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### FORWARD-LOOKING STATEMENTS

This report contains statements that we believe are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Rule 175 promulgated thereunder, and Section 21E of the Securities Exchange Act of 1934, as amended, and Rule 3b-6 promulgated thereunder. These statements relate to our financial condition, results of operations, plans, objectives, future performance or business. They usually can be identified by the use of forward-looking language such as "will likely result likely result likely result likely result likely result likely result is anticipated," "efforcast," "projected," "intends to," or may include other similar words or phrases such as "believes," "plans," "trend," "objective," "continue," "remain," or similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "might," "can," or similar verbs. When considering these forward-looking statements, you should keep in mind these risks and uncertainties, as well as any cautionary statements we may make. Moreover, you should treat these statements as speaking only as of the date they are made and based only on information then actually known to us. There are a number of important factors that could cause future results to differ materially from historical performance and these forward-looking statements. Factors that might cause such a difference include, but are not limited to: (1) general economic conditions, and weakening in the economy, specifically the real estate market, either nationally or in the states in which Fifth Third, one or more acquired entities and/or the combined company do business, are less favorable than expected; (2) deteriorating credit quality; (3) political developments, wars or other hostilities may disrupt or increase volutility in securities markets or other economic conditions; (4) changes in the interest rate environment reduce interest margins; (5) prepayment speeds, loan origination and sale volumes, charge-offs and loan loss provisions; (

### GLOSSARY OF ABBREVIATIONS AND ACRONYMS

Fifth Third Bancorp provides the following list of abbreviations and acronyms as a tool for the reader that are used in Management's Discussion and Analysis of Financial Condition and Results of Operations, the Consolidated Financial Statements and the Notes to Consolidated Financial Statements.

ALCO: Asset Liability Management Committee
ALLL: Allowance for Loan and Lease Losses
AOCI: Accumulated Other Comprehensive Income

**ARM:** Adjustable Rate Mortgage **ATM:** Automated Teller Machine **BBA:** British Bankers' Association

BCBS: Basel Committee on Banking Supervision

**BHC:** Bank Holding Company **BOLI:** Bank Owned Life Insurance **bps:** Basis points

BPO: Broker Price Opinion CapPR: Capital Plan Review

CCAR: Comprehensive Capital Analysis and Review

CD: Certificate of Deposit

**CDC:** Fifth Third Community Development Corporation **CFPB:** United States Consumer Financial Protection Bureau

C&I: Commercial and Industrial CPP: Capital Purchase Program CRA: Community Reinvestment Act DCF: Discounted Cash Flow DIF: Deposit Insurance Fund

ERISA: Employee Retirement Income Security Act

ERM: Enterprise Risk Management

**ERMC:** Enterprise Risk Management Committee

EVE: Economic Value of Equity

**FASB:** Financial Accounting Standards Board **FDIC:** Federal Deposit Insurance Corporation

FHLB: Federal Home Loan Bank

FHLMC: Federal Home Loan Mortgage Corporation

**FICO:** Fair Isaac Corporation (credit rating) **FNMA:** Federal National Mortgage Association

FRB: Federal Reserve Bank

**FSOC:** Financial Stability Oversight Council **FTAM:** Fifth Third Asset Management, Inc.

FTE: Fully Taxable Equivalent FTP: Funds Transfer Pricing FTS: Fifth Third Securities

**GNMA:** Government National Mortgage Association

**GSE:** Government Sponsored Enterprise **HAMP:** Home Affordable Modification Program **HARP:** Home Affordable Refinance Program

HFS: Held for Sale

**IPO:** Initial Public Offering **IRC:** Internal Revenue Code

IRLC: Interest Rate Lock Commitment

IRS: Internal Revenue Service

ISDA: International Swaps and Derivatives Association, Inc.

LCR: Liquidity Coverage Ratio
LIBOR: London InterBank Offered Rate
LLC: Limited Liability Company

LTV: Loan-to-Value

MD&A: Management's Discussion and Analysis of Financial Condition and

Results of Operations

MSR: Mortgage Servicing Right

N/A: Not Applicable

NASDAQ: National Association of Securities Dealers Automated Quotations

NII: Net Interest Income NM: Not Meaningful

**NPR:** Notice of Proposed Rulemaking **NSFR:** Net Stable Funding Ratio

**OCC:** Office of the Comptroller of the Currency

OCI: Other Comprehensive Income OIS: Overnight Index Swap Rate OREO: Other Real Estate Owned

**OTTI:** Other-Than-Temporary Impairment

PMI: Private Mortgage Insurance RSAs: Restricted Stock Awards SARs: Stock Appreciation Rights SBA: Small Business Administration

**SCAP:** Supervisory Capital Assessment Program **SEC:** United States Securities and Exchange Commission

**TARP:** Troubled Asset Relief Program

**TBA:** To Be Announced

**TDR:** Troubled Debt Restructuring **TruPS:** Trust Preferred Securities **TSA:** Transition Service Agreement **U.S.:** United States of America

U.S. GAAP: United States Generally Accepted Accounting Principles

**UST:** United States Treasury

VaR: Value-at-Risk

VIE: Variable Interest Entity VRDN: Variable Rate Demand Note

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is MD&A of certain significant factors that have affected Fifth Third Bancorp's (the "Bancorp" or "Fifth Third") financial condition and results of operations during the periods included in the Consolidated Financial Statements, which are a part of this filing. Reference to the Bancorp incorporates the parent holding company and all consolidated subsidiaries.

TABLE 1: SELECTED FINANCIAL DATA

TABLE I. SELECTED FINANCIAL DATA					
For the years ended December 31 (\$ in millions, except for per share data)	2013	2012	2011	2010	2009
Income Statement Data					
Net interest income(a)	\$ 3,581	3,613	3,575	3,622	3,373
Noninterest income	3,227	2,999	2,455	2,729	4,782
Total revenue(a)	6,808	6,612	6,030	6,351	8,155
Provision for loan and lease losses	229	303	423	1,538	3,543
Noninterest expense	3,961	4,081	3,758	3,855	3,826
Net income attributable to Bancorp	1,836	1,576	1,297	753	737
Net income available to common shareholders	1,799	1,541	1,094	503	511
Common Share Data					
Earnings per share, basic	\$ 2.05	1.69	1.20	0.63	0.73
Earnings per share, diluted	2.02	1.66	1.18	0.63	0.67
Cash dividends per common share	0.47	0.36	0.28	0.04	0.04
Book value per share	15.85	15.10	13.92	13.06	12.44
Market value per share	21.03	15.20	12.72	14.68	9.75
Financial Ratios (%)					
Return on average assets	1.48 %	1.34	1.15	0.67	0.64
Return on average common equity	13.1	11.6	9.0	5.0	5.6
Dividend payout ratio	22.9	21.3	23.3	6.3	5.5
Average Bancorp shareholders' equity as a percent of average assets	11.56	11.65	11.41	12.22	11.36
Tangible common equity(b)	8.63	8.83	8.68	7.04	6.45
Net interest margin(a)	3.32	3.55	3.66	3.66	3.32
Efficiency(a)	58.2	61.7	62.3	60.7	46.9
Credit Quality					
Net losses charged off	\$ 501	704	1,172	2,328	2,581
Net losses charged off as a percent of average loans and leases (d)	0.58 %	0.85	1.49	3.02	3.20
ALLL as a percent of portfolio loans and leases	1.79	2.16	2.78	3.88	4.88
Allowance for credit losses as a percent of portfolio loans and leases (c)	1.97	2.37	3.01	4.17	5.27
Nonperforming assets as a percent of portfolio loans, leases and other assets, including other real estate					
owned(d)	1.10	1.49	2.23	2.79	4.22
Average Balances					
Loans and leases, including held for sale	\$ 89,093	84,822	80,214	79,232	83,391
Total securities and other short-term investments	18,861	16,814	17,468	19,699	18,135
Total assets	123,732	117,614	112,666	112,434	114,856
Transaction deposits(e)	82,915	78,116	72,392	65,662	55,235
Core deposits(f)	86,675	82,422	78,652	76,188	69,338
Wholesale funding(g)	17,797	16,978	16,939	18,917	28,539
Bancorp shareholders' equity	14,302	13,701	12,851	13,737	13,053
Regulatory Capital Ratios (%)					
Tier I risk-based capital	10.36 %	10.65	11.91	13.89	13.30
Total risk-based capital	14.08	14.42	16.09	18.08	17.48
Tier I leverage	9.64	10.05	11.10	12.79	12.34
Tier I common equity(b)	9.39	9.51	9.35	7.48	6.99

<sup>(</sup>a) Amounts presented on an FTE basis. The FTE adjustment for years ended December 31, 2013, 2012, 2011, 2010, and 2009 were \$20, \$18, \$18, \$18 and \$19, respectively.

<sup>(</sup>b) The tangible common equity and Tier I common equity ratios are non-GAAP measures. For further information, see the Non-GAAP Financial Measures section of the MD&A.

<sup>(</sup>c) The allowance for credit losses is the sum of the ALLL and the reserve for unfunded commitments.

<sup>(</sup>d) Excludes nonaccrual loans held for sale.

<sup>(</sup>e) Includes demand, interest checking, savings, money market and foreign office deposits.

<sup>(</sup>f) Includes transaction deposits plus other time deposits.

<sup>(</sup>g) Includes certificates \$100,000 and over, other deposits, federal funds purchased, other short-term borrowings and long-term debt.

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### **OVERVIEW**

Fifth Third Bancorp is a diversified financial services company headquartered in Cincinnati, Ohio. At December 31, 2013, the Bancorp had \$130.4 billion in assets, operated 17 affiliates with 1,320 full-service Banking Centers, including 104 Bank Mart® locations open seven days a week inside select grocery stores, and 2,586 ATMs in 12 states throughout the Midwestern and Southeastern regions of the U.S. The Bancorp reports on four business segments: Commercial Banking, Branch Banking, Consumer Lending and Investment Advisors. The Bancorp also has a 25% interest in Vantiv Holding, LLC. The carrying value of the Bancorp's investment in Vantiv Holding, LLC was \$423 million as of December 31, 2013.

This overview of MD&A highlights selected information in the financial results of the Bancorp and may not contain all of the information that is important to you. For a more complete understanding of trends, events, commitments, uncertainties, liquidity, capital resources and critical accounting policies and estimates, you should carefully read this entire document. Each of these items could have an impact on the Bancorp's financial condition, results of operations and cash flows. In addition, see the Glossary of Abbreviations and Acronyms in this report for a list of terms included as a tool for the reader of this annual report on Form 10-K. The abbreviations and acronyms identified therein are used throughout this MD&A, as well as the Consolidated Financial Statements and Notes to Consolidated Financial Statements.

The Bancorp believes that banking is first and foremost a relationship business where the strength of the competition and challenges for growth can vary in every market. The Bancorp believes its affiliate operating model provides a competitive advantage by emphasizing individual relationships. Through its affiliate operating model, individual managers at all levels within the affiliates are given the opportunity to tailor financial solutions for their customers.

Net interest income, net interest margin and the efficiency ratio are presented in MD&A on an FTE basis. The FTE basis adjusts for the tax-favored status of income from certain loans and securities held by the Bancorp that are not taxable for federal income tax purposes. The Bancorp believes this presentation to be the preferred industry measurement of net interest income as it provides a relevant comparison between taxable and non-taxable amounts.

The Bancorp's revenues are dependent on both net interest income and noninterest income. For the year ended December 31, 2013, net interest income, on a FTE basis, and noninterest income provided 53% and 47% of total revenue, respectively. The Bancorp derives the majority of its revenues within the U.S. from customers domiciled in the United States. Revenue from foreign countries and external customers domiciled in foreign countries is immaterial to the Bancorp's Consolidated Financial Statements. Changes in interest rates, credit quality, economic trends and the capital markets are primary factors that drive the performance of the Bancorp. As discussed later in the Risk Management section, risk identification, measurement, monitoring, control and reporting are important to the management of risk and to the financial performance and capital strength of the Bancorp.

Net interest income is the difference between interest income earned on assets such as loans, leases and securities, and interest expense incurred on liabilities such as deposits, short-term borrowings and long-term debt. Net interest income is affected by the general level of interest rates, the relative level of short-term and long-term interest rates, changes in interest rates and changes in the amount and composition of interest-earning assets and interest-bearing liabilities. Generally, the rates of interest the Bancorp earns on its assets and pays on its liabilities are established for a period of

time. The change in market interest rates over time exposes the Bancorp to interest rate risk through potential adverse changes to net interest income and financial position. The Bancorp manages this risk by continually analyzing and adjusting the composition of its assets and liabilities based on their payment streams and interest rates, the timing of their maturities and their sensitivity to changes in market interest rates. Additionally, in the ordinary course of business, the Bancorp enters into certain derivative transactions as part of its overall strategy to manage its interest rate and prepayment risks. The Bancorp is also exposed to the risk of losses on its loan and lease portfolio as a result of changing expected cash flows caused by borrower credit events, such as loan defaults and inadequate collateral due to a weakened economy within the Bancorp's footprint.

Noninterest income is derived primarily from mortgage banking net revenue, service charges on deposits, corporate banking revenue, investment advisory revenue, card and processing revenue and other noninterest income. Noninterest expense is primarily driven by personnel costs, net occupancy expenses, and technology and communication costs.

### Vantiv, Inc. Share Sales

The Bancorp's ownership position in Vantiv Holding, LLC was reduced in the second quarter of 2013 when the Bancorp sold an approximate five percent interest and recognized a \$242 million gain. The Bancorp's ownership position was further reduced in the third quarter of 2013 when the Bancorp sold an approximate three percent interest and recognized an \$85 million gain. The Bancorp's remaining approximate 25% ownership in Vantiv Holding, LLC continues to be accounted for as an equity method investment in the Bancorp's Consolidated Financial Statements and had a carrying value of \$423 million as of December, 31, 2013.

As of December 31, 2013, the Bancorp continued to hold approximately 48.8 million Class B units of Vantiv Holding, LLC and a warrant to purchase approximately 20.4 million Class C non-voting units of Vantiv Holding, LLC, both of which may be exchanged for Class A Common Stock of Vantiv, Inc. on a one for one basis or at Vantiv, Inc.'s option for cash. In addition, the Bancorp holds approximately 48.8 million Class B common shares of Vantiv, Inc. The Class B common shares give the Bancorp voting rights, but no economic interest in Vantiv, Inc. The voting rights attributable to the Class B common shares are limited to 18.5% of the voting power in Vantiv, Inc. at any time other than in connection with a stockholder vote with respect to a change in control in Vantiv, Inc. These securities are subject to certain terms and restrictions.

### Redemption of TruPS

The Bancorp redeemed all \$750 million of the outstanding TruPS issued by Fifth Third Capital Trust IV on December 30, 2013. For more information on the redemption of these instruments, see the Capital Management section of MD&A.

### **Accelerated Share Repurchase Transactions**

During 2013 and 2012, the Bancorp entered into a number of accelerated share repurchase transactions. As part of these transactions, the Bancorp entered into forward contracts in which the final number of shares to be delivered at settlement was or will be based generally on a discount to the average daily volume-weighted average price of the Bancorp's common stock during the term of the Repurchase Agreement. For more information on the accounting for these instruments, see the Capital Management section of the MD&A. For a summary of all accelerated share repurchase transactions during 2013 and 2012 please refer to Table 2.

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

TABLE 2: SUMMARY OF ACCELERATED SHARE REPURCHASE TRANSACTIONS

				Shares Received from Forward	
Repurchase Date	Amount (\$ in millions)		Shares Repurchased	Contract Settlement	Settlement Date
April 26, 2012	\$	75	4,838,710	631,986	June 1, 2012
August 28, 2012		350	21,531,100	1,444,047	October 24, 2012
November 9, 2012		125	7,710,761	657,914	February 12, 2013
December 19, 2012		100	6,267,410	127,760	February 27, 2013
January 31, 2013		125	6,953,028	849,037	April 5, 2013
May 24, 2013		539	25,035,519	4,270,250	October 1, 2013
November 18, 2013		200	8,538,423	(a)	(a)
December 13, 2013		456	19,084,195	(b)	(b)
January 31, 2014		99	3,950,705	(b)	(b)
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- (a) The Bancorp expects the settlement of this transaction to occur on or before February 28, 2014.
- (b) The Bancorp expects the settlement of these transactions to occur on or before March 26, 2014.

### **Preferred Stock Offerings and Conversion**

During 2013, the Bancorp had two preferred stock offerings and converted the outstanding Series G preferred stock into Fifth Third common stock. A description of the preferred stock offerings and conversion is below. For more information, see Note 23 in the Notes to Consolidated Financial Statements.

As contemplated by the 2013 CCAR, on May 16, 2013 the Bancorp issued in a registered public offering 600,000 depositary shares, representing 24,000 shares of 5.10% fixed-to-floating rate non-cumulative Series H perpetual preferred stock, for net proceeds of \$593 million. The Series H preferred shares are not convertible into Bancorp common shares or any other securities. On June 11, 2013, the Bancorp's Board of Directors authorized the conversion into common stock, no par value, of all outstanding shares of the Bancorp's 8.50% non-cumulative convertible perpetual preferred stock, Series G. On July 1, 2013, the Bancorp converted the remaining 16,442 outstanding shares of Series G preferred stock, which represented 4,110,500 depositary shares, into shares of Fifth Third's common stock. On December 9, 2013, the Bancorp issued, in a registered public offering, 18,000,000 depositary shares, representing 18,000 shares of 6.625% fixed-to-floating rate non-cumulative Series I perpetual preferred stock, for net proceeds of \$441 million. The Series I preferred shares are not convertible into Bancorp common shares or any other securities.

### Senior Notes and Subordinated Notes Offering

On February 25, 2013, the Bancorp's banking subsidiary updated and amended its existing global bank note program. The amended global bank note program increased the Bank's capacity to issue its senior and subordinated unsecured bank notes from \$20 billion to \$25 billion. Additionally, on February 28, 2013, the Bank issued and sold, under its amended bank notes program, \$1.3 billion in aggregate principal amount of unsecured senior bank notes. The bank notes consisted of: \$600 million of 1.45% senior fixed rate notes due on February 28, 2018; \$400 million of 0.90% senior fixed rate notes due on February 26, 2016; and \$300 million of senior floating rate notes. Interest on the floating rate notes is 3-month LIBOR plus 41 bps due on February 26, 2016. The bank notes will be redeemable by the Bank, in whole or in part, on or after the date that is 30 days prior to the maturity date at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest through the redemption date.

On November 20, 2013, the Bancorp issued and sold \$750 million of 4.30% unsecured subordinated fixed rate notes with a maturity date of January 16, 2024. These fixed rate notes will be redeemable by the Bancorp, in whole or in part, on or after the date that is 30 days prior to the maturity date at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest

up to, but excluding, the redemption date.

Additionally, on November 20, 2013, the Bank issued and sold, under its amended bank notes program, \$1.8 billion in aggregate principal amount of unsecured senior bank notes. The bank notes consisted of: \$1 billion of 1.15% senior fixed rate notes due on November 18, 2016 and \$750 million of senior floating rate notes due on November 18, 2016. Interest on the floating rate notes is 3-month LIBOR plus 51 bps. These bank notes will be redeemable by the Bank, in whole or in part, on or after the date that is 30 days prior to the maturity date at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest through the redemption date.

### **Automobile Loan Securitizations**

In March of 2013, the Bancorp recognized an immaterial loss on the securitization and sale of certain automobile loans with a carrying amount of approximately \$509 million. As part of the sale, the Bancorp obtained servicing responsibilities and recognized a servicing asset with an initial fair value of \$6 million.

In August of 2013, the Bancorp transferred approximately \$1.3 billion in fixedrate consumer automobile loans to a bankruptcy remote trust which was deemed to be a VIE. The Bancorp concluded that it is the primary beneficiary of the VIE and, therefore, has consolidated this VIE. For additional information on the automobile loan securitizations, refer to the Liquidity Risk Management section of MD&A.

### Legislative Developments

On July 21, 2010, the Dodd-Frank Act was signed into federal law. This act implements changes to the financial services industry and affects the lending, deposit, investment, trading and operating activities of financial institutions and their holding companies. The legislation establishes a CFPB responsible for implementing and enforcing compliance with consumer financial laws, changes the methodology for determining deposit insurance assessments, gives the FRB the ability to regulate and limit interchange rates charged to merchants for the use of debit cards, enacts new limitations on proprietary trading, broadens the scope of derivative instruments subject to regulation, requires on-going stress tests and the submission of annual capital plans for certain organizations and requires changes to regulatory capital ratios. This act also calls for federal regulatory agencies to conduct multiple studies over the next several years in order to implement its provisions. While the total impact of the fully implemented Dodd-Frank Act on the Bancorp is not currently known, the impact is expected to be substantial and may have an adverse impact on the Bancorp's financial performance and growth opportunities.

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Bancorp was impacted by a number of components of the Dodd-Frank Act which were implemented in 2012 and 2013. On October 9, 2012, the FRB published final stress testing rules that implement section 165(i)(1) and (i)(2) of the Dodd-Frank Act. The BHC's that participated in the 2009 SCAP and subsequent CCAR, which includes the Bancorp, are subject to the final stress testing rules. The rules require both supervisory and company-run stress tests, which provide forward-looking information to supervisors to help assess whether institutions have sufficient capital to absorb losses and support operations during adverse economic conditions.

The FRB launched the 2013 capital planning and stress testing program on November 9, 2012. The program includes the CCAR, which included the 19 BHCs that participated in the 2009 SCAP, as well as the CapPR which includes an additional 11 BHCs with \$50 billion or more of total consolidated assets. The mandatory elements of the capital plan were an assessment of the expected use and sources of capital over the planning horizon, a description of all planned capital actions over the planning horizon, a discussion of any expected changes to the Bancorp's business plan that are likely to have a material impact on its capital adequacy or liquidity, a detailed description of the Bancorp's process for assessing capital adequacy and the Bancorp's capital policy. The stress testing results and capital plan were submitted by the Bancorp to the FRB on January 7, 2013. In March of 2013, the FRB disclosed its estimates of participating institutions' results under the FRB supervisory stress scenario, including capital results, which assume all banks take certain consistently applied future capital actions. In addition, the FRB disclosed its estimates of participating institutions' results under the FRB supervisory severe stress scenarios including capital results based on each company's own base scenario capital actions.

The FRB's review of the capital plan assessed the comprehensiveness of the capital plan, the reasonableness of the assumptions and the analysis underlying the capital plan. Additionally, the FRB reviewed the robustness of the capital adequacy process, the capital policy and the Bancorp's ability to maintain capital above the minimum regulatory capital ratios and above a Tier I common ratio of five percent on a pro forma basis under expected and stressful conditions throughout the planning horizon. The FRB assessed the Bancorp's strategies for addressing proposed revisions to the regulatory capital framework agreed upon by the BCBS and requirements arising from the Dodd-Frank Act.

In March 2013, the FRB announced it had completed the 2013 CCAR. For BHCs that proposed capital distributions in their plan, the FRB either objected to the plan or provided a non-objection whereby the FRB concurred with the proposed 2013 capital distributions. The FRB indicated to the Bancorp that it did not object to the following proposed capital actions for the period beginning April 1, 2013 and ending March 31, 2014:

- Increase in the quarterly common stock dividend to \$0.12 per charge.
- Repurchase of up to \$750 million in TruPS subject to the determination of a regulatory capital event and replacement with the issuance of a similar amount of Tier II-qualifying subordinated debt
- Conversion of the \$398 million in outstanding Series G 8.5% convertible preferred stock into approximately 35.5 million common shares issued to the holders. The Bancorp would intend to repurchase common shares equivalent to those issued in the conversion up to \$550 million in market value, and issue \$550 million in preferred stock;
- Repurchase of common shares in an amount up to \$984 million, including any shares issued in a Series G preferred stock conversion;

- Incremental repurchase of common shares in the amount of any after-tax gains from the sale of Vantiv, Inc. stock; and
- Issuance of an additional \$500 million in preferred stock.

Beginning in 2013, the Bancorp and other large bank holding companies were required to conduct a separate mid-year stress test using financial data as of March 31st under three company-derived macro-economic scenarios (base, adverse and severely adverse). The Bancorp submitted the results of its mid-year stress test to the FRB in July of 2013 and the Bancorp published a summary of the results under the severely adverse scenario in September of 2013 which is available on Fifth Third's website at <a href="https://www.53.com">https://www.53.com</a>. The FRB launched the 2014 stress testing program and CCAR on November 1, 2013. The stress testing results and capital plan were submitted by the Bancorp to the FRB on January 6, 2014. For further discussion on the 2013 and 2014 Stress Tests and CCAR, see the Capital Management section in MD&A.

Fifth Third offers qualified deposit customers a deposit advance product if they choose to avail themselves of this service to meet short term, small-dollar financial needs. In April of 2013, the CFPB issued a "White Paper" which studied financial services industry offerings and customer use of deposit advance products as well as payday loans and is considering whether rules governing these products are warranted. At the same time, the OCC and FDIC each issued proposed supervisory guidance for public comment to institutions they supervise which supplements existing OCC and FDIC guidance, detailing the principles they expect financial institutions to follow in connection with deposit advance products and supervisory expectations for the use of deposit advance products. The Federal Reserve also issued a statement in April to state member banks like Fifth Third for whom the Federal Reserve is the primary regulator. This statement encouraged state member banks to respond to customers' small-dollar credit needs in a responsible manner; emphasized that they should take into consideration the risks associated with deposit advance products, including potential consumer harm and potential elevated compliance risk; and reminded them that these product offerings must comply with applicable laws and regulations. Fifth Third's deposit advance product is designed to fully comply with the applicable federal and state laws and use of this product is subject to strict eligibility requirements and advance restriction guidelines to limit dependency on this product as a borrowing source. Fifth Third believes this product provides customers with a relatively low-cost alternative for such needs. On January 17, 2014, given developments in industry practice, Fifth Third announced that it will no longer enroll new customers in its deposit advance product and will phase out the service to existing customers by the end of 2014. These advance balances are included in other consumer loans and leases in the Bancorp's Consolidated Balance Sheets and represent substantially all of the revenue reported in interest and fees on other consumer loans and leases in the Bancorp's Consolidated Statements of Income and in Table 5 in the Statements of Income Analysis section of the MD&A. Fifth Third has been monitoring industry developments and is working to develop and implement alternative products and services in order to address the needs of its customers. The Bancorp is currently in the process of evaluating the impact to the Bancorp's Consolidated Financial Statements of both the phase out of our deposit advance product and our development of alternative products and services.

In December of 2010 and revised in June of 2011, the BCBS issued Basel III, a global regulatory framework, to enhance international capital standards. In June of 2012, U.S. banking regulators proposed enhancements to the regulatory capital requirements for U.S. banks, which implement aspects of Basel III,

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

such as re-defining the regulatory capital elements and minimum capital ratios, introducing regulatory capital buffers above those minimums, revising the agencies' rules for calculating risk-weighted assets and introducing a new Tier I common equity ratio. In July of 2013, U.S. banking regulators approved the final enhanced regulatory capital rules (Basel III Final Rule), which included modifications to the proposed rules. The Bancorp continues to evaluate the Basel III Final Rule and its potential impact. For more information on the impact of the regulatory capital enhancements, refer to the Capital Management section of MD&A.

On December 10, 2013, the banking agencies finalized section 619 of the DFA known as the Volcker Rule, which becomes effective April 1, 2014. Though the final rule is effective April 1, 2014, the Federal Reserve has granted the industry an extension of time until July 21, 2015 to conform activities to be in compliance with the Volcker Rule. It is possible that additional conformance period extensions could be granted either to the entire industry, or, upon request, to requesting banking organizations on a case-by-case basis. The final rule prohibits banks and bank holding companies from engaging in short-term proprietary trading of certain securities, derivatives, commodity futures and options on these instruments for their own account. The Volcker Rule also restricts banks and their affiliated entities from owning, sponsoring or having certain relationships with private equity and hedge funds. Exemptions are provided for certain activities such as underwriting, market making, hedging, trading in certain government obligations and organizing and offering a hedge fund or private equity fund. Fifth Third does not sponsor any private equity or hedge funds that, under the final rule, it is prohibited from sponsoring. As of December 31, 2013, the Bancorp had approximately \$181 million in interests and approximately \$80 million in binding commitments to invest in private equity funds that are affected by the Volcker Rule. It is expected that over time the Bancorp may need to sell or redeem these investments although it is likely that these investments will be reduced over time in the ordinary course before compliance is required.

In November 2010, the FDIC implemented a final rule amending its deposit insurance regulations to implement section 343 of the Dodd-Frank Act providing for unlimited deposit insurance for noninterest-bearing transaction accounts for two years starting December 31, 2010. The FDIC did not charge a separate assessment for the insurance unlike the previous Transaction

Account Guarantee Program. Beginning January 1, 2013, noninterest-bearing transaction accounts are no longer insured separately from depositors' other accounts at the same insured depository institution.

On January 7, 2013, the BCBS issued a final international standard for the LCR for large, internationally active banks, which would phase in the LCR beginning in 2015 with full implementation in 2019. In addition, the BCBS plans on introducing the NSFR final standard in the next two years. On October 24, 2013, the U.S. banking agencies issued an NPR that would implement a LCR requirement for U.S. banks that is generally consistent with the international LCR standards for large, internationally active banking organizations, generally those with \$250 billion or more in total consolidated assets or \$10 billion or more in on-balance sheet foreign exposure, and a Modified LCR for BHCs with at least \$50 billion in total consolidated assets that are not internationally active, like Fifth Third. The NPR was open for public comment until January 31, 2014. Refer to the Liquidity Risk Management section in MD&A for further discussion on these ratios.

On July 31, 2013, the U.S. District Court for the District of Columbia issued an order granting summary judgment to the plaintiffs in a case challenging certain provisions of the FRB's rule concerning electronic debit card transaction fees and network exclusivity arrangements (the "Current Rule") that were adopted to implement Section 1075 of the Dodd-Frank Act, known as the Durbin Amendment. The Court held that, in adopting the Current Rule, the FRB violated the Durbin Amendment's provisions concerning which costs are allowed to be taken into account for purposes of setting fees that are reasonable and proportional to the costs incurred by the issuer and therefore the Current Rule's maximum permissible fees were too high. In addition, the Court held that the Current Rule's network non-exclusivity provisions concerning unaffiliated payment networks for debit cards also violated the Durbin Amendment. The Court vacated the Current Rule, but stayed its ruling to provide the FRB an opportunity to replace the invalidated portions. The FRB has appealed this decision. If this decision is ultimately upheld and/or the FRB re-issues rules for purposes of implementing the Durbin Amendment in a manner consistent with this decision, the amount of debit card interchange fees the Bancorp would be permitted to charge likely would be reduced. Refer to the Noninterest Income subsection of the Statements of Income Analysis section of MD&A for further information regarding the Bancorp's debit card interchange revenue.

TABLE 3: CONDENSED CONSOLIDATED STATEMENTS OF INCOME

TABLE 3: CONDENSED CONSOLIDATED STATEMENTS OF INCOME					
For the years ended December 31 (\$ in millions, except per share data)	2013	2012	2011	2010	2009
Interest income (FTE)	\$ 3,993	4,125	4,236	4,507	4,687
Interest expense	412	512	661	885	1,314
Net interest income (FTE)	3,581	3,613	3,575	3,622	3,373
Provision for loan and lease losses	229	303	423	1,538	3,543
Net interest income (loss) after provision for loan and lease losses (FTE)	3,352	3,310	3,152	2,084	(170)
Noninterest income	3,227	2,999	2,455	2,729	4,782
Noninterest expense	3,961	4,081	3,758	3,855	3,826
Income before income taxes (FTE)	2,618	2,228	1,849	958	786
Fully taxable equivalent adjustment	20	18	18	18	19
Applicable income tax expense	772	636	533	187	30
Net income	1,826	1,574	1,298	753	737
Less: Net income attributable to noncontrolling interests	(10)	(2)	1	-	-
Net income attributable to Bancorp	1,836	1,576	1,297	753	737
Dividends on preferred stock	37	35	203	250	226
Net income available to common shareholders	<b>\$ 1,799</b>	1,541	1,094	503	511
Earnings per share	\$ 2.05	1.69	1.20	0.63	0.73
Earnings per diluted share	2.02	1.66	1.18	0.63	0.67
Cash dividends declared per common share	\$ 0.47	0.36	0.28	0.04	0.04

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### **Earnings Summary**

The Bancorp's net income available to common shareholders for the year ended December 31, 2013 was \$1.8 billion, or \$2.02 per diluted share, which was net of \$37 million in preferred stock dividends. The Bancorp's net income available to common shareholders for the year ended December 31, 2012 was \$1.5 billion, or \$1.66 per diluted share, which was net of \$35 million in preferred stock dividends. Pre-provision net revenue was \$2.8 billion and \$2.5 billion for the years ended 2013 and 2012, respectively. Pre-provision net revenue is a non-GAAP measure. For further information, see the Non-GAAP Financial Measures section in the MD&A.

Net interest income was \$3.6 billion for the years ended December 31, 2013 and 2012. Net interest income was negatively impacted by a decline of 36 bps in yields on the Bancorp's interest-earning assets, partially offset by a \$4.3 billion increase in average loans and leases due primarily to increases in average commercial and industrial loans and average residential mortgage loans. In addition, interest expense decreased primarily due to a decrease in rates paid on average long-term debt and a reduction in higher cost average long-term debt. Net interest margin was 3.32% and 3.55% for the years ended December 31, 2013 and 2012, respectively.

Noninterest income increased \$228 million, or eight percent, in 2013 compared to 2012. The increase from the prior year was primarily due to increases in other noninterest income partially offset by decreases in mortgage banking net revenue. Other noninterest income increased \$305 million compared to the prior year, primarily due to positive valuation adjustments on the stock warrant associated with Vantiv Holding, LLC. In addition, the Bancorp recognized gains of \$242 million and \$85 million, on the sales of Vantiv, Inc. shares in the second and third quarters of 2013, respectively, compared to gains of \$115 million related to the Vantiv, Inc. IPO recorded in the first quarter of 2012 and a \$157 million gain on the sale of Vantiv shares during the fourth quarter of 2012. Mortgage banking net revenue decreased \$145 million for the year ended December 31, 2013 compared to the prior year primarily due to a decrease in origination fees and gains on loan sales partially offset by an increase in positive net valuation adjustments on mortgage servicing rights and free-standing derivatives entered into to economically hedge the MSR portfolio.

Noninterest expense decreased \$120 million, or three percent, in 2013 compared to 2012 primarily due to a decrease in other noninterest expense driven by a decrease in debt extinguishment costs and a decrease in the provision for representation and warranty claims partially offset by an increase in litigation expense.

### Credit Summary

The Bancorp does not originate subprime mortgage loans and does not hold asset-backed securities backed by subprime mortgage loans in its securities portfolio. However, the Bancorp has exposure to disruptions in the capital markets and weakened economic conditions. During 2013, credit trends have improved, and as a result, the provision for loan and lease losses decreased to \$229 million in 2013 compared to \$303 million in 2012. In addition, net charge-offs as a percent of average portfolio loans and leases decreased to 0.58% during 2013 compared to 0.85% during 2012. At December 31, 2013, nonperforming assets as a percent of loans, leases and other assets, including OREO (excluding nonaccrual loans held for sale) decreased to 1.10%, compared to 1.49% at December 31, 2012. For further discussion on credit quality, see the Credit Risk Management section in MD&A.

### **Capital Summary**

The Bancorp's capital ratios exceed the "well-capitalized" guidelines as defined by the Board of Governors of the Federal Reserve

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System. As of December 31, 2013, the Tier I risk-based capital ratio was 10.36%, the Tier I leverage ratio was 9.64% and the total risk-based capital ratio was 14.08%.

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### NON-GAAP FINANCIAL MEASURES

The Bancorp considers various measures when evaluating capital utilization and adequacy, including the tangible equity ratio, tangible common equity ratio and Tier I common equity ratio, in addition to capital ratios defined by banking regulators. These calculations are intended to complement the capital ratios defined by banking regulators for both absolute and comparative purposes. Because U.S. GAAP does not include capital ratio measures, the Bancorp believes there are no comparable U.S. GAAP financial measures to these ratios. These ratios are not formally defined by U.S. GAAP or codified in the federal banking regulations and, therefore, are considered to be non-GAAP financial measures. Since analysts and banking regulators may assess the Bancorp's capital adequacy using these ratios, the Bancorp believes they are useful to provide investors the ability to assess its capital adequacy on the same basis.

The Bancorp believes these non-GAAP measures are important because they reflect the level of capital available to withstand unexpected market conditions. Additionally, presentation of these measures allows readers to compare certain aspects of the Bancorp's capitalization to other organizations. However, because

there are no standardized definitions for these ratios, the Bancorp's calculations may not be comparable with other organizations, and the usefulness of these measures to investors may be limited. As a result, the Bancorp encourages readers to consider its Consolidated Financial Statements in their entirety and not to rely on any single financial measure.

U.S. banking regulators approved final capital rules (Basel III Final Rule) in July of 2013 that substantially amend the existing risk-based capital rules (Basel I) for banks. The Bancorp believes providing an estimate of its capital position based upon the final rules is important to complement the existing capital ratios and for comparability to other financial institutions. Since these rules are not effective for the Bancorp until January 1, 2015, they are considered non-GAAP measures and therefore are included in the following non-GAAP financial measures table.

Pre-provision net revenue is net interest income plus noninterest income minus noninterest expense. The Bancorp believes this measure is important because it provides a ready view of the Bancorp's earnings before the impact of provision expense.

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following table reconciles non-GAAP financial measures to U.S. GAAP as of and for the years ended December 31:

TARLE 4	· NON-GAAI	PFINANCIAL	MEASURES

(\$ in millions)		2013	2012
Income before income taxes (U.S. GAAP)	\$	2,598	2,210
Add: Provision expense (U.S. GAAP)		229	303
Pre-provision net revenue		2,827	2,513
Net income available to common shareholders (U.S. GAAP)	\$	1,799	1,541
Add: Intangible amortization, net of tax	<b>~</b>	5	9
Tangible net income available to common shareholders		1,804	1,550
		,	,
Total Bancorp shareholders' equity (U.S. GAAP)	\$	14,589	13,716
Less: Preferred stock		(1,034)	(398)
Goodwill		(2,416)	(2,416)
Intangible assets		(19)	(27)
Tangible common equity, including unrealized gains / losses		11,120	10,875
Less: Accumulated other comprehensive income		(82)	(375)
Tangible common equity, excluding unrealized gains / losses (1)		11,038	10,500
Add: Preferred stock		1,034	398
Fangible equity (2)		12,072	10,898
Fotal assets (U.S. GAAP)	\$	130,443	121,894
Less: Goodwill		(2,416)	(2,416)
Intangible assets		(19)	(27)
Accumulated other comprehensive income, before tax		(126)	(577)
angible assets, excluding unrealized gains / losses (3)	\$	127,882	118,874
Total Bancorp shareholders' equity (U.S. GAAP)	\$	14,589	13,716
ess: Goodwill and certain other intangibles		(2,492)	(2,499)
Accumulated other comprehensive income		(82)	(375)
Add: Qualifying TruPS		60	810
Other		19	33
ier I risk-based capital		12,094	11,685
ess: Preferred stock		(1,034)	(398)
Qualifying TruPS		(60)	(810)
Qualified noncontrolling interests in consolidated subsidiaries		(37)	(48)
ier I common equity (4)	\$	10,963	10,429
tisk-weighted assets (5)(a)	\$	116,736	109,699
tatios:			
Tangible equity (2) / (3)		9.44%	9.17
Tangible common equity (1)/(3)		8.63%	8.83
Tier I common equity (4) / (5)		9.39%	9.51
		310370	7.01
Basel III Final Rule - Estimated Tier I common equity ratio			
Fier I common equity (Basel I)	\$	10,963	
Add: Adjustment related to capital components (b)		82	
Estimated Tier I common equity under Basel III Final Rule without AOCI (opt out) (6)		11,045	
Add: Adjustment related to AOCI (c)		82	
Estimated Tier I common equity under Basel III Final Rule with AOCI (non opt out) (7)		11,127	
Estimated risk-weighted assets under Basel III Final Rule (8) (d)		122,851	
Estimated Tier I common equity ratio under Basel III Final Rule (opt out) (6) / (8)		8.99%	
C. ( 1.17) I ( ) ( ) 1. D. 1 HI F' 1 D. 1 ( ) ( ) (7) / (0)		0/	

<sup>(</sup>a) Under the banking agencies' risk-based capital guidelines, assets and credit equivalent amounts of derivatives and off-balance sheet exposures are assigned to broad risk categories. The aggregate dollar amount in each risk category is multiplied by the associated risk weight of the category. The resulting weighted values are added together, along with the measure for market risk, resulting in the Bancorp's total risk-weighted assets.

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Estimated Tier I common equity ratio under Basel III Final Rule (non opt out) (7) / (8)

<sup>(</sup>b) Adjustments related to capital components include MSRs and deferred tax assets subject to threshold limitations and deferred tax liabilities related to intangible assets, which were deductions to capital under Basel I capital rules.

<sup>(</sup>c) Under final Basel III rules, non-advanced approach banks are permitted to make a one-time election to opt out of the requirement to include AOCI in Tier I common equity.

<sup>(</sup>d) Key differences under Basel III in the calculation of risk-weighted assets compared to Basel I include: (1) Risk weighting for commitments under 1 year; (2) Higher risk weighting for exposures to securitizations, past due loans, foreign banks and certain commercial real estate; (3) Higher risk weighting for MSRs and deferred tax assets that are under certain thresholds as a percent of Tier I capital; and (4) Derivatives are differentiated between exchange clearing and over-the-counter and the 50% risk-weight cap is removed.

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### RECENT ACCOUNTING STANDARDS

Note 1 of the Notes to Consolidated Financial Statements provides a discussion of the significant new accounting standards adopted by

the Bancorp during 2013 and the expected impact of significant accounting standards issued, but not yet required to be adopted.

### CRITICAL ACCOUNTING POLICIES

The Bancorp's Consolidated Financial Statements are prepared in accordance with U.S. GAAP. Certain accounting policies require management to exercise judgment in determining methodologies, economic assumptions and estimates that may materially affect the Bancorp's financial position, results of operations and cash flows. The Bancorp's critical accounting policies include the accounting for the ALLL, reserve for unfunded commitments, income taxes, valuation of servicing rights, fair value measurements and goodwill. No material changes were made to the valuation techniques or models described below during the year ended December 31, 2013.

### ALLL

The Bancorp disaggregates its portfolio loans and leases into portfolio segments for purposes of determining the ALLL. The Bancorp's portfolio segments include commercial, residential mortgage, and consumer. The Bancorp further disaggregates its portfolio segments into classes for purposes of monitoring and assessing credit quality based on certain risk characteristics. Classes within the commercial portfolio segment include commercial and industrial, commercial mortgage owner occupied, commercial mortgage non-owner occupied, commercial construction, and commercial leasing. The residential mortgage portfolio segment is also considered a class. Classes within the consumer portfolio segment include home equity, automobile, credit card, and other consumer loans and leases. For an analysis of the Bancorp's ALLL by portfolio segment and credit quality information by class, see Note 6 of the Notes to Consolidated Financial Statements.

The Bancorp maintains the ALLL to absorb probable loan and lease losses inherent in its portfolio segments. The ALLL is maintained at a level the Bancorp considers to be adequate and is based on ongoing quarterly assessments and evaluations of the collectability and historical loss experience of loans and leases. Credit losses are charged and recoveries are credited to the ALLL. Provisions for loan and lease losses are based on the Bancorp's review of the historical credit loss experience and such factors that, in management's judgment, deserve consideration under existing economic conditions in estimating probable credit losses. The Bancorp's strategy for credit risk management includes a combination of conservative exposure limits significantly below legal lending limits and conservative underwriting, documentation and collections standards. The strategy also emphasizes diversification on a geographic, industry and customer level, regular credit examinations and quarterly management reviews of large credit exposures and loans experiencing deterioration of credit quality.

The Bancorp's methodology for determining the ALLL is based on historical loss rates, current credit grades, specific allocation on loans modified in a TDR and impaired commercial credits above specified thresholds and other qualitative adjustments. Allowances on individual commercial loans, TDRs and historical loss rates are reviewed quarterly and adjusted as necessary based on changing borrower and/or collateral conditions and actual collection and charge-off experience. An unallocated allowance is maintained to recognize the imprecision in estimating and measuring losses when evaluating allowances for individual loans or pools of loans.

Larger commercial loans included within aggregate borrower relationship balances exceeding \$1 million that exhibit probable or observed credit weaknesses, as well as loans that have been modified in a TDR, are subject to individual review for impairment. The Bancorp considers the current value of collateral, credit quality of any guarantees, the guarantor's liquidity and willingness to cooperate, the loan structure, and other factors when evaluating whether an individual loan is impaired. Other factors may include the industry and geographic region of the borrower, size and financial condition of the borrower, cash flow and leverage of the borrower, and the Bancorp's evaluation of the borrower's management. When individual loans are impaired, allowances are determined based on management's estimate of the borrower's ability to repay the loan given the availability of collateral and other sources of cash flow, as well as an evaluation of legal options available to the Bancorp. Allowances for impaired loans are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, fair value of the underlying collateral or readily observable secondary market values. The Bancorp evaluates the collectability of both principal and interest when assessing the need for a loss accrual.

Historical credit loss rates are applied to commercial loans that are not impaired or are impaired, but smaller than the established threshold of \$1 million and thus not subject to specific allowance allocations. The loss rates are derived from a migration analysis, which tracks the historical net charge-off experience sustained on loans according to their internal risk grade. The risk grading system utilized for allowance analysis purposes encompasses ten categories.

Homogenous loans and leases in the residential mortgage and consumer portfolio segments are not individually risk graded. Rather, standard credit scoring systems and delinquency monitoring are used to assess credit risks, and allowances are established based on the expected net charge-offs. Loss rates are based on the trailing twelve month net charge-off history by loan category. Historical loss rates may be adjusted for certain prescriptive and qualitative factors that, in management's judgment, are necessary to reflect losses inherent in the portfolio. Factors that management considers in the analysis include the effects of the national and local economies; trends in the nature and volume of delinquencies, charge-offs and nonaccrual loans; changes in loan mix; credit score migration comparisons; asset quality trends; risk management and loan administration; changes in the internal lending policies and credit standards; collection practices; and examination results from bank regulatory agencies and the Bancorp's internal credit reviewers.

The Bancorp's primary market areas for lending are the Midwestern and Southeastern regions of the United States. When evaluating the adequacy of allowances, consideration is given to these regional geographic concentrations and the closely associated effect changing economic conditions have on the Bancorp's customers.

### Reserve for Unfunded Commitments

The reserve for unfunded commitments is maintained at a level believed by management to be sufficient to absorb estimated probable losses related to unfunded credit facilities and is included in other liabilities in the Consolidated Balance Sheets. The determination of the adequacy of the reserve is based upon an evaluation of the unfunded credit facilities, including an assessment of historical commitment utilization experience, credit risk grading and historical loss rates based on credit grade migration. This process takes into consideration the same risk elements that are analyzed in the determination of the adequacy of the Bancorp's

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

ALLL, as discussed above. Net adjustments to the reserve for unfunded commitments are included in other noninterest expense in the Consolidated Statements of Income.

#### Income Taxes

The Bancorp estimates income tax expense based on amounts expected to be owed to the various tax jurisdictions in which the Bancorp conducts business. On a quarterly basis, management assesses the reasonableness of its effective tax rate based upon its current estimate of the amount and components of net income, tax credits and the applicable statutory tax rates expected for the full year. The estimated income tax expense is recorded in the Consolidated Statements of Income.

Deferred income tax assets and liabilities are determined using the balance sheet method and are reported in other assets and accrued taxes, interest and expenses, respectively, in the Consolidated Balance Sheets. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax basis of assets and liabilities, and reflects enacted changes in tax rates and laws. Deferred tax assets are recognized to the extent they exist and are subject to a valuation allowance based on management's judgment that realization is more likely than not. This analysis is performed on a quarterly basis and includes an evaluation of all positive and negative evidence, such as the limitation on the use of any net operating losses, to determine whether realization is more likely than not.

Accrued taxes represent the net estimated amount due to taxing jurisdictions and are reported in accrued taxes, interest and expenses in the Consolidated Balance Sheets. The Bancorp evaluates and assesses the relative risks and appropriate tax treatment of transactions and filing positions after considering statutes, regulations, judicial precedent and other information and maintains tax accruals consistent with its evaluation of these relative risks and merits. Changes to the estimate of accrued taxes occur periodically due to changes in tax rates, interpretations of tax laws, the status of examinations being conducted by taxing authorities and changes to statutory, judicial and regulatory guidance that impact the relative risks of tax positions. These changes, when they occur, can affect deferred taxes and accrued taxes as well as the current period's income tax expense and can be significant to the operating results of the Bancorp. For additional information on income taxes, see Note 20 of the Notes to Consolidated Financial Statements.

### Valuation of Servicing Rights

When the Bancorp sells loans through either securitizations or individual loan sales in accordance with its investment policies, it often obtains servicing rights. Servicing rights resulting from loan sales are initially recorded at fair value and subsequently amortized in proportion to, and over the period of, estimated net servicing revenue. Servicing rights are assessed for impairment monthly, based on fair value, with temporary impairment recognized through a valuation allowance and permanent impairment recognized through a write-off of the servicing asset and related valuation allowance. Key economic assumptions used in measuring any potential impairment of the servicing rights include the prepayment speeds of the underlying loans, the weighted-average life, the discount rate and the weighted-average coupon rate, as applicable. The primary risk of material changes to the value of the servicing rights resides in the potential volatility in the economic assumptions used, particularly the prepayment speeds. The Bancorp monitors risk and adjusts its valuation allowance as necessary to adequately reserve for impairment in the servicing portfolio. For purposes of measuring impairment, the mortgage servicing rights are stratified into classes based on the financial asset type (fixed rate vs.

adjustable rate) and interest rates. For additional information on servicing rights, see Note 11 of the Notes to Consolidated Financial Statements.

#### Fair Value Measurements

The Bancorp measures certain financial assets and liabilities at fair value in accordance with U.S. GAAP, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques the Bancorp uses to measure fair value include the market approach, income approach and cost approach. The market approach uses prices or relevant information generated by market transactions involving identical or comparable assets or liabilities. The income approach involves discounting future amounts to a single present amount and is based on current market expectations about those future amounts. The cost approach is based on the amount that currently would be required to replace the service capacity of the asset.

U.S. GAAP establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the instrument's fair value measurement. The three levels within the fair value hierarchy are described as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bancorp has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3 – Unobservable inputs for the asset or liability for which there is little, if any, market activity at the measurement date. Unobservable inputs reflect the Bancorp's own assumptions about what market participants would use to price the asset or liability. The inputs are developed based on the best information available in the circumstances, which might include the Bancorp's own financial data such as internally developed pricing models and discounted cash flow methodologies, as well as instruments for which the fair value determination requires significant management judgment.

The Bancorp's fair value measurements involve various valuation techniques and models, which involve inputs that are observable, when available. Valuation techniques and parameters used for measuring assets and liabilities are reviewed and validated by the Bancorp on a quarterly basis. Additionally, the Bancorp monitors the fair values of significant assets and liabilities using a variety of methods including the evaluation of pricing runs and exception reports based on certain analytical criteria, comparison to previous trades and overall review and assessments for reasonableness. The following is a summary of valuation techniques utilized by the Bancorp for its significant assets and liabilities measured at fair value on a recurring basis.

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Available-for-sale and trading securities

Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include government bonds and exchange traded equities. If quoted market prices are not available, then fair values are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Examples of such instruments, which are classified within Level 2 of the valuation hierarchy, include agency and non-agency mortgage-backed securities, other asset-backed securities, obligations of U.S. Government sponsored agencies, and corporate and municipal bonds. Agency mortgage-backed securities, obligations of U.S. Government sponsored agencies, and corporate and municipal bonds are generally valued using a market approach based on observable prices of securities with similar characteristics. Non-agency mortgage-backed securities and other asset-backed securities are generally valued using an income approach based on discounted cash flows, incorporating prepayment speeds, performance of underlying collateral and specific tranche-level attributes. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy.

### Residential mortgage loans held for sale and held for investment

For residential mortgage loans held for sale, fair value is estimated based upon mortgage-backed securities prices and spreads to those prices or, for certain ARM loans, discounted cash flow models that may incorporate the anticipated portfolio composition, credit spreads of asset-backed securities with similar collateral, and market conditions. The anticipated portfolio composition includes the effect of interest rate spreads and discount rates due to loan characteristics such as the state in which the loan was originated, the loan amount and the ARM margin. Residential mortgage loans held for sale that are valued based on mortgage-backed securities prices are classified within Level 2 of the valuation hierarchy as the valuation is based on external pricing for similar instruments. ARM loans classified as held for sale are also classified within Level 2 of the valuation hierarchy due to the use of observable inputs in the discounted cash flow model. These observable inputs include interest rate spreads from agency mortgage-backed securities market rates and observable discount rates. For residential mortgage loans reclassified from held for sale to held for investment, the fair value estimation is based on mortgagebacked securities prices, interest rate risk and an internally developed credit component. Therefore, these loans are classified within Level 3 of the valuation hierarchy.

### Derivatives

Exchange-traded derivatives valued using quoted prices and certain overthe-counter derivatives valued using active bids are classified within Level 1 of the valuation hierarchy. Most of the Bancorp's derivative contracts are valued using discounted cash flow or other models that incorporate current market interest rates, credit spreads assigned to the derivative counterparties, and other market parameters and, therefore, are classified within Level 2 of the valuation hierarchy. Such derivatives include basic and structured interest rate swaps and options. Derivatives that are valued based upon models with significant unobservable market parameters are classified within Level 3 of the valuation hierarchy. At December 31, 2013, derivatives classified as Level 3, which are valued using an option-pricing model containing unobservable inputs, consisted primarily of the warrant associated with the initial sale of the Bancorp's 51% interest in Vantiv Holding, LLC to Advent International and a total return swap associated with the Bancorp's sale of its Visa, Inc. Class B shares. Level 3 derivatives also include interest rate lock commitments, which utilize internally generated loan closing rate assumptions as a significant unobservable input in the valuation process.

In addition to the assets and liabilities measured at fair value on a recurring basis, the Bancorp measures servicing rights, certain loans and long-lived assets at fair value on a nonrecurring basis. Refer to Note 27 of the Notes to Consolidated Financial Statements for further information on fair value measurements.

#### Goodwil

Business combinations entered into by the Bancorp typically include the acquisition of goodwill. U.S. GAAP requires goodwill to be tested for impairment at the Bancorp's reporting unit level on an annual basis, which for the Bancorp is September 30, and more frequently if events or circumstances indicate that there may be impairment. The Bancorp has determined that its segments qualify as reporting units under U.S. GAAP

Impairment exists when a reporting unit's carrying amount of goodwill exceeds its implied fair value. In testing goodwill for impairment, U.S. GAAP permits the Bancorp to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. In this qualitative assessment, the Bancorp evaluates events and circumstances which may include, but are not limited to, the general economic environment, banking industry and market conditions, the overall financial performance of the Bancorp, the performance of the Bancorp's stock, the key financial performance metrics of the reporting units, and events affecting the reporting units. If, after assessing the totality of events and circumstances, the Bancorp determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test would be unnecessary. However, if the Bancorp concludes otherwise, it would then be required to perform the first step (Step 1) of the goodwill impairment test, and continue to the second step (Step 2), if necessary. Step 1 compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, Step 2 of the goodwill impairment test is performed to measure the amount of impairment loss, if any.

The fair value of a reporting unit is the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. Since none of the Bancorp's reporting units are publicly traded, individual reporting unit fair value determinations cannot be directly correlated to the Bancorp's stock price. To determine the fair value of a reporting unit, the Bancorp employs an income-based approach, utilizing the reporting unit's forecasted cash flows (including a terminal value approach to estimate cash flows beyond the final year of the forecast) and the reporting unit's estimated cost of equity as the discount rate. Additionally, the Bancorp determines its market capitalization based on the average of the closing price of the Bancorp's stock during the month including the measurement date.

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incorporating an additional control premium, and compares this market-based fair value measurement to the aggregate fair value of the Bancorp's reporting units in order to corroborate the results of the income approach.

When required to perform Step 2, the Bancorp compares the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount exceeds the implied fair value, an impairment loss equal to that excess amount is recognized. A recognized impairment loss cannot exceed the carrying amount of that goodwill and cannot be reversed in future periods even if the fair value of the reporting unit recovers.

During Step 2, the Bancorp determines the implied fair value of goodwill for a reporting unit by assigning the fair value of the reporting unit to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination. The excess of the fair value of the reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill. This assignment process is only performed for purposes of testing goodwill for impairment. The Bancorp does not adjust the carrying values of recognized assets or liabilities (other than goodwill, if appropriate), nor recognize previously unrecognized intangible assets in the Consolidated Financial Statements as a result of this assignment process. Refer to Note 8 of the Notes to Consolidated Financial Statements for further information regarding the Bancorp's goodwill.

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### RISK FACTORS

The risks listed below present risks that could have a material impact on the Bancorp's financial condition, the results of its operations, or its business.

### RISKS RELATING TO ECONOMIC AND MARKET CONDITIONS

## Weakness in the U.S. economy and in the real estate market, including specific weakness within Fifth Third's geographic footprint, has adversely affected Fifth Third and may continue to adversely affect Fifth Third.

If the strength of the U.S. economy in general or the strength of the local economies in which Fifth Third conducts operations declines this could result in, among other things, a deterioration in credit quality or a reduced demand for credit, including a resultant effect on Fifth Third's loan portfolio and ALLL and in the receipt of lower proceeds from the sale of loans and foreclosed properties. A portion of Fifth Third's residential mortgage and commercial real estate loan portfolios are comprised of borrowers in Florida, whose markets have been particularly adversely affected by job losses, declines in real estate value, declines in home sale volumes, and declines in new home building. These factors could result in higher delinquencies, greater charge-offs and increased losses on foreclosed real estate in future periods, which could materially adversely affect Fifth Third's financial condition and results of operations.

# The global financial markets continue to be strained as a result of economic slowdowns and concerns, especially about the creditworthiness of the European Union member states and financial institutions in the European Union. These factors could have international implications, which could hinder the U.S. economic recovery and affect the stability of global financial markets.

Certain European Union member states have fiscal obligations greater than their fiscal revenue, which has caused investor concern over such countries' ability to continue to service their debt and foster economic growth in their economies. The European debt crisis and measures adopted to address it have significantly weakened European economies. A weaker European economy may cause investors to lose confidence in the safety and soundness of European financial institutions and the stability of European member economies. A failure to adequately address sovereign debt concerns in Europe could hamper economic recovery or contribute to recessionary economic conditions and severe stress in the financial markets, including in the United States. Should the U.S. economic recovery be adversely impacted by these factors, the likelihood for loan and asset growth at U.S. financial institutions, like Fifth Third, may deteriorate.

### Changes in interest rates could affect Fifth Third's income and cash flows.

Fifth Third's income and cash flows depend to a great extent on the difference between the interest rates earned on interest-earning assets such as loans and investment securities, and the interest rates paid on interest-bearing liabilities such as deposits and borrowings. These rates are highly sensitive to many factors that are beyond Fifth Third's control, including general economic conditions and the policies of various governmental and regulatory agencies (in particular, the FRB). Changes in monetary policy, including changes in interest rates, will influence the origination of loans, the prepayment speed of loans, the purchase of investments, the generation of deposits and the rates received on loans and investment securities and paid on deposits or other sources of

funding. The impact of these changes may be magnified if Fifth Third does not effectively manage the relative sensitivity of its assets and liabilities to changes in market interest rates. Fluctuations in these areas may adversely affect Fifth Third and its shareholders.

### Changes and trends in the capital markets may affect Fifth Third's income and cash flows.

Fifth Third enters into and maintains trading and investment positions in the capital markets on its own behalf and manages investment positions on behalf of its customers. These investment positions include derivative financial instruments. The revenues and profits Fifth Third derives from managing proprietary and customer trading and investment positions are dependent on market prices. Market changes and trends may result in a decline in investment advisory revenue or investment or trading losses that may materially affect Fifth Third. Losses on behalf of its customers could expose Fifth Third to litigation, credit risks or loss of revenue from those customers. Additionally, substantial losses in Fifth Third's trading and investment positions could lead to a loss with respect to those investments and may adversely affect cash flows and funding costs.

## The removal or reduction in stimulus activities sponsored by the Federal Government and its agents may have a negative impact on Fifth Third's results and operations.

The Federal Government has intervened in an unprecedented manner to stimulate economic growth. The expiration or rescission of any of these programs and actions may have an adverse impact on Fifth Third's operating results by increasing interest rates, increasing the cost of funding, and reducing the demand for loan products, including mortgage loans.

## Problems encountered by financial institutions larger than or similar to Fifth Third could adversely affect financial markets generally and have indirect adverse effects on Fifth Third.

The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships between the institutions. As a result, concerns about, or a default or threatened default by, one institution could lead to significant market-wide liquidity and credit problems, losses or defaults by other institutions. This is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Bancorp interacts on a daily basis, and therefore could adversely affect Fifth Third.

### Fifth Third's stock price is volatile.

Fifth Third's stock price has been volatile in the past and several factors could cause the price to fluctuate substantially in the future. These factors include:

- Actual or anticipated variations in earnings;
- Changes in analysts' recommendations or projections;
- Fifth Third's announcements of developments related to its businesses;
- Operating and stock performance of other companies deemed to be peers;
- · Actions by government regulators;
- New technology used or services offered by traditional and non-traditional competitors;
- News reports of trends, concerns and other issues related to the financial services industry;
- Natural disasters;

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 Geopolitical conditions such as acts or threats of terrorism or military conflicts.

The price for shares of Fifth Third's common stock may fluctuate significantly in the future, and these fluctuations may be unrelated to Fifth Third's performance. General market price declines or market volatility in the future could adversely affect the price for shares of Fifth Third's common stock, and the current market price of such shares may not be indicative of future market prices.

### RISKS RELATING TO FIFTH THIRD'S GENERAL BUSINESS

### Deteriorating credit quality, particularly in real estate loans, has adversely impacted Fifth Third and may continue to adversely impact Fifth Third.

When Fifth Third lends money or commits to lend money the Bancorp incurs credit risk or the risk of losses if borrowers do not repay their loans. The credit performance of the loan portfolios significantly affects the Bancorp's financial results and condition. If the current economic environment were to deteriorate, more customers may have difficulty in repaying their loans or other obligations which could result in a higher level of credit losses and reserves for credit losses. Fifth Third reserves for credit losses by establishing reserves through a charge to earnings. The amount of these reserves is based on Fifth Third's assessment of credit losses inherent in the loan portfolio (including unfunded credit commitments). The process for determining the amount of the allowance for loan and lease losses and the reserve for unfunded commitments is critical to Fifth Third's financial results and condition. It requires difficult, subjective and complex judgments about the environment, including analysis of economic or market conditions that might impair the ability of borrowers to repay their loans.

Fifth Third might underestimate the credit losses inherent in its loan portfolio and have credit losses in excess of the amount reserved. Fifth Third might increase the reserve because of changing economic conditions, including falling home prices or higher unemployment, or other factors such as changes in borrower's behavior. As an example, borrowers may "strategically default," or discontinue making payments on their real estate-secured loans if the value of the real estate is less than what they owe, even if they are still financially able to make the payments.

Fifth Third believes that both the allowance for loan and lease losses and reserve for unfunded commitments are adequate to cover inherent losses at December 31, 2013; however, there is no assurance that they will be sufficient to cover future credit losses, especially if housing and employment conditions worsen. In the event of significant deterioration in economic conditions, Fifth Third may be required to increase reserves in future periods, which would reduce earnings.

For more information, refer to the "Risk Management - Credit Risk Management," "Critical Accounting Policies - Allowance for Loan and Leases," and "Reserve for Unfunded Commitments" of the MD&A.

### Fifth Third must maintain adequate sources of funding and liquidity.

Fifth Third must maintain adequate funding sources in the normal course of business to support its operations and fund outstanding liabilities, as well as meet regulatory expectations. Fifth Third primarily relies on bank deposits to be a low cost and stable source of funding for the loans Fifth Third makes and the operations of Fifth Third's business. Core customer deposits, which include transaction deposits and other time deposits, have historically

provided Fifth Third with a sizeable source of relatively stable and low-cost funds (average core deposits funded 70% of average total assets at December 31, 2013). In addition to customer deposits, sources of liquidity include investments in the securities portfolio, Fifth Third's ability to sell or securitize loans in secondary markets and to pledge loans to access secured borrowing facilities through the FHLB and the FRB, and Fifth Third's ability to raise funds in domestic and international money and capital markets.

Fifth Third's liquidity and ability to fund and run the business could be materially adversely affected by a variety of conditions and factors, including financial and credit market disruptions and volatility or a lack of market or customer confidence in financial markets in general similar to what occurred during the financial crisis in 2008 and early 2009, which may result in a loss of customer deposits or outflows of cash or collateral and/or ability to access capital markets on favorable terms.

Other conditions and factors that could materially adversely affect Fifth Third's liquidity and funding include a lack of market or customer confidence in Fifth Third or negative news about Fifth Third or the financial services industry generally which also may result in a loss of deposits and/or negatively affect the ability to access the capital markets; the loss of customer deposits to alternative investments; inability to sell or securitize loans or other assets, increased regulatory requirements, and reductions in one or more of Fifth Third's credit ratings. A reduced credit rating could adversely affect Fifth Third's ability to borrow funds and raise the cost of borrowings substantially and could cause creditors and business counterparties to raise collateral requirements or take other actions that could adversely affect Fifth Third's ability to raise capital. Many of the above conditions and factors may be caused by events over which Fifth Third has little or no control such as what occurred during the financial crisis. While market conditions have stabilized and, in many cases, improved, there can be no assurance that significant disruption and volatility in the financial markets will not occur in the future.

If Fifth Third is unable to continue to fund assets through customer bank deposits or access capital markets on favorable terms or if Fifth Third suffers an increase in borrowing costs or otherwise fails to manage liquidity effectively; liquidity, operating margins, financial results and condition may be materially adversely affected. As Fifth Third did during the financial crisis, it may also need to raise additional capital through the issuance of stock, which could dilute the ownership of existing stockholders, or reduce or even eliminate common stock dividends to preserve capital.

### Fifth Third may have more credit risk and higher credit losses to the extent loans are concentrated by location of the borrowers or collateral.

Fifth Third's credit risk and credit losses can increase if its loans are concentrated to borrowers engaged in the same or similar activities or to borrowers who as a group may be uniquely or disproportionately affected by economic or market conditions. Deterioration in economic conditions, housing conditions and real estate values in these states and generally across the country could result in materially higher credit losses.

## Fifth Third may be required to repurchase residential mortgage loans or reimburse investors and others as a result of breaches in contractual representations and warranties.

Fifth Third sells residential mortgage loans to various parties, including GSEs and other financial institutions that purchase residential mortgage loans for investment or private label securitization. Fifth Third may be required to repurchase residential mortgage loans, indemnify the securitization trust, investor or insurer, or reimburse the securitization trust, investor or insurer for

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credit losses incurred on loans in the event of a breach of contractual representations or warranties that is not remedied within a period (usually 60 days or less) after Fifth Third receives notice of the breach. Contracts for residential mortgage loan sales to the GSEs include various types of specific remedies and penalties that could be applied to inadequate responses to repurchase requests. If economic conditions and the housing market deteriorate or future investor repurchase demand and success at appealing repurchase requests differ from past experience, Fifth Third could have increased repurchase obligations and increased loss severity on repurchases, requiring material additions to the repurchase reserve.

### If Fifth Third does not adjust to rapid changes in the financial services industry, its financial performance may suffer.

Fifth Third's ability to deliver strong financial performance and returns on investment to shareholders will depend in part on its ability to expand the scope of available financial services to meet the needs and demands of its customers. In addition to the challenge of competing against other banks in attracting and retaining customers for traditional banking services, Fifth Third's competitors also include securities dealers, brokers, mortgage bankers, investment advisors, specialty finance and insurance companies who seek to offer one-stop financial services that may include services that banks have not been able or allowed to offer to their customers in the past or may not be currently able or allowed to offer. This increasingly competitive environment is primarily a result of changes in regulation, changes in technology and product delivery systems, as well as the accelerating pace of consolidation among financial service providers.

### If Fifth Third is unable to grow its deposits, it may be subject to paying higher funding costs.

The total amount that Fifth Third pays for funding costs is dependent, in part, on Fifth Third's ability to grow its deposits. If Fifth Third is unable to sufficiently grow its deposits to meet liquidity objectives, it may be subject to paying higher funding costs. Fifth Third competes with banks and other financial services companies for deposits. If competitors raise the rates they pay on deposits, Fifth Third's funding costs may increase, either because Fifth Third raises rates to avoid losing deposits or because Fifth Third loses deposits and must rely on more expensive sources of funding. Higher funding costs reduce our net interest margin and net interest income. Fifth Third's bank customers could take their money out of the bank and put it in alternative investments, causing Fifth Third to lose a lower cost source of funding. Checking and savings account balances and other forms of customer deposits may decrease when customers perceive alternative investments, such as the stock market, as providing a better risk/return tradeoff.

## The Bancorp's ability to receive dividends from its subsidiaries accounts for most of its revenue and could affect its liquidity and ability to pay dividends.

Fifth Third Bancorp is a separate and distinct legal entity from its subsidiaries. Fifth Third Bancorp typically receives substantially all of its revenue from dividends from its subsidiaries. These dividends are the principal source of funds to pay dividends on Fifth Third Bancorp's stock and interest and principal on its debt. Various federal and/or state laws and regulations, as well as regulatory expectations, limit the amount of dividends that the Bancorp's banking subsidiary and certain nonbank subsidiaries may pay. Regulatory scrutiny of capital levels at bank holding companies and insured depository institution subsidiaries has increased since the financial crisis and has resulted in increased regulatory focus on all aspects of capital planning, including dividends and other distributions to shareholders of banks such as the parent bank

holding companies. Also, Fifth Third Bancorp's right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to the prior claims of that subsidiary's creditors. Limitations on the Bancorp's ability to receive dividends from its subsidiaries could have a material adverse effect on its liquidity and ability to pay dividends on stock or interest and principal on its debt.

## The financial services industry is highly competitive and creates competitive pressures that could adversely affect Fifth Third's revenue and profitability.

The financial services industry in which Fifth Third operates is highly competitive. Fifth Third competes not only with commercial banks, but also with insurance companies, mutual funds, hedge funds, and other companies offering financial services in the U.S., globally and over the internet. Fifth Third competes on the basis of several factors, including capital, access to capital, revenue generation, products, services, transaction execution, innovation, reputation and price. Over time, certain sectors of the financial services industry have become more concentrated, as institutions involved in a broad range of financial services have been acquired by or merged into other firms. These developments could result in Fifth Third's competitors gaining greater capital and other resources, such as a broader range of products and services and geographic diversity. Fifth Third may experience pricing pressures as a result of these factors and as some of its competitors seek to increase market share by reducing prices.

### Fifth Third and/or the holders of its securities could be adversely affected by unfavorable ratings from rating agencies.

Fifth Third's ability to access the capital markets is important to its overall funding profile. This access is affected by the ratings assigned by rating agencies to Fifth Third, certain of its subsidiaries and particular classes of securities they issue. The interest rates that Fifth Third pays on its securities are also influenced by, among other things, the credit ratings that it, its subsidiaries and/or its securities receive from recognized rating agencies. A downgrade to Fifth Third or its subsidiaries' credit rating could affect its ability to access the capital markets, increase its borrowing costs and negatively impact its profitability. A ratings downgrade to Fifth Third, its subsidiaries or their securities could also create obligations or liabilities to Fifth Third under the terms of its outstanding securities that could increase Fifth Third's costs or otherwise have a negative effect on its results of operations or financial condition. Additionally, a downgrade of the credit rating of any particular security issued by Fifth Third or its subsidiaries could negatively affect the ability of the holders of that security to sell the securities and the prices at which any such securities may be sold.

### Fifth Third could suffer if it fails to attract and retain skilled personnel.

Fifth Third's success depends, in large part, on its ability to attract and retain key individuals. Competition for qualified candidates in the activities and markets that Fifth Third serves is great and Fifth Third may not be able to hire these candidates and retain them. If Fifth Third is not able to hire or retain these key individuals, Fifth Third may be unable to execute its business strategies and may suffer adverse consequences to its business, operations and financial condition.

In June 2010, the federal banking agencies issued joint guidance on executive compensation designed to help ensure that a banking organization's incentive compensation policies do not encourage imprudent risk taking and are consistent with the safety and soundness of the organization. In addition, the Dodd-Frank Act requires those agencies, along with the SEC, to adopt rules to

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require reporting of incentive compensation and to prohibit certain compensation arrangements. The federal banking agencies and the SEC proposed such rules in April 2011. In addition, in June 2012, the SEC issued final rules to implement Dodd-Frank's requirement that the SEC direct the national securities exchanges to adopt certain listing standards related to the compensation committee of a company's board of directors as well as its compensation advisers. If Fifth Third is unable to attract and retain qualified employees, or do so at rates necessary to maintain its competitive position, or if compensation costs required to attract and retain employees become more expensive, Fifth Third's performance, including its competitive position, could be materially adversely affected.

### Fifth Third's mortgage banking revenue can be volatile from quarter to quarter.

Fifth Third earns revenue from the fees it receives for originating mortgage loans and for servicing mortgage loans. When rates rise, the demand for mortgage loans tends to fall, reducing the revenue Fifth Third receives from loan originations. At the same time, revenue from MSRs can increase through increases in fair value. When rates fall, mortgage originations tend to increase and the value of MSRs tends to decline, also with some offsetting revenue effect. Even though the origination of mortgage loans can act as a "natural hedge," the hedge is not perfect, either in amount or timing. For example, the negative effect on revenue from a decrease in the fair value of residential MSRs is immediate, but any offsetting revenue benefit from more originations and the MSRs relating to the new loans would accrue over time. It is also possible that, because of the recession and deteriorating housing market, even if interest rates were to fall, mortgage originations may also fall or any increase in mortgage originations may not be enough to offset the decrease in the MSRs value caused by the lower rates.

Fifth Third typically uses derivatives and other instruments to hedge its mortgage banking interest rate risk. Fifth Third generally does not hedge all of its risks, and the fact that Fifth Third attempts to hedge any of the risks does not mean Fifth Third will be successful. Hedging is a complex process, requiring sophisticated models and constant monitoring. Fifth Third may use hedging instruments tied to U.S. Treasury rates, LIBOR or Eurodollars that may not perfectly correlate with the value or income being hedged. Fifth Third could incur significant losses from its hedging activities. There may be periods where Fifth Third elects not to use derivatives and other instruments to hedge mortgage banking interest rate risk.

### Fifth Third uses financial models for business planning purposes that may not adequately predict future results.

Fifth Third uses financial models to aid in its planning for various purposes including its capital and liquidity needs, potential charge- offs, reserves, and other purposes. The models used may not accurately account for all variables that could affect future results, may fail to predict outcomes accurately and/or may overstate or understate certain effects. As a result of these potential failures, Fifth Third may not adequately prepare for future events and may suffer losses or other setbacks due to these failures.

### Changes in interest rates could also reduce the value of MSRs.

Fifth Third acquires MSRs when it keeps the servicing rights after the sale or securitization of the loans that have been originated or when it purchases the servicing rights to mortgage loans originated by other lenders. Fifth Third initially measures all residential MSRs at fair value and subsequently amortizes the MSRs in proportion to, and over the period of, estimated net servicing income. Fair value is the present value of estimated future net servicing income, calculated based on a number of variables, including assumptions about the likelihood of prepayment by borrowers. Servicing rights

are assessed for impairment monthly, based on fair value, with temporary impairment recognized through a valuation allowance and permanent impairment recognized through a write-off of the servicing asset and related valuation allowance.

Changes in interest rates can affect prepayment assumptions and thus fair value. When interest rates fall, borrowers are usually more likely to prepay their mortgage loans by refinancing them at a lower rate. As the likelihood of prepayment increases, the fair value of MSRs can decrease. Each quarter Fifth Third evaluates the fair value of MSRs, and decreases in fair value below amortized cost reduce earnings in the period in which the decrease occurs.

### The preparation of Fifth Third's financial statements requires the use of estimates that may vary from actual results.

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make significant estimates that affect the financial statements. See the "Critical Accounting Policies" section of the MD&A for more information regarding management's significant estimates. Additionally, Fifth Third's litigation reserve is a management estimate which is regularly reviewed for accuracy.

Fifth Third regularly reviews its litigation reserve for adequacy considering its litigation and regulatory investigation risks and probability of incurring losses related to litigation and regulatory investigations. However, Fifth Third cannot be certain that its current litigation reserves will be adequate over time to cover its losses in litigation or regulatory proceedings due to higher than anticipated settlement costs, prolonged litigation, adverse judgments, or other factors that are largely outside of Fifth Third's control. If Fifth Third's litigation reserves are not adequate, Fifth Third's business, financial condition, including its liquidity and capital, and results of operations could be materially adversely affected. Additionally, in the future, Fifth Third may increase its litigation reserves, which could have a material adverse effect on its capital and results of operations. In addition, if a material change to a reserve amount is made to reflect new information, such a change could result in a change to previously announced financial results.

### Changes in accounting standards or interpretations could impact Fifth Third's reported earnings and financial condition.

The accounting standard setters, including the FASB, the SEC and other regulatory agencies, periodically change the financial accounting and reporting standards that govern the preparation of Fifth Third's consolidated financial statements. These changes can be hard to predict and can materially impact how Fifth Third records and reports its financial condition and results of operations. In some cases, Fifth Third could be required to apply a new or revised standard retroactively, which would result in the recasting of Fifth Third's prior period financial statements.

## Future acquisitions may dilute current shareholders' ownership of Fifth Third and may cause Fifth Third to become more susceptible to adverse economic events.

Future business acquisitions could be material to Fifth Third and it may issue additional shares of stock to pay for those acquisitions, which would dilute current shareholders' ownership interests. Acquisitions also could require Fifth Third to use substantial cash or other liquid assets or to incur debt. In those events, Fifth Third could become more susceptible to economic downturns and competitive pressures.

Difficulties in combining the operations of acquired entities with Fifth Third's own operations may prevent Fifth Third from achieving the expected benefits from its acquisitions.

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Inherent uncertainties exist when integrating the operations of an acquired entity. Fifth Third may not be able to fully achieve its strategic objectives and planned operating efficiencies in an acquisition. In addition, the markets and industries in which Fifth Third and its potential acquisition targets operate are highly competitive. Fifth Third may lose customers or the customers of acquired entities as a result of an acquisition. Future acquisition and integration activities may require Fifth Third to devote substantial time and resources and as a result Fifth Third may not be able to pursue other business opportunities.

After completing an acquisition, Fifth Third may find certain items are not accounted for properly in accordance with financial accounting and reporting standards. Fifth Third may also not realize the expected benefits of the acquisition due to lower financial results pertaining to the acquired entity. For example, Fifth Third could experience higher charge-offs than originally anticipated related to the acquired loan portfolio.

Fifth Third may sell or consider selling one or more of its businesses. Should it determine to sell such a business, it may not be able to generate gains on sale or related increase in shareholders' equity commensurate with desirable levels. Moreover, if Fifth Third sold such businesses, the loss of income could have an adverse effect on its earnings and future growth.

Fifth Third owns several non-strategic businesses that are not significantly synergistic with its core financial services businesses. Fifth Third has, from time to time, considered the sale of such businesses. If it were to determine to sell such businesses, Fifth Third would be subject to market forces that may make completion of a sale unsuccessful or may not be able to do so within a desirable time frame. If Fifth Third were to complete the sale of non-core businesses, it would suffer the loss of income from the sold businesses, and such loss of income could have an adverse effect on its future earnings and growth.

### Fifth Third relies on its systems and certain service providers, and certain failures could materially adversely affect operations.

Fifth Third collects, processes and stores sensitive consumer data by utilizing computer systems and telecommunications networks operated by both Fifth Third and third party service providers. Fifth Third has security, backup and recovery systems in place, as well as a business continuity plan to ensure the system will not be inoperable. Fifth Third also has security to prevent unauthorized access to the system. In addition, Fifth Third requires its third party service providers to maintain similar controls. However, Fifth Third cannot be certain that the measures will be successful. A security breach in the system and loss of confidential information such as credit card numbers and related information could result in losing the customers' confidence and thus the loss of their business as well as additional significant costs for privacy monitoring activities.

Fifth Third's necessary dependence upon automated systems to record and process its transaction volume poses the risk that technical system flaws or employee errors, tampering or manipulation of those systems will result in losses and may be difficult to detect. Fifth Third may also be subject to disruptions of its operating systems arising from events that are beyond its control (for example, computer viruses or electrical or telecommunications outages). Fifth Third is further exposed to the risk that its third party service providers may be unable to fulfill their contractual obligations (or will be subject to the same risk of fraud or operational errors as Fifth Third). These disruptions may interfere with service to Fifth Third's customers and result in a financial loss or liability.

### Fifth Third is exposed to cyber-security risks, including denial of service, hacking, and identity theft.

There has been a well-publicized series of apparently related distributed denial of service attacks on large financial services companies, including Fifth Third Bank. Distributed denial of service attacks are designed to saturate the targeted online network with excessive amounts of network traffic, resulting in slow response times, or in some cases, causing the site to be temporarily unavailable. To date these attacks have not been intended to steal financial data, but meant to interrupt or suspend a company's Internet service. These events did not result in a breach of Fifth Third's client data and account information remained secure; however, the attacks did adversely affect the performance of Fifth Third's website and in some instances prevented customers from accessing Fifth Third's website. While the event was resolved in a timely fashion and primarily resulted in inconvenience to our customers, future cyber-attacks could be more disruptive and damaging. Hacking and identity theft risks, in particular, could cause serious reputational harm. Cyber threats are rapidly evolving and Fifth Third may not be able to anticipate or prevent all such attacks. Fifth Third may incur increasing costs in an effort to minimize these risks and could be held liable for any security breach or loss.

### Fifth Third is exposed to operational and reputational risk.

Fifth Third is exposed to many types of operational risk, including reputational risk, legal and compliance risk, environmental risks from its properties, the risk of fraud or theft by employees, customers or outsiders, unauthorized transactions by employees, operating system disruptions or operational errors.

Negative public opinion can result from Fifth Third's actual or alleged conduct in activities, such as lending practices, data security, corporate governance and acquisitions, and may damage Fifth Third's reputation. Additionally, actions taken by government regulators and community organizations may also damage Fifth Third's reputation. This negative public opinion can adversely affect Fifth Third's ability to attract and keep customers and can expose it to litigation and regulatory action.

### The results of Vantiv Holding, LLC could have a negative impact on Fifth Third's operating results and financial condition.

In 2009, Fifth Third sold an approximate 51% interest in its processing business, Vantiv Holding, LLC (formerly Fifth Third Processing Solutions). As a result of additional share sales completed by Fifth Third in 2012 and 2013, the Bancorp's current ownership share in Vantiv Holding, LLC is approximately 25%. Vantiv Holding, LLC is accounted for under the equity method and is not consolidated based on Fifth Third's remaining ownership share in Vantiv Holding, LLC. Vantiv Holding, LLC's operating results could be poor or favorable and could disproportionately affect the operating results of Fifth Third. In addition, Fifth Third participates in a multi-lender credit facility to Vantiv Holding, LLC and repayment of these loans is contingent on future cash flows from Vantiv Holding, LLC.

### Weather related events or other natural disasters may have an effect on the performance of Fifth Third's loan portfolios, especially in its coastal markets, thereby adversely impacting its results of operations.

Fifth Third's footprint stretches from the upper Midwestern to lower Southeastern regions of the United States. This area has experienced weather events including hurricanes and other natural disasters. The nature and level of these events and the impact of global climate change upon their frequency and severity cannot be

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

predicted. If large scale events occur, they may significantly impact its loan portfolios by damaging properties pledged as collateral as well as impairing its borrowers' ability to repay their loans.

### RISKS RELATED TO THE LEGAL AND REGULATORY ENVIRONMENT

### As a regulated entity, the Bancorp is subject to certain capital requirements that may limit its operations and potential growth.

The Bancorp is a bank holding company and a financial holding company. As such, it is subject to the comprehensive, consolidated supervision and regulation of the FRB, including risk-based and leverage capital requirements. The Bancorp must maintain certain risk-based and leverage capital ratios as required by the FRB which can change depending upon general economic conditions and the Bancorp's particular condition, risk profile and growth plans. Compliance with the capital requirements, including leverage ratios, may limit operations that require the intensive use of capital and could adversely affect the Bancorp's ability to expand or maintain present business levels.

In June 2012, Federal banking agencies proposed enhancements to the regulatory capital requirements for U.S. banking organizations, which implemented aspects of Basel III, such as re-defining the regulatory capital elements and minimum capital ratios, introducing regulatory capital buffers above those minimums, revising the agencies' rules for calculating risk-weighted assets and introducing a new Tier 1 common equity ratio. In July 2013, the Federal banking agencies issued final rules for the enhanced regulatory capital requirements, which included modifications to the proposed rules. The final rules provide the option for certain banking organizations, including the Bancorp, to opt out of including AOCI in Tier 1 capital and retain the treatment of residential mortgage exposures consistent with the current Basel I capital rules. The new capital rules are effective for the Bancorp on January 1, 2015, subject to phase-in periods for certain components and other provisions. The need to maintain more and higher quality capital as well as greater liquidity going forward could limit our business activities, including lending, and our ability to expand, either organically or through acquisitions. In addition, the new liquidity standards could require us to increase our holdings of highly liquid short-term investments, thereby reducing our ability to invest in longer-term assets even if more desirable from a balance sheet management perspective. Moreover, although these new requirements are being phased in over time, U.S. Federal banking agencies have been taking into account expectations regarding the ability of banks to meet these new requirements, including under stressed conditions, in approving actions that represent uses of capital, such as dividend increases and share repurchases.

The Bancorp's banking subsidiary must remain well-capitalized, well-managed and maintain at least a "Satisfactory" CRA rating for the Bancorp to retain its status as a financial holding company. Failure to meet these requirements could result in the FRB placing limitations or conditions on the Bancorp's activities (and the commencement of new activities) and could ultimately result in the loss of financial holding company status. In addition, failure by the Bancorp's banking subsidiary to meet applicable capital guidelines could subject the bank to a variety of enforcement remedies available to the federal regulatory authorities. These include limitations on the ability to pay dividends, the issuance by the regulatory authority of a capital directive to increase capital, and the termination of deposit insurance by the FDIC.

### Fifth Third's business, financial condition and results of operations could be adversely affected by new or changed

### regulations and by the manner in which such regulations are applied by regulatory authorities.

Current economic conditions, particularly in the financial markets, have resulted in government regulatory agencies placing increased focus on and scrutiny of the financial services industry. The U.S. government has intervened on an unprecedented scale, responding to what has been commonly referred to as the financial crisis, by introducing various actions and passing legislation such as the Dodd-Frank Act. Such programs and legislation subject Fifth Third and other financial institutions to restrictions, oversight and/or costs that may have an impact on Fifth Third's business, financial condition, results of operations or the price of its common stock.

New proposals for legislation and regulations continue to be introduced that could further substantially increase regulation of the financial services industry. Fifth Third cannot predict whether any pending or future legislation will be adopted or the substance and impact of any such new legislation on Fifth Third. Additional regulation could affect Fifth Third in a substantial way and could have an adverse effect on its business, financial condition and results of operations.

On November 21, 2013, the OCC and FDIC separately issued guidance on deposit advance loans. The guidance establishes numerous expectations for institutions that offer such products. It covers matters such as consumer eligibility, capital adequacy, fees, compliance, management oversight, and third-party relationships. Fifth Third's deposit advance product was designed to fully comply with all applicable federal and state laws. However, given industry developments, Fifth Third determined to cease enrolling customers in its deposit advance product as of January 31, 2014 and will phase out its service to existing deposit advance customers by December 31, 2014.

### Fifth Third is subject to various regulatory requirements that may limit its operations and potential growth.

Under federal and state laws and regulations pertaining to the safety and soundness of insured depository institutions and their holding companies, the FRB, the FDIC, the CFPB and the Ohio Division of Financial Institutions have the authority to compel or restrict certain actions by Fifth Third and its banking subsidiary. Fifth Third and its banking subsidiary are subject to such supervisory authority and, more generally, must, in certain instances, obtain prior regulatory approval before engaging in certain activities or corporate decisions. There can be no assurance that such approvals, if required, would be forthcoming or that such approvals would be granted in a timely manner. Failure to receive any such approval, if required, could limit or impair Fifth Third's operations, restrict its growth and/or affect its dividend policy. Such actions and activities subject to prior approval include, but are not limited to, increasing dividends paid by Fifth Third or its banking subsidiary, entering into a merger or acquisition transaction, acquiring or establishing new branches, and entering into certain new businesses.

In addition, Fifth Third, as well as other financial institutions more generally, have recently been subjected to increased scrutiny from regulatory authorities stemming from broader systemic regulatory concerns, including with respect to stress testing, capital levels, asset quality, provisioning and other prudential matters, arising as a result of the recent financial crisis and efforts to ensure that financial institutions take steps to improve their risk management and prevent future crises.

In some cases, regulatory agencies may take supervisory actions that may not be publicly disclosed, which restrict or limit a financial institution. Finally, as part of Fifth Third's regular examination process, Fifth Third's and its banking subsidiary's respective regulators may advise it and its banking subsidiary to operate under various restrictions as a prudential matter. Such supervisory actions

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

or restrictions, if and in whatever manner imposed, could have a material adverse effect on Fifth Third's business and results of operations and may not be publicly disclosed.

Fifth Third and/or its affiliates are or may become involved from time to time in information-gathering requests, investigations and proceedings by various governmental regulatory agencies and law enforcement authorities, as well as self-regulatory agencies which may lead to adverse consequences.

Fifth Third and/or its affiliates are or may become involved from time to time in information-gathering requests, reviews, investigations and proceedings (both formal and informal) by governmental regulatory agencies and law enforcement authorities, as well as self-regulatory agencies, including the SEC, regarding their respective businesses. Such matters may result in material adverse consequences, including without limitation, adverse judgments, settlements, fines, penalties, injunctions or other actions, amendments and/or restatements of Fifth Third's SEC filings and/or financial statements, as applicable, and/or determinations of material weaknesses in its disclosure controls and procedures.

## Deposit insurance premiums levied against Fifth Third Bank may increase if the number of bank failures increase or the cost of resolving failed banks increases.

The FDIC maintains a DIF to protect insured depositors in the event of bank failures. The DIF is funded by fees assessed on insured depository institutions including Fifth Third Bank. The magnitude and cost of resolving an increased number of bank failures have reduced the DIF. Future deposit premiums paid by Fifth Third Bank depend on the level of the DIF and the magnitude and cost of future bank failures. Fifth Third Bank also may be required to pay significantly higher FDIC premiums because market developments have significantly depleted the DIF of the FDIC and reduced the ratio of reserves to insured deposits.

## Legislative or regulatory compliance, changes or actions or significant litigation, could adversely impact Fifth Third or the businesses in which Fifth Third is engaged.

Fifth Third is subject to extensive state and federal regulation, supervision and legislation that govern almost all aspects of its operations and limit the businesses in which Fifth Third may engage. These laws and regulations may change from time to time and are primarily intended for the protection of consumers, depositors and the deposit insurance funds. The impact of any changes to laws and regulations or other actions by regulatory agencies may negatively impact Fifth Third or its ability to increase the value of its business. Additionally, actions by regulatory agencies or significant litigation against Fifth Third could cause it to devote significant time and resources to defending itself and may lead to penalties that materially affect Fifth Third and its shareholders. Future changes in the laws, including tax laws, or regulations or their interpretations or enforcement may also be materially adverse to Fifth Third and its shareholders or may require Fifth Third to expend significant time and resources to comply with such requirements.

On July 21, 2010 the President of the United States signed into law the Dodd-Frank Act. Many parts of the Dodd-Frank Act are now in effect, while others are in an implementation stage likely to continue for several years. A number of reform provisions are likely to significantly impact the ways in which banks and bank holding companies, including Fifth Third and its bank subsidiary, conduct their business:

 The CFPB has been given authority to regulate consumer financial products and services sold by banks and non-bank companies and to supervise banks with assets of more than \$10 billion and their affiliates for compliance with Federal consumer protection laws. Any new regulatory requirements promulgated by the CFPB could require changes to our consumer businesses, result in increased compliance costs and affect the streams of revenue of such businesses. The FSOC has been charged with identifying systemic risks, promoting stronger financial regulation and identifying those non-bank companies that are systemically important and thus should be subject to regulation by the Federal Reserve.

- The Dodd-Frank Act "Volcker Rule" provisions and implementing final rule generally prohibit any banking entity from (i) engaging in short-term proprietary trading for its own account and (ii) sponsoring or acquiring ownership interests in private equity or hedge funds. The Volcker Rule, however, contains a number of exceptions to these prohibitions. For example, transactions on behalf of customers or in connection with certain underwriting and market making activities, as well as risk-mitigating hedging activities and certain foreign banking activities are permitted. The risk-mitigating hedging exemption applies to hedging activities that are designed to reduce or significantly mitigate specific, identifiable risks of individual or aggregated positions. Fifth Third is required to conduct an analysis supporting its hedging strategy and the effectiveness of hedges must be monitored and recalibrated as necessary. Fifth Third will be required to document, contemporaneously with the transaction, the hedging rationale for certain transactions that present heighted compliance risks. Under the market-making exemption, a trading desk is required to routinely stand ready to purchase and sell one or more types of financial instruments. The trading desk's inventory in these types of financial instruments has to be designed not to exceed, on an ongoing basis, the reasonably expected near-term demands of customers.
- The Volcker Rule and the rulemakings promulgated thereunder restrict banks and their affiliated entities from investing in or sponsoring certain private equity and hedge funds. Fifth Third does not sponsor any private equity or hedge funds that it is prohibited from sponsoring. As of December 31, 2013, the Bancorp had approximately \$181 million in interests and approximately \$80 million in binding commitments to invest in private equity funds likely to be affected by the Volcker rule. It is expected that over time the Bancorp may need to eliminate these investments although it is likely that these investments will be reduced over time in the ordinary course before compliance is required. Fifth Third expects to be able to hold these investments until July 2015 with no restriction, and be eligible to obtain up to two one-year extension periods, subject to regulatory approvals. A forced sale of some of these investments could result in Fifth Third receiving less value than it would otherwise have received.

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

- The FDIC and the Federal Reserve adopted a final rule that requires bank holding companies that have \$50 billion or more in assets, like Fifth Third, to periodically submit to the Federal Reserve, the FDIC and the FSOC a plan discussing how the company could be resolved in a rapid and orderly fashion if the company were to fail or experience material financial distress. In a related rulemaking, the FDIC adopted a final rule that requires insured depository institutions with \$50 billion or more in assets, like Fifth Third, to annually prepare and submit a resolution plan to the FDIC, which would include, among other things, an analysis of how the institution could be resolved under the Federal Deposit Insurance Act, as amended (the "FDIA") in a manner that protects depositors and limits losses or costs to creditors of the bank. Initial plans for Fifth Third and its bank subsidiary have been submitted, in accordance with the final regulatory rules, for review by the FDIC, the Federal Reserve, and the FSOC. The Federal Reserve and the FDIC may jointly impose restrictions on Fifth Third or its bank subsidiary, including additional capital requirements or limitations on growth, if the agencies determine that the institution's plan is not credible or would not facilitate a rapid and orderly resolution of Fifth Third under the U.S. Bankruptcy Code, or Fifth Third Bank under the FDIA, and additionally could require Fifth Third to divest assets or take other actions if it did not submit an acceptable resolution within two years after any such restrictions were imposed.
- Title VII of Dodd-Frank imposes a new regulatory regime on the U.S. derivatives markets. While some of the provisions related to derivatives markets went into effect on July 16, 2011, most of the new requirements await final regulations from the relevant regulatory agencies for derivatives, the Commodities Futures Trading Commission ("CFTC") and the SEC. One aspect of this new regulatory regime for derivatives is that substantial oversight responsibility has been provided to the CFTC, which, as a result, will for the first time have a meaningful supervisory role with respect to some of our businesses. Although the ultimate impact will depend on the final regulations, Fifth Third expects that its derivatives business will likely be subject to new substantive requirements, including registration with the CFTC, margin requirements in excess of current market practice, capital requirements specific to this business, real time trade reporting and robust record keeping requirements, business conduct requirements (including daily valuations, disclosure of material risks associated with swaps and disclosure of material incentives and conflicts of interest), and mandatory clearing and exchange trading of all standardized swaps designated by the relevant regulatory agencies as required to be cleared. These requirements will collectively impose implementation and ongoing compliance burdens on Fifth Third and will introduce additional legal risk (including as a result of newly applicable antifraud and anti-manipulation provisions and private rights of action). Depending on the final rules that relate to Fifth Third's swaps

businesses, the nature and extent of those businesses may change.

