removal by the Board.

**F. Chairman of the Committee.** The Board shall appoint one of the members of the Committee to serve as its Chairman. The Chairman must be an independent director as defined in applicable law, regulation and NYSE rules. The Chairman shall chair all sessions of the Committee, set or review the agenda for Committee meetings, and report to the Board regarding the significant activities of the Committee.

**G. Meetings.** The Committee shall meet as frequently as necessary to fulfill its responsibilities, but not less than quarterly. Meetings may be called by the Chairman or any member. The Committee may invite to (or exclude from) its meetings any director (who is not a member of the Committee), officer or employee of CIT, or such other persons as it deems appropriate to carry out its responsibilities.

**H. Minutes.** CIT's Secretary or an Assistant Secretary (or the designee of the Secretary) will keep minutes of all of the Committee's meetings, and shall retain such minutes with CIT's corporate records.

**I. Self-Evaluation.** The members of the Committee shall conduct, and report to the board the results of, an annual performance evaluation of the Committee, which shall include a comparison of the performance of the Committee with the requirements of this Charter.

**J. Subcommittees.** The Committee may form and delegate authority to subcommittees comprised of one or more members of the Committee.

### **III. COMMITTEE RESPONSIBILITIES**

The Committee shall, as its sole and exclusive function, oversee CIT's risk management functions and processes, which oversight may include, in the case of risks overseen by the full Board or another committee of the Board, working with the Board or such other committee.

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities. These functions should serve as a guide with the understanding that the Committee may carry out additional functions as may be appropriate in light of changing business, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board related to the purpose of the Committee specified in this Charter.

**A. Risk Management.** The Committee shall:

1. ensure that management has established processes and an ERM framework and related governance structures designed to identify, bring to the Board's and/or the Committee's attention, and appropriately manage, monitor, control and report exposures to the major risks affecting CIT (including, without limitation, strategic, credit, asset, capital, liquidity, market, operational, model, technology, business continuity, third party, reputation, and human resources risks) and risk management deficiencies;
2. annually review and recommend to the Board for its approval CIT's Risk Appetite Statement which shall define the levels and types of risk that CIT can assume in its exposures and business activities, given its business objectives, capital structure, risk profile, complexity, activities, size and obligations to stakeholders (including quantitative and qualitative measures related to credit, asset, liquidity, market, operations, information, and reputation risks, and capital and earnings volatility);
3. at least quarterly, receive the report of CIT's Chief Risk Officer, including a summary of any risk management deficiencies and emerging risks;
4. at least quarterly, receive and review management's risk appetite limits report to confirm that CIT is operating in accordance with its Risk Appetite Statement;
5. oversee CIT's liquidity risk;
6. oversee CIT's stress testing process by:
  - reviewing and approving written policies governing CIT's stress testing process, when an enterprise wide stress test is conducted;
  - receiving reports on stress testing developments, including the process to design tests and develop scenarios and reviewing such reports to ensure that (a) the stress testing framework is in line with CIT's risk appetite, overall strategy and business plans and contingency plans and (b) the scenarios include a sufficient range of stress testing activities applied at the appropriate levels of CIT; and
  - receiving summaries of stress testing results and consider such results when overseeing capital planning, liquidity adequacy and risk management processes;
7. review the robustness of CIT's process for assessing capital adequacy, ensure that any deficiencies in the process for assessing capital adequacy are remedied and review management's assessment of capital adequacy at least quarterly;
8. oversee the continual re-evaluation of CIT's risk monitoring programs, processes and risks;
9. periodically review the risk management policies of CIT's global operations, including with respect to liquidity risk;

10. oversee the effective and timely implementation of corrective actions to address risk-management deficiencies;
11. approve the charter (and any material amendments thereto) of management's Enterprise Risk Committee and periodically review the charters of other principal management committees that have been established primarily to support CIT's risk management objectives;
12. monitor the performance and quality of CIT's credit portfolio through the review of measures of credit quality and trends and such other information as it deems appropriate, including non-performing assets; credit delinquencies; geographical, industry and counterparty exposures; and charge-offs;
13. review assessments of CIT's risk grading methodology framework and methodologies;
14. oversee the administration and effectiveness of, and compliance with, CIT's credit policies through review of such processes, reports and other information as it deems appropriate;
15. together with the Audit Committee of the Board, periodically assess the adequacy of CIT's allowance for credit losses and review the methodology used by management in computing the adequacy of reserves;
16. receive and review reports on selected risk topics as management or the Committee deems appropriate from time to time;
17. receive reports from CIT's internal risk oversight functional groups and committees, including ERM, of risk management related issues (including significant risk limit violations and non-compliance with risk management policies);
18. confirm that sufficient and appropriate resources are being dedicated to risk management efforts; and
19. receive, jointly with the Compensation Committee of the Board, risk management's risk assessment of risk balancing of the design and operation of CIT's incentive compensation system.

It is not the responsibility of the Committee to conduct risk assessment and management; rather, the Committee is responsible for reviewing management's guidelines for assessing and managing risk, and management implementation thereof, as provided herein.

**B. Loan and Risk Review.** The Committee shall review the plan, budget, activities, organizational structure, staffing, scope of authority, and qualifications of the loan review organization which is responsible for auditing compliance with CIT's credit policies and practices. In addition, the Committee shall review with the Director of Loan and Risk Review any significant loan review issues and management's responses to such matters. The Director of Loan and Risk Review shall report functionally to the Committee and shall have direct and unfettered access to the members of the Committee both at and between meetings of the Committee.

**C. Business Continuity Planning.** The Committee shall periodically review CIT's business continuity and disaster recovery plans, training programs and threat analysis to ensure that CIT is adequately prepared to promptly recover any disrupted functions and information following a natural disaster, act of terrorism, systems interruption or other event that significantly interferes with the operations of CIT's business.

**D. Information Security.** The Committee shall periodically review CIT's information security policies and technology risk management program and practices to ensure that they are appropriate to protect CIT's and its customers' and employees' data, records and proprietary information.

**E. Insurance.** On an annual basis, management shall review with the Committee risks traditionally covered by insurance and CIT's corporate insurance program.

**F. Coordination with Audit and Compensation Committees.** To ensure appropriate oversight of risk management issues and the integrity of CIT's financial statements, the Chairman and the Chair of the Audit Committee shall communicate as they deem advisable regarding risk related issues affecting CIT. Additionally, the Committee shall work with the Compensation and Audit Committees of the Board on areas where the substance of their activities overlap, including the risk review assessment of CIT's incentive compensation plans and programs and the adequacy of CIT's allowance for credit losses, respectively.

**G. Regulatory Examinations.** The Committee shall monitor and oversee CIT's compliance with the action items contained in CIT's REIT, FRBNY target examinations and similar reports from governing and/or regulatory agencies related to risk management.

#### **IV. CHIEF RISK OFFICER AND CHIEF CREDIT OFFICER REPORTING RELATIONSHIP**

The Chief Risk Officer and Chief Credit Officer shall report functionally to both the Committee and the Chief Executive Officer of CIT. The Chief Risk Officer and Chief Credit Officer shall have direct and unfettered access to the members of the Committee both at and between meetings of the Committee. The Committee shall approve all decisions regarding the appointment or removal of the Chief Risk Officer and the Chief Credit Officer and the annual compensation of the Chief Risk Officer and Chief Credit Officer. The Committee shall ensure that the compensation and other incentives provided to the Chief Risk Officer and Chief Credit Officer are consistent with providing an objective assessment of the risks taken by CIT.