- Financial institutions may be required, regardless of risk, to pay taxes or other fees to the U.S. Treasury. Such taxes or other fees could be designed to reimburse the U.S. Treasury for the many government programs and initiatives it has taken or may undertake as part of its economic stimulus efforts. The Department of Treasury issued an interim final rule in 2012 to establish an assessment schedule for the collection of fees from bank holding companies with at least \$50 billion in assets and foreign banks with at least \$50 billion in assets in the U.S. to cover the expenses of the Office of Financial Research and FSOC. In August 2013, the FRB also adopted a final rule to implement an assessment provision under the Dodd-Frank Act equal to the expense the FRB estimates are necessary or appropriate to supervise and regulate bank holding companies with \$50 billion or more in assets.
- On July 31, 2013, the U.S. District Court for the District of Columbia issued an order granting summary judgment to the plaintiffs in a case challenging certain provisions of the FRB's rule concerning electronic debit card transaction fees and network exclusivity arrangements that were adopted to implement Section 1075 of the Dodd-Frank Act, known as the Durbin Amendment. The Court held that, in adopting the Current Rule, the FRB violated the Durbin Amendment's provisions concerning which costs are allowed to be taken into account for purposes of setting fees that are reasonable and proportional to the costs incurred by the issuer and therefore, the Current Rule's maximum permissible fees were too high. In addition, the Court held that the Current Rule's network non-exclusivity provisions concerning unaffiliated payment networks for debit cards also violated the Durbin Amendment. The Court vacated the Current Rule, but stayed its ruling to provide the FRB an opportunity to replace invalidated portions. The FRB has appealed this decision. If this decision is ultimately upheld and/or the FRB re-issues rules for purposes of implementing the Durbin Amendment in a manner consistent with this decision, the amount of debit card interchange fees the Bancorp would be permitted to charge would likely be reduced, thereby negatively affecting the Bancorp's financial performance.

It is clear that the reforms, both under the Dodd-Frank Act and otherwise, will have a significant effect on the entire financial industry. Although it is difficult to predict the magnitude and extent of these effects at this stage, Fifth Third believes compliance with the Dodd-Frank Act and its implementing regulations and other initiatives will likely negatively impact revenue and increase the cost of doing business, both in terms of transition expenses and on an ongoing basis, and may also limit Fifth Third's ability to pursue certain desirable business opportunities. Any new regulatory requirements or changes to existing requirements could require changes to Fifth Third's businesses, result in increased compliance costs and affect the profitability of such businesses. Additionally, reform could affect the behaviors of third parties that we deal with

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

in the course of our business, such as rating agencies, insurance companies and investors. The extent to which Fifth Third can adjust its strategies to offset such adverse impacts also is not known at this time.

## Fifth Third and/or its affiliates are or may become the subject of litigation which could result in legal liability and damage to Fifth Third's reputation.

Fifth Third and certain of its directors and officers have been named from time to time as defendants in various class actions and other litigation relating to Fifth Third's business and activities. Past, present and future litigation have included or could include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. These matters could result in material adverse judgments, settlements, fines, penalties, injunctions or other relief, amendments and/or restatements of Fifth Third's SEC filings and/or financial statements, as applicable and/or determinations of material weaknesses in its disclosure controls and procedures. Like other large financial institutions and companies, Fifth Third is also subject to risk from potential employee misconduct, including non-compliance with policies and improper use or disclosure of confidential information. Substantial legal liability or significant regulatory action against Fifth Third could materially adversely affect its business, financial condition or results of operations and/or cause significant reputational harm to its business.

### Fifth Third's ability to pay or increase dividends on its common stock or to repurchase its capital stock is restricted.

Fifth Third's ability to pay dividends or repurchase stock is subject to regulatory requirements and the need to meet regulatory expectations. Fifth Third is subject to an annual assessment by the FRB as part of CCAR. The mandatory elements of the capital plan are an assessment of the expected use and sources of capital over the planning horizon, a description of all planned capital actions over the planning horizon, a discussion of any expected changes to the Bancorp's business plan that are likely to have a material impact on its capital adequacy or liquidity, a detailed description of the Bancorp's process for assessing capital adequacy and the Bancorp's capital policy. The capital plan must reflect the revised capital framework that the FRB adopted in connection with the implementation of the Basel III accord, including the framework's minimum regulatory capital ratios and transition arrangements. Fifth Third's stress testing results and 2014 capital plan were submitted to the FRB on January 6, 2014.

The FRB's review of the capital plan will assess the comprehensiveness of the capital plan, the reasonableness of the assumptions and the analysis underlying the capital plan. Additionally, the FRB will review the robustness of the capital adequacy process, the capital policy and the Bancorp's ability to maintain capital above the minimum regulatory capital ratios and above a Tier 1 common ratio of 5 percent under baseline and stressful conditions throughout a nine-quarter planning horizon.

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### STATEMENTS OF INCOME ANALYSIS

### **Net Interest Income**

Net interest income is the interest earned on securities, loans and leases (including yield-related fees) and other interest-earning assets less the interest paid for core deposits (includes transaction deposits and other time deposits) and wholesale funding (includes certificates of deposit \$100,000 and over, other deposits, federal funds purchased, short-term borrowings and long-term debt). The net interest margin is calculated by dividing net interest income by average interest-earning assets. Net interest rate spread is the difference between the average yield earned on interest-earning assets and the average rate paid on interest-bearing liabilities. Net interest margin is typically greater than net interest rate spread due to the interest income earned on those assets that are funded by noninterest-bearing liabilities, or free funding, such as demand deposits or shareholders' equity.

Table 5 presents the components of net interest income, net interest margin and net interest rate spread for the years ended December 31, 2013, 2012 and 2011. Nonaccrual loans and leases and loans held for sale have been included in the average loan and lease balances. Average outstanding securities balances are based on amortized cost with any unrealized gains or losses on available-for-sale securities included in other assets. Table 6 provides the relative impact of changes in the balance sheet and changes in interest rates on net interest income.

Net interest income was \$3.6 billion for the years ended December 31, 2013 and 2012. Included within net interest income are amounts related to the amortization and accretion of premiums and discounts on acquired loans and deposits, primarily as a result of acquisitions in previous years, which increased net interest income by \$17 million during 2013 and \$31 million during 2012. The original purchase accounting discounts reflected the high discount rates in the market at the time of the acquisitions; the total loan discounts are being accreted into net interest income over the remaining period to maturity of the loans acquired. Based upon the remaining period to maturity, and excluding the impact of prepayments, the Bancorp anticipates recognizing approximately \$5 million in additional net interest income during 2014 as a result of the amortization and accretion of premiums and discounts on acquired loans and deposits.

For the year ended December 31, 2013, net interest income was negatively impacted by a 36 bps decline in yields on the Bancorp's interest-earning assets compared to the year ended December 31, 2012. The decrease in yields on interest earning assets was partially offset by an increase in average loans and leases of \$4.3 billion as well as a decrease in interest expense compared to the prior year. The decrease in interest expense was primarily the result of a 59 bps decrease in the rate paid on average long-term debt coupled with a \$1.1 billion decrease in average long-term debt for the year ended December 31, 2013 compared to the year ended December 31, 2012. For the year ended December 31, 2013, the net interest rate spread decreased to 3.15% from 3.35% in 2012 as the benefit of the decreases in rates on interest-bearing liabilities was more than offset by a decrease in yield on average interest-earning assets.

Net interest margin was 3.32% for the year ended December 31, 2013 compared to 3.55% for the year ended December 31, 2012. Net interest margin was impacted by the amortization and accretion of premiums and discounts on acquired loans and deposits that resulted in an increase in net interest margin of 2 bps during 2013 compared to 3 bps during 2012. Exclusive of these amounts, net interest margin decreased 22 bps for the year ended December 31, 2013 compared to the prior year driven primarily by the previously mentioned decline in the yield on average interest-earning assets coupled with an increase in average interest-earning assets, partially

offset by a decrease in interest expense primarily related to long-term debt.

Interest income from loans and leases decreased \$126 million, or four percent, compared to the year ended December 31, 2012 primarily due to a decrease of 34 bps in yields on average loans and leases partially offset by an increase of five percent in average loans and leases for the year ended December 31, 2013 compared to 2012. The increase in average loans and leases for the year ended December 31, 2013 was driven primarily by an increase of 15% in average commercial and industrial loans and an increase of eight percent in average residential mortgage loans compared to the year ended December 31, 2012. For more information on the Bancorp's loan and lease portfolio, see the Loans and Leases section of the Balance Sheet Analysis of the MD&A. In addition, interest income from investment securities and other short-term investments decreased \$6 million, or one percent, compared to the year ended 2012 primarily due to a 29 bps decrease in the average yield on taxable securities partially offset by an increase of \$1.1 billion in average taxable securities.

Average core deposits increased \$4.3 billion, or five percent, compared to the year ended December 31, 2012 primarily due to an increase in average money market deposits and average demand deposits partially offset by a decrease in average savings deposits. The cost of interest bearing core deposits decreased to 27 bps for the year ended December 31, 2013 from 31 bps for the year ended December 31, 2012. This decrease was primarily the result of a mix shift to lower cost interest bearing core deposits as a result of run-off of higher priced CDs combined with decreases of 5 bps in the rate paid on average savings deposits and a decrease of 26 bps on average other time deposits compared to the year ended December 31, 2012.

Interest expense on average wholesale funding for the year ended December 31, 2013 decreased \$83 million, or 24%, compared to the prior year, primarily due to a decrease in the rates paid on average long-term debt of 59 bps for the year ended December 31, 2013 compared to 2012 coupled with a decrease of \$1.1 billion in average long-term debt. The reduction in higher cost long-term debt was primarily the result of the full year impact of the redemption of outstanding TruPS and FHLB debt in the second half of 2012. In the third quarter of 2012, the Bancorp redeemed \$1.4 billion of outstanding TruPS which had a 7.25% distribution rate. Additionally, in the fourth quarter of 2012, the Bancorp terminated \$1.0 billion of FHLB debt with a fixed rate of 4.56%. These decreases were partially offset by the issuance of \$1.3 billion of unsecured senior bank notes in the first quarter of 2013. Refer to the Borrowings section of MD&A for additional information on the Bancorp's changes in average borrowings. During the years ended December 31, 2013 and 2012, wholesale funding represented 24% of interest-bearing liabilities. For more information on the Bancorp's interest rate risk management, including estimated earnings sensitivity to changes in market interest rates, see the Market Risk Management section of MD&A.

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TABLE 5: CONSOLIDATED AVERAGE BALANCE SHEET AND ANALYSIS OF NET INTEREST INCOME

For the years ended December 31			2	013				20	12				20	11	
					Average	Average Average						Av			
	A	verage	R	evenue/	Yield/		Average	Re	evenue/	Yield/		Average	Re	evenue/	Yield/
(\$ in millions)	В	alance		Cost	Rate	]	Balance		Cost	Rate		Balance		Cost	Rate
Assets															
Interest-earning assets:															
Loans and leases: (a)															
Commercial and industrial loans	s	37,770	\$	1,361	3.60%	\$	32,911	\$	1,349	4.10%	\$	28,546	\$	1,240	4.34%
Commercial mortgage		8,481		306	3.60		9,686		369	3.81		10,447		417	3.99
Commercial construction		793		27	3.45		835		25	2.99		1,740		53	3.06
Commercial leases		3,565		116	3.26		3,502		127	3.62		3,341		133	3.99
Subtotal – commercial		50,609		1,810	3.58		46,934		1,870	3.98		44,074		1,843	4.18
Residential mortgage loans		14,428		564	3.91		13,370		543	4.06		11.318		503	4.45
Home equity		9,554		355	3.71		10,369		393	3.79		11,077		433	3.91
Automobile loans		12,021		373	3.10		11,849		439	3.70		11,352		530	4.67
Credit card		2,121		209	9.87		1,960		192	9.79		1,864		184	9.86
Other consumer loans/leases		360		155	42.93		340		155	45.32		529		136	25.77
Subtotal – consumer		38,484		1,656	4.30		37,888		1,722	4.54		36,140		1,786	4.94
Total loans and leases		89,093		3,466	3.89		84,822		3,592	4.23		80,214		3,629	4.52
Securities:		09,093		3,400	3.09		04,022		3,392	4.23		80,214		3,029	4.32
Taxable		16,395		518	3.16		15,262		527	3.45		15.334		596	3.89
Exempt from income taxes (a)		10,393		3	5.29		57		2	3.43		103		6	5.41
Other short-term investments		2,417		6	0.26		1,495		4	0.26		2,031		5	0.25
		107,954		3,993	3.70				4,125	4.06		97,682		4,236	4.34
Total interest-earning assets Cash and due from banks		2,482		3,993	3./0		101,636 2,355		4,123	4.06		2,352		4,236	4.34
Other assets		15,053					15,695					15,335			
Allowance for loan and lease losses		(1,757)				Φ.	(2,072)				Φ.	(2,703)			
Total assets	\$	123,732				\$	117,614				\$	112,666			
Liabilities and Equity															
Interest-bearing liabilities:															
Interest checking	\$	23,582	\$	53	0.23%	\$	23,096	\$	49	0.22%	\$	18,707	\$	49	0.26%
Savings		18,440		22	0.12		21,393		37	0.17		21,652		67	0.31
Money market		9,467		23	0.25		4,903		11	0.22		5,154		14	0.27
Foreign office deposits		1,501		4	0.28		1,528		4	0.27		3,490		10	0.28
Other time deposits		3,760		50	1.33		4,306		68	1.59		6,260		140	2.23
Certificates - \$100,000 and over		6,339		50	0.78		3,102		46	1.48		3,656		72	1.97
Other deposits		17		-	0.11		27		-	0.13		7		-	0.03
Federal funds purchased		503		1	0.12		560		1	0.14		345		-	0.11
Other short-term borrowings		3,024		5	0.18		4,246		8	0.18		2,777		3	0.12
Long-term debt		7,914		204	2.58		9,043		288	3.17		10,154		306	3.01
Total interest-bearing liabilities		74,547		412	0.55		72,204		512	0.71		72,202		661	0.92
Demand deposits		29,925					27,196					23,389			
Other liabilities		4,917					4,462					4,189			
Total liabilities		109,389					103,862					99,780			
Total equity		14,343					13,752					12,886			
Total liabilities and equity	\$	123,732				\$	117,614				\$	112,666			
Net interest income			\$	3,581				\$	3,613				\$	3,575	
Net interest margin					3.32%					3.55%					3.66%
Net interest rate spread					3.15					3.35					3.42
Interest-bearing liabilities to interest-earning assets					69.05					71.04					73.92

<sup>(</sup>a) The FTE adjustments included in the above table are \$20 for the year ended December 31, 2013 and \$18 for the years ended 2012 and 2011. The federal statutory rate utilized was 35% for all periods presented.

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

TABLE 6: CHANGES IN NET INTEREST INCOME ATTRIBUTABLE TO VOLUME AND YIELD/RATE(a)

Commercial mortgage         (44)         (19)         (63)         (20)           Commercial construction         (2)         4         2         (2)           Commercial leases         2         (13)         (11)           Subtotal - commercial loans and leases         143         (203)         (60)         12           Residential mortgage loans         42         (21)         21         8           Home equity         (31)         (7)         (66)         22           Automobile bans         (6         (72)         (66)         22           Credit card         15         2         17           Other consumer loans/leases         8         (8)         -         (6           Subtotal - consumer loans and leases         40         (106)         (6         2           Total loans and leases         18         (47)         (9)         (6           Subtotal - consumer loans and leases         18         (47)         (9)         (6           Securities         8         (47)         (9)         (6           Securities         8         (47)         (9)         (6           Exempt from income taxes         1         (4)         (4) </th <th>2012 Compared to 2</th> <th>2011</th>	2012 Compared to 2	2011
Interest-earning assets:   Loans and leases:   Commercial and industrial loans   S 187	Volume Yield/Ra	te Total
Loans and leases:         S         187         (175)         12         S         187         Commercial and industrial loans         8         187         (175)         12         S         18         Commercial loans         (144)         (199)         (63) <td></td> <td></td>		
Commercial and industrial loans         \$ 187         (175)         12         \$ 180           Commercial mortgage         (44)         (19)         (63)         (63)           Commercial construction         (2)         4         2         (2)           Commercial leases         2         (13)         (11)           Subtotal – commercial loans and leases         143         (203)         (60)         13           Residential mortgage loans         42         (21)         21         18         (60)         22           Mome equity         (31)         (7)         (38)         (20)         (20)         20           Mome to guity         (31)         (7)         (38)         (20)         20		
Commercial mortgage         (44)         (19)         (63)         (2)           Commercial construction         (2)         4         2         (2)           Commercial leases         2         (13)         (11)           Subtotal – commercial loans and leases         143         (203)         (60)         12           Residential mortgage loans         42         (21)         21         8           Home equity         (31)         (7)         (36)         (22)           Automobile loans         (5)         (72)         (66)         22           Credit card         15         2         17         7           Other consumer loans/leases         8         (8)         -         (6         23           Subtotal – consumer loans and leases         40         (106)         (66)         23           Subtotal – consumer loans and leases         18         (47)         (9)         (6           Subtotal – consumer loans and leases         18         (47)         (9)         (6           Securities         38         (47)         (9)         (6           Exempt from income taxes         1         (4)         (47)         (6)         (72)         (6		
Commercial construction         (2)         4         2         (2)           Commercial leases         2         (13)         (11)           Subtotal – commercial loans and leases         143         (203)         (6)         12           Residential mortgage loans         42         (21)         21         28           Home equity         (31)         (7)         (38)         (2           Automobile loans         6         (72)         (66)         22           Credit card         15         2         17           Other consumer loans/deases         8         (8)         -         (5           Subtotal – consumer loans and leases         8         (8)         -         (5           Subtotal – consumer loans and leases         8         (8)         -         (5           Subtotal – consumer loans and leases         8         (8)         -         (5           Subtotal – subtotal exercities and leases         1		1) 109
Commercial leases         2         (13)         (11)           Subtotal – commercial loans and leases         143         (203)         (60)         12           Residential mortgage loans         42         (21)         21         8           Home equity         (31)         (7)         (38)         (2           Automobile loans         6         (72)         (66)         22           Credit card         15         2         17           Other consumer loans/leases         8         (8)         -         (6           Subtotal – consumer loans and leases         183         (309)         (126)         16           Securities:         183         (309)         (126)         16           Securities:         183         (309)         (126)         16           Exempt from income taxes         11         -         1         -           Exempt from income taxes         1         4         4         (6)         -           Subtotal – securities and other short-term investments         2         2         2         2         2         -         2         -         2         -         2         -         15         -         - <t< td=""><td>(30) (1</td><td></td></t<>	(30) (1	
Subtotal – commercial loans and leases         143         (203)         (60)         13           Residential mortgage loans         42         (21)         21         8           Home equity         (31)         (7)         (38)         (2           Automobile loans         6         (72)         (66)         22           Credit card         15         2         17           Other consumer loans/leases         8         (8)         -         (5           Subtotal – consumer loans and leases         40         (106)         (66)         3           Total loans and leases         183         (309)         (126)         16           Securities         183         (309)         (126)         16           Securities         183         (309)         (126)         16           Securities         1         -         1         -         1         -         1         -         1         -         1         -         1         -         1         -         1         -         1         -         1         -         1         -         1         -         1         -         -         -         -         -	(27)	(1) (28)
Residential mortgage loans	7 (1	3) (6)
Home equity   (31)	130 (10	3) 27
Automobile loans         6         (72)         (66)         22           Credit card         15         2         17           Other consumer loans/leases         8         (8)         -         (66)         3           Subtotal - consumer loans and leases         40         (106)         (66)         3           Total loans and leases         183         (309)         (126)         16           Securities:         8         (47)         (9)         (6           Securities:         1         -         -         -         -	87 (4	7) 40
Credit card         15         2         17           Other consumer loans/leases         8         (8)         -         (5)           Subtotal – consumer loans and leases         40         (106)         (66)         3           Total loans and leases         183         (39)         (126)         16           Securities:         183         (47)         (9)         (60)	(27) (1	3) (40)
Other consumer loans/leases         8         (8)         -         (5)           Subtotal – consumer loans and leases         40         (106)         (66)         3           Total loans and leases         183         (309)         (126)         16           Securities         8         (47)         (9)         (60)           Taxable         38         (47)         (9)         (60)           Exempt from income taxes         1         -         1         -         1         -         1         -         1         -         1         -         -         1         -         -         1         -         -         1         -         -         1         -	23 (11	4) (91)
Subtotal – consumer loans and leases         40         (106)         (66)         3           Total loans and leases         183         (309)         (126)         10           Securities:         Taxable         38         (47)         (9)         (9)         (9)         (10)	9	1) 8
Total loans and leases   183   (309)   (126)   165	(59) 7	8 19
Securities:         Taxable         38         (47)         (9)         (6)           Exempt from income taxes         1         -         1         -         1         -         1         -         1         -         1         -         1         -         1         -         -         1         -	33 (9	7) (64)
Taxable         38         (47)         (9)         (1)           Exempt from income taxes         1         -         1         -         1         -         1         -         1         -         1         -         -         1         -         -         2         -	163 (20	0) (37)
Exempt from income taxes         1         -         1         -         1         Other source         1         -         1         -         1         -         2         -         2         -         2         -         2         -         2         -         2         -         2         -         2         -		
Other short-term investments         2         -         2           Subtotal – securities and other short-term investments         41         (47)         (6)         (6)           Total change in interest income         \$ 224         (356)         (132)         \$ 15           Liabilities           Interest-bearing liabilities:         Savings         4         4         \$           Savings         (4)         (11)         (15)         \$           Money market         11         1         12         \$           Foreign office deposits         -	(2) (6	7) (69)
Subtotal – securities and other short-term investments         41         (47)         (6)         (6)           Total change in interest income         \$ 224         (356)         (132)         \$ 15           Liabilities           Interest-bearing liabilities:           Interest checking         \$ -         4         4         \$           Savings         (4)         (11)         (15)         (15)         (10) <td< td=""><td>(2)</td><td>2) (4)</td></td<>	(2)	2) (4)
Total change in interest income         \$ 224         (356)         (132)         \$ 15           Liabilities         Interest-bearing liabilities:           Interest checking         \$ -         4         4         \$           Savings         (4)         (11)         (15)         \$           Money market         11         1         12         \$           Foreign office deposits         - <th< td=""><td>(1)</td><td>- (1)</td></th<>	(1)	- (1)
Liabilities         Interest-bearing liabilities:         Interest checking       \$ -       4       4       \$         Savings       (4)       (11)       (15)         Money market       11       1       12         Foreign office deposits       -	(5) (6	9) (74)
Interest-bearing liabilities:         Interest checking       \$ -       4       4       \$         Savings       (4)       (11)       (15)         Money market       11       1       12         Foreign office deposits       -	\$ 158 (26	9) (111)
Interest checking         \$ -         4         4         \$ -           Savings         (4)         (11)         (15)           Money market         11         1         12           Foreign office deposits         -         <		
Savings       (4)       (11)       (15)         Money market       11       1       12         Foreign office deposits       -       -       -       -       -         Other time deposits       (8)       (10)       (18)       (3)         Certificates - \$100,000 and over       33       (29)       4       (0)         Federal funds purchased       -       -       -       -         Other short-term borrowings       (3)       -       (3)       -       (3)         Long-term debt       (34)       (50)       (84)       (2)         Total change in interest expense       (5)       (95)       (100)       (7)		
Money market         11         1         12           Foreign office deposits         -         -         -         -         -         0           Other time deposits         (8)         (10)         (18)         (3           Certificates - \$100,000 and over         33         (29)         4         (0           Federal funds purchased         -         -         -         -           Other short-term borrowings         (3)         -         (3)         -         (3)           Long-term debt         (34)         (50)         (84)         (2           Total change in interest expense         (5)         (95)         (100)         (7	\$ 9 (	9) -
Foreign office deposits       - <td>- (3</td> <td>0) (30)</td>	- (3	0) (30)
Other time deposits       (8)       (10)       (18)       (3)         Certificates - \$100,000 and over       33       (29)       4       (6)         Federal funds purchased       -       -       -       -         Other short-term borrowings       (3)       -       (3)       -       (3)         Long-term debt       (34)       (50)       (84)       (2)         Total change in interest expense       (5)       (95)       (100)       (7)	(1)	2) (3)
Certificates - \$100,000 and over       33       (29)       4       (29)       4       (20)       4       (20)       4       (20)       4       (20)       4       (20)       4       (20)       (20)       4       (20)	(*)	- (6)
Federal funds purchased       - <td>(38) (3</td> <td>4) (72)</td>	(38) (3	4) (72)
Other short-term borrowings     (3)     -     (3)       Long-term debt     (34)     (50)     (84)     (2       Total change in interest expense     (5)     (95)     (100)     (7	(10) (1	6) (26)
Long-term debt         (34)         (50)         (84)         (3           Total change in interest expense         (5)         (95)         (100)         (7	1	- 1
Total change in interest expense (5) (95) (100) (7)	3	2 5
	(34) 1	6 (18)
Total change in net interest income \$ 229 (261) (32) \$ 23	(76) (7	3) (149)
	\$ 234 (19	6) 38

<sup>(</sup>a) Changes in interest not solely due to volume or yield/rate are allocated in proportion to the absolute dollar amount of change in volume and yield/rate.

### Provision for Loan and Lease Losses

The Bancorp provides as an expense an amount for probable loan and lease losses within the loan and lease portfolio that is based on factors previously discussed in the Critical Accounting Policies section. The provision is recorded to bring the ALLL to a level deemed appropriate by the Bancorp to cover losses inherent in the portfolio. Actual credit losses on loans and leases are charged against the ALLL. The amount of loans actually removed from the Consolidated Balance Sheets is referred to as charge-offs. Net charge-offs include current period charge-offs less recoveries on previously charged-off loans and leases.

The provision for loan and lease losses decreased to \$229 million in 2013 compared to \$303 million in 2012. The decrease in provision expense for 2013 compared to the prior year was due to

decreases in nonperforming loans and leases, improved delinquency metrics in commercial and consumer loans and leases, and improvement in underlying loss trends. The ALLL declined \$272 million from \$1.9 billion at December 31, 2012 to \$1.6 billion at December 31, 2013. As of December 31, 2013, the ALLL as a percent of portfolio loans and leases decreased to 1.79%, compared to 2.16% at December 31, 2012.

Refer to the Credit Risk Management section of the MD&A as well as Note 6 of the Notes to Consolidated Financial Statements for more detailed information on the provision for loan and lease losses, including an analysis of loan portfolio composition, nonperforming assets, net charge-offs, and other factors considered by the Bancorp in assessing the credit quality of the loan and lease portfolio and the ALLL.

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

#### Noninterest Income

Noninterest income increased \$228 million, or eight percent, for the year ended December 31, 2013 compared to the year ended December 31, 2012. The components of noninterest income are as follows:

TABLE 7: NONINTEREST INCOME

For the years ended December 31 (\$ in millions)	2013	2012	2011	2010	2009
Mortgage banking net revenue	\$ 700	845	597	647	553
Service charges on deposits	549	522	520	574	632
Corporate banking revenue	400	413	350	364	372
Investment advisory revenue	393	374	375	361	326
Card and processing revenue	272	253	308	316	615
Gain on sale of the processing business	-	-	-	-	1,758
Other noninterest income	879	574	250	406	479
Securities gains (losses), net	21	15	46	47	(10)
Securities gains, net, non-qualifying hedges on mortgage servicing rights	13	3	9	14	57
Total noninterest income	\$ 3,227	2,999	2,455	2,729	4,782

Mortgage banking net revenue

Mortgage banking net revenue decreased \$145 million, or 17%, in 2013 compared to 2012. The components of mortgage banking net revenue are as follows:

TABLE 8: COMPONENTS OF MORTGAGE BANKING NET REVENUE

TIBBLE OF COMM CITED OF MICHIGINES BILLIAM (CITED BILLIAM)			
For the years ended December 31 (\$ in millions)	2013	2012	2011
Origination fees and gains on loan sales	\$ 453	821	396
Net mortgage servicing revenue:			
Gross mortgage servicing fees	251	250	234
Mortgage servicing rights amortization	(166)	(186)	(135)
Net valuation adjustments on servicing rights and free-standing derivatives entered into to economically hedge MSR	162	(40)	102
Net mortgage servicing revenue	247	24	201
Mortgage banking net revenue	\$ 700	845	597

Origination fees and gains on loan sales decreased \$368 million in 2013 compared to 2012 primarily as the result of a decrease in profit margins on sold residential mortgage loans coupled with an 11% decrease in residential mortgage loan originations. Residential mortgage loan originations decreased to \$22.3 billion in 2013 from \$25.2 billion in 2012. The decrease in originations is primarily due to a decrease in refinancing activity during the second half of 2013 as mortgage rates continued to rise and fewer borrowers were able to achieve savings by refinancing their mortgages.

Net servicing revenue is comprised of gross servicing fees and related servicing rights amortization as well as valuation adjustments on MSRs and mark-to-market adjustments on both settled and outstanding free-standing derivative financial instruments used to economically hedge the MSR portfolio. Net servicing revenue increased \$223 million in 2013 compared to 2012 driven primarily by increases of \$202 million in net valuation adjustments. Additionally, servicing rights amortization decreased by \$20 million in 2013 compared to 2012 driven by lower prepayments due to an increase in interest rates in 2013 compared to 2012.

The net valuation adjustment gain of \$162 million during 2013 included a recovery of temporary impairment of \$192 million on MSRs partially offset by \$30 million in losses from derivatives economically hedging the MSRs. The net valuation adjustment loss of \$40 million during 2012 included \$103 million of temporary impairment on the MSRs partially offset by \$63 million in gains from derivatives economically hedging the MSRs. Servicing rights are deemed impaired when a borrower's loan rate is distinctly higher than prevailing rates. Impairment on servicing rights is reversed when the prevailing rates return to a level commensurate with the borrower's loan rate. Mortgage rates increased during 2013 which caused modeled prepayments speeds to slow, and led to the

recovery of temporary impairment on servicing rights during the year. Mortgage rates decreased in 2012 causing modeled prepayment speeds to increase, which led to the temporary impairment on servicing rights in 2012. Further detail on the valuation of MSRs can be found in Note 11 of the Notes to Consolidated Financial Statements. The Bancorp maintains a non-qualifying hedging strategy to manage a portion of the risk associated with changes in the valuation on the MSR portfolio. See Note 12 of the Notes to Consolidated Financial Statements for more information on the free-standing derivatives used to economically hedge the MSR portfolio.

In addition to the derivative positions used to economically hedge the MSR portfolio, the Bancorp acquires various securities as a component of its non-qualifying hedging strategy. The Bancorp recognized net gains of \$13 million and \$3 million during the years ended 2013 and 2012, respectively, recorded in securities gains, net, non-qualifying hedges on mortgage servicing rights in the Bancorp's Consolidated Statement of Income.

The Bancorp's total residential loans serviced as of December 31, 2013 and 2012 was \$82.7 billion and \$77.3 billion, respectively, with \$69.2 billion and \$62.5 billion, respectively, of residential mortgage loans serviced for others.

### Service charges on deposits

Service charges on deposits increased \$27 million in 2013 compared to 2012. Commercial deposit revenue increased \$17 million in 2013 compared to 2012 primarily due to increased treasury management fees as a result of pricing changes implemented in the third quarter of 2012 and the third quarter of 2013 and the acquisition of new customers. Consumer deposit revenue increased \$10 million due to an increase in consumer checking fees due to new deposit product

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

offerings partially offset by the elimination of daily overdraft fees on continuing consumer overdraft positions which took effect in the second quarter of 2012.

### Corporate banking revenue

Corporate banking revenue decreased \$13 million in 2013 compared to 2012. The decrease from the prior year was primarily the result of a decrease in lease remarketing fees partially offset by an increase in syndication fees. The decline in lease remarketing fees was driven by a \$9 million write-down of equipment value on an operating lease during the fourth quarter of 2013.

### Investment advisory revenue

Investment advisory revenue increased \$19 million in 2013 compared to 2012. The increase was primarily due to an increase of \$17 million in securities and brokerage fees due to strong production and an increase in equity and bond market values

### Other noninterest income

The major components of other noninterest income are as follows:

coupled with an increase of \$15 million in private client service fees, partially offset by a decrease in mutual fund fees. Due to the sale of certain funds by ClearArc Capital, Inc., formerly Fifth Third Asset Management, during the third quarter of 2012, mutual fund fees decreased \$13 million in 2013 compared to 2012. The Bancorp had approximately \$302 billion and \$308 billion in total assets under care as of December 31, 2013 and December 31, 2012, respectively, and managed \$27 billion in assets for individuals, corporations and not-for-profit organizations as of December 31, 2013 and 2012.

### Card and processing revenue

Card and processing revenue increased \$19 million in 2013 compared to 2012. The increase was primarily the result of higher transaction volumes. Debit card interchange revenue, included in card and processing revenue, was \$122 million and \$119 million for the years ended December 31, 2013 and 2012, respectively.

### TABLE 9: COMPONENTS OF OTHER NONINTEREST INCOME

For the years ended December 31 (\$ in millions)	2013	2012	2011
Gain on sale of Vantiv, Inc. shares and Vantiv, Inc. IPO	\$ 336	272	-
Valuation adjustments on the warrant and put options associated with Vantiv Holding, LLC	206	67	39
Equity method income from interest in Vantiv Holding, LLC	77	61	57
Operating lease income	75	60	58
BOLI income	52	35	41
Cardholder fees	47	46	41
Banking center income	34	32	27
Consumer loan and lease fees	27	27	31
Insurance income	25	28	28
Gain on loan sales	3	20	37
TSA revenue	1	1	21
Loss on OREO	(26)	(57)	(71)
Loss on swap associated with the sale of Visa, Inc. class B shares	(31)	(45)	(83)
Other, net	53	27	24
Total other noninterest income	\$ 879	574	250

Other noninterest income increased \$305 million in 2013 compared to 2012. The positive valuation adjustments on the stock warrant associated with Vantiv Holding, LLC increased \$139 million in 2013 compared to 2012. In addition, gains of \$242 million and \$85 million on the sale of Vantiv, Inc. shares were recorded in the second and third quarters of 2013, respectively, compared to gains of \$115 million related to the Vantiv, Inc. IPO recorded in the first quarter of 2012 and a \$157 million gain from the sale of Vantiv, Inc. shares during the fourth quarter of 2012. The Bancorp recognized a gain of \$9 million associated with a tax receivable agreement with Vantiv, Inc. in the fourth quarter of 2013. The equity method earnings from the Bancorp's interest in Vantiv Holding, LLC increased \$16 million from 2012.

BOLI income increased \$17 million in 2013 compared to 2012 primarily due to a \$10 million settlement in the second quarter of 2013 related to a previously surrendered BOLI policy. The loss on OREO decreased \$31 million from 2012 due to a decrease in OREO balances year over year and a decrease in losses on

commercial real estate in 2013 relating to fair value adjustments on OREO. Additionally, the Bancorp recognized \$31 million and \$45 million in negative valuation adjustments related to the Visa total return swap for the years ended December 31, 2013 and 2012, respectively. For additional information on the valuation of the swap associated with the sale of Visa, Inc. Class B shares and the valuation of the warrant and put options associated with the sale of Vantiv Holding, LLC, see Note 27 of the Notes to Consolidated Financial Statements.

The "other" caption increased \$26 million for the year ended 2013 compared to 2012. The increase was primarily due to a decrease in lower of cost or market adjustments associated with the bank premises as the Bancorp recorded \$6 million in lower of cost or market adjustments in 2013 compared to \$21 million in 2012. Additionally, in response to the issuance of the Volcker Rule, the Bancorp recognized \$4 million of OTTI on certain investments in private equity funds in 2013.

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### TABLE 10: NONINTEREST EXPENSE

For the years ended December 31 (\$ in millions)		2013	2012	2011	2010	2009
Salaries, wages and incentives	\$	1,581	1,607	1,478	1,430	1,339
Employee benefits		357	371	330	314	311
Net occupancy expense		307	302	305	298	308
Technology and communications		204	196	188	189	181
Card and processing expense		134	121	120	108	193
Equipment expense		114	110	113	122	123
Other noninterest expense		1,264	1,374	1,224	1,394	1,371
Total noninterest expense	\$	3,961	4,081	3,758	3,855	3,826
Efficiency ratio	•	58.2 %	61.7	62.3	60.7	46.9

### Noninterest Expense

Total noninterest expense decreased \$120 million, or three percent, in 2013 compared to 2012 primarily due to a decrease in total personnel costs (salaries, wages and incentives plus employee benefits) and other noninterest expense. Total personnel costs decreased \$40 million, or two percent, in 2013 compared to 2012

primarily due to a decrease in incentive compensation driven by the mortgage business due to lower production levels in 2013, a decrease in base compensation, and a decrease in the number of full time equivalent employees from 2012. Full time equivalent employees totaled 19,446 at December 31, 2013 compared to 20,798 at December 31, 2012.

The major components of other noninterest expense are as follows:

TABLE 11: COMPONENTS OF OTHER NONINTEREST EXPENSE

THE THE COUNT OF THE PROPERTY			
For the years ended December 31 (\$ in millions)	2013	2012	2011
Losses and adjustments	\$ 221	187	129
Loan and lease	158	183	195
FDIC insurance and other taxes	127	114	201
Marketing	114	128	115
Impairment of affordable housing investments	108	90	85
Professional service fees	76	56	58
Operating lease	57	43	41
Travel	54	52	52
Postal and courier	48	48	49
Data processing	42	40	29
Recruitment and education	26	28	31
Insurance	17	18	25
OREO expense	16	21	34
Supplies	16	17	18
Intangible asset amortization	8	13	22
Loss (gain) on debt extinguishment	8	169	(8)
Benefit from the reserve for unfunded commitments and letters of credit	(17)	(2)	(46)
Other, net	185	169	194
Total other noninterest expense	\$ 1,264	1,374	1,224

Total other noninterest expense decreased \$110 million, or eight percent, in 2013 compared to 2012 primarily due to a decline in debt extinguishment costs, decreases in loan and lease expenses and an increase in the benefit from the reserve for unfunded commitments and letters of credit, partially offset by increases in losses and adjustments and FDIC insurance and other taxes.

Debt extinguishment costs decreased \$161 million in 2013 compared to 2012. During the fourth quarter of 2013, the Bancorp incurred \$8 million of debt extinguishment costs associated with the redemption of outstanding TruPS issued by Fifth Third Capital Trust IV. During the third quarter of 2012, the Bancorp incurred \$26 million of debt extinguishment costs associated with the redemption of the outstanding TruPS issued by Fifth Third Capital Trust V and Fifth Third Capital Trust VI. In addition, during the fourth quarter of 2012, the Bancorp incurred \$134 million of debt extinguishment costs associated with the termination of \$1 billion of FHLB debt. Loan and lease expenses decreased \$25 million in 2013 compared to 2012 primarily due to a decrease in legal costs related to OREO and a decrease in loan closing fees due to a decline in mortgage originations. The benefit from the reserve for unfunded commitments and letters of credit was \$17 million and \$2 million in

2013 and 2012, respectively. The increase in the benefit recognized reflects a decrease in estimated loss rates related to unfunded commitments and letters of credit due to improved credit trends partially offset by an increase in unfunded commitments for which the Bancorp holds reserves.

Losses and adjustments increased \$34 million in 2013 compared to 2012 primarily due to an increase in litigation expense partially offset by a decrease in representation and warranty expense. Litigation expense increased \$127 million in 2013 compared to 2012 due to increased litigation and regulatory activity. The provision for representation and warranty claims decreased \$92 million in 2013 compared to 2012 due to the Bancorp recording significant additions to the reserve in 2012 as the result of additional information obtained from FHLMC regarding their file selection criteria which enabled the Bancorp to better estimate the losses that were probable on loans sold to FHLMC with representation and warranty provisions. In addition, 2013 included a decrease in the representation and warranty reserve due to improving underlying repurchase metrics and the settlement with FHLMC.

Additionally, FDIC insurance and other taxes increased \$13 million in 2013 compared to 2012 primarily due to a \$23 million

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

reduction in other taxes in the first quarter of 2012 from an agreement reached on certain disputes for non-income tax related assessments.

The Bancorp continues to focus on efficiency initiatives as part of its core emphasis on operating leverage and expense control. The efficiency ratio (noninterest expense divided by the sum of net interest income (FTE) and noninterest income) was 58.2% for 2013 compared to 61.7% in 2012.

### Applicable Income Taxes

Applicable income tax expense for all periods includes the benefit from tax-exempt income, tax-advantaged investments, certain gains on sales of leveraged leases that are exempt from federal taxation, and tax credits, partially offset by the effect of certain nondeductible expenses. The tax credits are associated with the Low-Income Housing Tax Credit program established under Section 42 of the IRC, the New Markets Tax Credit program established under Section 45D of the IRC, the Rehabilitation Investment Tax Credit program established under Section 47 of the IRC, and the Qualified Zone Academy Bond program established under Section 1397E of the IRC.

The effective tax rates for the years ended December 31, 2013 and December 31, 2012 were primarily impacted by \$155 million and \$149 million, respectively, in tax credits, \$9 million and \$19 million, respectively, of non-cash charges relating to previously recognized tax benefits associated with stock-based compensation that were not realized, and \$27 million and \$46 million, respectively, of tax-exempt income, which includes net interest income on tax-exempt investments, income on life insurance policies held by the

Bancorp, and certain gains on the sale of leases that are exempt from federal taxation.

As required under U.S. GAAP, the Bancorp established a deferred tax asset for stock-based awards granted to its employees. When the actual tax deduction for these stock-based awards is less than the expense previously recognized for financial reporting or when the awards expire unexercised, the Bancorp is required to write-off the deferred tax asset previously established for these stock-based awards. As a result of the expiration of certain stock options and SARs and the lapse of restrictions on certain shares of restricted stock during the year ended December 31, 2013, the Bancorp recorded additional income tax expense of approximately \$9 million related to the write-off of a portion of the deferred tax asset previously established.

As a result of the Bancorp's stock price at December 31, 2013, the Bancorp does not believe it will need to recognize a material non-cash charge to income tax expense over the next twelve months related to stock-based awards. However, the Bancorp cannot predict its stock price or whether its employees will exercise other stock-based awards with lower exercise prices in the future. Therefore, it is possible the Bancorp may need to recognize a non-cash charge to income tax expense in the future.

The Bancorp's income before income taxes, applicable income tax expense and effective tax rate are as follows:

### TABLE 12: APPLICABLE INCOME TAXES

For the years ended December 31 (\$ in millions)	2013	2012	2011	2010	2009
Income before income taxes	\$ 2,598	2,210	1,831	940	767
Applicable income tax expense	772	636	533	187	30
Effective tax rate	29.7 %	28.8	29.1	19.8	3.9

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### **BUSINESS SEGMENT REVIEW**

The Bancorp reports on four business segments: Commercial Banking, Branch Banking, Consumer Lending and Investment Advisors. Additional detailed financial information on each business segment is included in Note 30 of the Notes to Consolidated Financial Statements. Results of the Bancorp's business segments are presented based on its management structure and management accounting practices. The structure and accounting practices are specific to the Bancorp; therefore, the financial results of the Bancorp's business segments are not necessarily comparable with similar information for other financial institutions. The Bancorp refines its methodologies from time to time as management's accounting practices or businesses change.

The Bancorp manages interest rate risk centrally at the corporate level and employs a FTP methodology at the business segment level. This methodology insulates the business segments from interest rate volatility, enabling them to focus on serving customers through loan and deposit products. The FTP system assigns charge rates and credit rates to classes of assets and liabilities, respectively, based on expected duration and the U.S. swap curve. Matching duration allocates interest income and interest expense to each segment so its resulting net interest income is insulated from interest rate risk. In a rising rate environment, the Bancorp benefits from the widening spread between deposit costs and wholesale funding costs. However, the Bancorp's FTP system credits this benefit to deposit-providing businesses, such as Branch Banking and Investment Advisors, on a duration-adjusted basis. The

net impact of the FTP methodology is captured in General Corporate and Other.

The Bancorp adjusts the FTP charge and credit rates as dictated by changes in interest rates for various interest-earning assets and interest-bearing liabilities. The credit rate provided for demand deposit accounts is reviewed annually based upon the account type, its estimated duration and the corresponding fed funds, U.S. swap curve or swap rate. The credit rates for several deposit products were reset January 1, 2013 to reflect the current market rates and updated duration assumptions. These rates were generally higher than those in place during 2012, thus net interest income for deposit providing businesses was positively impacted during 2013.

The business segments are charged provision expense based on the actual net charge-offs experienced on the loans and leases owned by each segment. Provision expense attributable to loan and lease growth and changes in ALLL factors are captured in General Corporate and Other. The financial results of the business segments include allocations for shared services and headquarters expenses. Even with these allocations, the financial results are not necessarily indicative of the business segments' financial condition and results of operations as if they existed as independent entities. Additionally, the business segments form synergies by taking advantage of cross-sell opportunities and when funding operations, by accessing the capital markets as a collective unit.

Net income by business segment is summarized in the following table:

TABLE 13: BUSINESS SEGMENT NET INCOME AVAILABLE TO COMMON SHAREHOLDERS

TABLE 13: BUSINESS SEGMENT NET INCOME AVAILABLE TO COMMON SHAREHOLDERS			
For the years ended December 31 (\$ in millions)	2013	2012	2011
Income Statement Data			
Commercial Banking	\$ 766	694	441
Branch Banking	255	186	190
Consumer Lending Consumer Lending	183	223	56
Investment Advisors	68	43	24
General Corporate & Other	554	428	587
Net income	1,826	1,574	1,298
Less: Net income attributable to noncontrolling interests	(10)	(2)	1
Net income attributable to Bancorp	1,836	1,576	1,297
Dividends on preferred stock	37	35	203
Net income available to common shareholders	\$ 1,799	1,541	1,094

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Commercial Banking

Commercial Banking offers credit intermediation, cash management and financial services to large and middle-market businesses and government and professional customers. In addition to the traditional lending and depository offerings, Commercial Banking

products and services include global cash management, foreign exchange and international trade finance, derivatives and capital markets services, asset-based lending, real estate finance, public finance, commercial leasing and syndicated finance.

The following table contains selected financial data for the Commercial Banking segment:

### TABLE 14: COMMERCIAL BANKING

For the years ended December 31 (\$ in millions)	2013	2012	2011
Income Statement Data			
Net interest income (FTE)(a)	\$ 1,507	1,449	1,374
Provision for loan and lease losses	187	223	490
Noninterest income:			
Corporate banking revenue	386	395	332
Service charges on deposits	242	225	207
Other noninterest income	152	117	102
Noninterest expense:			
Salaries, incentives and benefits	273	268	240
Other noninterest expense	870	838	833
Income before taxes	957	857	452
Applicable income tax expense $(a)(b)$	191	163	11
Net income	\$ 766	694	441
Average Balance Sheet Data			
Commercial loans, including held for sale	\$ 45,035	41,364	38,384
Demand deposits	15,255	15,046	13,130
Interest checking	6,908	7,613	7,901
Savings and money market	4,284	2,669	2,776
Other time and certificates - \$100,000 and over	1,299	1,793	1,778
Foreign office deposits and other deposits	1,467	1,282	1,581

<sup>(</sup>a) Includes FTE adjustments of \$20 for the year ended December 31, 2013 and \$17 for the years ended December 31, 2012 and 2011.

### Comparison of 2013 with 2012

Net income was \$766 million for the year ended December 31, 2013, compared to net income of \$694 million for the year ended December 31, 2012. The increase in net income was primarily driven by increases in net interest income and noninterest income and a decrease in the provision for loan and lease losses, partially offset by higher noninterest expense.

Net interest income increased \$58 million primarily due to an increase in interest income related to an increase in average commercial and industrial portfolio loans, a decrease in the FTP charges on loans and an increase in FTP credits due to an increase in savings and money market deposits, partially offset by a decrease in yields of 29 bps on average commercial loans and a decrease in average commercial mortgage portfolio loans.

Provision for loan and lease losses decreased \$36 million from 2012 as a result of improved credit trends. Net charge-offs as a percent of average portfolio loans and leases decreased to 42 bps for 2013 compared to 54 bps for 2012.

Noninterest income increased \$43 million from 2012 to 2013, due to increases in service charges on deposits and other noninterest income, partially offset by a decrease in corporate banking revenue. Service charges on deposits increased \$17 million from 2012 primarily driven by commercial deposit revenue which increased due to fee repricing and the acquisition of new customers. The increase in other noninterest income was primarily due to decreases in negative valuation adjustments on OREO, increases in operating lease income, and decreases in negative valuation adjustments on loans held for sale, partially offset by decreases in gains on loan sales. The decrease in corporate banking revenue was primarily driven by a decrease in lease remarketing and letter of credit fees,

partially offset by increases in syndication, business lending and foreign exchange fees.

Noninterest expense increased \$37 million from the prior year as a result of increases in salaries, incentives and benefits and other noninterest expense. The increase in salaries, incentives and benefits of \$5 million was primarily the result of an increase in base compensation primarily driven by improved production levels. The increase from 2012 to 2013 in other noninterest expense was driven by increases in both impairment on affordable housing investments and operating lease expense. These increases were partially offset by a decrease in loan and lease expense, primarily due to a decrease in legal costs related to OREO, and a decrease in corporate overhead allocations.

Average commercial loans increased \$3.7 billion compared to the prior year primarily due to an increase in average commercial and industrial loans, partially offset by a decrease in average commercial mortgage loans. Average commercial and industrial portfolio loans increased \$4.8 billion as a result of an increase in new origination activity from an increase in demand due to a strengthening economy and targeted marketing efforts. Average commercial mortgage portfolio loans decreased \$1.1 billion due to continued run-off as the level of new originations was less than the repayments of the existing portfolio.

Average core deposits increased \$1.3 billion compared to 2012. The increase was primarily driven by strong growth in savings and money market deposits, which increased \$1.6 billion, and demand deposits, which increased \$209 million, compared to the prior year, partially offset by a decrease in interest checking deposits of \$705 million.

<sup>(</sup>b) Applicable income tax expense for all periods includes the tax benefit from tax-exempt income and business tax credits, partially offset by the effect of certain nondeductible expenses. Refer to the Applicable Income Taxes section of the MD&A for additional information.

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### Comparison of 2012 with 2011

Net income was \$694 million for the year ended December 31, 2012, compared to net income of \$441 million for the year ended December 31, 2011. The increase in net income was primarily driven by a decrease in the provision for loan and lease losses and increases in noninterest income and net interest income, partially offset by higher noninterest expense.

Net interest income increased \$75 million primarily due to an increase in interest income related to an increase in average commercial and industrial portfolio loans and a decrease in the FTP charges on loans, partially offset by a decrease in yields of 12 bps on average commercial loans. Provision for loan and lease losses decreased \$267 million from 2011 as a result of improved credit trends. Net charge-offs as a percent of average portfolio loans and leases decreased to 54 bps for 2012 compared to 128 bps for 2011.

Noninterest income increased \$96 million from 2011 to 2012, due to increases in corporate banking revenue, service charges on deposits and other noninterest income. The increase in corporate banking revenue was primarily driven by increases in syndication fees, business lending fees, lease remarketing fees and institutional sales. Service charges on deposits increased from 2011 primarily due to new customer relationships. The increase in other noninterest income was primarily due to a decrease in net losses and valuation adjustments recognized on the sale of loans and OREO.

### **Branch Banking**

Branch Banking provides a full range of deposit and loan and lease products to individuals and small businesses through 1,320 full-service Banking Centers. Branch Banking offers depository and loan products, such as checking and savings accounts, home equity loans

Noninterest expense increased \$33 million from 2011 as a result of increases in salaries, incentives and benefits and other noninterest expense. The increase in salaries, incentives and benefits of \$28 million was primarily the result of increased base and incentive compensation due to improved production levels. The increase from 2011 to 2012 in other noninterest expense was due to higher corporate overhead allocations as a result of strategic growth initiatives, partially offset by a decrease in loan and lease expenses and recognized derivative credit losses.

Average commercial loans increased \$3.0 billion compared to the prior year. Average commercial and industrial loans increased \$4.5 billion from 2011 as a result of an increase in new loan origination activity, partially offset by decreases in average commercial mortgage and construction loans. Average commercial mortgage loans decreased \$827 million and average commercial construction loans decreased \$836 million due to continued run-off as the level of new originations was below the level of repayments on the current portfolio.

Average core deposits increased \$1.2 billion compared to 2011. The increase was primarily driven by strong growth in demand deposit accounts, which increased \$1.9 billion compared to the prior year. The increase in demand deposit accounts was partially offset by decreases in interest-bearing deposits of \$698 million as customers opted to maintain their balances in more liquid accounts due to interest rates remaining near historical lows.

and lines of credit, credit cards and loans for automobiles and other personal financing needs, as well as products designed to meet the specific needs of small businesses, including cash management services.

The following table contains selected financial data for the Branch Banking segment:

### TABLE 15: BRANCH BANKING

TABLE 15: BRANCH BANKING			
For the years ended December 31 (\$ in millions)	2013	2012	2011
Income Statement Data			
Net interest income	\$ 1,461	1,362	1,423
Provision for loan and lease losses	217	294	393
Noninterest income:			
Service charges on deposits	304	294	309
Card and processing revenue	291	279	305
Investment advisory revenue	148	129	117
Other noninterest income	111	110	106
Noninterest expense:			
Salaries, incentives and benefits	584	573	581
Net occupancy and equipment expense	243	241	235
Card and processing expense	126	115	114
Other noninterest expense	752	663	645
Income before taxes	393	288	292
Applicable income tax expense	138	102	102
Net income	\$ 255	186	190
Average Balance Sheet Data			
Consumer loans, including held for sale	\$ 15,223	14,926	14,151
Commercial loans, including held for sale	4,534	4,569	4,621
Demand deposits	12,611	10,087	8,408
Interest checking	9,028	9,262	8,086
Savings and money market	22,813	22,729	22,241
Other time and certificates - \$100,000 and over	4,712	5,389	7,778

### Comparison of 2013 with 2012

Net income was \$255 million for the year ended December 31, 2013, compared to net income of \$186 million for the year ended December 31, 2012. The increase in net income of \$69 million was

driven by an increase in net interest income and noninterest income and a decline in the provision for loan and lease losses, partially offset by an increase in noninterest expense.

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Net interest income increased \$99 million compared to the prior year primarily driven by an increase in the FTP credits due to an increase in savings and money market and interest checking deposits, a decrease in the FTP charges on loans and leases, a decline in interest expense on core deposits due to favorable shifts from certificates of deposit to lower cost transaction deposits and an increase in average consumer loans and leases. These increases to net interest income were partially offset by lower yields on average commercial loans.

Provision for loan and lease losses for 2013 decreased \$77 million compared to the prior year as a result of improved credit trends. Net charge-offs as a percent of average portfolio loans and leases decreased to 110 bps for 2013 compared to 151 bps for 2012.

Noninterest income increased \$42 million compared to the prior year. The increase was primarily driven by increases in investment advisory revenue, card and processing revenue and service charges on deposits. Investment advisory revenue increased \$19 million from 2012 primarily due to increased securities and brokerage fees due to an increase in equity and bond market values. Card and processing revenue increased \$12 million compared to the prior year due to higher transaction volumes, higher levels of consumer spending and the benefit of new products. Service charges on deposits increased \$10 million from 2012 primarily due to an increase in account maintenance fees due to the full year impact of new deposit product offerings.

Noninterest expense increased \$113 million compared to the prior year, primarily driven by increases in salaries, incentives and benefits, card and processing expense and other noninterest expense. Salaries, incentives and benefits increased compared to the prior year primarily due to an increase in bonus and incentive compensation associated with improved securities and brokerage revenue. Card and processing expense increased from 2012 due primarily to increases in debit and credit card transaction volumes, consumer spending, fraud insurance costs and credit card rewards expense. The increase in other noninterest expense was primarily due to increases in corporate overhead allocations during 2013 compared to 2012.

Average consumer loans increased \$297 million in 2013 primarily due to increases in average residential mortgage portfolio loans of \$942 million compared to the prior year as a result of continued retention of certain shorter term residential mortgage loans. In addition, average credit card loans increased due to increases in average balances per account and the volume of new customers. These increases were partially offset by decreases in average home equity portfolio loans of \$743 million from 2012 as payoffs exceeded new loan production.

Average core deposits increased \$1.8 billion compared to the prior year as the growth in demand deposits due to excess customer liquidity and a continued low interest rate environment was partially offset by the run-off of higher priced other time deposits.

### Comparison of 2012 with 2011

Net income decreased \$4 million compared to 2011, driven by a decrease in net interest income and noninterest income and an increase in noninterest expense, partially offset by a decline in the provision for loan and lease losses. Net interest income decreased

\$61 million compared to 2011 primarily driven by decreases in the FTP credits for checking and savings products and lower yields on average commercial and consumer loans. These decreases were partially offset by higher consumer loan balances and a decline in interest expense on core deposits due to favorable shifts from certificates of deposit to lower cost transaction and savings products.

Provision for loan and lease losses for 2012 decreased \$99 million compared to 2011 as a result of improved credit trends. Net charge-offs as a percent of average portfolio loans and leases decreased to 151 bps for 2012 compared to 210 bps for 2011. The decrease was primarily due to decreases in home equity net charge-offs as a result of improvements in several key markets. In addition, net charge-offs were positively impacted by lower commercial net charge-offs due to improved delinquency trends, aggressive line management, and stabilization in unemployment levels.

Noninterest income decreased \$25 million compared to 2011. The decrease was primarily driven by lower card and processing revenue, which declined \$26 million from 2011 due to the implementation of the Dodd-Frank Act's debit card interchange fee cap in the fourth quarter of 2011, partially offset by higher debit and credit card transaction volumes and the impact of the Bancorp's initial mitigation activity, and allocated commission revenue associated with merchant sales. Service charges on deposits declined \$15 million primarily due to the elimination of daily overdraft fees on continuing customer overdraft positions in the second quarter of 2012. These decreases were partially offset by a \$12 million increase in investment advisory revenue due to increased amounts from revenue sharing agreements between investment advisors and branch banking.

Noninterest expense increased \$17 million, primarily driven by increases in other noninterest expense due to an increase in allocated costs related to higher merchant sales and corporate overhead allocations as a result of strategic growth initiatives, partially offset by a decrease in FDIC insurance expense.

Average consumer loans increased \$775 million in 2012 primarily due to increases in average residential mortgage portfolio loans of \$1.3 billion due to the retention of certain shorter-term originated mortgage loans. The increases in average residential mortgage portfolio loans was partially offset by decreases in average home equity portfolio loans of \$560 million as payoffs exceeded new loan production. Average core deposits increased \$1.4 billion compared to 2011 as the growth in transaction accounts due to excess customer liquidity and historically low interest rates outpaced the runoff of higher priced other time deposits.

### Consumer Lending

Consumer Lending includes the Bancorp's mortgage, home equity, automobile and other indirect lending activities. Mortgage and home equity lending activities include the origination, retention and servicing of mortgage and home equity loans or lines of credit, sales and securitizations of those loans, pools of loans or lines of credit, and all associated hedging activities. Indirect lending activities include loans to consumers through mortgage brokers and automobile dealers.

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The following table contains selected financial data for the Consumer Lending segment:

### TABLE 16: CONSUMER LENDING

For the years ended December 31 (\$ in millions)	2013	2012	2011
Income Statement Data			
Net interest income	\$ 312	314	343
Provision for loan and lease losses	92	176	261
Noninterest income:			
Mortgage banking net revenue	687	830	585
Other noninterest income	61	46	45
Noninterest expense:			
Salaries, incentives and benefits	215	231	183
Other noninterest expense	470	439	443
Income before taxes	283	344	86
Applicable income tax expense	100	121	30
Net income	\$ 183	223	56
Average Balance Sheet Data			
Residential mortgage loans, including held for sale	\$ 10,222	10,143	9,348
Home equity	560	643	730
Automobile loans, including held for sale	11,409	11,191	10,665
Other consumer loans and leases	16	30	156

### Comparison of 2013 with 2012

Net income was \$183 million in 2013 compared to net income of \$223 million in 2012. The decrease was driven by a decrease in noninterest income and an increase in noninterest expense, partially offset by a decline in the provision for loan and lease losses.

Net interest income decreased \$2 million from 2012 due primarily to lower yields on average residential mortgage and automobile loans, partially offset by a decrease in FTP charges on loans and leases and increases in average residential mortgage and average automobile loans.

The provision for loan and lease losses decreased \$84 million compared to the prior year as delinquency metrics and underlying loss trends improved across all consumer loan types. Net charge-offs as a percent of average loans and leases decreased to 46 bps for 2013 compared to 88 bps for 2012.

Noninterest income decreased \$128 million from 2012 primarily due to a decrease in mortgage banking net revenue of \$143 million, partially offset by an increase in other noninterest income of \$15 million. The decrease in mortgage banking net revenue was primarily due to a decrease in gains on loan sales of \$368 million as a result of a decrease in profit margins on sold residential mortgage loans coupled with a decrease in residential mortgage loan originations, partially offset by a \$223 million increase in net residential mortgage servicing revenue. The increase in net residential mortgage servicing revenue was driven by an increase of \$202 million in net valuation adjustments on MSRs and free-standing derivatives entered into to economically hedge the MSRs and a decrease of \$20 million in servicing rights amortization. The increase in other noninterest income was primarily due to a \$12 million increase in securities gains and a \$7 million decline in losses on the sale of OREO.

Noninterest expense increased \$15 million driven by an increase of \$31 million in other noninterest expense, partially offset by a decrease of \$16 million in salaries, incentives and benefits compared to the prior year. The increase in other noninterest expense was primarily due to higher litigation expense and an increase in corporate overhead allocations, partially offset by a decrease in loan and lease expense due to lower appraisal costs. The decrease in salaries, incentives and benefits was due to a decline in incentive compensation driven primarily by a decline in originations during 2013 compared to 2012, partially offset by an increase in deferred compensation for 2013 compared to 2012.

Average consumer loans and leases increased \$200 million from the prior year. Average residential mortgage loans, including held for sale, increased \$79 million for 2013 compared to 2012 due to strong refinancing activity that occurred in the first half of 2013. Average automobile loans increased \$218 million for the current year compared to the prior year due to an increase in originations primarily driven by modest improvement in general economic conditions and a continued low interest rate environment. Average home equity portfolio loans decreased \$83 million for 2013 compared to 2012 as payoffs exceeded new loan production. Average other consumer loans and leases decreased \$14 million in the current year resulting from a decrease in average consumer leases due to run-off as the Bancorp discontinued automobile leasing in 2008, partially offset by an increase in average other consumer loans.

### Comparison of 2012 with 2011

Net income was \$223 million in 2012 compared to net income of \$56 million in 2011. The increase was driven by an increase in noninterest income and a decline in the provision for loan and lease losses, partially offset by an increase in noninterest expense and a decrease in net interest income. Net interest income decreased \$29 million due to lower yields on average residential mortgage and automobile loans, partially offset by increases in average residential mortgage and average automobile loans and favorable decreases in the FTP charge applied to the segment.

Provision for loan and lease losses decreased \$85 million compared to 2011 as delinquency metrics and underlying loss trends improved across all consumer loan types. Net charge-offs as a percent of average loans and leases decreased to 88 bps for 2012 compared to 134 bps for 2011.

Noninterest income increased \$246 million primarily due to increases in mortgage banking net revenue of \$245 million driven by an increase in gains on residential mortgage loan sales of \$424 million due to an increase in profit margins on sold loans coupled with higher origination volumes. This increase was partially offset by a decrease in net residential mortgage servicing revenue of \$178 million, primarily driven by a decrease of \$142 million in net valuation adjustments on MSRs and free-standing derivatives entered into to economically hedge the MSRs.

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Noninterest expense increased \$44 million driven by salaries, incentives and benefits which increased \$48 million primarily as a result of higher mortgage loan originations.

Average consumer loans and leases increased \$1.1 billion from 2011. Average automobile loans increased \$526 million due to a strategic focus to increase automobile lending throughout 2011 and 2012 through consistent and competitive pricing, disciplined sales execution, and enhanced customer service with our dealership network. Average residential mortgage loans increased \$795 million as a result of higher origination volumes. Average home equity loans decreased \$87 million due to continued runoff in the discontinued brokered home equity product. Average consumer leases decreased \$126 million due to runoff as the Bancorp discontinued this product in the fourth quarter of 2008.

#### Investment Advisors

Investment Advisors provides a full range of investment alternatives for individuals, companies and not-for-profit organizations. Investment Advisors is made up of four main businesses: FTS, an indirect wholly-owned subsidiary of the Bancorp; ClearArc Capital, Inc. (formerly FTAM), an indirect wholly-owned subsidiary of the Bancorp; Fifth Third Private Bank; and Fifth Third Institutional Services. FTS offers full service retail brokerage services to individual clients and broker dealer services to the institutional marketplace. ClearArc Capital, Inc. provides asset management services and previously advised the Bancorp's proprietary family of mutual funds. Fifth Third Private Bank offers holistic strategies to affluent clients in wealth planning, investing, insurance and wealth protection. Fifth Third Institutional Services provides advisory services for institutional clients including states and municipalities.

The following table contains selected financial data for the Investment Advisors segment:

### TABLE 17: INVESTMENT ADVISORS

For the years ended December 31 (\$ in millions)	2013	2012	2011
Income Statement Data			
Net interest income	\$ 154	117	113
Provision for loan and lease losses	2	10	27
Noninterest income:			
Investment advisory revenue	384	366	364
Other noninterest income	22	30	9
Noninterest expense:			
Salaries, incentives and benefits	159	161	164
Other noninterest expense	294	276	257
Income before taxes	105	66	38
Applicable income tax expense	37	23	14
Net income	\$ 68	43	24
Average Balance Sheet Data			
Loans and leases	\$ 2,014	1,877	2,037
Core deposits	8,815	7,709	6,798

### Comparison of 2013 with 2012

Net income was \$68 million in 2013 compared to net income of \$43 million for 2012. The increase in net income was primarily due to increases in net interest income and noninterest income and a decrease in the provision for loan and lease losses, partially offset by an increase in noninterest expense.

Net interest income increased \$37 million from 2012 due to an increase in FTP credits resulting from an increase in interest checking deposits.

Provision for loan and lease losses decreased \$8 million from the prior year. Net charge-offs as a percent of average loans and leases decreased to 9 bps compared to 53 bps for the prior year reflecting improved credit trends during 2013.

Noninterest income increased \$10 million compared to 2012 due to an increase in investment advisory revenue, partially offset a decrease in other noninterest income. The increase in investment advisory revenue was primarily driven by increases in securities and brokerage fees and private client service fees due to strong production and an increase in equity and bond market values. The decrease in other noninterest income was due to a decrease in gains on sales of held for sale loans and the impact of the gain on the sale of certain FTAM funds in the third quarter of 2012.

Noninterest expense increased \$16 million compared to 2012 due to an increase in other noninterest expense primarily driven by increases in corporate allocations and fraud losses.

Average loans and leases increased \$137 million compared to the prior year primarily driven by increases in average residential mortgage, average other consumer and average commercial and industrial loans, partially offset by a decrease in average commercial mortgage loans. Average core deposits increased \$1.1 billion compared to 2012 due to growth in interest checking as customers have opted to maintain excess funds in liquid transaction accounts as a result of the low interest rate environment.

### Comparison of 2012 with 2011

Net income increased \$19 million compared to 2011 primarily due to an increase in noninterest income and a decrease in the provision for loan and lease losses, partially offset by an increase in noninterest expense. Net interest income increased \$4 million from 2011 due to a decrease in interest expense on core deposits and favorable decreases in the FTP charge applied to the segment, partially offset by a decline in average loan and lease balances and declines in yields of 27 bps on loans and leases.

Provision for loan and lease losses decreased \$17 million from 2011. Net chargeoffs as a percent of average loans and leases decreased to 53 bps compared to 132 bps for 2011 reflecting improved credit trends during 2012.

Noninterest income increased \$23 million compared to 2011 primarily due to increases in other noninterest income. The increase in other noninterest income was primarily driven by the \$13 million

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

gain on the sale of certain funds previously mentioned and an increase in gains on the sale of loans of \$5 million.

Noninterest expense increased \$16 million compared to 2011 due to increases in other noninterest expense primarily driven by an increase in corporate allocations.

Average loans and leases decreased \$160 million compared to 2011. The decrease was primarily driven by declines in home equity loans of \$55 million, commercial mortgage loans of \$45 million and commercial and industrial loans of \$30 million. Average core deposits increased \$911 million compared to 2011 due to growth in interest checking as customers have opted to maintain excess funds in liquid transaction accounts as a result of interest rates remaining near historic lows, partially offset by account migration from foreign office deposits.

# General Corporate and Other

General Corporate and Other includes the unallocated portion of the investment securities portfolio, securities gains and losses, certain non-core deposit funding, unassigned equity, provision expense in excess of net charge-offs or a benefit from the reduction of the ALLL, representation and warranty expense in excess of actual losses or a benefit from the reduction of representation and warranty reserves, the payment of preferred stock dividends and certain support activities and other items not attributed to the business segments.

### Comparison of 2013 with 2012

Results for 2013 and 2012 were impacted by a benefit of \$269 million and \$400 million, respectively, due to reductions in the ALLL. The decrease in provision expense was primarily due to a decrease in nonperforming loans and leases and improvements in delinquency metrics and underlying loss trends. Net interest income decreased from \$370 million in 2012 to \$147 million for 2013 primarily due to a decrease in FTP charges partially offset by a decrease in interest expense on long-term debt. Noninterest income increased \$278 million compared to the prior year primarily due to positive valuation adjustments on the stock warrant associated with Vantiv Holding, LLC which increased \$139 million in 2013 compared to 2012. In addition, gains of \$242 million and \$85 million were recognized on the sales of Vantiv, Inc. shares in the second and third quarters of 2013, respectively, compared to gains of \$115 million related to the Vantiv, Inc. IPO and \$157 million on the sale of Vantiv, Inc. shares in 2012. The Bancorp also recognized a gain of \$9 million associated with tax receivable agreement with Vantiv, Inc. in the fourth quarter of 2013. The equity method earnings from the Bancorp's interest in Vantiv Holding, LLC increased \$16 million from 2012.

Noninterest expense decreased \$284 million compared to 2012 due to decreases in other noninterest expense and total personnel costs. Other noninterest expense decreased due to a decrease in debt extinguishment costs, an increase in corporate overhead allocations assigned to the segments, a decrease in loan and lease expense and a decrease in losses and adjustments. Debt extinguishment costs decreased \$161 million during 2013 compared to the prior year. During the fourth quarter of 2013, the Bancorp incurred \$8 million of debt extinguishment costs associated with the redemption of outstanding TruPS issued by Fifth Third Capital Trust IV. During 2012, the Bancorp incurred \$160 million of debt extinguishment costs associated with the redemption of certain TruPS and the termination of certain FHLB debt. Loan and lease expense decreased \$72 million during 2013 compared to 2012 primarily due to a decrease in loan closing fees due to a decline in mortgage originations. Losses and adjustments decreased \$17 million compared to 2012 primarily driven by a decline in the provision for representation and warranty claims partially offset by

an increase in litigation expense. The provision for representation and warranty claims changed from a \$49 million expense for the year ended December 31, 2012 to a benefit of \$39 million for the year ended December 31, 2013 due to the Bancorp recording significant additions to the reserve in 2012 as the result of additional information obtained from FHLMC regarding their file selection criteria which enabled the Bancorp to better estimate the losses that were probable on loans sold to FHLMC with representation and warranty provisions. In addition, 2013 included a decrease in the representation and warranty reserve due to improving underlying repurchase metrics and the settlement with FHLMC. The decrease in representation and warranty expense was partially offset by a \$54 million increase in litigation expense. Total personnel costs decreased \$38 million from 2012 due primarily to decreases in incentive compensation and employee benefits.

#### Comparison of 2012 with 2011

Results for 2012 and 2011 were impacted by a benefit of \$400 million and \$748 million, respectively, due to reductions in the ALLL. The decrease in provision expense was driven by general improvements in credit quality and declines in net charge-offs. Net interest income increased from \$321 million in 2011 to \$370 million in 2012 due to a benefit in the FTP rate. The change in net income for 2012 compared to 2011 was impacted by a \$157 million gain on the sale of Vantiv, Inc. shares and \$115 million in gains on the initial public offering of Vantiv, Inc. In addition, the results for 2012 were impacted by dividends on preferred stock of \$35 million compared to \$203 million in 2011.

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## FOURTH QUARTER REVIEW

The Bancorp's 2013 fourth quarter net income available to common shareholders was \$383 million, or \$0.43 per diluted share, compared to net income available to common shareholders of \$421 million, or \$0.47 per diluted share, for the third quarter of 2013 and net income available to common shareholders of \$390 million, or \$0.43 per diluted share, for the fourth quarter of 2012. Fourth quarter 2013 earnings included a \$91 million positive adjustment on the valuation of the warrant associated with the sale of Vantiv Holding, LLC, \$69 million in net charges to increase litigation reserves, an \$18 million charge related to the valuation of the total return swap entered into as part of the 2009 sale of Visa, Inc. Class B shares and \$8 million of debt extinguishment costs associated with the redemption of TruPS issued by Fifth Third Capital Trust IV. Third quarter 2013 results included an \$85 million gain on the sale of Vantiv Inc. shares, \$30 million in net charges to increase litigation reserves and a \$6 million positive adjustment on the valuation of the warrant associated with the sale of Vantiv Holding, LLC. Fourth quarter 2012 earnings included a \$157 million gain on the sale of Vantiv Inc. shares, \$134 million in debt extinguishment costs associated with the termination of \$1.0 billion of FHLB borrowings and \$38 million of mortgage representation and warranty provision expense primarily due to additional information obtained from FHLMC regarding future mortgage repurchase file requests. The ALLL as a percentage of portfolio loans and leases was 1.79% as of December 31, 2013, compared to 1.92% as of September 30, 2013 and 2.16% as of December 31, 2012.

Fourth quarter 2013 net interest income of \$905 million increased \$7 million from the third quarter of 2013 and \$2 million from the same period a year ago. Interest income increased \$10 million from the third quarter of 2013 primarily driven by higher balances and yields on investment securities. Interest expense increased \$3 million from the third quarter of 2013 primarily driven by the issuance of \$2.5 billion of long-term debt during the quarter, partially offset by the benefit from high-priced CDs that matured during the quarter. The increase in net interest income in comparison to the fourth quarter of 2012 was driven by higher average loan balances, lower long-term debt expense due to a reduction in higher cost average long-term debt and run-off of higher priced CDs, partially offset by lower yields on interest-earning assets.

Fourth quarter 2013 noninterest income of \$703 million decreased \$18 million compared to the third quarter of 2013 and \$177 million compared to the fourth quarter of 2012. The decrease from the third quarter of 2013 was primarily due to lower corporate banking revenue and other noninterest income. The year-over year decline was primarily the result of lower mortgage banking net revenue, corporate banking revenue and other noninterest income.

Mortgage banking net revenue was \$126 million in the fourth quarter of 2013, compared to \$121 million in the third quarter of 2013 and \$258 million in the fourth quarter of 2012. Fourth quarter 2013 originations were \$2.6 billion, compared with \$4.8 billion in the previous quarter and \$7.0 billion in the fourth quarter of 2012. Fourth quarter 2013 originations resulted in gains of \$60 million on mortgages sold, compared with gains of \$74 million during the previous quarter and \$239 million during the fourth quarter of 2012. The decrease from the prior quarter reflected the lower production partially offset by increased gain on sale margins, while the decrease from the prior year reflected lower production and lower gain on sale margins. Mortgage servicing fees were \$63 million in both the fourth and third quarters of 2013 compared with \$64 million in the fourth quarter of 2012. Mortgage banking net revenue is also affected by net servicing asset valuation adjustments, which include MSR amortization and MSR valuation adjustments, including mark-to-market adjustments on free-standing derivatives used to

economically hedge the MSR portfolio. These net servicing asset valuation adjustments were positive \$2 million in the fourth quarter of 2013, negative \$16 million in the third quarter of 2013 and negative \$45 million in the fourth quarter of 2012. Net gains on nonqualifying hedges on MSRs were zero in the fourth quarter of 2013, compared with net gains of \$5 million in the third quarter of 2013 and net losses of \$2 million in the fourth quarter of 2012.

Service charges on deposits of \$142 million increased \$2 million from the previous quarter and \$8 million compared to the fourth quarter of 2012. Retail service charges were flat compared to the previous quarter and increased six percent from the fourth quarter of 2012. The year over-year increase was primarily related to the transition to the Bancorp's new and simplified deposit product offerings. Commercial service charges increased two percent from the previous quarter and six percent from a year ago primarily as a result of new customer accounts and higher treasury management fees.

Corporate banking revenue of \$94 million decreased \$8 million from the previous quarter and \$20 million from the fourth quarter of 2012. The decrease from the third quarter of 2013 was primarily driven by lower lease remarketing fees and syndication fees, partially offset by higher institutional sales revenue, foreign exchange fees and business lending fees. The year-over-year decline was primarily driven by lower lease remarketing fees, syndication fees, derivative fees and letter of credit fees, which benefited the year-ago quarter due to higher activity in anticipation of changes to tax rules. The decline in lease remarketing fees was driven by a \$9 million write-down of equipment value on an operating lease during the fourth quarter of 2013.

Investment advisory revenue of \$98 million increased \$1 million from the previous quarter and \$5 million from the fourth quarter of 2012. The increase from the third quarter of 2013 and from the previous year was attributable to higher brokerage fees and private client services revenue reflecting strong production and market performance. These increases were partially offset by a decrease in institutional trust fees.

Card and processing revenue of \$71 million increased \$2 million compared to the third quarter of 2013 and \$5 million from the fourth quarter of 2012. Both increases were driven by higher transaction volumes.

Other noninterest income of \$170 million decreased \$15 million compared to the third quarter of 2013 and \$45 million from the fourth quarter of 2012. Fourth quarter 2013 results included a \$91 million positive valuation adjustment on the Vantiv Holding, LLC warrant as well as \$9 million in payments received pursuant to Fifth Third's tax receivable agreement with Vantiv Holding, LLC. This compares with an \$85 million gain on the sale of Vantiv Inc. shares and a \$6 million positive warrant valuation adjustment in the third quarter of 2013, and a \$157 million gain on the sale of Vantiv Inc. shares and a \$19 million negative warrant valuation adjustment in the fourth quarter of 2012. Quarterly results also included charges related to the valuation of the total return swap entered into as part of the 2009 sale of Visa, Inc. Class B shares. Negative valuation adjustments on this swap were \$18 million, \$2 million, and \$15 million in the fourth quarter of 2013, the third quarter of 2013 and the fourth quarter of 2012, respectively.

The net gain on investment securities was \$2 million in the fourth and third quarters of 2013 and the fourth quarter of 2012.

Noninterest expense of \$989 million increased \$30 million from the previous quarter and decreased \$174 million from the fourth quarter of 2012. Fourth quarter 2013 expenses included \$69 million in charges to increase litigation reserves, a \$25 million benefit associated with the mortgage representation and warranty reserve, \$8 million of debt extinguishment costs associated with the

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

redemption of Fifth Third Capital Trust IV TruPS, an \$8 million contribution to Fifth Third Foundation, and \$8 million in severance expense. Third quarter 2013 expenses included \$30 million in charges to increase litigation reserves, \$5 million in severance expense, \$5 million in large bank assessment fees and a \$3 million benefit associated with the mortgage representation and warranty reserve due to improving underlying purchase metrics. Fourth quarter 2012 expenses included \$134 million of debt extinguishment costs associated with the termination of \$1 billion of FHLB debt, \$38 million of expenses associated with the mortgage representation and warranty reserve and \$13 million in charges to increase litigation reserves.

Net charge-offs were \$148 million in the fourth quarter of 2013, or 67 bps of average loans on an annualized basis, compared with net charge-offs of \$109 million in the third quarter 2013 and \$147 million in the fourth quarter 2012. During the fourth quarter of 2013, the Bancorp restructured a single large credit resulting in a charge-off of \$43 million. Additionally, during the fourth quarter of 2013, the Bancorp modified its charge-off policy for home equity loans and lines of credit to assess for a charge-off when such loans have been past due 120 days if the senior lien is also 120 or more days past due. This resulted in additional home equity net charge-offs of \$6 million.

TABLE 18: QUARTERLY INFORMATION (unaudited)

	2013					2012	2	
For the three months ended (\$ in millions, except per share data)	12/31	9/30	6/30	3/31	12/31	9/30	6/30	3/31
Net interest income (FTE)	\$ 905	898	885	893	903	907	899	903
Provision for loan and lease losses	53	51	64	62	76	65	71	91
Noninterest income	703	721	1,060	743	880	671	678	769
Noninterest expense	989	959	1,035	978	1,163	1,006	937	973
Net income attributable to Bancorp	402	421	591	422	399	363	385	430
Net income available to common shareholders	383	421	582	413	390	354	376	421
Earnings per share, basic	0.44	0.47	0.67	0.47	0.44	0.39	0.41	0.46
Earnings per share, diluted	0.43	0.47	0.65	0.46	0.43	0.38	0.40	0.45

#### **COMPARISON OF THE YEAR ENDED 2012 WITH 2011**

The Bancorp's net income available to common shareholders for the year ended December 31, 2012 was \$1.5 billion, or \$1.66 per diluted share, which was net of \$35 million in preferred stock dividends. The Bancorp's net income available to common shareholders for the year ended December 31, 2011 was \$1.1 billion, or \$1.18 per diluted share, which was net of \$203 million in preferred stock dividends. The preferred stock dividends during 2011 included \$153 million in discount accretion resulting from the Bancorp's repurchase of Series F preferred stock. Overall, credit trends improved in 2012, and as a result, the provision for loan and lease losses decreased to \$303 million in 2012 compared to \$423 million in 2011.

Net interest income was \$3.6 billion for the years ended December 31, 2012 and 2011. Net interest income was positively impacted in 2012 by an increase in average loans and leases of \$4.6 billion as well as a decrease in interest expense compared to the year ended December 31, 2011. Average interest-earning assets increased \$4.0 billion in 2012 while average interest-bearing liabilities were relatively flat compared to the prior year. In addition, net interest income in 2012 compared to the prior year was negatively impacted by a 28 bps decrease in average yield on average interest-earning assets partially offset by a 21 bps decrease in the average rate paid on interest bearing liabilities, coupled with a mix shift to lower cost deposits.

Noninterest income increased \$544 million, or 22%, in 2012 compared to 2011. The increase from the prior year was primarily due to an increase in mortgage banking net revenue, corporate banking revenue and other noninterest income partially offset by a decrease in card and processing revenue. Mortgage banking net revenue increased \$248 million, or 41%, primarily due to an increase in origination fees and gains on loan sales partially offset by an increase in losses on net valuation adjustments on servicing rights and free-standing derivatives entered into to economically hedge the MSR portfolio. Corporate banking revenue increased \$63 million, or 18%, primarily due to increases in syndication fees, business lending fees, lease remarketing fees and institutional sales. Other noninterest income increased \$324 million primarily due to a \$115 million gain from the Vantiv, Inc. IPO recognized in the first quarter of 2012

and a \$157 million gain from the sale of Vantiv, Inc. shares in the fourth quarter of 2012. Card and processing revenue decreased \$55 million, or 18%, primarily as the result of the full year impact of the implementation of the Dodd-Frank Act's debit card interchange fee cap in the fourth quarter of 2011.

Noninterest expense increased \$323 million, or nine percent, in 2012 compared to 2011 primarily due to an increase of \$170 million in total personnel costs (salaries, wages and incentives plus employee benefits); an increase of \$53 million in the provision for representation and warranty claims related to residential mortgage loans sold to third parties; an increase of \$177 million in debt extinguishment costs; and a \$44 million decrease in the benefit from the provision for unfunded commitments and letters of credit. This activity was partially offset by an \$87 million decrease in FDIC insurance and other taxes.

Net charge-offs as a percent of average portfolio loans and leases decreased to 0.85% during 2012 compared to 1.49% during 2011 largely due to improved credit trends across all commercial and consumer loan types, excluding commercial leases.

The Bancorp took a number of actions that impacted its capital position in 2012. On March 13, 2012, the Bancorp announced the results of its capital plan submitted to the FRB as part of the 2012 CCAR. The FRB indicated to the Bancorp that it did not object to the following capital actions: a continuation of its quarterly common dividend of \$0.08 per share; the redemption of up to \$1.4 billion in certain TruPS and the repurchase of common shares in an amount equal to any after-tax gains realized by the Bancorp from the sale of Vantiv, Inc. common shares by either the Bancorp or Vantiv, Inc. The FRB indicated to the Bancorp that it did object to other elements of its capital plan, including potential increases in its quarterly common dividend and the initiation of other common share repurchases.

The Bancorp resubmitted its capital plan to the FRB in the second quarter of 2012. The resubmitted plan included capital actions and distributions for the covered period through March 31, 2013 that were substantially similar to those included in the original submission, with adjustments primarily reflecting the change in the expected timing of capital actions and distributions relative to the timing assumed in the original submission. On August 21, 2012, the

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Bancorp announced the FRB did not object to the Bancorp's resubmitted capital plan which included potential increases to the quarterly common stock dividend and potential repurchases of common shares of up to \$600 million through the first quarter of 2013, in addition to any incremental repurchase of common shares related to any after-tax gains realized by the Bancorp from the sale of Vantiv, Inc. common shares by either the Bancorp or Vantiv, Inc. As a result, the Board of Directors authorized the Bancorp to repurchase up to 100 million common shares in the open market or in privately negotiated transactions. In addition, in the third quarter of 2012 the Bancorp declared a quarterly common dividend of \$0.10 per share, an increase of \$0.02 per share from the second quarter of 2012.

On August 8, 2012, consistent with the 2012 CCAR plan, the Bancorp redeemed all \$862.5 million of the outstanding TruPS issued by Fifth Third Capital Trust VI. The Bancorp recognized a \$9 million loss on extinguishment of these TruPS within other noninterest expense in the Bancorp's Consolidated Statements of Income. Additionally, on August 15, 2012, the Bancorp redeemed all \$575 million of the outstanding TruPS issued by Fifth Third Capital Trust V. The Bancorp recognized a \$17 million loss on extinguishment within other noninterest expense in the Bancorp's Consolidated Statements of Income.

Additionally, the Bancorp entered into a number of accelerated share repurchase transactions in 2012. See Note 23 of the Notes to Consolidated Financial Statements for more information on the accelerated share repurchase transactions.

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## **BALANCE SHEET ANALYSIS**

# Loans and Leases

The Bancorp classifies its loans and leases based upon the primary purpose of the loan. Table 19 summarizes end of period loans and

leases, including loans held for sale and Table 20 summarizes average total loans and leases, including loans held for sale.

TABLE 19: COMPONENTS OF TOTAL LOANS AND LEASES (INCLUDES HELD FOR SALE)

As of December 31 (\$ in millions)	2013	2012	2011	2010	2009
Commercial:					
Commercial and industrial loans	\$ 39,347	36,077	30,828	27,275	25,687
Commercial mortgage loans	8,069	9,116	10,214	10,992	11,936
Commercial construction loans	1,041	707	1,037	2,111	3,871
Commercial leases	3,626	3,549	3,531	3,378	3,535
Subtotal – commercial	52,083	49,449	45,610	43,756	45,029
Consumer:					
Residential mortgage loans	13,570	14,873	13,474	10,857	9,846
Home equity	9,246	10,018	10,719	11,513	12,174
Automobile loans	11,984	11,972	11,827	10,983	8,995
Credit card	2,294	2,097	1,978	1,896	1,990
Other consumer loans and leases	381	312	364	702	812
Subtotal – consumer	37,475	39,272	38,362	35,951	33,817
Total loans and leases	\$ 89,558	88,721	83,972	79,707	78,846
Total portfolio loans and leases (excludes loans held for sale)	\$ 88,614	85,782	81,018	77,491	76,779

Loans and leases, including loans held for sale, increased \$837 million, or one percent, from December 31, 2012. The increase in loans and leases from December 31, 2012 was the result of a \$2.6 billion, or five percent, increase in commercial loans and leases partially offset by a \$1.8 billion, or five percent, decrease in consumer loans and leases.

The increase in commercial loans and leases from December 31, 2012 was primarily due to an increase in commercial and industrial loans and commercial construction loans partially offset by a decrease in commercial mortgage loans. Commercial and industrial loans increased \$3.3 billion, or nine percent, from December 31, 2012 and commercial construction loans increased \$334 million, or 47%, from December 31, 2012 as a result of an increase in new loan origination activity from an increase in demand due to a strengthening economy and targeted marketing efforts. Commercial mortgage loans decreased \$1.0 billion, or 11%, from December 31, 2012 due to continued runoff as the level of new originations was less than the repayments on the current portfolio.

The decrease in consumer loans and leases from December 31, 2012 was primarily due to a decrease in residential mortgage and home equity loans partially offset by an increase in credit card loans. Residential mortgage loans decreased \$1.3 billion, or nine percent, from December 31, 2012 primarily due to a decline in loans held for sale of \$2.0 billion from reduced origination volumes driven by higher mortgage rates. This decline was partially offset by an increase in portfolio residential mortgage loans which increased \$663 million from December 31, 2012 due to the continued retention of certain shorter term residential mortgage loans originated through the Bancorp's retail branches. Home equity loans decreased \$772 million, or eight percent, from December 31, 2012 as payoffs exceeded new loan production. Credit card loans increased \$197 million, or nine percent, from December 31, 2012 due to an increase in average balances per account and the volume of new customer accounts.

TABLE 20: COMPONENTS OF AVERAGE TOTAL LOANS AND LEASES (INCLUDES HELD FOR SALE)

For the years ended December 31 (\$ in millions)	2013	2012	2011	2010	2009
Commercial:					
Commercial and industrial loans	\$ 37,770	32,911	28,546	26,334	27,556
Commercial mortgage loans	8,481	9,686	10,447	11,585	12,511
Commercial construction loans	793	835	1,740	3,066	4,638
Commercial leases	3,565	3,502	3,341	3,343	3,543
Subtotal – commercial	50,609	46,934	44,074	44,328	48,248
Consumer:					
Residential mortgage loans	14,428	13,370	11,318	9,868	10,886
Home equity	9,554	10,369	11,077	11,996	12,534
Automobile loans	12,021	11,849	11,352	10,427	8,807
Credit card	2,121	1,960	1,864	1,870	1,907
Other consumer loans and leases	360	340	529	743	1,009
Subtotal – consumer	38,484	37,888	36,140	34,904	35,143
Total average loans and leases	\$ 89,093	84,822	80,214	79,232	83,391
Total average portfolio loans and leases (excludes loans held for sale)	\$ 86,950	82,733	78,533	77,045	80,681

Average loans and leases, including held for sale, increased \$4.3 billion, or five percent, from December 31, 2012. The increase from December 31, 2012 was comprised of an increase of \$3.7 billion, or

eight percent, in average commercial loans and leases and an increase of \$596 million, or two percent, in average consumer loans and leases.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The increase in average commercial loans and leases was primarily driven by an increase in average commercial and industrial loans partially offset by a decrease in average commercial mortgage loans. Average commercial and industrial loans increased \$4.9 billion, or 15%, from December 31, 2012 due to an increase in new loan origination activity from an increase in demand due to a strengthening economy and targeted marketing efforts. Average commercial mortgage loans decreased \$1.2 billion, or 12%, from December 31, 2012 due to continued runoff as the level of new originations was less than the repayments on the current portfolio.

The increase in average consumer loans and leases from December 31, 2012 was driven by an increase in average residential mortgage loans, average automobile loans, and average credit card loans partially offset by a decrease in average home equity loans.

Average residential mortgage loans increased \$1.1 billion, or eight percent, from December 31, 2012 due to strong refinancing activity during the first half of 2013 and due to the continued retention of certain shorter term residential mortgage loans originated through the Bancorp's retail branches. Average automobile loans increased \$172 million, or one percent, from December 31, 2012 due to loan originations exceeding runoff, partially offset by the impact of the securitization and sale of \$509 million of automobile loans in the first quarter of 2013. Average credit card loans increased \$161 million, or eight percent, from December 31, 2012 due to an increase in average balances per account and the volume of new customer accounts. Average home equity loans decreased \$815 million, or eight percent, from December 31, 2012 as payoffs exceeded new loan production.

#### **Investment Securities**

The Bancorp uses investment securities as a means of managing interest rate risk, providing liquidity support and providing collateral for pledging purposes. As of December 31, 2013, total investment securities were \$19.1 billion compared to \$15.7 billion at December 31, 2012. See Note 1 of the Notes to Consolidated Financial Statements for the Bancorp's methodology for both classifying investment securities and management's evaluation of securities in an unrealized loss position for OTTI

At December 31, 2013, the Bancorp's investment portfolio consisted primarily of AAA-rated available-for-sale securities. The Bancorp did not hold asset-backed securities backed by subprime

mortgage loans in its investment portfolio. Additionally, securities classified as below investment grade were immaterial as of December 31, 2013 and had a carrying value of \$31 million as of December 31, 2012.

The Bancorp's management has evaluated the securities in an unrealized loss position in the available-for-sale and held-to-maturity portfolios for OTTI. During the years ended December 31, 2013, 2012, and 2011, the Bancorp recognized \$74 million, \$58 million and \$19 million of OTTI on its available-for-sale and other investment securities portfolio, respectively. The Bancorp did not recognize any OTTI on any of its held-to-maturity investment securities during the years ended December 31, 2013, 2012 or 2011.

TABLE 21: COMPONENTS OF INVESTMENT SECURITIES

TABLE 21. COMI ONENTS OF INVESTMENT SECURITIES					
As of December 31 (\$ in millions)	2013	2012	2011	2010	2009
Available-for-sale and other: (amortized cost basis)					
U.S. Treasury and government agencies	\$ 26	41	171	225	464
U.S. Government sponsored agencies	1,523	1,730	1,782	1,564	2,143
Obligations of states and political subdivisions	187	203	96	170	240
Agency mortgage-backed securities	12,294	8,403	9,743	10,570	11,074
Other bonds, notes and debentures (a)	3,514	3,161	1,792	1,338	2,541
Other securities(b)	865	1,033	1,030	1,052	1,417
Total available-for-sale and other securities	\$ 18,409	14,571	14,614	14,919	17,879
Held-to-maturity: (amortized cost basis)					
Obligations of states and political subdivisions	\$ 207	282	320	348	350
Other bonds, notes and debentures	1	2	2	5	5
Total held-to-maturity	\$ 208	284	322	353	355
Trading: (fair value)					
U.S. Treasury and government agencies	\$ 1	1	-	1	-
U.S. Government sponsored agencies	4	6	-	-	-
Obligations of states and political subdivisions	13	17	9	21	57
Agency mortgage-backed securities	3	7	11	8	24
Other bonds, notes and debentures	7	15	13	120	205
Other securities	315	161	144	144	69
Total trading	\$ 343	207	177	294	355

<sup>(</sup>a) Other bonds, notes, and debentures consist of non-agency mortgage backed securities, certain other asset backed securities (primarily automobile and commercial loan backed securities) and corporate bond securities.

As of December 31, 2013, available-for-sale securities on an amortized cost basis increased \$3.8 billion, or 26%, from December 31, 2012 due to a increase in agency mortgage-backed securities and other bonds, notes and debentures partially offset by an decrease in U.S. Government sponsored agencies. Agency mortgage-backed securities increased \$3.9 billion, or 46%, from December 31, 2012 due to \$15.0 billion in purchases of agency mortgage-backed securities partially offset by \$8.4 billion in sales and \$2.7 billion in paydowns on the portfolio during the year ended December 31, 2013. Other bonds, notes, and debentures increased \$353 million, or 11%, due to the purchase of \$1.6 billion of asset backed securities,

collateralized loan obligations and collateralized mortgage backed securities partially offset by the sale of \$1.1 billion of asset backed securities, collateralized loan obligations and corporate bonds and \$126 million of paydowns and TruPS that were called during the year ended December 31, 2013. U.S. Government sponsored agencies securities decreased \$207 million, or 12%, primarily due to approximately \$204 million of agency debentures that were called in 2013.

At December 31, 2013 and 2012, available-for-sale securities were 16% and 14% of total interest-earning assets. The estimated weighted-average life of the debt securities in the available-for-sale

<sup>(</sup>b) Other securities consist of FHLB and FRB restricted stock holdings that are carried at par, FHLMC and FNMA preferred stock holdings and certain mutual fund holdings and equity security holdings.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

portfolio was 6.7 years at December 31, 2013, compared to 3.8 years at December 31, 2012. In addition, at December 31, 2013, the available-for-sale securities portfolio had a weighted-average yield of 3.39%, compared to 3.30% at December 31, 2012.

Information presented in Table 22 is on a weighted-average life basis, anticipating future prepayments. Yield information is presented on an FTE basis and is computed using historical cost balances. Maturity and yield calculations for the total available-for-sale portfolio exclude equity securities that have no stated yield or

maturity. Total net unrealized gains on the available-for-sale securities portfolio were \$188 million at December 31, 2013, compared to \$636 million at December 31, 2012. The decrease from December 31, 2012 was primarily due to an increase in interest rates during 2013. The fair value of investment securities is impacted by interest rates, credit spreads, market volatility and liquidity conditions. The fair value of investment securities generally decreases when interest rates increase or when credit spreads widen.

TABLE 22: CHARACTERISTICS OF AVAILABLE-FOR-SALE AND OTHER SECURITIES

			Weighted-Average	Weighted-Average
As of December 31, 2013 (\$ in millions)	Amortized Cost	Fair Value	Life (in years)	Yield
U.S. Treasury and government agencies:				
Average life 1 – 5 years	\$ 25	25	2.7	0.82 %
Average life 5 – 10 years	1	1	5.4	1.50
Total	26	26	2.7	0.83
U.S. Government sponsored agencies:				
Average life 1 – 5 years	1,523	1,644	3.0	3.64
Total	1,523	1,644	3.0	3.64
Obligations of states and political subdivisions: (a)				
Average life 1 – 5 years	123	125	2.7	2.40
Average life 5 – 10 years	55	57	6.6	4.00
Average life greater than 10 years	9	10	10.9	3.87
Total	187	192	4.3	2.95
Agency mortgage-backed securities:				
Average life of one year or less	118	121	0.6	6.03
Average life 1 – 5 years	1,564	1,616	4.3	4.03
Average life 5 – 10 years	9,547	9,480	7.2	3.47
Average life greater than 10 years	1,065	1,067	14.4	3.94
Total	12,294	12,284	7.4	3.61
Other bonds, notes and debentures:				
Average life of one year or less	225	230	0.1	1.68
Average life 1 – 5 years	1,529	1,569	3.1	2.84
Average life 5 – 10 years	1,188	1,193	7.1	2.61
Average life greater than 10 years	572	590	15.1	1.92
Total	3,514	3,582	6.2	2.54
Other securities	865	869		
Total available-for-sale and other securities	\$ 18,409	18,597	6.7	3.39 %

<sup>(</sup>a) Taxable-equivalent yield adjustments included in the above table are 0.01%, 0.89%, 2.06% and 0.37% for securities with an average life of 1-5 years, 5-10 years, greater than 10 years and in total, respectively.

## Deposits

The Bancorp's deposit balances represent an important source of funding and revenue growth opportunity. The Bancorp continues to focus on core deposit growth in its retail and commercial franchises

by improving customer satisfaction, building full relationships and offering competitive rates. Core deposits represented 71% of the Bancorp's asset funding base for both of the years ended December 31, 2013 and 2012.

TABLE 23: DEPOSITS

TABLE 23. DEI OSTIS					
As of December 31 (\$ in millions)	2013	2012	2011	2010	2009
Demand	\$ 32,634	30,023	27,600	21,413	19,411
Interest checking	25,875	24,477	20,392	18,560	19,935
Savings	17,045	19,879	21,756	20,903	17,898
Money market	11,644	6,875	4,989	5,035	4,431
Foreign office	1,976	885	3,250	3,721	2,454
Transaction deposits	89,174	82,139	77,987	69,632	64,129
Other time	3,530	4,015	4,638	7,728	12,466
Core deposits	92,704	86,154	82,625	77,360	76,595
Certificates - \$100,000 and over	6,571	3,284	3,039	4,287	7,700
Other	-	79	46	1	10
Total deposits	\$ 99,275	89,517	85,710	81,648	84,305

Core deposits increased \$6.6 billion, or eight percent, compared to December 31, 2012, driven by an increase of \$7.0 billion, or nine percent, in transaction deposits, partially offset by a decrease of

\$485 million, or 12%, in other time deposits. Total transaction deposits increased from December 31, 2012 due to increases in money market deposits, demand deposits, interest checking deposits

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

and foreign office deposits partially offset by a decrease in savings deposits. Money market deposits increased \$4.8 billion, or 69%, from December 31, 2012 partially driven by account migration from savings deposits which decreased \$2.8 billion, or 14%. The remaining increase in money market deposits was due to new customer accounts, an increase in average balance per account, and account migration from interest checking deposits. Demand deposits increased \$2.6 billion, or nine percent, from December 31, 2012 due to an increase in the average balance per account for consumer customers, new product offerings, and new commercial deposit growth. Interest checking deposits increased \$1.4 billion, or six percent, from December 31, 2012 due to new commercial customer growth, partially offset by the previously mentioned account migration to money market deposits. Foreign office deposits increased \$1.1 billion from December 31, 2012 due to new

customer accounts. The foreign office deposits are primarily Eurodollar sweep accounts from the Bancorp's commercial customers. These accounts bear interest rates at slightly higher than money market accounts and unlike repurchase agreements the Bancorp does not have to pledge collateral. The decrease in other time deposits from December 31, 2012 was primarily the result of continued run-off of certificates of deposits due to the low interest rate environment, as customers have opted to maintain balances in more liquid transaction accounts.

The Bancorp uses certificates \$100,000 and over as a method to fund earning assets. At December 31, 2013, certificates \$100,000 and over increased \$3.3 billion compared to December 31, 2012 due to the diversification of funding sources through the issuance of retail and institutional certificates of deposits in 2013.

The following table presents average deposits for the years ended December 31:

TABLE 24: AVERAGE DEPOSITS

TABLE 24. AVERAGE DEI OSITS					
(\$ in millions)	2013	2012	2011	2010	2009
Demand	\$ 29,925	27,196	23,389	19,669	16,862
Interest checking	23,582	23,096	18,707	18,218	15,070
Savings	18,440	21,393	21,652	19,612	16,875
Money market	9,467	4,903	5,154	4,808	4,320
Foreign office	1,501	1,528	3,490	3,355	2,108
Transaction deposits	82,915	78,116	72,392	65,662	55,235
Other time	3,760	4,306	6,260	10,526	14,103
Core deposits	86,675	82,422	78,652	76,188	69,338
Certificates - \$100,000 and over	6,339	3,102	3,656	6,083	10,367
Other	17	27	7	6	157
Total average deposits	\$ 93,031	85,551	82,315	82,277	79,862

On an average basis, core deposits increased \$4.3 billion, or five percent, compared to December 31, 2012 due to an increase of \$4.8 billion, or six percent, in average transaction deposits partially offset by a decrease of \$546 million, or 13%, in average other time deposits. The increase in average transaction deposits was driven by an increase in average money market deposits, average demand deposits and average interest checking deposits, partially offset by a decrease in average savings deposits. Average money market deposits increased \$4.6 billion, or 93%, from December 31, 2012 primarily due to account migration from savings deposits which decreased \$3.0 billion, or 14%. The remaining increase in average money market deposits is due to new customer accounts, an increase in average balances per account, and account migration from interest checking deposits. Average demand deposits increased

\$2.7 billion, or 10%, from December 31, 2012 due to an increase in average balances per account for consumer customers, new product offerings, and new commercial deposit growth. Average interest checking deposits increased \$486 million, or two percent from December 31, 2012 due to new commercial customer growth, partially offset by the previously mentioned account migration to money market deposits. Average other time deposits decreased \$546 million, or 13%, from December 31, 2012 primarily as a result of continued run-off of certificates of deposits due to the low interest rate environment, as customers have opted to maintain balances in more liquid transaction accounts. Average certificates \$100,000 and over increased \$3.2 billion from 2012 due to the diversification of funding sources through the issuance of retail and institutional certificates of deposits during 2013.

The contractual maturities of certificates \$100,000 and over as of December 31, 2013 are summarized in the following table:

TABLE 25: CONTRACTUAL MATURITIES OF CERTIFICATES \$100,000 AND OVER

(\$ in millions)	2013
Three months or less	\$ 2,922
After three months through six months	1,561
After six months through 12 months	1,032
After 12 months	1,056
Total	\$ 6,571

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The contractual maturities of other time deposits and certificates \$100,000 and over as of December 31, 2013 are summarized in the following table:

TABLE 26: CONTRACTUAL MATURITIES OF OTHER TIME DEPOSITS AND CERTIFICATES \$100,000 AND OVER

(\$ in millions)	•	2013
Next 12 months	\$	7,424
13-24 months		1,200
25-36 months		702
37-48 months		488
49-60 months		232
After 60 months		55
Total	\$	10,101

#### Borrowings

Total borrowings decreased \$3.0 billion, or 21%, from December 31, 2012 due to decreases in other short-term borrowings and

federal funds purchased, partially offset by an increase in long-term debt. Total borrowings as a percentage of interest-bearing liabilities were 14% and 19% at December 31, 2013 and 2012, respectively.

#### **TABLE 27: BORROWINGS**

As of December 31 (\$ in millions)	2013	2012	2011	2010	2009
Federal funds purchased	\$ 284	901	346	279	182
Other short-term borrowings	1,380	6,280	3,239	1,574	1,415
Long-term debt	9,633	7,085	9,682	9,558	10,507
Total borrowings	\$ 11,297	14,266	13,267	11,411	12,104

Federal funds purchased decreased by \$617 million, or 68%, from December 31, 2012 driven by a decrease in excess balances in reserve accounts held at Federal Reserve Banks that the Bancorp purchased from other member banks on an overnight basis. Other short-term borrowings decreased \$4.9 billion, or 78%, from December 31, 2012 driven by a decrease of \$4.7 billion in short-term FHLB borrowings. The Bancorp decreased its reliance on short-term funding in 2013 in anticipation of future regulatory standards which require a greater dependency on long-term and stable funding. Long-term debt increased by \$2.5 billion, or 36%,

from December 31, 2012 primarily driven by the issuance of \$3.1 billion of unsecured senior bank notes, \$750 million of subordinated notes and the issuance of asset-backed securities by a consolidated VIE of \$1.3 billion related to an automobile loan securitization during 2013. These issuances were partially offset by the maturity of \$1.3 billion of senior notes, the redemption of \$750 million of outstanding TruPS and \$277 million of declines due to fair value adjustments on hedged debt. For additional information regarding long-term debt, see Note 16 of the Notes to Consolidated Financial Statements.

TABLE 28: AVERAGE BORROWINGS

TABLE 20. AT ERRIGE BORRO WENGS					
As of December 31 (\$ in millions)	2013	2012	2011	2010	2009
Federal funds purchased	\$ 503	560	345	291	517
Other short-term borrowings	3,024	4,246	2,777	1,635	6,463
Long-term debt	7,914	9,043	10,154	10,902	11,035
Total average borrowings	\$ 11,441	13,849	13,276	12,828	18,015

Average total borrowings decreased \$2.4 billion, or 17%, compared to December 31, 2012, due to decreases in average federal funds purchased, average other short-term borrowings and average long-term debt. Average federal funds purchased decreased \$57 million, or 10%, primarily due to a decrease in excess balances in reserve accounts held at Federal Reserve Banks that the Bancorp purchased from other member banks on an overnight basis. Average other shortterm borrowings decreased \$1.2 billion, or 29%, primarily due to the previously mentioned decrease in short-term FHLB borrowings. The level of average federal funds purchased and average other short-term borrowings can fluctuate significantly from period to period depending on funding needs and which sources are used to satisfy those needs. Additionally, The Bancorp decreased its reliance on short-term funding in 2013 in anticipation of future regulatory standards which require a greater dependency on long-term and stable funding. Average long-term debt decreased \$1.1 billion, or 12%, driven by the maturity of \$1.3 billion of unsecured senior bank notes in the second quarter of 2013, the redemption of \$1.4 billion of TruPS during the third quarter of 2012 and the extinguishment of \$1.0 billion of long-term FHLB advances during

the fourth quarter of 2012 partially offset by the issuance of \$1.3 billion of unsecured senior bank notes in the first quarter of 2013 and the issuance of \$1.8 billion of unsecured senior bank notes and \$750 million of subordinated notes in the fourth quarter of 2013.

Information on the average rates paid on borrowings is discussed in the net interest income section of the MD&A. In addition, refer to the Liquidity Risk Management section for a discussion on the role of borrowings in the Bancorp's liquidity management.

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

#### RISK MANAGEMENT

Managing risk is an essential component of successfully operating a financial services company. The Bancorp's risk management approach includes processes for identifying, assessing, managing, monitoring and reporting risks. The ERM division and the Bancorp Credit division, led by the Bancorp's Chief Risk and Credit Officer, ensure the consistency and adequacy of the Bancorp's risk management approach within the structure of the Bancorp's affiliate operating model. In addition, the Internal Audit division provides an independent assessment of the Bancorp's internal control structure and related systems and processes.

The assumption of risk requires robust and active risk management practices that comprise an integrated and comprehensive set of activities, measures and strategies that apply to the entire organization. The Bancorp has established a Risk Appetite Framework that provides the foundations of corporate risk capacity, risk appetite and risk tolerances. The Bancorp's risk capacity is represented by its available financial resources. Risk capacity sets an absolute limit on risk-assumption in the Bancorp's annual and strategic plans. The Bancorp understands that not all financial resources may persist as viable loss buffers over time. Further, consideration must be given to planned or foreseeable events that would reduce risk capacity. Those factors take the form of capacity adjustments to arrive at an Operating Risk Capacity which represents the operating risk level the Bancorp can assume while maintaining its solvency standard. The Bancorp's policy currently discounts its Operating Risk Capacity by a minimum of five percent to provide a buffer; as a result, the Bancorp's risk appetite is limited by policy to, at most, 95% of its Operating Risk Capacity.

Economic capital is the amount of unencumbered financial resources required to support the Bancorp's risks. The Bancorp measures economic capital under the assumption that it expects to maintain debt ratings at strong investment grade levels over time. The Bancorp's capital policies require that the Operating Risk Capacity less the aforementioned buffer exceed the calculated economic capital required in its business.

Risk appetite is the aggregate amount of risk the Bancorp is willing to accept in pursuit of its strategic and financial objectives. By establishing boundaries around risk taking and business decisions, and by incorporating the needs and goals of its shareholders, regulators, rating agencies and customers, the Bancorp's risk appetite is aligned with its priorities and goals. Risk tolerance is the maximum amount of risk applicable to each of the eight specific risk categories included in its Enterprise Risk Management Framework. This is expressed primarily in qualitative terms. The Bancorp's risk appetite and risk tolerances are supported by risk targets and risk limits. Those limits are used to monitor the amount of risk assumed at a granular level

The risks faced by the Bancorp include, but are not limited to, credit, market, liquidity, operational, regulatory compliance, legal, reputational and strategic. Each of these risks is managed through the Bancorp's risk program which includes the following key functions:

- Enterprise Risk Management Programs is responsible for developing and
  overseeing the implementation of risk programs and reporting that
  facilitate a broad integrated view of risk. The department also leads the
  continual fostering of a strong risk management culture and the
  framework, policies and committees that support effective risk
  governance, including the oversight of Sarbanes-Oxley compliance;
- Commercial Credit Risk Management provides safety and soundness within an independent portfolio management

- framework that supports the Bancorp's commercial loan growth strategies and underwriting practices, ensuring portfolio optimization and appropriate risk controls;
- Risk Strategies and Reporting is responsible for quantitative analysis
  needed to support the commercial dual rating methodology, ALLL
  methodology and analytics needed to assess credit risk and develop
  mitigation strategies related to that risk. The department also provides
  oversight, reporting and monitoring of commercial underwriting and
  credit administration processes. The Risk Strategies and Reporting
  department is also responsible for the economic capital program;
- Consumer Credit Risk Management provides safety and soundness within an independent management framework that supports the Bancorp's consumer loan growth strategies, ensuring portfolio optimization, appropriate risk controls and oversight, reporting, and monitoring of underwriting and credit administration processes;
- Operational Risk Management works with affiliates and lines of business to maintain processes to monitor and manage all aspects of operational risk, including ensuring consistency in application of operational risk programs;
- Bank Protection oversees and manages fraud prevention and detection and provides investigative and recovery services for the Bancorp;
- Capital Markets Risk Management is responsible for instituting, monitoring, and reporting appropriate trading limits, monitoring liquidity, interest rate risk and risk tolerances within Treasury, Mortgage, and Capital Markets groups and utilizing a value at risk model for Bancorp market risk exposure;
- Regulatory Compliance Risk Management ensures that processes are in place to monitor and comply with federal and state banking regulations, including processes related to fiduciary, community reinvestment act and fair lending compliance. The function also has the responsibility for maintenance of an enterprise-wide compliance framework; and
- The ERM division creates and maintains other functions, committees or processes as are necessary to effectively manage risk throughout the Bancorp.

Risk management oversight and governance is provided by the Risk and Compliance Committee of the Board of Directors and through multiple management committees whose membership includes a broad cross-section of line-of-business, affiliate and support representatives. The Risk and Compliance Committee of the Board of Directors consists of five outside directors and has the responsibility for the oversight of risk management for the Bancorp, as well as for the Bancorp's overall aggregate risk profile. The Risk and Compliance Committee of the Board of Directors has approved the formation of key management governance committees that are responsible for evaluating risks and controls. The primary committee responsible for the oversight of risk management is the ERMC. Committees accountable to the ERMC, which support the core risk programs, are the Corporate Credit Committee, the Operational Risk Committee, the Management Compliance Committee, the Asset/Liability Committee and the Enterprise Marketing Committee. Other committees accountable to the ERMC oversee the ALLL, capital and community reinvestment act/fair lending functions. There are also new products and initiatives processes applicable to every line of business to ensure an appropriate standard readiness assessment is

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

performed before launching a new product or initiative. Significant risk policies approved by the management governance committees are also reviewed and approved by the Risk and Compliance Committee of the Board of Directors.

Credit Risk Review is an independent function responsible for evaluating the sufficiency of underwriting, documentation and

approval processes for consumer and commercial credits, the accuracy of risk grades assigned to commercial credit exposure, nonaccrual status, specific reserves and monitoring for charge-offs. Credit Risk Review reports directly to the Risk and Compliance Committee of the Board of Directors and administratively to the Chief Auditor

# CREDIT RISK MANAGEMENT

The objective of the Bancorp's credit risk management strategy is to quantify and manage credit risk on an aggregate portfolio basis, as well as to limit the risk of loss resulting from the failure of a borrower or counterparty to honor its financial or contractual obligations to the Bancorp. The Bancorp's credit risk management strategy is based on three core principles: conservatism, diversification and monitoring. The Bancorp believes that effective credit risk management begins with conservative lending practices. These practices include conservative exposure and counterparty limits and conservative underwriting, documentation and collection standards. The Bancorp's credit risk management strategy also emphasizes diversification on a geographic, industry and customer level as well as ongoing portfolio monitoring and timely management reviews of large credit exposures and credits experiencing deterioration of credit quality. Credit officers with the authority to extend credit are delegated specific authority amounts, the utilization of which is closely monitored. Underwriting activities are centrally managed,

and ERM manages the policy and the authority delegation process directly. The Credit Risk Review function provides objective assessments of the quality of underwriting and documentation, the accuracy of risk grades and the charge-off, nonaccrual and reserve analysis process. The Bancorp's credit review process and overall assessment of the adequacy of the allowance for credit losses is based on quarterly assessments of the probable estimated losses inherent in the loan and lease portfolio. The Bancorp uses these assessments to promptly identify potential problem loans or leases within the portfolio, maintain an adequate reserve and take any necessary charge-offs. The Bancorp defines potential problem loans as those rated substandard that do not meet the definition of a nonperforming asset or a restructured loan. See Note 6 of the Notes to the Consolidated Financial Statements for further information on the Bancorp's credit grade categories, which are derived from standard regulatory rating definitions.

The following tables provide a summary of potential problem loans as of December 31:

## **TABLE 29: POTENTIAL PROBLEM LOANS**

			Unpaid	
		arrying	Principal	
2013 (\$ in millions)	•	Value	Balance	Exposure
Commercial and industrial	\$	1,032	1,034	1,323
Commercial mortgage		517	520	520
Commercial construction		44	44	50
Commercial leases		18	18	18
Total	\$	1,611	1,616	1,911

### TABLE 30: POTENTIAL PROBLEM LOANS

			Unpaid	
	Carrying			
<u>2</u> 012 (\$ in millions)		Value	Balance	Exposure
Commercial and industrial	\$	1,015	1,017	1,212
Commercial mortgage		848	849	851
Commercial construction		87	87	100
Commercial leases		9	9	9
Total	\$	1,959	1,962	2,172

In addition to the individual review of larger commercial loans that exhibit probable or observed credit weaknesses, the commercial credit review process includes the use of two risk grading systems. The risk grading system currently utilized for reserve analysis purposes encompasses ten categories. The Bancorp also maintains a dual risk rating system for credit approval and pricing, portfolio monitoring and capital allocation that includes a "through-the-cycle" rating philosophy for modeling expected losses. The dual risk rating system includes thirteen probabilities of default grade categories and an additional six grade categories for estimating losses given an event of default. The probability of default and loss given default evaluations are not separated in the ten-category risk rating system. The Bancorp has completed significant validation and testing of the dual risk rating system as a commercial credit risk management tool. The Bancorp is assessing the necessary modifications to the dual risk rating system outputs to develop a U.S. GAAP compliant

ALLL model and will make a decision on the use of modified dual risk ratings for purposes of determining the Bancorp's ALLL once the FASB has issued a final standard regarding proposed methodology changes to the determination of credit impairment as outlined in the FASB's proposed Accounting Standard Update —Financial Instruments—Credit Losses (Subtopic 825-15) issued on December 20, 2012. Scoring systems, various analytical tools and portfolio performance monitoring are used to assess the credit risk in the Bancorp's homogenous consumer and small business loan portfolios.

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

#### Overview

The economy grew slightly during 2013. Domestic economic risks remain elevated as several weak economic factors persist (including continued high unemployment, sluggish economic growth, weak job creation), and could be further compounded by an extended European recession. Other global issues include slower growth in China and persistent fears regarding the Middle East. Housing prices have largely stabilized and are increasing in many markets, but overall current economic conditions are causing weaker than desirable qualified loan demand and a relatively low interest rate environment, which directly impacts the Bancorp's growth and profitability. Geographically, the Bancorp continues to experience the most stress in Michigan and Florida due to previous declines in real estate values. Real estate value deterioration, as measured by the Home Price Index, was most prevalent in Florida due to past real estate price appreciation and related over-development, and in Michigan due in part to cutbacks in automobile manufacturing and the state's economic downturn.

Among consumer portfolios, residential mortgage and brokered home equity portfolios exhibited the most stress. Management suspended homebuilder and developer lending in 2007 and new commercial non-owner occupied real estate lending in 2008, discontinued the origination of brokered home equity products at the end of 2007 and tightened underwriting standards across both the commercial and consumer loan product offerings. As of December 31, 2013, consumer real estate loans originated from 2005 through 2008 represent approximately 30% of the consumer real estate portfolio and approximately 68% of total losses in 2013. Loss rates continue to improve as newer vintages are performing within expectations. With the stabilization of certain real estate markets, the Bancorp began to selectively originate new homebuilder and developer lending and non-owner occupied commercial lending real estate in the third quarter of 2011. However, the level of new fundings are below the amortization and pay-off of the current portfolio. Since the fourth quarter of 2008, in an effort to reduce loan exposure to the real estate and construction industries, the Bancorp has sold certain consumer loans and sold or transferred to held for sale certain commercial loans. The Bancorp continues to aggressively engage in other loss mitigation strategies such as reducing credit commitments, restructuring certain commercial and consumer loans, as well as utilizing commercial and consumer loan workout teams. For commercial and consumer loans owned by the Bancorp, loan modification strategies are developed that are workable for both the borrower and the Bancorp when the borrower displays a willingness to cooperate. These strategies typically involve either a reduction of the stated interest rate of the loan, an extension of the loan's maturity date(s) with a stated rate lower than the current market rate for a new loan with similar risk, or in limited circumstances, a reduction of the principal balance of the loan or the loan's accrued interest. For residential mortgage loans serviced for FHLMC and FNMA, the Bancorp participates in the HAMP and HARP 2.0 programs. For loans refinanced under the HARP 2.0 program, the Bancorp strictly adheres to the underwriting requirements of the program and promptly sells the refinanced loan back to the agencies. Loan restructuring under the HAMP program is performed on behalf of FHLMC or FNMA and the Bancorp does not take possession of these loans during the modification process. Therefore, participation in these programs does not significantly impact the Bancorp's credit quality statistics. The Bancorp participates in trial modifications in conjunction with the HAMP program for loans it services for FHLMC and FNMA. As these trial modifications relate to loans serviced for others, they are not included in the Bancorp's troubled debt restructurings as they are not assets of the Bancorp. In the event there is a representation and warranty violation on loans sold through the

programs, the Bancorp may be required to repurchase the sold loan. As of December 31, 2013, repurchased loans restructured or refinanced under these programs were immaterial to the Bancorp's Consolidated Financial Statements. Additionally, as of December 31, 2013 and 2012, \$111 million and \$475 million, respectively, of loans refinanced under HARP 2.0 were included in loans held for sale in the Bancorp's Consolidated Balance Sheets. For the years ended December 31, 2013 and 2012, the Bancorp recognized \$97 million and \$218 million, respectively, of noninterest income in mortgage banking net revenue in the Bancorp's Consolidated Statements of Income related to the sale of loans restructured or refinanced under the HAMP and HARP 2.0 programs.

In the financial services industry, there has been heightened focus on foreclosure activity and processes. The Bancorp actively works with borrowers experiencing difficulties and has regularly modified or provided forbearance to borrowers where a workable solution could be found. Foreclosure is a last resort, and the Bancorp undertakes foreclosures only when it believes they are necessary and appropriate and is careful to ensure that customer and loan data are accurate.

During the fourth quarter of 2013, the Bancorp settled certain repurchase claims related to mortgage loans originated and sold to FHLMC prior to January 1, 2009 for \$25 million, after paid claim credits and other adjustments. The settlement removes the Bancorp's responsibility to repurchase or indemnify FHLMC for representation and warranty violations on any loan sold prior to January 1, 2009 except in limited circumstances.

#### Commercial Portfolio

The Bancorp's credit risk management strategy includes minimizing concentrations of risk through diversification. The Bancorp has commercial loan concentration limits based on industry, lines of business within the commercial segment, geography and credit product type.

The risk within the commercial loan and lease portfolio is managed and monitored through an underwriting process utilizing detailed origination policies, continuous loan level reviews, monitoring of industry concentration and product type limits and continuous portfolio risk management reporting. The origination policies for commercial real estate outline the risks and underwriting requirements for owner and non-owner occupied and construction lending. Included in the policies are maturity and amortization terms, maximum LTVs, minimum debt service coverage ratios, construction loan monitoring procedures, appraisal requirements, pre-leasing requirements (as applicable) and sensitivity and pro-forma analysis requirements. The Bancorp requires a valuation of real estate collateral, which may include third-party appraisals, be performed at the time of origination and renewal in accordance with regulatory requirements and on an as needed basis when market conditions justify. Although the Bancorp does not back test these collateral value assumptions, the Bancorp maintains an appraisal review department to order and review third-party appraisals in accordance with regulatory requirements. Collateral values on criticized assets with relationships exceeding \$1 million are reviewed quarterly to assess the appropriateness of the value ascribed in the assessment of charge-offs and specific reserves. In addition, the Bancorp applies incremental valuation adjustments to older appraisals that relate to collateral dependent loans, which can

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

currently be up to 20-30% of the appraised value based on the type of collateral. These incremental valuation adjustments generally reflect the age of the most recent appraisal as well as collateral type. Trends in collateral values, such as home price indices and recent asset dispositions, are monitored in order to determine whether changes to the appraisal adjustments are warranted. Other factors such as local market conditions or location may also be considered as necessary.

The Bancorp assesses all real estate and non-real estate collateral securing a loan and considers all cross collateralized loans in the calculation of the LTV ratio. The following table provides detail on the most recent LTV ratios for commercial mortgage loans greater than \$1 million, excluding impaired commercial mortgage loans individually evaluated. The Bancorp does not typically aggregate the LTV ratios for commercial mortgage loans less than \$1 million.

## TABLE 31: COMMERCIAL MORTGAGE LOANS OUTSTANDING BY LTV, LOANS GREATER THAN \$1 MILLION

As of December 31, 2013 (\$ in millions)	LTV > 100%	LTV 80-100%	LTV ≤ 80%
Commercial mortgage owner occupied loans	\$ 240	345	2,152
Commercial mortgage non-owner occupied loans	274	353	1,798
Total	\$ 514	698	3,950

# TABLE 32: COMMERCIAL MORTGAGE LOANS OUTSTANDING BY LTV, LOANS GREATER THAN \$1 MILLION

As of December 31, 2012 (\$ in millions)	LTV > 100%	LTV 80-100%	$LTV \le 80\%$
Commercial mortgage owner occupied loans	\$ 390	302	2,325
Commercial mortgage non-owner occupied loans	450	605	1,955
Total	\$ 840	907	4,280

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The following table provides detail on commercial loan and leases by industry classification (as defined by the North American Industry Classification System), by loan size and by state, illustrating the diversity and granularity of the Bancorp's commercial loans and leases:

TABLE 33: COMMERCIAL LOAN AND LEASE PORTFOLIO (EXCLUDING LOANS HELD FOR SALE)

		2013			2012		
As of December 31 (\$ in millions)		Outstanding	Exposure	Nonaccrual	Outstanding	Exposure	Nonaccrual
By industry:							
Manufacturing	s	10,299	19,955	55	\$ 9,982	18,414	58
Financial services and insurance		5,998	14,010	25	4,886	12,062	54
Real estate		5,027	7,302	70	5,588	6,840	198
Business services		4,910	7,411	55	4,600	6,917	56
Wholesale trade		4,407	8,406	35	4,042	7,401	26
Healthcare		4,038	6,220	26	4,079	6,094	14
Retail trade		3,301	6,673	18	2,624	5,699	38
Transportation and warehousing		3,134	4,416	1	3,105	4,222	3
Construction		1,865	3,196	36	1,995	3,254	105
Communication and information		1,801	3,295	2	1,547	2,631	19
Accommodation and food		1,668	2,556	12	1,478	2,160	17
Mining		1,580	3,206	55	1,683	2,767	-
Entertainment and recreation		1,149	1,955	12	914	1,393	11
Other services		1,013	1,362	24	1,156	1,517	42
Utilities		773	2,332	-	608	2,009	-
Public administration		541	734	-	441	693	-
Agribusiness		356	504	26	376	527	44
Individuals		174	218	6	281	335	12
Other		12	12	-	3	2	-
otal	s	52,046	93,763	458	\$ 49,388	84,937	697
y loan size:							
Less than \$200,000		1%	1	8	2%	1	9
\$200,000 to \$1 million		5	4	18	6	5	22
\$1 million to \$5 million		13	10	23	15	12	28
\$5 million to \$10 million		10	8	10	11	9	13
\$10 million to \$25 million		27	23	34	27	25	24
Greater than \$25 million		44	54	7	39	48	4
otal		100%	100	100	100%	100	100
y state:							
Ohio		19%	22	16	20%	24	13
Michigan		10	8	11	11	10	17
Illinois		7	7	8	8	8	8
Florida		7	6	19	7	6	19
Indiana		5	5	9	5	5	11
Kentucky		3	3	2	4	3	4
North Carolina		3	3	1	3	3	2
Tennessee		3	3	1	3	3	5
Pennsylvania		3	3	7	3	2	1
All other states		40	40	26	36	36	20
Trin other states		100%	100	100	100%	100	100

The Bancorp has identified certain categories of loans which it believes represent a higher level of risk compared to the rest of the

Bancorp's loan portfolio, due to economic or market conditions within the Bancorp's key lending areas.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following table provides analysis of each of the categories of loans (excluding loans held for sale) by state as of December 31, 2013 and 2012:

## TABLE 34: NON-OWNER OCCUPIED COMMERCIAL REAL ESTATE (a)

(\$ in millions)						For the Year Ended December 31, 2013
				90 Days		
By State:		Outstanding	Exposure	Past Due	Nonaccrual	Net Charge-offs
Ohio	\$	1,086	1,377	-	14	12
Michigan		851	925	-	17	5
Florida		508	629	-	7	3
Illinois		353	593	-	6	4
North Carolina		248	428	-	2	1
Indiana		161	253	-	4	1
All other states		1,270	2,173	-	7	1
Total	s	4,477	6,378	-	57	27

<sup>(</sup>a) Included in commercial mortgage and commercial construction loans on the Consolidated Balance Sheets.

# TABLE 35: NON-OWNER OCCUPIED COMMERCIAL REAL ESTATE (a)

(\$ in millions)					For the Year Ended December 31, 2012
7			90 Days		Net Charge-offs
By State:	Outstanding	Exposure	Past Due	Nonaccrual	(Recoveries)
Ohio	\$ 1,236	1,351	-	39	19
Michigan	1,098	1,123	-	49	32
Florida	596	632	-	42	20
Illinois	430	481	-	21	11
North Carolina	205	228	-	12	6
Indiana	283	303	-	14	2
All other states	972	1,250	-	33	(3)
Total	\$ 4,820	5,368	-	210	87

<sup>(</sup>a) Included in commercial mortgage and commercial construction loans on the Consolidated Balance Sheets.

# TABLE 36: HOMEBUILDER AND DEVELOPER (a)

					For the Year Ended
(\$ in millions)					December 31, 2013
			90 Days		Net Charge-offs
By State:	Outstanding	Exposure	Past Due	Nonaccrual	(Recoveries)
Ohio	\$ 106	173	-	7	-
Michigan	33	40	-	4	(2)
North Carolina	18	25	-	-	-
Indiana	10	11	-	2	1
Illinois	5	8	-	2	4
Florida	3	14	-	-	-
All other states	19	73	-	1	1
Total	\$ 194	344	-	16	4

<sup>(</sup>a) Homebuilder and Developer loans, exclusive of commercial and industrial loans with an outstanding balance of \$51 and a total exposure of \$135 are also included in Table 34: Non-Owner Occupied Commercial Real Estate.

## TABLE 37: HOMEBUILDER AND DEVELOPER (a)

TABLE 37. HOMEDUILDER AND DEVELOTE	IX (a)					
						For the Year Ended
(\$ in millions)						December 31, 2012
				90 Days		
By State:		Outstanding	Exposure	Past Due	Nonaccrual	Net Charge-offs
Ohio	\$	133	199	-	11	7
Michigan		52	60	-	6	7
North Carolina		24	34	-	4	1
Indiana		18	21	-	8	-
Illinois		28	31	-	8	3
Florida		32	59	-	3	10
All other states		31	35	-	2	=
Total	\$	318	439	-	42	28

<sup>(</sup>a) Homebuilder and Developer loans, exclusive of commercial and industrial loans with an outstanding balance of \$73 and a total exposure of \$132 are also included in Table 35: Non-Owner Occupied Commercial Real Estate.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

#### **Consumer Portfolio**

The Bancorp's consumer portfolio is materially comprised of three categories of loans: residential mortgage, home equity, and automobile. The Bancorp has identified certain categories within these loan types which it believes represent a higher level of risk compared to the rest of the consumer loan portfolio due to high loan amount to collateral value. The Bancorp does not update LTV ratios for the consumer portfolio subsequent to origination except as part of the charge-off process for real estate secured loans.

### Residential Mortgage Portfolio

The Bancorp manages credit risk in the residential mortgage portfolio through conservative underwriting and documentation standards and geographic and product diversification. The Bancorp may also package and sell loans in the portfolio.

The Bancorp does not originate mortgage loans that permit customers to defer principal payments or make payments that are

less than the accruing interest. The Bancorp originates both fixed and adjustable rate residential mortgage loans. Resets of rates on adjustable rate mortgages are not expected to have a material impact on credit costs in the current interest rate environment, as approximately \$975 million of adjustable rate residential mortgage loans will have rate resets during the next twelve months, with less than one percent of those resets expected to experience an increase in monthly payments in comparison to the monthly payment at the time of origination.

Certain residential mortgage products have contractual features that may increase credit exposure to the Bancorp in the event of a decline in housing values. These types of mortgage products offered by the Bancorp include loans with high LTV ratios, multiple loans on the same collateral that when combined result in an LTV greater than 80% and interest-only loans. The Bancorp monitors residential mortgage loans with greater than 80% LTV ratios and no mortgage insurance as it believes these loans represent a higher level of risk.

The following table provides an analysis of the residential mortgage portfolio loans outstanding by LTV at origination:

TABLE 38: RESIDENTIAL MORTGAGE PORTFOLIO LOANS BY LTV AT ORIGINATION

	2013			2012	
		Weighted			Weighted
As of December 31 (\$ in millions)	Outstanding	Average LTV		Outstanding	Average LTV
LTV ≤ 80%	\$ 9,507	65.2%	\$	8,993	65.8%
LTV > 80%, with mortgage insurance	1,242	93.7		1,165	93.6
LTV > 80%, no mortgage insurance	1,931	95.9		1,859	95.6
Total	\$ 12,680	72.7%	\$	12,017	73.1%

The following tables provide analysis of the residential mortgage portfolio loans outstanding with a greater than 80% LTV ratio and no mortgage insurance:

TABLE 39: RESIDENTIAL MORTGAGE PORTFOLIO LOANS, LTV GREATER THAN 80%, NO MORTGAGE INSURANCE

As of December 31, 2013 (\$ in millions)				For the Year Ended December 31, 2013
		90 Days		
By State:	Outstanding	Past Due	Nonaccrual	Net Charge-offs
Ohio	\$ 583	3	20	10
Michigan	305	2	7	5
Florida	260	1	11	3
Illinois	236	-	5	2
Indiana	120	1	4	1
North Carolina	94	-	2	-
Kentucky	83	-	3	2
All other states	250	1	2	1
Total	\$ 1,931	8	54	24

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TABLE 40: RESIDENTIAL MORTGAGE PORTFOLIO LOANS, LTV GREATER THAN 80%, NO MORTGAGE INSURANCE

As of December 31, 2012 (\$ in millions)				For the Year Ended December 31, 2012
		90 Days		
By State:	Outstanding	Past Due	Nonaccrual	Net Charge-offs
Ohio	\$ 600	4	24	13
Michigan	310	1	10	10
Florida	262	-	17	15
Illinois	193	1	5	3
Indiana	115	1	5	2
North Carolina	111	1	5	3
Kentucky	89	1	2	1
All other states	179	-	5	5
Total	\$ 1,859	9	73	52

### Home Equity Portfolio

The Bancorp's home equity portfolio is primarily comprised of home equity lines of credit. Beginning in the first quarter of 2013, the Bancorp's newly originated home equity lines of credit have a 10-year interest only draw period followed by a 20-year amortization period. The home equity line of credit previously offered by the Bancorp was a revolving facility with a 20-year term, minimum payments of interest only and a balloon payment of principal at maturity.

The ALLL provides coverage for probable and estimable losses in the home equity portfolio. The allowance attributable to the portion of the home equity portfolio that has not been restructured in a TDR is calculated on a pooled basis with first lien and junior-lien categories segmented in the determination of the probable credit losses in the home equity portfolio. The modeled loss factor for the home equity portfolio is based on the trailing twelve month historical loss rate for each category, as adjusted for certain prescriptive loss rate factors and certain qualitative adjustment factors to reflect risks associated with current conditions and trends. The prescriptive loss rate factors include adjustments for delinquency trends, LTV trends, refreshed FICO score trends and product mix. The qualitative factors include adjustments for credit administration and portfolio management, credit policy and underwriting and the national and local economy. The Bancorp considers home price index trends when determining the national and local economy qualitative factor.

The home equity portfolio is managed in two primary groups: loans outstanding with a LTV greater than 80% and those loans with a LTV 80% or less based upon appraisals at origination. The carrying value of the greater than 80% LTV home equity loans and 80% or less LTV home equity loans were \$3.2 billion and \$6.0 billion, respectively, as of December 31, 2013. Of the total \$9.2 billion of outstanding home equity loans:

- 82% reside within the Bancorp's Midwest footprint of Ohio, Michigan, Kentucky, Indiana and Illinois;
- 33% are in senior lien positions and 67% are in junior lien positions at December 31, 2013;
- Over 90% of non-delinquent borrowers made at least one payment greater than the minimum payment during the year ended December 31, 2013; and
- The portfolio had an average refreshed FICO score of 736 and 735 at December 31, 2013 and 2012, respectively.

The Bancorp actively manages lines of credit and makes reductions in lending limits when it believes it is necessary based on FICO score deterioration and property devaluation. The Bancorp does not routinely obtain appraisals on performing loans to update LTV ratios after origination. However, the Bancorp monitors the local housing markets by reviewing various home price indices and incorporates the impact of the changing market conditions in its on-going credit monitoring processes. For junior lien home equity loans which become 60 days or more past due, the Bancorp tracks the performance of the senior lien loans in which the Bancorp is the servicer and utilizes consumer credit bureau attributes to monitor the status of the senior lien loans that the Bancorp does not service. If the senior lien loan is found to be 120 days or more past due, the junior lien home equity loan is placed on nonaccrual status unless both loans are well-secured and in the process of collection. Additionally, if the junior lien home equity loan becomes 120 days or more past due and the senior lien loan is also 120 days or more past due, the junior lien home equity loan is assessed for charge-off, unless it is well-secured and in the process of collection. Refer to the Analysis of Nonperforming Assets section of the MD&A for more information.

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The following table provides an analysis of home equity loans outstanding disaggregated based upon refreshed FICO score:

TABLE 41: HOME EQUITY LOANS OUTSTANDING BY REFRESHED FICO SCORE

	%					
	Dece	mber 31,	of		December 31,	% of
(\$ in millions)	:	2013	Total		2012	Total
Senior Liens:						
FICO < 620	\$	201	2%	\$	224	2%
FICO 621-719		638	7		653	6
FICO > 720		2,253	24		2,374	24
Total Senior Liens		3,092	33		3,251	32
Junior Liens:						
FICO < 620		565	6		661	7
FICO 621-719		1,662	18		1,817	18
FICO > 720		3,927	43		4,289	43
Total Junior Liens		6,154	67		6,767	68
Total	\$	9,246	100%	\$	10,018	100%

The Bancorp believes that home equity loans with a greater than 80% combined LTV ratio present a higher level of risk. The following table provides an analysis of the home equity loans outstanding in a first and second lien position by LTV at origination:

TABLE 42: HOME EQUITY LOANS OUTSTANDING BY LTV AT ORIGINATION

	2013		2012		
		Weighted			Weighted
As of December 31 (\$ in millions)	Outstanding	Average LTV		Outstanding	Average LTV
Senior Liens:					
$LTV \le 80\%$	\$ 2,645	54.9%	\$	2,763	54.9%
LTV > 80%	447	89.2		488	88.9
Total Senior Liens	3,092	60.1		3,251	60.2
Junior Liens:					
$LTV \le 80\%$	3,353	67.3		3,602	67.3
LTV > 80%	2,801	91.4		3,165	91.6
Total Junior Liens	6,154	80.2		6,767	80.5
Total	\$ 9,246	72.9%	\$	10,018	73.4%

The following tables provide analysis of home equity loans by state with LTV greater than 80%:

TABLE 43: HOME EQUITY LOANS OUTSTANDING WITH LTV GREATER THAN 80%

					For the Year Ended	d
As of December 31, 2013 (\$ in millions)					December 31, 2013	j,
			90 Days			
By State:	Outstanding	Exposure	Past Due	Nonaccrual(a)	Net Charge-offs(b)	
Ohio	\$ 1,161	1,868	-	10		18
Michigan	697	987	-	7		14
Illinois	383	554	-	6		9
Indiana	296	454	-	3		4
Kentucky	278	436	-	2		3
Florida	116	157	-	3		4
All other states	317	425	-	4		7
Total	\$ 3,248	4,881	-	35		59

<sup>(</sup>a) During the fourth quarter of 2013, the Bancorp modified its nonaccrual policy for home equity loans and lines of credit. For further information, refer to the Analysis of Nonperforming Assets section of MD&A.

<sup>(</sup>b) During the fourth quarter of 2013, the Bancorp modified its charge-off policy for home equity loans and lines of credit. For further information, refer to the Analysis of Net Loan Charge-offs section of MD&A.

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TABLE 44: HOME EQUITY LOANS OUTSTANDING WITH LTV GREATER THAN 80%

					For the Year Ended
As of December 31, 2012 (\$ in millions)					December 31, 2012
			90 Days		
By State:	Outstanding	Exposure	Past Due	Nonaccrual	Net Charge-offs
Ohio	\$ 1,254	1,927	8	6	24
Michigan	795	1,108	6	4	24
Illinois	428	611	5	3	17
Indiana	348	521	2	2	5
Kentucky	327	499	2	1	6
Florida	130	175	2	3	8
All other states	371	491	4	2	17
Total	\$ 3,653	5,332	29	21	101

## Automobile Portfolio

The automobile portfolio is characterized by direct and indirect lending products to consumers. As of December 31, 2013, 51% of the automobile loan portfolio is comprised of loans collateralized by

new automobiles. It is a common practice to advance on automobile loans an amount in excess of the automobile value due to the inclusion of taxes, title, and other fees paid at closing. The Bancorp monitors its exposure to these higher risk loans.

The following table provides an analysis of automobile loans outstanding by LTV at origination:

TABLE 45: AUTOMOBILE LOANS OUTSTANDING WITH LTV AT ORIGINATION

	201	13	2012		
		Weighted		Weighted	
As of December 31 (\$ in millions)	Outstanding	Average LTV	Outstanding	Average LTV	
LTV ≤ 100%	s 8,306	81.4%	\$ 8,123	81.5%	
LTV > 100%	3,678	110.7	3,849	110.8	
Total	\$ 11,984	90.7%	\$ 11,972	91.2%	

The following tables provide analysis of the Bancorp's automobile loans with a LTV at origination greater than 100%:

TABLE 46: AUTOMOBILE LOANS OUTSTANDING WITH LTV GREATER THAN 100%

					For the Year Ended
As of December 31, 2013 (\$ in millions)					December 31, 2013
			90 Days		
By State:		Outstanding	Past Due	Nonaccrual	Net Charge-offs
Ohio	s	371	1	-	1
Illinois		201	-	-	1
Michigan		185	-	-	1
Florida		185	-	-	1
Indiana		147	-	-	-
Kentucky		119	-	-	<del>-</del>
All other states		2,470	4	1	10
Total	\$	3,678	5	1	14

# TABLE 47: AUTOMOBILE LOANS OUTSTANDING WITH LTV GREATER THAN 100%

As of December 31, 2012 (\$ in millions)				December 31, 2012
		90 Days		
By State:	Outstanding	Past Due	Nonaccrual	Net Charge-offs
Ohio	\$ 409	-	-	2
Illinois	232	-	-	2
Michigan	221	-	-	2
Florida	194	-	-	1
Indiana	158	-	-	1
Kentucky	141	-	-	1
All other states	2,494	4	2	15
Total	\$ 3,849	4	2	24

### **European Exposure**

The Bancorp has no direct sovereign exposure to any European government as of December 31, 2013. In providing services to our customers, the Bancorp routinely enters into financial transactions

with foreign domiciled and U.S. subsidiaries of foreign businesses as well as foreign financial institutions. These financial transactions are in the form of loans, loan commitments, letters of credit, derivatives and securities. The Bancorp's risk appetite for foreign country

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exposure is managed by having established country exposure limits. The Bancorp's total exposure to European domiciled or owned businesses and European financial institutions was \$3.3 billion and funded exposure was \$1.8 billion as of December 31, 2013. Additionally, the Bancorp was within its established country exposure limits for all European countries.

Certain European countries have been experiencing increased levels of stress throughout 2012 and 2013 including Greece, Ireland, Italy, Portugal and Spain. The Bancorp's total exposure to businesses domiciled or owned by companies and financial institutions in these countries was approximately \$212 million and funded exposure was \$103 million as of December 31, 2013.

The following table provides detail about the Bancorp's exposure to all European domiciled and owned businesses and financial institutions as of December 31, 2013:

## **TABLE 48: EUROPEAN EXPOSURE**

						Non-Fi	nancial		
		Sovereig	ns	Financial I	nstitutions	Instit	utions	Tot	al
	_	Total	Funded	Total	Funded	Total	Funded	Total	Funded
(\$ in millions)		Exposure	Exposure	Exposure	Exposure	Exposure	Exposure	Exposure(a)	Exposure
Peripheral Europe(b)	\$	-	-	10	-	202	103	212	103
Other Eurozone(c)		-	-	56	14	2,031	1,161	2,087	1,175
Total Eurozone	_	-	-	66	14	2,233	1,264	2,299	1,278
Other Europe(d)		-	-	83	23	889	500	972	523
Total Europe	\$	-	-	149	37	3,122	1,764	3,271	1,801

- (a) Total exposure includes funded exposure and unfunded commitments, reported net of collateral.
- (b) Peripheral Europe includes Greece, Ireland, Italy, Portugal and Spain.
- (c) Eurozone includes countries participating in the European common currency (Euro).
- (d) Other Europe includes European countries not part of the Euro (primarily the United Kingdom and Switzerland).

#### **Analysis of Nonperforming Assets**

Nonperforming assets include nonaccrual loans and leases for which ultimate collectability of the full amount of the principal and/or interest is uncertain; restructured commercial and credit card loans which have not yet met the requirements to be classified as a performing asset; restructured consumer loans which are 90 days past due based on the restructured terms unless the loan is both well-secured and in the process of collection; and certain other assets, including OREO and other repossessed property. A summary of nonperforming assets is included in Table 49.

Residential mortgage loans are typically placed on nonaccrual status when principal and interest payments have become past due 150 days unless such loans are both well secured and in the process of collection. Residential mortgage loans may stay on nonaccrual status for an extended time as the foreclosure process typically lasts longer than 180 days. During the fourth quarter of 2013, the Bancorp modified its nonaccrual policy for home equity loans and lines of credit. Home equity loans and lines of credit are reported on nonaccrual status if principal or interest has been in default for 90 days or more unless the loan is both well secured and in the process of collection. Home equity loans and lines of credit that have been in default for 60 days or more are also reported on nonaccrual status if the senior lien has been in default 120 days or more, unless the loan is both well secured and in the process of collection. As a result of the modification of the nonaccrual policy for home equity loans and lines of credit, \$46 million of home equity loans and lines of credit were reclassified from accrual to nonaccrual status during the fourth quarter of 2013. Residential mortgage, home equity, automobile and other consumer loans and leases that have been modified in a TDR and subsequently become past due 90 days are placed on nonaccrual status unless the loan is both well secured and in the process of collection. Commercial and credit card loans that have been modified in a TDR are classified as nonaccrual unless such loans have a sustained repayment performance of six months or greater and the Bancorp is reasonably assured of repayment in accordance with the restructured terms. Well secured loans are collateralized by perfected security interests in real and/or personal property for which the Bancorp estimates proceeds from sale would be sufficient to recover the outstanding principal and accrued interest balance of the loan and pay all costs to sell the collateral.

The Bancorp considers a loan in the process of collection if collection efforts or legal action is proceeding and the Bancorp expects to collect funds sufficient to bring the loan current or recover the entire outstanding principal and accrued interest balance. When a loan is placed on nonaccrual status, the accrual of interest, amortization of loan premiums, accretion of loan discounts and amortization or accretion of deferred net loan fees or costs are discontinued and previously accrued, but unpaid interest is reversed. Commercial loans on nonaccrual status are reviewed for impairment at least quarterly. If the principal or a portion of the principal is deemed a loss, the loss amount is charged off to the ALLL.

Total nonperforming assets, including loans held for sale, were \$986 million at December 31 2013 compared to \$1.3 billion at December 31, 2012. At December 31, 2013, \$6 million of nonaccrual loans, consisting primarily of real estate secured loans, were held for sale, compared to \$29 million at December 31, 2012.

Total nonperforming assets, including loans held for sale, as a percentage of total loans, leases and other assets, including OREO as of December 31, 2013 were 1.10%, compared to 1.48% as of December 31, 2012. Excluding nonaccrual loans held for sale, nonperforming assets as a percentage of portfolio loans, leases and other assets, including OREO were 1.10% as of December 31, 2013, compared to 1.49% as of December 31, 2012. The composition of nonaccrual loans and leases continues to be concentrated in real estate as 60% of nonaccrual loans and leases were secured by real estate as of December 31, 2013 compared to 67% as of December 31, 2012.

Commercial nonperforming loans and leases were \$464 million at December 31, 2013, a decrease of \$262 million from December 31, 2012 due primarily to the impact of loss mitigation actions and modest improvement in general economic conditions. Excluding commercial nonperforming loans and leases held for sale, commercial nonperforming loans and leases at December 31, 2013 decreased \$239 million compared to December 31, 2012.

Consumer nonperforming loans and leases were \$293 million at December 31, 2013, a decrease of \$39 million from December 31, 2012. The decrease is primarily due to a decline in new nonaccrual levels due to modest improvement in general economic conditions in 2013. Home equity nonaccrual levels increased \$39 million from the prior year due to the aforementioned nonaccrual policy change

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which occurred during the fourth quarter of 2013. Geographical market conditions continue to be a large driver of nonaccrual activity as Florida properties represent approximately 13% and 8% of residential mortgage and home equity balances, respectively, but represent 38% and 15% of nonaccrual loans for each category. Refer to Table 50 for a rollforward of the nonperforming loans and leases.

OREO and other repossessed property, excluding OREO related to government insured loans, was \$229 million at December 31, 2013, compared to \$257 million at December 31, 2012. The decrease from December 31, 2012 was primarily due to the sale of OREO properties coupled with a decrease in new OREO properties reflecting the changes made to the Bancorp's underwriting of real estate loans in prior periods as well as modest improvements in general economic conditions during 2013. The Bancorp recognized \$45 million and \$74 million in losses on the sale or writedown of OREO properties in 2013 and 2012, respectively. These losses are primarily reflective of the continued stress in the Michigan and Florida markets for commercial real estate and residential mortgage loans as Michigan and Florida represented 15% and 15%, respectively, of total OREO losses in 2013 compared with 14% and 17%, respectively, in 2012. Properties in Michigan and Florida accounted for 36% of OREO at December 31, 2013, compared to 38% at December 31, 2012.

In 2013 and 2012, approximately \$71 million and \$102 million, respectively, of interest income would have been recorded if the nonaccrual and renegotiated loans and leases on nonaccrual status had been current in accordance with their original terms. Although these values help demonstrate the costs of carrying nonaccrual credits, the Bancorp does not expect to recover the full amount of interest as nonaccrual loans and leases are generally carried below their principal balance.

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TABLE 49: SUMMARY OF NONPERFORMING ASSETS AND DELINOUENT LOANS

	2013	2012	2011	2010	2009
Nonaccrual loans and leases:					
Commercial and industrial loans	\$ 127	234	408	473	734
Commercial mortgage loans	90	215	358	407	898
Commercial construction loans	10	70	123	182	646
Commercial leases	3	1	9	11	67
Residential mortgage loans	83	114	134	152	275
Home equity	74	30	25	23	21
Automobile loans	-	-	-	1	1
Other consumer loans and leases	-	1	1	84	-
Restructured loans and leases:					
Commercial and industrial loans	154	96	79	95	35
Commercial mortgage loans (f)	53	67	63	28	4
Commercial construction loans	19	6	15	10	8
Commercial leases	2	8	3	8	-
Residential mortgage loans	83	123	141	116	137
Home equity	19	23	29	33	33
Automobile loans	1	2	2	2	1
Credit card and other	33	39	48	55	87
Total nonperforming loans and leases(d)	751	1,029	1,438	1,680	2,947
OREO and other repossessed property (c)	229	257	378	494	297
Total nonperforming assets	980	1,286	1,816	2,174	3,244
Nonaccrual loans held for sale	6	29	138	294	224
Total nonperforming assets including loans held for sale	\$ 986	1,315	1,954	2,468	3,468
Loans and leases 90 days past due and accruing:					
Commercial and industrial loans	\$ -	1	4	16	118
Commercial mortgage loans	-	22	3	11	59
Commercial construction loans	-	1	1	3	17
Commercial leases	-	-	-	-	4
Residential mortgage loans (b)	66	75	79	100	189
Home equity	-	58	74	89	99
Automobile loans	8	8	9	13	17
Credit card and other	29	30	30	42	64
Total loans and leases 90 days past due and accruing (e)	\$ 103	195	200	274	567
Nonperforming assets as a percent of portfolio loans, leases and					
other assets, including OREO(a)	1.10%	1.49	2.23	2.79	4.22
Allowance for loan and lease losses as a percent of nonperforming assets (a)	161	144	124	138	116

<sup>(</sup>a) Excludes nonaccrual loans held for sale.

<sup>(</sup>b) Information for all periods presented excludes advances made pursuant to servicing agreements to GNMA mortgage loan pools whose repayments are insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs. As of **December 31, 2013**, 2012, 2011, 2010, and 2009 these advances were \$378, \$414, \$309, \$279 and \$130, respectively. The Bancorp recognized credit losses of \$5 for the year ended **December 31, 2013** and \$2 for 2012 due to claim denials and curtailments associated with these advances.

<sup>(</sup>c) Excludes \$77, \$72, \$64, \$38 and \$15 of OREO related to government insured loans at **December 31, 2013**, 2012, 2011, 2010, and 2009, respectively.

<sup>(</sup>d) Includes \$10, \$10, \$17, \$24, and \$32 of nonaccrual government insured commercial loans whose repayments are insured by the SBA at December 31, 2013, 2012, 2011, 2010, and 2009, respectively, and \$2, \$1, \$2, \$0, and \$0 of restructured nonaccrual government insured commercial loans at December 31, 2013, 2012, 2011, 2010, and 2009, respectively.

<sup>(</sup>e) Includes an immaterial amount of government insured commercial loans 90 days past due and accruing whose repayments are insured by the SBA at **December 31, 2013**, 2012, 2011, 2010, and 2009.

<sup>(</sup>f) Excludes \$21 of restructured nonaccrual loans at **December 31, 2013** associated with a consolidated variable interest entity in which the Bancorp has no continuing credit risk due to the risk being assumed by a third party.

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The following table provides a rollforward of portfolio nonperforming loans and leases, by portfolio segment:

TABLE 50: ROLLFORWARD OF PORTFOLIO NONPERFORMING LOANS AND LEASES

		Residential		
For the year ended December 31, 2013 (\$ in millions)	Commercial	Mortgage	Consumer	Total
Beginning Balance	\$ 697	237	95	1,029
Transfers to nonperforming	409	204	297	910
Transfers to performing	(9)	(52)	(60)	(121)
Transfers to performing (restructured)	(15)	(41)	(62)	(118)
Transfers to held for sale	(3)	-	-	(3)
Loans sold from portfolio	(38)	-	-	(38)
Loan paydowns/payoffs	(295)	(112)	(11)	(418)
Transfers to other real estate owned	(81)	(73)	(13)	(167)
Charge-offs (recoveries)	(221)	3	(122)	(340)
Draws/other extensions of credit	14	-	3	17
Ending Balance	\$ 458	166	127	751
For the year ended December 31, 2012 (\$ in millions)				
Beginning Balance	\$ 1,058	275	105	1,438
Transfers to nonperforming	560	318	354	1,232
Transfers to performing	(22)	(45)	(73)	(140)
Transfers to performing (restructured)	(31)	(57)	(90)	(178)
Transfers to held for sale	(13)	-	-	(13)
Loans sold from portfolio	(36)	(4)	-	(40)
Loan paydowns/payoffs	(466)	(121)	(12)	(599)
Transfers to other real estate owned	(108)	(71)	-	(179)
Charge-offs	(297)	(58)	(194)	(549)
Draws/other extensions of credit	52	-	5	57
Ending Balance	\$ 697	237	95	1,029

## **Troubled Debt Restructurings**

If a borrower is experiencing financial difficulty, the Bancorp may consider, in certain circumstances, modifying the terms of their loan to maximize collection of amounts due. Typically, these modifications reduce the loan interest rate, extend the loan term, reduce the accrued interest or in limited circumstances, reduce the principal balance of the loan. These modifications are classified as TDRs.

At the time of modification, the Bancorp maintains certain consumer loan TDRs (including residential mortgage loans, home equity loans, and other consumer loans) on accrual status, provided there is reasonable assurance of repayment and performance according to the modified terms based upon a current, well-documented credit evaluation. Commercial loans modified as part

of a TDR are maintained on accrual status provided there is a sustained payment history of six months or greater prior to the modification in accordance with the modified terms and all remaining contractual payments under the modified terms are reasonably assured of collection. TDRs of commercial loans and credit card loans that do not have a sustained payment history of six months or greater in accordance with the modified terms remain on nonaccrual status until a six-month payment history is sustained.

Consumer restructured loans on accrual status totaled \$1.7 billion at December 31, 2013 and December 31, 2012. As of December 31, 2013, the percentage of restructured residential mortgage loans, home equity loans, and credit card loans that are past due 30 days or more were 17%, 11% and 16%, respectively.

The following table summarizes TDRs by loan type and delinquency status:

TABLE 51: PERFORMING AND NONPERFORMING TDRs

		Performing	_		•
		30-89 Days	90 Days or		
As of December 31, 2013 (\$ in millions)	Current	Past Due	More Past Due	Nonaccrual	Total
Commercial(b)(c)	\$ 869	-	-	228	\$ 1,097
Residential mortgages (a)	1,045	82	114	84	1,325
Home equity	368	26	-	18	412
Credit card	25	-	-	33	58
Automobile and other consumer loans and leases	24	1	-	1	26
Total	\$ 2,331	109	114	364	\$ 2,918

<sup>(</sup>a) Information includes advances made pursuant to servicing agreements for GNMA mortgage pools whose repayments are insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs. As of December 31, 2013, these advances represented \$155 of current loans, \$31 of 30-89 days past due loans and \$88 of 90 days or more past due loans.

<sup>(</sup>b) Excludes \$8 of restructured accruing loans and \$21 of restructured nonaccrual loans associated with a consolidated variable interest entity in which the Bancorp has no continuing credit risk due to the risk being assumed by a third party.

<sup>(</sup>c) Excludes restructured nonaccrual loans held for sale.

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#### Analysis of Net Loan Charge-offs

Net charge-offs were 58 bps and 85 bps of average portfolio loans and leases for the years ended December 31, 2013 and 2012, respectively. Table 52 provides a summary of credit loss experience and net charge-offs as a percentage of average portfolio loans and leases outstanding by loan category.

The ratio of commercial loan and lease net charge-offs to average portfolio commercial loans and leases decreased to 44 bps during 2013 compared to 63 bps in 2012, as a result of decreases in net charge-offs of \$77 million coupled with an increase in average portfolio commercial loan and lease balances of \$3.7 billion. Decreases in net charge-offs were realized across all commercial loan types, excluding commercial and industrial loans which increased primarily due to a \$43 million charge-off on a single large credit during the fourth quarter of 2013, and were primarily due to improvements in general economic conditions and previous actions taken by the Bancorp to address problem loans. Actions taken by the Bancorp included suspending homebuilder and developer lending in 2007 and non-owner occupied commercial real estate lending in 2008 and tightened underwriting standards across all commercial loan product offerings. The Bancorp resumed homebuilder and developer lending and non-owner occupied commercial real estate lending in the third quarter of 2011. Net charge-offs for 2013 related to non-owner occupied commercial real estate were \$27 million compared to \$87 million in 2012. Net charge-offs related to non-owner occupied commercial real estate are recorded in the commercial mortgage loans and commercial construction loans captions in Table 52. Net chargeoffs on these loans represented 12% of total commercial loan and lease net charge-offs in 2013 and 29% in 2012

The ratio of consumer loan and lease net charge-offs to average consumer loans and leases decreased to 77 bps in 2013 compared to 113 bps in 2012. Net charge-offs on residential

mortgage loans, which typically involve partial charge-offs based upon appraised values of underlying collateral, decreased \$62 million from the prior year as a result of improvements in delinquencies and a decrease in the average loss recorded per charge-off. The Bancorp's Florida and Michigan markets, in aggregate, accounted for 42% and 66% of net charge-offs on residential mortgage loans in the portfolio in 2013 and 2012, respectively. The Bancorp expects the composition of the residential mortgage portfolio to improve as it continues to retain high quality, shorter duration residential mortgage loans that are originated through its branch network as a low-cost, refinance product of conforming residential mortgage loans.

Home equity net charge-offs decreased \$60 million compared to the prior year, primarily due to improvements in loss severities and delinquencies, partially offset by the impact of the change in the home equity charge-off policy during the fourth quarter of 2013. Home equity loans and lines of credit that have been in default 120 days or more are assessed for a charge-off if the senior lien has been in default 120 days or more. In addition, management actively manages lines of credit and makes reductions in lending limits when it believes it is necessary based on FICO score deterioration and property devaluation.

Automobile loan net charge-offs decreased \$9 million compared to 2012, due to the origination of high credit quality loans and higher resale on automobiles sold at auction.

Credit card and other consumer loans and leases net charge-offs increased \$5 million from 2012. Credit card net charge-offs increased \$4 million from the prior year. The Bancorp utilizes a risk-adjusted pricing methodology to ensure adequate compensation is received for those products that have higher credit costs. Other consumer loan net charge-offs remained relatively flat compared to the same period in the prior year.

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TABLE 52: SUMMARY OF CREDIT LOSS EXPERIENCE

For the years ended December 31 (\$ in millions)	2013	2012	2011	2010	2009
Losses charged off:	 				
Commercial and industrial loans	\$ (207)	(194)	(314)	(631)	(768)
Commercial mortgage loans	(66)	(120)	(211)	(541)	(436)
Commercial construction loans	(9)	(34)	(89)	(265)	(420)
Commercial leases	(2)	(10)	(1)	(7)	(11)
Residential mortgage loans	(70)	(129)	(180)	(441)	(359)
Home equity	(114)	(172)	(234)	(276)	(330)
Automobile loans	(44)	(55)	(85)	(132)	(189)
Credit card	(92)	(90)	(114)	(164)	(178)
Other consumer loans and leases	(33)	(33)	(86)	(28)	(28)
Total losses	(637)	(837)	(1,314)	(2,485)	(2,719)
Recoveries of losses previously charged off:					
Commercial and industrial loans	39	29	38	45	50
Commercial mortgage loans	19	21	16	17	14
Commercial construction loans	5	9	4	13	4
Commercial leases	1	2	3	5	4
Residential mortgage loans	10	7	7	2	2
Home equity	17	15	14	12	8
Automobile loans	22	24	32	44	41
Credit card	14	16	16	9	8
Other consumer loans and leases	9	10	12	10	7
Total recoveries	136	133	142	157	138
Net losses charged off:					
Commercial and industrial loans	(168)	(165)	(276)	(586)	(718)
Commercial mortgage loans	(47)	(99)	(195)	(524)	(422)
Commercial construction loans	(4)	(25)	(85)	(252)	(416)
Commercial leases	(1)	(8)	2	(2)	(7)
Residential mortgage loans	(60)	(122)	(173)	(439)	(357)
Home equity	(97)	(157)	(220)	(264)	(322)
Automobile loans	(22)	(31)	(53)	(88)	(148)
Credit card	(78)	(74)	(98)	(155)	(170)
Other consumer loans and leases	(24)	(23)	(74)	(18)	(21)
Total net losses charged off	\$ (501)	(704)	(1,172)	(2,328)	(2,581)
Net charge-offs as a percent of average loans and leases (excluding held for sale):					
Commercial and industrial loans	0.44%	0.50	0.97	2.23	2.61
Commercial mortgage loans	0.56	1.02	1.89	4.58	3.43
Commercial construction loans	0.51	3.08	4.96	8.48	9.24
Commercial leases	0.04	0.22	(0.08)	0.05	0.22
Total commercial loans	0.44	0.63	1.26	3.10	3.27
Residential mortgage loans	0.48	1.07	1.75	5.49	4.15
Home equity	1.02	1.51	1.97	2.20	2.57
Automobile loans	0.18	0.26	0.47	0.85	1.68
Credit card	3.67	3.79	5.19	8.28	8.87
Other consumer loans and leases	6.71	7.02	15.29	2.58	2.14
Total consumer loans and leases	0.77	1.13	1.79	2.92	3.10
Total net losses charged off	0.58%	0.85	1.49	3.02	3.20

## Allowance for Credit Losses

The allowance for credit losses is comprised of the ALLL and the reserve for unfunded commitments. The ALLL provides coverage for probable and estimable losses in the loan and lease portfolio. The Bancorp evaluates the ALLL each quarter to determine its adequacy to cover inherent losses. Several factors are taken into consideration in the determination of the overall ALLL, including an unallocated component. These factors include, but are not limited to, the overall risk profile of the loan and lease portfolios, net charge-off experience, the extent of impaired loans and leases, the level of nonaccrual loans and leases, the level of 90 days past due loans and leases and the overall percentage level of the ALLL relative to portfolio loans and leases. The Bancorp also considers overall asset quality trends, credit administration and portfolio management practices, risk identification practices, credit policy and underwriting practices, overall portfolio growth, portfolio

concentrations and current national and local economic conditions that might impact the portfolio. See the Critical Accounting Policies section for more information.

In 2013, the Bancorp did not substantively change any material aspect of its overall approach in the determination of the ALLL and there have been no material changes in assumptions or estimation techniques as compared to prior periods that impacted the determination of the current period allowance. In addition to the ALLL, the Bancorp maintains a reserve for unfunded commitments recorded in other liabilities in the Consolidated Balance Sheets. The methodology used to determine the adequacy of this reserve is similar to the Bancorp's methodology for determining the ALLL. The provision for unfunded commitments is included in other noninterest expense in the Consolidated Statements of Income.

The ALLL attributable to the portion of the residential mortgage and consumer loan and lease portfolio that has not been

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restructured is determined on a pooled basis with the segmentation being based on the similarity of credit risk characteristics. Loss factors for real estate backed consumer loans are developed for each pool based on the trailing twelve month historical loss rate, as adjusted for certain prescriptive loss rate factors and certain qualitative adjustment factors. The prescriptive loss rate factors and qualitative adjustments are designed to reflect risks associated with current conditions and trends which are not believed to be fully reflected in the trailing twelve month historical loss rate. For real estate backed consumer loans, the prescriptive loss rate factors include adjustments for delinquency trends, LTV trends, refreshed FICO score trends and product mix, and the qualitative factors include adjustments for credit administration and portfolio management practices, credit policy and underwriting practices and the national and local economy. The Bancorp considers home price index trends in its footprint when determining the national and local economy qualitative factor. The Bancorp also considers the volatility of collateral valuation trends when determining the unallocated component of the ALLL.

The Bancorp's determination of the ALLL for commercial loans is sensitive to the risk grades it assigns to these loans. In the event that 10% of commercial loans in each risk category would experience a downgrade of one risk category, the allowance for commercial loans would increase by approximately \$152 million at December 31, 2013. In addition, the Bancorp's determination of the allowance for residential and consumer loans is sensitive to changes in estimated loss rates. In the event that estimated loss rates would increase by 10%, the allowance for residential and consumer loans would increase by approximately \$41 million at December 31, 2013. As several qualitative and quantitative factors are considered in determining the ALLL, these sensitivity analyses do not necessarily reflect the nature and extent of future changes in the ALLL. They are intended to provide insights into the impact of adverse changes to risk grades and estimated loss rates and do not imply any expectation of future deterioration in the risk ratings or loss rates. Given current processes employed by the Bancorp, management believes the risk grades and estimated loss rates currently assigned are appropriate.

TABLE 53: CHANGES IN ALLOWANCE FOR CREDIT LOSSES

For the years ended December 31 (\$ in millions)	2013	2012	2011	2010	2009
ALLL:					
Balance, beginning of period	\$ 1,854	2,255	3,004	3,749	2,787
Impact of change in accounting principle	-	-	-	45	-
Losses charged off	(637)	(837)	(1,314)	(2,485)	(2,719)
Recoveries of losses previously charged off	136	133	142	157	138
Provision for loan and lease losses	229	303	423	1,538	3,543
Balance, end of period	\$ 1,582	1,854	2,255	3,004	3,749
Reserve for unfunded commitments and letters of credit:					
Balance, beginning of period	\$ 179	181	227	294	195
Impact of change in accounting principle	-	-	-	(43)	-
Provision (benefit) for unfunded commitments and letters of credit	(17)	(2)	(46)	(24)	99
Balance, end of period	\$ 162	179	181	227	294

Certain inherent, but unconfirmed losses are probable within the loan and lease portfolio. The Bancorp's current methodology for determining the level of losses is based on historical loss rates, current credit grades, specific allocation on impaired commercial credits above specified thresholds and restructured residential mortgage, consumer and commercial loans and other qualitative adjustments. Due to the heavy reliance on realized historical losses and the credit grade rating process, the model-derived estimate of ALLL tends to slightly lag behind the deterioration in the portfolio, in a stable or deteriorating credit environment, and tend not to be as responsive when improved conditions have presented themselves. Given these model limitations, the qualitative adjustment factors may be incremental or decremental to the quantitative model results.

An unallocated component to the ALLL is maintained to recognize the imprecision in estimating and measuring loss. The unallocated allowance as a percent of total portfolio loans and leases at December 31, 2013 and 2012 was 0.12% and 0.13%, respectively. The unallocated allowance was seven percent of the total allowance as of December 31, 2013 compared to six percent as of December 31, 2012.

As shown in Table 54, the ALLL as a percent of portfolio loan and leases was 1.79% at December 31, 2013, compared to 2.16% at December 31, 2012. The ALLL was \$1.6 billion as of December 31, 2013, compared to \$1.9 billion at December 31, 2012. The decrease is reflective of a number of factors including decreases in nonperforming loans and leases, improved delinquency metrics in commercial and consumer loans and leases and improvement in underlying loss trends.

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TABLE 54: ATTRIBUTION OF ALLOWANCE FOR LOAN AND LEASE LOSSES TO PORTFOLIO LOANS AND LEASES

As of December 31 (\$ in millions)	2013	2012	2011	2010	2009
Allowance attributed to:					
Commercial and industrial loans	\$ 767	802	929	1,123	1,282
Commercial mortgage loans	212	333	441	597	734
Commercial construction loans	26	33	77	158	380
Commercial leases	53	68	80	111	121
Residential mortgage loans	189	229	227	310	375
Home equity	94	143	195	265	294
Automobile loans	23	28	43	73	127
Credit card	92	87	106	158	199
Other consumer loans and leases	16	20	21	59	44
Unallocated	110	111	136	150	193
Total ALLL	\$ 1,582	1,854	2,255	3,004	3,749
Portfolio loans and leases:					
Commercial and industrial loans	\$ 39,316	36,038	30,783	27,191	25,683
Commercial mortgage loans	8,066	9,103	10,138	10,845	11,803
Commercial construction loans	1,039	698	1,020	2,048	3,784
Commercial leases	3,625	3,549	3,531	3,378	3,535
Residential mortgage loans	12,680	12,017	10,672	8,956	8,035
Home equity	9,246	10,018	10,719	11,513	12,174
Automobile loans	11,984	11,972	11,827	10,983	8,995
Credit card	2,294	2,097	1,978	1,896	1,990
Other consumer loans and leases	364	290	350	681	780
Total portfolio loans and leases	\$ 88,614	85,782	81,018	77,491	76,779
Attributed allowance as a percent of respective portfolio loans and leases:					
Commercial and industrial loans	1.95 %	2.23	3.02	4.13	4.99
Commercial mortgage loans	2.63	3.66	4.35	5.50	6.22
Commercial construction loans	2.50	4.73	7.55	7.71	10.04
Commercial leases	1.46	1.92	2.27	3.29	3.42
Residential mortgage loans	1.49	1.91	2.13	3.46	4.67
Home equity	1.02	1.43	1.82	2.30	2.41
Automobile loans	0.19	0.23	0.36	0.66	1.41
Credit card	4.01	4.15	5.36	8.33	10.00
Other consumer loans and leases	4.40	6.90	6.00	8.66	5.64
Unallocated (as a percent of total portfolio loans and leases)	0.12	0.13	0.17	0.19	0.25
Total portfolio loans and leases	1.79 %	2.16	2.78	3.88	4.88

## MARKET RISK MANAGEMENT

Market risk arises from the potential for market fluctuations in interest rates, foreign exchange rates and equity prices that may result in potential reductions in net income. Interest rate risk, a component of market risk, is the exposure to adverse changes in net interest income or financial position due to changes in interest rates. Management considers interest rate risk a prominent market risk in terms of its potential impact on earnings. Interest rate risk can occur for any one or more of the following reasons:

- · Assets and liabilities may mature or reprice at different times;
- Short-term and long-term market interest rates may change by different amounts; or
- The expected maturity of various assets or liabilities may shorten or lengthen as interest rates change.

In addition to the direct impact of interest rate changes on net interest income, interest rates can indirectly impact earnings through their effect on loan demand, credit losses, mortgage originations, the value of servicing rights and other sources of the Bancorp's earnings. Stability of the Bancorp's net income is largely dependent upon the effective management of interest rate risk. Management continually reviews the Bancorp's balance sheet composition and earnings flows and models the interest rate risk, and possible actions to reduce this risk, given numerous possible future interest rate scenarios.

### Interest Rate Risk Management Oversight

The Bancorp's Executive ALCO, which includes senior management representatives and is accountable to the ERM Committee, monitors and manages interest rate risk within Board approved policy limits. In addition to the risk management activities of ALCO, the Bancorp has a Market Risk Management function as part of ERM that provides independent oversight of market risk activities. In 2012, the NII and EVE ALCO policy limits were lowered to reflect the Bancorp's current risk appetite and due to significant uncertainty with respect to the economic environment, market interest rates and balance sheet and deposit pricing behaviors. The policy limits were updated in conjunction with the Market Risk Management group and were approved by ALCO.

## Net Interest Income Sensitivity

The Bancorp utilizes a variety of measurement techniques to identify and manage its interest rate risk, including the use of an NII simulation model to analyze the sensitivity of net interest income to changing interest rates. The model is based on contractual and assumed cash flows and repricing characteristics for all of the Bancorp's assets, liabilities and off-balance sheet exposures and incorporates market-based assumptions regarding the effect of changing interest rates on the prepayment rates of certain assets and attrition rates for certain liabilities. The model also includes senior management's projections of the future volume and pricing of each of the product lines offered by the Bancorp as well as other pertinent assumptions. Actual results may differ from these

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simulated results due to timing, magnitude and frequency of interest rate changes as well as changes in market conditions and management strategies.

The Bancorp's interest rate risk exposure is currently evaluated by measuring the anticipated change in net interest income over 12-month and 24-month horizons assuming 100 bps and 200 bps parallel ramped increases in interest rates. The analysis would

typically include 100 bps and 200 bps parallel ramped decreases in interest rates; however, this analysis is currently omitted due to the current low levels of short-term interest rates. Applying the ramps would result in certain short-term interest rates becoming negative in the parallel ramped decrease scenarios. In accordance with the current policy, the rate movements are assumed to occur over one year and are sustained thereafter.

The following table shows the Bancorp's estimated net interest income sensitivity profile and ALCO policy limits as of December 31:

TABLE 55: ESTIMATED NIL SENSITIVITY PROFILE

TABLE 33, ESTIMATED MI SENSITIVITI I ROFILE	2013			2012				
	Percent Change in NII (FTE) ALCO		ALCO Pol	icy Limits	Percent Cha (FTE	0	ALCO Policy Limits	
	-	13 to 24		13 to 24	-	13 to 24		13 to 24
Change in Interest Rates (bps)	12 Months	Months	12 Months	Months	12 Months	Months	12 Months	Months
+ 200	1.73 %	6.89	(4.00)	(6.00)	1.78 %	7.75	(4.00)	(6.00)
+ 100	0.77	3.37	-	-	0.90	3.78	-	-

At December 31, 2013, the Bancorp's net interest income would benefit modestly in year one and year two due to these parallel ramp increases. The benefit is attributable to the combination of floating-rate assets, including our predominantly floating-rate commercial loan portfolio, and certain intermediate-term fixed rate liabilities. The benefit is down modestly when compared to December 31, 2012. The lower net interest income benefit is attributable to an increase in fixed-rate securities balances and the realization of slower prepayments on the available-for-sale security portfolio in 2013. At December 31, 2012, prepayments speeds on certain available-for-sale securities were projected to slow in a rising rate environment, which provided a benefit to net interest income sensitivity at that time. During 2013, these slowing prepayments were realized as a result of an increase in the level of market interest rates and mortgage rates. Further increases in interest rates will not have the same impact on net interest income, which results in a modest reduction in the benefit. The impacts of the slowing prepayments and the increase in the fixed-rate securities portfolio were partly offset by an increase in core deposit balances and an increase in actual and projected fixed-rate borrowings and shareholder's equity.

### Economic Value of Equity Sensitivity

The Bancorp also utilizes EVE as a measurement tool in managing interest rate risk. Whereas the net interest income sensitivity analysis highlights the impact on forecasted NII over 1- and 2-year time horizons, the EVE analysis is a point in time analysis of the current positions and incorporates all cash flows over their estimated remaining lives. The EVE of the balance sheet is defined as the discounted present value of all remaining asset and net derivative cash flows less the discounted value of all remaining liability cash flows. Due to this longer horizon, the sensitivity of EVE to changes in the level of interest rates is a measure of longer-term interest rate risk. EVE values only the current balance sheet and does not incorporate the growth assumptions used in the NII sensitivity analysis. As with the NII simulation model, assumptions about the timing and variability of existing balance sheet cash flows are critical in the EVE analysis. Particularly important are assumptions driving loan and security prepayments and the expected balance attrition and pricing of transaction deposits.

The following table shows the Bancorp's EVE sensitivity profile as of December 31:

TABLE 56: ESTIMATED EVE SENSITIVITY PROFILE

	2013		2012		
Change in Interest Rates (bps)	Change in EVE	ALCO Policy Limit	Change in EVE	ALCO Policy Limit	
+200	(5.78)%	(12.00)	2.16 %	(12.00)	
+100	(2.91)		1.50		
+25	(0.70)		0.43		
-25	0.63		(0.52)		

At December 31, 2013, the EVE sensitivity was modestly negative, compared to a small benefit at December 31, 2012. The primary factors contributing to the change are an increase in the average life of mortgage loan and securities positions as a result of slowing prepayments due to increases in the levels of market interest rates and mortgage rates, growth in fixed-rate securities balances, and a decreased benefit related to MSRs. At December 31, 2012, the MSR valuation was projected to benefit from slowing prepayments that would occur with rising interest rates. Slowing prepayments were realized during 2013 due to increased market rates, and consequently, future increases in interest rates will have a smaller benefit to the MSR valuation.

While an instantaneous shift in interest rates is used in this analysis to provide an estimate of exposure, the Bancorp believes that a gradual shift in interest rates would have a much more modest impact. Since EVE measures the discounted present value of cash flows over the estimated lives of instruments, the change in EVE does not directly correlate to the degree that earnings would be impacted over a shorter time horizon (e.g., the current fiscal year). Further, EVE does not take into account factors such as future balance sheet growth, changes in product mix, changes in yield curve relationships and changing product spreads that could mitigate or exacerbate the impact of changes in interest rates. The NII simulations and EVE analyses do not necessarily include certain

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actions that management may undertake to manage risk in response to anticipated changes in interest rates.

The Bancorp regularly evaluates its exposures to LIBOR and Prime basis risks, nonparallel shifts in the yield curve and embedded options risk. In addition, the impact on NII and EVE of more extreme changes in interest rates is modeled, wherein the Bancorp employs the use of yield curve shocks and environment-specific scenarios.

### Use of Derivatives to Manage Interest Rate Risk

An integral component of the Bancorp's interest rate risk management strategy is its use of derivative instruments to minimize significant fluctuations in earnings caused by changes in market interest rates. Examples of derivative instruments that the Bancorp may use as part of its interest rate risk management strategy include interest rate swaps, interest rate floors, interest rate caps, forward contracts, options, swaptions and TBA securities.

As part of its overall risk management strategy relative to its mortgage banking activity, the Bancorp enters into forward contracts accounted for as free-standing derivatives to economically hedge interest rate lock commitments that are also considered free-standing derivatives. Additionally, the Bancorp economically hedges

its exposure to mortgage loans held for sale through the use of forward contracts and mortgage options.

The Bancorp also establishes derivative contracts with major financial institutions to economically hedge significant exposures assumed in commercial customer accommodation derivative contracts. Generally, these contracts have similar terms in order to protect the Bancorp from market volatility. Credit risk arises from the possible inability of counterparties to meet the terms of their contracts, which the Bancorp minimizes through collateral arrangements, approvals, limits and monitoring procedures. For further information including the notional amount and fair values of these derivatives, see Note 12 of the Notes to Consolidated Financial Statements.

## Portfolio Loans and Leases and Interest Rate Risk

Although the Bancorp's portfolio loans and leases contain both fixed and floating/adjustable rate products, the rates of interest earned by the Bancorp on the outstanding balances are generally established for a period of time. The interest rate sensitivity of loans and leases is directly related to the length of time the rate earned is established. The following table summarizes the expected principal cash flows of the Bancorp's portfolio loans and leases as of December 31, 2013.

TABLE 57: PORTFOLIO LOAN AND LEASE EXPECTED MATURITIES

(\$ in millions)	Less than 1 year	1-5 years	Over 5 years	Total
Commercial and industrial loans	\$ 18,523	19,785	1,008	39,316
Commercial mortgage loans	3,569	4,054	443	8,066
Commercial construction loans	457	557	25	1,039
Commercial leases	669	1,608	1,348	3,625
Subtotal - commercial loans and leases	23,218	26,004	2,824	52,046
Residential mortgage loans	2,160	4,298	6,222	12,680
Home equity	1,352	5,088	2,806	9,246
Automobile loans	4,684	7,104	196	11,984
Credit card	661	1,633	-	2,294
Other consumer loans and leases	312	51	1	364
Subtotal - consumer loans and leases	9,169	18,174	9,225	36,568
Total	\$ 32,387	44,178	12,049	88,614

Additionally, the following table displays a summary of expected principal cash flows occurring after one year for both fixed and floating or adjustable rate loans, as of December 31, 2013:

TABLE 58: PORTFOLIO LOAN AND LEASE PRINCIPAL CASH FLOWS OCCURING AFTER ONE YEAR

	Interest Rate		
(\$ in millions)	 Fixed	Floating or Adjustable	
Commercial and industrial loans	\$ 2,839	17,954	
Commercial mortgage loans	1,167	3,330	
Commercial construction loans	27	555	
Commercial leases	2,956	-	
Subtotal - commercial loans and leases	6,989	21,839	
Residential mortgage loans	7,682	2,838	
Home equity	951	6,943	
Automobile loans	7,252	48	
Credit card	694	939	
Other consumer loans and leases	35	17	
Subtotal - consumer loans and leases	16,614	10,785	
Total	\$ 23,603	32,624	

### Residential Mortgage Servicing Rights and Interest Rate Risk

The net carrying amount of the residential MSR portfolio was \$967 million and \$697 million as of December 31, 2013 and 2012, respectively. The value of servicing rights can fluctuate sharply depending on changes in interest rates and other factors. Generally,

as interest rates decline and loans are prepaid to take advantage of refinancing, the total value of existing servicing rights declines because no further servicing fees are collected on repaid loans. The Bancorp maintains a non-qualifying hedging strategy relative to its mortgage banking activity in order to manage a portion of the risk

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associated with changes in the value of its MSR portfolio as a result of changing interest rates.

Mortgage rates increased during 2013 and decreased during 2012. The increase in interest rates during 2013 caused modeled prepayment speeds to slow, which led to a recovery of \$192 million in temporary impairment on servicing rights during the year ended December 31, 2013. The decrease in interest rates during 2012 caused modeled prepayment speeds to increase, which led to \$103 million in temporary impairment on servicing rights during the year ended December 31, 2012. Servicing rights are deemed temporarily impaired when a borrower's loan rate is distinctly higher than prevailing rates. Temporary impairment on servicing rights is reversed when the prevailing rates return to a level commensurate with the borrower's loan rate. In addition to the mortgage servicing rights valuation, the Bancorp recognized net losses of \$17 million and net gains of \$66 million on its non-qualifying hedging strategy for the years ended 2013 and 2012, respectively. These amounts include net gains on securities related to the Bancorp's non-qualifying hedging strategy of \$13 million and \$3 million for 2013 and 2012, respectively. The Bancorp may adjust its hedging strategy to reflect its assessment of the composition of its MSR portfolio, the cost of hedging and the anticipated effectiveness of the hedges

#### LIQUIDITY RISK MANAGEMENT

The goal of liquidity management is to provide adequate funds to meet changes in loan and lease demand, unexpected levels of deposit withdrawals and other contractual obligations. Mitigating liquidity risk is accomplished by maintaining liquid assets in the form of investment securities, maintaining sufficient unused borrowing capacity in the debt markets and delivering consistent growth in core deposits. A summary of certain obligations and commitments to make future payments under contracts is included in Note 17 of the Notes to Consolidated Financial Statements.

The Bancorp maintains a contingency funding plan that assesses the liquidity needs under various scenarios of market conditions, asset growth and credit rating downgrades. The plan includes liquidity stress testing which measures various sources and uses of funds under the different scenarios. The contingency plan provides for ongoing monitoring of unused borrowing capacity and available sources of contingent liquidity to prepare for unexpected liquidity needs and to cover unanticipated events that could affect liquidity.

## Sources of Funds

The Bancorp's primary sources of funds relate to cash flows from loan and lease repayments, payments from securities related to sales and maturities, the sale or securitization of loans and leases and funds generated by core deposits, in addition to the use of public and private debt offerings.

Projected contractual maturities from loan and lease repayments are included in Table 57 of the Market Risk Management section of MD&A. Of the \$18.6 billion of securities in the Bancorp's available-for-sale and other portfolio at December 31, 2013, \$3.7 billion in principal and interest is expected to be received in the next 12 months and an additional \$2.0 billion is expected to be received in the next 13 to 24 months. For further information on the Bancorp's securities portfolio, see the Securities section of MD&A.

Asset-driven liquidity is provided by the Bancorp's ability to sell or securitize loans and leases. In order to reduce the exposure to interest rate fluctuations and to manage liquidity, the Bancorp has developed securitization and sale procedures for several types of interest-sensitive assets. A majority of the long-term, fixed-rate single-family residential mortgage loans underwritten according to FHLMC or FNMA guidelines are sold for cash upon origination.

given the economic environment. See Note 11 of the Notes to Consolidated Financial Statements for further discussion on servicing rights and the instruments used to hedge interest rate risk on MSRs.

#### Foreign Currency Risk

The Bancorp may enter into foreign exchange derivative contracts to economically hedge certain foreign denominated loans. The derivatives are classified as free-standing instruments with the revaluation gain or loss being recorded in other noninterest income in the Consolidated Statements of Income. The balance of the Bancorp's foreign denominated loans at December 31, 2013 and 2012 was \$581 million and \$549 million, respectively. The Bancorp also enters into foreign exchange contracts for the benefit of commercial customers involved in international trade to hedge their exposure to foreign currency fluctuations. The Bancorp has internal controls in place to help ensure excessive risk is not being taken in providing this service to customers. These controls include an independent determination of currency volatility and credit equivalent exposure on these contracts, counterparty credit approvals and country limits.

Additional assets such as certain other residential mortgages, certain commercial loans, home equity loans, automobile loans and other consumer loans are also capable of being securitized or sold. For the years ended December 31, 2013 and 2012, the Bancorp sold or securitized loans totaling \$23.4 billion and \$21.7 billion, respectively. For further information on the transfer of financial assets, see Note 11 of the Notes to Consolidated Financial Statements.

Core deposits have historically provided the Bancorp with a sizeable source of relatively stable and low cost funds. The Bancorp's average core deposits and shareholders' equity funded 82% of its average total assets during both 2013 and 2012. In addition to core deposit funding, the Bancorp also accesses a variety of other short-term and long-term funding sources, which include the use of the FHLB system. Certificates of deposit carrying a balance of \$100,000 or more and deposits in the Bancorp's foreign branch located in the Cayman Islands are wholesale funding tools utilized to fund asset growth. Management does not rely on any one source of liquidity and manages availability in response to changing balance sheet needs.

As of December 31, 2013, \$3.8 billion of debt or other securities were available for issuance under the current Bancorp's Board of Directors' authorizations and the Bancorp is authorized to file any necessary registration statements with the SEC to permit ready access to the public securities markets; however, access to these markets may depend on market conditions. Additionally, the Bancorp has approximately \$40.8 billion of borrowing capacity available through secured borrowing sources including the FHLB and FRB.

In February of 2013, the Bancorp's banking subsidiary updated and amended its existing global bank note program to increase the capacity from \$20 billion to \$25 billion. On February 28, 2013, the Bank issued and sold, under its amended bank notes program, \$1.3 billion in aggregate principal amount of bank notes. On November 20, 2013, the Bank issued and sold, under its amended bank notes program, \$1.8 billion in aggregate principal amount of bank notes. The Bancorp has \$21.5 billion of funding available for issuance under the global bank note program as of December 31, 2013.

In March of 2013, the Bancorp recognized an immaterial loss on the securitization and sale of certain automobile loans with a carrying amount of approximately \$509 million. The Bancorp utilized a securitization trust to facilitate the securitization process. The trust issued asset-backed securities in the form of notes and

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

equity certificates, with varying levels of credit subordination and payment priority. The Bancorp does not hold any of the notes or equity certificates issued by the trust, and the investors in these securities have no credit recourse to the Bancorp's assets for failure of debtors to pay when due.

In August of 2013, the Bancorp transferred approximately \$1.3 billion in fixedrate consumer automobile loans to a bankruptcy remote trust which was deemed to be a VIE. The Bancorp concluded that it is the primary beneficiary of the VIE and, therefore, has consolidated this VIE. The primary purposes for which the VIE was created were to issue asset backed securities with varying levels of credit subordination and payment priority and to provide the Bancorp with access to liquidity for its originated loans. The assets of the VIE are restricted to the settlement of the notes and other obligations of the VIE. Third-party holders of the notes do not have recourse to the general assets of the Bancorp.

## Liquidity Coverage Ratio and Net Stable Funding Ratio

The BCBS' key reform within the Basel III framework to strengthen international liquidity standards was the introduction of the LCR and NSFR. On January 7, 2013, the BCBS issued a final standard for the LCR applicable to large internationally active banking organizations, which would phase in the LCR beginning in 2015 with full implementation in 2019. The BCBS plans on introducing the NSFR final standard in the next two years.

The BCBS' LCR would promote the short-term resilience of a bank's liquidity profile by ensuring an adequate level of unencumbered high-quality liquid assets that can be converted into cash easily and immediately in private markets to meet its liquidity needs within 30 calendar days. Financial institutions subject to the LCR generally would be expected to hold unencumbered high-quality assets of at least 100% of net cash flows over the next 30 calendar days upon full implementation in 2019.

The BCBS' NSFR is intended to promote medium and long-term funding of the assets and activities of financial institutions. This ratio would establish a minimum acceptable amount of stable funding based on the liquidity characteristics of a financial institution's assets and activities over a one year horizon. Management is currently monitoring the progress of the BCBS' work on the NSFR.

Section 165 of the Dodd-Frank Act requires the FRB to establish enhanced liquidity standards for BHCs with total assets of \$50 billion or greater. On October 24, 2013, the U.S. Banking Agencies issued an NPR that would implement a LCR requirement that is generally consistent with the international LCR standards published by the BCBS for large internationally active banking organizations, generally those with \$250 billion or more in total consolidated assets or \$10 billion or more in on-balance sheet foreign exposure. Additionally, a Modified LCR requirement was proposed for BHC's with total consolidated assets of at least \$50 billion that are not large internationally active banking organizations, like Fifth Third. The Modified LCR requirement incorporates a shorter (21-calendar days) stress scenario for calculating total net cash outflows than the LCR's 30 calendar day requirement. Therefore, the estimated net cash outflows for the Modified LCR generally would be 70% of the LCR's estimated net cash outflows. The NPR's transition period will begin on January 1, 2015 whereby LCR and Modified LCR entities must comply with a minimum ratio of 80%. On January 1, 2016 and 2017, the minimum ratio would increase to 90% and 100%, respectively. The NPR was open for public comment until January 31, 2014. Management is currently reviewing the NPR and evaluating its impact upon the Bancorp's Consolidated Financial Statements.

## Credit Ratings

The cost and availability of financing to the Bancorp are impacted by its credit ratings. A downgrade to the Bancorp's credit ratings could affect its ability to access the credit markets and increase its borrowing costs, thereby adversely impacting the Bancorp's financial condition and liquidity. Key factors in maintaining high credit ratings include a stable and diverse earnings stream, strong credit quality, strong capital ratios and diverse funding sources, in addition to disciplined liquidity monitoring procedures.

The Bancorp's credit ratings are summarized in Table 59. The ratings reflect the ratings agencies view on the Bancorp's capacity to meet financial commitments. \*

\* As an investor, you should be aware that a security rating is not a recommendation to buy, sell or hold securities, that it may be subject to revision or withdrawal at any time by the assigning rating organization and that each rating should be evaluated independently of any other rating. Additional information on the credit rating ranking within the overall classification system is located on the website of each credit rating agency.

### **TABLE 59: AGENCY RATINGS**

		Standard and Poor'		
As of February 24, 2014	Moody's	S	Fitch	DBRS
Fifth Third Bancorp:				
Short-term	No rating	A-2	F1	R-1L
Senior debt	Baa1	BBB+	A	AL
Subordinated debt	Baa2	BBB	A-	BBBH
Fifth Third Bank:				
Short-term	P-2	A-2	F1	R-1L
Long-term deposit	A3	No rating	A+	A
Senior debt	A3	A-	A	A
Subordinated debt	Baa1	BBB+	A-	AL

## CAPITAL MANAGEMENT

Management regularly reviews the Bancorp's capital levels to help ensure it is appropriately positioned under various operating environments. The Bancorp has established a Capital Committee which is responsible for making capital plan recommendations to management. These recommendations are reviewed by the ERM Committee and the capital plan is approved by the board. The Capital Committee is responsible for execution oversight of the capital actions of the capital plan.

# Capital Ratios

The U.S banking agencies established quantitative measures that assign risk weightings to assets and off-balance sheet items and also define and set minimum regulatory capital requirements. The U.S. banking agencies define "well capitalized" ratios for Tier I and total risk-based capital as 6% and 10%, respectively. The Bancorp exceeded these "well-capitalized" ratios for all periods presented.

The Basel II advanced approach framework was finalized by U.S. banking agencies in 2007. Core banks, defined as those with consolidated total assets in excess of \$250 billion or on balance

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

sheet foreign exposures of \$10 billion were required to adopt the advanced approach effective April 1, 2008. The Bancorp does not meet these thresholds and, therefore, is not subject to the requirements of Basel II.

The Dodd-Frank Act requires more stringent prudential standards, including capital and liquidity requirements, for larger institutions. It addresses the quality of capital components by limiting the degree to which certain hybrid instruments can be included. The Dodd-Frank Act will phase out the inclusion of certain TruPS as a component of Tier I risk-based capital when the Bancorp implements the revised regulatory capital rules known as Basel III.

In December of 2010 and revised in June of 2011, the BCBS issued Basel III, a global regulatory framework, to enhance international capital standards. In June of 2012, U.S. banking regulators proposed enhancements to the regulatory capital requirements for U.S. banks, which implement aspects of Basel III, such as redefining the regulatory capital elements and minimum capital ratios, introducing regulatory capital buffers above those minimums, revising the agencies' rules for calculating risk-weighted assets and introducing a new Tier I common equity ratio. In July of 2013, U.S. banking regulators approved final enhanced regulatory capital requirements (Basel III Final Rule), which included modifications to the proposed rules. The Basel III Final Rule provides for certain banks, including the Bancorp, to opt out of including AOCI in Tier 1 capital and retain the treatment of residential mortgage exposures consistent with the current Basel I capital rules. The Basel III Final Rule will phase out the inclusion of certain TruPS as a component of Tier I capital. Under these provisions, these TruPS would qualify as a component of Tier II capital. At December 31, 2013 the Bancorp's Tier I capital included \$60 million of TruPS representing approximately 5 bps of risk weighted assets. The Basel III Final Rule is effective for the Bancorp on January 1, 2015, subject to phase-in periods for certain of its components and other provisions. The Bancorp is in the process of evaluating the Basel III Final Rule and its potential impact. The Bancorp's current estimate of the pro-forma fully phased in Tier I common equity ratio at December 31, 2013 under the Basel III Final Rule is approximately 8.99% compared with 9.39% as calculated under the existing Basel I capital framework. The primary drivers of the change from the existing Basel I capital framework to the Basel III Final Rule are an increase in Tier I

common equity of approximately 75 bps (primarily from the elimination of the current 10% deduction of mortgage servicing rights from capital), which would be more than offset by the impact of increases in risk-weighted assets (primarily from the treatment of securitizations, mortgage servicing rights and commitments with an original maturity of one year or less). If the Bancorp elects to include AOCI components in capital, the December 31, 2013 pro forma Basel III Final Rule Tier 1 common ratio would be increased by approximately 7 bps. The pro-forma Tier I common equity ratio exceeds the proposed minimum Tier I common equity ratio of 7% comprised of a minimum of 4.5% plus a capital conservation buffer of 2.5%. The pro-forma Tier I common equity ratio does not include the effect of any mitigating actions the Bancorp may undertake to offset the impact of the proposed capital enhancements. Additionally, pursuant to the Basel III Final Rule, the minimum capital ratios as of January 1, 2015 will be 6% for the Tier I capital ratio, 8% for the total risk-based capital ratio and 4% for the Tier I capital to average consolidated assets (leverage ratio). For further discussion on the Basel I and Basel III Tier I common equity ratios, see the Non-GAAP Financial Measures section of MD&A.

#### Market Risk Rule

On June 7, 2012, banking agencies approved a final rule effective January 1, 2013, titled as "Risk-Based Capital Guidelines: Market Risk," to implement enhancements to the market risk framework adopted by the BCBS. The final rule, to which the Bancorp is subject, requires banking organizations with significant trading activities to adjust their capital requirements to better account for the market risks of those activities. The rule introduces new measures of market risk, establishes a charge related to stressed VaR for covered trading positions and replaces references to credit ratings in the market risk rules with alternative methodologies for assessing risk. The intention of the rule is to better capture positions for which the market risk capital rule is appropriate, reduce procyclicality in market risk capital requirements, enhance sensitivity to risks that are not adequately captured by the current regulatory methodologies and increase transparency through enhanced disclosures. Upon the adoption of the market risk final rule in the first quarter of 2013, the Bancorp's Tier I and total risk-based capital ratios decreased 1 bp and adoption had an immaterial impact to the Tier I common equity ratio.

As of December 31 (\$ in millions)		2013		2012	2011	2010	2009
Average equity as a percent of average assets		11.56	%	11.65	11.41	12.22	11.36
Tangible equity as a percent of tangible assets (a)		9.44		9.17	9.03	10.42	9.71
Tangible common equity as a percent of tangible assets (a)		8.63		8.83	8.68	7.04	6.45
Tier I capital	s	12,094		11,685	12,503	13,965	13,428
Total risk-based capital		16,440		15,816	16,885	18,178	17,648
Risk-weighted assets(b)		116,736		109,699	104,945	100,561	100,933
Regulatory capital ratios:							
Tier I risk-based capital		10.36	%	10.65	11.91	13.89	13.30
Total risk-based capital		14.08		14.42	16.09	18.08	17.48
Tier I leverage		9.64		10.05	11.10	12.79	12.34
Tier I common equity(a)		9.39		9.51	9.35	7.48	6.99

<sup>(</sup>a) For further information on these ratios, see the Non-GAAP Financial Measures section of MD&A.

<sup>(</sup>b) Under the banking agencies' risk-based capital guidelines, assets and credit equivalent amounts of derivatives and off-balance sheet exposures are assigned to broad risk categories. The aggregate dollar amount in each risk category is multiplied by the associated risk weight of the category. The resulting weighted values are added together resulting in the Bancorp's total risk-weighted assets.

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### Preferred Stock Offering and Conversion

As contemplated by the 2013 CCAR, on May 16, 2013 the Bancorp issued in a registered public offering 600,000 depositary shares, representing 24,000 shares of 5.10% fixed-to-floating rate non-cumulative Series H perpetual preferred stock, for net proceeds of \$593 million. Each preferred share has a \$25,000 liquidation preference. The preferred stock accrues dividends, on a non-cumulative semi-annual basis, at an annual rate of 5.10% through but excluding June 30, 2023, at which time it converts to a quarterly floating rate dividend of three-month LIBOR plus 3.033%. Subject to any required regulatory approval, the Bancorp may redeem the Series H preferred shares at its option in whole or in part, at any time on or after June 30, 2023 and may redeem in whole, but not in part, following a regulatory capital event at any time prior to June 30, 2023. The Series H preferred shares are not convertible into Bancorp common shares or any other securities.

On June 11, 2013, the Bancorp's Board of Directors authorized the conversion into common stock, no par value, of all outstanding shares of the Bancorp's 8.50% non-cumulative convertible perpetual preferred stock, Series G, which shares are represented by depositary shares each representing 1/250th of a share of Series G preferred stock, pursuant to the Amended Articles of Incorporation. The Articles grant the Bancorp the right, at its option, to convert all outstanding shares of Series G preferred stock if the closing price of common stock exceeded 130% of the applicable conversion price for 20 trading days within any period of 30 consecutive trading days. The closing price of shares of common stock satisfied such threshold for the 30 trading days ended June 10, 2013, and the Bancorp gave the required notice of its exercise of its conversion right.

On July 1, 2013, the Bancorp converted the remaining 16,442 outstanding shares of Series G preferred stock, which represented 4,110,500 depositary shares, into shares of Fifth Third's common stock. Each share of Series G preferred stock was converted into 2,159.8272 shares of common stock, representing a total of 35,511,740 issued shares. The common shares issued in the conversion are exempt securities pursuant to Section 3(a)(9) of the Securities Act of 1933, as amended, as the securities exchanged were exclusively with Bancorp's existing security holders where no commission or other remuneration was paid. Upon conversion, the depositary shares were delisted from the NASDAQ Global Select Market and withdrawn from the Exchange.

On December 9, 2013, the Bancorp issued, in a registered public offering, 18,000,000 depositary shares, representing 18,000 shares of 6.625% fixed-to-floating rate non-cumulative Series I perpetual preferred stock, for net proceeds of \$441 million. Each preferred share has a \$25,000 liquidation preference. The preferred stock accrues dividends, on a non-cumulative quarterly basis, at an annual rate of 6.625% through but excluding December 31, 2023, at which time it converts to a quarterly floating rate dividend of three-month LIBOR plus 3.71%. Subject to any required regulatory approval, the Bancorp may redeem the Series I preferred shares at its option in whole or in part, at any time on or after December 31, 2023 and may redeem in whole, but not in part, following a regulatory capital event at any time prior to December 31, 2023. The Series I preferred shares are not convertible into Bancorp common shares or any other securities.

### Redemption of TruPS

The Bancorp redeemed all \$750 million of the outstanding TruPS issued by Fifth Third Capital Trust IV on December 30, 2013. These securities had a distribution rate of 6.50% and a scheduled maturity date of April 1, 2067. Pursuant to the terms of the TruPS, the securities of Fifth Third Capital Trust IV were redeemable within ninety days of a Capital Treatment Event. The Bancorp determined that a Capital Treatment Event occurred upon the publication of a Final Rule regarding Regulatory Capital Rules jointly by the Federal Reserve System and the Office of the Comptroller of the Currency. The redemption price was \$1,000 per security, which reflected 100% of the liquidation amount, plus accrued and unpaid distributions to the actual redemption date of \$10 million. The Bancorp recognized an \$8 million loss on the extinguishment of this debt within other noninterest expense in the Consolidated Statements of Income.

### Dividend Policy and Stock Repurchase Program

The Bancorp's common stock dividend policy and stock repurchase program reflect its earnings outlook, desired payout ratios, the need to maintain adequate capital levels, the ability of its subsidiaries to pay dividends, the need to comply with safe and sound banking practices as well as meet regulatory requirements and expectations. The Bancorp declared dividends per common share of \$0.47 and

\$0.36 during the years ended December 31, 2013 and 2012, respectively.

On November 6, 2012, the Bancorp entered into an accelerated share repurchase transaction with a counterparty pursuant to which the Bancorp purchased 7,710,761 shares, or approximately \$125 million, of its outstanding common stock on November 9, 2012. The Bancorp repurchased the shares as part of its 100 million share repurchase program announced in August of 2012. As part of this transaction and all subsequent accelerated share repurchases, the Bancorp entered into a forward contract in which the final number of shares to be delivered at settlement of the accelerated share repurchase transaction will be based generally on a discount to the average daily volume-weighted average price of the Bancorp's common stock during the term of the Repurchase Agreement. The accelerated share repurchase was treated as two separate transactions (i) the acquisition of treasury shares on the acquisition date and (ii) a forward contract indexed to the Bancorp's stock. At settlement of the forward contract on February 12, 2013, the Bancorp received an additional 657,914 shares which were recorded as an adjustment to the basis in the treasury shares purchased on the acquisition date.

Following the sale of a portion of the Bancorp's shares of Class A Vantiv, Inc. common stock in 2012, the Bancorp entered into an accelerated share repurchase transaction on December 14, 2012 with a counterparty pursuant to which the Bancorp purchased 6,267,410 shares, or approximately \$100 million, of its outstanding common stock on December 19, 2012. The Bancorp repurchased the shares of its common stock as part of its previously announced 100 million share repurchase program in August of 2012. At settlement of the forward contract on February 27, 2013, the Bancorp received an additional 127,760 shares which were recorded as an adjustment to the basis in the treasury shares purchased on the acquisition date.

On January 28, 2013, the Bancorp entered into an accelerated share repurchase transaction with a counterparty pursuant to which the Bancorp purchased 6,953,028 shares, or approximately \$125 million of its outstanding common stock on January 31, 2013. The Bancorp repurchased the shares of its common stock as part of its August of 2012 Board approved 100 million share repurchase program. This repurchase transaction concluded the \$600 million of common share repurchases not objected to by the FRB in the 2012 CCAR process. At settlement of the forward contract on April 5, 2013, the Bancorp received an additional 849,037 shares which were recorded as an adjustment to the basis in the treasury shares purchased on the acquisition date.

As a result of the FRB's non-objection to the Bancorp's capital plan under the 2013 CCAR process, on March 19, 2013, Fifth Third's Board of Directors authorized the Bancorp to repurchase up to 100 million shares of its outstanding common stock in the open market or in privately negotiated transactions, and to utilize any derivative or similar instrument to affect share repurchase transactions. This share repurchase authorization replaced the Board's previous authorization.

On May 21, 2013, the Bancorp entered into an accelerated share repurchase transaction with a counterparty pursuant to which the Bancorp purchased 25,035,519 shares, or approximately \$539 million, of its outstanding common stock on May 24, 2013. The Bancorp repurchased the shares of its common stock as part of its 100 million share repurchase program previously announced on March 19, 2013. At settlement of the forward contract on October 1, 2013, the Bancorp received an additional 4,270,250 shares which were recorded as an adjustment to the basis in the treasury shares purchased on the acquisition date.

On November 13, 2013, the Bancorp entered into an accelerated share repurchase transaction with a counterparty

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pursuant to which the Bancorp purchased 8,538,423 shares, or approximately \$200 million, of its outstanding common stock on November 18, 2013. The Bancorp repurchased the shares of its common stock as part of its Board approved 100 million share repurchase program previously announced on March 19, 2013. The Bancorp expects the settlement of the transaction to occur on or before February 28, 2014.

On December 10, 2013, the Bancorp entered into an accelerated share repurchase transaction with a counterparty pursuant to which the Bancorp purchased 19,084,195 shares, or approximately \$456 million, of its outstanding common stock on December 13, 2013. The Bancorp repurchased the shares of its

common stock as part of its Board approved 100 million share repurchase program previously announced on March 19, 2013. The Bancorp expects the settlement of the transaction to occur on or before March 26, 2014.

On January 28, 2014, the Bancorp entered into an accelerated share repurchase transaction with a counterparty pursuant to which the Bancorp purchased 3,950,705 shares, or approximately \$99 million, of its outstanding common stock on January 31, 2014. The Bancorp repurchased the shares of its common stock as part of its Board approved 100 million share repurchase program previously announced on March 19, 2013. The Bancorp expects the settlement of the transaction to occur on or before March 26, 2014.

TABLE 61: SHARE REPURCHASES

TABLE VI. SITAKE REI CHCHEIGES			
For the years ended December 31	2013	2012	2011
Shares authorized for repurchase at January 1	63,046,682	19,201,518	19,201,518
Additional authorizations (a)	45,541,057	86,269,178	-
Share repurchases (b)	(65,516,126)	(42,424,014)	-
Shares authorized for repurchase at December 31	43,071,613	63,046,682	19,201,518
Average price paid per share	\$18.80	\$14.82	N/A

- (a) In March 2013, the Bancorp announced that its Board of Directors had authorized management to purchase 100 million shares of the Bancorp's common stock through the open market or in any private transaction. The authorization does not include specific price targets or an expiration date. This share repurchase authorization replaces the Board's previous authorization pursuant to which approximately 54 million shares remained available for repurchase by the Bancorp.
- (b) Excludes 1,863,097, 2,059,003 and 1,164,254 shares repurchased during 2013, 2012, and 2011, respectively, in connection with various employee compensation plans. These repurchases are not included in the calculation for average price paid and do not count against the maximum number of shares that may yet be repurchased under the Board of Directors' authorization.

#### Stress Tests and CCAR

The FRB issued guidelines known as CCAR, which provide a common, conservative approach to ensure BHCs, including the Bancorp, hold adequate capital to maintain ready access to funding, continue operations and meet their obligations to creditors and counterparties, and continue to serve as credit intermediaries, even in adverse conditions. The CCAR process requires the submission of a comprehensive capital plan that assumes a minimum planning horizon of nine quarters under various economic scenarios.

The mandatory elements of the capital plan are an assessment of the expected use and sources of capital over the planning horizon, a description of all planned capital actions over the planning horizon, a discussion of any expected changes to the Bancorp's business plan that are likely to have a material impact on its capital adequacy or liquidity, a detailed description of the Bancorp's process for assessing capital adequacy and the Bancorp's capital policy. The capital plan must reflect the revised capital framework that the FRB adopted in connection with the implementation of the Basel III accord, including the framework's minimum regulatory capital ratios and transition arrangements.

The FRB's review of the capital plan will assess the comprehensiveness of the capital plan, the reasonableness of the assumptions and the analysis underlying the capital plan. Additionally, the FRB reviews the robustness of the capital adequacy process, the capital policy and the Bancorp's ability to maintain capital above the minimum regulatory capital ratios as they transition to Basel III and above a Basel I Tier 1 common ratio of 5 percent under baseline and stressful conditions throughout a nine-quarter planning horizon.

The FRB issued stress testing rules that implement section 165(i)(1) and (i)(2) of the DFA. Large BHCs, including the Bancorp, are subject to the final stress testing rules. The rules require both supervisory and company-run stress tests, which provide forward-looking information to supervisors to help assess whether institutions have sufficient capital to absorb losses and support operations during adverse economic conditions.

In March of 2013, the FRB announced it had completed the 2013 CCAR. For BHCs that proposed capital distributions in their plan, the FRB either objected to the plan or provided a non-

objection whereby the FRB concurred with the proposed 2013 capital distributions. The FRB indicated to the Bancorp that it did not object to the following proposed capital actions for the period beginning April 1, 2013 and ending March 31, 2014:

- Increase in the quarterly common stock dividend to \$0.12 per share;
- Repurchase of up to \$750 million in TruPS subject to the determination of a regulatory capital event and replacement with the issuance of a similar amount of Tier II-qualifying subordinated debt;
- Conversion of the \$398 million in outstanding Series G 8.5% convertible
  preferred stock into approximately 35.5 million common shares issued to
  the holders. If this conversion were to occur, the Bancorp would intend
  to repurchase common shares equivalent to those issued in the
  conversion up to \$550 million in market value, and issue \$550 million in
  preferred stock;
- Repurchase of common shares in an amount up to \$984 million, including any shares issued in a Series G preferred stock conversion;
- Incremental repurchase of common shares in the amount of any after-tax gains from the sale of Vantiv, Inc stock; and
- Issuance of an additional \$500 million in preferred stock.

The capital plan also included the assumption that the Bancorp would issue approximately 3.5 million shares in restricted stock under employee compensation plans in 2013. The above potential capital actions are subject to Board approval and other factors including regulatory developments and market conditions. Actions consistent with the above proposed capital actions were substantially completed in 2013.

The DFA requires that BHCs with over \$50 billion in consolidated assets that participated in the 2009 Supervisory Capital Assessment Program, including the Bancorp, conduct two stress tests each year. On May 13, 2013, the FRB launched the 2013 Mid-Cycle Stress Tests, which was submitted to the FRB in July of 2013. The stress tests required the BHCs to develop their own baseline,

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

adverse and severely adverse scenarios to reflect its individual operations and risks. Each BHC was required to release its results under the severely adverse scenario, which the Bancorp disclosed on its website on September 24, 2013.

The FRB launched the 2014 stress testing program and CCAR on November 1, 2013. The stress testing results and capital plan were submitted by the Bancorp to the FRB on January 6, 2014.

The FRB expects to release summary results of the 2014 stress testing program and CCAR in March of 2014. The results will include supervisory projections of capital ratios, losses and revenues under the supervisory adverse and supervisory severely adverse scenarios. The FRB will also issue an objection or non-objection to each participating institution's capital plan submitted under CCAR. Additionally, as a CCAR institution, Fifth Third is required to disclose its own estimates of results under the supervisory severely adverse scenario using the same consistently applied capital actions noted above, and to provide information related to risks included in its stress testing; a summary description of the methodologies used; estimates of aggregate pre-provision net revenue, losses, provisions, and pro forma capital ratios at the end of the forward-looking planning horizon of at least nine quarters; and an explanation of the most significant causes of changes in regulatory capital ratios. These disclosures are required to be sent to the FRB and publicly disclosed by March 31, 2014.

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

# **OFF-BALANCE SHEET ARRANGEMENTS**

In the ordinary course of business, the Bancorp enters into financial transactions to extend credit and various forms of commitments and guarantees that may be considered off-balance sheet arrangements. These transactions involve varying elements of market, credit and liquidity risk. Refer to Note 17 of the Notes to Consolidated Financial Statements for additional information. A discussion of these transactions is as follows:

### Residential Mortgage Loan Sales

Conforming residential mortgage loans sold to unrelated third parties are generally sold with representation and warranty recourse provisions. Such provisions include the loan's compliance with applicable loan criteria, including certain documentation standards per agreements with unrelated third parties. Additional reasons for the Bancorp having to repurchase the loans include compliance with collateral appraisal standards, fraud related to the loan application and the rescission of mortgage insurance. Under these provisions, the Bancorp is required to repurchase any previously sold loan for which the representation or warranty of the Bancorp proves to be inaccurate, incomplete or misleading.

During the fourth quarter of 2013, the Bancorp settled certain repurchase claims related to mortgage loans originated and sold to FHLMC prior to January 1, 2009 for \$25 million after paid claim credits and other adjustments. The settlement removes the Bancorp's responsibility to repurchase or indemnify FHLMC for representation and warranty violations on any loan sold prior to January 1, 2009 except in limited circumstances.

As of December 31, 2013 and 2012, the Bancorp maintained reserves related to loans sold with representation and warranty recourse provisions totaling \$44 million and \$110 million, respectively, included in other liabilities in the Bancorp's Consolidated Balance Sheets.

During 2013 and 2012, the Bancorp paid \$64 million and \$34 million, respectively, in the form of make whole payments and repurchased \$89 million and \$114 million, respectively, in outstanding principal of loans to satisfy investor demands. Total repurchase demand requests during 2013 and 2012 were \$263 million and \$340 million, respectively. Total outstanding repurchase demand inventory was \$46 million at December 31, 2013 compared to \$67 million at December 31, 2012.

The Bancorp sold certain residential mortgage loans in the secondary market with credit recourse. In the event of any customer default, pursuant to the credit recourse provided, the Bancorp is required to reimburse the third party. The maximum amount of credit risk in the event of nonperformance by the underlying borrowers is equivalent to the total outstanding balance. In the event of nonperformance, the Bancorp has rights to the underlying collateral value securing the loan. At December 31, 2013, the outstanding balances on these loans sold with credit recourse was \$579 million compared to \$662 million at December 31, 2012. The Bancorp maintained an estimated credit loss reserve on these loans sold with credit recourse of \$16 million and \$20 million at December 31, 2013 and 2012, respectively, included in other liabilities in the Consolidated Balance Sheets. To determine the credit loss reserve, the Bancorp used an approach that is consistent with its overall approach in estimating credit losses for various categories of residential mortgage loans held in its loan portfolio.

### Private Mortgage Insurance

For certain mortgage loans originated by the Bancorp, borrowers may be required to obtain PMI provided by third-party insurers. In some instances, these insurers cede a portion of the PMI premiums to the Bancorp, and the Bancorp provides reinsurance coverage within a specified range of the total PMI coverage. The Bancorp's

reinsurance coverage typically ranges from 5% to 10% of the total PMI coverage.

The Bancorp's maximum exposure in the event of nonperformance by the underlying borrowers is equivalent to the Bancorp's total outstanding reinsurance coverage, which was \$37 million at December 31, 2013 and \$58 million at December 31, 2012. The Bancorp maintained a reserve, included in other liabilities in the Bancorp's Consolidated Balance Sheets, related to exposures within the reinsurance portfolio of \$10 million as of December 31, 2013 and \$18 million as of December 31, 2012. In 2009, the Bancorp suspended the practice of providing reinsurance of private mortgage insurance for newly originated mortgage loans. In the second quarter of 2011, the Bancorp allowed one of its third-party insurers to terminate its reinsurance agreement with the Bancorp, resulting in the Bancorp releasing collateral to the insurer in the form of investment securities and other assets with a carrying value of \$5 million, and the insurer assuming the Bancorp's obligations under the reinsurance agreement, resulting in a decrease to the Bancorp's reserve liability of \$11 million and decrease in the Bancorp's maximum exposure of \$27 million. In the fourth quarter of 2012, the Bancorp allowed one of its third-party insurers to terminate its reinsurance agreement with the Bancorp, resulting in the insurer assuming the Bancorp's obligations under the reinsurance agreement, resulting in a decrease to the Bancorp's reserve liability of \$2 million and decrease in the Bancorp's maximum exposure of \$3 million.

### **Automobile Loan Securitization**

In March of 2013, the Bancorp recognized an immaterial loss on the securitization and sale of certain automobile loans with a carrying amount of approximately \$509 million. The Bancorp utilized a securitization trust to facilitate the securitization process. The trust issued asset-backed securities in the form of notes and equity certificates, with varying levels of credit subordination and payment priority. The Bancorp does not hold any of the notes or equity certificates issued by the trust, and the investors in these securities have no credit recourse to the Bancorp's assets for failure of debtors to pay when due. As part of the sale, the Bancorp obtained servicing responsibilities and recognized a servicing asset with an initial fair value of \$6 million. For further information on this automobile securitization, see Notes 10 and 11 of the Notes to Consolidated Financial Statements.

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

# CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

The Bancorp has certain obligations and commitments to make future payments under contracts. The aggregate contractual obligations and commitments at December 31, 2013 are shown in Table 62. As of December 31, 2013, the Bancorp has unrecognized tax benefits that, if recognized, would impact the effective tax rate in future periods. Due to the uncertainty of the amounts to be

ultimately paid as well as the timing of such payments, all uncertain tax liabilities that have not been paid have been excluded from the Contractual Obligations and Other Commitments table. For further detail on the impact of income taxes see Note 20 of the Notes to Consolidated Financial Statements.

#### TABLE 62: CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

	L	ess than 1			Greater than	
As of December 31, 2013 (\$ in millions)		year	1-3 years	3-5 years	5 years	Total
Contractually obligated payments due by period:						
Deposits with a stated maturity of less than one year (a)	\$	89,174	-	-	-	89,174
Time deposits(c)		7,424	1,902	720	55	10,101
Short-term borrowings (e)		1,664	-	-	-	1,664
Long-term debt(b)		157	4,617	2,095	2,764	9,633
Forward contracts related to held for sale mortgage loans (d)		1,448	-	-	-	1,448
Noncancelable lease obligations (f)		91	170	146	339	746
Partnership investment commitments (g)		261	103	22	21	407
Pension benefit payments (i)		18	34	29	63	144
Purchase obligations and capital expenditures (h)		52	30	24	11	117
Capital lease obligations		8	11	-	-	19
Total contractually obligated payments due by period	\$	100,297	6,867	3,036	3,253	113,453
Other commitments by expiration period						
Commitments to extend credit (j)	\$	33,180	10,884	17,937	139	62,140
Letters of credit(k)		1,899	1,969	204	57	4,129
Total other commitments by expiration period	\$	35,079	12,853	18,141	196	66,269

- (a) Includes demand, interest checking, savings, money market and foreign office deposits. For additional information, see the Deposits discussion in the Balance Sheet Analysis section of MD&A.
- (b) In the banking industry, interest-bearing obligations are principally used to fund interest-earning assets. As such, interest charges on contractual obligations were excluded from reported amounts, as the potential cash outflows would have corresponding cash inflows from interest-earning assets. See Note 16 of the Notes to Consolidated Financial Statements for additional information on these debt instruments.
- (c) Includes other time and certificates \$100,000 and over. For additional information, see the Deposits discussion in the Balance Sheet Analysis section of MD&A.
- (d) See Note 12 of the Notes to Consolidated Financial Statements for additional information on forward contracts to sell residential mortgage loans.
- (e) Includes federal funds purchased and borrowings with an original maturity of less than one year. For additional information, see Note 15 of the Notes to Consolidated Financial Statements.
- (f) Includes rental commitments.
- (g) Includes low-income housing, historic tax investments and market tax credits. For additional information, see Note 10 of the Notes to Consolidated Financial Statements.
- (h) Represents agreements to purchase goods or services and includes commitments to various general contractors for work related to banking center construction.
- (i) See Note 21 of the Notes to Consolidated Financial Statements for additional information on pension obligations.
- (j) Commitments to extend credit are agreements to lend, typically having fixed expiration dates or other termination clauses that may require payment of a fee. Many of the commitments to extend credit may expire without being drawn upon. The total commitment amounts include capital commitments for private equity investments and do not necessarily represent future cash flow requirements. For additional information, see Note 17 of the Notes to Consolidated Financial Statements.
- (k) Letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. For additional information, see Note 17 of the Notes to Consolidated Financial Statements.

### MANAGEMENT'S ASSESSMENT AS TO THE EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

The Bancorp conducted an evaluation, under the supervision and with the participation of the Bancorp's management, including the Bancorp's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Bancorp's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act). Based on the foregoing, as of the end of the period covered by this report, the Bancorp's Chief Executive Officer and Chief Financial Officer concluded that the Bancorp's disclosure controls and procedures were effective, in all material respects, to ensure that information required to be disclosed in the reports the Bancorp files and submits under the Exchange Act is recorded, processed, summarized and reported as and when required and information is accumulated and communicated to management on a timely basis.

The management of Fifth Third Bancorp is responsible for establishing and maintaining adequate internal control, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. The Bancorp's management assessed the effectiveness of the Bancorp's internal control over financial reporting as of December 31, 2013. Management's assessment is based on the criteria established in the 1992 Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and was designed to provide reasonable assurance that the Bancorp maintained effective internal control over financial reporting as of December 31, 2013. Based on this assessment, management believes that the Bancorp maintained effective internal control over financial reporting as of December 31, 2013. The Bancorp's independent registered public accounting firm, that audited the Bancorp's consolidated financial statements included in this annual report, has issued an audit report on our internal control over financial reporting as of December 31, 2013. This report appears on page 87 of the annual report.

The Bancorp's management also conducted an evaluation of internal control over financial reporting to determine whether any changes occurred during the year covered by this report that have materially affected, or are reasonably likely to materially affect, the Bancorp's internal control over financial reporting. Based on this evaluation, there has been no such change during the year covered by this report.

Kevin T. Kabat

Vice Chairman and Chief Executive Officer

February 24, 2014

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Tayfun Tuzun

Executive Vice President and Chief Financial Officer

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February 24, 2014

#### REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Fifth Third Bancorp:

We have audited the internal control over financial reporting of Fifth Third Bancorp and subsidiaries (the "Bancorp") as of December 31, 2013, based on criteria established in Internal Control — Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Bancorp's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Assessment as to the Effectiveness of Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Bancorp's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Bancorp maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2013 of the Bancorp and our report dated February 24, 2014 expressed an unqualified opinion on those consolidated financial statements.

Deloite : Touche LL8

Cincinnati, Ohio February 24, 2014

To the Shareholders and Board of Directors of Fifth Third Bancorp:

We have audited the accompanying consolidated balance sheets of Fifth Third Bancorp and subsidiaries (the "Bancorp") as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2013. These consolidated financial statements are the responsibility of the Bancorp's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Fifth Third Bancorp and subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Bancorp's internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 24, 2014 expressed an unqualified opinion on the Bancorp's internal control over financial reporting.

Deloite + Touche LLB

Cincinnati, Ohio February 24, 2014

### CONSOLIDATED BALANCE SHEETS

As of December 31 (\$ in millions, except share data)	2013	2012
Assets	<b>A 15</b> 0	2.44
Cash and due from banks (a)	\$ 3,178	2,441
Available-for-sale and other securities(b)	18,597	15,207
Held-to-maturity securities (c)	208	284
Trading securities	343	207
Other short-term investments	5,116	2,421
Loans held for sale(d)	944	2,939
Portfolio loans and leases:	20.217	26.020
Commercial and industrial loans	39,316	36,038
Commercial mortgage loans (a)	8,066	9,103
Commercial construction loans	1,039	698
Commercial leases	3,625	3,549
Residential mortgage loans (e)	12,680	12,017
Home equity	9,246	10,018
Automobile loans(a)	11,984	11,972
Credit card	2,294	2,097
Other consumer loans and leases	364	290
Portfolio loans and leases	88,614	85,782
Allowance for loan and lease losses (a)	(1,582)	(1,854)
Portfolio loans and leases, net	87,032	83,928
Bank premises and equipment	2,531	2,542
Operating lease equipment	730	581
Goodwill	2,416	2,416
Intangible assets	19	27
Servicing rights	971	697
Other assets(a)	8,358	8,204
Total Assets	\$ 130,443	121,894
Liabilities		
Deposits:	0 00 (04	20.022
Demand	\$ 32,634	30,023
Interest checking	25,875	24,477
Savings	17,045	19,879
Money market	11,644	6,875
Other time	3,530	4,015
Certificates - \$100,000 and over	6,571	3,284
Foreign office and other	1,976	964
Total deposits	99,275	89,517
Federal funds purchased	284	901
Other short-term borrowings	1,380	6,280
Accrued taxes, interest and expenses	1,758	1,708
Other liabilities(a)	3,487	2,639
Long-term debt(a)	9,633	7,085
Total Liabilities	115,817	108,130
Equity		
Common stock(f)	2,051	2,051
Preferred stock(g)	1,034	398
Capital surplus	2,561	2,758
Retained earnings	10,156	8,768
Accumulated other comprehensive income	82	375
Treasury stock(f)	(1,295)	(634)
Total Bancorp shareholders' equity	14,589	13,716
Noncontrolling interests	37	48
Total Equity	14,626	13,764
Total Liabilities and Equity	\$ 130,443	121,894

- (a) At **December 31, 2013** and 2012, includes \$49 and \$0 of cash and due from banks, \$48 and \$50 of commercial mortgage loans, \$1,010 and \$0 of automobile loans, \$(15) and \$(5) of ALLL, \$13 and \$3 of other assets, \$1 and \$0 of other liabilities, \$1,048 and \$0 of long-term debt from consolidated VIEs that are included in their respective captions. See Note 10.
- (b) Amortized cost of \$18,409 and \$14,571 at December 31, 2013 and 2012, respectively.
- (c) Fair value of \$208 and \$284 at December 31, 2013 and 2012, respectively.
- (d) Includes \$890 and \$2,856 of residential mortgage loans held for sale measured at fair value at December 31, 2013, and 2012, respectively.
- (e) Includes \$92 and \$76 of residential mortgage loans measured at fair value at December 31, 2013 and 2012, respectively.
- (f) Common shares: Stated value \$2.22 per share; authorized 2,000,000,000; outstanding at **December 31, 2013 855,305,745 (excludes 68,586,836 treasury shares)** and December 31, 2012 882,152,057 (excludes 41,740,524 treasury shares).
- (g) 458,000 shares of undesignated no par value preferred stock are authorized and unissued at **December 31, 2013**; fixed-to-floating rate non-cumulative Series H perpetual preferred stock with a \$25,000 liquidation preference: **24,000** authorized, issued and outstanding at **December 31, 2013**; fixed-to-floating rate non-cumulative Series I perpetual preferred stock with a \$25,000 liquidation preference: **18,000** authorized, issued and outstanding at **December 31, 2013** and 8.5% non-cumulative Series G convertible (into 2,159.8272 common shares) perpetual preferred stock with a \$25,000 liquidation preference: 46,000 authorized and 16,450 issued and outstanding at December 31, 2012.

# CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31 (\$ in millions, except per share data)		2013	2012	2011
Interest Income				
Interest and fees on loans and leases	\$	3,447	3,574	3,613
Interest on securities		520	529	600
Interest on other short-term investments		6	4	5
Total interest income		3,973	4,107	4,218
Interest Expense				
Interest on deposits		202	216	352
Interest on other short-term borrowings		6	8	4
Interest on long-term debt		204	288	305
Total interest expense		412	512	661
Net Interest Income		3,561	3,595	3,557
Provision for loan and lease losses		229	303	423
Net Interest Income After Provision for Loan and Lease Losses		3,332	3,292	3,134
Noninterest Income				
Mortgage banking net revenue		700	845	597
Service charges on deposits		549	522	520
Corporate banking revenue		400	413	350
Investment advisory revenue		393	374	375
Card and processing revenue		272	253	308
Other noninterest income		879	574	250
Securities gains, net		21	15	46
Securities gains, net - non-qualifying hedges on mortgage servicing rights		13	3	9
Total noninterest income		3,227	2,999	2,455
Noninterest Expense				
Salaries, wages and incentives		1,581	1,607	1,478
Employee benefits		357	371	330
Net occupancy expense		307	302	305
Technology and communications		204	196	188
Card and processing expense		134	121	120
Equipment expense		114	110	113
Other noninterest expense		1,264	1,374	1,224
Total noninterest expense		3,961	4,081	3,758
Income Before Income Taxes		2,598	2,210	1,831
Applicable income tax expense		772	636	533
Net Income		1,826	1,574	1,298
Less: Net income attributable to noncontrolling interests		(10)	(2)	1
Net Income Attributable to Bancorp		1,836	1,576	1,297
Dividends on preferred stock		37	35	203
Net Income Available to Common Shareholders	\$	1,799	1,541	1,094
Earnings Per Share	\$	2.05	1.69	1.20
Earnings Per Diluted Share	\$	2.02	1.66	1.18
Average common shares - basic		869,462,977	904,425,226	906,460,550
Average common shares - diluted		894,736,445	945,554,102	949,545,420
Cash dividends declared per common share	\$	0.47	0.36	0.28
	·		<u> </u>	

See Notes to Consolidated Financial Statements.

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31 (\$ in millions)	2013	2012	2011
Net income	\$ 1,826	1,574	1,298
Other comprehensive (loss) income, net of tax:			
Unrealized gains on available-for-sale securities:			
Unrealized holding (losses) gains on available-for-sale securities arising during the year	(295)	(63)	201
Reclassification adjustment for net losses (gains) included in net income	4	(10)	(37)
Unrealized gains on cash flow hedge derivatives:			
Unrealized holding (losses) gains on cash flow hedge derivatives arising during the year	(8)	24	58
Reclassification adjustment for net gains included in net income	(29)	(54)	(45)
Defined benefit pension plans:			
Net actuarial gain (loss) arising during the year	25	(5)	(33)
Reclassification of amounts to net periodic benefit costs	10	13	12
Other comprehensive (loss) income	(293)	(95)	156
Comprehensive income	1,533	1,479	1,454
Less: Comprehensive income attributable to noncontrolling interests	(10)	(2)	1
Comprehensive income attributable to Bancorp	\$ 1,543	1,481	1,453

See Notes to Consolidated Financial Statements.

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

			Ba	ncorp Shareh	olders' Equity				
(\$ in millions, except per share data)	Common Stock	Preferred Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total Bancorp Shareholders , Equity	Non- Controlling Interests	Total Equity
Balance at December 31, 2010	\$ 1,779	3,654	1,715	6,719	314	(130)	14,051	29	14,080
Net income				1,297		· /	1,297	1	1,298
Other comprehensive income					156		156		156
Cash dividends declared:									
Common stock at \$0.28 per share				(257)			(257)		(257)
Preferred stock				(50)			(50)		(50)
Issuance of common stock	272		1,376				1,648		1,648
Redemption of preferred shares, Series F		(3,408)					(3,408)		(3,408)
Redemption of stock warrant			(280)				(280)		(280)
Accretion of preferred dividends, Series F		153	`	(153)			-		-
Impact of stock transactions under stock compensation									
plans, net			(21)			65	44		44
Noncontrolling interest			· · ·				-	21	21
Other		(1)	2	(2)		1	-	(1)	(1)
Balance at December 31, 2011	2,051	398	2,792	7,554	470	(64)	13,201	50	13,251
Net income				1,576			1,576	(2)	1,574
Other comprehensive loss					(95)		(95)		(95)
Cash dividends declared:									
Common stock at \$0.36 per share				(325)			(325)		(325)
Preferred stock				(35)			(35)		(35)
Shares acquired for treasury			(23)			(627)	(650)		(650)
Impact of stock transactions under stock compensation									
plans, net			(11)			54	43		43
Other				(2)		3	1		1
Balance at December 31, 2012	2,051	398	2,758	8,768	375	(634)	13,716	48	13,764
Net income				1,836			1,836	(10)	1,826
Other comprehensive loss					(293)		(293)		(293)
Cash dividends declared:									
Common stock at \$0.47 per share				(407)			(407)		(407)
Preferred stock				(37)			(37)		(37)
Shares acquired for treasury			(78)			(1,242)	(1,320)		(1,320)
Issuance of preferred stock		1,034					1,034		1,034
Redemption of preferred stock,									
Series G		(398)	(142)			540	-		-
Impact of stock transactions under stock compensation									
plans, net			22			38	60		60
Other			1	(4)		3	=	(1)	(1)
Balance at December 31, 2013	\$ 2,051	1,034	2,561	10,156	82	(1,295)	14,589	37	14,626

 $See\ Notes\ to\ Consolidated\ Financial\ Statements.$ 

# CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31 (\$ in millions)	2013	2012	2011
Operating Activities			
Net income	\$ 1,826	1,574	1,298
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan and lease losses	229	303	423
Depreciation, amortization and accretion	507	531	455
Stock-based compensation expense	78	69	59
Provision for deferred income taxes	253	271	437
Securities gains	(199)	(69)	(58)
Securities gains – non-qualifying hedges on mortgage servicing rights	(13)	(10)	(24)
Securities losses	178	54	12
Securities losses – non-qualifying hedges on mortgage servicing rights	-	7	15
(Recovery of) provision for MSR impairment	(192)	103	242
Net gains on sales of loans and fair value adjustments on loans held for sale	(372)	(278)	(145)
Bank premises and equipment impairment	6	21	(,
Capitalized servicing rights	(250)	(305)	(236
Loss on extinguishment of debt	8	169	(230)
Proceeds from sales of loans held for sale	22,047	22,044	14,783
Loans originated for sale, net of repayments	(19,003)	(21,439)	(15,199)
		(21,439)	
Dividends representing return on equity method investments	54		13
Gain on sales of Vantiv, Inc. shares and Vantiv, Inc. IPO	(336)	(272)	-
Net change in:	/4.64.	(20)	
Trading securities	(131)	(28)	115
Other assets	(672)	4	(67)
Accrued taxes, interest and expenses	8	1	79
Other liabilities	569	(238)	164
Net Cash Provided by Operating Activities	4,595	2,557	2,366
Investing Activities			
Sales:			
Available-for-sale securities	9,328	2,521	2,471
Loans	657	275	371
Disposal of bank premises and equipment	33	13	35
Repayments / maturities:			
Available-for-sale securities	3,191	4,100	3,502
Held-to-maturity securities	74	36	29
Purchases:	7-	30	2)
Available-for-sale securities	(16,216)	(6,813)	(5,689)
Bank premises and equipment	(274)	(362)	(319)
Proceeds from sales and dividends representing return of equity method investments	674	393	63
Net change in:	0/4	373	0.5
	(2.605)	(640)	(267)
Other short-term investments	(2,695)	(640)	(267)
Loans and leases	(4,750)	(5,930)	(5,422)
Operating lease equipment	(206)	(126)	(59)
Net Cash Used in Investing Activities	(10,184)	(6,533)	(5,285)
Financing Activities			
Net change in:			
Core deposits	6,550	3,529	5,264
Certificates - \$100,000 and over, including foreign office and other	3,208	279	(1,202)
Federal funds purchased	(618)	555	67
Other short-term borrowings	(4,900)	3,041	1,665
Dividends paid on common stock	(393)	(309)	(192)
Dividends paid on preferred stock	(37)	(35)	(50
Proceeds from issuance of long-term debt	5,044	523	1,500
Repayment of long-term debt	(2,225)	(3,159)	(1,607
Repurchases of treasury shares and related forward contracts	(1,320)	(650)	-
Issuance of common stock	-	-	1,648
Issuance of preferred stock	1,034	-	-,
Redemption of preferred stock, Series F	-,00.	_	(3,408
Redemption of stock warrant	_	_	(280
·	-	-	
	_	_	
Capital contributions from noncontrolling interests	- (17)	(20)	
Other	(17)	(20)	(3)
Other Net Cash Provided By Financing Activities	6,326	3,754	3,423
Other  Net Cash Provided By Financing Activities  Increase (Decrease) in Cash and Due from Banks	6,326 737	3,754 (222)	3,423 504
Other Net Cash Provided By Financing Activities	\$ 6,326	3,754	21 (3) 3,423 504 2,159 2,663

See Notes to Consolidated Financial Statements. Note 2 contains cash payments related to interest and income taxes in addition to noncash investing and financing activities.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

# Nature of Operations

Fifth Third Bancorp, an Ohio corporation, conducts its principal lending, deposit gathering, transaction processing and service advisory activities through its banking and non-banking subsidiaries from banking centers located throughout the Midwestern and Southeastern regions of the United States.

### **Basis of Presentation**

The Consolidated Financial Statements include the accounts of the Bancorp and its majority-owned subsidiaries and VIEs in which the Bancorp has been determined to be the primary beneficiary. Other entities, including certain joint ventures, in which the Bancorp has the ability to exercise significant influence over operating and financial policies of the investee, but upon which the Bancorp does not possess control, are accounted for by the equity method and not consolidated. The investments in those entities in which the Bancorp does not have the ability to exercise significant influence are generally carried at the lower of cost or fair value. Intercompany transactions and balances have been eliminated.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates

### Cash and Due From Banks

Cash and due from banks consist of currency and coin, cash items in the process of collection and due from banks. Currency and coin includes both U.S. and foreign currency owned and held at Fifth Third offices and that is in-transit to the FRB. Cash items in the process of collection include checks and drafts that are drawn on another depository institution or the FRB that are payable immediately upon presentation in the U.S. Balances due from banks include non-interest bearing balances that are funds on deposit at other depository institutions or the FRB.

### Securities

Securities are classified as held-to-maturity, available-for-sale or trading on the date of purchase. Only those securities which management has the intent and ability to hold to maturity are classified as held-to-maturity and reported at amortized cost. Securities are classified as available-for-sale when, in management's judgment, they may be sold in response to, or in anticipation of, changes in market conditions. Securities are classified as trading when bought and held principally for the purpose of selling them in the near term. Available-for-sale securities are reported at fair value with unrealized gains and losses, net of related deferred income taxes, included in other comprehensive income. Trading securities are reported at fair value with unrealized gains and losses included in noninterest income. The fair value of a security is determined based on quoted market prices. If quoted market prices are not available, fair value is determined based on quoted prices of similar instruments or discounted cash flow models that incorporate market inputs and assumptions including discount rates, prepayment speeds, and loss rates. Realized securities gains or losses are reported within noninterest income in the Consolidated Statements of Income. The cost of securities sold is based on the specific identification method.

Available-for-sale and held-to-maturity securities with unrealized losses are reviewed quarterly for possible OTTI. For debt securities, if the Bancorp intends to sell the debt security or will more likely than not be required to sell the debt security before recovery of the entire amortized cost basis, then an OTTI has

occurred. However, even if the Bancorp does not intend to sell the debt security and will not likely be required to sell the debt security before recovery of its entire amortized cost basis, the Bancorp must evaluate expected cash flows to be received and determine if a credit loss has occurred. In the event of a credit loss, the credit component of the impairment is recognized within noninterest income and the noncredit component is recognized through other comprehensive income. For equity securities, the Bancorp's management evaluates the securities in an unrealized loss position in the available-for-sale portfolio for OTTI on the basis of the duration of the decline in value of the security and severity of that decline as well as the Bancorp's intent and ability to hold these securities for a period of time sufficient to allow for any anticipated recovery in the market value. If it is determined that the impairment on an equity security is other than temporary, an impairment loss equal to the difference between the carrying value of the security and its fair value is recognized within noninterest income.

### Portfolio Loans and Leases

Basis of Accounting

Portfolio loans and leases are generally reported at the principal amount outstanding, net of unearned income, deferred loan fees and costs, and any direct principal charge-offs. Direct loan origination fees and costs are deferred and the net amount is amortized over the estimated life of the related loans as a yield adjustment. Interest income is recognized based on the principal balance outstanding computed using the effective interest method.

Loans acquired by the Bancorp through a purchase business combination are recorded at fair value as of the acquisition date. The Bancorp does not carry over the acquired company's ALLL, nor does the Bancorp add to its existing ALLL as part of purchase accounting.

Purchased loans are evaluated for evidence of credit deterioration at acquisition and recorded at their initial fair value. For loans acquired with no evidence of credit deterioration, the fair value discount or premium is amortized over the contractual life of the loan as an adjustment to yield. For loans acquired with evidence of credit deterioration, the Bancorp determines at the acquisition date the excess of the loan's contractually required payments over all cash flows expected to be collected as an amount that should not be accreted into interest income (nonaccretable difference). The remaining amount representing the difference in the expected cash flows of acquired loans and the initial investment in the acquired loans is accreted into interest income over the remaining life of the loan or pool of loans (accretable yield). Subsequent to the purchase date, increases in expected cash flows over those expected at the purchase date are recognized prospectively as interest income over the remaining life of the loan. The present value of any decreases in expected cash flows resulting directly from a change in the contractual interest rate are recognized prospectively as a reduction of the accretable yield. The present value of any decreases in expected cash flows after the purchase date as a result of credit deterioration is recognized by recording an ALLL or a direct charge-off. Subsequent to the purchase date, the methods utilized to estimate the required ALLL are similar to originated loans. Loans carried at fair value, mortgage loans held for sale and loans under revolving credit agreements are excluded from the scope of this guidance on loans acquired with deteriorated credit quality.

The Bancorp's lease portfolio consists of both direct financing and leveraged leases. Direct financing leases are carried at the aggregate of lease payments plus estimated residual value of the leased property, less unearned income. Interest income on direct financing leases is recognized over the term of the lease to achieve a constant periodic rate of return on the outstanding investment.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Leveraged leases are carried at the aggregate of lease payments (less nonrecourse debt payments) plus estimated residual value of the leased property, less unearned income. Interest income on leveraged leases is recognized over the term of the lease to achieve a constant rate of return on the outstanding investment in the lease, net of the related deferred income tax liability, in the years in which the net investment is positive.

#### Nonaccrual Loans

When a loan is placed on nonaccrual status, the accrual of interest, amortization of loan premium, accretion of loan discount, and amortization/accretion of deferred net loan fees are discontinued and all previously accrued and unpaid interest is charged against income. Commercial loans are placed on nonaccrual status when there is a clear indication that the borrower's cash flows may not be sufficient to meet payments as they become due. Such loans are also placed on nonaccrual status when the principal or interest is past due 90 days or more, unless the loan is both well secured and in the process of collection. The Bancorp classifies residential mortgage loans that have principal and interest payments that have become past due 150 days as nonaccrual unless the loan is both well secured and in the process of collection. Residential mortgage loans may stay on nonperforming status for an extended time as the foreclosure process typically lasts longer than 180 days. During the fourth quarter of 2013, the Bancorp modified its nonaccrual policy for home equity loans and lines of credit. Home equity loans and lines of credit are reported on nonaccrual status if principal or interest has been in default for 90 days or more unless the loan is both well secured and in the process of collection. Home equity loans and lines of credit that have been in default for 60 days or more are also reported on nonaccrual status if the senior lien has been in default 120 days or more, unless the loan is both well secured and in the process of collection. Residential mortgage, home equity, automobile and other consumer loans and leases that have been modified in a TDR and subsequently become past due 90 days are placed on nonaccrual status unless the loan is both well secured and in the process of collection. Commercial and credit card loans that have been modified in a TDR are classified as nonaccrual unless such loans have sustained repayment performance of six months or greater and are reasonably assured of repayment in accordance with the restructured terms. Well secured loans are collateralized by perfected security interests in real and/or personal property for which the Bancorp estimates proceeds from sale would be sufficient to recover the outstanding principal and accrued interest balance of the loan and pay all costs to sell the collateral. The Bancorp considers a loan in the process of collection if collection efforts or legal action is proceeding and the Bancorp expects to collect funds sufficient to bring the loan current or recover the entire outstanding principal and accrued interest balance.

Nonaccrual commercial loans, other than those modified in a TDR and nonaccrual credit card loans, are generally accounted for on the cost recovery method. The Bancorp believes the cost recovery method is appropriate for nonaccrual commercial loans and nonaccrual credit card loans because the assessment of collectability of the remaining recorded investment of these loans involves a high degree of subjectivity and uncertainty due to the nature or absence of underlying collateral. Under the cost recovery method, any payments received are applied to reduce principal. Once the entire recorded investment is collected, additional payments received are treated as recoveries of amounts previously charged-off until recovered in full, and any subsequent payments are treated as interest income. Nonaccrual residential mortgage loans and other nonaccrual consumer loans are generally accounted for on the cash basis method. The Bancorp believes the cash basis method

is appropriate for nonaccrual residential mortgage and other nonaccrual consumer loans because such loans have generally been written down to estimated collateral values and the collectability of the remaining investment involves only an assessment of the fair value of the underlying collateral, which can be measured more objectively with a lesser degree of uncertainty than assessments of typical commercial loan collateral. Under the cash basis method, interest income is recognized upon cash receipt to the extent to which it would have been accrued on the loan's remaining balance at the contractual rate. Nonaccrual loans may be returned to accrual status when all delinquent interest and principal payments become current in accordance with the loan agreement or when the loan is both well-secured and in the process of collection.

Commercial loans on nonaccrual status, including those modified in a troubled debt restructuring, as well as criticized commercial loans with aggregate borrower relationships exceeding \$1 million, are subject to an individual review to identify charge-offs. The Bancorp does not have an established delinquency threshold for partially or fully charging off commercial loans. Residential mortgage loans and credit card loans that have principal and interest payments that have become past due 180 days are assessed for a charge-off to the ALLL, unless such loans are both well-secured and in the process of collection. The Bancorp modified its charge-off policy for home equity loans and lines of credit in the fourth quarter of 2013 to assess for a charge-off to the ALLL when such loans or lines of credit have become past due 120 days if the senior lien is also 120 days past due, unless such loans are both well-secured and in the process of collection. Automobile and other consumer loans and leases that have principal and interest payments that have become past due 120 days are assessed for a charge-off to the ALLL, unless such loans are both well-secured and in the process of collection.

#### Restructured Loans

A loan is accounted for as a TDR if the Bancorp, for economic or legal reasons related to the borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider. A TDR typically involves a modification of terms such as a reduction of the stated interest rate or face amount of the loan, a reduction of accrued interest, or an extension of the maturity date(s) at a stated interest rate lower than the current market rate for a new loan with similar risk. During the third quarter of 2012, the OCC, a national bank regulatory agency, issued interpretive guidance that requires non-reaffirmed loans included in Chapter 7 bankruptcy filings to be accounted for as nonperforming TDRs and collateral dependent loans regardless of their payment history and capacity to pay in the future. The Bancorp's banking subsidiary is a state chartered bank which therefore is not subject to guidance of the OCC. The Bancorp does not consider the bankruptcy court's discharge of the borrower's debt a concession when the discharged debt is not reaffirmed, and as such these loans are classified as TDRs only if one or more of the previously mentioned concessions are granted.

The Bancorp measures the impairment loss of a TDR based on the difference between the original loan's carrying amount and the present value of expected future cash flows discounted at the original, effective yield of the loan. Residential mortgage loans, home equity loans, automobile loans and other consumer loans modified as part of a TDR are maintained on accrual status, provided there is reasonable assurance of repayment and of performance according to the modified terms based upon a current, well-documented credit evaluation. Commercial loans and credit card loans modified as part of a TDR are maintained on accrual status provided there is a sustained payment history of six-months or greater prior to the modification in accordance with the modified terms and all remaining contractual payments under the modified

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

terms are reasonably assured of collection. TDRs of commercial loans and credit cards that do not have a sustained payment history of six months or greater in accordance with their modified terms remain on nonaccrual status until a six-month payment history is sustained. During the nonaccrual period, TDRs of commercial loans are accounted for using the cash basis method for income recognition, provided that full repayment of principal under the modified terms of the loan is reasonably assured.

### Impaired Loans

A loan is considered to be impaired when, based on current information and events, it is probable that the Bancorp will be unable to collect all amounts due (including both principal and interest) according to the contractual terms of the loan agreement. Impaired loans generally consist of nonaccrual loans and leases, loans modified in a TDR and loans over \$1 million that are currently on accrual status and not yet modified in a TDR, but for which the Bancorp has determined that it is probable that it will grant a payment concession in the near term due to the borrower's financial difficulties. For loans modified in a TDR, the contractual terms of the loan agreement refer to the terms specified in the original loan agreement. A loan restructured in a TDR is no longer considered impaired in years after the restructuring if the restructuring agreement specifies a rate equal to or greater than the rate the Bancorp was willing to accept at the time of the restructuring for a new loan with comparable risk and the loan is not impaired based on the terms specified by the restructuring agreement. Refer to the ALLL section for discussion regarding the Bancorp's methodology for identifying impaired loans and determination of the need for a loss accrual.

### Loans Held for Sale

Loans held for sale primarily represent conforming fixed rate residential mortgage loans originated or acquired with the intent to sell in the secondary market and jumbo residential mortgage loans, commercial loans and other consumer loans that management has the intent to sell. Loans held for sale may be carried at the lower of cost or fair value, or carried at fair value where the Bancorp has elected the fair value option of accounting under U.S. GAAP. The Bancorp has elected to measure residential mortgage loans originated as held for sale under the fair value option. For loans in which the Bancorp has not elected the fair value option, the lower of cost or fair value is determined at the individual loan level.

The fair value of residential mortgage loans held for sale is estimated based upon mortgage-backed securities prices and spreads to those prices or, for certain ARM loans, discounted cash flow models that may incorporate the anticipated portfolio composition, credit spreads of asset-backed securities with similar collateral, and market conditions. The anticipated portfolio composition includes the effects of interest rate spreads and discount rates due to loan characteristics such as the state in which the loan was originated, the loan amount and the ARM margin. These fair value marks are recorded as a component of noninterest income in mortgage banking net revenue. The Bancorp generally has commitments to sell residential mortgage loans held for sale in the secondary market. Gains or losses on sales are recognized in mortgage banking net revenue upon delivery.

Management's intent to sell residential mortgage loans classified as held for sale may change over time due to such factors as changes in the overall liquidity in markets or changes in characteristics specific to certain loans held for sale. Consequently, these loans may be reclassified to loans held for investment and, thereafter, reported within the Bancorp's residential mortgage class of portfolio loans and leases. In such cases, the residential mortgage loans will continue to be measured at fair value, which is based on

mortgage-backed securities prices, interest rate risk and an internally developed credit component.

Loans held for sale are placed on nonaccrual status consistent with the Bancorp's nonaccrual policy for portfolio loans and leases.

#### Other Real Estate Owned

OREO, which is included in other assets, represents property acquired through foreclosure or other proceedings and is carried at the lower of cost or fair value, less costs to sell. All OREO property is periodically evaluated for impairment and decreases in carrying value are recognized as reductions in other noninterest income in the Consolidated Statements of Income.

#### ALLL

The Bancorp disaggregates its portfolio loans and leases into portfolio segments for purposes of determining the ALLL. The Bancorp's portfolio segments include commercial, residential mortgage, and consumer. The Bancorp further disaggregates its portfolio segments into classes for purposes of monitoring and assessing credit quality based on certain risk characteristics. Classes within the commercial portfolio segment include commercial and industrial, commercial mortgage owner-occupied, commercial mortgage non-owner occupied, commercial construction, and commercial leasing. The residential mortgage portfolio segment is also considered a class. Classes within the consumer portfolio segment include home equity, automobile, credit card, and other consumer loans and leases. For an analysis of the Bancorp's ALLL by portfolio segment and credit quality information by class, see Note 6.

The Bancorp maintains the ALLL to absorb probable loan and lease losses inherent in its portfolio segments. The ALLL is maintained at a level the Bancorp considers to be adequate and is based on ongoing quarterly assessments and evaluations of the collectability and historical loss experience of loans and leases. Credit losses are charged and recoveries are credited to the ALLL. Provisions for loan and lease losses are based on the Bancorp's review of the historical credit loss experience and such factors that, in management's judgment, deserve consideration under existing economic conditions in estimating probable credit losses. The Bancorp's strategy for credit risk management includes a combination of conservative exposure limits significantly below legal lending limits and conservative underwriting, documentation and collections standards. The strategy also emphasizes diversification on a geographic, industry and customer level, regular credit examinations and quarterly management reviews of large credit exposures and loans experiencing deterioration of credit quality.

The Bancorp's methodology for determining the ALLL is based on historical loss rates, current credit grades, specific allocation on loans modified in a TDR and impaired commercial credits above specified thresholds and other qualitative adjustments. Allowances on individual commercial loans, TDRs and historical loss rates are reviewed quarterly and adjusted as necessary based on changing borrower and/or collateral conditions and actual collection and charge-off experience. An unallocated allowance is maintained to recognize the imprecision in estimating and measuring losses when evaluating allowances for individual loans or pools of loans.

Larger commercial loans included within aggregate borrower relationship balances exceeding \$1 million that exhibit probable or observed credit weaknesses, as well as loans that have been modified in a TDR, are subject to individual review for impairment. The Bancorp considers the current value of collateral, credit quality of any guarantees, the guarantor's liquidity and willingness to cooperate, the loan structure, and other factors when evaluating whether an individual loan is impaired. Other factors may include

the industry and geographic region of the borrower, size and financial condition of the borrower, cash flow and leverage of the borrower, and the Bancorp's evaluation of the borrower's management. When individual loans are impaired, allowances are determined based on management's estimate of the borrower's ability to repay the loan given the availability of collateral and other sources of cash flow, as well as an evaluation of legal options available to the Bancorp. Allowances for impaired loans are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, fair value of the underlying collateral or readily observable secondary market values. The Bancorp evaluates the collectability of both principal and interest when assessing the need for a loss accrual.

Historical credit loss rates are applied to commercial loans that are not impaired or are impaired, but smaller than the established threshold of \$1 million and thus not subject to specific allowance allocations. The loss rates are derived from a migration analysis, which tracks the historical net charge-off experience sustained on loans according to their internal risk grade. The risk grading system utilized for allowance analysis purposes encompasses ten categories.

Homogenous loans and leases in the residential mortgage and consumer portfolio segments are not individually risk graded. Rather, standard credit scoring systems and delinquency monitoring are used to assess credit risks, and allowances are established based on the expected net charge-offs. Loss rates are based on the trailing twelve month net charge-off history by loan category. Historical loss rates may be adjusted for certain prescriptive and qualitative factors that, in management's judgment, are necessary to reflect losses inherent in the portfolio. Factors that management considers in the analysis include the effects of the national and local economies; trends in the nature and volume of delinquencies, charge-offs and nonaccrual loans; changes in loan mix; credit score migration comparisons; asset quality trends; risk management and loan administration; changes in the internal lending policies and credit standards; collection practices; and examination results from bank regulatory agencies and the Bancorp's internal credit reviewers.

The Bancorp's primary market areas for lending are the Midwestern and Southeastern regions of the Unites States. When evaluating the adequacy of allowances, consideration is given to these regional geographic concentrations and the closely associated effect changing economic conditions have on the Bancorp's customers.

In the current year, the Bancorp has not substantively changed any material aspect to its overall approach to determining its ALLL for any of its portfolio segments. There have been no material changes in criteria or estimation techniques as compared to prior periods that impacted the determination of the current period ALLL for any of the Bancorp's portfolio segments.

# Reserve for Unfunded Commitments

The reserve for unfunded commitments is maintained at a level believed by management to be sufficient to absorb estimated probable losses related to unfunded credit facilities and is included in other liabilities in the Consolidated Balance Sheets. The determination of the adequacy of the reserve is based upon an evaluation of the unfunded credit facilities, including an assessment of historical commitment utilization experience, credit risk grading and historical loss rates based on credit grade migration. This process takes into consideration the same risk elements that are analyzed in the determination of the adequacy of the Bancorp's ALLL, as discussed above. Net adjustments to the reserve for unfunded commitments are included in other noninterest expense in the Consolidated Statements of Income.

### Loan Sales and Securitizations

The Bancorp periodically sells loans through either securitizations

or individual loan sales in accordance with its investment policies. The sold loans are removed from the balance sheet and a net gain or loss is recognized in the Bancorp's Consolidated Financial Statements at the time of sale. The Bancorp typically isolates the loans through the use of a VIE and thus is required to assess whether the entity holding the sold or securitized loans is a VIE and whether the Bancorp is the primary beneficiary and therefore consolidator of that VIE. If the Bancorp holds the power to direct activities most significant to the economic performance of the VIE and has the obligation to absorb losses or right to receive benefits that could potentially be significant to the VIE, then the Bancorp will generally be deemed the primary beneficiary of the VIE. If the Bancorp is determined not to be the primary beneficiary of a VIE but holds a variable interest in the entity, such variable interests are accounted for under the equity method of accounting or other accounting standards as appropriate. See Note 10 for further information on consolidated and nonconsolidated VIEs.

The Bancorp's loan sales and securitizations are generally structured with servicing retained. As a result, servicing rights resulting from residential mortgage loan sales are initially recorded at fair value and subsequently amortized in proportion to and over the period of estimated net servicing revenues and are reported as a component of mortgage banking net revenue, in the Consolidated Statements of Income. Servicing rights are assessed for impairment monthly, based on fair value, with temporary impairment recognized through a valuation allowance and permanent impairment recognized through a write-off of the servicing asset and related valuation allowance. Key economic assumptions used in measuring any potential impairment of the servicing rights include the prepayment speeds of the underlying loans, the weighted-average life, the discount rate, and the weighted-average coupon, as applicable. The primary risk of material changes to the value of the servicing rights resides in the potential volatility in the economic assumptions used, particularly the prepayment speeds. The Bancorp monitors risk and adjusts its valuation allowance as necessary to adequately reserve for impairment in the servicing portfolio. For purposes of measuring impairment, the mortgage servicing rights are stratified into classes based on the financial asset type (fixed rate vs. adjustable rate) and interest rates. Fees received for servicing loans owned by investors are based on a percentage of the outstanding monthly principal balance of such loans and are included in noninterest income in the Consolidated Statements of Income as loan payments are received. Costs of servicing loans are charged to expense as incurred.

### Reserve for Representation and Warranty Provisions

Conforming residential mortgage loans sold to unrelated third parties are generally sold with representation and warranty provisions. A contractual liability arises only in the event of a breach of these representations and warranties and, in general, only when a loss results from the breach. The Bancorp may be required to repurchase any previously sold loan or indemnify (make whole) the investor or insurer for which the representation or warranty of the Bancorp proves to be inaccurate, incomplete or misleading. The Bancorp establishes a residential mortgage repurchase reserve related to various representations and warranties that reflects management's estimate of losses based on a combination of factors.

The Bancorp's estimation process requires management to make subjective and complex judgments about matters that are inherently uncertain, such as future demand expectations, economic factors and the specific characteristics of the loans subject to repurchase. Such factors incorporate historical investor audit and repurchase demand rates, appeals success rates, historical loss severity, and any additional information obtained from the GSEs regarding future mortgage repurchase and file request criteria. At the

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

time of a loan sale, the Bancorp records a representation and warranty reserve at the estimated fair value of the Bancorp's guarantee and continually updates the reserve during the life of the loan as losses in excess of the reserve become probable and reasonably estimable. The provision for the estimated fair value of the representation and warranty guarantee arising from the loan sales is recorded as an adjustment to the gain on sale, which is included in other noninterest income at the time of sale. Updates to the reserve are recorded in other noninterest expense.

### **Bank Premises and Equipment**

Bank premises and equipment, including leasehold improvements, are carried at cost less accumulated depreciation and amortization. Depreciation is calculated using the straight-line method based on estimated useful lives of the assets for book purposes, while accelerated depreciation is used for income tax purposes. Amortization of leasehold improvements is computed using the straight-line method over the lives of the related leases or useful lives of the related assets, whichever is shorter. Whenever events or changes in circumstances dictate, the Bancorp tests its long-lived assets for impairment by determining whether the sum of the estimated undiscounted future cash flows attributable to a long-lived asset or asset group is less than the carrying amount of the long-lived asset or asset group through a probability-weighted approach. In the event the carrying amount of the long-lived asset or asset group is not recoverable, an impairment loss is measured as the amount by which the carrying amount of the long-lived asset or asset group exceeds its fair value. Maintenance, repairs and minor improvements are charged to noninterest expense in the Consolidated Statements of Income as incurred.

#### **Derivative Financial Instruments**

The Bancorp accounts for its derivatives as either assets or liabilities measured at fair value through adjustments to accumulated other comprehensive income and/or current earnings, as appropriate. On the date the Bancorp enters into a derivative contract, the Bancorp designates the derivative instrument as either a fair value hedge, cash flow hedge or as a free-standing derivative instrument. For a fair value hedge, changes in the fair value of the derivative instrument and changes in the fair value of the hedged asset or liability or of an unrecognized firm commitment attributable to the hedged risk are recorded in current period net income. For a cash flow hedge, changes in the fair value of the derivative instrument, to the extent that it is effective, are recorded in accumulated other comprehensive income and subsequently reclassified to net income in the same period(s) that the hedged transaction impacts net income. For free-standing derivative instruments, changes in fair values are reported in current period net income.

Prior to entering into a hedge transaction, the Bancorp formally documents the relationship between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivative instruments that are designated as fair value or cash flow hedges to specific assets or liabilities on the balance sheet or to specific forecasted transactions, along with a formal assessment at both inception of the hedge and on an ongoing basis as to the effectiveness of the derivative instrument in offsetting changes in fair values or cash flows of the hedged item. If it is determined that the derivative instrument is not highly effective as a hedge, hedge accounting is discontinued and the adjustment to fair value of the derivative instrument is recorded in net income.

# Income Taxes

The Bancorp estimates income tax expense based on amounts expected to be owed to the various tax jurisdictions in which the

Bancorp conducts business. On a quarterly basis, management assesses the reasonableness of its effective tax rate based upon its current estimate of the amount and components of net income, tax credits and the applicable statutory tax rates expected for the full year. The estimated income tax expense is recorded in the Consolidated Statements of Income.

Deferred income tax assets and liabilities are determined using the balance sheet method and the net deferred tax asset or liability is reported in other assets or accrued taxes, interest and expenses in the Consolidated Balance Sheets. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax basis of assets and liabilities, and reflects enacted changes in tax rates and laws. Deferred tax assets are recognized to the extent they exist and are subject to a valuation allowance based on management's judgment that realization is more likely than not. This analysis is performed on a quarterly basis and includes an evaluation of all positive and negative evidence, such as the limitation on the use of any net operating losses, to determine whether realization is more likely than not.

Accrued taxes represent the net estimated amount due to taxing jurisdictions and are reported in accrued taxes, interest and expenses in the Consolidated Balance Sheets. The Bancorp evaluates and assesses the relative risks and appropriate tax treatment of transactions and filing positions after considering statutes, regulations, judicial precedent and other information and maintains tax accruals consistent with its evaluation of these relative risks and merits. Changes to the estimate of accrued taxes occur periodically due to changes in tax rates, interpretations of tax laws, the status of examinations being conducted by taxing authorities and changes to statutory, judicial and regulatory guidance that impact the relative risks of tax positions. These changes, when they occur, can affect deferred taxes and accrued taxes as well as the current period's income tax expense and can be significant to the operating results of the Bancorp. Any interest and penalties incurred in connection with income taxes are recorded as a component of income tax expense in the Consolidated Financial Statements. For additional information on income taxes, see Note 20.

### Earnings Per Share

Basic earnings per share is computed by dividing net income available to common shareholders by the weighted-average number of shares of common stock outstanding during the period. Earnings per diluted share is computed by dividing adjusted net income available to common shareholders by the weighted-average number of shares of common stock and common stock equivalents outstanding during the period. Dilutive common stock equivalents represent the assumed conversion of dilutive convertible preferred stock, the exercise of dilutive stock-based awards and warrants and the dilutive effect of the settlement of outstanding forward contracts.

The Bancorp calculates earnings per share pursuant to the two-class method. The two-class method is an earnings allocation formula that determines earnings per share separately for common stock and participating securities according to dividends declared and participation rights in undistributed earnings. For purposes of calculating earnings per share under the two-class method, restricted shares that contain nonforfeitable rights to dividends are considered participating securities until vested. While the dividends declared per share on such restricted shares are the same as dividends declared per common share outstanding, the dividends recognized on such restricted shares may be less because dividends paid on restricted shares that are expected to be forfeited are reclassified to compensation expense during the period when forfeiture is expected.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### Goodwill

Business combinations entered into by the Bancorp typically include the acquisition of goodwill. Goodwill is required to be tested for impairment at the Bancorp's reporting unit level on an annual basis, which for the Bancorp is September 30, and more frequently if events or circumstances indicate that there may be impairment. The Bancorp has determined that its segments qualify as reporting units under U.S. GAAP.

Impairment exists when a reporting unit's carrying amount of goodwill exceeds its implied fair value. In testing goodwill for impairment, U.S. GAAP permits the Bancorp to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount (Step 0). In this qualitative assessment, the Bancorp evaluates events and circumstances which may include, but are not limited to, the general economic environment, banking industry and market conditions, the overall financial performance of the Bancorp, the performance of the Bancorp's stock, the key financial performance metrics of the reporting units, and events affecting the reporting units. If, after assessing the totality of events and circumstances, the Bancorp determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test would be unnecessary. However, if the Bancorp concludes otherwise, it would then be required to perform the first step (Step 1) of the goodwill impairment test, and continue to the second step (Step 2), if necessary. Step 1 of the goodwill impairment test compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, Step 2 of the goodwill impairment test is performed to measure the amount of impairment loss, if any.

The fair value of a reporting unit is the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. Since none of the Bancorp's reporting units are publicly traded, individual reporting unit fair value determinations cannot be directly correlated to the Bancorp's stock price. To determine the fair value of a reporting unit, the Bancorp employs an income-based approach, utilizing the reporting unit's forecasted cash flows (including a terminal value approach to estimate cash flows beyond the final year of the forecast) and the reporting unit's estimated cost of equity as the discount rate. Additionally, the Bancorp determines its market capitalization based on the average of the closing price of the Bancorp's stock during the month including the measurement date, incorporating an additional control premium, and compares this market-based fair value measurement to the aggregate fair value of the Bancorp's reporting units in order to corroborate the results of the income approach.

When required to perform Step 2, the Bancorp compares the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount exceeds the implied fair value, an impairment loss equal to that excess amount is recognized. A recognized impairment loss cannot exceed the carrying amount of that goodwill and cannot be reversed in future periods even if the fair value of the reporting unit subsequently recovers.

During Step 2, the Bancorp determines the implied fair value of goodwill for a reporting unit by assigning the fair value of the reporting unit to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination. The excess of the fair value of the reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill. This assignment process is only performed for purposes of testing goodwill for impairment. The Bancorp does not adjust the carrying values of

recognized assets or liabilities (other than goodwill, if appropriate), nor recognize previously unrecognized intangible assets in the Consolidated Financial Statements as a result of this assignment process. Refer to Note 8 for further information regarding the Bancorp's goodwill.

### Fair Value Measurements

The Bancorp measures certain financial assets and liabilities at fair value in accordance with U.S. GAAP, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques the Bancorp uses to measure fair value include the market approach, income approach and cost approach. The market approach uses prices or relevant information generated by market transactions involving identical or comparable assets or liabilities. The income approach involves discounting future amounts to a single present amount and is based on current market expectations about those future amounts. The cost approach is based on the amount that currently would be required to replace the service capacity of the asset.

U.S. GAAP establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the instrument's fair value measurement. The three levels within the fair value hierarchy are described as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bancorp has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Unobservable inputs for the asset or liability for which there is little, if any, market activity at the measurement date. Unobservable inputs reflect the Bancorp's own assumptions about what market participants would use to price the asset or liability. The inputs are developed based on the best information available in the circumstances, which might include the Bancorp's own financial data such as internally developed pricing models and discounted cash flow methodologies, as well as instruments for which the fair value determination requires significant management judgment.

The Bancorp's fair value measurements involve various valuation techniques and models, which involve inputs that are observable, when available. Valuation techniques and parameters used for measuring assets and liabilities are reviewed and validated by the Bancorp on a quarterly basis. Additionally, the Bancorp monitors the fair values of significant assets and liabilities using a variety of methods including the evaluation of pricing runs and exception reports based on certain analytical criteria, comparison to previous trades and overall review and assessments for reasonableness. See Note 27 for further information on fair value measurements.

#### Stock-Based Compensation

The Bancorp recognizes compensation expense for the grant-date fair value of stock-based awards that are expected to vest over the requisite service period. All awards, both those with cliff vesting and graded vesting, are expensed on a straight-line basis. Awards to employees that meet eligible retirement status are expensed immediately. As compensation expense is recognized, a deferred tax asset is recorded that represents an estimate of the future tax deduction from exercise or release of restrictions. At the time awards are exercised, cancelled, expire, or restrictions are released, the Bancorp may be required to recognize an adjustment to income tax expense for the difference between the previously estimated tax deduction and the actual tax deduction realized. For further information on the Bancorp's stock-based compensation plans, see Note 24.

#### Pension Plans

The Bancorp uses an expected long-term rate of return applied to the fair market value of assets as of the beginning of the year and the expected cash flow during the year for calculating the expected investment return on all pension plan assets. Amortization of the net gain or loss resulting from experience different from that assumed and from changes in assumptions (excluding asset gains and losses not yet reflected in market-related value) is included as a component of net periodic benefit cost. If, as of the beginning of the year, that net gain or loss exceeds 10% of the greater of the projected benefit obligation and the market-related value of plan assets, the amortization is that excess divided by the average remaining service period of participating employees expected to receive benefits under the plan. The Bancorp uses a third-party actuary to compute the remaining service period of participating employees. This period reflects expected turnover, pre-retirement mortality, and other applicable employee demographics.

#### Other

Securities and other property held by Fifth Third Investment Advisors, a division of the Bancorp's banking subsidiary, in a fiduciary or agency capacity are not included in the Consolidated Balance Sheets because such items are not assets of the subsidiaries. Investment advisory revenue in the Consolidated Statements of Income is recognized on the accrual basis. Investment advisory service revenues are recognized monthly based on a fee charged per transaction processed and/or a fee charged on the market value of average account balances associated with individual contracts.

The Bancorp recognizes revenue from its card and processing services on an accrual basis as such services are performed, recording revenues net of certain costs (primarily interchange fees charged by credit card associations) not controlled by the Bancorp.

The Bancorp purchases life insurance policies on the lives of certain directors, officers and employees and is the owner and beneficiary of the policies. The Bancorp invests in these policies, known as BOLI, to provide an efficient form of funding for long-term retirement and other employee benefits costs. The Bancorp records these BOLI policies within other assets in the Consolidated Balance Sheets at each policy's respective cash surrender value, with changes recorded in other noninterest income in the Consolidated Statements of Income.

Other intangible assets consist of core deposit intangibles, customer lists, noncompete agreements and cardholder relationships. Other intangible assets are amortized on either a straight-line or an accelerated basis over their estimated useful lives. The Bancorp reviews other intangible assets for impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. Securities sold under repurchase agreements are accounted for as collateralized financing transactions and included in other short-term borrowings in the Consolidated Balance Sheets at the amounts which the securities were sold plus accrued interest.

Acquisitions of treasury stock are carried at cost. Reissuance of shares in treasury for acquisitions, exercises of stock-based awards or other corporate purposes is recorded based on the specific identification method.

Advertising costs are generally expensed as incurred.

### Accounting and Reporting Developments

Disclosures about Offsetting Assets and Liabilities

In December 2011, and clarified in January 2013, the FASB issued amended guidance related to disclosures about offsetting assets and liabilities. The amended guidance requires the Bancorp to disclose both gross information and net information about financial instruments, including derivatives, and transactions eligible for offset in the Consolidated Balance Sheets as well as financial instruments and transactions subject to agreements similar to a master netting arrangement. The amended guidance was required to be applied retrospectively and was effective for fiscal years, and interim periods within those years, beginning on or after January 1, 2013. The amended guidance was adopted by the Bancorp on January 1, 2013 and the required disclosures are included in Note 13.

Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income

In February 2013, the FASB issued amended guidance related to amounts reclassified out of AOCI. The amended guidance requires the Bancorp to present, either on the face of the Consolidated Statements of Income or in the Notes to Consolidated Financial Statements, significant amounts reclassified out of AOCI by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required to be reclassified in their entirety, the Bancorp is required to cross-reference to other disclosures required under U.S. GAAP that provide additional detail about those amounts. The amended guidance was effective prospectively for reporting periods beginning after December 15, 2012 and was adopted by the Bancorp on January 1, 2013. The required disclosures are included in Note 22.

Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation is Fixed at the Reporting Date In February 2013, the FASB issued amended guidance relating to the measurement of obligations resulting from joint and several liability arrangements for which the total amount under the arrangement is fixed at the reporting date. For the total amount of an obligation under an arrangement to be considered fixed at the reporting date, there can be no measurement uncertainty relating to the total amount of the obligation. The obligation resulting from joint and several liability arrangements would be measured initially as the sum of 1) the amount the Bancorp has agreed to pay on the basis of its arrangement among its co-obligors and 2) any additional amount the Bancorp expects to pay on behalf of its co-obligors. The amended guidance also would require the Bancorp to disclose the nature and amount of the obligation as well as information about the risks that such obligations pose to future cash flows. The amended guidance is effective for reporting periods beginning after December 15, 2013 and will be applied retrospectively to all prior periods presented for those obligations resulting from joint and several liability arrangements that exist at the beginning of the fiscal year of adoption. The Bancorp adopted the amended guidance on

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 1, 2014 and the adoption did not have a material impact on the Bancorp's Consolidated Financial Statements.

Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes

In July 2013, the FASB issued amended guidance which permits the OIS to be used as a U.S. benchmark interest rate for hedge accounting purposes, in addition to UST and LIBOR. The amended guidance also removed a previous scope reference that required the same benchmark interest rate be used for similar hedges and that using different rates be rare and justified. The amended guidance was effective prospectively for qualifying new or redesignated hedging relationships entered into on or after July 17, 2013 (i.e., the issuance date). The Bancorp's adoption of the amended guidance did not have a material impact on the Bancorp's Consolidated Financial Statements.

Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists In July 2013, the FASB issued amended guidance to clarify that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except as follows. To the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The assessment of whether a deferred tax asset is available is based on the unrecognized tax benefit and deferred tax asset that exist at the reporting date and should be made presuming disallowance of the tax position at the reporting date. The amended guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013, with early adoption permitted. The Bancorp adopted the amended guidance on January 1, 2014 and the adoption of the amended guidance did not have a material impact on the Bancorp's Consolidated Financial Statements.

Accounting for Investments in Qualified Affordable Housing Projects In January 2014, the FASB issued amended guidance which would permit the Bancorp to make an accounting policy election to account for its investments in qualified affordable housing projects using a proportional amortization method if certain conditions are met. Under the proportional amortization method, the Bancorp would amortize the initial cost of the investment in proportion to the tax credits and other tax benefits received and recognize the net investment performance in the income statement as a component of income tax expense (benefit). The amended guidance would require disclosure of the nature of the Bancorp's investments in qualified affordable housing projects, and the effect of the measurement of the investments in qualified affordable housing projects and the related tax credits on the Bancorp's financial position and results of operation. The amended guidance would be applied retrospectively to all periods presented and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2014, with early adoption permitted. The Bancorp is currently in the process of evaluating the impact of adopting the amended guidance on the Bancorp's Consolidated Financial Statements.

Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure

In January 2014, the FASB issued amended guidance that clarifies when a creditor should be considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan such that the loan receivable should be derecognized and the real estate property recognized. The amended guidance clarifies that an in substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either (1) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure or (2) the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. In addition, the amended guidance requires interim and annual disclosures of both (1) the amount of foreclosed residential real estate property held by the creditor and (2) the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure according to local requirements of the applicable jurisdiction. The amended guidance may be applied prospectively or through a modified retrospective approach and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2014, with early adoption permitted. The adoption of the amended guidance is not expected to have a material impact on the Bancorp's Consolidated Financial Statements.

# 2. SUPPLEMENTAL CASH FLOW INFORMATION

Cash payments related to interest and income taxes, in addition to noncash investing and financing activities, are presented in the following table for the years ended December 31:

(\$ in millions)	2	013	2012	2011
Cash payments:				
Interest	\$	406	524	658
Income taxes		535	383	102
Noncash Investing and Financing Activities:				
Portfolio loans to loans held for sale		641	62	143
Loans held for sale to portfolio loans		44	77	32
Portfolio loans to OREO		204	272	342
Loans held for sale to OREO		4	23	43

# 3. RESTRICTIONS ON CASH AND DIVIDENDS

The FRB, under Regulation D, requires that banks hold cash in reserve against deposit liabilities, known as the reserve requirement. The reserve requirement is calculated based on a two-week average of daily net transaction account deposits as defined by the FRB and may be satisfied with vault cash. When vault cash is not sufficient to meet the reserve requirement, the remaining amount must be satisfied with funds held at the FRB. At December 31, 2013 and 2012, the Bancorp's banking subsidiary reserve requirement was \$1.6 billion and \$1.5 billion, respectively. Vault cash was not sufficient to meet the total reserve requirement; therefore, as of December 31, 2013 and 2012, the Bancorp's banking subsidiary satisfied the remaining reserve requirement with \$942 million and \$1.1 billion, respectively, of the Bancorp's total deposit at the FRB. The Bancorp's total deposit at the FRB is held in other short-term investments in the Consolidated Balance Sheets.

The dividends paid by the Bancorp's banking subsidiary are subject to regulations and limitations prescribed by state and federal supervisory agencies. Due to the regulations and limitations, the Bancorp's banking subsidiary was prohibited from declaring dividends without also obtaining prior approval from supervisory agencies at December 31, 2013 and 2012. The Bancorp's banking subsidiary paid the Bancorp's nonbank subsidiary holding company, which in turn paid the Bancorp \$859 million and \$2.0 billion in dividends during the years ended December 31, 2013 and 2012, respectively.

The FRB issued guidelines known as CCAR, which provide a common, conservative approach to ensure BHCs, including the Bancorp, hold adequate capital to maintain ready access to funding, continue operations and meet their obligations to creditors and counterparties, and continue to serve as credit intermediaries, even in adverse conditions. The CCAR process requires the submission of a comprehensive capital plan that assumes a minimum planning horizon of nine quarters under various economic scenarios.

The mandatory elements of the capital plan are an assessment of the expected use and sources of capital over the planning horizon, a description of all planned capital actions over the planning horizon, a discussion of any expected changes to the Bancorp's business plan that are likely to have a material impact on its capital adequacy or liquidity, a detailed description of the Bancorp's process for assessing capital adequacy and the Bancorp's capital policy. The capital plan must reflect the revised capital framework that the FRB adopted in connection with the implementation of the Basel III accord, including the framework's minimum regulatory capital ratios and transition arrangements.

The FRB's review of the capital plan will assess the comprehensiveness of the capital plan, the reasonableness of the assumptions and the analysis underlying the capital plan.

Additionally, the FRB reviews the robustness of the capital adequacy process, the capital policy and the Bancorp's ability to maintain capital above the minimum regulatory capital ratios as they transition to Basel III and above a Basel I Tier 1 common ratio of five percent under baseline and stressful conditions throughout a nine-quarter planning horizon.

The FRB issued stress testing rules that implement section 165(i)(1) and (i)(2) of the DFA. Large BHCs, including the Bancorp, are subject to the final stress testing rules. The rules require both supervisory and company-run stress tests, which provide forward-looking information to supervisors to help assess whether institutions have sufficient capital to absorb losses and support operations during adverse economic conditions.

In March 2013, the FRB announced it had completed the 2013 CCAR. For BHCs that proposed capital distributions in their plan, the FRB either objected to the plan or provided a non-objection whereby the FRB concurred with the proposed 2013 capital distributions. The FRB indicated to the Bancorp that it did not object to the following proposed capital actions for the period beginning April 1, 2013 and ending March 31, 2014: the potential increase in its quarterly common stock dividend to \$0.12 per share; the potential repurchase of up to \$750 million in TruPS, subject to the determination of a regulatory capital event and replacement with the issuance of a similar amount of Tier II-qualifying subordinated debt; the potential conversion of the \$398 million in outstanding Series G 8.5% convertible preferred stock into approximately 35.5 million common shares issued to the holders and the repurchase an equivalent amount of common shares issued in the conversion up to \$550 million in market value, and the issuance of \$550 million in preferred shares; the potential repurchase of common shares in an amount up to \$984 million, including any shares issued in a Series G preferred stock conversion; incremental repurchase of common shares in the amount of any after-tax gains from the sale of Vantiv, Inc stock and the potential issuance of an additional \$500 million in preferred stock. Actions consistent with these proposed capital actions were substantially completed in 2013.

The DFA requires that BHCs with over \$50 billion in consolidated assets that participated in the 2009 Supervisory Capital Assessment Program, including the Bancorp, conduct two stress tests each year. On May 13, 2013, the FRB launched the 2013 Mid-Cycle Stress Tests, which was submitted to the FRB in July 2013. The stress tests required the BHCs to develop their own baseline, adverse and severely adverse scenarios to reflect its individual operations and risks. Each BHC was required to release its results under the severely adverse scenario, which the Bancorp disclosed on its website on September 24, 2013.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The FRB launched the 2014 stress testing program and CCAR on November 1, 2013. The stress testing results and capital plan were submitted by the Bancorp to the FRB on January 6, 2014.

The FRB expects to release summary results of the 2014 stress testing program and CCAR in March 2014. The results will include supervisory projections of capital ratios, losses and revenues under the supervisory adverse and supervisory severely adverse scenarios. The FRB will also issue an objection or non-objection to each participating institution's capital plan submitted under CCAR. Additionally, as a CCAR institution Fifth Third is required to

disclose its own estimates of results under the supervisory severely adverse scenario using the same consistently applied capital actions noted above, and to provide information related to risks included in its stress testing; a summary description of the methodologies used; estimates of aggregate pre-provision net revenue, losses, provisions, and pro forma capital ratios at the end of the forward-looking planning horizon of at least nine quarters; and an explanation of the most significant causes of changes in regulatory capital ratios. These disclosures are required by March 31, 2014 and are to be sent to the FRB and publicly disclosed.

# 4. SECURITIES

The following table provides the amortized cost, fair value and unrealized gains and losses for the major categories of the available-for-sale and other and held-to-maturity securities portfolios as of December 31:

		2013					2012					
		Amortized	Unrealized	Unrealized	Fair	Amortized	Unrealized	Unrealized	Fair			
(\$ in millions)		Cost	Gains	Losses	Value	Cost	Gains	Losses	Value			
Available-for-sale and other:												
U.S. Treasury and government agencies	\$	26	-	-	26	41	-	-	41			
U.S. Government sponsored agencies		1,523	121	-	1,644	1,730	181	-	1,911			
Obligations of states and political subdivisions		187	5	-	192	203	9	-	212			
Agency mortgage-backed securities (a)		12,294	140	(150)	12,284	8,403	345	(18)	8,730			
Other bonds, notes and debentures		3,514	76	(8)	3,582	3,161	119	(3)	3,277			
Other securities(b)		865	5	(1)	869	1,033	3	-	1,036			
Total	\$	18,409	347	(159)	18,597	14,571	657	(21)	15,207			
Held-to-maturity:												
Obligations of states and political subdivisions	s	207	-	-	207	282	-	-	282			
Other debt securities		1	=	=	1	2	-	-	2			
Total	\$	208	-	-	208	284	-	-	284			

<sup>(</sup>a) Includes interest-only mortgage backed securities of \$262 and \$408 as of December 31, 2013 and 2012, respectively, recorded at fair value with fair value changes recorded in securities gains, net and securities gains, net

The following table presents realized gains and losses that were recognized in income from available-for-sale securities for the years ended December 31:

(\$ in millions)	2013	2012	2011
Realized gains	\$ 77	75	75
Realized losses	(102)	(2)	-
OTTI	(74)	(58)	(19)
Net realized (losses) gains (a)	\$ (99)	15	56

<sup>(</sup>a) Excludes net gains on interest-only mortgage-backed securities of \$129 for the year ended December 31, 2013.

Trading securities totaled \$343 million as of December 31, 2013, compared to \$207 million at December 31, 2012. Gross realized gains on trading securities were \$1 million, \$2 million and \$1 million for the years ended December 31, 2013, 2012 and 2011, respectively. Gross realized losses on trading securities were immaterial to the Bancorp for the years ended December 31, 2013 and 2012 and \$7 million for the year ended December 31, 2011. Net

unrealized gains on trading securities were \$3 million, \$1 million and \$5 million at December 31, 2013, 2012 and 2011, respectively.

At December 31, 2013 and 2012 securities with a fair value of \$11.6 billion and \$12.6 billion, respectively, were pledged to secure borrowings, public deposits, trust funds, derivative contracts and for other purposes as required or permitted by law.

<sup>(</sup>b) Other securities consist of FHLB and FRB restricted stock holdings of \$402 and \$349, respectively, at December 31, 2013 and, \$497 and \$347, respectively, at December 31, 2012, that are carried at cost, and certain mutual fund and equity security holdings.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The expected maturity distribution of the Bancorp's agency mortgage-backed securities and the contractual maturity distribution of the Bancorp's available-for-sale and other and held-to-maturity securities as of December 31, 2013 are shown in the following table:

		Available-for-Sale and Other			Held-to-M	aturity
(\$ in millions)	_	Amortized Cost		Fair Value	Amortized Cost	Fair Value
Debt securities:(a)						
Under 1 year	\$		120	123	19	19
1-5 years		:	3,703	3,893	170	170
5-10 years		و	9,765	9,701	17	17
Over 10 years		3	3,956	4,011	2	2
Other securities			865	869	-	-
Total	\$	18	8,409	18,597	208	208

<sup>(</sup>a) Actual maturities may differ from contractual maturities when there exists a right to call or prepay obligations with or without call or prepayment penalties.

The following table provides the fair value and gross unrealized losses on available-for-sale and other securities in an unrealized loss position, aggregated by investment category and length of time the individual securities have been in a continuous unrealized loss position as of December 31:

	Less than 12 m	Less than 12 months		12 months or more		tal
		Unrealized		Unrealized		Unrealized
(\$ in millions)	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
2013						
Agency mortgage-backed securities \$	7,221	(150)	1	-	7,222	(150)
Other bonds, notes and debentures	595	(5)	132	(3)	727	(8)
Other securities	33	(1)	4	-	37	(1)
Total \$	7,849	(156)	137	(3)	7,986	(159)
2012						
Agency mortgage-backed securities \$	1,784	(18)	-	-	1,784	(18)
Other bonds, notes and debentures	454	(3)	-	-	454	(3)
Other securities	1	-	-	-	1	-
Total \$	2,239	(21)	-	-	2,239	(21)

# Other-Than-Temporary Impairments

The Bancorp recognized \$74 million, \$58 million, and \$19 million of OTTI on its available-for-sale and other debt securities, included in securities gains, net and securities gains, net – non-qualifying hedges on mortgage servicing rights, in the Bancorp's Consolidated Statements of Income during the years ended December 31, 2013, 2012, and 2011, respectively. The Bancorp did not recognize OTTI on its held-to-maturity debt securities for the years ended December 31, 2013, 2012, and 2011. Less than one percent of unrealized losses in the available-for-sale securities portfolio were represented by non-rated securities at December 31, 2013 and 2012.

During the years ended December 31, 2013, 2012 and 2011, the Bancorp did not recognize OTTI on any of its available-for-sale equity securities.

# 5. LOANS AND LEASES

The Bancorp diversifies its loan and lease portfolio by offering a variety of loan and lease products with various payment terms and rate structures. Lending activities are concentrated within those states in which the Bancorp has banking centers and are primarily located in the Midwestern and Southeastern regions of the United States. The Bancorp's commercial loan portfolio consists of lending to various industry types. Management periodically reviews the

performance of its loan and lease products to evaluate whether they are performing within acceptable interest rate and credit risk levels and changes are made to underwriting policies and procedures as needed. The Bancorp maintains an allowance to absorb loan and lease losses inherent in the portfolio. For further information on credit quality and the ALLL, see Note 6.

The following table provides a summary of the total loans and leases classified by primary purpose as of December 31:

(\$ in millions)	2013	2012
Loans and leases held for sale:		
Commercial and industrial loans	\$ 31	39
Commercial mortgage loans	3	13
Commercial construction loans	2	9
Commercial leases	1	-
Residential mortgage loans	890	2,856
Other consumer loans and leases	17	22
Total loans and leases held for sale	\$ 944	2,939
Portfolio loans and leases:		
Commercial and industrial loans	\$ 39,316	36,038
Commercial mortgage loans	8,066	9,103
Commercial construction loans	1,039	698
Commercial leases	3,625	3,549
Total commercial loans and leases	52,046	49,388
Residential mortgage loans	12,680	12,017
Home equity	9,246	10,018
Automobile loans	11,984	11,972
Credit card	2,294	2,097
Other consumer loans and leases	364	290
Total consumer loans and leases	36,568	36,394
Total portfolio loans and leases	\$ 88,614	85,782

Total portfolio loans and leases are recorded net of unearned income, which totaled \$700 million as of December 31, 2013 and \$758 million as of December 31, 2012. Additionally, portfolio loans and leases are recorded net of unamortized premiums and discounts, deferred loan fees and costs, and fair value adjustments (associated with acquired loans or loans designated as fair value

upon origination) which totaled a net premium of \$111 million and \$73 million as of December 31, 2013 and 2012, respectively.

The Bancorp's FHLB and FRB advances are generally secured by loans. The Bancorp had loans of \$10.9 billion and \$12.7 billion at December 31, 2013 and 2012, respectively, pledged at the FHLB, and loans of \$33.5 billion and \$30.9 billion at December 31, 2013 and 2012, respectively, pledged at the FRB.

The following table presents a summary of the total loans and leases owned by the Bancorp as of and for the years ended December 31:

	Balance			90 Days Past Due and Still Accruing			Net Charge-Offs	
(\$ in millions)	 2013	2012		2013	2012		2013	2012
Commercial and industrial loans	\$ 39,347	36,077	\$	-	1	\$	168	165
Commercial mortgage loans	8,069	9,116		-	22		47	99
Commercial construction loans	1,041	707		-	1		4	25
Commercial leases	3,626	3,549		-	-		1	8
Residential mortgage loans	13,570	14,873		66	75		60	122
Home equity	9,246	10,018		-	58		97	157
Automobile loans	11,984	11,972		8	8		22	31
Credit card	2,294	2,097		29	30		78	74
Other consumer loans and leases	381	312		-	-		24	23
Total loans and leases	\$ 89,558	88,721	\$	103	195	\$	501	704
Less: Loans held for sale	\$ 944	2,939						
Total portfolio loans and leases	\$ 88,614	85,782						

The Bancorp engages in commercial lease products primarily related to the financing of commercial equipment. The Bancorp had \$3.0 billion of direct financing leases and \$1.3 billion of leveraged leases at both of the years ended December 31, 2013 and 2012.

Pre-tax income from leveraged leases for 2013 was \$25 million compared to pre-tax income in 2012 of \$37 million. The tax effect of this income was an expense of \$9 million in 2013 and a benefit of \$6 million in 2012.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The components of the investment in lease financing at December 31:

(\$ in millions)	2013	2012
Rentals receivable, net of principal and interest on nonrecourse debt	\$ 3,556	3,543
Estimated residual value of leased assets	754	760
Initial direct cost, net of amortization	15	16
Gross investment in lease financing	4,325	4,319
Unearned income	(700)	(758)
Net investment in lease financing (a)	\$ 3,625	3,561

a) The accumulated allowance for uncollectible minimum lease payments was \$53 million and \$67 million at December 31, 2013 and 2012, respectively.

The Bancorp periodically reviews residual values associated with its leasing portfolio. Declines in residual values that are deemed to be other-than-temporary are recognized as a loss. The Bancorp recognized \$13 million and \$9 million of residual value write-downs related to commercial leases for the years ended December 31, 2013 and 2012, respectively. The residual value write-downs related to

commercial leases are recorded in corporate banking revenue in the Consolidated Statements of Income. At December 31, 2013, the minimum future lease payments receivable for each of the years 2014 through 2018 was \$664 million, \$591 million, \$505 million, \$389 million and \$289 million, respectively.

# 6. CREDIT QUALITY AND THE ALLOWANCE FOR LOAN AND LEASE LOSSES

The Bancorp disaggregates ALLL balances and transactions in the ALLL by portfolio segment. Credit quality related disclosures for loans and leases are further disaggregated by

### Allowance for Loan and Lease Losses

The following tables summarize transactions in the ALLL by portfolio segment:

For the year ended December 31, 2013			Residential			
(\$ in millions)		Commercial	Mortgage	Consumer	Unallocated	Total
Transactions in the ALLL:		Commerciai	Wiortgage	Consumer	Chanocated	1000
Balance at January 1	\$	1,236	229	278	111	1.854
Losses charged off	Ψ	(284)	(70)	(283)	-	(637)
Recoveries of losses previously charged off		64	10	62	_	136
Provision for loan and lease losses		42	20	168	(1)	229
Balance at December 31	\$	1,058	189	225	110	1,582
=						
For the year ended December 31, 2012			Residential			
(\$ in millions)		Commercial	Mortgage	Consumer	Unallocated	Total
Transactions in the ALLL:						
Balance at January 1	\$	1,527	227	365	136	2,255
Losses charged off		(358)	(129)	(350)	-	(837)
Recoveries of losses previously charged off		61	7	65	-	133
Provision for loan and lease losses		6	124	198	(25)	303
Balance at December 31	\$	1,236	229	278	111	1,854
For the year ended December 31, 2011			Residential			
(\$ in millions)		Commercial	Mortgage	Consumer	Unallocated	Total
Transactions in the ALLL:						
Balance at January 1	\$	1,989	310	555	150	3,004
Losses charged off		(615)	(180)	(519)	-	(1,314)
Recoveries of losses previously charged off		61	7	74	-	142
Provision for loan and lease losses		92	90	255	(14)	423
Balance at December 31	\$	1.527	227	365	136	2,255

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following tables provide a summary of the ALLL and related loans and leases classified by portfolio segment:

		Residential			
As of December 31, 2013 (\$ in millions)	Commercial	Mortgage	Consumer	Unallocated	Total
ALLL:(a)					
Individually evaluated for impairment	\$ 186 (c)	139	53	-	378
Collectively evaluated for impairment	872	50	172	=	1,094
Unallocated	-	-	-	110	110
Total ALLL	\$ 1,058	189	225	110	1,582
Loans and leases: (b)					
Individually evaluated for impairment	\$ 1,560 (c)	1,325	496	-	3,381
Collectively evaluated for impairment	50,486	11,259	23,392	-	85,137
Loans acquired with deteriorated credit quality	-	4	-	-	4
Total portfolio loans and leases	\$ 52,046	12,588	23,888	-	88,522

<sup>(</sup>a) Includes \$9 related to leveraged leases.

<sup>(</sup>c) Includes five restructured nonaccrual loans at **December 31, 2013** associated with a consolidated variable interest entity, in which the Bancorp has no continuing credit risk due to the risk being assumed by a third party, with a recorded investment of \$28 and an allowance of \$11.

		Residential			
As of December 31, 2012 (\$ in millions)	Commercial	Mortgage	Consumer	Unallocated	Total
ALLL:(a)					
Individually evaluated for impairment	\$ 95	137	62	-	294
Collectively evaluated for impairment	1,140	91	216	-	1,447
Loans acquired with deteriorated credit quality	1	1	-	-	2
Unallocated	-	-	-	111	111
Total ALLL	\$ 1,236	229	278	111	1,854
Loans and leases: (b)					
Individually evaluated for impairment	\$ 980	1,298	544	-	2,822
Collectively evaluated for impairment	48,407	10,637	23,833	-	82,877
Loans acquired with deteriorated credit quality	1	6	-	-	7
Total portfolio loans and leases	\$ 49,388	11,941	24,377	-	85,706

<sup>(</sup>a) Includes \$11 related to leveraged leases.

<sup>(</sup>b) Excludes \$92 of residential mortgage loans measured at fair value, and includes \$881 of leveraged leases, net of unearned income.

<sup>(</sup>b) Excludes \$76 of residential mortgage loans measured at fair value, and includes \$862 of leveraged leases, net of unearned income.

### CREDIT RISK PROFILE

# Commercial Portfolio Segment

For purposes of monitoring the credit quality and risk characteristics of its commercial portfolio segment, the Bancorp disaggregates the segment into the following classes: commercial and industrial, commercial mortgage owner-occupied, commercial mortgage non-owner occupied, commercial construction and commercial leasing.

To facilitate the monitoring of credit quality within the commercial portfolio segment, and for purposes of analyzing historical loss rates used in the determination of the ALLL for the commercial portfolio segment, the Bancorp utilizes the following categories of credit grades: pass, special mention, substandard, doubtful or loss. The five categories, which are derived from standard regulatory rating definitions, are assigned upon initial approval of credit to borrowers and updated periodically thereafter. Pass ratings, which are assigned to those borrowers that do not have identified potential or well defined weaknesses and for which there is a high likelihood of orderly repayment, are updated periodically based on the size and credit characteristics of the borrower. All other categories are updated on a quarterly basis during the month preceding the end of the calendar quarter.

The Bancorp assigns a special mention rating to loans and leases that have 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 for the loan or lease or the Bancorp's credit position.

The Bancorp assigns a substandard rating to loans and leases that are inadequately protected by the current sound worth and paying capacity of the borrower or of the collateral pledged. Substandard loans and leases have well defined weaknesses or weaknesses that could jeopardize the orderly repayment of the debt. Loans and leases in this grade also are characterized by the distinct possibility that the Bancorp will sustain some loss if the deficiencies noted are not addressed and corrected

The Bancorp assigns a doubtful rating to loans and leases that have all the attributes of a substandard rating with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonable specific pending factors that may work to the advantage of and strengthen the credit quality of the loan or lease, its classification as an estimated loss is deferred until its more exact status may be determined. Pending factors may include a proposed merger or acquisition, liquidation proceeding, capital injection, perfecting liens on additional collateral or refinancing plans.

Loans and leases classified as loss are considered uncollectible and are charged off in the period in which they are determined to be uncollectible. Because loans and leases in this category are fully charged down, they are not included in the following tables.

The following table summarizes the credit risk profile of the Bancorp's commercial portfolio segment, by class:

		Special			
As of December 31, 2013 (\$ in millions)	Pass	Mention	Substandard	Doubtful	Total
Commercial and industrial loans	\$ 36,776	1,118	1,419	3	39,316
Commercial mortgage owner occupied loans	3,866	209	415	17	4,507
Commercial mortgage non-owner occupied loans	2,879	248	431	1	3,559
Commercial construction loans	855	32	152	-	1,039
Commercial leases	3,546	56	23	=	3,625
Total	\$ 47,922	1,663	2,440	21	52,046

		Special			
As of December 31, 2012 (\$ in millions)	Pass	Mention	Substandard	Doubtful	Total
Commercial and industrial loans	\$ 33,521	1,113	1,379	25	36,038
Commercial mortgage owner occupied loans	3,934	338	603	1	4,876
Commercial mortgage non-owner occupied loans	2,958	449	815	5	4,227
Commercial construction loans	444	59	195	-	698
Commercial leases	3,483	48	18	-	3,549
Total	\$ 44,340	2,007	3,010	31	49,388

# Consumer Portfolio Segment

For purposes of monitoring the credit quality and risk characteristics of its consumer portfolio segment, the Bancorp disaggregates the segment into the following classes: home equity, automobile loans, credit card, and other consumer loans and leases. The Bancorp's residential mortgage portfolio segment is also a separate class. The Bancorp considers repayment performance as the best indicator of credit quality for residential mortgage and consumer loans, which includes both the delinquency status and performing versus nonperforming status of the loans. The delinquency status of all residential mortgage and consumer loans is presented by class in the age analysis section below while the performing versus nonperforming status is presented in the table below. Residential mortgage loans that have principal and interest payments that have become past due 150 days are classified as

nonperforming unless such loans are both well secured and in the process of collection. During the fourth quarter of 2013, the Bancorp modified its nonaccrual policy for home equity loans and lines of credit. Home equity loans and lines of credit are reported as nonperforming if principal or interest has been in default for 90 days or more unless the loan is both well secured and in the process of collection. Home equity loans and lines of credit that have been in default for 60 days or more are also reported as nonperforming if the senior lien has been in default 120 days or more, unless the loan is both well secured and in the process of collection. As a result of the modification of the nonaccrual policy for home equity loans and lines of credit, \$46 million of home equity loans and lines of credit were reclassified from performing to nonperforming status during the fourth quarter of 2013. In addition, the Bancorp modified its charge-off policy during the fourth quarter of 2013. Home equity loans and lines of credit that have been in default 120 days or more are assessed for a charge-off if the senior lien has been in default

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

120 days or more. Residential mortgage, home equity, automobile and other consumer loans and leases that have been modified in a TDR and subsequently become past due 90 days are classified as nonperforming, unless the loan is both well secured and in the process of collection. Credit card loans that have been modified in a TDR are classified as nonperforming unless such loans have a sustained repayment performance of six months or greater and are reasonably assured of repayment in accordance with the restructured terms. Well secured loans are collateralized by

perfected security interests in real and/or personal property for which the Bancorp estimates proceeds from sale would be sufficient to recover the outstanding principal and accrued interest balance of the loan and pay all costs to sell the collateral. The Bancorp considers a loan in the process of collection if collection efforts or legal action is proceeding and the Bancorp expects to collect funds sufficient to bring the loan current or recover the entire outstanding principal and accrued interest balance.

The following table presents a summary of the Bancorp's residential mortgage and consumer portfolio segments disaggregated into performing versus nonperforming status as of December 31:

	 2013		2012		
(\$ in millions)	Performing	Nonperforming	Performing	Nonperforming	
Residential mortgage loans (a)	\$ 12,423	165	11,704	237	
Home equity	9,153	93	9,965	53	
Automobile loans	11,982	2	11,970	2	
Credit card	2,261	33	2,058	39	
Other consumer loans and leases	364	-	289	1	
Total	\$ 36,183	293	35,986	332	

<sup>(</sup>a) Excludes \$92 and \$76 of loans measured at fair value at December 31, 2013 and 2012, respectively.

### Age Analysis of Past Due Loans and Leases

The following tables summarize the Bancorp's recorded investment in portfolio loans and leases by age and class:

	Past Due					
	Current		90 Days			90 Days Past
As of December 31, 2013	Loans and	30-89	and	Total	Total Loans	Due and Still
(\$ in millions)	Leases(c)	Days(c)	Greater(c)	Past Due	and Leases	Accruing
Commercial:						
Commercial and industrial loans	\$ 39,118	53	145	198	39,316	-
Commercial mortgage owner occupied loans	4,423	15	69	84	4,507	-
Commercial mortgage non-owner occupied loans	3,515	9	35	44	3,559	-
Commercial construction loans	1,010	-	29	29	1,039	-
Commercial leases	3,620	-	5	5	3,625	-
Residential mortgage loans (a)(b)	12,284	73	231	304	12,588	66
Consumer:						
Home equity	9,058	102	86	188	9,246	-
Automobile loans	11,919	55	10	65	11,984	8
Credit card	2,225	36	33	69	2,294	29
Other consumer loans and leases	362	2	-	2	364	-
Total portfolio loans and leases(a)	\$ 87,534	345	643	988	88,522	103

<sup>(</sup>a) Excludes \$92 of loans measured at fair value.

<sup>(</sup>b) Information for current residential mortgage loans includes advances made pursuant to servicing agreements for GNMA mortgage pools whose repayments are insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs. As of December 31, 2013, \$81 of these loans were 30-89 days past due and \$378 were 90 days or more past due. The Bancorp recognized \$5 million of losses for the year ended December 31, 2013 due to claim denials and curtailments associated with these advances.

<sup>(</sup>c) Includes accrual and nonaccrual loans and leases.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

			Past Due				
	Current		90 Days			90 Days Past	
As of December 31, 2012	Loans and	30-89	and	Total	Total Loans	Due and Still	
(\$ in millions)	Leases(c)	Days(c)	Greater(c)	Past Due	and Leases	Accruing	
Commercial:							
Commercial and industrial loans	\$ 35,826	46	166	212	36,038	1	
Commercial mortgage owner occupied loans	4,752	29	95	124	4,876	22	
Commercial mortgage non-owner occupied loans	4,094	21	112	133	4,227	-	
Commercial construction loans	622	-	76	76	698	1	
Commercial leases	3,546	2	1	3	3,549	-	
Residential mortgage loans (a)(b)	11,547	87	307	394	11,941	75	
Consumer:							
Home equity	9,782	126	110	236	10,018	58	
Automobile loans	11,900	62	10	72	11,972	8	
Credit card	2,025	38	34	72	2,097	30	
Other consumer loans and leases	287	2	1	3	290	-	
Total portfolio loans and leases(a)	\$ 84,381	413	912	1,325	85,706	195	

<sup>(</sup>a) Excludes \$76 of loans measured at fair value.

<sup>(</sup>b) Information for current residential mortgage loans includes advances made pursuant to servicing agreements for GNMA mortgage pools whose repayments are insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs. As of December 31, 2012, \$80 of these loans were 30-89 days past due and \$414 were 90 days or more past due. The Bancorp recognized \$2 million of losses for the year ended December 31, 2012 due to claim denials and curtailments associated with these advances.

<sup>(</sup>c) Includes accrual and nonaccrual loans and leases.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Impaired Loans and Leases

Larger commercial loans and leases included within aggregate borrower relationship balances exceeding \$1 million that exhibit probable or observed credit weaknesses are subject to individual review for impairment. The Bancorp also performs an individual review on loans and leases that are restructured in a troubled debt restructuring. The Bancorp considers the current value of collateral, credit quality of any guarantees, the loan structure, and

other factors when evaluating whether an individual loan or lease is impaired. Other factors may include the geography and industry of the borrower, size and financial condition of the borrower, cash flow and leverage of the borrower, and the Bancorp's evaluation of the borrower's management. Smaller balance homogenous loans or leases that are collectively evaluated for impairment are not included in the following tables.

The following table summarizes the Bancorp's impaired loans and leases (by class) that were subject to individual review, which includes all loans and leases restructured in a troubled debt restructuring as December 31:

	Unpaid		
2013	Principal	Recorded	
(\$ in millions)	Balance	Investment	Allowance
With a related allowance recorded:			
Commercial:			
Commercial and industrial loans	\$ 870	759	145
Commercial mortgage owner occupied loans (b)	85	74	11
Commercial mortgage non-owner occupied loans	154	134	14
Commercial construction loans	68	54	5
Commercial leases	12	12	-
Restructured residential mortgage loans	1,081	1,052	139
Restructured consumer:			
Home equity	377	373	39
Automobile loans	23	23	3
Credit card	59	58	11
Total impaired loans and leases with a related allowance	\$ 2,729	2,539	367
With no related allowance recorded:			
Commercial:			
Commercial and industrial loans	\$ 181	177	-
Commercial mortgage owner occupied loans	106	98	-
Commercial mortgage non-owner occupied loans	154	147	-
Commercial construction loans	77	63	-
Commercial leases	14	14	-
Restructured residential mortgage loans	313	273	-
Restructured consumer:			
Home equity	43	39	-
Automobile loans	3	3	-
Total impaired loans and leases with no related allowance	891	814	-
Total impaired loans and leases	\$ 3,620	3,353 (a)	367

<sup>(</sup>a) Includes \$869, \$1,241 and \$444, respectively, of commercial, residential mortgage and consumer TDRs on accrual status; \$228, \$84 and \$52, respectively, of commercial, residential mortgage and consumer TDRs on nonaccrual status.

<sup>(</sup>b) Excludes five restructured nonaccrual loans at **December 31, 2013** associated with a consolidated variable interest entity, in which the Bancorp has no continuing credit risk due to the risk being assumed by a third party, with an unpaid principal balance of \$28, a recorded investment of \$28, and an allowance of \$11.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(S in millions)         Balance         Investment         Allowance           With a related allowance recorded:         Commercial and industrial loans         S 263         194         65           Commercial mortagage owner occupied loans         54         43         5           Commercial mortagage owner occupied loans         48         37         5           Commercial construction loans         48         37         5           Commercial leases         1,067         1,023         137           Restructured residential mortagage loans         1,067         1,023         137           Restructured consumer:         40         396         46           Automobile loans         31         30         4           Credit card         74         74         74         12           Other consumer loans and leases with a related allowance         2         2         2           With no related allowance recorded:         2         2         2           Commercial mortaga even coccupied loans         \$ 2,05         1,967         2-5           With no related allowance recorded:         2         2         2         2         2         2         2         2         2         2		Unpaid		
With a related allowance recorded:         Commercial         S         263         194         65           Commercial mortgage owner occupied loans         54         43         5           Commercial mortgage non-owner occupied loans         215         160         16           Commercial mortgage non-owner occupied loans         48         37         5           Commercial construction loans         8         8         5           Commercial leases         8         8         5           Restructured cresidential mortgage loans         1,067         1,023         137           Restructured cresidential mortgage loans         40         396         46           Automobile loans         31         30         4           Automobile loans         31         30         4           Credit card         74         74         12           Other consumer loans and leases with a related allowance         2         2         2           Total impaired loans and leases with a related allowance         \$ 2,162         1,967         295           With no related allowance recorded:         \$ 2,162         1,967         295           Commercial and industrial loans         \$ 207         169         -	2012	Principal	Recorded	
Commercial:         \$ 263         194         65           Commercial mortgage owner occupied loans         54         43         5           Commercial mortgage non-owner occupied loans         215         160         16           Commercial construction loans         48         37         5           Commercial leases         8         8         5           Restructured residential mortgage loans         1,067         1,023         137           Restructured consumers         1,067         1,023         137           Home equity         40         396         46           Automobile loans         31         30         4           Credit card         74         74         12           Other consumer loans and leases with a related allowance         \$ 2,162         1,967         295           With no related allowance recorded:         \$ 2,162         1,967         295           With no related allowance recorded:         \$ 207         169         -           Commercial and industrial loans         \$ 207         169         -           Commercial mortgage owner occupied loans         107         99         -           Commercial mortgage owner occupied loans         109         67	(\$ in millions)	Balance	Investment	Allowance
Commercial mortgage owner occupied loans         \$ 263         194         65           Commercial mortgage owner occupied loans         54         43         5           Commercial mortgage non-owner occupied loans         215         160         16           Commercial construction loans         48         37         5           Commercial leases         8         8         5           Restructured residential mortgage loans         1,07         1,023         137           Restructured consumer:         400         396         46           Automobile loans         31         30         4           Automobile loans         13         30         4           Credit card         7         7         4         12           Other consumer loans and leases with a related allowance         2         2         2         2           With no related allowance recorded:         3         1,967         295         2           Commercial mortgage loans and leases with a related allowance         \$ 207         169         -           Commercial mortgage owner-occupied loans         \$ 207         169         -           Commercial and industrial loans         2         2         2         -	With a related allowance recorded:			
Commercial mortgage non-coucre cecupied loans         54         43         5           Commercial mortgage non-concero cecupied loans         215         160         16           Commercial construction loans         48         37         5           Commercial leases         48         8         5           Restructured residential mortgage loans         1,067         1,023         137           Restructured consumer:         31         30         46           Home equity         40         356         46           Automobile loans         31         30         4           Cedit card         74         74         12           Other consumer loans and leases with a related allowance         2,162         1,967         295           Votal impaired loans and leases with a related allowance         \$ 2,162         1,967         295           With no related allowance recorded:         2         2         2         2           Commercial mortgage owner occupied loans         \$ 207         169         -           Commercial mortgage owner occupied loans         109         67         -           Commercial mortgage owner occupied loans         109         67         -           Commercial mortgage loans<	Commercial:			
Commercial mortgage non-owner occupied loans         215         160         16           Commercial construction loans         48         37         5           Commercial leases         8         8         5           Restructured residential mortgage loans         1,067         1,023         133           Restructured consumer:         30         46           Mutomobile loans         31         30         4           Credit card         74         74         12           Other consumer loans and leases         2         2         2         -           Total impaired loans and leases with a related allowance         \$2,162         1,967         295           With no related allowance recorded:         2         2         2         -           Total impaired loans and leases with a related allowance         \$2,07         169         -           Commercial mortgage owner occupied loans         \$207         169         -           Commercial and industrial loans         \$207         169         -           Commercial mortgage owner occupied loans         209         199         -           Commercial mortgage owner occupied loans         209         199         -           Commercial mortgage loans <td>Commercial and industrial loans</td> <td>\$ 263</td> <td>194</td> <td>65</td>	Commercial and industrial loans	\$ 263	194	65
Commercial construction loans         48         37         5           Commercial leases         8         8         5           Restructured residential mortgage loans         1,067         1,023         137           Restructured consumers:         Testructured consumers:           Home equity         400         396         46           Automobile loans         31         30         4           Credit card         74         74         12           Other consumer loans and leases         2         2         2         -           Total impaired loans and leases with a related allowance         \$         2,162         1,967         295           With no related allowance recorded:         ***********************************	Commercial mortgage owner occupied loans	54	43	5
Commercial leases         8         8         5           Restructured residential mortgage loans         1,067         1,023         137           Restructured consumer:         ***********************************	Commercial mortgage non-owner occupied loans	215	160	16
Restructured residential mortgage loans         1,067         1,023         137           Restructured consumer:         ***********************************	Commercial construction loans	48	37	5
Restructured consumer:         Home equity         400         396         46           Automobile loans         31         30         4           Credit card         74         74         12           Other consumer loans and leases         2         2         2         2         2           Total impaired loans and leases with a related allowance         \$ 2,162         1,967         295           With no related allowance recorded:         Expression of the properties of the pro	Commercial leases	8	8	5
Home equity         400         396         46           Automobile loans         31         30         4           Credit card         74         74         12           Other consumer loans and leases         2         2         2         -           Total impaired loans and leases with a related allowance         \$ 2,162         1,967         295           With no related allowance recorded:         ***********************************	Restructured residential mortgage loans	1,067	1,023	137
Automobile loans         31         30         4           Credit card         74         74         74         12           Other consumer loans and leases         2         2         2         -           Total impaired loans and leases with a related allowance         \$ 2,162         1,967         295           With no related allowance recorded:         ***********************************	Restructured consumer:			
Credit card         74         74         12           Other consumer loans and leases         2         2         2           Total impaired loans and leases with a related allowance         \$ 2,162         1,967         295           With no related allowance recorded:           Commercial           Commercial mortgage         \$ 207         169         -           Commercial mortgage owner occupied loans         107         99         -           Commercial mortgage non-owner occupied loans         209         199         -           Commercial construction loans         109         67         -           Commercial leases         5         5         5         -           Restructured residential mortgage loans         326         275         -           Restructured consumer:         40         39         -           Home equity         40         39         -           Automobile loans         3         3         -           Total impaired loans and leases with no related allowance         1,006         856         -	Home equity	400	396	46
Other consumer loans and leases         2 <t< td=""><td>Automobile loans</td><td>31</td><td>30</td><td>4</td></t<>	Automobile loans	31	30	4
Total impaired loans and leases with a related allowance         \$ 2,162         1,967         295           With no related allowance recorded:         Commercial:         State of the commercial and industrial loans         \$ 207         169         -           Commercial mortgage owner occupied loans         107         99         -           Commercial mortgage non-owner occupied loans         209         199         -           Commercial construction loans         109         67         -           Commercial leases         5         5         5         -           Restructured residential mortgage loans         326         275         -           Restructured consumer:           Home equity         40         39         -           Automobile loans         3         3         -           Total impaired loans and leases with no related allowance         1,006         856         -	Credit card	74	74	12
With no related allowance recorded:           Commercial:           Commercial and industrial loans         \$ 207         169         -           Commercial mortgage owner occupied loans         107         99         -           Commercial mortgage non-owner occupied loans         209         199         -           Commercial construction loans         109         67         -           Commercial leases         5         5         5         -           Restructured residential mortgage loans         326         275         -           Restructured consumer:         40         39         -           Home equity         40         39         -           Automobile loans         3         3         3         -           Total impaired loans and leases with no related allowance         1,006         856         -	Other consumer loans and leases	2	2	-
Commercial:         \$ 207         169         -           Commercial and industrial loans         107         99         -           Commercial mortgage owner occupied loans         209         199         -           Commercial construction loans         109         67         -           Commercial leases         5         5         5         -           Restructured residential mortgage loans         326         275         -           Restructured consumer:         40         39         -           Home equity         40         39         -           Automobile loans         3         3         3           Total impaired loans and leases with no related allowance         1,006         856         -	Total impaired loans and leases with a related allowance	\$ 2,162	1,967	295
Commercial and industrial loans         \$ 207         169         -           Commercial mortgage owner occupied loans         107         99         -           Commercial mortgage non-owner occupied loans         209         199         -           Commercial construction loans         109         67         -           Commercial leases         5         5         5         -           Restructured residential mortgage loans         326         275         -           Restructured consumer:         40         39         -           Home equity         40         39         -           Automobile loans         3         3         -           Total impaired loans and leases with no related allowance         1,006         856         -	With no related allowance recorded:			
Commercial mortgage owner occupied loans         107         99         -           Commercial mortgage non-owner occupied loans         209         199         -           Commercial construction loans         109         67         -           Commercial leases         5         5         5         -           Restructured residential mortgage loans         326         275         -           Restructured consumer:         -	Commercial:			
Commercial mortgage non-owner occupied loans         209         199         -           Commercial construction loans         109         67         -           Commercial leases         5         5         5         -           Restructured residential mortgage loans         326         275         -           Restructured consumer:         40         39         -           Home equity         40         39         -           Automobile loans         3         3         3           Total impaired loans and leases with no related allowance         1,006         856         -	Commercial and industrial loans	\$ 207	169	-
Commercial construction loans         109         67         -           Commercial leases         5         5         -           Restructured residential mortgage loans         326         275         -           Restructured consumer:         Theme equity         40         39         -           Automobile loans         3         3         3         -           Total impaired loans and leases with no related allowance         1,006         856         -	Commercial mortgage owner occupied loans	107	99	-
Commercial leases         5         5         -           Restructured residential mortgage loans         326         275         -           Restructured consumer:         -	Commercial mortgage non-owner occupied loans	209	199	-
Restructured residential mortgage loans       326       275       -         Restructured consumer:       -	Commercial construction loans	109	67	-
Restructured consumer:           Home equity         40         39         -           Automobile loans         3         3         -           Total impaired loans and leases with no related allowance         1,006         856         -	Commercial leases	5	5	-
Home equity         40         39         -           Automobile loans         3         3         -           Total impaired loans and leases with no related allowance         1,006         856         -	Restructured residential mortgage loans	326	275	-
Automobile loans  Automobile loans and leases with no related allowance  1,006  856  -	Restructured consumer:			
Total impaired loans and leases with no related allowance 1,006 856 -	Home equity	40	39	-
r	Automobile loans	3	3	-
Total impaired loans and leases \$ 3,168 2,823 (a) 295	Total impaired loans and leases with no related allowance	1,006		-
	Total impaired loans and leases	\$ 3,168	2,823 (a)	295

<sup>(</sup>a) Includes \$431, \$1,175 and \$480, respectively, of commercial, residential mortgage and consumer TDRs on accrual status; \$177, \$123 and \$64, respectively, of commercial, residential mortgage and consumer TDRs on nonaccrual status.

The following table summarizes the Bancorp's average impaired loans and leases and interest income by class for the year ended December 31:

	2013		20	12
(\$ in millions)	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
Commercial:				
Commercial and industrial loans	\$ 517	16	448	4
Commercial mortgage owner occupied loans (a)	146	4	156	4
Commercial mortgage non-owner occupied loans	321	8	361	10
Commercial construction loans	108	4	160	2
Commercial leases	11	-	10	-
Restructured residential mortgage loans	1,311	53	1,276	47
Restructured consumer:				
Home equity	429	23	439	24
Automobile loans	29	1	38	1
Credit card	68	4	80	4
Other consumer loans and leases	2	-	1	-
Total impaired loans and leases	\$ 2,942	113	2,969	96

<sup>(</sup>a) Excludes five restructured nonaccrual loans at **December 31, 2013** associated with a consolidated variable interest entity, in which the Bancorp has no continuing credit risk due to the risk being assumed by a third party, with an unpaid principal balance of \$28, an average recorded investment of \$29, and an allowance of \$11.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Nonperforming Assets

Nonperforming assets include nonaccrual loans and leases for which ultimate collectability of the full amount of the principal and/or interest is uncertain; commercial and credit card TDRs which have not yet met the requirements to be classified as a performing asset; consumer TDRs which are 90 days past due based on the restructured terms unless the loan is both well-secured and in the process of collection; and certain other assets, including OREO and other repossessed property. The following table summarizes the Bancorp's nonperforming loans and leases, by class, as of December 31:

(\$ in millions)	2013	2012
Commercial:		
Commercial and industrial loans	\$ 281	330
Commercial mortgage owner occupied loans (a)	95	125
Commercial mortgage non-owner occupied loans	48	157
Commercial construction loans	29	76
Commercial leases	5	9
Total commercial loans and leases	458	697
Residential mortgage loans	166	237
Consumer:		
Home equity	93	53
Automobile loans	1	2
Credit card	33	39
Other consumer loans and leases	=	1
Total consumer loans and leases	127	95
Total nonperforming loans and leases(b)(c)	\$ 751	1,029
OREO and other repossessed property $(d)$	229	257

- (a) Excludes \$21 of restructured nonaccrual loans at **December 31, 2013** associated with a consolidated variable interest entity in which the Bancorp has no continuing credit risk due the risk being assumed by a third party.
- (b) Excludes \$6 and \$29 of nonaccrual loans held for sale at December 31, 2013 and 2012, respectively.
- (c) Includes \$10 of nonaccrual government insured commercial loans whose repayments are insured by the SBA at both December 31, 2013 and 2012, and \$2 and \$1 of restructured nonaccrual government insured commercial loans at December 31, 2013 and 2012, respectively.
- (d) Excludes \$77 and \$72 of OREO related to government insured loans at December 31, 2013 and 2012, respectively.

### **Troubled Debt Restructurings**

If a borrower is experiencing financial difficulty, the Bancorp may consider, in certain circumstances, modifying the terms of their loan to maximize collection of amounts due. Within each of the Bancorp's loan classes, TDRs typically involve either a reduction of the stated interest rate of the loan, an extension of the loan's maturity date(s) with a stated rate lower than the current market rate for a new loan with similar risk, or in limited circumstances, a reduction of the principal balance of the loan or the loan's accrued interest. Modifying the terms of loans may result in an increase or decrease to the ALLL depending upon the terms modified, the method used to measure the ALLL for a loan prior to modification, and whether any charge-offs were recorded on the loan before or at the time of modification. Refer to the ALLL section of Note 1 for information on the Bancorp's ALLL methodology. Upon modification of a loan, the Bancorp measures the related impairment as the difference between the estimated future cash

flows, discounted at the original effective yield of the loan, expected to be collected on the modified loan and the carrying value of the loan. The resulting measurement may result in the need for minimal or no valuation allowance because it is probable that all cash flows will be collected under the modified terms of the loan. In addition, if the stated interest rate was increased in a TDR, the cash flows on the modified loan, using the pre-modification interest rate as the discount rate, often exceed the recorded investment of the loan. Conversely, the Bancorp often recognizes an impairment loss as an increase to ALLL upon a modification that reduces the stated interest rate on a loan. If a TDR involves a reduction of the principal balance of the loan or the loan's accrued interest, that amount is charged off to the ALLL. At December 31, 2013, the Bancorp had \$46 million in line of credit commitments and \$40 million in letter of credit commitments to lend additional funds to borrowers whose terms have been modified in a TDR compared to \$28 million and \$25 million, respectively, at December 31, 2012.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table provides a summary of loans modified in a TDR by the Bancorp during the year ended December 31:

2013 (\$ in millions) (a)	Number of loans modified in a TDR during the year (b)	in loans in a	investment modified TDR the year	Increase (Decrease) to ALLL upon modification	Charge-offs recognized upon modification
Commercial:					
Commercial and industrial loans	146	\$	604	39	44
Commercial mortgage owner occupied loans (c)	65		19	(2)	-
Commercial mortgage non-owner occupied loans	59		72	(7)	-
Commercial construction loans	4		34	(2)	-
Commercial leases	1		2	(5)	-
Residential mortgage loans	1,620		249	28	-
Consumer:					
Home equity	695		37	(1)	-
Automobile loans	499		14	1	-
Credit card	8,202		50	7	-
Total portfolio loans and leases	11,291	\$	1,081	58	44

2012 (\$ in millions)(a)  Commercial:	Number of loans modified in a TDR during the year (b)	Recorded in loans in a during t	modified ΓDR	Increase (Decrease) to ALLL upon modification	Charge-offs recognized upon modification
Commercial and industrial loans	108	\$	84	(7)	0
Commercial mortgage owner occupied loans	67	φ	53	(8)	2
Commercial mortgage non-owner occupied loans	67		91	(7)	-
Commercial construction loans	17		38	(4)	-
Commercial leases	8		7	1	-
Residential mortgage loans	1,758		340	35	-
Consumer:					
Home equity	1,343		82	1	-
Automobile loans	1,289		23	2	-
Credit card	11,407		75	11	-
Total portfolio loans and leases	16,064	\$	793	24	11

<sup>(</sup>a) Excludes all loans and leases held for sale and loans acquired with deteriorated credit quality.

The Bancorp considers TDRs that become 90 days or more past due under the modified terms as subsequently defaulted. For commercial loans not subject to individual review for impairment, the historical loss rates that are applied to such commercial loans for purposes of determining the allowance include historical losses associated with subsequent defaults on loans previously modified in a TDR. For consumer loans, the Bancorp performs a qualitative assessment of the adequacy of the consumer ALLL by comparing the consumer ALLL to forecasted consumer losses over the projected loss emergence period (the forecasted losses include the impact of subsequent defaults of consumer TDRs). When a

residential mortgage, home equity, auto or other consumer loan that has been modified in a TDR subsequently defaults, the present value of expected cash flows used in the measurement of the potential impairment loss is generally limited to the expected net proceeds from the sale of the loan's underlying collateral and any resulting impairment loss is reflected as a charge-off or an increase in ALLL. When a credit card loan that has been modified in a TDR subsequently defaults, the calculation of the impairment loss is consistent with the Bancorp's calculation for other credit card loans that have become 90 days or more past due.

<sup>(</sup>b) Represents number of loans post-modification.

<sup>(</sup>c) Excludes five loans modified in a TDR during the year ended **December 31, 2013** associated with a consolidated variable interest entity in which the Bancorp has no continuing credit risk due to the risk being assumed by a third party. The TDR resulted in a \$7 increase to the ALLL and a \$2 charge-off at modification and has a recorded investment of \$28.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table provides a summary of subsequent defaults that occurred during the years ended December 31, 2013 and 2012 and within 12 months of the restructuring date:

		Recorded	d
	Number of		
December 31, 2013 (\$ in millions) (a)	Contracts	Investment	
Commercial:			
Commercial and industrial loans	6	s 11	
Commercial mortgage owner occupied loans	7	1	
Residential mortgage loans	375	58	
Consumer:			
Home equity	65	4	
Automobile loans	4	-	
Credit card	1,768	11	
Total portfolio loans and leases	2,225	s 85	

		Recorded
	Number of	
December 31, 2012 ( $\$$ in millions) (a)	Contracts	Investment
Commercial:		
Commercial and industrial loans	2	\$ 3
Commercial mortgage owner occupied loans	3	2
Commercial mortgage non-owner occupied loans	2	1
Commercial construction loans	2	3
Residential mortgage loans	332	57
Consumer:		
Home equity	101	7
Automobile loans	42	-
Credit card (revised)	1,832	13
Total portfolio loans and leases	2,316	\$ 86

<sup>(</sup>a) Excludes all loans and leases held for sale and loans acquired with deteriorated credit quality.

# 7. BANK PREMISES AND EQUIPMENT

The following is a summary of bank premises and equipment at December 31:

(\$ in millions)	Estimated Useful Life	2013	2012
Land and improvements		\$ 838	841
Buildings	2 to 30 yrs.	1,763	1,692
Equipment	1 to 30 yrs.	1,581	1,460
Leasehold improvements	5 to 30 yrs.	397	386
Construction in progress		118	141
Accumulated depreciation and amortization		(2,166)	(1,978)
Total		s 2,531	2,542

Depreciation and amortization expense related to bank premises and equipment was \$245 million in 2013, \$233 million in 2012 and \$224 million in 2011.

For the years ended 2013 and 2012, the Bancorp recorded charges of \$6 million and \$21 million, respectively, of lower of cost or market adjustments associated with bank premises. These adjustments were generally based on appraisals of the underlying bank premises less estimated selling costs. The recognized

impairment losses were recorded in other noninterest income in the Consolidated Statements of Income.

Gross occupancy expense for cancelable and noncancelable leases was \$98 million in 2013 and \$99 million in 2012 and 2011, which was reduced by rental income from leased premises of \$16 million in 2013, \$17 million in 2012 and \$19 million in 2011. The Bancorp's subsidiaries have entered into a number of noncancelable and capital lease agreements with respect to bank premises and equipment.

The following table provides the annual future minimum payments under capital leases and noncancelable operating leases at December 31, 2013:

(\$ in millions)	Оре	rating Leases	Capital Leases
Year ending December 31,			
2014	\$	91	8
2015		8 8	7
2016		82	4
2017		75	-
2018		71	-
Thereafter		339	-
Total minimum lease payments	\$	746	19
Less: Amounts representing interest		-	1
Present value of net minimum lease payments		-	18

# 8. GOODWILL

Business combinations entered into by the Bancorp typically include the acquisition of goodwill. Acquisition activity includes acquisitions in the respective period in addition to purchase accounting adjustments related to previous acquisitions. During the fourth quarter of 2008, the Bancorp determined that the Commercial Banking and Consumer Lending segments' goodwill carrying

amounts exceeded their associated implied fair values by \$750 million and \$215 million, respectively. The resulting \$965 million goodwill impairment charge was recorded in the fourth quarter of 2008 and represents the total amount of accumulated impairment losses as of December 31, 2013.

Changes in the net carrying amount of goodwill, by reporting unit, for the years ended December 31, 2013 and 2012 were as follows:

		Branch			
	Commercial	Banking	Consumer	Investment	
(\$ in millions)	Banking		Lending	Advisors	Total
Net carrying value as of December 31, 2011	\$ 613	1,656		- 148	2,417
Acquisition activity	-	(1)			(1)
Net carrying value as of December 31, 2012	\$ 613	1,655		- 148	2,416
Acquisition activity	-	-			-
Net carrying value as of December 31, 2013	\$ 613	1,655		- 148	2,416

The Bancorp completed its annual goodwill impairment test as of September 30, 2013 by performing a qualitative assessment of goodwill at the reporting unit level to determine whether any indicators of impairment existed. In performing this qualitative assessment, the Bancorp evaluated events and circumstances since the date of the last quantitative impairment test including the results of that test, macroeconomic conditions, banking industry and market conditions, and key financial metrics of the Bancorp as well

as segment and overall Bancorp financial performance. After assessing the totality of the events and circumstances, the Bancorp determined that it was not more likely than not that the fair value of each of its reporting units was less than their carrying amounts and, therefore, the first and second steps of the quantitative goodwill impairment test were deemed unnecessary.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

# 9. INTANGIBLE ASSETS

Intangible assets consist of core deposit intangibles, customer lists, non-compete agreements and cardholder relationships. Intangible assets are amortized on either a straight-line or an accelerated basis

over their estimated useful lives. Intangible assets have an estimated remaining weighted-average life at December 31, 2013 of 4.1 years.

The details of the Bancorp's intangible assets are shown in the following table:

	Gı	ross Carrying	Accumulated	Valuation	Net Carrying
(\$ in millions)		Amount	Amortization	Allowance	Amount
As of December 31, 2013					
Core deposit intangibles	\$	154	(141)	-	13
Other		45	(39)	-	6
Total intangible assets	\$	199	(180)	-	19
As of December 31, 2012					
Core deposit intangibles	\$	180	(160)	-	20
Other		44	(37)	-	7
Total intangible assets	\$	224	(197)	-	27

As of December 31, 2013, all of the Bancorp's intangible assets were being amortized. Amortization expense recognized on

intangible assets for the years ended December 31, 2013, 2012 and 2011 was \$8 million, \$13 million and \$22 million, respectively.

The Bancorp's projections of amortization expense shown below are based on existing asset balances as of December 31, 2013. Future amortization expense may vary from these projections. Estimated amortization expense for the years ending December 31, 2014 through 2018 is as follows:

(\$ in millions)	Total
2014	\$ 5
2015	2
2016	2
2017	2
2018	2

# 10. VARIABLE INTEREST ENTITIES

The Bancorp, in the normal course of business, engages in a variety of activities that involve VIEs, which are legal entities that lack sufficient equity to finance their activities, or the equity investors of the entities as a group lack any of the characteristics of a controlling interest. The primary beneficiary of a VIE is generally the enterprise that has both the power to direct the activities most significant to the economic performance of the VIE and the obligation to absorb losses or receive benefits that could potentially be significant to the VIE. For certain investment funds, the primary beneficiary is the enterprise that will absorb a majority of the fund's expected losses or receive a majority of the fund's expected residual returns. The

Bancorp evaluates its interest in certain entities to determine if these entities meet the definition of a VIE and whether the Bancorp is the primary beneficiary and should consolidate the entity based on the variable interests it held both at inception and when there is a change in circumstances that requires a reconsideration. If the Bancorp is determined to be the primary beneficiary of a VIE, it must account for the VIE as a consolidated subsidiary. If the Bancorp is determined not to be the primary beneficiary of a VIE but holds a variable interest in the entity, such variable interests are accounted for under the equity method of accounting or other accounting standards as appropriate.

### Consolidated VIEs

The following table provides a summary of the classifications of consolidated VIE assets, liabilities and noncontrolling interests included in the Bancorp's Consolidated Balance Sheets as of:

		CDC		
	Automobile Loan			
December 31, 2013 (\$ in millions)	Securitization	Investments	Total	
Assets:				
Cash and due from banks	\$ 49	-	49	
Commercial mortgage loans	-	48	48	
Automobile loans(a)	1,010	-	1,010	
ALLL	(2)	(13)	(15)	
Other assets	11	2	13	
Total assets	\$ 1,068	37	1,105	
Liabilities:				
Other liabilities	\$ 1	-	1	
Long-term debt	1,048	-	1,048	
Total liabilities	\$ 1,049	-	1,049	
Noncontrolling interests	-	37	37	

(a) Net of \$52 of unamortized fees and discounts.

	CDC		
December 31, 2012 (\$ in millions)	Investments	Total	
Assets:			
Commercial mortgage loans	\$ 50	50	
ALLL	(5)	(5)	
Other assets	3	3	
Total assets	\$ 48	48	
Noncontrolling interests	48	48	

# Automobile Loan Securitization

In August of 2013, the Bancorp transferred approximately \$1.3 billion in fixed-rate consumer automobile loans to a bankruptcy remote trust which was deemed to be a VIE. The primary purposes for which the VIE was created were to issue asset-backed securities with varying levels of credit subordination and payment priority, as well as residual interests, and to provide the Bancorp with access to liquidity for its originated loans. The Bancorp retained residual interests in the VIE and, therefore, has an obligation to absorb losses and a right to receive benefits from the VIE that could potentially be significant to the VIE. In addition, the Bancorp retained servicing rights for the underlying loans and, therefore, holds the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE. As a result, the Bancorp concluded that it is the primary beneficiary of the VIE and, therefore, has consolidated this VIE. The assets of the VIE are restricted to the settlement of the notes and other obligations of the VIE. Third-party holders of the notes do not have recourse to the general assets of the Bancorp.

The economic performance of the VIE is most significantly impacted by the performance of the underlying loans. The principal

risks to which the VIE are exposed include credit risk and prepayment risk. The credit and prepayment risks are managed through credit enhancements in the form of reserve accounts, overcollateralization, excess interest on the loans and the subordination of certain classes of asset-backed securities to other classes.

### CDC Investments

CDC, a wholly owned indirect subsidiary of the Bancorp, was created to invest in projects to create affordable housing, revitalize business and residential areas, and preserve historic landmarks. CDC generally co-invests with other unrelated companies and/or individuals and typically makes investments in a separate legal entity that owns the property under development. The entities are usually formed as limited partnerships and LLCs, and CDC typically invests as a limited partner/investor member in the form of equity contributions. The economic performance of the VIEs is driven by the performance of their underlying investment projects as well as the VIEs' ability to operate in compliance with the rules and regulations necessary for the qualification of tax credits generated by equity investments. Typically, the general partner or managing

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

member will be the party that has the right to make decisions that will most significantly impact the economic performance of the entity. CDC serves as the managing member of certain LLCs invested in business revitalization projects. The Bancorp has provided an indemnification guarantee to the investor member of these LLCs related to the qualification of tax credits generated by the investor member's investment. Accordingly, the Bancorp concluded that it is the primary beneficiary and, therefore, has consolidated these VIEs. As a result, the investor members' interests in these VIEs are presented as noncontrolling interests in the Bancorp's Consolidated Financial Statements. This presentation

includes reporting separately the equity attributable to the noncontrolling interests in the Consolidated Balance Sheets and Consolidated Statements of Changes in Equity and reporting separately the comprehensive income attributable to the noncontrolling interests in the Consolidated Statements of Comprehensive Income and the net income attributable to the noncontrolling interests in the Consolidated Statements of Income. The Bancorp's maximum exposure related to these indemnifications at December 31, 2013 and 2012 was \$21 million and \$18 million, respectively, which is based on an amount required to meet the investor members' defined target rate of return

#### Non-consolidated VIEs

The following tables provide a summary of assets and liabilities carried on the Bancorp's Consolidated Balance Sheets related to non-consolidated VIEs for which the Bancorp holds an interest, but is not the primary beneficiary of the VIE, as well as the Bancorp's maximum exposure to losses associated with its interests in the entities:

	Total	Total	Maximum
As of December 31, 2013 (\$ in millions)	Assets	Liabilities	Exposure
CDC investments	\$ 1,436	407	1,436
Private equity investments	204	-	294
Loans provided to VIEs	1,830	-	2,792
Automobile loan securitization	4	-	4
Restructured loans	1	-	1

	Total	Total	Maximum
As of December 31, 2012 (\$ in millions)	Assets	Liabilities	Exposure
CDC investments	\$ 1,442	394	1,442
Private equity investments	189	-	310
Loans provided to VIEs	1,622	-	2,465
Restructured loans	2	-	2

#### CDC Investments

As noted previously, CDC typically invests in VIEs as a limited partner or investor member in the form of equity contributions. The Bancorp has determined that it is not the primary beneficiary of these VIEs because it lacks the power to direct the activities that most significantly impact the economic performance of the underlying project or the VIEs' ability to operate in compliance with the rules and regulations necessary for the qualification of tax credits generated by equity investments. This power is held by the general partners/managing members who exercise full and exclusive control of the operations of the VIEs. Accordingly, the Bancorp accounts for these investments under the equity method of accounting.

The Bancorp's funding requirements are limited to its invested capital and any additional unfunded commitments for future equity contributions. The Bancorp's maximum exposure to loss as a result of its involvement with the VIEs is limited to the carrying amounts of the investments, including the unfunded commitments. The carrying amounts of these investments, which are included in other assets in the Consolidated Balance Sheets, and the liabilities related to the unfunded commitments, which are included in other liabilities in the Consolidated Balance Sheets, are included in the previous tables for all periods presented. The Bancorp has no other liquidity arrangements or obligations to purchase assets of the VIEs that would expose the Bancorp to a loss. In certain arrangements, the general partner/managing member of the VIE has guaranteed a level of projected tax credits to be received by the limited partners/investor members, thereby minimizing a portion of the Bancorp's risk.

### Private Equity Investments

The Bancorp, through a wholly owned subsidiary, invests as a limited partner in private equity funds which provide the Bancorp an opportunity to obtain higher rates of return on invested capital, while also creating cross-selling opportunities for the Bancorp's commercial products. Each of the limited partnerships has an unrelated third-party general partner responsible for appointing the fund manager. The Bancorp has not been appointed fund manager for any of these private equity funds. The funds finance primarily all of their activities from the partners' capital contributions and investment returns. Under the VIE consolidation guidance still applicable to the funds, the Bancorp has determined that it is not the primary beneficiary of the funds because it does not absorb a majority of the funds' expected losses or receive a majority of the funds' expected residual returns. Therefore, the Bancorp accounts for its investments in these limited partnerships under the equity method of accounting.

The Bancorp is exposed to losses arising from negative performance of the underlying investments in the private equity funds. As a limited partner, the Bancorp's maximum exposure to loss is limited to the carrying amounts of the investments plus unfunded commitments. The carrying amounts of these investments, which are included in other assets in the Consolidated Balance Sheets, are included in the previous tables. Also, as of December 31, 2013 and 2012, the unfunded commitment amounts to the funds were \$90 million and \$121 million, respectively. The Bancorp made capital contributions of \$31 million and \$61 million to private equity funds during 2013 and 2012, respectively. Additionally, in response to the issuance of the Volcker Rule in the fourth quarter of 2013, the Bancorp recognized \$4 million of OTTI on its investments in private equity funds. See Note 27 for further information.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### Loans Provided to VIEs

The Bancorp has provided funding to certain unconsolidated VIEs sponsored by third parties. These VIEs are generally established to finance certain consumer and small business loans originated by third parties. The entities are primarily funded through the issuance of a loan from the Bancorp or syndication through which the Bancorp is involved. The sponsor/administrator of the entities is responsible for servicing the underlying assets in the VIEs. Because the sponsor/administrator, not the Bancorp, holds the servicing responsibilities, which include the establishment and employment of default mitigation policies and procedures, the Bancorp does not hold the power to direct the activities most significant to the economic performance of the entity and, therefore, is not the primary beneficiary.

The principal risk to which these entities are exposed is credit risk related to the underlying assets. The Bancorp's maximum exposure to loss is equal to the carrying amounts of the loans and unfunded commitments to the VIEs. The Bancorp's outstanding loans to these VIEs, included in commercial loans in the Consolidated Balance Sheets, are included in the previous tables for all periods presented. Also, as of December 31, 2013 and 2012, the Bancorp's unfunded commitments to these entities were \$962 million and \$843 million, respectively. The loans and unfunded commitments to these VIEs are included in the Bancorp's overall analysis of the ALLL and reserve for unfunded commitments, respectively. The Bancorp does not provide any implicit or explicit liquidity guarantees or principal value guarantees to these VIEs.

#### Automobile Loan Securitization

In March of 2013, the Bancorp recognized an immaterial loss on the securitization and sale of certain automobile loans with a carrying amount of approximately \$509 million. The securitization and the resulting sale of all underlying securities qualified for sale accounting. The Bancorp has concluded that it is not the primary beneficiary of the trust because it has neither the obligation to absorb losses of the entity that could potentially be significant to the VIE nor the right to receive benefits from the entity that could potentially be significant to the VIE. The Bancorp is not required and does not currently intend to provide any additional financial support to the trust. Investors and creditors only have recourse to the assets held by the trust. The interest the Bancorp holds in the VIE relates to servicing rights that are included in the Bancorp's Consolidated Balance Sheets. The maximum exposure to loss is equal to the carrying value of the servicing asset.

### Restructured Loans

As part of loan restructuring efforts, the Bancorp received equity capital from certain borrowers to facilitate the restructuring of the borrower's debt. These borrowers meet the definition of a VIE because the Bancorp was involved in their refinancing and because their equity capital is insufficient to fund ongoing operations. These restructurings were intended to provide the VIEs with serviceable debt levels while providing the Bancorp an opportunity to maximize the recovery of the loans. The VIEs finance their operations from earned income, capital contributions, and through restructured debt agreements. Assets of the VIEs are used to settle their specific obligations, including loan payments due to the Bancorp. The Bancorp continues to maintain its relationship with these VIEs as a lender and minority shareholder, however, it is not involved in management decisions and does not have sufficient voting rights to control the membership of the respective boards. Therefore, the Bancorp accounts for its equity investments in these VIEs under the

equity method or cost method based on its percentage of ownership and ability to exercise significant influence.

The Bancorp's maximum exposure to loss as a result of its involvement with these VIEs is limited to the equity investments, the principal and accrued interest on the outstanding loans, and any unfunded commitments. Due to the VIEs' short-term cash deficit projections at the restructuring dates, the Bancorp determined that the initial fair value of its equity investments in these VIEs was zero. As of December 31, 2013 and 2012, the Bancorp's carrying value of these equity investments was immaterial to the Bancorp's Consolidated Balance Sheets. Additionally, the Bancorp had outstanding loans to these VIEs, included in commercial loans in the Consolidated Balance Sheets, which are included in the previous tables for all periods presented. The Bancorp had no unfunded loan commitments to these VIEs as of December 31, 2013 and 2012. The loans to these VIEs are included in the Bancorp's overall analysis of the ALLL. The Bancorp does not provide any implicit or explicit liquidity guarantees or principal value guarantees to these VIEs.

## 11. SALES OF RECEIVABLES AND SERVICING RIGHTS

#### Automobile Loan Securitization

In March of 2013, the Bancorp recognized an immaterial loss on the securitization and sale of certain automobile loans with a carrying amount of approximately \$509 million. The Bancorp utilized a securitization trust to facilitate the securitization process. The trust issued asset-backed securities in the form of notes and equity certificates, with varying levels of credit subordination and payment priority. The Bancorp does not hold any of the notes or equity certificates issued by the trust, and the investors in these securities have no credit recourse to the Bancorp's assets for failure of debtors to pay when due. As part of the sale, the Bancorp obtained servicing

responsibilities and recognized a servicing asset with an initial fair value of \$6 million.

#### Residential Mortgage Loan Sales

The Bancorp sold fixed and adjustable rate residential mortgage loans during 2013, 2012, and 2011. In those sales, the Bancorp obtained servicing responsibilities and the investors have no recourse to the Bancorp's other assets for failure of debtors to pay when due. The Bancorp receives annual servicing fees based on a percentage of the outstanding balance. The Bancorp identifies classes of servicing assets based on financial asset type and interest rates.

Information related to residential mortgage loan sales and the Bancorp's mortgage banking activity, which is included in mortgage banking net revenue in the Consolidated Statements of Income, for the years ended December 31 is as follows:

(\$ in millions)	2013	2012	2011
Residential mortgage loan sales	\$ 21,529	21,574	14,733
Origination fees and gains on loan sales	453	821	396
Servicing fees	251	250	234

#### Servicing Assets

The following table presents changes in the servicing assets related to residential mortgage and automobile loans for the years ended December 31:

(\$ in millions)	2013	2012
Carrying amount before valuation allowance as of the beginning of the period	\$ 1,358	1,239
Servicing obligations that result from the transfer of residential mortgage loans	244	305
Servicing obligations that result from the transfer of automobile loans	6	-
Amortization	(168)	(186)
Carrying amount before valuation allowance	1,440	1,358
Valuation allowance for servicing assets:		
Beginning balance	(661)	(558)
Recovery of (provision for) MSR impairment	192	(103)
Ending balance	(469)	(661)
Carrying amount as of the end of the period	\$ 971	697

Amortization expense recognized on servicing rights for the years ended December 31, 2013, 2012 and 2011 was \$168 million, \$186 million and \$135 million, respectively. The Bancorp's projections of

amortization expense shown below are based on existing asset balances as of December 31, 2013. Future amortization expense may vary from these projections.

Estimated amortization expense for the years ending December 31, 2014 through 2018 is as follows:

(\$ in millions)	Total
2014	\$ 95
2015	88
2016	81
2017	76
2018	71

Temporary impairment or impairment recovery, affected through a change in the MSR valuation allowance, is captured as a component of mortgage banking net revenue in the Consolidated Statements of Income. The Bancorp maintains a non-qualifying hedging strategy to manage a portion of the risk associated with changes in the value of the MSR portfolio. This strategy includes the purchase of free-standing derivatives and various available-for-sale securities. The

interest income, mark-to-market adjustments and gain or loss from sale activities associated with these portfolios are expected to economically hedge a portion of the change in value of the MSR portfolio caused by fluctuating discount rates, earnings rates and prepayment speeds. The fair value of the servicing asset is based on the present value of expected future cash flows.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table displays the beginning and ending fair value of the servicing assets for the years ended December 31:

(\$ in millions)	2013	2012
Fixed rate residential mortgage loans:		
Beginning balance	\$ 664	649
Ending balance	929	664
Adjustable rate residential mortgage loans:		
Beginning balance	33	32
Ending balance	38	33
Fixed rate automobile loans:		
Beginning balance	-	-
Ending balance	4	-

The following table presents activity related to valuations of the MSR portfolio and the impact of the non-qualifying hedging strategy, which is included in the Consolidated Statements of Income for the years ended December 31:

(\$ in millions)	2013	2012	2011
Securities gains, net - non-qualifying hedges on MSRs	\$ 13	3	9
Changes in fair value and settlement of free-standing derivatives purchased			
to economically hedge the MSR portfolio (Mortgage banking net revenue)	(30)	63	344
Recovery of (provision for) MSR impairment (Mortgage banking net revenue)	192	(103)	(242)

As of December 31, 2013 and 2012, the key economic assumptions used in measuring the interests in residential mortgage loans that continued to be held by the Bancorp at the date of sale or securitization resulting from transactions completed during the years ended December 31 were as follows:

			20	13			20	12	
	Rate	Weighted- Average Life (in years)	Prepayment Speed (annual)	Discount Rate (annual)	Weighted- Average Default rate	Weighted- Average Life (in years)	Prepayment Speed (annual)	Discount Rate (annual)	Weighted- Average Default rate
Residential mortgage loans:									
Servicing assets	Fixed	7.3	9.1 %	10.2 %	N/A	6.9	9.6 %	10.4 %	N/A
Servicing assets	Adjustable	3.6	22.8	11.5	N/A	3.8	22.0	11.4	N/A

Based on historical credit experience, expected credit losses for residential mortgage loan servicing assets have been deemed immaterial, as the Bancorp sold the majority of the underlying loans without recourse. At December 31, 2013 and 2012, the Bancorp

serviced \$69.2 billion and \$62.5 billion, respectively, of residential mortgage loans for other investors. The value of MSRs that continue to be held by the Bancorp is subject to credit, prepayment and interest rate risks on the sold financial assets.

At December 31, 2013, the sensitivity of the current fair value of residual cash flows to immediate 10%, 20% and 50% adverse changes in prepayment speed assumptions and immediate 10% and 20% adverse changes in other assumptions are as follows:

							Prepayment eed Assump			Res	Servicing Flows	
			Fair	Weighted- Average Life (in		Impact of Adverse Change on Fair Value			Discount	npact of Ad Change on I Value	Fair	
(\$ in millions)(a)	Rate	7	Value	years)	Rate		10%	20%	50%	Rate	10%	20%
Residential mortgage loans:												
Servicing assets	Fixed	\$	929	6.8	10.3 %	\$	(36)	(69)	(157)	10.4 %	\$ (37)	(72)
Servicing assets	Adjustable		38	3.2	25.6		(2)	(3)	(7)	11.6	(1)	(2)

<sup>(</sup>a) The impact of the weighted-average default rate on the current fair value of residual cash flows for all scenarios is immaterial.

These sensitivities are hypothetical and should be used with caution. As the figures indicate, changes in fair value based on these variations in the assumptions typically cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. The Bancorp believes variations of these levels are reasonably possible; however, there is the potential that adverse changes in key assumptions could be even greater. Also, in the previous table, the effect of a variation in a particular

assumption on the fair value of the interests that continue to be held by the Bancorp is calculated without changing any other assumption; in reality, changes in one factor may result in changes in another (for example, increases in market interest rates may result in lower prepayments), which might magnify or counteract these sensitivities.

### 12. DERIVATIVE FINANCIAL INSTRUMENTS

The Bancorp maintains an overall risk management strategy that incorporates the use of derivative instruments to reduce certain risks related to interest rate, prepayment and foreign currency volatility. Additionally, the Bancorp holds derivative instruments for the benefit of its commercial customers and for other business purposes. The Bancorp does not enter into unhedged speculative derivative positions.

The Bancorp's interest rate risk management strategy involves modifying the repricing characteristics of certain financial instruments so that changes in interest rates do not adversely affect the Bancorp's net interest margin and cash flows. Derivative instruments that the Bancorp may use as part of its interest rate risk management strategy include interest rate swaps, interest rate floors, interest rate caps, forward contracts, options and swaptions. Interest rate swap contracts are exchanges of interest payments, such as fixed-rate payments for floating-rate payments, based on a stated notional amount and maturity date. Interest rate floors protect against declining rates, while interest rate caps protect against rising interest rates. Forward contracts are contracts in which the buyer agrees to purchase, and the seller agrees to make delivery of, a specific financial instrument at a predetermined price or yield. Options provide the purchaser with the right, but not the obligation, to purchase or sell a contracted item during a specified period at an agreed upon price. Swaptions are financial instruments granting the owner the right, but not the obligation, to enter into or cancel a swap.

Prepayment volatility arises mostly from changes in fair value of the largely fixed-rate MSR portfolio, mortgage loans and mortgage-backed securities. The Bancorp may enter into various free-standing derivatives (principal-only swaps, interest rate swaptions, interest rate floors, mortgage options, TBAs and interest rate swaps) to economically hedge prepayment volatility. Principal-only swaps are total return swaps based on changes in the value of the underlying mortgage principal-only trust. TBAs are a forward purchase agreement for a mortgage-backed securities trade whereby the terms of the security are undefined at the time the trade is made.

Foreign currency volatility occurs as the Bancorp enters into certain loans denominated in foreign currencies. Derivative instruments that the Bancorp may use to economically hedge these foreign denominated loans include foreign exchange swaps and forward contracts.

The Bancorp also enters into derivative contracts (including foreign exchange contracts, commodity contracts and interest rate contracts) for the benefit of commercial customers and other business purposes. The Bancorp may economically hedge significant exposures related to these free-standing derivatives by entering into offsetting third-party contracts with approved, reputable counterparties with substantially matching terms and currencies. Credit risk arises from the possible inability of counterparties to meet the terms of their contracts. The Bancorp's exposure is limited to the replacement value of the contracts rather than the notional, principal or contract amounts. Credit risk is minimized through

credit approvals, limits, counterparty collateral and monitoring procedures.

The Bancorp's derivative assets include certain contractual features in which the Bancorp requires the counterparties to provide collateral in the form of cash and securities to offset changes in the fair value of the derivatives, including changes in the fair value due to credit risk of the counterparty. As of December 31, 2013 and 2012, the balance of collateral held by the Bancorp for derivative assets was \$514 million and \$927 million, respectively. The credit component negatively impacting the fair value of derivative assets associated with customer accommodation contracts as of December 31, 2013 and 2012 was \$12 million and \$18 million, respectively.

In measuring the fair value of derivative liabilities, the Bancorp considers its own credit risk, taking into consideration collateral maintenance requirements of certain derivative counterparties and the duration of instruments with counterparties that do not require collateral maintenance. When necessary, the Bancorp posts collateral primarily in the form of cash and securities to offset changes in fair value of the derivatives, including changes in fair value due to the Bancorp's credit risk. As of December 31, 2013 and 2012, the balance of collateral posted by the Bancorp for derivative liabilities was \$559 million and \$785 million, respectively. Certain of the Bancorp's derivative liabilities contain credit-risk related contingent features that could result in the requirement to post additional collateral upon the occurrence of specified events. As of December 31, 2013 and 2012, the fair value of the additional collateral that could be required to be posted as a result of the credit-risk related contingent features being triggered was not material to the Bancorp's Consolidated Financial Statements. The posting of collateral has been determined to remove the need for further consideration of credit risk. As a result, the Bancorp determined that the impact of the Bancorp's credit risk to the valuation of its derivative liabilities was immaterial to the Bancorp's Consolidated Financial Statements.

The Bancorp holds certain derivative instruments that qualify for hedge accounting treatment and are designated as either fair value hedges or cash flow hedges. Derivative instruments that do not qualify for hedge accounting treatment, or for which hedge accounting is not established, are held as free-standing derivatives. All customer accommodation derivatives are held as free-standing derivatives.

The fair value of derivative instruments is presented on a gross basis, even when the derivative instruments are subject to master netting arrangements. Derivative instruments with a positive fair value are reported in other assets in the Consolidated Balance Sheets while derivative instruments with a negative fair value are reported in other liabilities in the Consolidated Balance Sheets. Cash collateral payables and receivables associated with the derivative instruments are not added to or netted against the fair value amounts. For further information on offsetting derivatives, see Note 13 of the Notes to Consolidated Financial Statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following tables reflect the notional amounts and fair values for all derivative instruments included in the Consolidated Balance Sheets as of:

		Fair V	alue	
	Notional	Derivative	Derivative	
December 31, 2013 (\$ in millions)	Amount	Assets	Liabilities	
Qualifying hedging instruments				
Fair value hedges:				
Interest rate swaps related to long-term debt	\$ 3,205	292	13	
Total fair value hedges		292	13	
Cash flow hedges:				
Interest rate swaps related to C&I loans	2,200	40	21	
Total cash flow hedges		40	21	
Total derivatives designated as qualifying hedging instruments		332	34	
Derivatives not designated as qualifying hedging instruments				
Free-standing derivatives - risk management and other business purposes:				
Interest rate contracts related to MSRs	4,092	141	14	
Forward contracts related to held for sale mortgage loans	1,448	13	1	
Stock warrant associated with Vantiv Holding, LLC	664	384	-	
Swap associated with the sale of Visa, Inc. Class B shares	947	-	48	
Total free-standing derivatives - risk management and other business purposes		538	63	
Free-standing derivatives - customer accommodation:				
Interest rate contracts for customers	28,112	329	339	
Interest rate lock commitments	924	12	1	
Commodity contracts	3,300	66	65	
Foreign exchange contracts	19,688	276	252	
Total free-standing derivatives - customer accommodation		683	657	
Total derivatives not designated as qualifying hedging instruments		1,221	720	
Total		s 1,553	754	

		Fair Va	lue	
	Notional	Derivative	Derivative	
December 31, 2012 (\$ in millions)	Amount	Assets	Liabilities	
Qualifying hedging instruments				
Fair value hedges:				
Interest rate swaps related to long-term debt	\$ 2,880	558		
Total fair value hedges		558		
Cash flow hedges:				
Interest rate floors related to C&I loans	1,500	22		
Interest rate swaps related to C&I loans	1,000	60		
Interest rate caps related to long-term debt	500	-		
Interest rate swaps related to long-term debt	250	-		
Total cash flow hedges		82		
Total derivatives designated as qualifying hedging instruments		640		
Derivatives not designated as qualifying hedging instruments				
Free-standing derivatives - risk management and other business purposes:				
Interest rate contracts related to MSRs	10,177	219		
Forward contracts related to held for sale mortgage loans	5,322	2	1	
Stock warrant associated with Vantiv Holding, LLC	416	177		
Swap associated with the sale of Visa, Inc. Class B shares	644	-	3	
Total free-standing derivatives - risk management and other business purposes		398	4	
Free-standing derivatives - customer accommodation:				
Interest rate contracts for customers	27,354	586	60	
Interest rate lock commitments	4,894	60		
Commodity contracts	3,084	87	8	
Foreign exchange contracts	17,297	201	18	
Derivative instruments related to equity linked CDs	5	-		
Total free-standing derivatives - customer accommodation		934	86	
Total derivatives not designated as qualifying hedging instruments		1,332	91	
Total		\$ 1,972	91	

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### Fair Value Hedges

The Bancorp may enter into interest rate swaps to convert its fixed-rate funding to floating-rate. Decisions to convert fixed-rate funding to floating are made primarily through consideration of the asset/liability mix of the Bancorp, the desired asset/liability sensitivity and interest rate levels. As of December 31, 2013 and 2012, certain interest rate swaps met the criteria required to qualify for the shortcut method of accounting. Based on this shortcut method of accounting treatment, no ineffectiveness is assumed. For interest rate swaps that do not meet the shortcut requirements, an assessment of hedge effectiveness using regression analysis was

performed and such swaps were accounted for using the "long-haul" method. The long-haul method requires a quarterly assessment of hedge effectiveness and measurement of ineffectiveness. For interest rate swaps accounted for as a fair value hedge using the long-haul method, ineffectiveness is the difference between the changes in the fair value of the interest rate swap and changes in fair value of the related hedged item attributable to the risk being hedged. The ineffectiveness on interest rate swaps hedging fixed-rate funding is reported within interest expense in the Consolidated Statements of Income

The following table reflects the change in fair value of interest rate contracts, designated as fair value hedges, as well as the change in fair value of the related hedged items attributable to the risk being hedged, included in the Consolidated Statements of Income:

	Consolidated Statements of Income			
For the year ended December 31 (\$ in millions)	Caption	2013	2012	2011
Interest rate contracts:				
Change in fair value of interest rate swaps hedging long-term debt	Interest on long-term debt	\$ (279)	(104)	220
Change in fair value of hedged long-term debt attributable to the risk being hedged	Interest on long-term debt	276	107	(227)

#### Cash Flow Hedges

The Bancorp may enter into interest rate swaps to convert floating-rate assets and liabilities to fixed rates or to hedge certain forecasted transactions. The assets or liabilities may be grouped in circumstances where they share the same risk exposure that the Bancorp desires to hedge. The Bancorp may also enter into interest rate caps and floors to limit cash flow variability of floating rate assets and liabilities. As of December 31, 2013, all hedges designated as cash flow hedges were assessed for effectiveness using regression analysis. Ineffectiveness is generally measured as the amount by which the cumulative change in the fair value of the hedging instrument exceeds the present value of the cumulative change in the hedged item's expected cash flows attributable to the risk being hedged. Ineffectiveness is reported within other noninterest income in the Consolidated Statements of Income. The effective portion of the cumulative gains or losses on cash flow hedges are reported within accumulated other comprehensive income and are reclassified from accumulated other comprehensive income to current period earnings when the forecasted transaction affects earnings. As of December 31, 2013, the maximum length of time over which the Bancorp is hedging its exposure to the variability in future cash flows is 71

Reclassified gains and losses on interest rate contracts related to commercial and industrial loans are recorded within interest income while reclassified gains and losses on interest rate contracts related to long-term debt are recorded within interest expense in the Consolidated Statements of Income. As of December 31, 2013 and 2012, \$13 million and \$50 million, respectively, of net deferred gains, net of tax, on cash flow hedges were recorded in accumulated other comprehensive income in the Consolidated Balance Sheets. As of December 31, 2013, \$25 million in net deferred gains, net of tax, recorded in accumulated other comprehensive income are expected to be reclassified into earnings during the next twelve months. This amount could differ from amounts actually recognized due to changes in interest rates, hedge dedesignations, and the addition of other hedges subsequent to December 31, 2013.

During 2013, there were no gains or losses reclassified from accumulated other comprehensive income into earnings associated with the discontinuance of cash flow hedges because it was probable that the original forecasted transaction would not occur by the end of the originally specified time period or within the additional period of time as defined by U.S. GAAP.

The following table presents the net gains (losses) recorded in the Consolidated Statements of Income and the Consolidated Statements of Comprehensive Income relating to derivative instruments designated as cash flow hedges:

For the year ended December 31 (\$ in millions)	2013	2012	2011
Amount of net (losses) gains recognized in OCI	\$ (13)	37	89
Amount of net gains reclassified from OCI into net income	44	83	69
Amount of ineffectiveness recognized in other noninterest income	-	-	1

# Free-Standing Derivative Instruments – Risk Management and Other Business Purposes

As part of its overall risk management strategy relative to its mortgage banking activity, the Bancorp may enter into various free-standing derivatives (principal-only swaps, interest rate swaptions, interest rate floors, mortgage options, TBAs and interest rate swaps) to economically hedge changes in fair value of its largely fixed-rate MSR portfolio. Principal-only swaps hedge the mortgage-LIBOR spread because these swaps appreciate in value as a result of tightening spreads. Principal-only swaps also provide prepayment protection by increasing in value when prepayment speeds increase, as opposed to MSRs that lose value in a faster prepayment

environment. Receive fixed/pay floating interest rate swaps and swaptions increase in value when interest rates do not increase as quickly as expected.

The Bancorp enters into forward contracts and mortgage options to economically hedge the change in fair value of certain residential mortgage loans held for sale due to changes in interest rates. Interest rate lock commitments issued on residential mortgage loan commitments that will be held for sale are also considered free-standing derivative instruments and the interest rate exposure on these commitments is economically hedged primarily with forward contracts. Revaluation gains and losses from free-standing derivatives related to mortgage banking activity are recorded as a

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

component of mortgage banking net revenue in the Consolidated Statements of Income.

Additionally, as part of the Bancorp's overall risk management strategy with respect to minimizing significant fluctuations in earnings and cash flows caused by interest rate and prepayment volatility, the Bancorp may enter into free-standing derivative instruments (options, swaptions and interest rate swaps). The gains and losses on these derivative contracts are recorded within other noninterest income in the Consolidated Statements of Income.

In conjunction with the initial sale of the Bancorp's 51% interest in Vantiv Holding, LLC, the Bancorp received a warrant and issued a put option, which are accounted for as free-standing

derivatives. The put option expired as a result of the Vantiv, Inc. initial public offering in March of 2012. Refer to Note 27 for further discussion of significant inputs and assumptions used in the valuation of the warrant.

In conjunction with the sale of Visa, Inc. Class B shares in 2009, the Bancorp entered into a total return swap in which the Bancorp will make or receive payments based on subsequent changes in the conversion rate of the Class B shares into Class A shares. This total return swap is accounted for as a free-standing derivative. See Note 27 for further discussion of significant inputs and assumptions used in the valuation of this instrument.

The net gains (losses) recorded in the Consolidated Statements of Income relating to free-standing derivative instruments used for risk management and other business purposes are summarized in the following table:

	Consolidated Statements of Income			
For the year ended December 31 (\$ in millions)	Caption	2013	2012	2011
Interest rate contracts:				
Forward contracts related to mortgage loans held for sale	Mortgage banking net revenue	\$ 24	28	(128)
Interest rate contracts related to MSR portfolio	Mortgage banking net revenue	(30)	63	345
Interest rate swaps related to long-term debt	Other noninterest income	-	2	7
Foreign exchange contracts:				
Foreign exchange contracts for risk management purposes	Other noninterest income	5	-	-
Equity contracts:				
Stock warrant associated with Vantiv Holding, LLC	Other noninterest income	206	66	32
Put option associated with Vantiv Holding, LLC	Other noninterest income	-	1	7
Swap associated with sale of Visa, Inc. Class B shares	Other noninterest income	(31)	(45)	(83)

#### Free-Standing Derivative Instruments - Customer Accommodation

The majority of the free-standing derivative instruments the Bancorp enters into are for the benefit of its commercial customers. These derivative contracts are not designated against specific assets or liabilities on the Bancorp's Consolidated Balance Sheets or to forecasted transactions and, therefore, do not qualify for hedge accounting. These instruments include foreign exchange derivative contracts entered into for the benefit of commercial customers involved in international trade to hedge their exposure to foreign currency fluctuations and commodity contracts to hedge such items as natural gas and various other derivative contracts. The Bancorp may economically hedge significant exposures related to these derivative contracts entered into for the benefit of customers by entering into offsetting contracts with approved, reputable, independent counterparties with substantially matching terms. The Bancorp hedges its interest rate exposure on commercial customer transactions by executing offsetting swap agreements with primary dealers. Revaluation gains and losses on interest rate, foreign exchange, commodity and other commercial customer derivative contracts are recorded as a component of corporate banking revenue in the Consolidated Statements of Income.

The Bancorp enters into risk participation agreements, under which the Bancorp assumes credit exposure relating to certain underlying interest rate derivative contracts. The Bancorp only enters into these risk participation agreements in instances in which the Bancorp has participated in the loan that the underlying interest rate derivative contract was designed to hedge. The Bancorp will make payments under these agreements if a customer defaults on its obligation to perform under the terms of the underlying interest rate derivative contract. As of December 31, 2013 and 2012, the total notional amount of the risk participation agreements was \$1.2 billion and \$1.0 billion, respectively, and the fair value was a liability of \$3 million at December 31, 2013 and \$2 million at December 31, 2012, which is included in interest rate contracts for customers. As of December 31, 2013, the risk participation agreements had an average remaining life of 3.0 years.

The Bancorp's maximum exposure in the risk participation agreements is contingent on the fair value of the underlying interest rate derivative contracts in an asset position at the time of default. The Bancorp monitors the credit risk associated with the underlying customers in the risk participation agreements through the same risk grading system currently utilized for establishing loss reserves in its loan and lease portfolio.

Risk ratings of the notional amount of risk participation agreements under this risk rating system are summarized in the following table:

At December 31 (\$ in millions)	2013	2012
Pass	\$ 1,153	993
Special mention	38	-
Substandard	12	13
Total	\$ 1,203	1,006

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The net gains (losses) recorded in the Consolidated Statements of Income relating to free-standing derivative instruments used for customer accommodation are summarized in the following table:

For the year ended December 31 (\$ in millions)	Consolidated Statements of Income Caption	2013	2012	2011
Interest rate contracts:	1			
Interest rate contracts for customers (contract revenue)	Corporate banking revenue	s 29	30	28
Interest rate contracts for customers (credit losses)	Other noninterest expense	(3)	(2)	(13)
Interest rate contracts for customers (credit portion of fair value adjustment)	Other noninterest expense	7	6	13
Interest rate lock commitments	Mortgage banking net revenue	58	417	206
Commodity contracts:				
Commodity contracts for customers (contract revenue)	Corporate banking revenue	7	7	8
Commodity contracts for customers (credit portion of fair value adjustment)	Other noninterest expense	-	2	-
Foreign exchange contracts:				
Foreign exchange contracts - customers (contract revenue)	Corporate banking revenue	69	65	47
Foreign exchange contracts - customers (credit portion of fair value adjustment)	Other noninterest expense	(2)	2	1

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 13. OFFSETTING DERIVATIVE FINANCIAL INSTRUMENTS

The Bancorp's derivative transactions are generally governed by ISDA Master Agreements and similar arrangements, which include provisions governing the setoff of assets and liabilities between the parties. When the Bancorp has more than one outstanding derivative transaction with a single counterparty, the setoff provisions contained within these agreements generally allow the non-defaulting party the right to reduce its liability to the defaulting party by amounts eligible for setoff, including the collateral received

as well as eligible offsetting transactions with that counterparty, irrespective of the currency, place of payment, or booking office. The Bancorp's policy is to present its derivative assets and derivative liabilities on the Consolidated Balance Sheets on a gross basis, even when provisions allowing for setoff are in place.

Collateral amounts included in the table below consist primarily of cash and highly-rated government-backed securities.

Gross Amounts Not Offset in the

Gr	oss Amount				
Reco	ognized in the	Consolidated Bala	ance Sheet		
Consolidated Balance Sheet (a)		Derivatives	Collateral(b)	Net Amount	
\$	1,157	(321)	(390)	\$	446
	1,157	(321)	(390)		446
	753	(321)	(302)		130
\$	753				
		(321)	(302)	\$	130
		Gross Amounts No	ot Offset in the		
Reco	ognized in the	Consolidated Bala	ance Sheet		
			Collateral(b)		
Consolidat	ed Balance Sheet(a)	Derivatives		Net A	Amount
\$	1 735	(291)	(794)	\$	650
	1,735	(291)	(794)	Ψ	650
	915	(291)	(505)		119
		(:)	()		
\$	915				
	Reco Consolidat  \$  Gr Reco Consolidat	\$ 1,157  1,157  753 \$ 753  \$ 753  Gross Amount Recognized in the  Consolidated Balance Sheet (a)  \$ 1,735  1,735  915	Recognized in the Consolidated Balance Sheet (a)         Consolidated Balance Sheet (a)         Derivatives           \$ 1,157         (321)           1,157         (321)           \$ 753         (321)           \$ 753         (321)           Gross Amount Recognized in the Consolidated Balance Sheet (a)         Consolidated Balance Sheet (a)           \$ 1,735         (291)           1,735         (291)           915         (291)	Recognized in the Consolidated Balance Sheet         Consolidated Balance Sheet           \$ 1,157         (321)         (390)           1,157         (321)         (390)           \$ 753         (321)         (302)           \$ 753         (321)         (302)           Gross Amount Recognized in the Recognized in the Consolidated Balance Sheet         Consolidated Balance Sheet         Collateral(b)           Consolidated Balance Sheet(a)         Derivatives         Collateral(b)           \$ 1,735         (291)         (794)           915         (291)         (505)	Recognized in the Consolidated Balance Sheet   Derivatives   Collateral(b)   Net A

Gross Amount

## 14. OTHER ASSETS

The following table provides the components of other assets included in the Consolidated Balance Sheets as of December 31:

(\$ in millions)	 2013	2012
Partnership investments	\$ 1,687	1,657
Bank owned life insurance	1,587	1,547
Derivative instruments	1,553	1,972
Accounts receivable and drafts-in-process	1,433	1,155
Bankers' acceptances	763	398
Investment in Vantiv Holding, LLC	423	563
Accrued interest receivable	361	369
OREO and other repossessed personal property	306	329
Prepaid expenses	94	80
Income tax receivable	12	10
Other	139	124
Total	\$ 8,358	8,204

CDC, a wholly owned subsidiary of the Bancorp, was created to invest in projects to create affordable housing, revitalize business and residential areas, and preserve historic landmarks, which are included above in partnership investments. In addition, Fifth Third Capital Holdings, a wholly owned subsidiary of the Bancorp, invests as a direct private equity investor and as a limited partner in private

equity funds, which are included above as partnership investments. The Bancorp has determined that these partnership investments are VIEs and the Bancorp's investments represent variable interests. See Note 10 for further information. Additionally, in response to the issuance of the Volcker Rule in the fourth quarter of 2013, the

<sup>(</sup>a) Amount does not include the stock warrant associated with Vantiv Holding, LLC and interest rate lock commitments because these instruments are not subject to master netting or similar arrangement.

<sup>(</sup>b) Amount of collateral received as an offset to asset positions or pledged as an offset to liability positions. Collateral values in excess of related derivative amounts recognized in the Consolidated Balance Sheets were excluded from this table.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bancorp recognized \$4 million of OTTI on its investments in private equity funds. See Note 27 for further information.

The Bancorp purchases life insurance policies on the lives of certain directors, officers and employees and is the owner and beneficiary of the policies. Certain BOLI policies have a stable value agreement through either a large, well-rated bank or multi-national insurance carrier that provides limited cash surrender value protection from declines in the value of each policy's underlying investments. See Note 1 for further information.

The Bancorp utilizes derivative instruments as part of its overall risk management strategy to reduce certain risks related to interest rate, prepayment and foreign currency volatility. The Bancorp also holds derivatives instruments for the benefit of its commercial customers and for other business purposes. For further information on derivative instruments, see Note 12.

A bankers' acceptance is created when a time draft is drawn on and accepted by a bank. By accepting the draft, the bank assumes

the credit risk of the underlying obligor, usually the buyer or the seller of goods or their bank, and makes an unconditional promise to pay the holder of the draft the amount of the draft at maturity, which is generally less than one year from the date of the draft. When the Bancorp is the accepting bank, it records the full amount of the acceptance in both other assets and other liabilities in the Consolidated Balance Sheets.

In 2009, the Bancorp sold an approximate 51% interest in its processing business, Vantiv Holding, LLC. As a result of additional share sales completed by the Bancorp in 2012 and 2013, the Bancorp's current ownership share in Vantiv Holding, LLC is approximately 25%. The Bancorp's ownership in Vantiv Holding, LLC is accounted for under the equity method of accounting. See Note 19 for further information.

OREO represents property acquired through foreclosure or other proceedings and is carried at the lower of cost or fair value, less costs to sell. See Note 1 for further information.

#### 15. SHORT-TERM BORROWINGS

Borrowings with original maturities of one year or less are classified as short term, and include federal funds purchased and other short-term borrowings. Federal funds purchased are excess balances in reserve accounts held at FRBs that the Bancorp purchased from

other member banks on an overnight basis. Other short-term borrowings include securities sold under repurchase agreements, derivative collateral, FHLB advances and other borrowings with original maturities of one year or less.

A summary of short-term borrowings and weighted-average rates follows:

	2013		2012	
(\$ in millions)	 Amount	Rate	Amount	Rate
As of December 31:				
Federal funds purchased	\$ 284	0.03%	\$ 901	0.10%
Other short-term borrowings	1,380	0.09	6,280	0.15
Average for the years ended December 31:				
Federal funds purchased	\$ 503	0.12%	\$ 560	0.14%
Other short-term borrowings	3,024	0.18	4,246	0.18
Maximum month-end balance for the years ended December 31:				
Federal funds purchased	\$ 925		\$ 901	
Other short-term borrowings	8,001		6,330	

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 16. LONG-TERM DEBT

The following table is a summary of the Bancorp's long-term borrowings at December 31:

(\$ in millions)	Maturity	Interest Rate	2013	2012
Parent Company				
Senior:				
Fixed-rate notes		\$	-	758
Fixed-rate notes	2016	3.625%	999	999
Fixed-rate notes	2022	3.50%	497	497
Subordinated:(b)				
Floating-rate notes	2016	0.67%	250	250
Fixed-rate notes	2017	5.45%	558	583
Fixed-rate notes	2018	4.50%	555	584
Fixed-rate notes	2024	4.30%	748	-
Fixed-rate notes	2038	8.25%	1,150	1,330
Junior subordinated: (a)				
Fixed-rate notes			-	750
Subsidiaries				
Senior:				
Floating-rate bank notes			-	500
Fixed-rate notes	2016	1.15%	1,000	-
Fixed-rate notes	2016	0.90%	400	-
Floating-rate notes	2016	0.75%	750	-
Floating-rate notes	2016	0.67%	300	-
Fixed-rate notes	2018	1.45%	587	-
Subordinated:(b)				
Fixed-rate bank notes	2015	4.75%	524	546
Junior subordinated: (a)				
Floating-rate debentures		1.67% -		
	2035	1.94%	51	50
FHLB advances		0.05% -		
	2015-2041	6.87%	44	53
Notes associated with consolidated VIE:				
Automobile loan securitization:				
Fixed-rate notes	2014-2020	0.25% - 1.30%	1,048	-
Other	2014-			
	2039	Varies	172	185
Total		S	9,633	7,085

<sup>(</sup>a) Qualify as Tier I capital for regulatory capital purposes. See Note 28 for further information.

The Bancorp pays down long-term debt in accordance with contractual terms over maturity periods summarized in the above table. The aggregate annual maturities of long-term debt obligations (based on final maturity dates) as of December 31, 2013, are presented in the following table:

(\$ in millions)	Parent	Subsidiaries	Total
2014	\$ -	157	157
2015	-	526	526
2016	1,249	2,842	4,091
2017	558	390	948
2018	555	592	1,147
Thereafter	2,395	369	2,764
Total	\$ 4,757	4,876	9,633

At December 31, 2013, the Bancorp had outstanding principal balances of \$9.4 billion, net discounts of \$21 million and additions for mark-to-market adjustments on its hedged debt of \$278 million. At December 31, 2012, the Bancorp had outstanding principal balances of \$6.5 billion, net discounts of \$20 million and additions for mark-to-market adjustments on its hedged debt of \$555 million. The Bancorp was in compliance with all debt covenants at December 31, 2013.

## PARENT COMPANY LONG-TERM BORROWINGS

### Senior Notes

On January 25, 2011, the Bancorp issued \$1.0 billion of senior notes to third party investors. The senior notes bear a fixed rate of interest

of 3.625% per annum. The notes are unsecured, senior obligations of the Bancorp. Payment of the full principal amounts of the notes is due upon maturity on January 25, 2016. The notes are not subject to redemption at the Bancorp's option at any time prior to maturity.

On March 7, 2012, the Bancorp issued \$500 million of senior notes to third party investors, and entered into a Supplemental Indenture dated March 7, 2012 with the Trustee, which modified the existing Indenture for Senior Debt Securities dated April 30, 2008. The Supplemental Indenture and the Indenture define the rights of the senior notes, which senior notes are represented by a Global Security dated as of March 7, 2012. The senior notes bear a fixed rate of interest of 3.50% per annum. The notes are unsecured, senior obligations of the Bancorp. Payment of the full principal

<sup>(</sup>b) Qualify as Tier II capital for regulatory capital purposes.

amounts of the notes will be due upon maturity on March 15, 2022. The notes are not subject to redemption at the Bancorp's option at any time until 30 days prior to maturity.

#### Subordinated Debt

The subordinated floating-rate notes due in 2016 pay interest at three-month LIBOR plus 42 bps. The Bancorp has entered into interest rate swaps to convert its subordinated fixed-rate notes due in 2017 and 2018 to floating-rate, which pay interest at three-month LIBOR plus 42 bps and 25 bps, respectively, at December 31, 2013. The rates paid on the swaps hedging the subordinated floating-rate notes due in 2017 and 2018 were 0.66% and 0.49%, respectively, at December 31, 2013. Of the \$1.0 billion in 8.25% subordinated fixed rate notes due in 2038, \$705 million were subsequently hedged to floating and paid a rate of 3.29% at December 31, 2013.

On November 20, 2013, the Bancorp issued and sold \$750 million of 4.30% unsecured subordinated fixed rate notes with a maturity date of January 16, 2024. These fixed rate notes will be redeemable by the Bancorp, in whole or in part, on or after the date that is 30 days prior to the maturity date at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest up to, but excluding, the redemption date.

#### Junior Subordinated Debt

The Bancorp redeemed all \$750 million of the outstanding TruPS issued by Fifth Third Capital Trust IV on December 30, 2013. These securities had a distribution rate of 6.50% and a scheduled maturity date of April 1, 2067. Pursuant to the terms of the TruPS, the securities of Fifth Third Capital Trust IV were redeemable within ninety days of a Capital Treatment Event. The Bancorp determined that a Capital Treatment Event occurred upon the publication of a Final Rule regarding Regulatory Capital Rules jointly by the Federal Reserve System and the Office of the Comptroller of the Currency. The redemption price was \$1,000 per security, which reflected 100% of the liquidation amount, plus accrued and unpaid distributions to the actual redemption date of \$10 million. The Bancorp recognized an \$8 million loss on the extinguishment of this debt within other noninterest expense in the Consolidated Statements of Income.

## SUBSIDIARY LONG-TERM BORROWINGS

#### Senior and Subordinated Debt

Medium-term senior notes and subordinated bank notes with maturities ranging from one year to 30 years can be issued by the Bancorp's banking subsidiary. On February 25, 2013, the Bancorp's banking subsidiary updated and amended its existing global bank note program. The amended global bank note program increased the Bank's capacity to issue its senior and subordinated unsecured bank notes from \$20 billion to \$25 billion. As of December 31, 2013, \$21.5 billion was available for future issuance under the global bank note program. For the subordinated fixed-rate bank notes due in 2015, the Bancorp entered into interest rate swaps to convert the fixed-rate debt into floating rate. At December 31, 2013, the weighted-average rate paid on the swaps was 0.34%.

On February 28, 2013, the Bank issued and sold, under its amended bank notes program, \$1.3 billion in aggregate principal amount of unsecured senior bank notes. The bank notes consisted of: \$600 million of 1.45% senior fixed rate notes due on February 28, 2018; \$400 million of 0.90% senior fixed rate notes due on February 26, 2016; and \$300 million of senior floating rate notes due on February 26, 2016. Interest on the floating rate notes is 3-month LIBOR plus 41 bps. These bank notes will be redeemable by the Bank, in whole or in part, on or after the date that is 30 days prior to the maturity date at a redemption price equal

to 100% of the principal amount plus accrued and unpaid interest through the redemption date. The Bank has entered into interest rate swaps to convert its fixed-rate senior notes due in 2016 and 2018 to floating-rate, which pay interest at one-month LIBOR. The rates paid on the swaps hedging the fixed-rate notes due in 2016 and 2018 were 0.65% and 0.77%, respectively, at December 31, 2013.

On November 20, 2013, the Bank issued and sold, under its amended bank notes program, \$1.8 billion in aggregate principal amount of unsecured senior bank notes. The bank notes consisted of \$1.0 billion of 1.15% senior fixed rate notes due on November 18, 2016 and \$750 million of senior floating rate notes due on November 18, 2016. Interest on the floating rate notes is 3-month LIBOR plus 51 bps. These bank notes will be redeemable by the Bank, in whole or in part, on or after the date that is 30 days prior to the maturity date at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest up to, but excluding, the redemption date.

## Junior Subordinated Debt

The junior subordinated floating-rate bank notes due in 2035 were assumed by the Bancorp's banking subsidiary as part of the acquisition of First Charter in May 2008. The obligation was issued to First Charter Capital Trust I and II, respectively. The notes of First Charter Capital Trust I and II pay a floating rate at three-month LIBOR plus 169 bps and 142 bps, respectively. The Bank has fully and unconditionally guaranteed all obligations under the acquired trust preferred securities issued by First Charter Capital Trust I and II.

#### FHLB Advances

At December 31, 2013, FHLB advances have rates ranging from 0.05% to 6.87%, with interest payable monthly. The advances are secured by certain residential mortgage loans and securities totaling \$17.2 billion. The \$44 million in remaining advances mature as follows: \$2 million in 2015, \$3 million in 2016, \$1 million in 2017, \$5 million in 2018 and \$33 million thereafter.

#### Notes Associated with Consolidated VIE

As previously discussed in Note 10, the Bancorp was determined to be the primary beneficiary of a VIE associated with an automobile loan securitization completed in the third quarter of 2013. As such, \$1.0 billion of long-term debt related to this VIE was consolidated in the Bancorp's Consolidated Financial Statements as of December 31, 2013. Third-party holders of this debt do not have recourse to the general assets of the Bancorp.

### 17. COMMITMENTS, CONTINGENT LIABILITIES AND GUARANTEES

The Bancorp, in the normal course of business, enters into financial instruments and various agreements to meet the financing needs of its customers. The Bancorp also enters into certain transactions and agreements to manage its interest rate and prepayment risks, provide funding, equipment and locations for its operations and invest in its communities. These instruments and agreements involve, to varying degrees, elements of credit risk, counterparty risk and market risk in

excess of the amounts recognized in the Bancorp's Consolidated Balance Sheets. The creditworthiness of counterparties for all instruments and agreements is evaluated on a case-by-case basis in accordance with the Bancorp's credit policies. The Bancorp's significant commitments, contingent liabilities and guarantees in excess of the amounts recognized in the Consolidated Balance Sheets are discussed in further detail below:

#### Commitments

The Bancorp has certain commitments to make future payments under contracts. The following table reflects a summary of significant commitments as of December 31:

(\$ in millions)	2013	2012
Commitments to extend credit	\$ 62,050	53,403
Letters of credit	4,129	4,281
Forward contracts related to held for sale mortgage loans	1,448	5,322
Noncancelable lease obligations	746	769
Capital commitments for private equity investments	90	121
Purchase obligations	84	87
Capital expenditures	33	29
Capital lease obligations	19	24

#### Commitments to extend credit

Commitments to extend credit are agreements to lend, typically having fixed expiration dates or other termination clauses that may require payment of a fee. Since many of the commitments to extend credit may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash flow requirements. The Bancorp is exposed to credit risk in the event of nonperformance by the counterparty for the amount of the contract. Fixed-rate commitments are also subject to market risk

resulting from fluctuations in interest rates and the Bancorp's exposure is limited to the replacement value of those commitments. As of December 31, 2013 and 2012, the Bancorp had a reserve for unfunded commitments, including letters of credit, totaling \$162 million and \$179 million, respectively, included in other liabilities in the Consolidated Balance Sheets. The Bancorp monitors the credit risk associated with commitments to extend credit using the same risk rating system utilized within its loan and lease portfolio.

Risk ratings under this risk rating system are summarized in the following table as of December 31:

(\$ in millions)	2013	2012
Pass	\$ 61,364	52,812
Special mention	369	370
Substandard	316	221
Doubtful	1	-
Total	\$ 62,050	53,403

### Letters of credit

Standby and commercial letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party and as summarized in the following table expire as of December 31, 2013:

(\$ in millions)	
Less than 1 year(a)	\$ 1,899
1 - 5 years(a)	2,173
Over 5 years	57
Total	\$ 4,129

(a) Includes \$121 and \$4 issued on behalf of commercial customers to facilitate trade payments in U.S. dollars and foreign currencies which expire less than one year and between one and five years, respectively.

Standby letters of credit accounted for 97% of total letters of credit at December 31, 2013 compared to 99% at December 31, 2012 and are considered guarantees in accordance with U.S. GAAP. Approximately 48% and 49% of the total standby letters of credit were fully secured as of December 31, 2013 and 2012, respectively. In the event of nonperformance by the customers, the Bancorp has rights to the underlying collateral, which can include commercial

real estate, physical plant and property, inventory, receivables, cash and marketable securities. At December 31, 2013 and 2012 the reserve related to these standby letters of credit was \$2 million and \$4 million, respectively, and is included in the total reserve for unfunded commitments. The Bancorp monitors the credit risk associated with letters of credit using the same risk rating system utilized within its loan and lease portfolio.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Risk ratings under this risk rating system are summarized in the following table as of December 31:

(\$ in millions)	2013	2012
Pass	\$ 3,651	3,902
Special mention	99	129
Substandard	355	223
Doubtful	24	27
Total	\$ 4,129	4,281

At December 31, 2013 and 2012, the Bancorp had outstanding letters of credit that were supporting certain securities issued as VRDNs. The Bancorp facilitates financing for its commercial customers, which consist of companies and municipalities, by marketing the VRDNs to investors. The VRDNs pay interest to holders at a rate of interest that fluctuates based upon market demand. The VRDNs generally have longterm maturity dates, but can be tendered by the holder for purchase at par value upon proper advance notice. When the VRDNs are tendered, a remarketing agent generally finds another investor to purchase the VRDNs to keep the securities outstanding in the market. As of December 31, 2013 and 2012, total VRDNs in which the Bancorp was the remarketing agent or were supported by a Bancorp letter of credit were \$2.1 billion and \$2.8 billion of which FTS acted as the remarketing agent to issuers on \$1.8 billion and \$2.5 billion, respectively. As remarketing agent, FTS is responsible for finding purchasers for VRDNs that are put by investors. The Bancorp issued letters of credit, as a credit enhancement, on \$1.5 billion and \$2.0 billion to the VRDNs remarketed by FTS, in addition to \$300 million and \$345 million in VRDNs remarketed by third parties at December 31, 2013 and 2012, respectively. These letters of credit are included in the total letters of credit balance provided in the previous table.

#### Forward contracts to sell mortgage loans

The Bancorp enters into forward contracts to economically hedge the change in fair value of certain residential mortgage loans held for sale due to changes in interest rates. The outstanding notional amounts of these forward contracts are included in the summary of significant commitments table above for all periods presented.

#### Noncancelable lease obligations and other commitments

The Bancorp's subsidiaries have entered into a number of noncancelable lease agreements. The minimum rental commitments under noncancelable lease agreements are shown in the summary of significant commitments table. The Bancorp has also entered into a limited number of agreements for work related to banking center construction and to purchase goods or services.

### Contingent Liabilities

### Private mortgage reinsurance

For certain mortgage loans originated by the Bancorp, borrowers may be required to obtain PMI provided by third-party insurers. In some instances, these insurers cede a portion of the PMI premiums to the Bancorp, and the Bancorp provides reinsurance coverage within a specified range of the total PMI coverage. The Bancorp's reinsurance coverage typically ranges from 5% to 10% of the total PMI coverage. The Bancorp's maximum exposure in the event of nonperformance by the underlying borrowers is equivalent to the Bancorp's total outstanding reinsurance coverage, which was \$37 million at December 31, 2013 and \$58 million at December 31, 2012. As of December 31, 2013 and 2012, the Bancorp maintained a reserve of \$10 million and \$18 million, respectively, related to exposures within the reinsurance portfolio which was included in other liabilities in the Consolidated Balance Sheets. During 2009, the

Bancorp suspended the practice of providing reinsurance of private mortgage insurance for newly originated mortgage loans. In the second quarter of 2011, the Bancorp allowed one of its third-party insurers to terminate its reinsurance agreement with the Bancorp, resulting in the Bancorp releasing collateral to the insurer in the form of investment securities and other assets with a carrying value of \$5 million, and the insurer assuming the Bancorp's obligations under the reinsurance agreement, resulting in a decrease to the Bancorp's reserve liability of \$11 million and a decrease in the Bancorp allowed one of its third-party insurers to terminate its reinsurance agreement with the Bancorp, resulting in the insurer assuming the Bancorp's obligations under the reinsurance agreement, resulting in a decrease to the Bancorp's reserve liability of \$2 million and a decrease in the Bancorp's maximum exposure of \$3 million.

#### Legal claims

There are legal claims pending against the Bancorp and its subsidiaries that have arisen in the normal course of business. See Note 18 for additional information regarding these proceedings.

#### Guarantees

The Bancorp has performance obligations upon the occurrence of certain events under financial guarantees provided in certain contractual arrangements as discussed in the following sections.

Residential mortgage loans sold with representation and warranty provisions

Conforming residential mortgage loans sold to unrelated third parties are generally sold with representation and warranty provisions. A contractual liability arises only in the event of a breach of these representations and warranties and, in general, only when a loss results from the breach. The Bancorp may be required to repurchase any previously sold loan or indemnify (make whole) the investor or insurer for which the representation or warranty of the Bancorp proves to be inaccurate, incomplete or misleading.

The Bancorp establishes a residential mortgage repurchase reserve related to various representations and warranties that reflects management's estimate of losses based on a combination of factors. The Bancorp's estimation process requires management to make subjective and complex judgments about matters that are inherently uncertain, such as, future demand expectations, economic factors and the specific characteristics of the loans subject to repurchase. Such factors incorporate historical investor audit and repurchase demand rates, appeals success rates, historical loss severity and any additional information obtained from the GSEs regarding future mortgage repurchase and file request criteria. At the time of a loan sale, the Bancorp records a representation and warranty reserve at the estimated fair value of the Bancorp's guarantee and continually updates the reserve during the life of the loan as losses in excess of the reserve become probable and reasonably estimable. The provision for the estimated fair value of the representation and warranty guarantee arising from the loan sales is recorded as an adjustment to the gain on sale, which is included in other noninterest income at the time of sale. Updates to the reserve are recorded in other noninterest expense.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

During the fourth quarter of 2013, the Bancorp settled certain repurchase claims related to mortgage loans originated and sold to FHLMC prior to January 1, 2009 for \$25 million, after paid claim credits and other adjustments. The settlement removes the Bancorp's responsibility to repurchase or indemnify FHLMC for representation and warranty violations on any loan sold prior to January 1, 2009 except in limited circumstances.

As of December 31, 2013 and 2012, the Bancorp maintained reserves related to loans sold with representation and warranty provisions totaling \$44 million and \$110 million, respectively, included in other liabilities in the Consolidated Balance Sheets

The Bancorp uses the best information available to it in estimating its mortgage representation and warranty reserve,

however, the estimation process is inherently uncertain and imprecise and, accordingly, losses in excess of the amounts accrued as of December 31, 2013, are reasonably possible. The Bancorp currently estimates that it is reasonably possible that it could incur losses related to mortgage representation and warranty provisions in an amount up to approximately \$47 million in excess of amounts reserved. This estimate was derived by modifying the key assumptions discussed above to reflect management's judgment regarding reasonably possible adverse changes to those assumptions. The actual repurchase losses could vary significantly from the recorded mortgage representation and warranty reserve or this estimate of reasonably possibly losses, depending on the outcome of various factors, including those noted above.

The following table summarizes activity in the reserve for representation and warranty provisions:

(\$ in millions)		2013	2012
Balance, beginning of period	\$	110	55
Net additions to the reserve		7	107
Losses charged against the reserve		(73)	(52)
Balance, end of period	s	44	110

The following table provides a rollforward of unresolved claims by claimant type for the year ended December 31, 2013:

		GSE			Private Label	
(\$ in millions)	Units		Dollars	Units		Dollars
Balance, beginning of period	294	\$	48	124	\$	19
New demands	1,962		259	237		4
Loan paydowns/payoffs	(20	)	(3)	(6)		(1)
Resolved demands	(1,972	)	(263)	(322)		(17)
Balance, end of period	264	\$	41	33	\$	5

The following table provides a rollforward of unresolved claims by claimant type for the year ended December 31, 2012:

	G	GSE			Private Label		
(\$ in millions)	Units		Dollars	Units		Dollars	
Balance, beginning of period	328	\$	47	109	\$	19	
New demands	2,519		333	230		7	
Loan paydowns/payoffs	(42)		(7)	(2)		-	
Resolved demands	(2,511)		(325)	(213)		(7)	
Balance, end of period	294	\$	48	124	\$	19	

#### Residential mortgage loans sold with credit recourse

The Bancorp sold certain residential mortgage loans in the secondary market with credit recourse. In the event of any customer default, pursuant to the credit recourse provided, the Bancorp is required to reimburse the third party. The maximum amount of credit risk in the event of nonperformance by the underlying borrowers is equivalent to the total outstanding balance. In the event of nonperformance, the Bancorp has rights to the underlying collateral value securing the loan. The outstanding balances on these loans sold with credit recourse were \$579 million and \$662 million at December 31, 2013 and 2012, respectively, and the delinquency rates were 4.4% at December 31, 2013 and 5.9% at December 31, 2012. The Bancorp maintained an estimated credit loss reserve on these loans sold with credit recourse of \$16 million at December 31, 2013 and \$20 million at December 31, 2012 recorded in other liabilities in the Consolidated Balance Sheets. To determine the credit loss reserve, the Bancorp used an approach that is consistent with its overall approach in estimating credit losses for various categories of residential mortgage loans held in its loan portfolio.

#### Margin accounts

FTS, a subsidiary of the Bancorp, guarantees the collection of all margin account balances held by its brokerage clearing agent for the benefit of its customers. FTS is responsible for payment to its brokerage clearing agent for any loss, liability, damage, cost or expense incurred as a result of customers failing to comply with margin or margin maintenance calls on all margin accounts. The margin account balance held by the brokerage clearing agent was \$12 million at December 31, 2013 and \$17 million at December 31, 2012. In the event of any customer default, FTS has rights to the underlying collateral provided. Given the existence of the underlying collateral provided and negligible historical credit losses, the Bancorp does not maintain a loss reserve related to the margin accounts.

### Long-term borrowing obligations

The Bancorp had certain fully and unconditionally guaranteed long-term borrowing obligations issued by wholly-owned issuing trust entities of \$50 million and \$800 million as of December 31, 2013 and 2012, respectively. See Note 16 for further information on these long-term borrowing obligations.

#### Visa litigation

The Bancorp, as a member bank of Visa prior to Visa's reorganization and IPO (the "IPO") of its Class A common shares in 2008, had certain indemnification obligations pursuant to Visa's certificate of incorporation and by-laws and in accordance with their membership agreements. In accordance with Visa's by-laws prior to the IPO, the Bancorp could have been required to indemnify Visa for the Bancorp's proportional share of losses based on the pre-IPO membership interests. As part of its reorganization and IPO, the Bancorp's indemnification obligation was modified to include only certain known litigation (the "Covered Litigation") as of the date of the restructuring. This modification triggered a requirement to recognize a \$3 million liability for the year ended December 31, 2007 equal to the fair value of the indemnification obligation. Additionally during 2007, the Bancorp recorded \$169 million for its share of litigation formally settled by Visa and for probable future litigation settlements. In conjunction with the IPO, the Bancorp received 10.1 million of Visa's Class B shares based on the Bancorp's membership percentage in Visa prior to the IPO. The Class B shares are not transferable (other than to another member bank) until the later of the third anniversary of the IPO closing or the date which the Covered Litigation has been resolved; therefore, the Bancorp's Class B shares were classified in other assets and accounted for at their carryover basis of \$0. Visa deposited \$3 billion of the proceeds from the IPO into a litigation escrow account, established for the purpose of funding judgments in, or settlements of, the Covered Litigation. If Visa's litigation committee determines that the escrow account is insufficient, then Visa will issue additional Class A shares and deposit the proceeds from the sale of the shares into the litigation escrow account. When Visa funds the litigation escrow account, the Class B shares are subject to dilution through an adjustment in the conversion rate of Class B shares into Class A shares. During 2008, the Bancorp recorded additional reserves of \$71 million for probable future settlements related to the Covered Litigation and recorded its proportional share of \$169 million of the Visa escrow account net against the Bancorp's litigation reserve.

During 2009, Visa announced it had deposited an additional \$700 million into the litigation escrow account. As a result of this funding, the Bancorp recorded its proportional share of \$29 million of these additional funds as a reduction to its net Visa litigation reserve liability and a reduction to noninterest expense. Later in 2009, the Bancorp completed the sale of Visa, Inc. Class B shares for proceeds of \$300 million. As part of this transaction the Bancorp entered into a total return swap in which the Bancorp will make or receive payments based on subsequent changes in the conversion rate of the Class B shares into Class A shares. The swap terminates on the later of the third anniversary of Visa's IPO or the date on which the Covered Litigation is settled. The Bancorp calculates the fair value of the swap based on its estimate of the probability and timing of certain Covered Litigation settlement scenarios and the resulting payments related to the swap. The counterparty to the swap as a result of its ownership of the Class B shares will be impacted by dilutive adjustments to the conversion rate of the Class B shares into Class A shares caused by any Covered Litigation losses in excess of the litigation escrow account. If actual judgments in, or settlements of, the Covered Litigation significantly exceed current expectations, then additional funding by Visa of the litigation escrow account and the resulting dilution of the Class B shares could result in a scenario where the Bancorp's ultimate exposure associated with the Covered Litigation (the "Visa Litigation Exposure") exceeds the value of the Class B shares owned by the swap counterparty (the "Class B Value"). In the event the Bancorp concludes that it is probable that the Visa Litigation

Exposure exceeds the Class B Value, the Bancorp would record a litigation reserve liability and a corresponding amount of other noninterest expense for the amount of the excess. Any such litigation reserve liability would be separate and distinct from the fair value derivative liability associated with the total return swap.

As of the date of the Bancorp's sale of Visa Class B shares and through December 31, 2013, the Bancorp has concluded that it is not probable that the Visa Litigation Exposure will exceed the Class B value. Based on this determination, upon the sale of Class B shares, the Bancorp reversed its net Visa litigation reserve liability and recognized a free-standing derivative liability associated with the total return swap with an initial fair value of \$55 million. The sale of the Class B shares, recognition of the derivative liability and reversal of the net litigation reserve liability resulted in a pretax benefit of \$288 million (\$187 million after-tax) recognized by the Bancorp for the year ended December 31, 2009. In the second and fourth quarters of 2010, Visa funded an additional \$500 million and \$800 million, respectively, into the escrow account which resulted in further dilution in the conversion of Class B shares into Class A shares and required the Bancorp to make cash payments of \$20 million and \$35 million, respectively, (each of which reduced the swap liability) to the swap counterparty in accordance with the terms of the swap contract. In the second quarter of 2011, Visa funded an additional \$400 million into the litigation escrow account. Upon Visa's funding of the litigation escrow account in the second quarter of 2011, along with additional terms of the total return swap, the Bancorp made a \$19 million cash payment (which reduced the swap liability) to the swap counterparty. During the fourth quarter of 2011, Visa announced it decided to fund an additional \$1.565 billion into the litigation escrow account which increased the swap liability approximately \$54 million. Upon Visa's funding of the litigation escrow account in the first quarter of 2012, along with additional terms of the total return swap, the Bancorp made a \$75 million cash payment (which reduced the swap liability) to the swap counterparty. On July 24, 2012, Visa funded an additional \$150 million into the litigation escrow account which resulted in further dilution in the conversion of Class B shares into Class A shares and required the Bancorp to make a \$6 million cash payment (which reduced the swap liability) to the swap counterparty during the quarter ended September 30, 2012. The fair value of the swap liability was \$48 million and \$33 million as of December 31, 2013 and 2012, respectively. Refer to Note 18 for further information.

### 18. LEGAL AND REGULATORY PROCEEDINGS

During April 2006, the Bancorp was added as a defendant in a consolidated antitrust class action lawsuit originally filed against Visa®, MasterCard® and several other major financial institutions in the United States District Court for the Eastern District of New York. The plaintiffs, merchants operating commercial businesses throughout the U.S. and trade associations, claim that the interchange fees charged by cardissuing banks are unreasonable and seek injunctive relief and unspecified damages. In addition to being a named defendant, the Bancorp is also subject to a possible indemnification obligation of Visa as discussed in Note 17 and has also entered into judgment and loss sharing agreements with Visa, MasterCard and certain other named defendants. In October 2012, the parties to the litigation entered into a settlement agreement. The court entered a Class Settlement Preliminary Approval Order in November 2012. Pursuant to the terms of the settlement agreement, the Bancorp paid \$46 million into a class settlement escrow account. Previously, the Bancorp paid an additional \$4 million in another settlement escrow in connection with the settlement of claims from plaintiffs not included in the class action. More than 7,900 merchants have requested exclusion from the class settlement. Pursuant to the terms of the settlement agreement, 25% of the funds paid into the class settlement escrow account will be returned to the control of the defendants through Class Exclusion Takedown Payments. Approximately 460 of the merchants who requested exclusion from the class have filed separate federal lawsuits against Visa, MasterCard and certain other defendants alleging similar antitrust violations. The federal lawsuits have been tentatively transferred to the United States District Court for the Eastern District of New York. The Bancorp was not named as a defendant in any of the federal lawsuits, but may have obligations pursuant to indemnification arrangements and/or the judgment or loss sharing agreements noted above. In addition, one merchant filed a separate state court lawsuit against Visa, MasterCard and certain other defendants, including the Bancorp, alleging similar antitrust violations. On January 14, 2014, the court entered a final order approving the class settlement. A number of merchants have filed appeals from that approval. Refer to Note 17 for further information.

In September 2007, Ronald A. Katz Technology Licensing, L.P. (Katz) filed a suit in the United States District Court for the Southern District of Ohio against the Bancorp and its Ohio banking subsidiary. In the suit, Katz alleged that the Bancorp and its Ohio bank infringed on Katz's patents for interactive call processing technology by offering certain automated telephone banking and other services. On December 23, 2013 the parties to the litigation entered into a settlement agreement. The settlement amount was immaterial to the Bancorp's Consolidated Financial Statements. Pursuant to the settlement agreement, the Bank paid the agreed upon settlement proceeds to Katz resulting in the dismissal of the lawsuit with prejudice on January 8, 2014.

For the year ended December 31, 2008, five putative securities class action complaints were filed against the Bancorp and its Chief Executive Officer, among other parties. The five cases have been consolidated under the caption Local 295/Local 851 IBT Employer Group Pension Trust and Welfare Fund v. Fifth Third Bancorp. et al., Case No. 1:08CV00421, and are currently pending in the United States District Court for the Southern District of Ohio. On December 18, 2012, the Bancorp entered into a settlement agreement to resolve these cases. Under the terms of the settlement, the Bancorp and its insurer paid a total of \$16 million to a fund to settle all the claims of the class members. In the settlement the Bancorp has denied any liability and has agreed to the settlement in order to avoid potential future litigation costs and uncertainty. The

Bancorp does not consider the impact of the settlement to be material to its financial condition or results of operations. On November 20, 2013, the Court entered a Final Judgment and Order of Dismissal approving the settlement. No appeal was filed and the matter now is concluded.

In addition to the foregoing, in 2008 two similar cases were filed in the United States District Court for the Southern District of Ohio against the Bancorp and certain officers styled *Dudenhoeffer v Fifth Third Bancorp et al. Case No. 1:08-cv-538*. The complaints alleged violations of ERISA based on allegations similar to those set forth in the securities class action cases. The ERISA actions were dismissed by the trial court, but the Sixth Circuit Court of Appeals reversed the trial court decision. The Bancorp petitioned the United States Supreme Court to review and reverse the Sixth Circuit decision and sought a stay of proceedings in the trial court pending appeal. On March 25, 2013 the Supreme Court issued an order directing the Solicitor General to file a brief stating the views of the United States on the issues raised in the Bancorp petition and this brief was filed on November 12, 2013. On December 13, 2013 the Supreme Court granted certiorari and agreed to hear the appeal. Oral argument is set for April 2, 2014.

The Bancorp and its subsidiaries are not parties to any other material litigation. However, there are other litigation matters that arise in the normal course of business. While it is impossible to ascertain the ultimate resolution or range of financial liability with respect to these contingent matters, management believes any resulting liability from these other actions would not have a material effect upon the Bancorp's consolidated financial position, results of operations or cash flows.

The Bancorp and/or its affiliates are involved in information-gathering requests, reviews, investigations and proceedings (both formal and informal) by various governmental regulatory agencies and law enforcement authorities, as well as selfregulatory bodies regarding their respective businesses. Additional matters will likely arise from time to time. Any of these matters may result in material adverse consequences to the Bancorp, its affiliates and/or their respective directors, officers and other personnel, including adverse judgments, findings, settlements, fines, penalties, orders, injunctions or other actions, amendments and/or restatements of the Bancorp's SEC filings and/or financial statements, as applicable, and/or determinations of material weaknesses in our disclosure controls and procedures. Investigations by regulatory authorities may from time to time result in civil or criminal referrals to law enforcement authorities such as the Department of Justice or a United States Attorney. Among other matters, the Bancorp has been cooperating with the Department of Justice and the Office of the Inspector General for the Department of Housing and Urban Development in a civil investigation regarding compliance with requirements relating to certain Federal Housing Agency-insured loans originated by affiliates of the Bancorp. The investigation is ongoing, and no demand or claim has been made of the Bancorp. The investigation could lead to a demand under the federal False Claims Act and the federal Financial Institutions Reform, Recovery and Enforcement Act of 1989, which allow up to treble and other special damages substantially in excess of actual losses.

As previously disclosed the SEC had been investigating the Bancorp's historical accounting and reporting with respect to certain commercial loans that were sold or reclassified as held-for-sale in the fourth quarter of 2008. At dispute in the matter was whether certain of those loans should have been moved to held for sale in the third quarter rather than the fourth quarter of that year. The Bancorp and the SEC staff agreed to a settlement of that investigation, pursuant to which the Bancorp, without admitting or

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

denying any factual allegations, consented to the SEC's issuance of an administrative order containing findings that the Bancorp did not properly account for a portion of its commercial real estate loan portfolio in its Form 10-Q for the third quarter of 2008 in violation of certain provisions of the securities laws, including Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 and Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Securities Exchange Act of 1934. The settlement also ordered the Bancorp to cease and desist from committing or causing any such violations in the future and to pay a civil penalty of \$6.5 million. Daniel T. Poston, the Bancorp's interim chief financial officer during the relevant time, agreed to a separate settlement with the SEC staff pursuant to which Mr. Poston, without admitting or denying any factual allegations, consented to an administrative order containing similar findings and charges against him, a cease and desist order, a separate civil money penalty of \$100,000, and a one-year ban from practicing before the SEC. The SEC approved the settlement on December 4, 2013 and this matter is now concluded.

The Bancorp is party to numerous claims and lawsuits as well as threatened or potential actions or claims concerning matters arising from the conduct of its business activities. The outcome of claims or litigation and the timing of ultimate resolution are inherently difficult to predict. The following factors, among others, contribute to this lack of predictability: plaintiff claims often include significant legal uncertainties, damages alleged by plaintiffs are often unspecified or overstated, discovery may not have started or may not be complete and material facts may be disputed or unsubstantiated. As a result of these factors, the Bancorp is not always able to provide an estimate of the range of reasonably possible outcomes for each claim. A reserve for a potential litigation loss is established when information related to the loss contingency indicates both that a loss is probable and that the amount of loss can be reasonably estimated. Any such reserve is adjusted from time to time thereafter as appropriate to reflect changes in circumstances. The Bancorp also determines, when possible (due to the uncertainties described above), estimates of reasonably possible losses or ranges of reasonably possible losses, in excess of amounts reserved. Under U.S. GAAP, an event is "reasonably possible" if "the chance of the future event or events occurring is more than remote but less than likely" and an event is "remote" if "the chance of the future event or events occurring is slight." Thus, references to the upper end of the range of reasonably possible loss for cases in which the Bancorp is able to estimate a range of reasonably possible loss mean the upper end of the range of loss for cases for which the Bancorp believes the risk of loss is more than slight. For matters where the Bancorp is able to estimate such possible losses or ranges of possible losses, the Bancorp currently estimates that it is reasonably possible that it could incur losses related to legal proceedings including the matters discussed above in an aggregate amount up to approximately \$113 million in excess of amounts reserved, with it also being reasonably possible that no losses will be incurred in these matters. The estimates included in this amount are based on the Bancorp's analysis of currently available information, and as new information is obtained the Bancorp may change its estimates.

For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established reserve that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, the Bancorp believes that the eventual outcome of the actions against the Bancorp and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on the Bancorp's consolidated financial position. However, in the event of unexpected future developments, it is

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possible that the ultimate resolution of those matters, if unfavorable, may be material to the Bancorp's results of operations for any particular period, depending, in part, upon the size of the loss or liability imposed and the operating results for the applicable period.

#### 19. RELATED PARTY TRANSACTIONS

The Bancorp maintains written policies and procedures covering related party transactions to principal shareholders, directors and executives of the Bancorp. These procedures cover transactions such as employee-stock purchase loans, personal lines of credit, residential secured loans, overdrafts, letters of credit and increases in indebtedness. Such transactions are subject to the Bancorp's normal underwriting and approval procedures. Prior to the closing of a loan to a related party, Compliance Risk Management must approve and

determine whether the transaction requires approval from or a post notification be sent to the Bancorp's Board of Directors. At December 31, 2013 and 2012, certain directors, executive officers, principal holders of Bancorp common stock, associates of such persons, and affiliated companies of such persons were indebted, including undrawn commitments to lend, to the Bancorp's banking subsidiary.

The following table summarizes the Bancorp's activities with its principal shareholders, directors and executives at December 31:

(\$ in millions)	2013	2012
Commitments to lend, net of participations:		
Directors and their affiliated companies	\$ 586	364
Executive officers	2	3
Total	\$ 588	367
Outstanding balance on loans, net of participations and undrawn commitments	\$ 86	93

The commitments to lend are in the form of loans and guarantees for various business and personal interests. This indebtedness was incurred in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties. This indebtedness does not involve more than the normal risk of repayment or present other features unfavorable to the Bancorp.

On June 30, 2009, the Bancorp completed the sale of a majority interest in its processing business, Vantiv Holding, LLC. Advent International acquired an approximate 51% interest in Vantiv Holding, LLC for cash and a warrant. The Bancorp retained the remaining approximate 49% interest in Vantiv Holding, LLC.

During the first quarter of 2012, Vantiv, Inc. priced an IPO of its shares and contributed the net proceeds to Vantiv Holding, LLC for additional ownership interests. As a result of this offering, the Bancorp's ownership of Vantiv Holding, LLC was reduced to approximately 39%. The impact of the capital contributions to Vantiv Holding, LLC and the resulting dilution in the Bancorp's interest resulted in a gain of \$115 million recognized by the Bancorp in the first quarter of 2012. The Bancorp's ownership share in Vantiv Holding, LLC was further reduced during the fourth quarter of 2012 when the Bancorp sold an approximate six percent interest and recognized a \$157 million gain. The Bancorp's ownership of Vantiv Holding, LLC was reduced to 33% as a result of this sale and had a carrying value of \$563 million as of December 31, 2012.

The Bancorp's ownership position in Vantiv Holding, LLC was reduced in the second quarter of 2013 when the Bancorp sold an approximate five percent interest and recognized a \$242 million gain. The Bancorp's ownership percentage was further reduced in the third quarter of 2013 when the Bancorp sold an approximate three percent interest and recognized an \$85 million gain. The Bancorp's remaining approximate 25% ownership in Vantiv Holding, LLC was accounted for as an equity method investment in the Bancorp's Consolidated Financial Statements and had a carrying value of \$423 million as of December 31, 2013.

As of December 31, 2013, the Bancorp continued to hold approximately 48.8 million Class B units of Vantiv Holding, LLC and a warrant to purchase approximately 20.4 million Class C non-voting units of Vantiv Holding, LLC, both of which may be exchanged for Class A Common Stock of Vantiv, Inc. on a one for one basis or at Vantiv, Inc.'s option for cash. In addition, the Bancorp holds approximately 48.8 million Class B common shares of Vantiv, Inc. The Class B common shares give the Bancorp voting rights, but no economic interest in Vantiv, Inc. The voting rights

attributable to the Class B common shares are limited to 18.5% of the voting power in Vantiv, Inc. at any time other than in connection with a stockholder vote with respect to a change in control in Vantiv, Inc. These securities are subject to certain terms and restrictions.

The Bancorp recognized \$77 million, \$61 million and \$57 million respectively, in noninterest income as part of its equity method investment in Vantiv Holding, LLC for the years ended December 31, 2013, 2012 and 2011 and received cash distributions totaling \$40 million and \$30 million during 2013 and 2012, respectively.

The Bancorp and Vantiv Holding, LLC have various agreements in place covering services relating to the operations of Vantiv Holding, LLC. The services provided by the Bancorp to Vantiv Holding, LLC were initially required to support Vantiv Holding, LLC as a standalone entity during the deconversion period. The majority of services previously provided by the Bancorp to support Vantiv Holding, Inc. as a standalone entity are no longer necessary and are now limited to certain general business resources. Vantiv Holding, LLC paid the Bancorp \$1 million for these services for the years ended December 31, 2013 and 2012 and \$21 million for the year ended December 31, 2011. Other services provided to Vantiv Holding, LLC by the Bancorp, have continued beyond the deconversion period, include clearing, settlement and sponsorship. Vantiv Holding, LLC paid the Bancorp \$34 million for these services for the years ended December 31, 2013 and 2012 and \$37 million for the year ended December 31, 2011. In addition to the previously mentioned services, the Bancorp entered into an agreement under which Vantiv Holding, LLC will provide processing services to the Bancorp. The total amount of fees relating to the processing services provided to the Bancorp by Vantiv Holding, LLC totaled \$88 million, \$83 million and \$74 million for the years ended December 31, 2013, 2012 and 2011, respectively.

As part of the sale, Vantiv Holding, LLC assumed loans totaling \$1.25 billion owed to the Bancorp, which were refinanced in 2010 into a larger syndicated loan structure that included the Bancorp. The outstanding balance of loans to Vantiv Holding, LLC was \$348 million and \$325 million at December 31, 2013 and 2012, respectively. Interest income relating to the loans was \$7 million, \$11 million and \$18 million, respectively, for the years ended December 31, 2013, 2012 and 2011 and is included in interest and fees on loans and leases in the Consolidated Statements of Income. Vantiv Holding, LLC's line of credit was \$50 million as of

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013 and 2012. Vantiv Holding, LLC did not draw upon its lines of credit during the years ended December 31, 2013

or 2012.

#### 20. INCOME TAXES

The Bancorp and its subsidiaries file a consolidated federal income tax return. The following is a summary of applicable income taxes included in the Consolidated Statements of Income for the years ended December 31:

(\$ in millions)	2013	2012	2011
Current income tax expense (benefit):			
U.S. Federal income taxes	\$ 494	327	82
State and local income taxes	23	38	14
Foreign income taxes	2	-	-
Total current tax expense	519	365	96
Deferred income tax expense			
U.S. Federal income taxes	232	252	411
State and local income taxes	23	19	26
Foreign income taxes	(2)	-	-
Total deferred income tax expense	253	271	437
Applicable income tax expense	\$ 772	636	533

The following is a reconciliation between the statutory U.S. Federal income tax rate and the Bancorp's effective tax rate for the years ended December 31:

(\$ in millions)	2013	2012	2011
Statutory tax rate	35.0 %	35.0	35.0
Increase (decrease) resulting from:			
State taxes, net of federal benefit	1.2	1.7	1.4
Tax-exempt income	(1.1)	(2.1)	(1.4)
Credits	(6.0)	(6.7)	(7.3)
Unrealized stock-based compensation benefits	0.3	0.8	1.3
Other, net	0.3	0.1	0.1
Effective tax rate	29.7 %	28.8	29.1

Tax-exempt income in the rate reconciliation table includes interest on municipal bonds, interest on tax-exempt lending, income/charges on life insurance policies held by the Bancorp, and

certain gains on sales of leases that are exempt from federal taxation.

The following table provides a summary of the Bancorp's unrecognized tax benefits as of December 31:

(\$ in millions)	2013	2012
Tax positions that would impact the effective tax rate, if recognized	\$ 7	18
Tax positions where the ultimate deductibility is highly certain, but for which there is uncertainty about the timing of the deduction	-	-
Unrecognized tax benefits	\$ 7	18

The following table provides a reconciliation of the beginning and ending amounts of the Bancorp's unrecognized tax benefits:

(\$ in millions)	2013	2012	2011
Unrecognized tax benefits at January 1	\$ 18	14	16
Gross increases for tax positions taken during prior period	1	6	1
Gross decreases for tax positions taken during prior period	(7)	(3)	(2)
Gross increases for tax positions taken during current period	1	2	-
Settlements with taxing authorities	(5)	-	-
Lapse of applicable statute of limitations	(1)	(1)	(1)
Unrecognized tax benefits at December 31	\$ 7	18	14

The Bancorp's unrecognized tax benefits as of December 31, 2013, 2012, and 2011 relate largely to state income tax exposures from taking tax positions where the Bancorp believes it is likely that, upon examination, a state will take a position contrary to the position taken by the Bancorp.

While it is reasonably possible that the amount of the unrecognized tax benefits with respect to certain of the Bancorp's uncertain tax positions could increase or decrease during the next 12 months, the Bancorp believes it is unlikely that its unrecognized tax benefits will change by a material amount during the next 12 months.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Deferred income taxes are comprised of the following items at December 31:

(\$ in millions)	2013	2012
Deferred tax assets:		
Allowance for loan and lease losses	\$ 554	649
Deferred compensation	109	105
Reserves	101	63
Reserve for unfunded commitments	57	47
Impairment reserves	31	74
State net operating losses	22	33
Other	149	191
Total deferred tax assets	\$ 1,023	1,162
Deferred tax liabilities:		
Lease financing	\$ 865	844
Investments in joint ventures and partnership interests	381	470
MSRs	254	162
Bank premises and equipment	114	108
Qualifying hedges and free-standing derivatives	97	31
State deferred taxes	76	64
Other comprehensive income	44	202
Other	130	124
Total deferred tax liabilities	\$ 1,961	2,005
Total net deferred tax liability	\$ (938)	(843)

At December 31, 2013 and 2012, the Bancorp had recorded deferred tax assets of \$22 million and \$33 million, respectively, related to state net operating loss carryforwards. The deferred tax assets relating to state net operating losses (primarily resulting from leasing operations) are presented net of specific valuation allowances of \$19 million and \$20 million at December 31, 2013 and 2012, respectively. If these carryforwards are not utilized, they will expire in varying amounts through 2030.

The Bancorp has determined that a valuation allowance is not needed against the remaining deferred tax assets as of December 31, 2013 or 2012. The Bancorp considered all of the positive and negative evidence available to determine whether it is more likely than not that the deferred tax assets will ultimately be realized and, based upon that evidence, the Bancorp believes it is more likely than not that the deferred tax assets recorded at December 31, 2013 and 2012 will ultimately be realized. The Bancorp reached this conclusion as the Bancorp has taxable income in the carryback period and it is expected that the Bancorp's remaining deferred tax assets will be realized through the reversal of its existing taxable temporary differences and its projected future taxable income.

The IRS concluded its audit for 2008 and 2009 during the first quarter of 2012. As a result, all issues have been resolved with the IRS through 2009. The IRS is currently examining the Bancorp's 2010 and 2011 federal income tax returns. The statute of limitations

for the Bancorp's federal income tax returns remains open for tax years 2010-2013. On occasion, as various state and local taxing jurisdictions examine the returns of the Bancorp and its subsidiaries, the Bancorp may agree to extend the statute of limitations for a short period of time. Otherwise, with the exception of a few states with insignificant uncertain tax positions, the statutes of limitations for state income tax returns remain open only for tax years in accordance with each state's statutes.

Any interest and penalties incurred in connection with income taxes are recorded as a component of income tax expense in the Consolidated Financial Statements. During the years ended December 31, 2013, 2012 and 2011, the Bancorp recognized an immaterial amount of interest expense in connection with income taxes. At December 31, 2013 and 2012, the Bancorp had accrued interest liabilities, net of the related tax benefits, of \$1 million and \$3 million, respectively. No material liabilities were recorded for penalties.

Retained earnings at December 31, 2013 and 2012 included \$157 million in allocations of earnings for bad debt deductions of former thrift subsidiaries for which no income tax has been provided. Under current tax law, if certain of the Bancorp's subsidiaries use these bad debt reserves for purposes other than to absorb bad debt losses, they will be subject to federal income tax at the current corporate tax rate.

### 21. RETIREMENT AND BENEFIT PLANS

The Bancorp's qualified defined benefit plan's benefits were frozen in 1998, except for grandfathered employees. The Bancorp's other retirement plans consist of nonqualified, supplemental retirement plans, which are funded on an as needed basis. A majority of these

plans were obtained in acquisitions from prior years. The Bancorp recognizes the overfunded and underfunded status of its pension plans as an asset and liability in the Consolidated Balance Sheets.

The overfunded and underfunded amounts recognized in other assets and other liabilities, respectively, on the Consolidated Balance Sheets were as follows as of December 31:

(\$ in millions)	2013	2012
Prepaid benefit cost	\$ 6	-
Accrued benefit liability	(27)	(71)
Net underfunded status	\$ (21)	(71)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following tables summarize the defined benefit retirement plans as of and for the years ended December 31:

### Plans with an Overfunded Status (a)

(\$ in millions)	2013	2012
Fair value of plan assets at January 1	\$ 185	-
Actual return on assets	30	-
Contributions	5	-
Settlement	(13)	-
Benefits paid	(7)	-
Fair value of plan assets at December 31	\$ 200	-
Projected benefit obligation at January 1	\$ 224	-
Service cost	-	-
Interest cost	10	-
Settlement	(13)	-
Actuarial gain	(20)	-
Benefits paid	(7)	-
Projected benefit obligation at December 31	\$ 194	-
Overfunded projected benefit obligation at December 31	\$ 6	_

<sup>(</sup>a) The Bancorp's defined benefit plan had an Overfunded status at December 31, 2013. The plan was Underfunded at December 31, 2012 and is reflected in the Underfunded Status table.

### Plans with an Underfunded Status

2013	2012
\$ -	181
-	21
4	4
-	(10)
(4)	(11)
\$ =	185
\$ 32	253
-	-
1	10
-	(10)
(2)	14
(4)	(11)
\$ 27	256
\$ (27)	(71)
\$ \$ \$ \$	\$ - 4 - (4) \$ - 5 - 1 - 1 - (2) (4) \$ 27

The estimated net actuarial loss for the defined benefit pension plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost during 2014 is \$7 million. The estimated net prior service cost for the defined benefit pension plan

that will be amortized from accumulated other comprehensive income into net periodic benefit cost during 2014 is immaterial to the Consolidated Financial Statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes net periodic benefit cost and other changes in plan assets and benefit obligations recognized in other comprehensive income for the years ended December 31:

(\$ in millions)	2013	2012	2011
Components of net periodic benefit cost:			
Service cost	\$ -	-	-
Interest cost	10	10	11
Expected return on assets	(13)	(13)	(15)
Amortization of net actuarial loss	11	14	11
Amortization of net prior service cost	-	-	1
Settlement	5	6	6
Net periodic benefit cost	\$ 13	17	14
Other changes in plan assets and benefit obligations recognized in other comprehensive income:			
Net actuarial (gain)/loss	\$ (38)	7	50
Net prior service cost	-	-	-
Amortization of net actuarial loss	(11)	(14)	(11)
Amortization of prior service cost	-	-	(1)
Settlement	(5)	(6)	(6)
Total recognized in other comprehensive income	(54)	(13)	32
Total recognized in net periodic benefit cost and			
other comprehensive income	\$ (41)	4	46

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Fair Value Measurements of Plan Assets

The following table summarizes plan assets measured at fair value on a recurring basis as of December 31:

	<u> </u>	Fair Value Measurements Using(a)							
2013 (\$ in millions)		Level 1	Level 2	Level 3	-	Total Fair Value			
Equity securities:									
Equity securities (Value)	\$	8	-	-	\$	8			
Equity securities (Blended) (b)		40	=	-		40			
Total equity securities		48	-	-		48			
Mutual and exchange traded funds:									
Money market funds		7	-	-		7			
International funds		-	43	-		43			
Domestic funds		-	41	-		41			
Debt funds		=	20	-		20			
Alternative strategies		-	17	-		17			
Commodity funds		6	=	-		6			
Total mutual and exchange traded funds		13	121	-		134			
Debt securities:									
U.S. Treasury obligations		3	-	-		3			
Agency mortgage backed		-	13	-		13			
Non-agency mortgage backed		-	2	-		2			
Corporate bonds (c)		-	-	-		-			
Total debt securities		3	15	-		18			
Total plan assets	\$	64	136	-	\$	200			
			Fair Value Me	asurements Using(a)					
2012 (\$ in millions)		Level 1	Level 2	Level 3		Total Fair Value			
Equity Securities:									
Equity securities (Growth)(b)	\$	50	-	-	\$	50			
Equity securities (Value)		52	-	-		52			
Equity securities (Blended)		4	-	-		4			
Total equity securities		106	-	-		106			
Mutual and exchange traded funds:									
Money market funds		4	-	-		4			
International funds		29	-	-		29			
Commodity funds		9	-	-		9			
Total mutual and exchange traded funds		42	-	-		42			
Debt securities:									
U.S. Treasury obligations		13	-	-		13			
Agency mortgage backed		-	21	-		21			
Non-agency mortgage backed		-	2	-		2			
Corporate bonds(c)		-	1	-		1			
m . 1 1 1									

<sup>(</sup>a) For further information on fair value hierarchy levels, see Note 1.

The following is a description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

## Equity securities

Total debt securities

Total plan assets

The plan measures common stock using quoted prices which are available in an active market and classifies these investments within Level 1 of the valuation hierarchy.

## Mutual and exchange traded funds

13

161

All of the plan's mutual and exchange traded funds are publicly traded. The plan measures the value of these investments using the fund's quoted prices that are available in an active market and classifies these investments within Level 1 of the valuation hierarchy. Where quotes prices are not available, the plan measures the fair value of these investments based on the redemption price of units held, which is based on the current fair value of the fund's underlying assets. Unit values are determined by dividing the fund's net assets at fair value by its units outstanding at the valuation dates to obtain the investment's net asset value. Therefore, these investments are classified within Level 2 of the valuation hierarchy.

37

185

24

24

<sup>(</sup>b) Includes holdings in Bancorp common stock.

<sup>(</sup>c) Includes private label asset backed securities.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### Debt securities

For certain U.S. Treasury obligations and federal agency securities, the plan measures the fair value based on quoted prices, which are available in an active market and classifies these investments within Level 1 of the valuation hierarchy. Where quoted prices are not available, the plan measures the fair value of these investments based on matrix pricing models that include the bid price, which factors in the yield curve and other characteristics of the security including the interest rate, prepayment speeds and length of maturity. Therefore, these investments are classified within Level 2 of the valuation hierarchy.

#### Plan Assumptions

The plan assumptions are evaluated annually and are updated as necessary. The discount rate assumption reflects the yield on a portfolio of high quality fixed-income instruments that have a similar duration to the plan's liabilities. The expected long-term rate of return assumption reflects the average return expected on the assets invested to provide for the plan's liabilities. In determining the expected long-term rate of return, the Bancorp evaluated actuarial and economic inputs, including long-term inflation rate assumptions and broad equity and bond indices long-term return projections, as well as actual long-term historical plan performance.

The following table summarizes the plan assumptions for the years ended December 31:

Weighted-Average Assumptions	2013	2012	2011
For measuring benefit obligations at year end:			
Discount rate	4.72 %	3.83	4.27
Rate of compensation increase	4.00	4.00	5.00
Expected return on plan assets	7.50	8.00	8.25
For measuring net periodic benefit cost:			
Discount rate	3.83	4.27	5.39
Rate of compensation increase	4.00	5.00	5.00
Expected return on plan assets	7.50	8.00	8.25

Lowering both the expected rate of return on the plan assets and the discount rate by 0.25% would have increased the 2013 pension expense by approximately \$1 million. Lowering the rate of compensation increase by 0.25% would have an immaterial impact on the Bancorp's Consolidated Financial Statements.

Based on the actuarial assumptions, the Bancorp expects to contribute \$4 million to the plan in 2014. Estimated pension benefit payments, which reflect expected future service, are \$18 million in 2014, \$18 million in 2015, \$16 million in 2016, \$15 million in 2017 and \$14 million in 2018. The total estimated payments for the years

2019 through 2023 is \$63 million.

#### **Investment Policies and Strategies**

The Bancorp's policy for the investment of plan assets is to employ investment strategies that achieve a range of weighted-average target asset allocations relating to equity securities (including the Bancorp's common stock), fixed income securities (including federal agency obligations, corporate bonds and notes), alternative strategies (including traditional mutual funds, precious metals and commodities) and cash

The following table provides the Bancorp's targeted and actual weighted-average asset allocations by asset category for the years ended December 31:

Weighted-average asset allocation	Targeted range	2013	2012
Equity securities		65 %	76
Bancorp common stock		2	1
Total equity securities(a)	39-78 %	67	77
Total fixed income securities	11-41	22	20
Alternative strategies	0-18	7	-
Cash(b)	0-10	4	3
Total		100 %	100

<sup>(</sup>a) Includes mutual and exchange traded funds

The risk tolerance for the plan is determined by management to be "moderate to aggressive", recognizing that higher returns involve some volatility and that periodic declines in the portfolio's value are tolerated in an effort to achieve real capital growth. There were no significant concentrations of risk associated with the investments of the Bancorp's benefit and retirement plan at December 31, 2013 and 2012.

Permitted asset classes of the plan include cash and cash equivalents, fixed income (domestic and non-U.S. bonds), equities (U.S., non-U.S., emerging markets and REITS), equipment leasing, precious metals, commodity transactions and mortgages. The plan utilizes derivative instruments including puts, calls, straddles or other option strategies, as approved by management. Per ERISA,

the Bancorp's common stock cannot exceed ten percent of the fair value of plan

Fifth Third Bank, as Trustee, is expected to manage the plan assets in a manner consistent with the plan agreement and other regulatory, federal and state laws. The Fifth Third Bank Pension, Profit Sharing and Medical Plan Committee (the "Committee") is the plan administrator. The Trustee is required to provide to the Committee monthly and quarterly reports covering a list of plan assets, portfolio performance, transactions and asset allocation. The Trustee is also required to keep the Committee apprised of any material changes in the Trustee's outlook and recommended investment policy.

Other Information on Retirement and Benefit Plans

<sup>(</sup>b) Cash was held in a Federated Prime Cash Obligation Fund in 2013 and in a Fifth Third Money Market Fund in 2012.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The accumulated benefit obligation for all defined benefit plans was \$221 million and respectively. \$256 million at December 31, 2013 and 2012,

Amounts relating to the Bancorp's defined benefit plans with assets exceeding benefit obligations were as follows at December 31:

(\$ in millions)	2013	2012
Projected benefit obligation	\$ 194	-
Accumulated benefit obligation	194	-
Fair value of plan assets	200	-

Amounts relating to the Bancorp's defined benefit plans with benefit obligations exceeding assets were as follows at December 31:

(\$ in millions)	2013	2012
Projected benefit obligation	\$ 27	256
Accumulated benefit obligation	27	256
Fair value of plan assets	-	185

As of December 31, 2013 and 2012, \$200 million and \$123 million, respectively, of plan assets were managed by Fifth Third Bank, a subsidiary of the Bancorp. Plan assets included \$4 million and \$3 million of Bancorp common stock as of December 31, 2013 and 2012, respectively. Plan assets are not expected to be returned to the Bancorp during 2014.

The Bancorp's profit sharing plan expense was \$32 million, \$46 million and \$35 million for the years ended December 31, 2013, 2012, and 2011, respectively. Expenses recognized for matching contributions to the Bancorp's defined contribution savings plans were \$43 million, \$42 million and \$40 million for the years ended December 31, 2013, 2012, and 2011, respectively.

## 22. ACCUMULATED OTHER COMPREHENSIVE INCOME

The activity of the components of other comprehensive income and accumulated other comprehensive income for the years ended December 31:

			Total Other		Total Accumulated Other			
	Comprehensive Income			Comprehensive Income				
-	D	retax	Tax	Net	Beginning	Net	Ending	
(\$ in millions)		ctivity	Effect	Activity	Balance	Activity	Balance	
2013	710	ctivity	Effect	Henvity	Dalance	Activity	Barance	
Unrealized holding losses on available-for-sale securities arising during period	\$	(454)	159	(295)				
Reclassification adjustment for net losses included in net income	Ψ	6	(2)	4				
Net unrealized gains (losses) on available-for-sale securities		(448)	157	(291)	412	(291)	121	
Unrealized holding losses on cash flow hedge derivatives arising during period		(13)	5	(8)				
Reclassification adjustment for net gains on cash flow hedge derivatives included in net								
income		(44)	15	(29)				
Net unrealized gains (losses) on cash flow hedge derivatives		(57)	20	(37)	50	(37)	13	
Net actuarial gain arising during the period		38	(13)	25				
Reclassification of amounts to net periodic benefit costs		16	(6)	10				
Defined benefit plans, net		54	(19)	35	(87)	35	(52)	
Total	\$	(451)	158	(293)	375	(293)	82	
2012								
Unrealized holding losses on available-for-sale securities arising during period	\$	(97)	34	(63)				
Reclassification adjustment for net gains included in net income		(15)	5	(10)				
Net unrealized gains (losses) on available-for-sale securities		(112)	39	(73)	485	(73)	412	
Unrealized holding gains on cash flow hedge derivatives arising during period Reclassification adjustment for net gains on cash flow hedge derivatives included in net		37	(13)	24				
income		(83)	29	(54)				
Net unrealized gains (losses) on cash flow hedge derivatives		(46)	16	(30)	80	(30)	50	
Net actuarial loss arising during the period		(7)	2	(5)				
Reclassification of amounts to net periodic benefit costs		20	(7)	13				
Defined benefit plans, net		13	(5)	8	(95)	8	(87)	
Total	\$	(145)	50	(95)	470	(95)	375	
2011	Ψ	(143)	30	(73)	470	(75)	313	
Unrealized holding gains on available-for-sale securities arising during period	\$	309	(108)	201				
Reclassification adjustment for net gains included in net income	Ψ	(56)	19	(37)				
Net unrealized gains (losses) on available-for-sale securities		253	(89)	164	321	164	485	
Unrealized holding gains on cash flow hedge derivatives arising during period		89	(31)	58				
Reclassification adjustment for net gains on cash flow hedge derivatives included in net			(=-)					
income		(69)	24	(45)				
Net unrealized gains (losses) on cash flow hedge derivatives		20	(7)	13	67	13	80	
Net actuarial loss arising during the period		(50)	17	(33)				
Reclassification of amounts to net periodic benefit costs		18	(6)	12				
Defined benefit plans, net		(32)	11	(21)	(74)	(21)	(95)	
Total	\$	241	(85)	156	314	156	470	

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The table below presents reclassifications out of accumulated other comprehensive income for the year ended December 31, 2013:

Components of AOCI: (\$ in millions)	Amount Reclassified from AOCI (b)		Affected Line Item in the Consolidated Statements of Income
Net unrealized gains on available-for-sale securities			
Net losses included in net income	\$	(6)	Securities gains, net
		(6)	Income before income taxes
		2	Applicable income tax expense
		(4)	Net income
Net unrealized gains on cash flow hedge derivatives			
Interest rate contracts related to C&I loans		45	Interest and fees on loans and leases
Interest rate contracts related to long-term debt		(1)	Interest on long-term debt
		44	Income before income taxes
		(15)	Applicable income tax expense
		29	Net income
Net periodic benefit costs			
Amortization of net actuarial loss		(11)	Employee benefits expense (a)
Settlements		(5)	Employee benefits expense (a)
		(16)	Income before income taxes
		6	Applicable income tax expense
		(10)	Net income
Total reclassifications for the period	\$		
- -		15	Net income

<sup>(</sup>a) This AOCI component is included in the computation of net periodic benefit cost. Refer to Note 21 for information on the computation of net periodic benefit cost.

<sup>(</sup>b) Amounts in parentheses indicate reductions to net income.

### 23. COMMON, PREFERRED AND TREASURY STOCK

The following is a summary of the share activity within common, preferred and treasury stock for the years ended:

	Comm	on Stock	Preferred	Stock	Treasu	ry Stock
(\$ in millions, except share data)	Value	Shares	Value	Shares	Value	Shares
December 31, 2010	\$ 1,779	801,504,188	\$ 3,654	152,771	\$ 130	5,231,666
Issuance of common shares	272	122,388,393	-	-	-	-
Exchange of preferred shares, Series G	-	-	-	(1)	-	-
Redemption of preferred shares, Series F	-	-	(3,408)	(136,320)	-	-
Accretion from dividends on preferred shares, Series F	-	-	153	-	-	-
Impact of stock transactions under stock compensation plans, net	-	-	-	-	(65)	(1,093,116)
Other	-	-	(1)		(1)	(50,405)
December 31, 2011	\$ 2,051	923,892,581	\$ 398	16,450	\$ 64	4,088,145
Shares acquired for treasury	-	-	-	-	627	42,424,014
Impact of stock transactions under stock compensation plans, net	-	-	-	-	(54)	(4,654,165)
Other	-	-	-	-	(3)	(117,470)
December 31, 2012	\$ 2,051	923,892,581	\$ 398	16,450	\$ 634	41,740,524
Shares acquired for treasury	-	-	-	-	1,242	65,516,126
Issuance of preferred shares, Series I	-	-	441	18,000	-	-
Issuance of preferred shares, Series H	-	-	593	24,000	-	-
Redemption of preferred shares, Series G	-	-	(398)	(16,450)	(540)	(35,529,018)
Impact of stock transactions under stock compensation plans, net	-	-	-	-	(38)	(3,697,042)
Other	-	-	-	-	(3)	556,246
December 31, 2013	\$ 2,051	923,892,581	\$ 1,034	42,000	\$ 1,295	68,586,836

#### Common Stock

On January 25, 2011, the Bancorp raised \$1.7 billion in new common equity through the issuance of common stock in an underwritten offering with an initial price of \$14.00 per share. 121,428,572 shares were issued, which included 12,142,857 shares issued to the underwriters, who exercised their option to purchase additional shares at the offering price of \$14.00 per share on January 24, 2011. In connection with this exercise, the Bancorp entered into a forward sale agreement which resulted in a final net payment of 959,821 shares on February 4, 2011.

## Preferred Stock—Series I

On December 9, 2013, the Bancorp issued, in a registered public offering, 18,000,000 depositary shares, representing 18,000 shares of 6.625% fixed-to-floating rate non-cumulative Series I perpetual preferred stock, for net proceeds of \$441 million. Each preferred share has a \$25,000 liquidation preference. The preferred stock accrues dividends, on a non-cumulative quarterly basis, at an annual rate of 6.625% through but excluding December 31, 2023, at which time it converts to a quarterly floating rate dividend of three-month LIBOR plus 3.71%. Subject to any required regulatory approval, the Bancorp may redeem the Series I preferred shares at its option in whole or in part, at any time on or after December 31, 2023 and may redeem in whole but not in part, following a regulatory capital event at any time prior to December 31, 2023. The Series I preferred shares are not convertible into Bancorp common shares or any other securities.

### Preferred Stock—Series H

On May 16, 2013, the Bancorp issued, in a registered public offering, 600,000 depositary shares, representing 24,000 shares of 5.10% fixed-to-floating rate non-cumulative Series H perpetual preferred stock, for net proceeds of \$593 million. Each preferred share has a \$25,000 liquidation preference. The preferred stock accrues dividends, on a non-cumulative semi-annual basis, at an annual rate of 5.10% through but excluding June 30, 2023, at which time it converts to a quarterly floating rate dividend of three-month LIBOR plus 3.033%. Subject to any required regulatory approval, the Bancorp may redeem the Series H preferred shares at its option

in whole or in part, at any time on or after June 30, 2023 and may redeem in whole but not in part, following a regulatory capital event at any time prior to June 30, 2023. The Series H preferred shares are not convertible into Bancorp common shares or any other securities.

### Preferred Stock—Series G

In 2008, the Bancorp issued 8.50% non-cumulative Series G convertible preferred stock. The depositary shares represented 1/250th of a share of Series G convertible preferred stock and had a liquidation preference of \$25,000 per preferred share of Series G stock. The preferred stock was convertible at any time, at the option of the shareholder, into 2,159.8272 shares of common stock, representing a conversion price of approximately \$11.575 per share of common stock.

On June 11, 2013, pursuant to the Amended Articles of Incorporation, the Bancorp's Board of Directors authorized the conversion into common stock, no par value, of all outstanding shares of the Bancorp's Series G perpetual preferred stock. The Articles grant the Bancorp the right, at its option, to convert all outstanding shares of Series G preferred stock if the closing price of common stock exceeded 130% of the applicable conversion price for 20 trading days within any period of 30 consecutive trading days. The closing price of shares of common stock satisfied such threshold for the 30 trading days ended June 10, 2013, and the Bancorp gave the required notice of its exercise of its conversion right.

On July 1, 2013, the Bancorp converted the remaining 16,442 outstanding shares of Series G preferred stock, which represented 4,110,500 depositary shares, into shares of Fifth Third's common stock. Each share of Series G preferred stock was converted into 2,159.8272 shares of common stock, representing a total of 35,511,740 issued shares. The common shares issued in the conversion are exempt securities pursuant to Section 3(a)(9) of the Securities Act of 1933, as amended, as the securities exchanged were exclusively with the Bancorp's existing security holders where no commission or other remuneration was paid. Upon conversion, the depositary shares were delisted from the NASDAQ Global Select Market and withdrawn from the Exchange.

#### Preferred Stock—Series F

On December 31, 2008, the U.S. Treasury purchased \$3.4 billion, or 136,320 shares, of the Bancorp's fixed rate cumulative perpetual preferred stock, Series F, with a liquidation preference of \$25,000 per share and related 10-year warrant in the amount of 15% of the preferred stock investment. The warrant gave the U.S Treasury the right to purchase 43,617,747 shares of the Bancorp's common stock at \$11.72 per share. The Series F senior preferred stock was issued complying with the terms established by the CPP. Per the program terms, the U.S. Treasury's investment consisted of senior preferred stock with a five percent dividend for each of the first five years of investment and nine percent thereafter, unless the shares were redeemed. The shares were callable by the Bancorp at par after three years and could be repurchased at any time under certain circumstances. The terms also included restrictions on the repurchase of common stock and increases in common stock dividends, which required the U.S. Treasury's consent, for a period of three years from the date of investment unless the preferred shares were redeemed in whole or the U.S. Treasury had transferred all of the preferred shares to a third party.

The proceeds from issuance of the Series F preferred stock were allocated to the preferred stock and to the warrant based on their relative fair values, which resulted in an initial book value of \$3.2 billion for the preferred stock and \$239 million for the warrant. The resulting discount to the preferred stock was being accreted over five years through retained earnings as a preferred stock dividend, resulting in an effective yield of 6.7% for the Series F preferred stock for the first five years.

On February 2, 2011, the Bancorp used proceeds from the issuance of common shares along with proceeds from a senior debt offering and other available resources to repurchase all 136,320 Series F preferred shares. In connection with the redemption of the Series F preferred stock, the Bancorp accelerated the accretion of the remaining issuance discount on the Series F preferred stock and recorded a reduction in retained earnings and a corresponding increase in preferred stock of \$153 million in the Bancorp's Consolidated Balance Sheet. On March 16, 2011, the Bancorp repurchased the warrant issued to the U.S. Treasury in connection with the CPP preferred stock investment at an agreed upon price of \$280 million, which was recorded as a reduction to capital surplus in the Bancorp's Consolidated Financial Statements.

### Treasury Stock

On March 13, 2012, the Bancorp announced the results of its capital plan submitted to the FRB as part of the 2012 CCAR. The FRB indicated to the Bancorp that it did not object to the repurchase of common shares in an amount equal to any after-tax gains realized by the Bancorp from the sale of Vantiv, Inc. common shares by either the Bancorp or Vantiv, Inc. Following the Vantiv Inc. IPO, the Bancorp entered into an accelerated share repurchase transaction with a counterparty pursuant to which the Bancorp purchased 4,838,710 shares, or approximately \$75 million, of its outstanding common stock on April 26, 2012. As part of this transaction and all subsequent accelerated share repurchase transactions in 2012 and 2013, the Bancorp entered into forward contracts in which the final number of shares to be delivered at settlement of the accelerated share repurchase transaction was based on a discount to the average daily volume-weighted average price of the Bancorp's common stock during the term of the Repurchase Agreements. Each of the accelerated share repurchases was treated as two separate transactions (i) the acquisition of treasury shares on the acquisition date and (ii) a forward contract indexed to the Bancorp's stock. At settlement of the April 2012 forward contract on June 1, 2012, the Bancorp received an additional 631,986 shares which were recorded

as an adjustment to the basis in the treasury shares purchased on the acquisition date.

On August 21, 2012, the Bancorp announced that the FRB did not object to its capital plan resubmitted under the 2012 CCAR process, which included the repurchases of common shares of up to \$600 million through the first quarter of 2013, in addition to any incremental repurchase of common shares related to any after-tax gains realized by the Bancorp from the sale of Vantiv, Inc. common shares by either the Bancorp or Vantiv, Inc. As a result, on August 21, 2012, Fifth Third's Board of Directors authorized the Bancorp to repurchase up to 100 million shares of its outstanding common stock in the open market or in privately negotiated transactions, and to utilize any derivative or similar instrument to affect share repurchase transactions. This share repurchase authorization replaced the Board's previous authorization pursuant to which approximately 14 million shares remained available for repurchase by the Bancorp.

On August 23, 2012, the Bancorp entered into an accelerated share repurchase transaction with a counterparty pursuant to which the Bancorp purchased 21,531,100 shares, or approximately \$350 million, of its outstanding common stock on August 28, 2012. At settlement of the forward contract on October 24, 2012, the Bancorp received an additional 1,444,047 shares which were recorded as an adjustment to the basis in the treasury shares purchased on the acquisition date.

On November 6, 2012, the Bancorp entered into an accelerated share repurchase transaction with a counterparty pursuant to which the Bancorp purchased 7,710,761 shares, or approximately \$125 million, of its outstanding common stock on November 9, 2012. At settlement of the forward contract on February 12, 2013, the Bancorp received an additional 657,914 shares which were recorded as an adjustment to the basis in the treasury shares purchased on the acquisition date.

Following the sale of a portion of the Bancorp's shares of Class A Vantiv, Inc. common stock, the Bancorp entered into an accelerated share repurchase transaction on December 14, 2012 with a counterparty pursuant to which the Bancorp purchased 6,267,410 shares, or approximately \$100 million, of its outstanding common stock on December 19, 2012. The Bancorp repurchased the shares of its common stock as part of its previously announced 100 million share repurchase program. At settlement of the transaction on February 27, 2013, the Bancorp received an additional 127,760 shares which were recorded as an adjustment to the basis in the treasury shares purchased on the acquisition date.

On January 28, 2013, the Bancorp entered into an accelerated share repurchase transaction with a counterparty pursuant to which the Bancorp purchased 6,953,028 shares, or approximately \$125 million, of its outstanding common stock on January 31, 2013. The Bancorp repurchased the shares of its common stock as part of its previously announced Board approved 100 million share repurchase program. This repurchase transaction concluded the \$600 million of common share repurchases not objected to by the FRB in the 2012 CCAR process. At settlement of the forward contract on April 5, 2013, the Bancorp received an additional 849,037 shares which were recorded as an adjustment to the basis in the treasury shares purchased on the acquisition date.

On March 14, 2013, the Bancorp announced the results of its capital plan submitted to the FRB as part of the 2013 CCAR. The FRB indicated to the Bancorp that it did not object to the repurchase of common shares in an amount up to \$984 million, including any shares issued in a Series G preferred stock conversion, and the repurchase of common shares in an amount equal to any after-tax gains realized by the Bancorp from the sale of Vantiv, Inc. common stock, which totaled \$157 million and \$55 million in after-tax gains during the second and third quarters of 2013, respectively.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On March 19, 2013, the Board of Directors authorized the Bancorp to repurchase up to 100 million common shares in the open market or in privately negotiated transactions, and to utilize any derivative or similar instrument to effect share repurchase transactions. This share repurchase authorization replaced the Board's previous authorization from August of 2012.

On May 21, 2013, the Bancorp entered into an accelerated share repurchase transaction with a counterparty pursuant to which the Bancorp purchased 25,035,519 shares, or approximately \$539 million, of its outstanding common stock on May 24, 2013. The Bancorp repurchased the shares of its common stock as part of its 100 million share repurchase program previously announced on March 19, 2013. At settlement of the forward contract on October 1, 2013, the Bancorp received an additional 4,270,250 shares which were recorded as an adjustment to the basis in the treasury shares purchased on the acquisition date.

On November 13, 2013, the Bancorp entered into an accelerated share repurchase transaction with a counterparty pursuant to which the Bancorp purchased 8,538,423 shares, or approximately \$200 million, of its outstanding common stock on November 18, 2013. The Bancorp repurchased the shares of its common stock as part of its Board approved 100 million share

repurchase program previously announced on March 19, 2013. The Bancorp expects the settlement of the transaction to occur on or before February 28, 2014.

On December 10, 2013, the Bancorp entered into an accelerated share repurchase transaction with a counterparty pursuant to which the Bancorp purchased 19,084,195 shares, or approximately \$456 million, of its outstanding common stock on December 13, 2013. The Bancorp repurchased the shares of its common stock as part of its Board approved 100 million share repurchase program previously announced on March 19, 2013. The Bancorp expects the settlement of the transaction to occur on or before March 26, 2014.

On January 28, 2014, the Bancorp entered into an accelerated share repurchase transaction with a counterparty pursuant to which the Bancorp purchased 3,950,705 shares, or approximately \$99 million, of its outstanding common stock on January 31, 2014. The Bancorp repurchased the shares of its common stock as part of its Board approved 100 million share repurchase program previously announced on March 19, 2013. The Bancorp expects the settlement of the transaction to occur on or before March 26, 2014.

During 2011, the Bancorp repurchased an immaterial amount of common stock.

### 24. STOCK-BASED COMPENSATION

The Bancorp has historically emphasized employee stock ownership. The following table provides detail of the number of shares to be issued upon exercise of outstanding stock-based awards

and remaining shares available for future issuance under all of the Bancorp's equity compensation plans as of December 31, 2013:

Plan Category (shares in thousands)	Number of Shares to be Issued Upon Exercise	Weighted-Average Exercise Price	Shares Available for Future Issuance
Equity compensation plans approved by shareholders			5,393 (a)
SARs	(b)	<i>(b)</i>	(a)
Restricted stock	6,710	N/A	(a)
Stock options(c)	22	\$45.82	(a)
Phantom stock units	(d)	N/A	N/A
Performance units	(e)	N/A	(a)
Employee stock purchase plan			8,030 <i>(f)</i>
Total shares	6,732		13,423

- (a) Under the 2011 Incentive Compensation Plan, 39 million shares plus up to 4.5 million shares from the 2008 Incentive Compensation Plan (the Predecessor Plan) of stock were authorized for issuance as incentive and nonqualified stock options, SARs, restricted stock and restricted stock units, performance units and performance restricted stock awards.
- (b) The number of shares to be issued upon exercise will be determined at vesting based on the difference between the grant price and the market price at the date of exercise.
   (c) Excludes 0.5 million outstanding options awarded under plans assumed by the Bancorp in connection with certain mergers and acquisitions. The Bancorp has not made any awards under these plans and will make no additional awards under these plans. The weighted-average exercise price of the outstanding options is \$19.69 per share.
- (d) Phantom stock units are settled in cash.
- (e) The number of shares to be issued is dependent upon the Bancorp achieving certain predefined performance targets and ranges from zero shares to approximately 2 million shares.
- (f) Represents remaining shares of Fifth Third common stock under the Bancorp's 1993 Stock Purchase Plan, as amended and restated, including an additional 1.5 million shares approved by shareholders on March 28, 2007 and an additional 12 million shares approved by shareholders on April 21, 2009.

Stock-based awards are eligible for issuance under the Bancorp's Incentive Compensation Plan to key employees and directors of the Bancorp and its subsidiaries. The Incentive Compensation Plan was approved by shareholders on April 19, 2011, and authorized the issuance of up to 39 million shares plus up to 4.5 million shares under the Predecessor Plan for Full Value Awards as equity compensation and provides for incentive and nonqualified stock options, stock appreciation rights, restricted stock awards and restricted stock units, and performance shares. Full Value Awards are defined as awards with no cash outlay for the employee to obtain the full value. Based on total stock-based awards outstanding (including stock options, stock appreciation rights, restricted stock and performance units) and shares remaining for future grants under the 2011 Incentive Compensation Plan, the potential dilution to which the Bancorp's shareholders of common stock are exposed due to the potential that stock-based compensation will be awarded

to executives, directors or key employees of the Bancorp is seven percent. SARs, restricted stock, stock options and performance units outstanding represent seven percent of the Bancorp's issued shares at December 31, 2013.

All of the Bancorp's stock-based awards are to be settled with stock with the exception of phantom stock units that are to be settled in cash. The Bancorp has historically used treasury stock to settle stock-based awards, when available. SARs, issued at fair value based on the closing price of the Bancorp's common stock on the date of grant, have up to ten-year terms and vest and become exercisable either ratably or fully over a four year period of continued employment. The Bancorp does not grant discounted SARs or stock options, re-price previously granted SARs or stock options, or grant reload stock options. Restricted stock grants vest after four years, or ratably over three or four years or ratably after three years of continued employment and include dividend and

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

voting rights. Stock options were previously issued at fair value based on the closing price of the Bancorp's common stock on the date of grant, have up to ten-year terms and vested and became fully exercisable ratably over a three or four year period of continued employment. Performance unit awards have three-year cliff vesting terms with market conditions as defined by the plan. All of the Bancorp's executive stock-based awards contain a performance hurdle of two percent return on tangible common equity. If this threshold is not met all awards that would vest in the next year are forfeited. The Bancorp met this threshold as of December 31, 2013.

Stock-based compensation expense was \$78 million, \$69 million and \$59 million for the years ended December 31, 2013, 2012 and 2011, respectively, and is included in salaries, wages, and incentives in the Consolidated Statements of Income. The total related income tax benefit recognized was \$28 million, \$24 million and \$21 million for the years ended December 31, 2013, 2012 and 2011, respectively.

### Stock Appreciation Rights

The Bancorp uses assumptions, which are evaluated and revised as necessary, in estimating the grant-date fair value of each SAR grant.

The weighted-average assumptions were as follows for the years ended December 31:

	2013	2012	2011
Expected life (in years)	6	6	6
Expected volatility	36%	37%	35%
Expected dividend yield	3.0%	2.8%	2.0%
Risk-free interest rate	1.0%	1.2%	2.6%

The expected life is derived from historical exercise patterns and represents the amount of time that SARs granted are expected to be outstanding. The expected volatility is based on a combination of historical and implied volatilities of the Bancorp's common stock. The expected dividend yield is based on annual dividends divided by the Bancorp's stock price. Annual dividends are based on projected dividends, estimated using a historical long-term dividend payout ratio, over the estimated life of the awards. The risk-free interest rate for periods within the contractual life of the SARs is based on the U.S. Treasury yield curve in effect at the time of grant.

The grant-date fair value of SARs is measured using the Black-Scholes option-pricing model. The weighted-average grant-date fair value of SARs granted was \$4.56, \$4.23 and \$4.29 per share for the years ended 2013, 2012 and 2011, respectively. The total grant-date fair value of SARs that vested during 2013, 2012 and 2011 was \$29 million, \$22 million, and \$20 million, respectively.

At December 31, 2013, there was \$68 million of stock-based compensation expense related to nonvested SARs not yet recognized. The expense is expected to be recognized over a remaining weighted-average period of approximately 2.6 years.

		2013		2012	2011			
		Weighted-		Weighted-		Weighted-		
	Number of	Average	Number of	Average	Number of	Average		
SARs (Number of SARs in thousands)	SARs	Grant Price	SARs	Grant Price	SARs	Grant Price		
Outstanding at January 1	44,120	\$ 20.41	36,502	\$ 22.20	31,152	\$ 24.67		
Granted	10,267	16.16	12,179	14.36	8,633	13.36		
Exercised	(2,904)	11.18	(1,271)	6.29	(521)	3.96		
Forfeited or expired	(2,884)	21.78	(3,290)	23.33	(2,762)	25.76		
Outstanding at December 31	48,599	\$ 19.98	44,120	\$ 20.41	36,502	\$ 22.20		
Exercisable at December 31	26,462	\$ 24.14	23,248	\$ 26.76	20,070	\$ 30.29		

The following table summarizes outstanding and exercisable SARs by grant price at December 31, 2013:

		Outstanding SARs			Exercisable SARs	
			Weighted-			Weighted-
			Average			Average
	Number of		Remaining	Number of		Remaining
	SARs at	Weighted-	Contractual	SARs at	Weighted-	Contractual
	Year End	Average	Life	Year End	Average	Life
Grant price per share	(000s)	Grant Price	(in years)	(000s)	Grant Price	(in years)
Under \$10.00	4,096	\$ 4.08	5.3	4,096	\$ 4.08	5.3
\$10.01-\$20.00	34,077	15.36	7.6	11,940	16.00	6.2
\$20.01-\$30.00	33	22.85	4.0	33	22.85	4.0
\$30.01-\$40.00	6,713	38.68	2.7	6,713	38.68	2.7
Over \$40.00	3,680	46.32	1.2	3,680	46.32	1.2
All SARs	48,599	\$ 19.98	6.2	26,462	\$ 24.14	4.5

#### Restricted Stock Awards

The total grant-date fair value of RSAs that vested during 2013, 2012 and 2011 was \$40 million, \$32 million and \$37 million, respectively. At December 31, 2013, there was \$69 million of stock-based

compensation expense related to nonvested restricted stock not yet recognized. The expense is expected to be recognized over a remaining weighted-average period of approximately 2.6 years.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

		2013				2011	
		Weighted-			Weighted-		
		Average		Average		Average	
		Grant - Date		Grant - Date		Grant - Date	
RSAs (shares in thousands)	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	
Nonvested at January 1	6,379	s 14.32	4,764	15.95	5,158	\$ 18.89	
Granted	3,583	16.21	3,863	14.33	1,702	13.19	
Exercised	(2,720)	14.71	(1,826)	18.37	(1,646)	22.52	
Forfeited	(532)	14.97	(422)	15.35	(450)	15.34	
Nonvested at December 31	6,710	s 15.11	6,379	14.32	4,764	\$ 15.95	

The following table summarizes unvested RSAs by grant-date fair value at December 31, 2013:

	Nonves	sted RSAs
		Weighted-Average
	Number of	Remaining
	RSAs at Year End	Contractual Life
Grant-Date Fair Value Per Share	(000s)	(in years)
\$5.01-\$10.00	62	1.7
\$10.01-\$15.00	3,363	1.1
\$15.01-\$20.00	3,285	1.8
All RSAs	6,710	1.4

#### Stock options

The grant-date fair value of stock options is measured using the Black-Scholes option-pricing model. There were no stock options granted during 2013, 2012 and 2011.

The total intrinsic value of options exercised was \$1 million in 2013 and 2012 and was immaterial to the Bancorp's Consolidated Financial Statements in 2011. Cash received from options exercised

was \$2 million in 2013 and 2012 and \$1 million in 2011. The tax benefit realized from exercised options was immaterial to the Bancorp's Consolidated Financial Statements during 2013, 2012, and 2011. All stock options were vested as of December 31, 2008, therefore, no stock options vested during 2013, 2012, or 2011. As of December 31, 2013, the aggregate intrinsic value of both outstanding options and exercisable options was \$3 million.

		2013			2012	2	2011		
		Weighted-			Weighted-			Weighted-	
	Number of		Average	Number of		Average	Number of		Average
Stock Options (Number of Options in thousands)	Options		Exercise Price	Options	Е	xercise Price	Options		Grant Price
Outstanding at January 1	3,877	\$	45.00	7,584	\$	53.88	11,859	\$	52.01
Exercised	(190)		11.88	(205)		10.32	(96)		9.25
Forfeited or expired	(3,141)		51.23	(3,502)		66.25	(4,179)		49.61
Outstanding at December 31	546	\$	20.72	3,877	\$	45.00	7,584	\$	53.88
Exercisable at December 31	546	\$	20.72	3,877	\$	45.00	7,584	\$	53.88

The following table summarizes outstanding and exercisable stock options by exercise price at December 31, 2013:

	O	Outstanding and Exercisable Stock Options				
				Weighted-Average		
	Number of		Weighted-	Remaining		
	Options at Year		Average	Contractual Life		
Exercise price per share	End (000s)	E	xercise Price	(in years)		
Under \$10.00	1	\$	8.59	5.0		
\$10.01-\$20.00	385		13.42	1.6		
\$20.01-\$30.00	1		24.41	4.0		
\$30.01-\$40.00	133		36.38	0.3		
Over \$40.00	26		49.46	1.1		
All stock options	546	\$	20.72	1.3		

### Other stock-based compensation

The Bancorp's Board of Directors previously approved the use of phantom stock units as part of its compensation for executives in connection with changes made in reaction to the TARP compensation rules. On February 22, 2011, the Bancorp redeemed its Series F preferred stock held by the U.S. Treasury under the CPP. As a result of this redemption, the last payment of phantom

stock occurred in April of 2011. The phantom stock units were issued under the Bancorp's 2008 Incentive Compensation Plan. The number of phantom stock units was determined each pay period by dividing the amount of salary to be paid in phantom stock units for that pay period, by the reported closing price of the Bancorp's common stock on the pay date for such pay period. The phantom stock units vested immediately on issuance. Phantom stock was

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

expensed based on the number of outstanding units multiplied by the closing price of the Bancorp's stock at period end. The phantom stock units did not include any rights to receive dividends or dividend equivalents. Phantom stock units issued on or before June 12, 2010 were settled in cash upon the earlier to occur of June 15, 2011 or the executive's death. Units issued thereafter were settled in cash with 50% settled on June 15, 2012 and 50% settled on June 15, 2013. The amount paid on settlement of the phantom stock units was equal to the total amount of phantom stock units settled at the reported closing price of the Bancorp's common stock on the settlement date. Under the phantom stock program, no phantom stock units were granted during the years ended December 31, 2013 and 2012, and phantom stock units of 132,649 were granted with a weighted average grant price of \$14.40 during the year ended December 31, 2011. During 2013, 2012 and 2011, 200,130, 199,813, and 521,091 phantom stock units were settled, respectively.

Performance units are payable contingent upon the Bancorp achieving certain predefined performance targets over the three-year measurement period. Awards granted during 2013, 2012 and 2011 will be entirely settled in stock. The performance targets are based on the Bancorp's performance relative to a defined peer group. During 2013, 2012 and 2011, 348,595, 344,741, and 328,061 performance units, respectively, were granted by the Bancorp. These awards were granted at a weighted-average grant-date fair value of \$16.15, \$14.36 and \$13.36 per unit during 2013, 2012 and 2011, respectively.

The Bancorp sponsors a stock purchase plan that allows qualifying employees to purchase shares of the Bancorp's common stock with a 15% match. During the years ended December 31, 2013, 2012 and 2011, there were 690,039, 827,709 and 886,447 shares, respectively, purchased by participants and the Bancorp recognized stock-based compensation expense of \$1 million in each of the respective years.

## 25. OTHER NONINTEREST INCOME AND OTHER NONINTEREST EXPENSE

The following table presents the major components of other noninterest income and other noninterest expense for the years ended December 31:

(\$ in millions)	2013	2012	2011
Other noninterest income:			
Gain on Vantiv, Inc. IPO and sale of Vantiv, Inc. shares	\$ 336	272	-
Net gain from warrant and put option associated with sale of the processing business	206	67	39
Equity method income from interest in Vantiv Holding, LLC	77	61	57
Operating lease income	75	60	58
BOLI income	52	35	41
Cardholder fees	47	46	41
Banking center income	34	32	27
Consumer loan and lease fees	27	27	31
Insurance income	25	28	28
Gain on loan sales	3	20	37
TSA revenue	1	1	21
Loss on OREO	(26)	(57)	(71)
Loss on swap associated with the sale of Visa, Inc. class B shares	(31)	(45)	(83)
Other, net	53	27	24
Total	\$ 879	574	250
Other noninterest expense:			
Losses and adjustments	\$ 221	187	129
Loan and lease	158	183	195
FDIC insurance and other taxes	127	114	201
Marketing	114	128	115
Impairment of affordable housing investments	108	90	85
Professional services fees	76	56	58
Operating lease	57	43	41
Travel	54	52	52
Postal and courier	48	48	49
Data processing	42	40	29
Recruitment and education	26	28	31
Insurance	17	18	25
OREO expense	16	21	34
Supplies	16	17	18
Intangible asset amortization	8	13	22
Loss (gain) on debt extinguishment	8	169	(8)
Benefit from the reserve for unfunded commitments and letters of credit	(17)	(2)	(46)
Other, net	185	169	194
Total	\$ 1,264	1,374	1,224

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 26. EARNINGS PER SHARE

The calculation of earnings per share and the reconciliation of earnings per share and earnings per diluted share for the years ended December 31:

-		2013			2012			2011	
-		Average	Per Share		Average	Per Share		Average	Per Share
(in millions, except per share data)	Income	Shares	Amount	Income	Shares	Amount	Income	Shares	Amount
Earnings per share:									
Net income attributable to Bancorp	\$ 1,836			1,576			1,297		
Dividends on preferred stock	37			35			203		
Net income available to common shareholders	1,799			1,541			1,094		
Less: Income allocated to participating securities	14			10			6		
Net income allocated to common shareholders	\$ 1,785	869	2.05	1,531	904	1.69	1,088	906	1.20
Earnings per diluted share:									
Net income available to common shareholders	\$ 1,799			1,541			1,094		
Effect of dilutive securities:									
Stock-based awards	-	8		-	6		-	6	
Series G convertible preferred stock	18	18		35	36		35	36	
Warrants related to Series F preferred stock	-	-		-	-		-	2	
Net income available to common shareholders									
plus assumed conversions	1,817			1,576			1,129		
Less: Income allocated to participating securities	14			10			6		
Net income allocated to common shareholders plus assumed conversions	\$ 1,803	895	2.02	1,566	946	1.66	1,123	950	1.18

Shares are excluded from the computation of net income per diluted share when their inclusion has an anti-dilutive effect on earnings per share. The diluted earnings per share computation for 2013, 2012, and 2011 excludes 24 million, 36 million, and 29 million, respectively, of stock appreciation rights and 1 million, 5 million, and 8 million, respectively, of stock options because their inclusion would have been anti-dilutive.

The diluted earnings per share computation for the year ended December 31, 2013 excludes the impact of the forward contracts related to the November 18, 2013 and December 13, 2013 accelerated share repurchase transactions. Based on the average daily volume-weighted average price of the Bancorp's common stock during the fourth quarter of 2013, the counterparty to the transactions would have been required to deliver approximately 5 million shares as of December 31, 2013, and thus the impact of the two accelerated share repurchase transactions would have been anti-dilutive to earnings per share. The diluted earnings per share computation for the year ended December 31, 2012 excludes the impact of the forward contracts related to the November 6, 2012 and December 14, 2012 accelerated share repurchase transactions because, based upon the average daily volume-weighted average price of the Bancorp's common stock during the fourth quarter of 2012, the counterparty to the transactions would have been required to deliver approximately 1 million shares as of December 31, 2012, and thus the impact of the two accelerated share repurchase transactions would have been anti-dilutive to earnings per share.

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## 27. FAIR VALUE MEASUREMENTS

The Bancorp measures certain financial assets and liabilities at fair value in accordance with U.S. GAAP, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP also establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value

hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the instrument's fair value measurement. For more information regarding the fair value hierarchy and how the Bancorp measures fair value, see Note 1.

## Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables summarize assets and liabilities measured at fair value on a recurring basis, including residential mortgage loans held for sale for which the Bancorp has elected the fair value option as of:

		Fair Va	alue Measurements Using	ţ	
December 31, 2013 (\$ in millions)	Leve	el 1 <i>(c)</i>	Level 2(c)	Level 3	Total Fair Value
Assets:					
Available-for-sale securities:					
U.S. Treasury and Government agencies	\$	26	-	-	26
U.S. Government sponsored agencies		-	1,644	-	1,644
Obligations of states and political subdivisions		-	192	-	192
Agency mortgage-backed securities		-	12,284	-	12,284
Other bonds, notes and debentures		-	3,582	-	3,582
Other securities(a)		89	29	-	113
Available-for-sale securities(a)		115	17,731	-	17,840
Trading securities:					
U.S. Treasury and Government agencies		1	-	-	1
U.S. Government sponsored agencies		-	4	-	
Obligations of states and political subdivisions		-	12	1	13
Agency mortgage-backed securities		-	3	-	3
Other bonds, notes and debentures		-	7	-	•
Other securities		315	-	-	315
Trading securities		316	26	1	343
Residential mortgage loans held for sale		_	890	-	890
Residential mortgage loans (b)		-	-	92	92
Derivative assets:					
Interest rate contracts		13	802	12	82'
Foreign exchange contracts		-	276	-	270
Equity contracts		-	-	384	384
Commodity contracts		18	48	-	6
Derivative assets		31	1,126	396	1,553
Total assets	\$	462	19,773	489	20,724
Liabilities:					
Derivative liabilities:					
Interest rate contracts	s	1	384	4	389
Foreign exchange contracts	J	-	252	-	252
Equity contracts		_		48	48
Commodity contracts		9	56	-	6:
Derivative liabilities		10	692	52	754
Short positions		4	4	_	:
Total liabilities		14	696	52	762

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	Fair Va	alue Measurements Using			
December 31, 2012 (\$ in millions)	 Level 1(c)	Level 2(c)	Level 3	Total Fair Value	
Assets:					
Available-for-sale securities:					
U.S. Treasury and Government agencies	\$ 41	-	-	41	
U.S. Government sponsored agencies	-	1,911	-	1,911	
Obligations of states and political subdivisions	-	212	-	212	
Agency mortgage-backed securities	-	8,730	-	8,730	
Other bonds, notes and debentures	-	3,277	-	3,277	
Other securities(a)	 79	113	-	192	
Available-for-sale securities(a)	120	14,243	-	14,363	
Trading securities:					
U.S. Treasury and Government agencies	1	-	-	1	
U.S. Government sponsored agencies	-	6	-	6	
Obligations of states and political subdivisions	-	16	1	17	
Agency mortgage-backed securities	-	7	-	7	
Other bonds, notes and debentures	-	15	-	15	
Other securities	 161	-	-	161	
Trading securities	162	44	1	207	
Residential mortgage loans held for sale	-	2,856	-	2,856	
Residential mortgage loans (b)	-	-	76	76	
Derivative assets:					
Interest rate contracts	2	1,445	60	1,507	
Foreign exchange contracts	-	201	-	201	
Equity contracts	-	-	177	177	
Commodity contracts	 -	87	-	87	
Derivative assets	2	1,733	237	1,972	
Total assets	\$ 284	18,876	314	19,474	
Liabilities:					
Derivative liabilities:					
Interest rate contracts	\$ 14	600	3	617	
Foreign exchange contracts	-	183	-	183	
Equity contracts	-	-	33	33	
Commodity contracts	-	82	-	82	
Derivative liabilities	14	865	36	915	
Short positions	8	2	-	10	
Total liabilities	\$ 22	867	36	925	

- (a) Excludes FHLB and FRB restricted stock totaling \$402 and \$349, respectively, at December 31, 2013 and \$497 and \$347, respectively, at December 31, 2012.
- (b) Includes residential mortgage loans originated as held for sale and subsequently transferred to held for investment.
- (c) During the years ended December 31, 2013 and 2012, no assets or liabilities were transferred between Level 1 and Level 2.

The following is a description of the valuation methodologies used for significant instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

#### Available-for-sale and trading securities

Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include government bonds and exchange traded equities. If quoted market prices are not available, then fair values are estimated using quoted prices of securities with similar characteristics, or pricing models, such as discounted cash flows. Examples of such instruments, which are classified within Level 2 of the valuation hierarchy, include agency and non-agency mortgage-backed securities, other asset-backed securities, obligations of U.S. Government sponsored agencies, and corporate and municipal bonds. Corporate bonds are included in other bonds, notes and debentures in the previous table. Agency mortgage-backed securities, obligations of U.S. Government sponsored agencies, and corporate and municipal bonds are generally valued using a market

approach based on observable prices of securities with similar characteristics.

## Residential mortgage loans held for sale

For residential mortgage loans held for sale, fair value is estimated based upon mortgage-backed securities prices and spreads to those prices or, for certain ARM loans, DCF models that may incorporate the anticipated portfolio composition, credit spreads of asset-backed securities with similar collateral and market conditions. The anticipated portfolio composition includes the effect of interest rate spreads and discount rates due to loan characteristics such as the state in which the loan was originated, the loan amount and the ARM margin. Residential mortgage loans held for sale that are valued based on mortgage backed securities prices are classified within Level 2 of the valuation hierarchy as the valuation is based on external pricing for similar instruments. ARM loans classified as held for sale are also classified within Level 2 of the valuation hierarchy due to the use of observable inputs in the DCF model. These observable inputs include interest rate spreads from agency

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

mortgage-backed securities market rates and observable discount rates.

## Residential mortgage loans

Residential mortgage loans held for sale that are reclassified to held for investment are transferred from Level 2 to Level 3 of the fair value hierarchy. It is the Bancorp's policy to value any transfers between levels of the fair value hierarchy based on end of period fair values.

For residential mortgage loans reclassified from held for sale to held for investment, the fair value estimation is based on mortgage-backed securities prices, interest rate risk and an internally developed credit component. Therefore, these loans are classified within Level 3 of the valuation hierarchy. An adverse change in the loss rate or severity assumption would result in a decrease in fair value of the related loan. The Secondary Marketing Department, which reports to the Bancorp's Chief Operating Officer, in conjunction with the Consumer Credit Risk Department, which reports to the Bancorp's Chief Risk and Credit Officer, are responsible for determining the valuation methodology for residential mortgage loans held for investment. The Secondary Marketing Department reviews loss severity assumptions quarterly to determine if adjustments are necessary based on decreases in observable housing market data. This group also reviews trades in comparable benchmark securities and adjusts the values of loans as necessary. Consumer Credit Risk is responsible for the credit component of the fair value which is based on internally developed loss rate models that take into account historical loss rates and loss severities based on underlying collateral values.

#### Derivatives

Exchange-traded derivatives valued using quoted prices and certain over-the-counter derivatives valued using active bids are classified within Level 1 of the valuation hierarchy. Most of the Bancorp's derivative contracts are valued using discounted cash flow or other models that incorporate current market interest rates, credit spreads assigned to the derivative counterparties and other market parameters and, therefore, are classified within Level 2 of the valuation hierarchy. Such derivatives include basic and structured interest rate swaps and options. Derivatives that are valued based upon models with significant unobservable market parameters are classified within Level 3 of the valuation hierarchy. At December 31, 2013 and 2012, derivatives classified as Level 3, which are valued using models containing unobservable inputs, consisted primarily of a warrant associated with the initial sale of the Bancorp's 51% interest in Vantiv Holding, LLC to Advent International and a total return swap associated with the Bancorp's sale of Visa, Inc. Class B shares. Level 3 derivatives also include interest rate lock commitments, which utilize internally generated loan closing rate assumptions as a significant unobservable input in the valuation process.

The warrant allows the Bancorp to purchase approximately 20 million incremental nonvoting units in Vantiv Holding, LLC under certain defined conditions involving change of control. The fair value of the warrant is calculated in conjunction with a third party valuation provider by applying Black-Scholes option valuation models using probability weighted scenarios which contain the following inputs: Vantiv, Inc. stock price, strike price per the Warrant Agreement and several unobservable inputs, such as expected term, expected volatility, and expected dividend rate.

For the warrant, an increase in the expected term (years) and the expected volatility assumptions would result in an increase in the fair value; correspondingly, a decrease in these assumptions would result in a decrease in the fair value. The Accounting and Treasury Departments, both of which report to the Bancorp's Chief Financial Officer, determined the valuation methodology for the warrant. Accounting and Treasury review changes in fair value on a quarterly basis for reasonableness based on changes in historical and implied volatilities, expected terms, probability weightings of the related scenarios, and other assumptions.

Under the terms of the total return swap, the Bancorp will make or receive payments based on subsequent changes in the conversion rate of the Visa, Inc. Class B shares into Class A shares. Additionally, the Bancorp will make a quarterly payment based on Visa's stock price and the conversion rate of the Visa, Inc. Class B shares into Class A shares until the date on which the Covered Litigation is settled. The fair value of the total return swap was calculated using a discounted cash flow model based on unobservable inputs consisting of management's estimate of the probability of certain litigation scenarios, the timing of the resolution of the Covered Litigation and Visa litigation loss estimates in excess, or shortfall, of the Bancorp's proportional share of escrow funds.

An increase in the loss estimate or a delay in the resolution of the Covered Litigation would result in an increase in fair value; correspondingly, a decrease in the loss estimate or an acceleration of the resolution of the Covered Litigation would result in a decrease in fair value. The Accounting and Treasury Departments determined the valuation methodology for the total return swap. Accounting and Treasury review the changes in fair value on a quarterly basis for reasonableness based on Visa stock price changes, litigation contingencies, and escrow funding.

The net fair value asset of the interest rate lock commitments at December 31, 2013 was \$11 million. Immediate decreases in current interest rates of 25 bps and 50 bps would result in increases in the fair value of the interest rate lock commitments of approximately \$8 million and \$15 million, respectively. Immediate increases of current interest rates of 25 bps and 50 bps would result in decreases in the fair value of the interest rate lock commitments of approximately \$9 million and \$18 million, respectively. The decrease in fair value of interest rate lock commitments due to immediate 10% and 20% adverse changes in the assumed loan closing rates would be approximately \$1 million and \$2 million, respectively, and the increase in fair value due to immediate 10% and 20% favorable changes in the assumed loan closing rates would be approximately \$1 million and \$2 million, respectively. These sensitivities are hypothetical and should be used with caution, as changes in fair value based on a variation in assumptions typically cannot be extrapolated because the relationship of the change in assumptions to the change in fair value may not be linear.

The Secondary Marketing Department and the Consumer Line of Business Finance Department, which reports to the Bancorp's Chief Financial Officer, are responsible for determining the valuation methodology for IRLCs. Secondary Marketing, in conjunction with a third party valuation provider, periodically review loan closing rate assumptions and recent loan sales to determine if adjustments are needed for current market conditions not reflected in historical data.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following tables are a reconciliation of assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)								
			Residential	Interest Rate	Equity	Tota			
For the year ended December 31, 2013	Tra	ading	Mortgage	Derivatives,	Derivatives,	Fair			
(\$ in millions)	Secu	ırities	Loans	Net(a)	Net(a)	Valu			
Beginning balance	\$	1	76	57	144	\$ 27			
Total gains or losses (realized/unrealized):									
Included in earnings		-	(1)	59	175	23			
Purchases		-	-	(2)	-				
Settlements		-	(17)	(106)	17	(10			
Transfers into Level 3(b)		-	34	-	-	3			
Ending balance	s	1	92	8	336	<b>\$ 4</b> 3			
The amount of total gains (losses) for the period included in									
earnings attributable to the change in unrealized gains or losses relating to assets still held at December 31, 2013 (c)	\$	_	(1)	11	175	s 18			

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)								
For the year ended December 31, 2012 (\$ in millions)		ading urities	Residential Mortgage Loans	Interest Rate Derivatives, Net <sub>(a)</sub>	Equity Derivatives, Net <sub>(a)</sub>	Total Fair Value			
Beginning balance	\$	1	65	32	32	\$ 130			
Total gains or losses (realized/unrealized):									
Included in earnings		-	-	418	22	440			
Settlements		-	(15)	(393)	90	(318			
Transfers into Level 3(b)		-	26	-	-	26			
Ending balance	\$	1	76	57	144	\$ 278			
The amount of total gains (losses) for the period included in earnings attributable to the change in unrealized gains or losses	•								
relating to assets still held at December 31, 2012 (c)	\$	-	-	233	22	\$ 255			

		Fair '	Value Measurements U	sing Significant Unobserva	able Inputs (Level 3)		
			Residential	Interest Rate	Equity	T	otal
For the year ended December 31, 2011	Tra	ading	Mortgage	Derivatives,	Derivatives,	F	air
(\$ in millions)	Sec	urities	Loans	Net(a)	Net(a)	Va	alue
Beginning balance	\$	6	46	2	53	\$	107
Total gains or losses (realized/unrealized):							
Included in earnings		-	4	205	(43)		166
Purchases		-	-	-	2		2
Sales		(5)	-	-	-		(5)
Settlements		-	(9)	(175)	20		(164)
Transfers into Level 3(b)		-	24	-	-		24
Ending balance	\$	1	65	32	32	\$	130
The amount of total gains (losses) for the period included in							
earnings attributable to the change in unrealized gains or losses							
relating to assets still held at December 31, 2011 (c)	\$	-	4	32	(43)	\$	(7)

<sup>(</sup>a) Net interest rate derivatives include derivative assets and liabilities of \$12 and \$4, respectively, as of December 31, 2013, \$60 and \$3, respectively as of December 31, 2012 and \$34 and \$2, respectively, as of December 31, 2011. Net equity derivatives include derivative assets and liabilities of \$384 and \$48, respectively, as of December 31, 2013, \$177 and \$33, respectively, as of December 31, 2012, and \$113 and \$81, respectively, as of December 31, 2011.

<sup>(</sup>b) Includes residential mortgage loans held for sale that were transferred to held for investment.

<sup>(</sup>c) Includes interest income and expense.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The total gains and losses included in earnings for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) were recorded in the Consolidated Statements of Income as follows:

(\$ in millions)	201	3 201	12 2011
Mortgage banking net revenue		57	418 210
Corporate banking revenue		1	1 2
Other noninterest income		175	21 (46)
Total gains	s 2	33	440 166

The total gains and losses included in earnings attributable to changes in unrealized gains and losses related to Level 3 assets and liabilities still held at December 31, 2013, 2012 and 2011 were recorded in the Consolidated Statements of Income as follows:

(\$ in millions)	2013	2012	2011
Mortgage banking net revenue	10	233	37
Corporate banking revenue		- 1	1
Other noninterest income	175	5 21	(45)
Total (losses) gains	\$ 185	5 255	(7)

The following table presents information as of December 31, 2013 about significant unobservable inputs related to the Bancorp's material categories of Level 3 financial assets and liabilities measured on a recurring basis:

#### (\$ in millions)

			Significant Unobservable	Ranges of	
Financial Instrument	Fair Value	Valuation Technique	Inputs	Inputs	Weighted-Average
Residential mortgage loans	\$ 92	Loss rate model	Interest rate risk factor	(23.7) - 16.5%	2.3%
			Credit risk factor	0 - 63.4%	2.6%
IRLCs, net	11	Discounted cash flow	Loan closing rates	14.9 - 98.7%	68.5%
Stock warrant associated with Vantiv Holding,	384	Black-Scholes option	Expected term (years)	2.00 - 15.50	5.1
LLC		valuation model	Expected volatility(a)	18.5 - 33.2%	25.4%
			Expected dividend rate	-	-
Swap associated with the sale of Visa, Inc. Class	(48)	Discounted cash flow	Timing of the resolution of	12/31/2014 -	NM
B shares			the Covered Litigation	12/31/2019	

<sup>(</sup>a) Based on historical and implied volatilities of comparable companies assuming similar expected terms.

The following table presents information as of December 31, 2012 about significant unobservable inputs related to the Bancorp's material categories of Level 3 financial assets and liabilities measured on a recurring basis:

## (\$ in millions)

			Significant Unobservable	Ranges of	
Financial Instrument	Fair Value	Valuation Technique	Inputs	Inputs	Weighted-Average
Residential mortgage loans	\$ 76	Loss rate model	Interest rate risk factor	(91.2) - 17.0%	5.8%
			Credit risk factor	0 - 68.4%	4.3%
IRLCs, net	60	Discounted cash flow	Loan closing rates	9.9 - 95.0%	58.3%
Stock warrant associated with Vantiv Holding,	177	Black-Scholes option	Expected term (years)	2.00 - 16.50	6.2
LLC		valuation model	Expected volatility(a)	27.2 - 40.0%	33.8%
			Expected dividend rate	-	-
Swap associated with the sale of Visa, Inc. Class	(33)	Discounted cash flow	Timing of the resolution	12/31/2013 -	NM
B shares			of the Covered Litigation	12/31/2016	

<sup>(</sup>a) Based on historical and implied volatilities of comparable companies assuming similar expected terms.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain assets and liabilities are measured at fair value on a nonrecurring basis. These assets and liabilities are not measured at

fair value on an ongoing basis; however, they are subject to fair value adjustments in certain circumstances, such as when there is evidence of impairment.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following tables represent those assets that were subject to fair value adjustments during the years ended December 31, 2013 and 2012 and still held as of the end of the period, and the related losses from fair value adjustments on assets sold during the period as well as assets still held as of the end of the period:

	Fair Val		Total Losses		
As of December 31, 2013 (\$ in millions)	 Level 1	Level 2	Level 3	Total	2013
Commercial loans held for sale (a)	\$ -	-	3	3	(7)
Commercial and industrial loans	-	-	443	443	(281)
Commercial mortgage loans	-	-	61	61	(41)
Commercial construction loans	-	-	16	16	(10)
MSRs	-	-	967	967	192
OREO	-	-	87	87	(45)
Private equity investment funds	-	-	181	181	(4)
Total	\$ -	-	1,758	1,758	(196)

	Fair Value Measurements Using			Total Losses	
As of December 31, 2012 (\$ in millions)	Level 1	Level 2	Level 3	Total	2012
Commercial loans held for sale (a)	\$ -	-	9	9	(13)
Commercial and industrial loans	-	-	83	83	(122)
Commercial mortgage loans	-	-	46	46	(50)
Commercial construction loans	-	-	4	4	(22)
MSRs	-	-	697	697	(103)
OREO	-	-	165	165	(74)
Total	\$ -	-	1,004	1,004	(384)

<sup>(</sup>a) Includes commercial nonaccrual loans held for sale.

The following tables present information as of December 31, 2013 and 2012 about significant unobservable inputs related to the Bancorp's material categories of Level 3 financial assets and liabilities measured on a nonrecurring basis:

## As of December 31, 2013 (\$ in millions)

115 01 B 000 110 (\$ 111 1111110115)					
			Significant Unobservable	Ranges of	
Financial Instrument	Fair Value	Valuation Technique	Inputs	Inputs	Weighted-Average
Commercial loans held for sale	\$ 3	Appraised value	Appraised value	NM	NM
			Cost to sell	NM	10.0%
Commercial and industrial loans	443	Appraised value	Collateral value	NM	NM
Commercial mortgage loans	61	Appraised value	Collateral value	NM	NM
Commercial construction loans	16	Appraised value	Collateral value	NM	NM
					(Fixed) 10.3%
MSRs	967	Discounted cash flow	Prepayment speed	0 -100%	(Adjustable) 25.6%
					(Fixed) 10.4%
			Discount rates	9.4 - 18.0%	(Adjustable) 11.6%
OREO	87	Appraised value	Appraised value	NM	NM
		Liquidity discount applied			
Private equity investment funds	44(a)	to fund's net asset value	Liquidity discount	0 - 18%	3.0%

<sup>(</sup>a) Includes funds the Bancorp will be prohibited from retaining after the July 21, 2015 end of the conformance period for the final rules, adopted under the Bank Holding Company Act, that implemented the provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly referred to as the Volcker Rule.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2012 (\$ in millions)

			Significant Unobservable	Ranges of	
Financial Instrument	Fair Value	Valuation Technique	Inputs	Inputs	Weighted-Average
Commercial loans held for sale			Appraised value	NM	NM
\$	9	Appraised value	Cost to sell	NM	10.0%
Commercial and industrial loans			Default rates	100%	NM
	83	Appraised value	Collateral value	NM	NM
Commercial mortgage loans			Default rates	100%	NM
	46	Appraised value	Collateral value	NM	NM
Commercial construction loans			Default rates	100%	NM
	4	Appraised value	Collateral value	NM	NM
					(Fixed) 16.1%
MSRs	697	Discounted cash flow	Prepayment speed	0 - 100%	(Adjustable) 26.9%
					(Fixed) 10.5%
			Discount rates	9.4 - 18.0%	(Adjustable) 11.7%
OREO	165	Appraised value	Appraised value	NM	NM

#### Commercial loans held for sale

During 2013 and 2012, the Bancorp transferred \$5 million and \$16 million, respectively, of commercial loans from the portfolio to loans held for sale that upon transfer were measured at fair value using significant unobservable inputs. These loans had fair value adjustments in 2013 and 2012 totaling \$4 million and \$1 million, respectively, and were generally based on appraisals of the underlying collateral and were therefore, classified within Level 3 of the valuation hierarchy. Additionally, during 2013 and 2012 there were fair value adjustments on existing commercial loans held for sale of \$3 million and \$12 million, respectively. The fair value adjustments were also based on appraisals of the underlying collateral and were therefore classified within Level 3 of the valuation hierarchy. An adverse change in the fair value of the underlying collateral would result in a decrease in the fair value measurement. The Accounting Department determines the procedures for valuation of commercial HFS loans which may include a comparison to recently executed transactions of similar type loans. A monthly review of the portfolio is performed for reasonableness. Quarterly, appraisals approaching a year old are updated and the Real Estate Valuation group, which reports to the Chief Risk and Credit Officer, in conjunction with the Commercial Line of Business review the third party appraisals for reasonableness. Additionally, the Commercial Line of Business Finance Department, which reports to the Bancorp Chief Financial Officer, in conjunction with Accounting review all loan appraisal values, carrying values and vintages.

#### Commercial loans held for investment

During 2013 and 2012, the Bancorp recorded nonrecurring impairment adjustments to certain commercial and industrial, commercial mortgage and commercial construction loans held for investment. Larger commercial loans included within aggregate borrower relationship balances exceeding \$1 million that exhibit probable or observed credit weaknesses are subject to individual review for impairment. The Bancorp considers the current value of collateral, credit quality of any guarantees, the guarantor's liquidity and willingness to cooperate, the loan structure and other factors when evaluating whether an individual loan is impaired. When the loan is collateral dependent, the fair value of the loan is generally based on the fair value of the underlying collateral supporting the loan and therefore these loans were classified within Level 3 of the valuation hierarchy. In cases where the carrying value exceeds the fair value, an impairment loss is recognized.

An adverse change in the fair value of the underlying collateral would result in a decrease in the fair value measurement. The fair

values and recognized impairment losses are reflected in the previous table. Commercial Credit Risk, which reports to the Chief Risk and Credit Officer, is responsible for preparing and reviewing the fair value estimates for commercial loans held for investment.

#### MSRs

Mortgage interest rates increased during the year ended December 31, 2013 and the Bancorp recognized a recovery of temporary impairment on servicing rights. The Bancorp recognized temporary impairments in certain classes of the MSR portfolio during the year ended December 31, 2012 and the carrying value was adjusted to the fair value. MSRs do not trade in an active, open market with readily observable prices. While sales of MSRs do occur, the precise terms and conditions typically are not readily available. Accordingly, the Bancorp estimates the fair value of MSRs using internal discounted cash flow models with certain unobservable inputs, primarily prepayment speed assumptions, discount rates and weighted average lives, resulting in a classification within Level 3 of the valuation hierarchy. Refer to Note 11 for further information on the assumptions used in the valuation of the Bancorp's MSRs. The Secondary Marketing Department and Treasury Department are responsible for determining the valuation methodology for MSRs. Representatives from Secondary Marketing, Treasury, Accounting and Risk Management are responsible for reviewing key assumptions used in the internal discounted cash flow model. Two external valuations of the MSR portfolio are obtained from third parties that use valuation models in order to assess the reasonableness of the internal discounted cash flow model. Additionally, the Bancorp participates in peer surveys that provide additional confirmation of the reasonableness of key assumptions utilized in the MSR valuation process and the resulting MSR prices.

#### OREC

During 2013 and 2012, the Bancorp recorded nonrecurring adjustments to certain commercial and residential real estate properties classified as OREO and measured at the lower of carrying amount or fair value. These nonrecurring losses are primarily due to declines in real estate values of the properties recorded in OREO. For the years ended December 31, 2013 and 2012, these losses include \$19 million and \$17 million, respectively, recorded as charge-offs, on new OREO properties transferred from loans during the respective periods and \$26 million and \$57 million, respectively, recorded as negative fair value adjustments on OREO in other noninterest income subsequent to their transfer from loans. As discussed in the following paragraphs, the fair value amounts are generally based on appraisals of the property values, resulting in a

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

classification within Level 3 of the valuation hierarchy. In cases where the carrying amount exceeds the fair value, less costs to sell, an impairment loss is recognized. The previous tables reflect the fair value measurements of the properties before deducting the estimated costs to sell.

The Real Estate Valuation department, which reports to the Chief Risk and Credit Officer, is solely responsible for managing the appraisal process and evaluating the appraisal for all commercial properties transferred to OREO. All appraisals on commercial OREO properties are updated on at least an annual basis.

The Real Estate Valuation department reviews the BPO data and internal market information to determine the initial charge-off on residential real estate loans transferred to OREO. Once the foreclosure process is completed, the Bancorp performs an interior inspection to update the initial fair value of the property. These properties are reviewed at least every 30 days after the initial interior inspections are completed. The Asset Manager receives a monthly status report for each property which includes the number of showings, recently sold properties, current comparable listings and overall market conditions.

#### Private equity investment funds

The Volcker Rule, which was approved by the respective federal agencies on December 10, 2013 and becomes effective July 21, 2015, prohibits the Bancorp from retaining an interest in certain of its private equity fund investments. Therefore, while the Bancorp has not approved a formal plan to sell any of the private equity funds, the Bancorp has determined that it may be forced to sell certain of these funds prior to their scheduled redemption dates. As a result, the Bancorp has performed nonrecurring fair value measurements on a fund by fund basis to determine whether OTTI exists. The Bancorp estimated the fair value of a fund by using the net asset value reported by the fund manager, and in some cases, applying an estimated market discount to the reported net asset value of the fund. Because the length of time until the investment will become redeemable is generally not certain, these funds were classified within Level 3 of the valuation hierarchy. An adverse change in the reported net asset values or estimated market

discounts where applicable, would result in a decrease in the fair value estimate. In cases where the carrying value exceeds the fair value, an impairment loss is recognized. The Bancorp's private equity department, which reports to the Chief Operating Officer, in conjunction with Accounting, is responsible for preparing and reviewing the fair value estimates.

#### Fair Value Option

The Bancorp elected to measure certain residential mortgage loans held for sale under the fair value option as allowed under U.S. GAAP. Electing to measure residential mortgage loans held for sale at fair value reduces certain timing differences and better matches changes in the value of these assets with changes in the value of derivatives used as economic hedges for these assets. Management's intent to sell residential mortgage loans classified as held for sale may change over time due to such factors as changes in the overall liquidity in markets or changes in characteristics specific to certain loans held for sale. Consequently, these loans may be reclassified to loans held for investment and maintained in the Bancorp's loan portfolio. In such cases, the loans will continue to be measured at fair value.

Fair value changes recognized in earnings for instruments held at December 31, 2013 and 2012 for which the fair value option was elected as well as the changes in fair value of the underlying IRLCs, included gains of \$20 million and \$157 million, respectively. Additionally, fair value changes included in earnings for instruments for which the fair value option was elected but are no longer held by the Bancorp at December 31, 2013 and 2012 included gains of \$431 million and \$849 million during 2013 and 2012, respectively. These gains are reported in mortgage banking net revenue in the Consolidated Statements of Income.

Valuation adjustments related to instrument-specific credit risk for residential mortgage loans measured at fair value negatively impacted the fair value of those loans by \$2 million and \$3 million at December 31, 2013 and 2012, respectively. Interest on residential mortgage loans measured at fair value is accrued as it is earned using the effective interest method and is reported as interest income in the Consolidated Statements of Income.

The following table summarizes the difference between the fair value and the principal balance for residential mortgage loans measured at fair value as of:

(\$ in millions)  December 31, 2013	]	Difference		
Residential mortgage loans measured at fair value	\$	982	962	20
Past due loans of 90 days or more		1	2	(1)
Nonaccrual loans		2	2	-
December 31, 2012				
Residential mortgage loans measured at fair value	\$	2,932	2,775	157
Past due loans of 90 days or more		3	4	(1)
Nonaccrual loans		-	1	(1)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## Fair Value of Certain Financial Instruments

The following tables summarize the carrying amounts and estimated fair values for certain financial instruments, excluding financial instruments measured at fair value on a recurring basis:

	Net Ca	arrying	Fair Va	lue Measuremen	ts Using	Total	
As of December 31, 2013 (\$ in millions)	Am	ount	Level 1	Level 2	Level 3	Fair Value	
Financial assets:							
Cash and due from banks	\$	3,178	3,178	-	-	3,178	
Other securities		751	-	751	-	751	
Held-to-maturity securities		208	-	-	208	208	
Other short-term investments		5,116	5,116	-	-	5,116	
Loans held for sale		54	-	-	54	54	
Portfolio loans and leases:							
Commercial and industrial loans		38,549	-	-	39,804	39,804	
Commercial mortgage loans		7,854	-	-	7,430	7,430	
Commercial construction loans		1,013	-	-	856	856	
Commercial leases		3,572	-	-	3,261	3,261	
Residential mortgage loans (a)		12,399	-	-	11,541	11,541	
Home equity		9,152	-	-	9,181	9,181	
Automobile loans		11,961	-	-	11,748	11,748	
Credit card		2,202	-	-	2,380	2,380	
Other consumer loans and leases		348	-	-	361	361	
Unallocated allowance for loan and lease losses		(110)	-	-	-	-	
Total portfolio loans and leases, net(a)		86,940	-	-	86,562	86,562	
Financial liabilities:							
Deposits		99,275	-	99,288	-	99,288	
Federal funds purchased		284	284	-	-	284	
Other short-term borrowings		1,380	-	1,380	-	1,380	
Long-term debt		9,633	9,645	577	-	10,222	

<sup>(</sup>a) Excludes \$92 of residential mortgage loans measured at fair value on a recurring basis.

	Ne	t Carrying	Fair Val	Total		
As of December 31, 2012 (\$ in millions)		Amount	Level 1	Level 2	Level 3	Fair Value
Financial assets:						
Cash and due from banks	\$	2,441	2,441	-	-	2,441
Other securities		844	-	844	-	844
Held-to-maturity securities		284	-	-	284	284
Other short-term investments		2,421	2,421	-	-	2,421
Loans held for sale		83	-	-	83	83
Portfolio loans and leases:						
Commercial and industrial loans		35,236	-	-	36,496	36,496
Commercial mortgage loans		8,770	-	-	8,020	8,020
Commercial construction loans		665	-	-	505	505
Commercial leases		3,481	-	-	3,310	3,310
Residential mortgage loans (a)		11,712	-	-	11,532	11,532
Home equity		9,875	-	-	9,798	9,798
Automobile loans		11,944	-	-	12,076	12,076
Credit card		2,010	-	-	2,139	2,139
Other consumer loans and leases		270	-	-	288	288
Unallocated allowance for loan and lease losses		(111)	-	-	-	-
Total portfolio loans and leases, net(a)		83,852	-	-	84,164	84,164
Financial liabilities:						
Deposits		89,517	-	85,592	-	85,592
Federal funds purchased		901	901	-	-	901
Other short-term borrowings		6,280	-	6,280	-	6,280
Long-term debt		7,085	6,925	884	-	7,809

<sup>(</sup>a) Excludes \$76 of residential mortgage loans measured at fair value on a recurring basis.

Cash and due from banks, other securities, other short-term investments, deposits, federal funds purchased and other short-term borrowings

For financial instruments with a short-term or no stated maturity, prevailing market rates and limited credit risk, carrying amounts approximate fair value. Those financial instruments include cash and due from banks, FHLB and FRB restricted stock, other short-term

investments, certain deposits (demand, interest checking, savings, money market and foreign office deposits), and federal funds purchased. Fair values for other time deposits, certificates of deposit \$100,000 and over and other short-term borrowings were estimated using a discounted cash flow calculation that applied prevailing LIBOR/swap interest rates for the same maturities.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## Held-to-maturity securities

The Bancorp's held-to-maturity securities are primarily composed of instruments that provide income tax credits as the economic return on the investment. The fair value of these instruments is estimated based on current U.S. Treasury tax credit rates

#### Loans held for sale

Fair values for commercial loans held for sale were valued based on executable bids when available, or on discounted cash flow models incorporating appraisals of the underlying collateral, as well as assumptions about investor return requirements and amounts and timing of expected cash flows. Fair values for other consumer loans held for sale are based on contractual values upon which the loans may be sold to a third party, and approximate their carrying value.

#### Portfolio loans and leases, net

Fair values were estimated by discounting future cash flows using the current market rates of loans to borrowers with similar credit characteristics and similar remaining maturities.

## Long-term debt

Fair values for long-term debt were based on quoted market prices, when available, or a discounted cash flow calculation using LIBOR/swap interest rates and, in some cases, a spread for new issuances with similar terms.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 28. CERTAIN REGULATORY REQUIREMENTS AND CAPITAL RATIOS

The principal source of income and funds for the Bancorp (parent company) are dividends from its subsidiaries. The dividends paid by the Bancorp's banking subsidiary are subject to regulations and limitations prescribed by the appropriate state and federal supervisory authorities. The Bancorp's nonbank subsidiaries are also limited by certain federal and state statutory provisions and regulations covering the amount of dividends that may be paid in any given year.

The Bancorp's banking subsidiary must maintain cash reserve balances when total reservable deposit liabilities are greater than the regulatory exemption. These reserve requirements may be satisfied with vault cash and balances on deposit with the FRB. In 2013 and 2012, the banking subsidiary was required to maintain average cash reserve balances of \$1.6 billion and \$1.5 billion, respectively.

The Board of Governors of the Federal Reserve System issued capital adequacy guidelines pursuant to which it assesses the adequacy of capital in examining and supervising a bank holding company and in analyzing applications to it under the Bank Holding Company Act of 1956, as amended. These guidelines include quantitative measures that assign risk weightings to assets and off-balance sheet items, as well as define and set minimum regulatory capital requirements. All bank holding companies are required to maintain Tier I capital (core capital) of at least four percent of risk-weighted assets (Tier I capital ratio), total capital (Tier I plus Tier II capital) of at least eight percent of risk-weighted assets (Total risk-based capital ratio), and Tier I capital of at least three percent of adjusted quarterly average assets (Tier I leverage ratio). Failure to meet the minimum capital requirements can initiate certain actions by regulators that could have a direct material effect on the Consolidated Financial Statements of the Bancorp.

Tier I capital consists principally of shareholders' equity including Tier I qualifying TruPS. It excludes unrealized gains and losses on available-for-sale securities and unrecognized pension actuarial gains and losses and prior service cost, goodwill, certain other intangibles and unrealized gains and losses on cash flow hedges. The revised regulatory capital rules known as Basel III will phase out the inclusion of certain TruPS as a component of Tier I capital when the rules become effective for the Bancorp beginning January 1, 2015. Under these provisions, these TruPS would qualify

as a component of Tier II capital. At December 31, 2013, the Bancorp's Tier I capital included \$60 million of TruPS representing approximately 5 bps of risk-weighted assets.

Tier II capital consists principally of term subordinated debt, redeemable preferred stock and, subject to limitations, allowances for credit losses.

Assets and credit equivalent amounts of off-balance-sheet items are assigned to one of several broad risk categories, according to the obligor, guarantor or nature of collateral. The aggregate dollar value of the amount of each category is multiplied by the associated risk weighting of that category. The resulting weighted values from each of the risk categories in sum is the total risk-weighted assets. Quarterly average assets for this purpose do not include goodwill and any other intangible assets and other investments that the FRB determines should be deducted from Tier I capital.

The Board of Governors of the Federal Reserve System issued capital adequacy guidelines for banking subsidiaries substantially similar to those adopted for bank holding companies, as described previously. In addition, the federal banking agencies have issued substantially similar regulations to implement the system of prompt corrective action established by Section 38 of the Federal Deposit Insurance Act. Under the regulations, a bank generally shall be deemed to be well-capitalized if it has a Total risk-based capital ratio of 10% or more, a Tier I capital ratio of six percent or more, a Tier I leverage ratio of five percent or more and is not subject to any written capital order or directive. If an institution becomes undercapitalized, it would become subject to significant additional oversight, regulations and requirements as mandated by the Federal Deposit Insurance Act.

The Bancorp and its banking subsidiary, Fifth Third Bank, had Tier I capital, Total risk-based capital and Tier I leverage ratios above the well-capitalized levels at December 31, 2013 and 2012. As of December 31, 2013, the most recent notification from the FRB categorized the Bancorp and its banking subsidiary as well-capitalized under the regulatory framework for prompt corrective action. To continue to qualify for financial holding company status pursuant to the Gramm-Leach-Bliley Act of 1999, the Bancorp's banking subsidiary must, among other things, maintain "well-capitalized" capital ratios.

The following table presents capital and risk-based capital and leverage ratios for the Bancorp and its banking subsidiary at December 31:

	201	2013			
(\$ in millions)	Amount	Ratio		Amount	Ratio
Tier I risk-based capital (to risk-weighted assets):					
Fifth Third Bancorp (Consolidated)	s 12,094	10.36%	\$	11,685	10.65%
Fifth Third Bank	13,245	11.52		12,145	11.28
Total risk-based capital (to risk-weighted assets):					
Fifth Third Bancorp (Consolidated)	16,441	14.08		15,816	14.42
Fifth Third Bank	14,795	12.86		13,721	12.74
Tier I leverage (to average assets):					
Fifth Third Bancorp (Consolidated)	12,094	9.64		11,685	10.05
Fifth Third Bank	13,245	10.73		12,145	10.65

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 29. PARENT COMPANY FINANCIAL STATEMENTS

Condensed Statements of Income (Parent Company Only)			_
For the years ended December 31 (\$ in millions)	2013	2012	2011
Income			
Dividends from subsidiaries:			
Consolidated bank subsidiaries (a)	\$ -	-	-
Consolidated nonbank subsidiary	859	1,959	1,677
Interest on loans to subsidiaries	14	17	29
Total income	873	1,976	1,706
Expenses			
Interest	178	215	216
Other	36	61	25
Total expenses	214	276	241
Income Before Income Taxes and Change in Undistributed			
Earnings of Subsidiaries	659	1,700	1,465
Applicable income tax benefit	74	96	79
Income Before Change in Undistributed Earnings of Subsidiaries	733	1,796	1,544
Change in undistributed earnings	1,103	(220)	(247)
Net Income	\$ 1,836	1,576	1,297

<sup>(</sup>a) The Bancorp's indirect banking subsidiary paid dividends to the Bancorp's direct nonbank subsidiary holding company of \$859 million, \$2.0 billion and \$2.0 billion for the years ended 2013, 2012, and 2011, respectively.

Condensed Statements of Comprehensive Income (Parent Company Only)			_
For the years ended December 31 (\$ in millions)	2013	2012	2011
Net income	\$ 1,836	1,576	1,297
Other comprehensive income, net of tax:			
Unrealized gains on cash flow hedge derivatives	-	3	2
Other comprehensive income	-	3	2
Comprehensive income attributable to Parent	\$ 1,836	1,579	1,299

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Condensed Balance Sheets (Parent Company Only)			
As of December 31 (\$ in millions)		2013	2012
Assets			
Cash		s -	-
Short-term investments		2,505	3,481
Loans to subsidiaries:			
Bank subsidiaries		-	-
Nonbank subsidiaries		974	1,021
Total loans to subsidiaries		974	1,021
Investment in subsidiaries			
Nonbank subsidiaries		16,254	15,376
Total investment in subsidiaries		16,254	15,376
Goodwill		80	80
Other assets		323	579
Total Assets		s 20,136	20,537
Liabilities		3 20,130	20,337
		311	566
Other short-term borrowings		311 442	456
Accrued expenses and other liabilities  Long-term debt (external)		442 4,757	5,751
			6,773
Total Liabilities		5,510	
Parent Company Shareholders' Equity		14,626	13,764
Total Liabilities and Parent Company Shareholders' Equity		s 20,136	20,537
Condensed Statements of Cash Flows (Parent Company Only)			
For the years ended December 31 (\$ in millions)	2013	2012	2011
Operating Activities			
Net income	s 1,836	1,576	1,297
Adjustments to reconcile net income to net cash provided by operating activities:	3 1,000	1,570	1,277
(Benefit from) provision for deferred income taxes	(1)	2	(3)
Net change in undistributed earnings	(1,103)	220	247
Net change in:	(1,100)	220	2.,
Other assets	13	57	39
Accrued expenses and other liabilities	(28)	18	3
Net Cash Provided by Operating Activities	717	1,873	1,583
Investing Activities	, , ,	1,075	1,000
Net change in:			
Short-term investments	976	107	(635)
Loans to subsidiaries	47	11	489
Net Cash Provided by (Used in) Investing Activities	1,023	118	(146)
Financing Activities	1,023	110	(140)
Net change in other short-term borrowings	(255)	(89)	241
Proceeds from issuance of long-term debt	750	500	1,000
Repayment of long-term debt	(1,500)	(1,440)	(400)
Dividends paid on common shares	(393)	(309)	(192)
Dividends paid on common shares  Dividends paid on preferred shares	(37)	(35)	(50)
Issuance of common shares	(37)	(33)	1,648
Issuance of preferred stock	1,034	-	1,046
Repurchases of treasury shares and related forward contracts	(1,320)	(650)	
Redemption of Series F preferred shares and related warrants	(1,320)	(030)	(3,688)
Other, net	(19)	(18)	
	` '	· /	(6)
Net Cash Used in Financing Activities	(1,740)	(2,041)	(1,447)
Net (Decrease) Increase in Cash	-	(50)	(10)
Cash at Beginning of Year	<del>-</del>	50	60
Cash at End of Year	\$ -	-	50

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## **30. BUSINESS SEGMENTS**

The Bancorp reports on four business segments: Commercial Banking, Branch Banking, Consumer Lending and Investment Advisors. Results of the Bancorp's business segments are presented based on its management structure and management accounting practices. The structure and accounting practices are specific to the Bancorp; therefore, the financial results of the Bancorp's business segments are not necessarily comparable with similar information for other financial institutions. The Bancorp refines its methodologies from time to time as management's accounting practices are improved and businesses change.

The Bancorp manages interest rate risk centrally at the corporate level by employing an FTP methodology. This methodology insulates the business segments from interest rate volatility, enabling them to focus on serving customers through loan originations and deposit taking. The FTP system assigns charge rates and credit rates to classes of assets and liabilities, respectively, based on expected duration and the U.S. swap curve. Matching duration allocates interest income and interest expense to each segment so its resulting net interest income is insulated from interest rate risk. In a rising rate environment, the Bancorp benefits from the widening spread between deposit costs and wholesale funding costs. However, the Bancorp's FTP system credits this benefit to deposit-providing businesses, such as Branch Banking and Investment Advisors, on a duration-adjusted basis. The net impact of the FTP methodology is captured in General Corporate and Other.

The Bancorp adjusts the FTP charge and credit rates as dictated by changes in interest rates for various interest-earning assets and interest-bearing liabilities and by the review of the estimated durations for the indeterminate-lived deposits. The credit rate provided for demand deposit accounts is reviewed annually based upon the account type, its estimated duration and the corresponding fed funds, U.S. swap curve or swap rate. The credit rates for several deposit products were reset January 1, 2013 to reflect the current market rates and updated market assumptions. These rates were generally higher than those in place during 2012, thus net interest income for deposit providing businesses was positively impacted during 2012.

The business segments are charged provision expense based on the actual net charge-offs experienced by the loans and leases owned by each segment. Provision expense attributable to loan and leases growth and changes in ALLL factors are captured in General Corporate and Other. The financial results of the business segments include allocations for shared services and headquarters expenses. Even with these allocations, the financial results are not necessarily indicative of the business segments' financial condition and results of operations as if they existed as independent entities. Additionally, the business segments form synergies by taking advantage of cross-sell opportunities and when funding operations, by accessing the capital markets as a collective unit.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Results of operations and assets by segment for each of the three years ended December 31 are:

					General Corporate		
	Commercial	Branch	Consumer	Investment	and		
2013 (\$ in millions)	Banking	Banking	Lending	Advisors	Other	Eliminations	Total
Net interest income	\$ 1,487	1,461	312	154	147	-	3,561
Provision for loan and lease losses	187	217	92	2	(269)	-	229
Net interest income after provision for loan and lease losses	1,300	1,244	220	152	416	-	3,332
Noninterest income:							
Mortgage banking net revenue	-	12	687	1	-	-	700
Service charges on deposits	242	304	-	3	-	-	549
Corporate banking revenue	386	13	-	3	(2)	-	400
Investment advisory revenue	5	148	-	384	-	(144)(a)	393
Card and processing revenue	52	291	-	5	(76)	-	272
Other noninterest income	95	86	45	10	643	-	879
Securities gains, net	-	-	3	-	18	-	21
Securities gains, net - non-qualifying hedges on mortgage servicing rights	-	-	13	-	-	-	13
Total noninterest income	780	854	748	406	583	(144)	3,227
Noninterest expense:							
Salaries, wages and incentives	233	457	175	134	582	-	1,581
Employee benefits	40	127	40	25	125	-	357
Net occupancy expense	23	185	8	10	81	-	307
Technology and communications	11	4	1	-	188	-	204
Card and processing expense	7	126	-	-	1	-	134
Equipment expense	4	58	1	-	51	-	114
Other noninterest expense	825	748	460	284	(909)	(144)	1,264
Total noninterest expense	1,143	1,705	685	453	119	(144)	3,961
Income before income taxes	937	393	283	105	880	-	2,598
Applicable income tax expense	171	138	100	37	326	-	772
Net income	766	255	183	68	554	-	1,826
Less: Net income attributable to noncontrolling interests	-	-	-	-	(10)	-	(10)
Net income attributable to Bancorp	766	255	183	68	564	-	1,836
Dividends on preferred stock	-	-	-	-	37	-	37
Net income available to common shareholders	\$ 766	255	183	68	527	-	1,799
Total goodwill	\$ 613	1,655	-	148	-	-	2,416
Total assets	\$ 52,287	50,038	22,610	10,711	(5,203)	-	130,443

<sup>(</sup>a) Revenue sharing agreements between Investment Advisors and Branch Banking are eliminated in the Consolidated Statements of Income.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

						General Corporate		
2010 (6 : 19)		Commercial	Branch	Consumer	Investment	and		
2012 (\$ in millions)	_	Banking	Banking	Lending	Advisors	Other	Eliminations	Total
Net interest income	\$	1,432	1,362	314	117	370	-	3,595
Provision for loan and lease losses		223	294	176	10	(400)	-	303
Net interest income after provision for loan and lease losses		1,209	1,068	138	107	770	-	3,292
Noninterest income:								
Mortgage banking net revenue		-	14	830	1	-	-	845
Service charges on deposits		225	294	-	3	-	-	522
Corporate banking revenue		395	15	-	3	-	-	413
Investment advisory revenue		6	129	-	366	-	(127)(a)	374
Card and processing revenue		46	279	-	4	(76)	-	253
Other noninterest income		65	81	42	19	367	-	574
Securities gains, net		-	-	1	-	14	-	15
Securities gains, net - non-qualifying hedges on mortgage servicing rights		-	-	3	-	-	-	3
Total noninterest income		737	812	876	396	305	(127)	2,999
Noninterest expense:								
Salaries, wages and incentives		229	448	192	136	602	-	1,607
Employee benefits		39	125	39	25	143	-	371
Net occupancy expense		21	187	8	11	75	-	302
Technology and communications		10	3	1	-	182	-	196
Card and processing expense		5	115	-	-	1	-	121
Equipment expense		2	54	1	1	52	-	110
Other noninterest expense		800	660	429	264	(652)	(127)	1,374
Total noninterest expense		1,106	1,592	670	437	403	(127)	4,081
Income before income taxes		840	288	344	66	672	-	2,210
Applicable income tax expense		146	102	121	23	244	-	636
Net income		694	186	223	43	428	-	1,574
Less: Net income attributable to noncontrolling interests		-	-	-	-	(2)	-	(2)
Net income attributable to Bancorp		694	186	223	43	430	-	1,576
Dividends on preferred stock		-	-	-	-	35	-	35
Net income available to common shareholders	\$	694	186	223	43	395	-	1,541
Total goodwill	\$	613	1,655		148		-	2,416
Total assets	\$	48,693	48,856	24,657	9,212	(9,524)	-	121,894

<sup>(</sup>a) Revenue sharing agreements between Investment Advisors and Branch Banking are eliminated in the Consolidated Statements of Income.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

					General Corporate		
	Commercial	Branch	Consumer	Investment	and		
2011 (\$ in millions)	Banking	Banking	Lending	Advisors	Other	Eliminations	Total
Net interest income	\$ 1,357	1,423	343	113	321	-	3,557
Provision for loan and lease losses	490	393	261	27	(748)	-	423
Net interest income after provision for loan and lease losses	867	1,030	82	86	1,069	-	3,134
Noninterest income:							
Mortgage banking net revenue	-	11	585	1	-	-	597
Service charges on deposits	207	309	-	4	-	-	520
Corporate banking revenue	332	14	-	3	1	-	350
Investment advisory revenue	12	117	-	364	(1)	(117)(a)	375
Card and processing revenue	38	305	-	4	(39)	-	308
Other noninterest income	52	81	36	(3)	84	-	250
Securities gains, net	-	-	-	-	46	-	46
Securities gains, net - non-qualifying hedges on mortgage servicing rights	-	-	9	-	-	-	9
Total noninterest income	641	837	630	373	91	(117)	2,455
Noninterest expense:							
Salaries, wages and incentives	203	454	149	138	534	-	1,478
Employee benefits	37	127	34	26	106	-	330
Net occupancy expense	20	184	8	11	82	-	305
Technology and communications	11	5	1	1	170	-	188
Card and processing expense	5	114	-	-	1	-	120
Equipment expense	2	51	1	1	58	-	113
Other noninterest expense	795	640	433	244	(771)	(117)	1,224
Total noninterest expense	1,073	1,575	626	421	180	(117)	3,758
Income before income taxes	435	292	86	38	980	-	1,831
Applicable income tax expense (benefit)	(6)	102	30	14	393	-	533
Net income	441	190	56	24	587	-	1,298
Less: Net income attributable to noncontrolling interests	-	-	-	-	1	-	1
Net income attributable to Bancorp	441	190	56	24	586	-	1,297
Dividends on preferred stock	-	-	-	-	203	-	203
Net income available to common shareholders	\$ 441	190	56	24	383	-	1,094
Total goodwill	\$ 613	1,656	-	148	-	-	2,417
Total assets	\$ 45,864	46,703	24,325	7,670	(7,595)	-	116,967

<sup>(</sup>a) Revenue sharing agreements between Investment Advisors and Branch Banking are eliminated in the Consolidated Statements of Income.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 31. SUBSEQUENT EVENTS

On February 20, 2014, the Bancorp transferred approximately \$1.3 billion in fixed-rate consumer automobile loans to a bankruptcy remote trust which was deemed to be a VIE. The primary purposes for which the VIE was created were to issue asset-backed securities with varying levels of credit subordination and payment priority, as well as residual interests, and to provide the Bancorp with access to liquidity for its originated loans. The Bancorp retained residual interests in the VIE and, therefore, has an obligation to absorb losses and a right to receive benefits from the VIE that could potentially be significant to the VIE. In addition, the Bancorp retained servicing rights for the underlying loans and, therefore, holds the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE. As a result, the Bancorp concluded that it is the primary beneficiary of the VIE and, therefore, will consolidate this VIE in the Bancorp's first quarter of 2014 Form 10-Q. The assets of the VIE are restricted to the settlement of the notes and other obligations of the VIE. Third-party holders of the notes do not have recourse to the general assets of the Bancorp.

On January 28, 2014, the Bancorp entered into an accelerated share repurchase transaction with a counterparty pursuant to which the Bancorp purchased 3,950,705 shares, or approximately \$99 million, of its outstanding common stock on January 31, 2014. The Bancorp repurchased the shares of its common stock as part of its Board approved 100 million share repurchase program previously announced on March 19, 2013. The Bancorp expects the settlement of the transaction to occur on or before March 26, 2014.

Title of each class:

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

#### FORM 10-K

## ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2013

Commission file number 001-33653



Incorporated in the State of Ohio I.R.S. Employer Identification No. 31-0854434 Address: 38 Fountain Square Plaza Cincinnati, Ohio 45263 Telephone: (800) 972-3030

Securities registered pursuant to Section 12(b) of the Act:

Name of each exchange

on which registered:

Common Stock, Without Par Value	The NASDAQ Stock Market LLC
Depositary Shares Representing a 1/100	0th The NASDAQ Stock Market LLC
Ownership Interest in a Share of 6.625%	ó
Fixed-to-Floating Rate Non-Cumulative	
Perpetual Preferred Stock, Series I	
Indicate by checkmark if the registrant is Rule 405 of the Securities Act.	s a well-known seasoned issuer, as defined in
Yes: ☒ No: ☐	
Indicate by check mark if the registrar Section 13 or Section 15(d) of the Act. Yes: ☐ No: ☒	at is not required to file reports pursuant to
filed by Section 13 or 15(d) of the Se preceding 12 months (or for such short	istrant (1) has filed all reports required to be curities Exchange Act of 1934 during the er period that the registrant was required to ject to such filing requirements for the past

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: ☒ No: ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.  $\square$ 

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated

filer," "accelerated filer"	and "smaller reporting company"	in Rule 12b-2 of the
Exchange Act.		

Large accelerated filer 

Accelerated filer □ Non-accelerated filer □ (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes: ☐ No: 区

There were 851,455,370 shares of the Bancorp's Common Stock, without par value, outstanding as of January 31, 2014. The Aggregate Market Value of the Voting Stock held by non-affiliates of the Bancorp was \$15,298,734,875 as of June 30, 2013.

## DOCUMENTS INCORPORATED BY REFERENCE

This report incorporates into a single document the requirements of the U.S. Securities and Exchange Commission (SEC) with respect to annual reports on Form 10-K and annual reports to shareholders. The Bancorp's Proxy Statement for the 2014 Annual Meeting of Shareholders is incorporated by reference into Part III of

Only those sections of this 2013 Annual Report to Shareholders that are specified in this Cross Reference Index constitute part of the Registrant's Form 10-K for the year ended December 31, 2013. No other information contained in this 2013 Annual Report to Shareholders shall be deemed to constitute any part of this Form 10-K nor shall any such information be incorporated into the Form 10-K and shall not be deemed "filed" as part of the Registrant's Form 10-K.

#### 10-K Cross Reference Index

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## AVAILABILITY OF FINANCIAL INFORMATION

Fifth Third Bancorp (the "Bancorp") files reports with the SEC. Those reports include the annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and proxy statements, as well as any amendments to those reports. The public may read and copy any materials the Bancorp files with the SEC at the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at www.sec.gov. The Bancorp's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, and amendments to those reports filed or furnished pursuant to section 13(a) or 15(d) of the Exchange Act are accessible at no cost on the Bancorp's web site at www.53.com on a same day basis after they are electronically filed with or furnished to the SEC.

#### PART I

#### ITEM 1. BUSINESS

#### General Information

The Bancorp, an Ohio corporation organized in 1975, is a bank holding company as defined by the Bank Holding Company Act of 1956, as amended (the "BHCA"), and is registered as such with the Board of Governors of the Federal Reserve System (the "FRB"). The Bancorp's principal office is located in Cincinnati, Ohio.

The Bancorp's subsidiaries provide a wide range of financial products and services to the retail, commercial, financial, governmental, educational and medical sectors, including a wide variety of checking, savings and money market accounts, and credit products such as credit cards, installment loans, mortgage loans and leases. Fifth Third Bank has deposit insurance provided by the Federal Deposit Insurance Corporation (the "FDIC") through the Deposit Insurance Fund. Refer to Exhibit 21 filed as an attachment to this Annual Report on Form 10-K for a list of subsidiaries of the Bancorp as of December 31, 2013.

The Bancorp derives the majority of its revenues from the U.S. Revenue from foreign countries and external customers domiciled in foreign countries is immaterial to the Bancorp's Consolidated Financial Statements.

Additional information regarding the Bancorp's businesses is included in Management's Discussion and Analysis of Financial Condition and Results of Operations.

#### Competition

The Bancorp competes for deposits, loans and other banking services in its principal geographic markets as well as in selected national markets as opportunities arise. In addition to the challenge of attracting and retaining customers for traditional banking services, the Bancorp's competitors include securities dealers, brokers, mortgage bankers, investment advisors and insurance companies. These competitors, with focused products targeted at highly profitable customer segments, compete across geographic boundaries and provide customers increasing access to meaningful alternatives to banking services in nearly all significant products. The increasingly competitive environment is a result primarily of changes in regulation, changes in technology, product delivery systems and the accelerating pace of consolidation among financial service providers. These competitive trends are likely to continue.

#### Acquisitions

The Bancorp's strategy for growth includes strengthening its presence in core markets, expanding into contiguous markets and broadening its product offerings while taking into account the integration and other risks of growth. The Bancorp evaluates strategic acquisition opportunities and conducts due diligence activities in connection with possible transactions. As a result, discussions, and in some cases, negotiations may take place and future acquisitions involving cash, debt or equity securities may occur. These typically involve the payment of a premium over book value and current market price, and therefore, some dilution of book value and net income per share may occur with any future transactions.

## Regulation and Supervision

In addition to the generally applicable state and federal laws governing businesses and employers, the Bancorp and its banking subsidiary are subject to extensive regulation by federal and state laws and regulations applicable to financial institutions and their parent companies. Virtually all aspects of the business of the

Bancorp and its banking subsidiary are subject to specific requirements or restrictions and general regulatory oversight. The principal objectives of state and federal banking laws and regulations and the supervision, regulation and examination of banks and their parent companies (such as the Bancorp) by bank regulatory agencies are the maintenance of the safety and soundness of financial institutions, maintenance of the federal deposit insurance system and the protection of consumers or classes of consumers, rather than the specific protection of shareholders of a bank or the parent company of a bank. To the extent the following material describes statutory or regulatory provisions, it is qualified in its entirety by reference to the particular statute or regulation.

#### Regulators

The Bancorp and/or its banking subsidiary are subject to regulation and supervision primarily by the FRB, the Consumer Financial Protection Bureau (the "CFPB") and the Ohio Division of Financial Institutions (the "Division") and additionally by certain other functional regulators and self-regulatory organizations. The Bancorp is also subject to regulation by the SEC by virtue of its status as a public company and due to the nature of some of its businesses. The Bancorp's banking subsidiary is subject to regulation by the FDIC, which insures the bank's deposits as permitted by law.

The federal and state laws and regulations that are applicable to banks and to some extent bank holding companies regulate, among other matters, the scope of their business, their activities, their investments, their reserves against deposits, the timing of the availability of deposited funds, the amount of loans to individual and related borrowers and the nature, amount of and collateral for certain loans, and the amount of interest that may be charged on loans. Various federal and state consumer laws and regulations also affect the services provided to consumers.

The Bancorp and/or its subsidiary are required to file various reports with, and is subject to examination by regulators, including the FRB and the Division. The FRB, Division and the CFPB have the authority to issue orders to bank holding companies and/or banks to cease and desist from certain banking practices and violations of conditions imposed by, or violations of agreements with, the FRB, Division and CFPB. Certain of the Bancorp's and/or its banking subsidiary regulators are also empowered to assess civil money penalties against companies or individuals in certain situations, such as when there is a violation of a law or regulation. Applicable state and federal laws also grant certain regulators the authority to impose additional requirements and restrictions on the activities of the Bancorp and or its banking subsidiary and, in some situations, the imposition of such additional requirements and restrictions will not be publicly available information.

#### Acquisitions

The BHCA requires the prior approval of the FRB for a bank holding company to acquire substantially all the assets of a bank or to acquire direct or indirect ownership or control of more than 5% of any class of the voting shares of any bank, bank holding company or savings association, or to increase any such non-majority ownership or control of any bank, bank holding company or savings association, or to merge or consolidate with any bank holding company.

The BHCA prohibits a bank holding company from acquiring a direct or indirect interest in or control of more than 5% of any class of the voting shares of a company that is not a bank or a bank holding company and from engaging directly or

indirectly in activities other than those of banking, managing or controlling banks or furnishing services to its banking subsidiaries, except that it may engage in and may own shares of companies engaged in certain activities the FRB has determined to be so closely related to banking or managing or controlling banks as to be proper incident thereto.

## Financial Holding Companies

The Gramm-Leach-Bliley Act of 1999 ("GLBA") permits a qualifying bank holding company to become a financial holding company ("FHC") and thereby to engage directly or indirectly in a broader range of activities than those permitted for a bank holding company under the BHCA. Permitted activities for a FHC include securities underwriting and dealing, insurance underwriting and brokerage, merchant banking and other activities that are declared by the FRB, in cooperation with the Treasury Department, to be "financial in nature or incidental thereto" or are declared by the FRB unilaterally to be "complementary" to financial activities. In addition, a FHC is allowed to conduct permissible new financial activities or acquire permissible non-bank financial companies with after-the-fact notice to the FRB. A bank holding company may elect to become a FHC if each of its banking subsidiaries is well capitalized, is well managed and has at least a "Satisfactory" rating under the Community Reinvestment Act ("CRA"). The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") also extended the well capitalized and well managed requirement to the bank holding company. In 2000, the Bancorp elected and qualified for FHC status under the GLBA. To maintain FHC status, a holding company must continue to meet certain requirements. The failure to meet such requirements could result in restrictions on the activities of the FHC or loss of FHC status. If restrictions are imposed on the activities of an FHC, such information may not necessarily be available to the public.

#### Dividends

The Bancorp depends in part upon dividends received from its direct and indirect subsidiaries, including its indirect banking subsidiary, to fund its activities, including the payment of dividends. The Bancorp and its banking subsidiary are subject to various federal and state restrictions on their ability to pay dividends. The FRB has authority to prohibit bank holding companies from paying dividends if such payment is deemed to be an unsafe or unsound practice. The FRB has indicated generally that it may be an unsafe or unsound practice for bank holding companies to pay dividends unless a bank holding company's net income is sufficient to fund the dividends and the expected rate of earnings retention is consistent with the organization's capital needs, asset quality and overall financial condition. The ability to pay dividends may be further limited by provisions of the Dodd-Frank Act and implanting regulations (see the "Regulatory Reform" section).

#### Source of Strength

Under long-standing FRB policy and now as codified in the Dodd-Frank Act, a bank holding company is expected to act as a source of financial and managerial strength to each of its banking subsidiaries and to commit resources to their support. This support may be required at times when the bank holding company may not have the resources to provide it.

## FDIC Assessments

As contemplated by the Dodd-Frank Act the FDIC has revised the framework by which insured depository institutions with more

than \$10 billion in assets ("large IDIs") are assessed for purposes of payments to the Deposit Insurance Fund (the "DIF"). The final rule implementing revisions to the assessment system took effect for the quarter beginning April 1, 2011.

Prior to the passage of the Dodd-Frank Act, a large IDI's DIF premiums principally were based on the size of an IDI's domestic deposit base. The Dodd-Frank Act changed the assessment base from a large IDI's domestic deposit base to its total assets less tangible equity. In addition to potentially greatly increasing the size of a large IDI's assessment base, the expansion of the assessment base affords the FDIC much greater flexibility to vary its assessment system based upon the different asset classes that large IDIs normally hold on their balance sheets.

To implement this provision, the FDIC created an assessment scheme vastly different from the deposit-based system. Under the new system, large IDIs are assessed under a complex "scorecard" methodology that seeks to capture both the probability that an individual large IDI will fail and the magnitude of the impact on the DIF if such a failure occurs.

#### Transactions with Affiliates

Sections 23A and 23B of the Federal Reserve Act, restrict transactions between a bank and its affiliates (as defined in Sections 23A and 23B of the Federal Reserve Act), including a parent bank holding company. The Bancorp's banking subsidiary is subject to certain restrictions, including but not limited to restrictions on loans to its affiliates, on investments in the stock or securities thereof, on the taking of such stock or securities as collateral for loans to any borrower, and on the issuance of a guarantee or letter of credit on their behalf. Among other things, these restrictions limit the amount of such transactions, require collateral in prescribed amounts for extensions of credit, prohibit the purchase of low quality assets and require that the terms of such transactions be substantially equivalent to terms of comparable transactions with non-affiliates. Generally, the Bancorp's banking subsidiary is limited in its extension of credit to any affiliate to 10% of the banking subsidiary's capital stock and surplus and its extension of credit to all affiliates to 20% of the banking subsidiary's capital

#### Community Reinvestment Act

The CRA generally requires insured depository institutions to identify the communities they serve and to make loans and investments and provide services that meet the credit needs of those communities. Furthermore, the CRA requires the FRB to evaluate the performance of the Bancorp's banking subsidiary in helping to meet the credit needs of its communities. As a part of the CRA program, the banking subsidiary is subject to periodic examinations by the FRB, and must maintain comprehensive records of their CRA activities for this purpose. During these examinations, the FRB rates such institutions' compliance with the CRA as "Outstanding," "Satisfactory," "Needs to Improve" or "Substantial Noncompliance." Failure of an institution to receive at least a "Satisfactory" rating could inhibit such institution or its holding company from undertaking certain activities, including engaging in activities permitted as a financial holding company under the GLBA and acquiring other financial institutions. The FRB must take into account the record of performance of banks in meeting the credit needs of the entire community served, including low- and moderate- income neighborhoods. Fifth Third Bank received a "Satisfactory" CRA rating in its most recent CRA examination.

#### Capital

The FRB has established capital guidelines for bank holding companies and FHCs. The FRB, the Division and the FDIC have also issued regulations establishing capital requirements for banks. Failure to meet capital requirements could subject the Bancorp and its banking subsidiary to a variety of restrictions and enforcement actions. In addition, as discussed previously, the Bancorp and its banking subsidiary must remain well capitalized and well managed for the Bancorp to retain its status as a FHC. See the "Regulatory Reform" section for additional information on capital requirements impacting the Bancorp.

#### Privacy

The FRB, FDIC and other bank regulatory agencies have adopted final guidelines (the "Guidelines) for safeguarding confidential, personal customer information. The Guidelines require each financial institution, under the supervision and ongoing oversight of its Board of Directors or an appropriate committee thereof, to create, implement and maintain a comprehensive written information security program designed to ensure the security and confidentiality of customer information, protect against any anticipated threats or hazards to the security or integrity of such information and protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any customer. The Bancorp has adopted a customer information security program that has been approved by the Bancorp's Board of Directors.

The GLBA requires financial institutions to implement policies and procedures regarding the disclosure of nonpublic personal information about consumers to non-affiliated third parties. In general, the statute requires explanations to consumers on policies and procedures regarding the disclosure of such nonpublic personal information, and, except as otherwise required by law, prohibits disclosing such information except as provided in the banking subsidiary's policies and procedures. The Bancorp's banking subsidiary has implemented a privacy policy.

#### Anti-Money Laundering

The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "Patriot Act"), designed to deny terrorists and others the ability to obtain access to the United States financial system, has significant implications for depository institutions, brokers, dealers and other businesses involved in the transfer of money. The Patriot Act, as implemented by various federal regulatory agencies, requires financial institutions, including the Bancorp and its subsidiaries, to implement new policies and procedures or amend existing policies and procedures with respect to, among other matters, anti-money laundering, compliance, suspicious activity and currency transaction reporting and due diligence on customers. The Patriot Act and its underlying regulations also permit information sharing for counter-terrorist purposes between federal law enforcement agencies and financial institutions, as well as among financial institutions, subject to certain conditions, and require the FRB (and other federal banking agencies) to evaluate the effectiveness of an applicant in combating money laundering activities when considering applications filed under Section 3 of the BHCA or the Bank Merger Act. The Bancorp's Board has approved policies and procedures that are believed to be compliant with the Patriot Act.

#### Exempt Brokerage Activities

The GLBA amended the federal securities laws to eliminate the blanket exceptions that banks traditionally have had from the definition of "broker" and "dealer." The GLBA also required that there be certain transactional activities that would not be "brokerage" activities, which banks could effect without having to register as a broker. In September 2007, the FRB and SEC approved Regulation R to govern bank securities activities. Various exemptions permit banks to conduct activities that would otherwise constitute brokerage activities under the securities laws. Those exemptions include conducting brokerage activities related to trust, fiduciary and similar services, certain services and also conducting a de minimis number of riskless principal transactions, certain asset-backed transactions and certain securities lending transactions. The Bancorp only conducts non-exempt brokerage activities through its affiliated registered broker-dealer.

#### Regulatory Reform

On July 21, 2010, President Obama signed into law the Dodd-Frank Act, which is aimed, in part, at accountability and transparency in the financial system and includes numerous provisions that apply to and/or could impact the Bancorp and its banking subsidiary. The Dodd-Frank Act implements changes that, among other things, affect the oversight and supervision of financial institutions, provide for a new resolution procedure for large financial companies, create a new agency responsible for implementing and enforcing compliance with consumer financial laws, introduce more stringent regulatory capital requirements, effect significant changes in the regulation of over-the-counter derivatives, reform the regulation of credit rating agencies, implement changes to corporate governance and executive compensation practices, incorporate requirements on proprietary trading and investing in certain funds by financial institutions (known as the "Volcker Rule"), require registration of advisers to certain private funds, and effect significant changes in the securitization market. In order to fully implement many provisions of the Dodd-Frank Act, various government agencies, in particular banking and other financial services agencies are required to promulgate regulations. Set forth below is a discussion of some of the major sections the Dodd-Frank Act and implementing regulations that have or could have a substantial impact on the Bancorp and its banking subsidiary. Due to the volume of regulations required by the Dodd-Frank Act, not all proposed or final regulations that may have an impact on the Bancorp or its banking subsidiary are necessarily discussed.

## Financial Stability Oversight Council

The Dodd-Frank Act created the Financial Stability Oversight Council ("FSOC"), which is chaired by the Secretary of the Treasury and composed of expertise from various financial services regulators. The FSOC has responsibility for identifying risks and responding to emerging threats to financial stability. On March 15, 2012, the Department of Treasury issued an interim final rule to establish an assessment schedule for the collection of fees from bank holding companies and foreign banks with at least \$50 billion in assets to cover the expenses of the Office of Financial Research and FSOC. The fees would also cover certain expenses incurred by the FDIC. The Bancorp paid approximately \$1 million for the initial assessment period which commenced July 21, 2012 and ended March 31, 2013 and was not assessed a fee in the first semiannual assessment which ended September 30, 2013.

On August 16, 2013, the FRB also adopted a final rule to implement an assessment provision under the Dodd-Frank Act equal to the expense and the FRB estimates are necessary or appropriate to supervise and regulate bank holding companies with \$50 billion or more in assets. The Bancorp paid approximately \$3 million for the first annual assessment under the FRB's rule.

#### Executive Compensation

The Dodd-Frank Act provides for a say on pay for shareholders of all public companies. Under the Dodd-Frank Act, each company must give its shareholders the opportunity to vote on the compensation of its executives at least once every three years. The Dodd-Frank Act also adds disclosure and voting requirements for golden parachute compensation that is payable to named executive officers in connection with sale transactions. The SEC adopted rules finalizing these say on pay provisions in January 2011.

Pursuant to the Dodd-Frank Act, in June 2012, the SEC adopted a final rule directing the stock exchanges to prohibit listing classes of equity securities if a company's compensation committee members are not independent. The rule also provides that a company's compensation committee may only select a compensation consultant, legal counsel or other advisor after taking into consideration factors to be identified by the SEC that affect the independence of a compensation consultant, legal counsel or other advisor.

The SEC is required under the Dodd-Frank Act to issue rules obligating companies to disclose in proxy materials for annual meetings of shareholders information that shows the relationship between executive compensation actually paid to their named executive officers and their financial performance, taking into account any change in the value of the shares of a company's stock and dividends or distributions. The Dodd-Frank Act also requires the SEC to propose rules requiring companies to disclose the ratio of the compensation of its chief executive officer to the median compensation of its employees. The SEC proposed rules implementing the pay ratio provisions in September 2013.

The Dodd-Frank Act provides that the SEC must issue rules directing the stock exchanges to prohibit listing any security of a company unless the company develops and implements a policy providing for disclosure of the policy of the company on incentive-based compensation that is based on financial information required to be reported under the securities laws and that, in the event the company is required to prepare an accounting restatement due to the material noncompliance of the company with any financial reporting requirement under the securities laws, the company will recover from any current or former executive officer of the company who received incentive-based compensation during the three-year period preceding the date on which the company is required to prepare the restatement based on the erroneous data, any exceptional compensation above what would have been paid under the restatement.

The Dodd-Frank Act requires the SEC to adopt a rule to require that each company disclose in the proxy materials for its annual meetings whether an employee or board member is permitted to purchase financial instruments designed to hedge or offset decreases in the market value of equity securities granted as compensation or otherwise held by the employee or board member.

#### Corporate Governance

The Dodd-Frank Act clarifies that the SEC may, but is not required to promulgate rules that would require that a company's proxy materials include a nominee for the board of directors

submitted by a shareholder. Although the SEC promulgated rules to accomplish this, these rules were invalidated by a federal appeals court decision. The SEC has said that they will not challenge the ruling, but has not ruled out the possibility that new rules could be proposed.

The Dodd-Frank Act requires stock exchanges to have rules prohibiting their members from voting securities that they do not beneficially own (unless they have received voting instructions from the beneficial owner) with respect to the election of a member of the board of directors (other than an uncontested election of directors of an investment company registered under the Investment Company Act of 1940), executive compensation or any other significant matter, as determined by the SEC by rule.

#### Credit Ratings

The Dodd-Frank Act includes a number of provisions that are targeted at improving the reliability of credit ratings. The SEC has been charged with adopting various rules in this regard.

#### Consumer Issues

The Dodd-Frank Act created a new bureau, the CFPB, which has the authority to implement regulations pursuant to numerous consumer protection laws and has supervisory authority, including the power to conduct examination and take enforcement actions, with respect to depository institutions with more than \$10 billion in consolidated assets. The CFPB also has authority, with respect to consumer financial services to, among other things, restrict unfair, deceptive or abusive acts or practices, enforce laws that prohibit discrimination and unfair treatment and to require certain consumer disclosures.

## Debit Card Interchange Fees

The Dodd-Frank Act provides for a set of new rules requiring that interchange transaction fees for electric debit transactions be "reasonable" and proportional to certain costs associated with processing the transactions. The FRB was given authority to, among other things, establish standards for assessing whether interchange fees are reasonable and proportional. In June 2011, the FRB issued a final rule establishing certain standards and prohibitions pursuant to the Dodd-Frank Act, including establishing standards for debit card interchange fees and allowing for an upward adjustment if the issuer develops and implements policies and procedures reasonably designed to prevent fraud. The provisions regarding debit card interchange fees and the fraud adjustment became effective October 1, 2011. The rules impose requirements on the Bancorp and its banking subsidiary and may negatively impact our revenues and results of operations. On July 31, 2013 a United States District Court found that portions of the final interchange rules were contrary to the language of the Dodd-Frank Act. The Court held that, in adopting the final rules, the FRB violated the Durbin Amendment's provisions concerning which costs are allowed to be taken into account for purposes of setting fees that are reasonable and proportional to the costs incurred by the issuer and therefore the rule's maximum permissible fees were too high. In addition, the Court held that the final rules' network non-exclusivity provisions concerning unaffiliated payment networks for debit cards also violated the Durbin Amendment. The Court vacated the final rule, but stayed its ruling to provide the FRB an opportunity to replace the invalidated portions. The FRB has appealed this decision. If this decision is ultimately upheld and/or the FRB re-issues rules for purposes of implementing the Durbin Amendment in a manner consistent with this decision, the amount of debit card

interchange fees the Bancorp would be permitted to charge likely would be reduced.

#### FDIC Matters and Resolution Planning

Title II of the Dodd-Frank Act creates an orderly liquidation process that the FDIC can employ for failing systemically important financial companies. Additionally, the Dodd-Frank Act also codifies many of the temporary changes that had already been implemented, such as permanently increasing the amount of deposit insurance to \$250,000

In January 2012, the FDIC issued a final rule that requires an insured depository institution with \$50 billion or more in total assets to submit periodic contingency plans to the FDIC for resolution in the event of the institution's failure. The rule became effective in January 2012, however, submission of plans will be staggered over a period of time. The Bancorp's banking subsidiary is subject to this rule and submitted its first resolution plan pursuant to this rule as of December 31, 2013

In October 2011, the FRB and FDIC issued a final rule implementing the resolution planning requirements of Section165(d) of the Dodd-Frank Act. The final rule requires bank holding companies with assets of \$50 billion or more and nonbank financial firms designated by FSOC for supervision by the FRB to annually submit resolution plans to the FDIC and FRB. Each plan shall describe the company's strategy for rapid and orderly resolution in bankruptcy during times of financial distress. Under the final rule, companies will submit their initial resolution plans on a staggered basis. The Bancorp submitted its first resolution plan pursuant to this rule as of December 31, 2013.

#### Proprietary Trading and Investing in Certain Funds

The Dodd-Frank Act sets forth new restrictions on banking organizations' ability to engage in proprietary trading and sponsors of or invest in private equity and hedge funds (the "Volcker Rule"). The final regulations implementing the Volcker Rule ("Final Rules") were adopted on December 10, 2013. The Volcker Rule generally prohibits any banking entity from (i) engaging in short-term proprietary trading for its own account and (ii) sponsoring or acquiring any ownership interest in a private equity or hedge fund. The Volcker Rule and Final Rules contain a number of exceptions. The Volcker Rule permits transactions in the securities of the U.S. government and its agencies, certain government-sponsored enterprises and states and their political subdivisions, as well as certain investments in small business investment companies. Transactions on behalf of customers and in connection with certain underwriting and market making activities, as well as risk-mitigating hedging activities and certain foreign banking activities are also permitted. The Final Rules exclude certain funds from the prohibition on fund ownership and sponsorship including wholly-owned subsidiaries, joint ventures, and acquisitions vehicles, as well as SEC registered investment companies. De minimis ownership of private equity or hedge funds is also permitted under the Final Rules. In addition to the general prohibition on sponsorship and investment, the Volcker rule contains additional requirements applicable to any private equity or hedge fund that is sponsored by the banking entity or for which it serves as investment manager or investment advisor. The Bancorp will be required under the Final Rules to demonstrate that it has a Volcker Rule compliance program. In connection with the issuance of the Final Rules, the Federal Reserve extended the conformance period generally until July 21, 2015. The Final Rules become effective April 2014, but because

of the FRB general extension, the Bancorp will have until July 21, 2015 to fully conform its activities and investments to the Final Rules. The FRB may extend the conformance period for two additional one-year periods. Further, with respect to covered funds that are "illiquid funds", the FRB has the authority to grant up to five more years for the Bancorp to conform to the final Volcker Rule with respect to such illiquid funds. The Bancorp does not know whether it will be granted any extension of time to conform its activities to the final Volcker Rule.

#### Derivatives

Title VII of the Dodd-Frank Act includes measures to broaden the scope of derivative instruments subject to regulation by requiring clearing and exchange trading of certain derivatives, imposing new capital and margin requirements for certain market participants and imposing position limits on certain over-the-counter derivatives. Certain affiliates of the Bancorp that engage in significant swaps activities may be required to register with the Commodity Futures Trading Commission or the SEC as a swap dealer, security-based swap dealer, major swap participant or major security-based swap participant. As with the Volcker Rule, the Bancorp will be required to demonstrate that it has a satisfactory compliance program to monitor the activities of any such entity registered under the new regulations. The ultimate impact of these derivatives regulations, and the time it will take to comply, continues to remain uncertain. The final regulations will impose additional operational and compliance costs on us and may require us to restructure certain businesses and negatively impact our revenues and results of operations.

## Interstate Bank Branching

The Dodd-Frank Act includes provisions permitting national and insured state banks to engage in *de novo* interstate branching if, under the laws of the state where the new branch is to be established, a state bank chartered in that state would be permitted to establish a branch.

## Systemically Significant Companies and Capital

Title I of the Dodd-Frank Act creates a new regulatory regime for large bank holding companies. U.S. bank holding companies with \$50 billion or more in total consolidated assets, including Fifth Third, are subject to enhanced prudential standards and early remediation requirements under Title I. Title I of Dodd-Frank establishes a broad framework for identifying, applying heightened supervision and regulation to, and (as necessary) limiting the size and activities of systemically significant financial companies.

The Dodd-Frank Act requires the FRB to impose enhanced capital and risk-management standards on these firms and mandates the FRB to conduct annual stress tests on all bank holding companies with \$50 billion or more in assets to determine whether they have the capital needed to absorb losses in baseline, adverse, and severely adverse economic conditions. In November 2011, the FRB adopted final rules requiring bank holding companies with \$50 billion or more in consolidated assets to submit capital plans to the FRB on an annual basis. Under the final rules, the FRB annually will evaluate an institutions capital adequacy, internal capital adequacy, assessment processes and plans to make capital distributions such as dividend payments and stock repurchases.

In November 2013, the FRB provided instructions on the 2014 Comprehensive Capital Analysis and Review ("CCAR"). The 2014 CCAR required bank holding companies with consolidated assets of \$50 billion or more to submit a capital plan to the FRB by January 6, 2014. The mandatory elements of the

capital plan are an assessment of the expected use and sources of capital over the planning horizon, a description of all planned capital actions over the planning horizon, a discussion of any expected changes to the Bancorp's business plan that are likely to have a material impact on its capital adequacy or liquidity, a detailed description of the Bancorp's process for assessing capital adequacy and the Bancorp's capital policy.

In December 2011, the FRB issued proposed rules to strengthen regulation and supervision of large bank holding companies and systemically important nonbank financial firms. The proposed rules would generally apply to all U.S. bank holding companies with consolidated assets of \$50 billion or more, such as the Bancorp, and any nonbank financial firms that may be designated by the FSOC as systemically important companies. The proposal, which is mandated by the Dodd-Frank Act, includes a wide range of measures addressing such issues as capital, liquidity, credit exposure, stress testing, risk management and early remediation requirements.

In December of 2010 and revised in June of 2011, the Basel Committee on Banking Supervision (the "Basel Committee") issued Basel III, a global regulatory framework, to enhance international capital standards. Basel III is designed to materially improve the quality of regulatory capital and introduces a new minimum common equity requirement. Basel III also raises the numerical minimum capital requirements and introduces capital conservation and countercyclical buffers to induce banking organizations to hold capital in excess of regulatory minimums. In addition, Basel III establishes an international leverage standard for internationally active banks.

In June of 2012, U.S. banking regulators proposed enhancements to the regulatory capital requirements for U.S. banks, which implement aspects of Basel III, such as re-defining the regulatory capital elements and minimum capital ratios, introducing regulatory capital buffers above those minimums, revising the agencies' rules for calculating risk-weighted assets and introducing a new Tier I common equity ratio. In July of 2013, U.S. banking regulators approved the final enhanced regulatory capital rules ("Final Capital Rules"), which included modifications to the proposed rules.

The Final Capital Rules, among other things, (i) introduce a new capital measure "Common Equity Tier 1" ("CET1"), (ii) specify that Tier 1 capital consists of CET1 and "Additional Tier 1 capital" instruments meeting specified requirements, (iii) define CET1 narrowly by requiring that most adjustments to regulatory capital measures be made to CET1 and not to the other components of capital and (iv) expand the scope of the adjustments as compared to existing regulations. CET1 capital consists of common stock instruments that meet the eligibility criteria in the final rules, retained earnings, accumulated other comprehensive income and common equity Tier 1 minority interest.

When fully phased-in on January 1, 2019, the Final Capital Rules require banking organizations to maintain (i) a minimum ratio of CET1 to risk-weighted assets of at least 4.5%, plus a 2.5% "capital conservation buffer" (which is added to the 4.5% CET1 ratio as that buffer is phased-in, effectively resulting in a minimum ratio of CET1 to risk-weighted assets of at least 7.0% upon full implementation), (ii) a minimum ratio of Tier 1 capital to risk-weighted assets of at least 6.0%, plus the capital conservation buffer (which is added to the 6.0% Tier 1 capital ratio as that buffer is phased-in, effectively resulting in a minimum Tier 1 capital ratio of 8.5% upon full implementation), (iii) a minimum ratio of total capital (that is, Tier 1 plus Tier 2 capital) to risk-weighted assets of at least 8.0%, plus the capital

conservation buffer (which is added to the 8.0% total capital ratio as that buffer is phased-in, effectively resulting in a minimum total capital ratio of 10.5% upon full implementation) and (iv) as a newly adopted international standard, a minimum leverage ratio of 4.0%, calculated as the ratio of Tier 1 capital to adjusted average consolidated assets for large internationally active banks.

The Final Capital Rules also provide for a "countercyclical capital buffer" designed to absorb losses during periods of economic stress. Banking institutions with a ratio of CET1 to risk-weighted assets above the minimum but below the conservation buffer will face limitations on the payment of dividends, common stock repurchases and discretionary cash payments to executive officers based on the amount of the shortfall.

The Final Capital Rules provide for a number of deductions from and adjustments to CET1. These include, for example, the requirement that mortgage servicing rights, deferred tax assets dependent upon future taxable income and significant investments in non-consolidated financial entities be deducted from CET1 to the extent that any one such category exceeds 10% of CET1 or all such categories in the aggregate exceed 15% of CET1. Under current capital standards, the effects of accumulated other comprehensive income items included in capital are excluded for the purposes of determining regulatory capital ratios. Under the Final Capital Rules, Bancorp has a one-time election (the "Opt-out Election") to filter certain accumulated other comprehensive income ("AOCI") components, comparable to the treatment under the current general risk-based capital rule.

The new capital rules are effective for the Bancorp on January 1, 2015, subject to phase-in periods for certain of their components and other provisions. The Bancorp is in the process of evaluating the final rules and their potential impact.

#### **ITEM 2. PROPERTIES**

The Bancorp's executive offices and the main office of Fifth Third Bank are located on Fountain Square Plaza in downtown Cincinnati, Ohio in a 32-story office tower, a five-story office building with an attached parking garage and a separate ten-story office building known as the Fifth Third Center, the William S. Rowe Building and the 530 Building, respectively. The Bancorp's main operations center is located in Cincinnati, Ohio, in a three-story building with an attached parking garage known as the Madisonville Operations Center. The Bank owns 100% of these buildings.

At December 31, 2013, the Bancorp, through its banking and non-banking subsidiaries, operated 1,320 banking centers, of which 941 were owned, 264 were leased and 115 for which the buildings are owned but the land is leased. The banking centers are located in the states of Ohio, Kentucky, Indiana, Michigan, Illinois, Florida, Tennessee, North Carolina, West Virginia, Pennsylvania, Missouri, and Georgia. The Bancorp's significant owned properties are owned free from mortgages and major encumbrances.

## EXECUTIVE OFFICERS OF THE BANCORP

Officers are appointed annually by the Board of Directors at the meeting of Directors immediately following the Annual Meeting of Shareholders. The names, ages and positions of the Executive Officers of the Bancorp as of February 24, are listed below along with their business experience during the past 5 years:

**Kevin T. Kabat**, 57. Vice Chairman of the Bancorp since September 2012 and Chief Executive Officer of the Bancorp since April 2007. Previously, Mr. Kabat was President of the Bancorp from June 2006 to September 2012 and Chairman from June 2008 to June 2010. Prior to that, Mr. Kabat was Executive Vice President of the Bancorp since December 2003.

**Steven Alonso**, 53. Executive Vice President of the Bancorp since March 2012. Previously, Mr. Alonso was Executive Vice President of Fifth Third Bank since November 2008. Prior to that, Mr. Alonso served as founder, chairman and CEO of OakStreet Mortgage, LLC.

**Greg D. Carmichael**, 52. President of the Bancorp since September 2012 and Chief Operating Officer of the Bancorp since June 2006. Previously, Mr. Carmichael was the Executive Vice President and Chief Information Officer of the Bancorp since June 2003.

Frank R. Forrest, 59. Executive Vice President and Chief Risk and Credit Officer of the Bancorp since September 2013. Previously, Mr. Forrest served with Bank of America Merrill Lynch. From March 2012 until June 2013, Mr. Forrest served as Managing Director and Quality Control Executive for Legacy Asset Services, a division of Bank of America. From September 2008 until March 2012, Mr. Forrest was Managing Director and Global Debt Products Executive for Global Corporate and Investment Banking. Formerly from January 2007 to September 2008, Mr. Forrest was Risk Management Executive for Commercial Banking.

Mark D. Hazel, 48. Senior Vice President and Controller of the Bancorp since February 2010. Prior to that, Mr. Hazel was the Assistant Bancorp Controller since 2006 and was the Controller of Nonbank entities since 2003.

**James R. Hubbard**, 55. Senior Vice President and Chief Legal Officer of the Bancorp since February 2010. Prior to that, Mr. Hubbard was the Senior Vice President and Director of Legal Services since June 2001.

**James C. Leonard**, 44. Senior Vice President and Treasurer of the Bancorp since October 2013. Previously, Mr. Leonard was the Director of Business Planning and Analysis since 2006 and was the

Chief Financial Officer of the Commercial Banking Division since 2001.

**Gregory L. Kosch**, 54. Executive Vice President of the Bancorp since June 2005. Previously, Mr. Kosch was Senior Vice President and head of the Bancorp's Commercial Division in the Chicago affiliate since June 2002.

Daniel T. Poston, 55. Executive Vice President of the Bancorp since June 2003, and Chief Strategy and Administrative Officer of the Bancorp since October 2013. Previously, Mr. Poston was the Chief Financial Officer of the Bancorp from September 2009 to October 2013. Previously, Mr. Poston was the Controller of the Bancorp from July 2007 to May 2008 and from November 2008 to September 2009. Previously, Mr. Poston was the Chief Financial Officer of the Bancorp from May 2008 to November 2008. Formerly, Mr. Poston was the Auditor of the Bancorp since October 2001 and was Senior Vice President of the Bancorp and Fifth Third Bank since January 2002.

Joseph R. Robinson, 46. Executive Vice President and Chief Information Officer and Director of Information Technology and Operations of the Bancorp since September 2009. Previously, Mr. Robinson was Executive Vice President and Chief Information Officer of the Bancorp since April 2008. Prior to that, he was Senior Vice President and Director of Central Operations since November 2006 and Senior Vice President of IT Enterprise Solutions since March 2004.

**Robert A. Sullivan**, 59. Senior Executive Vice President of the Bancorp since December 2002.

Teresa J. Tanner, 45. Executive Vice President and Chief Human Resources Officer of the Bancorp since February 2010. Previously, Ms. Tanner was Senior Vice President and Director of Enterprise Learning since September 2008. Prior to that, she was Human Resources Senior Vice President and Senior Business Partner for the Information Technology and Central Operations divisions since July 2006. Previously, she was Vice President and Senior Business Partner for Operations since September 2004.

Mary E. Tuuk, 49. Executive Vice President of Corporate Services & Board Secretary of the Bancorp since July 2013. Previously, Ms. Tuuk served as Affiliate President of Fifth Third Bank (Western Michigan) from November 2011 to June 2013. Prior to that, Ms. Tuuk was the Executive Vice President and Chief Risk Officer of the Bancorp from June 2007 to October 2011 and from July 2013 through September 2013. Ms. Tuuk was Senior Vice President of Fifth Third Bancorp since 2003.

**Tayfun Tuzun** 49. Executive Vice President and Chief Financial Officer of the Bancorp since October 2013. Previously, Mr. Tuzun was the Senior Vice President and Treasurer of the Bancorp from December 2011 to October 2013. Prior to that, Mr. Tuzun was the Assistant Treasurer and Balance Sheet Manager of Fifth Third Bancorp. Previously, Mr. Tuzun was the Structured Finance Manager since 2007.

## PART II

Second Quarter

First Quarter

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Bancorp's common stock is traded in the over-the-counter market and is listed under the symbol "FITB" on the NASDAQ ® Global Select Market System.

## High and Low Stock Prices and Dividends Paid Per Share

			Dividends Paid
2013	High	Low	Per Share
Fourth Quarter	\$21.14	\$17.49	\$0.12
Third Quarter	\$19.79	\$17.80	\$0.12
Second Quarter	\$18.74	\$15.62	\$0.12
First Quarter	\$16.77	\$15.19	\$0.11
			Dividends Paid
2012	High	Low	Per Share
Fourth Quarter	\$16.16	\$13.75	\$0.10
Third Quarter	\$15.95	\$13.07	\$0.10

See a discussion of dividend limitations that the subsidiaries can pay to the Bancorp discussed in Note 3 of the Notes to the Consolidated Financial Statements. Additionally, as of December 31, 2013, the Bancorp had 49,524 shareholders of record.

\$14.67

\$14.73

\$12.04

\$12.78

\$0.08

\$0.08

## **Issuer Purchases of Equity Securities**

			Shares	Maximum
			Purchased	Shares that
			as Part of	May Be
			Publicly	Purchased
		Average Price	Announced	Under the
	Shares	Paid Per	Plans or	Plans or
Period	Purchased(a)	Share	Programs	Programs
October 2013	4,270,250	\$18.39	4,270,250	70,694,231
November 2013	8,538,423	19.68	8,538,423	62,155,808
December 2013	19,084,195	20.33	19,084,195	43,071,613
Total	31,892,868	\$19.90	31,892,868	43,071,613

<sup>(</sup>a) The Bancorp repurchased 66,283, 93,841 and 63,573 shares during October, November and December of 2013 in connection with various employee compensation plans of the Bancorp. These purchases are not included against the maximum number of shares that may yet be purchased under the Board of Directors authorization.

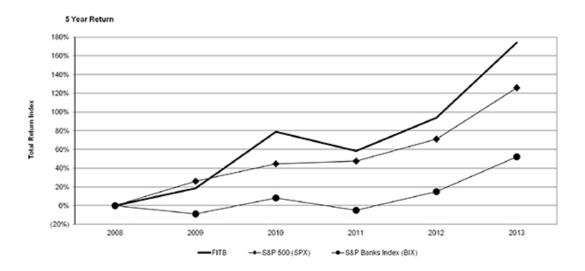
See further discussion of stock-based compensation in Note 24 of the Notes to the Consolidated Financial Statements.

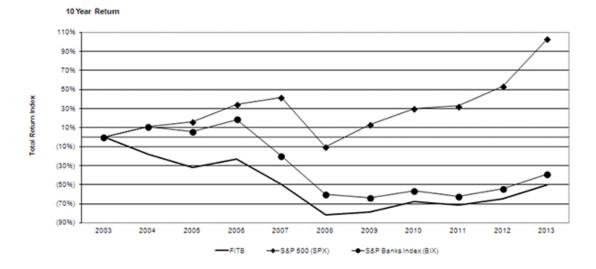
The following performance graphs do not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Bancorp specifically incorporates the performance graphs by reference therein.

## **Total Return Analysis**

The graphs below summarize the cumulative return experienced by the Bancorp's shareholders over the years 2008 through 2013, and 2003 through 2013, respectively, compared to the S&P 500 Stock and the S&P Banks indices.

## FIFTH THIRD BANCORP VS. MARKET INDICES





183 Fifth Third Bancorp

#### PART III

## ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE

The information required by this item relating to the Executive Officers of the Registrant is included in PART I under "EXECUTIVE OFFICERS OF THE BANCORP."

The information required by this item concerning Directors and the nomination process is incorporated herein by reference under the caption "ELECTION OF DIRECTORS" of the Bancorp's Proxy Statement for the 2014 Annual Meeting of Shareholders

The information required by this item concerning the Audit Committee and Code of Business Conduct and Ethics is incorporated herein by reference under the captions "CORPORATE GOVERNANCE" and "BOARD OF DIRECTORS, ITS COMMITTEES, MEETINGS AND FUNCTIONS" of the Bancorp's Proxy Statement for the 2014 Annual Meeting of Shareholders.

The information required by this item concerning Section 16 (a) Beneficial Ownership Reporting Compliance is incorporated herein by reference under the caption "SECTION 16 (a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE" of the Bancorp's Proxy Statement for the 2014 Annual Meeting of Shareholders.

#### ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated herein by reference under the captions "COMPENSATION DISCUSSION AND ANALYSIS," "COMPENSATION OF NAMED EXECUTIVE OFFICERS AND DIRECTORS," "COMPENSATION COMMITTEE REPORT" and "COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION" of the Bancorp's Proxy Statement for the 2014 Annual Meeting of Shareholders.

# ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Security ownership information of certain beneficial owners and management is incorporated herein by reference under the captions "CERTAIN BENEFICIAL OWNERS," "ELECTION OF DIRECTORS," "COMPENSATION DISCUSSION AND ANALYSIS" and "COMPENSATION OF NAMED EXECUTIVE OFFICERS AND DIRECTORS" of the Bancorp's Proxy Statement for the 2014 Annual Meeting of Shareholders.

The information required by this item concerning Equity Compensation Plan information is included in Note 24 of the Notes to the Consolidated Financial Statements.

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated herein by reference under the captions "CERTAIN TRANSACTIONS", "ELECTION OF DIRECTORS", "CORPORATE GOVERNANCE" and "BOARD OF DIRECTORS, ITS COMMITTEES, MEETINGS AND FUNCTIONS" of the Bancorp's Proxy Statement for the 2014 Annual Meeting of Shareholders.

#### ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is incorporated herein by reference under the caption "PRINCIPAL INDEPENDENT EXTERNAL AUDIT FIRM FEES" of the Bancorp's Proxy Statement for the 2014 Annual Meeting of Shareholders.

PART IV ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

	Pages
Report of Independent Registered Public Accounting Firm	87
Fifth Third Bancorp and Subsidiaries Consolidated Financial Statements	88-92
Notes to Consolidated Financial Statements	93-172

The schedules for the Bancorp and its subsidiaries are omitted because of the absence of conditions under which they are required, or because the information is set forth in the Consolidated Financial Statements or the notes thereto.

The following lists the Exhibits to the Annual Report on Form 10-K.

- 2.1 Master Investment Agreement (excluding exhibits and schedules) dated as of March 27, 2009 and amended as of June 30, 2009, among Fifth Third Bank, Fifth Third Financial Corporation, Advent-Kong Blocker Corp., FTPS Holding, LLC and Fifth Third Processing Solutions, LLC. Incorporated by reference to the Registrant's Current Report on Form 8-K filed with the Commission on July 2, 2009.
- 3.1 Amended Articles of Incorporation of Fifth Third Bancorp, as amended.
- 3.2 Code of Regulations of Fifth Third Bancorp, as Amended as of September 18, 2012. Incorporated by reference to the Registrant's Current Report on Form 8-K filed with the Commission on September 21, 2012.
- 4.1 Junior Subordinated Indenture, dated as of March 20, 1997 between Fifth Third Bancorp and Wilmington Trust Company, as Debenture Trustee. Incorporated by reference to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 26, 1997.
- 4.2 Indenture, dated as of May 23, 2003, between Fifth Third Bancorp and Wilmington Trust Company, as Trustee. Incorporated by reference to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 22, 2003.
- 4.3 Global security representing Fifth Third Bancorp's \$500,000,000 4.50% Subordinated Notes due 2018. Incorporated by reference to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 22, 2003.
- 4.4 First Supplemental Indenture, dated as of December 20, 2006, between Fifth Third Bancorp and Wilmington Trust Company, as Trustee. Incorporated by reference to Registrant's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2006.
- 4.5 Global security representing Fifth Third Bancorp's \$500,000,000 5.45% Subordinated Notes due 2017. Incorporated by reference to Registrant's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2006.
- 4.6 Global security representing Fifth Third Bancorp's \$250,000,000 Floating Rate Subordinated Notes due 2016. Incorporated by reference to Registrant's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2006.
- 4.7 First Supplemental Indenture dated as of March 30, 2007 between Fifth Third Bancorp and Wilmington Trust Company, as trustee, to the Junior Subordinated Indenture dated as of May 20, 1997 between Fifth Third and the Trustee. Incorporated by reference to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 30, 2007.
- 4.8 Global security dated as of March 4, 2008 representing Fifth Third Bancorp's \$500,000,000 8.25% Subordinated Notes due 2038. Incorporated by reference to Registrant's Quarterly Report on Form 10-Q filed for the quarter ended March 31, 2008. (1)

- 4.9 Indenture for Senior Debt Securities dated as of April 30, 2008 between Fifth Third Bancorp and Wilmington Trust Company, as trustee. Incorporated by reference to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 6, 2008.
- 4.10 Supplemental Indenture dated as of January 25, 2011 between Fifth Third Bancorp and Wilmington Trust Company, as Trustee, to the Indenture for Senior Debt Securities dated as of April 30, 2008 between Fifth Third and the Trustee. Incorporated by reference to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 25, 2011.
- 4.11 Global Security dated as of January 25, 2011 representing Fifth Third Bancorp's \$500,000,000 3.625% Senior Notes due 2016. Incorporated by reference to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 25, 2011. (2)
- 4.12 Second Supplemental Indenture dated as of March 7, 2012 between Fifth Third Bancorp and Wilmington Trust Company, as Trustee, to the Indenture for Senior Debt Securities dated as of April 30, 2008 between Fifth Third and the Trustee. Incorporated by reference to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 7, 2012.
- 4.13 Global Security dated as of March 7, 2012 representing Fifth Third Bancorp's \$500,000,000 3.500% Senior Notes due 2022. Incorporated by reference to the Registrant's Current Report on Form 8-K/A filed with the Securities and Exchange Commission on March 7, 2012.
- 4.14 Deposit Agreement dated May 16, 2013, between Fifth Third Bancorp, as issuer, Wilmington Trust, National Association, as depositary and calculation agent, American Stock Transfer & Trust Company, LLC, as transfer agent and registrar, and the holders from time to time of the depositary receipts issued thereunder. Incorporated by reference to Exhibit 4.3 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 16, 2013.
- 4.15 Form of Certificate Representing the 5.10% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series H, of Fifth Third Bancorp. Incorporated by reference to Exhibit 4.2 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 16, 2013.
- 4.16 Form of Depositary Receipt for the 5.10% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series H, of Fifth Third Bancorp. Incorporated by reference to Exhibit 4.4 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 16, 2013.
- 4.17 Global Security dated as of November 20, 2013 representing Fifth Third Bancorp's \$500,000,000 4.30% Subordinated Notes due 2024. Incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 20, 2013.
- 4.18 Deposit Agreement dated December 9, 2013, between Fifth Third Bancorp, as issuer, Wilmington Trust, National Association, as depositary and calculation agent, American Stock Transfer & Trust Company, LLC as transfer agent and registrar, and the holders from time to time of the depositary receipts issued thereunder. Incorporated by reference to Exhibit 4.3 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 9, 2013.
- 4.19 Form of Certificate Representing the 6.625% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series I, of Fifth Third Bancorp. Incorporated by reference to Exhibit 4.2 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 9, 2013
- 4.20 Form of Depositary Receipt for the 6.625% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series I, of Fifth Third Bancorp. Incorporated by reference to Exhibit 4.4 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 9, 2013
- 10.1 Fifth Third Bancorp Unfunded Deferred Compensation Plan for Non-Employee Directors, as Amended and Restated. Incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 \*
- 10.2 Indenture effective November 19, 1992 between Fifth Third Bancorp, Issuer and NBD Bank, N.A., Trustee. Incorporated by reference to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 18, 1992 and as Exhibit 4.1 to

- the Registrant's Registration Statement on Form S-3, Registration No. 33-54134
- 10.3 Fifth Third Bancorp Master Profit Sharing Plan, as Amended and Restated. Incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2011.\*
- 10.4 First Amendment to Fifth Third Bancorp Master Profit Sharing Plan, as Amended and Restated. Incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2011.\*
- 10.5 Second Amendment to Fifth Third Bancorp Master Profit Sharing Plan, as Amended and Restated. Incorporated by reference to Exhibit 10.7 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2012.\*
- 10.6 Third Amendment to Fifth Third Bancorp Master Profit Sharing Plan, as Amended and Restated. Incorporated by reference to Exhibit 10.8 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 \*
- 10.7 Fourth Amendment to Fifth Third Bancorp Master Profit Sharing Plan, as Amended and Restated.\*
- 10.8 Fifth Third Bancorp Incentive Compensation Plan. Incorporated by reference to Registrant's Proxy Statement dated February 19, 2004.\*
- 10.9 Fifth Third Bancorp 2008 Incentive Compensation Plan. Incorporated by reference to the Registrant's Proxy Statement dated March 6, 2008.\*
- 10.10 Fifth Third Bancorp 2011 Incentive Compensation Plan. Incorporated by reference to the Registrant's Proxy Statement dated March 10, 2011.\*
- 10.11 Amended and Restated Fifth Third Bancorp 1993 Stock Purchase Plan. Incorporated by reference to Registrant's Annual Report on Form 10-K for the year ended December 31, 2011.\*
- 10.12 Fifth Third Bancorp Non-qualified Deferred Compensation Plan, as Amended and Restated.
- 10.13 Fifth Third Bancorp Stock Option Gain Deferral Plan. Incorporated by reference to Registrant's Proxy Statement dated February 9, 2001.\*
- 10.14 Amendment No. 1 to Fifth Third Bancorp Stock Option Gain Deferral Plan. Incorporated by reference to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 26, 2006. \*
- 10.15 Notice of Grant of Performance Units and Award Agreement. Incorporated by reference to Registrant's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2004. \*
- 10.16 Notice of Grant of Restricted Stock and Award Agreement (for Executive Officers). Incorporated by reference to Registrant's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2004. \*
- 10.17 Notice of Grant of Stock Appreciation Rights and Award Agreement. Incorporated by reference to Registrant's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2004. \*
- 10.18 Notice of Grant of Restricted Stock and Award Agreement (for Directors). Incorporated by reference to Registrant's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2004. \*
- 10.19 Amended and Restated First National Bankshares of Florida, Inc. 2003 Incentive Plan. Incorporated by reference to First National Bankshares of Florida, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2003.\*
- 10.20 Form of Executive Agreement effective December 31, 2008, between Fifth Third Bancorp and Kevin T. Kabat, Robert A. Sullivan and Greg D. Carmichael. Incorporated by reference to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 31, 2008.
- 10.21 Form of Executive Agreement effective December 31, 2008, between Fifth Third Bancorp and Mary E. Tuuk. Incorporated by reference to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 31, 2008. \*
- 10.22 Form of Executive Agreement effective February 3, 2014, between Fifth Third Bancorp and Tayfun Tuzun. Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 7, 2014.\*
- 10.23 Form of Executive Agreement effective February 3, 2014, between Fifth Third Bancorp and Frank R. Forrest. Incorporated by reference to Exhibit 10.2 to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 7, 2014.\*
- 10.24 Form of Amended Executive Agreement effective January 19, 2012, between Fifth Third Bancorp and Daniel T. Poston. Incorporated by

- reference to Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 24, 2012.  $^{*}$
- 10.25 Warrant dated June 30, 2009 issued by Vantiv Holding, LLC to Fifth Third Bank. Incorporated by reference to the Registrant's Schedule 13D filed with the Commission on April 2, 2012.
- 10.26 Second Amended & Restated Limited Liability Company Agreement (excluding certain exhibits) dated as of March 21, 2012 by and among Vantiv, Inc., Fifth Third Bank, FTPS Partners, LLC, Vantiv Holding, LLC and each person who becomes a member after March 21, 2012. Incorporated by reference to the Registrant's Schedule 13D filed with the Commission on April 2, 2012.
- 10.27 Amendment and Restatement Agreement and Reaffirmation (excluding certain schedules) dated as of June 30, 2009 among Fifth Third Processing Solutions, LLC, FTPS Holding, LLC, Card Management Company, LLC, Fifth Third Holdings, LLC and Fifth Third Bank. Incorporated by reference to the Registrant's Current Report on Form 8-K filed with the Commission on July 2, 2009
- 10.28 Registration Rights Agreement dated as of March 21, 2012 by and among Vantiv, Inc., Fifth Third Bank, FTPS Partners, LLC, JPDN Enterprises, LLC and certain stockholders of Vantiv, Inc. Incorporated by reference to the Registrant's Schedule 13D filed with the Commission on April 2, 2012.
- 10.29 Exchange Agreement dated as of March 21, 2012 by and among Vantiv, Inc., Vantiv Holding, LLC, Fifth Third Bank, FTPS Partners, LLC and such other holders of Class B Units and Class C Non-Voting Units that are from time to time parties of the Exchange Agreement. Incorporated by reference to the Registrant's Schedule 13D filed with the Commission on April 2, 2012.
- 10.30 Recapitalization Agreement dated as of March 21, 2012 by and among Vantiv, Inc., Vantiv Holding, LLC, Fifth Third Bank, FTPS Partners, LLC, JPDN Enterprises, LLC and certain stockholders of Vantiv, Inc. Incorporated by reference to the Registrant's Schedule 13D filed with the Commission on April 2, 2012.
- 10.31 Description of Vantiv, Inc. Director Compensation for Greg D. Carmichael. Incorporated by reference to Exhibit 10.8 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012. On May 10, 2012, Daniel T. Poston was elected as a Class B Director of Vantiv, Inc. Mr. Poston is subject to a substantially similar compensation arrangement as described in Exhibit 10.8 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012.\*
- 10.32 Stock Appreciation Right Award Agreement. Incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.\*
- 10.33 Performance Share Award Agreement. Incorporated by reference to Exhibit 10.3 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 \*
- 10.34 Restricted Stock Award Agreement (for Directors). Incorporated by reference to Exhibit 10.4 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.\*
- 10.35 Restricted Stock Award Agreement (for Executive Officers). Incorporated by reference to Exhibit 10.5 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.\*
- 10.36 Separation Agreement dated July 25, 2013 between Paul Reynolds and Fifth Third Bancorp. Incorporated by reference to the Registrant's Current Report on Form 8-K filed with the Commission on July 30, 2013.\*
- 10.37 Master Confirmation, as supplemented by a Supplemental Confirmation, for accelerated share repurchase transaction dated November 13, 2013 between Fifth Third Bancorp and Deutsche Bank AG, London Branch\*\*
- 10.38 Master Confirmation, as supplemented by a Supplemental Confirmation, for accelerated share repurchase transaction dated December 10, 2013 between Fifth Third Bancorp and Deutsche Bank AG, London Branch\*\*
- 12.1 Computations of Consolidated Ratios of Earnings to Fixed Charges.
- 12.2 Computations of Consolidated Ratios of Earnings to Combined Fixed Charges and Preferred Stock Dividend Requirements.
- 21 Fifth Third Bancorp Subsidiaries, as of December 31, 2013.
- 23 Consent of Independent Registered Public Accounting Firm-Deloitte & Touche LLP.
- 31(i) Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer.
- 31(ii) Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer.

- 32(i) Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer.
- 32(ii) Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer.
- Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income (iv) the Consolidated Statements of Changes in Equity, (v) the Consolidated Statements of Cash Flows, and (vi) the Notes to Consolidated Financial Statements tagged as blocks of text and in detail.
- Fifth Third Bancorp also entered into an identical security on March 4, 2008 representing an additional \$500,000,000 of its 8.25% Subordinated Notes due 2038
- (2) Fifth Third Bancorp also entered into an identical security on January 25, 2011 representing an additional \$500,000,000 of its 3.625% Senior Notes due 2016.
- Denotes management contract or compensatory plan or arrangement.
- \*\* An application for confidential treatment for selected portions of this exhibit has been filed with the Securities and Exchange Commission.

## **SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

## FIFTH THIRD BANCORP

Registrant

/s/ Kevin T. Kabat

Kevin T. Kabat

Vice Chairman and CEO Principal Executive Officer February 24, 2014

Pursuant to requirements of the Securities Exchange Act of 1934, this report has been signed on February 24, 2014 by the following persons on behalf of the Registrant and in the capacities indicated.

## **OFFICERS**:

/s/ Kevin T. Kabat

Kevin T. Kabat

Vice Chairman and CEO Principal Executive Officer

/s/ Tayfun Tuzun

Tayfun Tuzun

Executive Vice President and CFO

Principal Financial Officer

/s/ Mark D. Hazel

Mark D. Hazel

Senior Vice President and Controller Principal Accounting Officer

**DIRECTORS:** 

/s/ William M. Isaac William M. Isaac

Chairman

/s/ James P. Hackett

James P. Hackett

Lead Director

/s/ Nicholas K. Akins

Nicholas K. Akins

/s/ Darryl F. Allen

Darryl F. Allen

/s/ B. Evan Bayh III

B. Evan Bayh III

/s/ Ulysses L. Bridgeman, Jr.

Ulysses L. Bridgeman, Jr.

/s/ Emerson L. Brumback

Emerson L. Brumback

/s/ Gary R. Heminger

Gary R. Heminger

/s/ Jewell D. Hoover

Jewell D. Hoover

/s/ Kevin T. Kabat

Kevin T. Kabat

/s/ Mitchel D. Livingston, Ph.D.

Mitchel D. Livingston, Ph.D.

/s/ Michael B. McCallister

Michael B. McCallister

/s/ Hendrik G. Meijer

Hendrik G. Meijer

/s/ John J. Schiff, Jr.

John J. Schiff, Jr.

/s/ Marsha C. Williams

Marsha C. Williams

## CONSOLIDATED TEN YEAR COMPARISON

## **AVERAGE ASSETS (\$ IN MILLIONS)**

_		Intere	est-Earning Assets						
			Interest- Bearing		_				
Year	Loans and Leases	Federal Funds Sold (a)	Deposits in Banks(a)	Securities	Total	Cash and Due from Banks	Other Assets	Т	otal Average Assets
2013	\$ 89,093	1	2,416	16,444	\$ 107,954	2,482	15,053	\$	123,732
2012	84,822	2	1,493	15,319	101,636	2,355	15,695		117,614
2011	80,214	1	2,030	15,437	97,682	2,352	15,335		112,666
2010	79,232	11	3,317	16,371	98,931	2,245	14,841		112,434
2009	83,391	12	1,023	17,100	101,526	2,329	14,266		114,856
2008	85,835	438	183	13,424	99,880	2,490	13,411		114,296
2007	78,348	257	147	11,630	90,382	2,275	10,613		102,477
2006	73,493	252	144	20,910	94,799	2,477	8,713		105,238
2005	67,737	88	113	24,806	92,744	2,750	8,102		102,876
2004	57,042	120	195	30,282	87,639	2,216	5,763		94,896

## AVERAGE DEPOSITS AND SHORT-TERM BORROWINGS (\$ IN MILLIONS)

				Deposits						
						Certificates				
		Interest		Money	Other	\$100,000 and	Foreign		Short-Term	
Year	Demand	Checking	Savings	Market	Time	Over	Office	Total	Borrowings	Total
2013	\$ 29,925	23,582	18,440	9,467	3,760	6,339	1,518	\$ 93,031	3,527	\$ 96,558
2012	27,196	23,096	21,393	4,903	4,306	3,102	1,555	85,551	4,806	90,357
2011	23,389	18,707	21,652	5,154	6,260	3,656	3,497	82,315	3,122	85,437
2010	19,669	18,218	19,612	4,808	10,526	6,083	3,361	82,277	1,926	84,203
2009	16,862	15,070	16,875	4,320	14,103	10,367	2,265	79,862	6,980	86,842
2008	14,017	14,191	16,192	6,127	11,135	9,531	4,220	75,413	10,760	86,173
2007	13,261	14,820	14,836	6,308	10,778	6,466	3,155	69,624	6,890	76,514
2006	13,741	16,650	12,189	6,366	10,500	5,795	3,711	68,952	8,670	77,622
2005	13,868	18,884	10,007	5,170	8,491	4,001	3,967	64,388	9,511	73,899
2004	12,327	19,434	7,941	3,473	6,208	2,403	4,449	56,235	13,539	69,774

## INCOME (\$ IN MILLIONS, EXCEPT PER SHARE DATA)

							Per Share(b)								
					_	Origi				inally Reported					
					Net Income (Loss) Available to			_							
	Interest	Interest	Noninterest	Noninterest	Common		Diluted	Dividends			Diluted				
Year	Income	Expense	Income	Expense	Shareholders	Earnings	Earnings	Declared	Earnings		Earnings				
2013	\$ 3,973	412	3,227	3,961	1,799	2.05	2.02	0.47	2.05	\$	2.02				
2012	4,107	512	2,999	4,081	1,541	1.69	1.66	0.36	1.69		1.66				
2011	4,218	661	2,455	3,758	1,094	1.20	1.18	0.28	1.20		1.18				
2010	4,489	885	2,729	3,855	503	0.63	0.63	0.04	0.63		0.63				
2009	4,668	1,314	4,782	3,826	511	0.73	0.67	0.04	0.73		0.67				
2008	5,608	2,094	2,946	4,564	(2,180)	(3.91)	(3.91)	0.75	(3.94)		(3.94)				
2007	6,027	3,018	2,467	3,311	1,075	1.99	1.98	1.70	2.00		1.99				
2006	5,955	3,082	2,012	2,915	1,188	2.13	2.12	1.58	2.14		2.13				
2005	4,995	2,030	2,374	2,801	1,548	2.79	2.77	1.46	2.79		2.77				
2004	4,114	1,102	2,355	2,863	1,524	2.72	2.68	1.31	2.72		2.68				

## MISCELLANEOUS AT DECEMBER 31 (\$ IN MILLIONS, EXCEPT PER SHARE DATA)

	_										
	Common					Other					Allowance for
	Shares	Common	Preferred	Capital	Retained	Comprehensive	Treasury			<b>Book Value</b>	Loan and
Year	Outstanding	Stock	Stock	Surplus	Earnings	Income	Stock		Total	Per Share	Leases Losses
2013	855,305,745	s 2,051	1,034	2,561	10,156	82	(1,295)	\$	14,589	15.85	\$ 1,582
2012	882,152,057	2,051	398	2,758	8,768	375	(634)		13,716	15.10	1,854
2011	919,804,436	2,051	398	2,792	7,554	470	(64)		13,201	13.92	2,255
2010	796,272,522	1,779	3,654	1,715	6,719	314	(130)		14,051	13.06	3,004
2009	795,068,164	1,779	3,609	1,743	6,326	241	(201)		13,497	12.44	3,749
2008	577,386,612	1,295	4,241	848	5,824	98	(229)		12,077	13.57	2,787
2007	532,671,925	1,295	9	1,779	8,413	(126)	(2,209)		9,161	17.18	937
2006	556,252,674	1,295	9	1,812	8,317	(179)	(1,232)		10,022	18.00	771
2005	555,623,430	1,295	9	1,827	8,007	(413)	(1,279)		9,446	16.98	744
2004	557,648,989	1,295	9	1,934	7,269	(169)	(1,414)		8,924	15.99	713

<sup>(</sup>a) Federal funds sold and interest-bearing deposits in banks are combined in other short-term investments in the Consolidated Financial Statements.

<sup>(</sup>b) Adjusted for accounting guidance related to the calculation of earnings per share, which was adopted retroactively on January 1, 2009.

## FIFTH THIRD BANCORP DIRECTORS

William M. Isaac, Chairman Senior Managing Director-Global Head of Financial Institutions FTI Consulting

James P. Hackett, Lead Director CEO & Director Steelcase, Inc.

Nicholas K. Akins President & CEO American Electric Power Company

Darryl F. Allen Retired Chairman President & CEO Aeroquip-Vickers, Inc.

B. Evan Bayh III
Partner
McGuireWoods LLP

Ulysses L. Bridgeman, Jr. *President B.F. Companies* 

Emerson L. Brumback
Retired President & COO
M&T Bank

Gary R. Heminger
President, CEO & Director
Marathon Petroleum Corporation

Jewell D. Hoover Principal & Bank Consultant Hoover and Associates, LLC

Kevin T. Kabat Vice Chairman & CEO Fifth Third Bancorp

Mitchel D. Livingston, Ph.D.

Retired Vice President for Student
Affairs
& Chief Diversity Officer
University of Cincinnati

Michael B. McCallister Retired Chairman & CEO Humana Inc.

Hendrik G. Meijer Co-Chairman, Director & Co-CEO Meijer, Inc. John J. Schiff, Jr.

Chairman of the Executive

Committee & Director

Cincinnati Financial Corporation

Marsha C. Williams Retired Senior Vice President & Chief Financial Officer Orbitz Worldwide, Inc.

## DIRECTORS EMERITI

Philip G. Barach John F. Barrett J. Kenneth Blackwell Milton C. Boesel, Jr. Douglas G. Cowan Thomas L. Dahl Ronald A. Dauwe Gerald V. Dirvin Thomas B. Donnell Nicholas M. Evans Richard T Farmer Louis R. Fiore John D. Geary Ivan W. Gorr Joseph H. Head, Jr. Allen M. Hill William J. Keating Jerry L. Kirby Robert L. Koch II Kenneth W. Lowe Robert B. Morgan Michael H. Norris David E. Reese James E. Rogers George A. Schaefer, Jr. Donald B. Shackelford David B. Sharrock Stephen Stranahan Dennis J. Sullivan, Jr. Dudley S. Taft Alton C. Wendzel

## FIFTH THIRD BANCORP OFFICERS

Kevin T. Kabat Vice Chairman & CEO

Greg D. Carmichael

President &

Chief Operating Officer

Steven Alonso

Executive Vice President

Frank R. Forrest

Executive Vice President,

Chief Risk and Credit Officer

Mark D. Hazel
Senior Vice President &
Controller

James R. Hubbard Senior Vice President & Chief Legal Officer

Gregory L. Kosch
Executive Vice President

James C. Leonard
Senior Vice President & Treasurer

Daniel T. Poston

Executive Vice President &

Chief Strategy and Administrative

Officer

Joseph R. Robinson

Executive Vice President &

Chief Information Officer

Robert A. Sullivan
Senior Executive Vice President

Teresa J. Tanner Executive Vice President & Chief Human Resources Officer

Mary E Tuuk
Executive Vice President of
Corporate Services and Board
Secretary

Tayfun Tuzun

Executive Vice President &
Chief Financial Officer

# AFFILIATE AND MARKET PRESIDENTS Donald Abel. Jr.

John N. Daniel Karen Dee David Girodat Shawn Hagan Thomas Heiks Nancy H. Huber Julie Hughes Jerry Kelsheimer Randolph Koporc Robert W. LaClair Brian Lamb Ralph S. Michael III

David A. Call

Jordan A. Miller, Jr. Thomas Partridge Robert A. Sullivan Michelle L. VanDyke Thomas G. Welch, Jr.

## FIFTH THIRD BANCORP BOARD COMMITTEES

Finance Committee William M. Isaac, Chair Emerson L. Brumback James P. Hackett Gary R. Heminger

# Kevin T. Kabat Audit Committee

Darryl F. Allen, Chair Emerson L. Brumback Jewell D. Hoover Michael B. McCallister Marsha C. Williams

## **Human Capital and Compensation Committee**

Gary R. Heminger, Chair Emerson L. Brumback Mitchel D. Livingston, Ph. D. Hendrik G. Meijer Marsha C. Williams

## Nominating and Corporate Governance Committee James P. Hackett, Chair

Darryl F. Allen
B. Evan Bayh III
Ulysses L. Bridgeman, Jr.

## Risk and Compliance Committee

Marsha C. Williams, Chair B. Evan Bayh III Ulysses L. Bridgeman, Jr. Jewell D. Hoover Hendrik G. Meijer

### **Trust Committee**

Mitchel D. Livingston, Ph.D., Chair Kevin T. Kabat John J. Schiff, Jr.

# AMENDED ARTICLES OF INCORPORATION OF FIFTH THIRD BANCORP, AS AMENDED

FIRST: The name of the corporation shall be FIFTH THIRD BANCORP.

SECOND: The place in the State of Ohio where the principal office of the corporation is to be located is the City of Cincinnati, County of Hamilton.

THIRD: The purpose for which the corporation is formed is to engage in any and/or all lawful acts or activities for which corporations may be formed under Section 1701.01 to 1701.98, inclusive, of the Ohio Revised Code, as amended.

FOURTH: (A) The total authorized number of shares of the corporation is Two Billion Five Hundred Thousand (2.000.500.000) shares, which shall be classified as follows:

- 1) Two Billion (2,000,000,000) shares of common stock, without par value. Each share of common stock shall entitle the holder thereof to one (1) vote on each matter properly submitted to the stockholders for their vote, consent, waiver, release or other action, subject to the provisions of the law with respect to cumulative voting.
  - 2) Five Hundred Thousand (500,000) shares of preferred stock, without par value.
- (a) **Series D Perpetual Preferred Stock.** Seven-Thousand Two-Hundred Fifty (7,250) shares of the preferred stock of the corporation shall be designated "Series D Perpetual Preferred Stock" and shall have the rights, preferences and entitlements that follow:
- 1. <u>Designation and Amount.</u> The shares of such series shall be designated as Series D Perpetual Preferred Stock (the "Series D Preferred Stock"), which shall be a closed series consisting of 7,250 shares of cumulative perpetual convertible preferred stock. The number of authorized shares of the Series D Preferred Stock may not be increased or decreased. Each share of the Series D Preferred Stock shall have a stated value of \$1,000 per share (the "Series D Stated Value").

# 2. <u>Dividends.</u>

(i) Entitlement. The holders of the Series D Preferred Stock shall be entitled to receive, as and when declared payable by the Board of Directors from funds of the corporation legally available for the payment thereof, cumulative preferred dividends in lawful money of the United States of America at the applicable rate fixed and determined as herein authorized, and no more, payable quarterly on the last day of each March, June, September, and December (the "Series D Dividend Payment Dates") in each year with respect to the quarterly period beginning on the first day of each calendar quarter and ending on each such respective payment date (the "Series D Dividend Period") to shareholders of record on a date, to be fixed by

the Board of Directors, not exceeding forty (40) days preceding each Series D Dividend Payment Date. Accumulations of dividends shall not bear interest. The initial dividend payment for Series D Preferred Stock will accrue from the date such series is issued and will be payable on the First Series D Dividend Payment Date following such date. The annual rate of preferred dividends on each share of Series D Preferred Stock shall be the product of the applicable Series D Dividend Rate (as hereinafter described) and the Series D Stated Value, payable in quarterly installments, provided, however, that if any change in the Series D Dividend Rate shall occur, the dividends payable for that part of the Series D Dividend Period occurring prior to such change shall be payable on the basis of the Series D Dividend Rate in effect prior to such change and the dividends payable for that part of the Series D Dividend Period from and after such change shall be payable on the basis of the Series D Dividend Rate then becoming effective and such determination shall be made on the basis of a thirty (30) day month and a three hundred and sixty (360) day year.

- (ii) Series D Dividend Rate. The rate of preferred dividends per share of the Series D Preferred Stock per annum based on the Series D Stated Value (the "Series D Dividend Rate") shall be eight percent (8%).
- (iii) *Cumulative and Perpetual*. All dividends payable on account of the Series D Preferred Stock shall be cumulative and shall be paid, from funds of the corporation legally available for the payment thereof, so long as any shares of the Series D Preferred Stock are outstanding.
- Restrictions on Dividend Payments. All shares of Common Stock and each series of Preferred Stock shall rank junior to the Series D Preferred Stock as to dividends. So long as any shares of the Series D Preferred Stock remain outstanding, no dividend shall be paid or declared, or declared and set apart for payment, or other distribution made, on the shares of any class of stock ranking, as to dividend rights, junior to the Series D Preferred Stock, nor shall any shares of any class of stock (or series thereof) of the corporation ranking, as to dividend rights, junior to, or on a parity with, the Series D Preferred Stock, be purchased, redeemed or otherwise acquired for value by the corporation, unless all dividends, at the applicable rate, on the Series D Preferred Stock shall have been declared and paid, or declared and set apart for payment, for all past Series D Dividend Periods ending immediately prior to the date on which such dividend, distribution, purchase, redemption or acquisition is to occur and the then current Series D Dividend Period; provided, however, that the foregoing restrictions shall not apply (a) to the declaration and payment, on shares ranking junior to the Series D Preferred Stock as to dividend rights, of dividends payable solely in shares of stock of any class of shares ranking junior to the Series D Preferred Stock as to dividend rights, or (b) to the acquisition of any shares ranking junior to, or on a parity with, the Series D Preferred Stock as to dividend rights through application of the proceeds of the issue and sale of any class of any shares ranking junior to, or on a parity with, the Series D Preferred Stock as to dividend rights sold at or about the time of such acquisition. No dividends shall be paid or declared, or declared and set apart for payment, or other distribution made on any shares of any class of stock (or series thereof) of the corporation ranking, as to dividend rights, on a parity with the Series D Preferred Stock for any dividend period unless, at the same time, a like proportion of dividends for the same or similar dividend period, ratably in proportion to the respective annual dividend rate fixed therefor, shall be paid or declared, or declared and set apart for payment, on all shares of Series D Preferred Stock.

- 3. <u>Status of Reacquired Shares.</u> The corporation shall retire any of the shares of the Series D Preferred Stock that are converted into shares of Common Stock pursuant to Paragraph (2)(a)5., or that it repurchases or otherwise acquires, and such shares shall not be reissued as shares of Series D Preferred Stock but shall revert to authorized but unissued shares of Preferred Stock and may be reissued as shares of a different series of Preferred Stock in any future designation by the Board of Directors.
- 4. <u>Restriction on Issuance of Additional Preferred Stock.</u> So long as any shares of the Series D Preferred Stock are outstanding, the corporation shall not issue any securities ranking senior to, or on a parity with, the Series D Preferred Stock as to dividend rights or rights upon the liquidation, dissolution or winding up of the corporation, without the prior approval of the holders of a majority of the Series D Preferred Stock.

#### 5. Conversion.

- (i) Right of Conversion. Subject to the provisions for adjustment set forth herein, each share of Series D Preferred Stock shall be convertible, at the option of the holder thereof, in the manner hereinafter provided, into fully paid and nonassessable shares of Common Stock at the conversion price, determined as herein provided, in effect on the date of conversion, each share of Series D Preferred Stock being credited at its Series D Stated Value. The price at which shares of Common Stock shall be delivered upon conversion of shares of Series D Preferred Stock (the "Series D Conversion Price") shall be initially \$23.5399 per share of Common Stock. The Series D Conversion Price shall be adjusted in certain instances as provided in Paragraph (2)(a)5.(iii) below.
- (ii) Procedure for Conversion. Any holder of shares of Series D Preferred Stock desiring to convert such shares into shares of Common Stock shall surrender the certificate or certificates for the shares of Series D Preferred Stock being converted, duly endorsed in blank or duly endorsed or assigned to the corporation, at the principal office of the corporation or at a bank or trust company appointed by the corporation for that purpose, accompanied by a written notice of conversion specifying the number of shares of Series D Preferred Stock to be converted and the name or names in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. If such notice shall specify a name or names other than that of such holder, such notice shall be accompanied by payment of all transfer taxes payable upon the issue of shares of Common Stock in such name or names. If less than all of the shares of Series D Preferred Stock represented by a certificate are to be converted by a holder, the corporation, upon such conversion, shall issue and deliver, or cause to be issued and delivered, to such holder a certificate or certificates for the shares of Series D Preferred Stock not so converted. The holders of shares of Series D Preferred Stock at the close of business on the record date fixed for a Series D Dividend Payment Date shall be entitled to receive the dividend payable on such shares of Series D Preferred Stock on the corresponding Series D Dividend Payment Date notwithstanding the subsequent conversion thereof or the corporation's default in payment of the dividend due on such Series D Dividend Payment Date.

However, shares of Series D Preferred Stock surrendered for conversion during the period from the close of business on any record date fixed for a Series D Dividend Payment Date for the Series D Preferred Stock to the opening of business on the corresponding Series D Dividend Payment Date must be accompanied by payment of an amount equal to the dividend payable on such shares of Series D Preferred Stock on such Series D Dividend Payment Date. A holder of shares of Series D Preferred Stock on a record date fixed for a Series D Dividend Payment Date who (or whose transferee) converts shares of Series D Preferred Stock on a Series D Dividend Payment Date will receive the dividend payable on such shares of Series D Preferred Stock by the corporation on such date, and the converting holder need not include payment in the amount of such dividend upon surrender of shares of Series D Preferred Stock for conversion. Except as provided above, no payment or adjustment will be made on account of unpaid dividends upon the conversion of Series D Preferred Stock.

As promptly as practicable after the surrender of certificates for shares of Series D Preferred Stock as aforesaid, the corporation shall issue and shall deliver at such office to such holder, or on his or her written order, a certificate or certificates for the number of full shares of Common Stock issuable upon the conversion of such shares in accordance with the provisions of this Paragraph (2)(a)5., and any fractional interest in respect of a share of Common Stock arising upon such conversion shall be promptly settled as provided in Paragraph (2)(a)5.(vi).

Each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the certificates for shares of Series D Preferred Stock shall have been surrendered and such notice received by the corporation as aforesaid; the shares of Series D Preferred Stock so surrendered for conversion shall no longer be deemed to be outstanding and all rights with respect to such shares of Series D Preferred Stock shall cease, except the right of the holders thereof to receive full shares of Common Stock in exchange therefor, payment of dividends as provided in the first paragraph of this Paragraph (2)(a)5.(ii) and payment for any fractional shares; and the person or persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares represented thereby at such time on such date. All shares of Common Stock delivered upon conversions of the Series D Preferred Stock will upon delivery be duly and validly issued and fully paid and nonassessable.

- (iii) Adjustments of the Series D Conversion Price.
  - (A) The Series D Conversion Price shall be adjusted from time to time as follows:

(1) In case the corporation shall pay or make a dividend or other distribution on any class of capital stock of the corporation in shares of Common Stock, the Series D Conversion Price in effect at the opening of business on the day following the date fixed for the determination of shareholders entitled to receive such dividend or other distribution shall be reduced by multiplying such Series D Conversion Price by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination and the denominator shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution, such reduction to become effective immediately after the opening of business on the day following the date fixed for such determination.

(2) In case the corporation shall issue rights or warrants entitling any person to subscribe for or purchase Common Stock at a price per share less than the current market price per share (determined as provided in Paragraph (2)(a)5.(iii)(B) herein) of the Common Stock on the date fixed for the determination of the persons entitled to receive such rights or warrants, the Series D Conversion Price in effect at the opening of business on the day following the date fixed for such determination shall be reduced by multiplying such Series D Conversion Price by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock which the aggregate offering price of the total number of shares of Common Stock so offered for subscription or purchase would purchase at such current market price and the denominator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock so offered for subscription or purchase, such reduction to become effective immediately after the opening of business on the day following the date fixed for such determination. Notwithstanding the foregoing, in the event that the corporation shall distribute or shall have distributed any rights or warrants to acquire capital stock ("Rights") pursuant to this Paragraph (2)(a)5.(iii)(A)(2), the distribution of separate certificates representing the Rights subsequent to their initial distribution (whether or not the initial distribution of the Rights shall have occurred prior to the date of the issuance of the Series D Preferred Stock) shall be deemed to be the distribution of the Rights for purposes of this Paragraph (2)(a)5.(iii)(A)(2); provided that the corporation may, in lieu of making any adjustment pursuant to this Paragraph (2)(a)5.(iii)(A)(2) upon a distribution of separate certificates representing the Rights, make proper provision so that each holder of Series D Preferred Stock who converts such Series D Preferred Stock (or any portion thereof) (A) before the record date for such distribution of separate certificates shall be entitled to receive upon conversion shares of Common Stock issued with Rights and (B) after such record date and prior to the expiration, redemption or termination of the Rights shall be entitled to receive upon conversion, in addition to the shares of Common Stock issuable upon conversion, the same number of Rights as would a holder of the number of shares of Common Stock that such Series D Preferred Stock so converted would have entitled the holder thereof to purchase in accordance with the terms and provisions applicable to the Rights if such Series D Preferred Stock were converted immediately prior to the record date for such distribution. Common Stock owned by or held for the account of the Corporation or any majority owned subsidiary shall not be deemed outstanding for the purpose of any adjustment required under this Paragraph (2)(a)5.(iii)(A)(2).

(3) In case the corporation shall, by dividend or otherwise, distribute to any holder of the corporation's securities evidences of indebtedness or assets (including securities, but excluding any rights or warrants referred to in Paragraph (2)(a)5.(iii)(A)(2), any dividend or distribution paid in cash out of the surplus of the corporation and any dividend or distribution referred to in Paragraph (2)(a)5.(iii)(A)(1) herein), the Series D Conversion Price shall be adjusted so that the same shall equal the price determined by multiplying the Series D Conversion Price in effect immediately prior to the close of business on the date fixed for the determination of shareholders entitled to receive such distribution by a

fraction of which the numerator shall be the current market price per share (determined as provided in Paragraph (2)(a)5.(iii)(B) herein) of the Common Stock on the date fixed for such determination, less the then fair market value (as determined by the Board of Directors, whose determination shall be conclusive) of the portion of the assets or evidences of indebtedness so distributed allocable to one share of Common Stock, and the denominator shall be such current market price per share of Common Stock, such adjustment to become effective immediately prior to the opening of business on the day following the date fixed for the determination of shareholders entitled to receive such distribution.

(4) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares, the Series D Conversion Price in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately reduced, and, conversely, in case the outstanding shares of Common Stock shall each be combined into a smaller number of shares, the Series D Conversion Price in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately increased, such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(other than any reclassification upon a consolidation or merger to which Paragraph (2)(a)5.(iii)(E) applies) shall be deemed to involve (a) a distribution of such securities other than Common Stock to all holders of Common Stock (and the effective date of such reclassification shall be deemed to be "the date fixed for the determination of shareholders entitled to receive such distribution" and the "date fixed for such determination" within the meaning of Paragraph (2)(a)5.(iii)(A)(3), and (b) a subdivision or combination, as the case may be, of the number of shares of Common Stock outstanding immediately prior to such reclassification into the number of shares of Common Stock outstanding immediately thereafter (and the effective date of such reclassification shall be deemed to be "the day upon which such subdivision becomes effective," or "the day upon which such combination becomes effective," as the case may be, and "the day upon which such subdivision or combination becomes effective," within the meaning of Paragraph (2)(a)5.(iii)(A)(4).

(B) For the purpose of any computation under Paragraph (2)(a)5.(iii)(A)(2) and Paragraph (2)(a)5.(iii)(A)(3), the current market price per share of Common Stock on any day shall be deemed to be the average of the average high and low sales price per share for the Common Stock, as reported on the Nasdaq National Market or such national securities exchange on which the Common Stock is primarily traded at the time of such computation, for thirty (30) consecutive trading days immediately preceding the day in question.

(C) Notwithstanding the provisions of Paragraph (2)(a)5.(iii)(A) above, no adjustment in the Series D Conversion Price shall be required unless such adjustment (plus any adjustments not previously made by reason of this Paragraph (2)(a)5.(iii)(C)) would require an increase or decrease of at least 1% in such price; provided, however, that any adjustments which by reason of this Paragraph (2)(a)5.(iii)(C) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Paragraph (2)(a)5.(iii) shall be made to the nearest cent.

(D) The corporation may make such reductions in the Series D Conversion Price, in addition to
those required by this Paragraph (2)(a)5.(iii), as it considers to be advisable in order to avoid or diminish any income tax to any holder of
shares of Common Stock resulting from any dividend or distribution of stock or issuance of rights or warrants to purchase or subscribe
for stock or from any event treated as such for income tax purposes or for any other reasons.

(E) In case the Corporation shall effect any capital reorganization of the Common Stock (other than a subdivision, combination, capital reorganization or reclassification provided for in Paragraph (2)(a)5.(iii)(A)) or shall consolidate, merge or engage in a statutory share exchange with or into any other corporation (other than a consolidation, merger or share exchange in which the corporation is the surviving corporation and each share of Common Stock outstanding immediately prior to such consolidation or merger is to remain outstanding immediately after such consolidation or merger) or shall sell or transfer all or substantially all its assets to any other corporation, lawful provision shall be made as a part of the terms of such transaction whereby the holders of Series D Preferred Stock shall receive upon conversion thereof, in lieu of each share of Common Stock which would have been issuable upon conversion of such stock if converted immediately prior to the consummation of such transaction, the same kind and amount of stock (or other securities, cash or property, if any) as may be issuable or distributable in connection with such transaction with respect to each share of Common Stock outstanding at the effective time of such transaction, subject to subsequent adjustments for subsequent stock dividends and distributions, subdivisions or combination of shares, capital reorganization, reclassifications, consolidations, mergers or share exchanges, as nearly equivalent as possible to the adjustments provided for in this Paragraph (2)(a)5.(iii).

(F) Whenever the Series D Conversion Price is adjusted as herein provided, a notice stating that the Series D Conversion Price has been adjusted and setting forth the adjusted Series D Conversion Price shall, as soon as practicable, be mailed to the holders of record of outstanding shares of Series D Preferred Stock.

# (G) In case:

(1) the corporation shall declare a dividend or other distribution on the Common Stock otherwise than in cash out of its surplus;

(2) the corporation shall authorize the granting to the holders of the Common Stock of rights or warrants entitling them to subscribe for or purchase any shares of capital stock of any class or of any other rights;

(3) of any reclassification of the Common Stock (other than a subdivision or combination of outstanding shares of Common Stock), or of any consolidation, merger or share exchange to which the corporation is a party and for which approval of any shareholders of the corporation is required, or of the sale or transfer of all or substantially all the assets of the corporation; or

(4) of the voluntary or involuntary liquidation, dissolution or winding up of the

## Corporation;

then the corporation shall cause to be mailed to the holders of record of the outstanding shares of Series D Preferred Stock, at least twenty (20) days (or ten (10) days in any case specified in Paragraph (2)(a)5.(iii)(G)(1) or Paragraph (2)(a)5.(iii)(G)(2) above) prior to the applicable record or effective date hereinafter specified, a notice stating (a) the date as of which the holders of record of shares of Common Stock to be entitled to such dividend, distribution, rights or warrants is to be determined, or (b) the date on which such reclassification, consolidation, merger, share exchange, sale, transfer, liquidation, dissolution or winding up is expected to become effective and the date as of which it is expected that holders of record of Common Stock shall be entitled to exchange their shares for securities or other property, if any, deliverable upon such reclassification, consolidation, merger, share exchange, sale, transfer, liquidation, dissolution or winding up. Such notice shall also state whether such transaction will result in any adjustment in the Series D Conversion Price applicable to the Series D Preferred Stock and, if so, shall state what the adjusted Series D Conversion Price will be and when it will become effective. Neither the failure to give the notice required by this Paragraph (2)(a)5.(iii)(G), nor any defect therein, to any particular holder shall affect the sufficiency of the notice or the legality or validity of the proceedings described in Paragraph (2)(a)5.(iii)(G)(1) through Paragraph (2)(a)5.(iii)(G)(4).

- (iv) Reservation of Shares Issuable Upon Conversion. The corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, for the purpose of issuance upon conversion of Series D Preferred Stock, the full number of shares of Common Stock then issuable upon the conversion of all shares of Series D Preferred Stock then outstanding and shall take all action necessary so that shares of Common Stock so issued will be validly issued, fully paid and nonassessable.
- (v) Allocation of Costs. The corporation will pay any and all stamp or similar taxes that may be payable in respect of the issuance or delivery of shares of Common Stock on conversion of Series D Preferred Stock. The corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Series D Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person requesting such issuance has paid to the corporation the amount of any such tax or has established to the satisfaction of the corporation that such tax has been paid.
- (vi) Payment in Lieu of Fractional Shares. No fractional shares or scrip representing fractional shares of Common Stock shall be issued upon the conversion of Series D Preferred Stock. If any such conversion would otherwise require the issuance of such a fractional share, an amount equal to such fraction multiplied by the average of the average high and low sales price per share for the Common Stock, as reported on the Nasdaq National Market or such national securities exchange on which the Common Stock is primarily traded at the time of such computation, for thirty (30) consecutive trading days immediately preceding the date of conversion, shall be paid to the holder in cash by the corporation.

- (vii) Approval of Conversion. Conversion of shares of the Series D Preferred Stock held of record by Thomas D. Flanagan may be converted into shares of Common Stock pursuant to this Paragraph (2)(a)5 only if the conversion has received the prior approval of the Board of Governors of the Federal Reserve System or, where permitted to be approved by a Federal Reserve Bank, the prior approval of the appropriate Federal Reserve Bank, unless at the time of such redemption, such prior approval shall not be required under applicable laws, rules or regulations, or order of said Board of Governors.
- Liquidation Preference. In the event of a voluntary or involuntary liquidation, dissolution or winding up of the corporation, each holder of the Series D Preferred Stock shall be entitled to receive out of the assets of the corporation available for distribution to shareholders, after payment in full of all amounts owing to the holders of all shares of all classes or series of stock having rights senior to the Series D Preferred Stock upon the liquidation, dissolution or winding up of the corporation, an amount per share equal to, but no more than, the Series D Stated Value per share of each share of Series D Preferred Stock held by such holder, including all accrued and unpaid dividends, whether or not declared, to and including the date of the voluntary or involuntary liquidation, dissolution or winding up of the corporation. Until payment to the holders of the Series D Preferred Stock of all amounts owing as aforesaid, or until money or other assets sufficient for such payment shall have been set apart from its other funds and assets for payment by the corporation, for the account of such holders, so as to be and continue to be available for payment to such holders, no payment or distribution upon such liquidation, dissolution or winding up shall be made to holders of shares ranking junior to, or on a parity with, the Series D Preferred Stock as to rights upon the liquidation, dissolution or winding up of the corporation. The Common Stock and each series of Preferred Stock shall be junior to the Series D Preferred Stock as to rights upon the liquidation, dissolution or liquidation or winding up of the corporation, except that the Series E Preferred Stock shall be on a parity with the Series D Preferred Stock with respect to the right to receive payment or distribution upon the liquidation, dissolution or liquidation or winding up of the corporation. If upon any such liquidation, dissolution or winding up, the assets of the corporation available for payment and distribution to shareholders are insufficient to make payment in full, as hereinabove provided, to the holders of the Series D Preferred Stock and the holders of all other shares of Preferred Stock which rank on a parity with the Series D Preferred Stock as to rights upon the liquidation, dissolution or winding up of the corporation, payment shall be made to such holders ratably in accordance with the liquidation value of shares held by them, respectively.

Neither a consolidation nor merger of the corporation with or into any other corporation, nor a merger of any other corporation into the corporation, nor the purchase or redemption of all or any part of the outstanding shares of any class or classes of stock of the corporation, nor the sale or transfer of properties of the corporation substantially as an entirety, shall be construed to be a liquidation, dissolution or winding up of the corporation within the meaning of the foregoing provisions.

7. <u>Business Combinations and Other Transactions</u>. The Corporation shall not effect a merger, consolidation, reorganization, recapitalization or similar transaction or an exchange of securities with another party unless, following such merger, consolidation, reorganization, recapitalization, similar transaction or exchange of securities, (i) the Series D Preferred Stock will remain issued and outstanding, or (ii) provision shall have been made for the

issuance to the holders of the Series D Preferred Stock of another series of preferred stock with powers, preferences and special rights substantially identical to those of the Series D Preferred Stock.

- 8. <u>Voting of Series D Preferred Stock</u>. The holders of the Series D Preferred Stock shall have no right to vote upon any matter except as shall be affirmatively provided in the Ohio General Corporation Law.
- (b) **Series E Perpetual Preferred Stock.** Two-Thousand shares of preferred stock of the corporation shall be designated "Series E Perpetual Preferred Stock" and shall have the rights, preferences and entitlements that follow:
- 1. <u>Designation and Amount</u>. The shares of such series shall be designated as Series E Perpetual Preferred Stock (the "Series E Preferred Stock"), which shall be a closed series consisting of 2,000 shares of cumulative perpetual preferred stock. The number of authorized shares of Series E Preferred Stock may not be increased or decreased. Each share of the Series E Preferred Stock shall have a stated value of \$1,000 per share (the "Series E Stated Value").

## 2. <u>Dividends</u>.

- (i) Entitlement. The holders of Series E Preferred Stock shall be entitled to receive, as and when declared payable by the Board of Directors from funds of the corporation legally available for the payment thereof, cumulative preferred dividends in lawful money of the United States of America at the applicable rate fixed and determined as herein authorized, and no more, payable quarterly on the last day of each March, June, September, and December (the "Series E Dividend Payment Dates") in each year with respect to the quarterly period beginning on the first day of each calendar quarter and ending on each such respective payment date (the "Series E Dividend Period") to shareholders of record on a date, to be fixed by the Board of Directors, not exceeding forty (40) days preceding each Series E Dividend Payment Date. Accumulations of dividends shall not bear interest. The initial dividend payment for Series E Preferred Stock will accrue from the date such series is issued and will be payable on the first Series E Dividend Payment Date following such date. The annual rate of preferred dividends on each share of Series E Preferred Stock shall be the product of the applicable Series E Dividend Rate (as hereinafter described) and the Series E Stated Value, payable in quarterly installments, provided, however, that if any change in the Series E Dividend Rate shall occur the dividends payable for that part of the Series E Dividend Period occurring prior to such change shall be payable on the basis of the Series E Dividend Rate in effect prior to such change and the dividends payable for that part of the Series E Dividend Period from and after such change shall be payable on the basis of the Series E Dividend Rate then becoming effective and such determination shall be made on the basis of a thirty (30) day month and a three hundred and sixty (360) day year.
- (ii) Series E Dividend Rate. The rate of preferred dividends per share of the Series E Preferred Stock per annum based on the Series E Stated Value (the "Series E Dividend Rate") shall be eight percent (8%).

- (iii) *Cumulative and Perpetual*. Dividends payable on account of the Series E Preferred Stock shall be cumulative and shall be paid, from funds of the corporation legally available for the payment thereof, so long as any shares of the Series E Preferred Stock are outstanding.
- (iv) Restrictions on Dividend Payments. All shares of the Common Stock and each series of Preferred Stock shall rank junior to the Series E Preferred Stock as to dividends, except that the Series D Preferred Stock shall rank senior to the Series E Preferred Stock as to dividends.

So long as any shares of the Series E Preferred Stock remain outstanding, no dividend shall be paid or declared, or declared and set apart for payment, or other distribution made, on the shares of any class of stock ranking, as to dividend rights, junior to the Series E Preferred Stock, nor shall any shares of any class of stock (or series thereof) of the corporation ranking, as to dividend rights, junior to, or on a parity with, the Series E Preferred Stock, be purchased, redeemed or otherwise acquired for value by the corporation, unless dividends on the Series E Preferred Stock shall have been declared and paid, or declared and set apart for payment, for all past Series E Dividend Periods ending immediately prior to the date on which such dividend, distribution, purchase, redemption or acquisition is to occur and the then current Series E Dividend Period; provided, however, that the foregoing restrictions shall not apply (a) to the declaration and payment, on shares ranking junior to the Series E Preferred Stock as to dividend rights, of dividends payable solely in shares of stock of any class of shares ranking junior to the Series E Preferred Stock as to dividend rights or, (b) to the acquisition of any shares ranking junior to, or on a parity with, the Series E Preferred Stock as to dividend rights through application of the proceeds of the issue and sale of any class of any shares ranking junior to, or on a parity, with the Series E Preferred Stock as to dividend rights sold at or about the time of such acquisition. No dividends shall be paid or declared, or declared and set apart for payment, or other distribution made on any shares of any class of stock (or series thereof) of the corporation ranking, as to dividend rights, on a parity with the Series E Preferred Stock for any dividend period unless, at the same time, a like proportion of dividends for the same or similar dividend period, ratably in proportion to the respective annual dividend rate fixed therefor, shall be paid or declared, or declared and set apart for payment, on all shares of Series E Preferred Stock.

- 3. <u>Status of Reacquired Shares</u>. The corporation shall retire any of the shares of the Series E Preferred Stock that are converted into cash pursuant to Paragraph (2)(b)5., or that it repurchases or otherwise acquires, and such shares shall not be reissued as shares of Series E Preferred Stock but shall revert to authorized but unissued shares of Preferred Stock and may be reissued as shares of a different series of Preferred Stock in any future designation by the Board of Directors.
- 4. <u>Restriction on Issuance of Additional Preferred Stock</u>. So long as any shares of the Series E Preferred Stock are outstanding, the corporation shall not issue any securities ranking senior to, or on a parity with, the Series E Preferred Stock as to dividend rights or rights upon the liquidation, dissolution or winding up of the corporation without the prior approval of the holders of a majority of the Series E Preferred Stock.

- Change of Control. In the event of a Change of Control (as defined below) of the corporation that is not 5. approved by the holders of a majority of the outstanding shares of the Series E Preferred Stock and upon the approval of the holders of a majority of the outstanding shares of Series E Preferred Stock, the shares of Series E Preferred Stock then outstanding shall convert into the right to receive a cash payment, effective as of the effective date of such Change of Control, (the "Change of Control Effective Date"), equal to the sum of (1) the value of the consideration exchanged or paid in connection with the Change of Control for such whole number of shares of Common Stock into which the shares of Series E Preferred Stock outstanding on the Change of Control Effective Date would be convertible if such shares were at the time shares of Series D Preferred Stock, and (2) the amount that would have been payable in lieu of fractional shares to a holder of such number of shares of Series D Preferred Stock upon conversion into Common Stock. For purposes of this Paragraph (2)(b)5. a "Change of Control" shall mean any merger, consolidation, reorganization, recapitalization or similar transaction, a tender offer by or exchange of securities with another party, or a combination of the foregoing, wherein another party or its affiliates shall acquire voting securities of the corporation which, together with voting securities already owned by such party or affiliates, exceeds 50% of the voting power of the corporation entitled to vote in the election of directors of the corporation. Any consideration paid in a Change of Control other than cash shall be valued for purposes of this Paragraph (2)(b)5. on the same basis that it was valued in good faith by the Board of Directors of the corporation in taking any action on or with respect to the Change of Control.
- 6. Liquidation Preference. In the event of a voluntary or involuntary liquidation, dissolution or winding up of the corporation, each holder of the Series E Preferred Stock shall be entitled to receive out of the assets of the corporation available for distribution to shareholders, after payment in full of all amounts owing to the holders of all shares of all classes or series of stock having rights senior to the Series E Preferred Stock upon the liquidation, dissolution or winding up of the corporation, an amount per share equal to, but no more than, the Series E Stated Value per share of each share of Series E Preferred Stock, including all accrued and unpaid dividends whether or not declared, to and including the date of the voluntary or involuntary liquidation, dissolution or winding up of the corporation. Until payment to the holders of the Series E Preferred Stock of all amounts owing as aforesaid, or until money or other assets sufficient for such payment shall have been set apart from its other funds and assets for payment by the corporation, for the account of such holders, so as to be and continue to be available for payment to such holders, no payment or distribution upon such liquidation, dissolution or winding up shall be made to holders of shares ranking junior to, or on a parity with, the Series E Preferred Stock as to rights upon the liquidation, dissolution or winding up. The Common Stock and each series of Preferred Stock shall be junior to the Series E Preferred Stock as to rights upon the liquidation, dissolution or liquidation or winding up of the corporation, except that the Series D Preferred Stock shall be on a parity with the Series E Preferred Stock with respect to the right to receive payment or distribution upon the liquidation, dissolution or liquidation or winding up of the corporation. If upon any such liquidation, dissolution or winding up, the assets of the corporation available for payment and distribution to shareholders are insufficient to make payment in full, as hereinabove provided, to the holders of

the Series E Preferred Stock and the holders of all other shares of Preferred Stock which rank on a parity with the Series E Preferred Stock as to rights upon the liquidation, dissolution or winding up of the corporation, payment shall be made to such holders ratably in accordance with the liquidation value of shares held by them, respectively.

Neither a consolidation nor merger of the corporation with or into any other corporation, nor a merger of any other corporation into the corporation, nor the purchase or redemption of all or any part of the outstanding shares of any class or classes of stock of the corporation, nor the sale or transfer of properties of the corporation substantially as an entirety, shall be construed to be a liquidation, dissolution or winding up of the corporation within the meaning of the foregoing provisions.

- 7. <u>Business Combinations and Other Transactions</u>. The Corporation shall not effect a merger, consolidation, reorganization, recapitalization or similar transaction or an exchange of securities with another party unless, following such merger, consolidation, reorganization, recapitalization, similar transaction or exchange of securities, (i) the Series E Preferred Stock will remain issued and outstanding, (ii) provision shall have been made for the issuance to the holders of the Series E Preferred Stock of another series of preferred stock with powers, preferences and special rights substantially identical to those of the Series E Preferred Stock, or (iii) the holders of a majority of the outstanding shares of the Series E Preferred Stock shall have approved the conversion of the outstanding shares of Series E Preferred Stock into the right to receive a cash payment in accordance with Paragraph (2)(b)5.
- 8. <u>Voting of Series E Preferred Stock</u>. The holders of the Series E Preferred Stock shall have no right to vote upon any matter except as shall be affirmatively provided in the Ohio General Corporation Law.
- (c) **Designation and Number of Shares**. There is hereby created out of the authorized and unissued shares of preferred stock of the Corporation a series of preferred stock designated as the "Fixed Rate Cumulative Perpetual Preferred Stock, Series F" (the "Designated Preferred Stock"). The authorized number of shares of Designated Preferred Stock shall be 136,321. Each of the 136,321 shares of the Designated Preferred Stock, no par value, shall have a liquidation preference of \$25,000 per share, and \$3,408,025,000 in the aggregate.
- 1. <u>Standard Provisions</u>. The Standard Provisions contained in Annex A attached hereto are incorporated herein by reference in their entirety and shall be deemed to be a part of this Certificate of Designations to the same extent as if such provisions had been set forth in full herein.
- 2. <u>Definitions.</u> The following terms are used in this Certificate of Designations (including the Standard Provisions in Annex A hereto) as defined below:

year.

- (i) "Common Stock" means the common stock, par value \$0.00 per share, of the Corporation.
- (ii) "<u>Dividend Payment Date</u>" means March 31, June 30, September 30 and December 31 of each

- (iii) "<u>Junior Stock</u>" means the Common Stock and any other class or series of stock of the Corporation the terms of which expressly provide that it ranks junior to Designated Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Corporation.
  - (iv) "Liquidation Amount" means \$25,000 per share of Designated Preferred Stock.
  - (v) "Minimum Amount" means \$852,006,000.00.
- (vi) "Parity Stock" means any class or series of stock of the Corporation (other than Designated Preferred Stock) the terms of which do not expressly provide that such class or series will rank senior or junior to Designated Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Corporation (in each case without regard to whether dividends accrue cumulatively or non-cumulatively). Without limiting the foregoing, Parity Stock shall include the Corporation's Series G Preferred Stock.
  - (vii) "Signing Date" means the Original Issue Date.
- 3. <u>Certain Voting Matters.</u> Holders of shares of Designated Preferred Stock will be entitled to one vote for each such share on any matter on which holders of Designated Preferred Stock are entitled to vote, including any action by written consent.
- (d) **8.50% Non-Cumulative Perpetual Convertible Preferred Stock, Series G.** Forty-Six Thousand (46,000) shares of the preferred stock of the Corporation shall be designated "8.50% Non-Cumulative Perpetual Convertible Preferred Stock, Series G." Each of the Forty-Six Thousand (46,000) shares of the Series G Preferred Stock, no par value, shall have a liquidation preference of \$25,000 per share, and \$1,150,000,000 in the aggregate, and shall have the rights, preferences and entitlements that follow:
- 1. <u>Designation</u>. The shares of such series shall be designated as "8.50% Non-Cumulative Perpetual Convertible Preferred Stock, Series G" (the "Series G Preferred Stock").

# Dividends.

(i) Dividends on shares of Series G Preferred Stock will not be mandatory. Holders of the Series G Preferred Stock, in preference to the holders of the corporation's common stock and of any other shares of the corporation's stock ranking junior to the Series G Preferred Stock as to payment of dividends, will be entitled to receive, only when, as and if declared by the Board of Directors, out of funds legally available for payment, cash dividends. These dividends will be payable at a rate *per annum* equal to 8.50% (the "*Dividend Rate*"), applied to the \$25,000 liquidation preference per share, and will be paid on March 31, June 30, September 30 and December 31 of each year (each, a "*Dividend Payment Date*"), with

respect to the Dividend Period, or portion thereof, ending on the day preceding the respective Dividend Payment Date. A " *Dividend Period*" means each period commencing on (and including) a Dividend Payment Date and continuing to (but not including) the next succeeding Dividend Payment Date, except that the first Dividend Period for the initial issuance of the Series G Preferred Stock will commence upon the original issue date of the Series G Preferred Stock and be paid on September 30, 2008. Dividends will be paid to holders of record on the respective date fixed for that purpose by the Board of Directors in advance of payment of each particular dividend. If a Dividend Payment Date is not a business day, the applicable dividend shall be paid on the first business day following that day without adjustment. A "*business day*" means any day other than a Saturday, Sunday or any other day on which banking institutions and trust companies in New York, New York and Cincinnati, Ohio are permitted or required by any applicable law to close. The amount of dividends payable per share of Series G Preferred Stock on each Dividend Payment Date will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

(ii) Dividends on shares of Series G Preferred Stock will not be cumulative. Accordingly, if the Board of Directors does not declare a dividend on the Series G Preferred Stock payable in respect of any dividend period before the related Dividend Payment Date, such dividend will not accrue and the corporation will have no obligation to pay a dividend for that dividend period on the Dividend Payment Date or at any future time, whether or not dividends on the Series G Preferred Stock are declared for any future dividend period.

## 3. Ranking.

- (i) With respect to the payment of dividends and the amounts to be paid upon liquidation, the Series G Preferred Stock will rank (a) senior to the corporation's common stock and all other equity securities designated as ranking junior to the Series G Preferred Stock, which will include all future issuances of preferred stock, other than those series designated as ranking on parity with it; (b) at least equally with all other equity securities designated as ranking on a parity with the Series G Preferred Stock with respect to the payment of dividends and distribution of assets upon any liquidation, dissolution or winding-up of the corporation; and (c) junior to the Series D Preferred Stock (as defined in Paragraph A(2)(a) of this Article Fourth) and Series E Preferred Stock (as defined in Paragraph A(2)(b) of this Article Fourth).
- (ii) The corporation will not issue any series of preferred stock in the future that ranks senior to the Series G Preferred Stock, but the corporation may issue additional series ranking junior to or on a parity with the Series G Preferred Stock with respect to the payment of dividends and distribution of assets upon any liquidation, dissolution or winding up of the corporation. The corporation's common stock and any other equity securities designated as ranking junior to the Series G Preferred Stock are referred to herein as "junior stock."
- (iii) So long as any shares of Series G Preferred Stock remain outstanding, unless the full dividends for the then-current Dividend Period on all outstanding shares of Series G Preferred Stock have been paid, or declared and funds set aside therefor, on any day in the immediately succeeding Dividend Period: (a) no dividend whatsoever shall be

declared on any junior stock, other than a dividend payable solely in junior stock; and (b) the corporation and its subsidiaries may not purchase, redeem or otherwise acquire for consideration (other than as a result of reclassification of junior stock for or into junior stock, or the exchange or conversion of one share of junior stock for or into another share of junior stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of junior stock), nor will the corporation pay to or make available any monies for a sinking fund for the redemption of any junior stock.

- (iv) On any Dividend Payment Date for which full dividends are not paid, or declared and funds set aside therefor, upon the Series G Preferred Stock and any shares of any class or series or any securities convertible into shares of any class or series of other equity securities designated as ranking on a parity with the Series G Preferred Stock as to payment of dividends ( "Dividend Parity Stock"), all dividends paid or declared for payment on that Dividend Payment Date with respect to the Series G Preferred Stock and the Dividend Parity Stock shall be shared: (a) first ratably by the holders of any shares of such other series of Dividend Parity Stock who have the right to receive dividends with respect to Dividend Periods prior to the then-current Dividend Period, in proportion to their respective amounts of the undeclared and unpaid dividends relating to prior Dividend Periods; and (b) thereafter by the holders of the shares of Series G Preferred Stock and the Dividend Parity Stock on a pro rata basis.
- (v) The corporation will not issue any new series of preferred stock having dividend payment dates that are not a March 31, June 30, September 30 and December 31 (or the next business day, if applicable).

#### Conversion.

(i) Optional Conversion Right. Each share of the Series G Preferred Stock may be converted at any time, at the option of the holder, into 2,159.8272 shares of the corporation's common stock plus cash in lieu of fractional shares, subject to anti-dilution adjustments (such rate or adjusted rate, the "conversion rate").

The conversion rate and the corresponding conversion price in effect at any given time are referred to as the "applicable conversion rate" and the "applicable conversion price," respectively, and will be subject to adjustment as described below. The applicable conversion price at any given time will be computed by dividing \$25,000 by the applicable conversion rate at such time.

If the conversion date is prior to the record date for any declared dividend on Series G Preferred Stock for the dividend period in which the holder elects to convert, the holder will not receive any declared dividends for that dividend period. If the conversion date is after the record date for any declared dividend and prior to the dividend payment date, the holder will receive that dividend on the relevant dividend payment date if the holder was the holder of record on the record date for that dividend; *however*, whether or not the holder was the holder of record on the record date, if the holder converts after a record date and prior to the related dividend payment date, the holder must pay to the conversion agent (as defined in Paragraph 4(xiii)) when the

holder converts the holder's shares of Series G Preferred Stock an amount in cash equal to the full dividend actually paid on the dividend payment date for the then-current dividend period on the shares being converted, unless the holder's shares of Series G Preferred Stock are being converted as a consequence of a mandatory conversion at the option of the corporation, a make-whole acquisition or a fundamental change as described below in Paragraph 4(ii), Paragraph 4(v) and Paragraph 4(vi).

The corporation will pay any and all stock transfer, documentary, stamp and similar taxes that may be payable in respect of any issuance or delivery of shares of Series G Preferred Stock or shares of the corporation's common stock or other securities issued on account of Series G Preferred Stock or certificates representing such shares or securities. The corporation will not, however, be required to pay any such tax that may be payable in respect of any transfer involved in the issuance or delivery of shares of Series G Preferred Stock, shares of the corporation's common stock or other securities in a name other than that in which the shares of Series G Preferred Stock with respect to which such shares or other securities are issued or delivered were registered, or in respect of any payment to any person other than a payment to the registered holder thereof, and will not be required to make any such issuance, delivery or payment unless and until the person otherwise entitled to such issuance, delivery or payment has paid to the corporation the amount of any such tax or has established, to the satisfaction of the corporation, that such tax has been paid or is not payable.

Mandatory Conversion at the Option of the corporation. On or after June 30, 2013, the corporation (ii) may, at its option, at any time or from time to time cause some or all of the Series G Preferred Stock to be converted into shares of the corporation's common stock at the then applicable conversion rate. The corporation may exercise its conversion right if, for twenty (20) trading days within any period of thirty (30) consecutive trading days, including the last trading day of such period, ending on the trading day preceding the date the corporation gives notice of mandatory conversion, the closing price of the corporation's common stock exceeds 130% of the then applicable conversion price of the Series G Preferred Stock. If less than all of the Series G Preferred Stock are converted, the conversion agent will select the Series G Preferred Stock to be converted by lot, or on a pro rata basis or by another method the conversion agent considers fair and appropriate, including any method required by The Depository Trust Company ("DTC") or any successor depositary (so long as such method is not prohibited by the rules of any stock exchange or quotation association on which the Series G Preferred Stock is then traded or quoted). If the conversion agent selects a portion of a holder's shares of Series G Preferred Stock for partial mandatory conversion and the holder converts a portion of the holder's shares of Series G Preferred Stock at the same time, the portion converted at the holder's option will reduce the portion of the holder's Series G Preferred Stock selected for mandatory conversion. The "closing price" of the corporation's common stock on any date of determination means the closing sale price or, if no closing sale price is reported, the last reported sale price per share of the corporation's common stock on the NASDAQ Global Select Market on that date. If the shares of the corporation's common stock are not traded on the NASDAQ Global Select Market on any date of determination, the closing price of the corporation's common stock on any date of determination means the closing sale price as reported in the composite transactions for the principal U.S. national or regional securities exchange on which the corporation's common stock is so listed or quoted, or, if no

closing price is reported, the last reported sale price on the principal U.S. national or regional securities exchange on which the corporation's common stock is so listed or quoted, or if the corporation's common stock is not so listed or quoted on a U.S. national or regional securities exchange, the last quoted bid price for the corporation's common stock in the over-the-counter market as reported by Pink Sheets LLC or a similar organization, or, if that bid price is not available, the market price of the corporation's common stock on that date as determined by a nationally recognized independent investment banking firm (unaffiliated with the corporation) retained by the corporation for this purpose. The "closing price" for any other share of capital stock shall be determined on a comparable basis. A "trading day" is a day on which the corporation's common stock: (a) are not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business; and (b) have traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the corporation's common stock.

For purposes of calculating the "closing price" of the corporation's common stock, if a reorganization event (as defined in Paragraph 4(vii) below) has occurred and (1) the exchange property (as defined in Section 4(vii)) consists only of shares of the corporation's common stock, the "closing price" shall be based on the closing price of such shares of the corporation's common stock; (2) the exchange property consists only of cash, the "closing price" shall be the cash amount paid per share; and (3) the exchange property consists of securities, cash and/or other property, the "closing price" shall be based on the sum, as applicable, of (x) the closing price of the corporation's common stock, (y) the cash amount paid per share and (z) the value (as determined by the Board of Directors from time-to-time) of any other securities or property paid to the corporation's shareholders in connection with the reorganization event.

All references to the closing price and last reported sale price of one of the shares of the corporation's common stock on the NASDAQ Global Select Market shall be such closing price and last reported sale price as reflected on the website of the NASDAQ Global Select Market (http://www.nasdaq.com) and as reported by Bloomberg Professional Service; provided that in the event that there is a discrepancy between the closing sale price as reflected on the website of the NASDAQ Global Select Market and as reported by Bloomberg Professional Service, the closing sale price and last reported sale price on the website of the NASDAQ Global Select Market shall govern.

To exercise the mandatory conversion right described above, the corporation must give notice (i) by providing a notice of such conversion to each holder of the corporation's Series G Preferred Stock or (ii) issuing a press release and making this information available on the corporation's website. The conversion date will be a date selected by the corporation (the "mandatory conversion date") and will be no less than ten days, and no more than twenty (20) days, after the date on which the corporation provides such notice of mandatory conversion or issues such press release. In addition to any information required by applicable law or regulation, the notice of mandatory conversion and press release shall state, as appropriate: (a) the mandatory conversion date; (b) the number shares of the corporation's common stock to be issued upon conversion of each share of Series G Preferred Stock; and (c) the number of shares of Series G Preferred Stock to be converted.

(iii) <u>Limitation on Beneficial Ownership</u>. Notwithstanding the foregoing, no holder of Series G Preferred Stock will be entitled to receive shares of the corporation's common stock upon conversion to the extent (but only to the extent) that such receipt would cause such converting holder to become, directly or indirectly, a "beneficial owner" (within the meaning of Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder) of more than 9.9% of the shares of the corporation's common stock outstanding at such time. Any purported delivery of the corporation's common stock upon conversion of Series G Preferred Stock shall be void and have no effect to the extent, but only to the extent, that such delivery would result in the converting holder becoming the beneficial owner of more than 9.9% of the shares of the corporation's common stock outstanding at such time. If any delivery of the corporation's common stock owed to a holder upon conversion of Series G Preferred Stock is not made, in whole or in part, as a result of this limitation, the corporation's obligation to make such delivery shall not be extinguished and the corporation shall deliver such shares as promptly as practicable after any such converting holder gives notice to the corporation that such delivery would not result in it being the beneficial owner of more than 9.9% of the corporation's common stock outstanding at such time. This limitation on beneficial ownership shall not constrain in any event the corporation's ability to exercise its right to cause the Series G Preferred Stock to convert mandatorily.

on the mandatory conversion date or any applicable conversion date (as defined below). On the mandatory conversion date, certificates representing shares of the corporation's common stock will be issued and delivered to the holder or the holder's designee upon presentation and surrender of the certificate evidencing the Series G Preferred Stock to the conversion agent if shares of the Series G Preferred Stock are held in certificated form, and upon compliance with some additional procedures described below. If a holder's interest is a beneficial interest in a global certificate representing Series G Preferred Stock, a book-entry transfer through DTC will be made by the conversion agent upon compliance with the depositary's procedures for converting a beneficial interest in a global security. On the date of any conversion at the option of the holders, if a holder's interest is in certificated form, a holder must do each of the following in order to convert: (a) complete and manually sign the conversion notice provided by the conversion agent, or a facsimile of the conversion notice, and deliver this irrevocable notice to the conversion agent; (b) surrender the shares of Series G Preferred Stock to the conversion agent; (c) if required, furnish appropriate endorsements and transfer documents; (d) if required, pay all transfer or similar taxes; and (e) if required, pay funds equal to any declared and unpaid dividend payable on the next dividend payment date.

If a holder's interest is a beneficial interest in a global certificate representing Series G Preferred Stock, in order to convert, a holder must comply with the last three requirements listed above and comply with the depositary's procedures for converting a beneficial interest in a global security. The date on which a holder complies with the foregoing procedures is the "conversion date."

A holder may obtain copies of the required form of the conversion notice from the conversion agent. The conversion agent will, on a holder's behalf, convert the Series G

Preferred Stock into the corporation's common stock, in accordance with the terms of the notice delivered by the corporation described below. Payments of cash for dividends and in lieu of fractional shares and, if the corporation's common stock is to be delivered, a bookentry transfer through DTC will be made by the conversion agent.

The person or persons entitled to receive shares of the corporation's common stock and/or securities issuable upon conversion of the Series G Preferred Stock will be treated as the record holder(s) of such shares as of the close of business on the applicable conversion date. Prior to the close of business on the applicable conversion date, the shares of the corporation's common stock and/or securities issuable upon conversion of the Series G Preferred Stock will not be deemed to be outstanding for any purpose and the holder will have no rights with respect to the corporation's common stock, including voting rights, rights to respond to tender offers and rights to receive any dividends or other distributions on the corporation's common stock or other securities issuable upon conversion, by virtue of holding the Series G Preferred Stock.

### (v) <u>Conversion Upon Certain Acquisitions</u>.

General. The following provisions will apply if, prior to the conversion date, one of the following events occur prior to the conversion date for shares of Series G Preferred Stock: (i) a "person" or "group" within the meaning of Section 13(d) of the Exchange Act files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect ultimate "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of shares of the corporation's capital stock entitling such person or group to exercise 50% or more of the total voting power of all shares of the corporation's capital stock; or (ii) consummation of any consolidation or merger of the corporation or similar transaction or any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of the corporation and its subsidiaries, taken as a whole, to any person other than one of the corporation's subsidiaries, in each case pursuant to which the corporation's common stock will be converted into cash, securities or other property, other than pursuant to a transaction in which the persons that "beneficially owned" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, voting shares immediately prior to such transaction beneficially own, directly or indirectly, voting shares representing a majority of the total voting power of all outstanding classes of voting shares of the continuing or surviving person immediately after the transaction. These transactions are referred to as "make-whole acquisitions;" provided, however, that a make-whole acquisition will not be deemed to have occurred if (x) at least 90% of the consideration (as determined by the Board of Directors) received by holders of the corporation's common stock in the transaction or transactions consists of shares of the corporation's common stock or American Depositary Receipts in respect of shares of the corporation's common stock that are traded on a U.S. national securities exchange or that will be traded on a U.S. national securities exchange when issued or exchanged in connection with a make-whole acquisition and (y) such transaction or transactions are a reorganization event (as described below in Paragraph 4(vii) with the consequence that each share of Series G Preferred Stock outstanding immediately prior to such transaction or transactions will become convertible into such shares of the corporation's common stock or American Depositary Receipts in respect of shares of the corporation's common stock in such transaction or transactions. Upon a make-whole acquisition, the corporation will, under the

circumstances provided below in this Section 4(v), increase the conversion rate in respect of any conversions of the Series G Preferred Stock that occur during the period (the "make-whole acquisition conversion period") beginning on the effective date of the make-whole acquisition (the "make-whole acquisition effective date") and ending on the date that is thirty (30) days after the make-whole acquisition effective date, by a number of additional shares of the corporation's common stock (the "make-whole shares") as described below.

The corporation will notify holders, at least twenty (20) days prior to the anticipated make-whole acquisition effective date of such make-whole acquisition, or within two business days of becoming aware of a make-whole acquisition described in Paragraph 4(v)(a)(i) of the anticipated make-whole acquisition effective date of such transaction. The notice will specify the anticipated makewhole acquisition effective date of the make-whole acquisition and the date by which each holder's make-whole acquisition conversion right must be exercised, which shall be thirty (30) days after the make-whole acquisition effective date. The corporation will also notify holders on the make-whole acquisition effective date of such make-whole acquisition, or as soon as practicable thereafter, specifying, among other things, the date that is thirty (30) days after the make-whole acquisition effective date, the number of make-whole shares and the amount of the cash, securities and other consideration receivable by the holder upon conversion. To exercise the make-whole acquisition conversion right, a holder must deliver to the conversion agent, on or before the close of business on the date specified in the notice, the certificate evidencing such holder's shares of the Series G Preferred Stock, if the shares of the Series G Preferred Stock are held in certificated form. If a holder's interest is a beneficial interest in a global certificate representing Series G Preferred Stock, in order to convert a holder must comply with the requirements listed above in Paragraph 4(iv) and comply with the depositary's procedures for converting a beneficial interest in a global security. The date that the holder complies with these requirements is referred to as the "make-whole conversion date." If a holder does not elect to exercise the make-whole acquisition conversion right within the specified period, such holder's shares of the Series G Preferred Stock will remain outstanding until otherwise converted but will not be eligible to receive make-whole shares.

(b) *Make-Whole Shares*. The following table sets forth the number of make-whole shares per share of Series G Preferred Stock for each share price and effective date set forth below:

Common Stock Price		June 25, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	Thereafter
	\$9.26	539.9568	539.9568	539.9568	539.9568	535.4657	539.9568	539.9568
	\$10.00	507.7434	479.3367	458.2452	442.3782	421.6382	439.6154	435.4400
	\$11.50	373.3951	345.2667	322.2862	298.7240	267.3819	266.8385	261.2518
	\$13.00	283.2983	258.3703	233.8376	204.7061	164.5931	130.8016	134.0156
	\$15.05	209.7587	186.8266	165.4783	134.2429	90.7086	0.7189	0.9596
	\$17.50	152.3791	133.5064	114.7792	86.6998	46.6655	-	-
	\$20.00	118.6715	103.5533	88.6562	64.3948	32.6515	-	-
	\$22.50	96.7425	84.4161	72.7387	52.2759	26.5248	-	-

\$25.00	81.2203	71.2120	62.0169	44.6319	22.8395	-	-
\$30.00	60.5934	53.8142	48.0275	34.8204	17.8425	-	-
\$40.00	37.9361	34.2680	31.8490	23.3217	11.7063	-	-
\$50.00	25.8236	23.4291	22.4928	16.5102	8.0380	-	-
\$60.00	18.4131	16.6115	16.4176	12.0103	5.6052	-	-
\$80.00	10.0753	8.7237	9.1358	6.4894	2.6035	-	-
\$100.00	5.6902	4.4637	5.0780	3.3018	0.8643	-	-
\$125.00	2.6300	1.4728	2.1313	0.9092	_	-	-

The exact common stock price and effective dates may not be set forth on the table, in which case:

- (i) if the common stock price is between two common stock price amounts on the table or the effective date is between two dates on the table, the number of make-whole shares will be determined by straight-line interpolation between the number of make-whole shares set forth for the higher and lower common stock price amounts and the two dates, as applicable, based on a 365-day year;
- (ii) if the common stock price is in excess of \$125.00 per share (subject to adjustment as described below), no make-whole shares will be issued upon conversion of the Series G Preferred Stock; and
- (iii) if the common stock price is less than \$9.26 per share (subject to adjustment as described below), no make-whole shares will be issued upon conversion of the Series G Preferred Stock.

The number of make-whole shares will be determined by reference to the table above and is based on the make-whole acquisition effective date and the price (the "share price") paid per share of the corporation's common stock in such transaction. If the holders of the corporation's common stock receive only cash (in a single per-share amount, other than with respect to appraisal and similar rights) in the make-whole acquisition, the share price shall be the cash amount paid per share. For purposes of the preceding sentence as applied to a make-whole acquisition described in Paragraph 4(v)(a)(x) above, a single price per share shall be deemed to have been paid only if the transaction or transactions that caused the person or group to become direct or indirect ultimate beneficial owners of the corporation's common stock representing more than 50% of the voting power of the corporation's common stock was a tender offer for more than 50% of the corporation's outstanding common stock. Otherwise, the share price shall be the average of the closing price per share of the corporation's common stock on the ten (10) trading days up to but not including the make-whole acquisition effective date.

The share prices set forth in the second column of the table will be adjusted as of any date on which the conversion rate of the Series G Preferred Stock is adjusted. The adjusted share prices will equal the share prices applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the conversion rate immediately prior to the adjustment

giving rise to the share price adjustment and the denominator of which is the conversion rate as so adjusted. Each of the number of make-whole shares in the table will be subject to adjustment in the same manner as the conversion rate as set forth under Paragraph 4(viii).

(vi) Conversion Upon Fundamental Change. In lieu of receiving the make-whole shares, if the reference price (as defined below) in connection with a make-whole acquisition is less than \$9.26, subject to adjustment (a "fundamental change"), a holder may elect to convert each share of Series G Preferred Stock during the period beginning on the effective date of the fundamental change and ending on the date that is thirty (30) days after the effective date of the fundamental change at an adjusted conversion price equal to the greater of (1) the reference price and (2) \$ 4.63, subject to adjustment (the "base price"). The base price will be adjusted as of any date that the conversion rate of the Series G Preferred Stock is adjusted. The adjusted base price will equal the base price applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the conversion rate immediately prior to the adjustment giving rise to the conversion rate adjustment and the denominator of which is the conversion rate as so adjusted. If the reference price is less than the base price, holders will receive a maximum of 5,399.5680 shares of the corporation's common stock per share of Series G Preferred Stock, subject to adjustment, which may result in a holder receiving value that is less than the liquidation preference of the Series G Preferred Stock. In lieu of issuing shares of the corporation's common stock upon conversion in the event of a fundamental change, the corporation may at its option, and the corporation obtains any necessary regulatory approval, make a cash payment equal to the reference price for each share of the corporation's common stock otherwise issuable upon conversion.

The "reference price" shall be the "share price" as defined above in the paragraph immediately succeeding the table under Paragraph 4(v).

To exercise the fundamental change conversion right, a holder must comply with the requirements listed above under Paragraph 4(iv) on or before the date that is thirty (30) days following the effectiveness of the fundamental change and indicate that it is exercising the fundamental change conversion right. If a holder does not elect to exercise the fundamental change conversion right, such holder will not be eligible to convert such holder's shares at the base price and such holder's shares of the Series G Preferred Stock will remain outstanding until otherwise converted.

The corporation will notify holders, at least twenty (20) days prior to the anticipated effective date of a fundamental change, or within two business days of becoming aware of a make-whole acquisition described in the Paragraph 4(v)(a)(i) of the anticipated effective date of such transaction. The notice will specify the anticipated effective date of the fundamental change and the date by which each holder's fundamental change conversion right must be exercised. The corporation also will provide notice to holders on the effective date of a fundamental change, or as soon as practicable thereafter, specifying, among other things, the date that is thirty (30) days after the effective date, the adjusted conversion price following the fundamental change and the amount of the cash, securities and other consideration receivable by the holder upon conversion. To exercise the fundamental change conversion right, a holder must comply with the requirements listed above in Paragraph 4(iv) on or before the date that is thirty

(30) days following the effectiveness of the fundamental change and indicate that it is exercising the fundamental change conversion right. If a holder does not elect to exercise the fundamental change conversion right within such period, such holder will not be eligible to convert such holder's shares at the base price and such holder's shares of Series G Preferred Stock will remain outstanding (subject to the holder electing to convert such holder's shares as described above in Paragraph 4(v).

(vii) Reorganization Events. In the event of: (a) any consolidation or merger of the corporation with or into another person in each case pursuant to which the corporation's common stock will be converted into cash, securities or other property of the corporation or another person; (b) any sale, transfer, lease or conveyance to another person of all or substantially all of the consolidated assets of the corporation and its subsidiaries, taken as a whole, in each case pursuant to which the corporation's common stock will be converted into cash, securities or other property; (c) any reclassification of the corporation's common stock into securities, including securities other than the corporation's common stock; or (d) any statutory exchange of the corporation's securities with another person (other than in connection with a merger or acquisition, each of which is referred to as a "reorganization event," each share of the Series G Preferred Stock outstanding immediately prior to such reorganization event will, without the consent of the holders of the Series G Preferred Stock, become convertible into the types and amounts of securities, cash and other property receivable in such reorganization event by a holder of the corporation's common stock that was not the counterparty to the reorganization event or an affiliate of such other party (such securities, cash and other property, the "exchange property"). In the event that holders of the corporation's common stock have the opportunity to elect the form of consideration to be received in such transaction, the consideration that the holders of the Series G Preferred Stock are entitled to receive will be deemed to be the types and amounts of consideration received by the majority of the holders of the corporation's common stock that affirmatively make an election. In the event that holders of the corporation's common stock either (i) do not have the opportunity to elect the form of consideration to be received in the transaction or (ii) do not make any such election, the consideration that the holders of the Series G Preferred Stock are entitled to receive will be deemed to be the type and amount of consideration received by the holders of the corporation's common stock (and in the same proportions). Holders have the right to convert their shares of Series G Preferred Stock in the event of certain acquisitions as described in Paragraph 4(vi) and Paragraph 4(vi).

(viii) <u>Anti-Dilution Rate Adjustments</u>. The conversion rate will be adjusted, without duplication, if certain events occur:

(a) the issuance of the corporation's common stock as a dividend or distribution to all holders of the corporation's common stock, or a subdivision or combination of the corporation's common stock (other than in connection with a transaction constituting a reorganization event), in which event the conversion rate will be adjusted based on the following formula:

 $CR1 = CR0 \times (OS1 \div OS0)$ 

where,

CR0 = the conversion rate in effect at the close of business on the record date

CR1 = the conversion rate in effect immediately after the record date

OS0 = the number of shares of the corporation's common stock outstanding at the close of business on the record

date prior to giving effect to such event

OS1 = the number of shares of the corporation's common stock that would be outstanding immediately after, and

solely as a result of, such event

Notwithstanding the foregoing, (1) no adjustment will be made for the issuance of the corporation's common stock as a dividend or distribution to all holders of the corporation's common stock that is made in lieu of a quarterly or annual cash dividend or distribution to such holders, to the extent such dividend or distribution does not exceed the applicable "dividend threshold amount" (as defined below) (with the amount of any such dividend or distribution equaling the number of such shares being issued multiplied by the average of the VWAP of the corporation's common stock over each of the five consecutive VWAP trading days prior to the ex-date for such dividend or distribution) and (2) in the event any dividend, distribution, subdivision or combination that is the subject of this Paragraph 4(viii)(a) is declared but not so paid or made, the conversion rate shall be immediately readjusted, effective as of the date the Board of Directors publicly announces its decision not to pay or make such dividend or distribution or effect such subdivision or combination, to the conversion rate that would then be in effect if such dividend or distribution had not been declared or such subdivision or combination had not been announced.

(b) the issuance to all holders of the corporation's common stock of certain rights or warrants (other than rights issued pursuant to a shareholder rights plan or rights or warrants issued in connection with a transaction constituting a reorganization event) entitling them for a period expiring sixty (60) days or less from the date of issuance of such rights or warrants to purchase shares of the corporation's common stock (or securities convertible into the corporation's common stock) at less than (or having a conversion price per share less than) the current market price of the shares of the corporation's common stock as of the record date, in which event the conversion rate will be adjusted based on the following formula:

CR1	=	$CR0 \times [(OS0 + X) \div (OS0 + Y)]$
where,		
CR0	=	the conversion rate in effect at the close of business on the record date
CR1	=	the conversion rate in effect immediately after the record date
OS0	=	the number of shares of the corporation's common stock outstanding at the close of business on the record date
X	=	the total number of shares of the corporation's common stock issuable pursuant to such rights or warrants (or upon conversion of such securities)
Y	=	the number of shares equal to quotient of the aggregate price payable to exercise such rights or warrants (or the conversion price for such securities paid upon conversion) divided by the average of the VWAP of shares of

the corporation's common stock over each of the ten consecutive VWAP trading days prior to the Business Day immediately preceding the announcement of the issuance of such rights or warrants

Notwithstanding the foregoing, (1) in the event that such rights or warrants described in this Section 4(viii)(b) are not so issued, the conversion rate shall be immediately readjusted, effective as of the date the Board of Directors publicly announces its decision not to issue such rights or warrants, to the conversion rate that would then be in effect if such issuance had not been declared and (2) to the extent that such rights or warrants are not exercised prior to their expiration or shares of the corporation's common stock are otherwise not delivered pursuant to such rights or warrants upon the exercise of such rights or warrants, the conversion rate shall be readjusted to the conversion rate that would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of the corporation's common stock actually delivered.

In determining the aggregate price payable for such shares of the corporation's common stock, there shall be taken into account any consideration received by the corporation for such rights or warrants and the value of such consideration (if other than cash, to be determined by the Board of Directors). If an adjustment to the conversion rate may be required pursuant to this Paragraph 4(viii)(b) delivery of any additional shares of the corporation's common stock that may be deliverable upon conversion as a result of an adjustment required pursuant to this Paragraph 4(viii)(b) shall be delayed to the extent necessary in order to complete the calculations provided for in this Paragraph 4(viii)(b).

(c) the dividend or other distribution to all holders of shares of the corporation's capital stock (other than shares of the corporation's common stock) or evidences of the corporation's indebtedness or the corporation's assets (excluding any dividend, distribution or issuance covered by clauses (a) or (b) above or (d) below, any dividend or distribution in connection with a transaction constituting a reorganization event or any spin-off to which the provisions set forth below in this clause (c) apply) in which event the conversion rate will be adjusted based on the following formula:

 $CR1 = CR0 x [SP0 \div (SP0 - FMV)]$ 

where,

CR0 = the conversion rate in effect at the close of business on the record date

CR1 = the conversion rate in effect immediately after the record date

SP0 = the current market price as of the record date

FMV = the fair market value (as determined by the Board of Directors) on the record date of the shares of capital

stock, evidences of indebtedness or assets so distributed, applicable to one of the shares of the corporation's

common stock

However, if the transaction that gives rise to an adjustment pursuant to this clause (c) is one pursuant to which the payment of a dividend or other distribution on the shares of the

corporation's common stock consists of shares of capital stock of, or similar equity interests in, a subsidiary or other business unit of the corporation (*i.e.*, a spin-off) that are, or, when issued, will be, traded or quoted on the NYSE, the NASDAQ Stock Market or any other national or regional securities exchange or market, then the conversion rate will instead be adjusted based on the following formula:

 $CR1 = CR0 \times [(FMV0 + MP0) \div MP0]$ 

where,

CR0 = the conversion rate in effect at the close of business on the record date

CR1 = the conversion rate in effect immediately after the record date

FMV0 = the average of the VWAP of the capital stock or similar equity interests distributed to holders of the corporation's common stock applicable to one of the shares of the corporation's common stock over each of the ten consecutive VWAP trading days commencing on and including the third VWAP trading day after the date on which "ex-distribution trading" commences for such dividend or distribution on the NYSE or such other national or regional exchange or association or over-the-counter market or if not so traded or quoted, the fair market value of the capital stock or similar equity interests distributed to holders of the corporation's common stock applicable to one of shares of the corporation's common stock as

determined by the Board of Directors

MP0 = the average of the VWAP of the corporation's common stock over each of the ten consecutive VWAP trading days commencing on and including the third VWAP trading day after the date on which "exdistribution trading" commences for such dividend or distribution on the NYSE, the NASDAQ Global Select Market or such other national or regional exchange or association or over-the-counter market on which the corporation's common stock is then traded or quoted

Notwithstanding the foregoing, (1) if any dividend or distribution of the type described in this Paragraph 4(viii)(c) is declared but not so paid or made, the conversion rate shall be immediately readjusted, effective as of the date the Board of Directors publicly announces its decision not to pay such dividend or distribution, to the conversion rate that would then be in effect if such dividend or distribution had not been declared. If an adjustment to the Conversion Rate may be required under this Paragraph 4(viii)(c), delivery of any additional shares of the corporation's common stock that may be deliverable upon conversion as a result of an adjustment required under this Paragraph 4(viii)(c) shall be delayed to the extent necessary in order to complete the calculations provided for in this Paragraph 4(viii)(c).

(d) The corporation makes a distribution consisting exclusively of cash to all holders of shares of the corporation's common stock, excluding (a) any regular cash dividend on the shares of the corporation's common stock to the extent that the aggregate regular cash dividend per share of the corporation's common stock does not exceed \$0.15 in any fiscal quarter (the "dividend threshold amount") and (b) any consideration payable in connection with a tender or exchange offer made by the corporation or any of its subsidiaries referred to in clause (e) below, in which event, the conversion rate will be adjusted based on the following formula:

 $CR1 = CR0 x [(SP0 - T) \div (SP0 - C)]$ Where, CR0 =the conversion rate in effect at the close of business on the record date CR1 =the conversion rate in effect immediately after the record date

SP0 = the current market price as of the record date
T = the dividend threshold amount; *provided* that in the case of any dividend in a quarter other than the regular

quarterly dividend or distribution, the dividend threshold amount shall be deemed to be zero

C = the amount in cash per share the corporation distributes to holders or pay in such dividend or distribution

The dividend threshold amount is subject to adjustment on an inversely proportional basis whenever the conversion rate is adjusted, *provided* that no adjustment will be made to the dividend threshold amount for any adjustment made to the conversion rate pursuant to this clause (d).

Notwithstanding the foregoing, if any dividend or distribution of the type described in this Paragraph 4(viii)(d) is declared but not so paid or made, the conversion rate shall be immediately readjusted, effective as of the date the Board of Directors publicly announces its decision not to pay such dividend or distribution, to the conversion rate that would then be in effect if such dividend or distribution had not been declared.

(e) The corporation or one or more of its subsidiaries make purchases of the corporation's common stock pursuant to a tender offer or exchange offer by corporation or one of its subsidiaries for the corporation's common stock to the extent that the cash and value (as determined by the Board of Directors) of any other consideration included in the payment per share of the corporation's common stock validly tendered or exchanged exceeds the VWAP per share of the corporation's common stock on the VWAP trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer (the "expiration date"), in which event the conversion rate will be adjusted based on the following formula:

 $CR1 = CR0 \times [(FMV + (SP1 \times OS1)) \div (SP1 \times OS0)]$ 

where,

CR0 = the conversion rate in effect at the close of business on the expiration date

CR1 = the conversion rate in effect immediately after the expiration date

FMV = the fair market value (as determined by the Board of Directors), on the expiration date, of the aggregate value of all cash and any other consideration paid or payable for shares validly tendered or exchanged and

not withdrawn as of the expiration date (the "purchased shares")

OS1	=	the number of shares of the corporation's common stock outstanding as of the last time tenders or exchanges may be made pursuant to such tender or exchange offer (the "expiration time") less any purchased shares
OS0	=	the number of shares of the corporation's common stock outstanding at the expiration time, including any purchased shares
SP1	=	the average of the VWAP of shares of the corporation's common stock over each of the five consecutive VWAP trading days commencing with the VWAP trading day immediately after the expiration date

Notwithstanding the foregoing, if the corporation, or one of its subsidiaries, is obligated to purchase shares of the corporation's common stock pursuant to any such tender or exchange offer, but the corporation or such subsidiary is permanently prevented by applicable law from effecting any such purchases, or all such purchases are rescinded, then the conversion rate shall be readjusted to be the conversion rate that would then be in effect if such tender or exchange offer had not been made. If an adjustment to the conversion rate may be required under this Paragraph 4(viii)(e), deliver of any additional shares of the corporation's common stock that may be deliverable upon conversion as a result of an adjustment required under this Paragraph 4(viii)(e) shall be delayed to the extent necessary in order to complete the calculations provided for in this Paragraph 4(viii)(e).

"Record date" means, for purpose of a conversion rate adjustment, with respect to any dividend, distribution or other transaction or event in which the holders of the shares of the corporation's common stock have the right to receive any cash, securities or other property or in which the shares of the corporation's common stock (or other applicable security) are exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of holders of the shares of the corporation's common stock entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

"Current market price" of the shares of the corporation's common stock on any day, means the average of the VWAP of the shares of the corporation's common stock over each of the ten consecutive VWAP trading days ending on the earlier of the day in question and the day before the ex-date or other specified date with respect to the issuance or distribution requiring such computation, appropriately adjusted to take into account the occurrence during such period of any event described in clauses (a) through (e) above. For purposes of the foregoing, "ex-date" means the first date on which the shares of the corporation's common stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive an issuance or distribution.

"VWAP" per share of the corporation's common stock on any VWAP trading day means the per share volume-weighted average price as displayed under the heading "Bloomberg VWAP" on Bloomberg page "FITB <equity> AQR" (or its equivalent successor if such page is not available) in respect of the period from the open of trading on the relevant VWAP trading day until the close of trading on the relevant VWAP trading day (or if such volume-weighted average price is unavailable, the market price of one of the shares of the corporation's common

stock on such VWAP trading days determined, using a volume-weighted average method, by a nationally recognized investment banking firm (unaffiliated with the corporation) retained for this purpose by the corporation, which investment banking firm may be an underwriter of the Series G Preferred Stock offered hereby).

A "VWAP trading day" means, for purposes of determining a VWAP, a business day on which the relevant exchange or quotation system is scheduled to be open for business and a day on which there has not occurred or does not exist a market disruption event. A "market disruption event" means any of the following events that has occurred: (x) any suspension of, or limitation imposed on, trading by the relevant exchange or quotation system during the one-hour period prior to the close of trading for the regular trading session on the relevant exchange or quotation system (or for purposes of determining VWAP any period or periods aggregating one halfhour or longer) and whether by reason of movements in price exceeding limits permitted by the relevant exchange or quotation system or otherwise relating to the shares of the corporation's common stock or in futures or option contracts relating to the shares of the corporation's common stock on the relevant exchange or quotation system; (y) any event (other than a failure to open or a closure as described below) that disrupts or impairs the ability of market participants during the one-hour period prior to the close of trading for the regular trading session on the relevant exchange or quotation system (or for purposes of determining VWAP any period or periods aggregating one half-hour or longer) in general to effect transactions in, or obtain market values for, the shares of the corporation's common stock on the relevant exchange or quotation system or futures or options contracts relating to the shares of the corporation's common stock on any relevant exchange or quotation system; or (z) the failure to open of the exchange or quotation system on which futures or options contracts relating to the shares of the corporation's common stock are traded or the closure of such exchange or quotation system prior to its respective scheduled closing time for the regular trading session on such day (without regard to after hours or other trading outside the regular trading session hours) unless such earlier closing time is announced by such exchange or quotation system at least one hour prior to the earlier of the actual closing time for the regular trading session on such day and the submission deadline for orders to be entered into such exchange or quotation system for execution at the actual closing time on such day.

Except as stated above, the conversion rate will not be adjusted for the issuance of the corporation's common stock or any securities convertible into or exchangeable for shares of the corporation's common stock or carrying the right to purchase any of the foregoing or for the repurchase of shares of the corporation's common stock. An adjustment to the conversion rate also need not be made for a transaction referred to in clauses (a) through (e) above if holders of the Series G Preferred Stock may participate in the transaction on a basis and with notice that the Board of Directors determines to be fair and appropriate in light of the basis and notice on which holders of the corporation's common stock participate in the transaction. In addition, no adjustment to the conversion rate need be made for a change in the par value or no par value of the corporation's common stock.

The corporation may from time to time, to the extent permitted by law and subject to the applicable rules of the NASDAQ, increase the conversion rate of the Series G Preferred Stock by a specified amount for a period of at least twenty (20) business days. In that case, the

corporation will give at least fifteen (15) calendar days' prior notice of such increase. The corporation may also make such increases in the conversion rate, in addition to those set forth above, as the Board of Directors deems advisable to avoid or diminish any income tax to holders of the corporation's common stock resulting from any dividend or distribution of shares (or rights to acquire stock) or from any event treated as such for income tax purposes.

No adjustment in the conversion rate will be required unless such adjustment would require an increase or decrease of at least one percent; *provided, however*, that any such minor adjustments that are not required to be made will be carried forward and taken into account in any subsequent adjustment, and *provided further* that any such adjustment of less than one percent that has not been made will be made upon the date of any mandatory conversion at the corporation's option, a make-whole acquisition or a fundamental change.

Adjustments to the conversion rate will be calculated to the nearest 1/10,000th of a share.

(ix) <u>Fractional Shares</u>. No fractional shares of the corporation's common stock will be issued to holders of the Series G Preferred Stock upon conversion. In lieu of any fractional shares of the corporation's common stock otherwise issuable in respect of the aggregate number of shares of the Series G Preferred Stock of any holder that are converted, that holder will be entitled to receive an amount in cash (computed to the nearest cent) equal to the same fraction of the closing price per share of the corporation's common stock determined as of the second trading day immediately preceding the effective date of conversion.

If more than one share of the Series G Preferred Stock is surrendered for conversion at one time by or for the same holder, the number of full shares of the corporation's common stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Series G Preferred Stock so surrendered.

- (x) <u>Successive Adjustments</u>. After an adjustment to the conversion rate under this Paragraph 4(viii), any subsequent event requiring an adjustment under this Paragraph 4(viii) shall cause an adjustment to such conversion rate as so adjusted.
- (xi) <u>Multiple Adjustments</u>. For the avoidance of doubt, if an event occurs that would trigger an adjustment to the conversion rate pursuant to this Paragraph 4(viii) under more than one subsection hereof, such event, to the extent fully taken into account in a single adjustment, shall not result in multiple adjustments hereunder.
- (xii) Notice of Adjustment. Whenever a conversion rate is adjusted as provided under Paragraph 4(viii), the corporation shall within ten (10) business days following the occurrence of an event that requires such adjustment (or if the corporation is not aware of such occurrence, as soon as reasonably practicable after becoming so aware) or within fifteen (15) calendar days of the date the corporation makes an adjustment pursuant to Section 4(viii):
- (a) compute the adjusted applicable conversion rate in accordance with Section 4(viii) and prepare and transmit to the conversion agent an officers' certificate setting forth the applicable conversion rate, as the case may be, the method of calculation thereof in reasonable detail, and the facts requiring such adjustment and upon which such adjustment is based; and

(b) provide a written notice to the holders of the Series G Preferred Stock of the occurrence of such and a statement in reasonable detail setting forth the method by which the adjustment to the applicable conversion rate was determined and setting forth the adjusted applicable conversion rate.

(xiii) Conversion Agent. "Conversion Agent" means the transfer agent of the corporation, acting in its capacity as conversion agent for the Series G Preferred Stock, and its successor, and assigns or any other conversion agent appointed by the corporation. The conversion agent shall not at any time be under any duty or responsibility to any holder to determine whether any facts exist that may require any adjustment of the applicable conversion rate or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed in making the same. The conversion agent shall be fully authorized and protected in relying on any Officers' Certificate delivered pursuant to Paragraph 4(xii) and any adjustment contained therein and the conversion agent shall not be deemed to have knowledge of any adjustment unless and until it has received such certificate. The conversion agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of the corporation's common stock, or of any securities or property, that may at the time be issued or delivered with respect to any of the Series G Preferred Stock; and the conversion agent makes no representation with respect thereto. The Conversion Agent shall not be responsible for any failure of the corporation to issue, transfer or deliver any shares of the corporation's common stock pursuant to a the conversion of the Series G Preferred Stock or to comply with any of the duties, responsibilities or covenants of the corporation contained in this Section 4.

(xiv) <u>Withholding</u>. All payments and distributions (or deemed distributions) on the Series G Preferred Stock (and on the shares of the corporation's common stock received upon their conversion) shall be subject to withholding and backup withholding of tax to the extent required by law, subject to applicable exemptions, and amounts withheld, if any, shall be treated as received by the holders.

#### 5. Liquidation Rights.

(i) In the event that the corporation voluntarily or involuntarily liquidates, dissolves or winds up its affairs, holders of Series G Preferred Stock will be entitled to receive an amount per share referred to as the " *Total Liquidation Amount*," equal to the fixed liquidation preference of \$25,000 per share, plus any declared and unpaid dividends including, if applicable, a *pro rata* portion of any declared and unpaid dividends for the then-current Dividend Period to the date of liquidation, without regard to any undeclared dividends. Holders of the Series G Preferred Stock will be entitled to receive the Total Liquidation Amount out of the corporation's assets that are available for distribution to shareholders of the corporation's capital stock ranking on a parity on liquidation to the Series G Preferred Stock, after payment or provision for payment of the corporation's debts and other liabilities, and distributions on the Series D Preferred Stock and Series E Preferred Stock, but before any distribution of assets is made to holders of the corporation's common stock or any other shares ranking, as to that distribution, junior to the Series G Preferred Stock.

- (ii) If the corporation's assets are not sufficient to pay the Total Liquidation Amount in full to all holders of Series G Preferred Stock and all holders of any shares of the corporation's stock ranking as to any such distribution on a parity with the Series G Preferred Stock, the amounts paid to the holders of Series G Preferred Stock and to such other shares will be paid *pro rata* in accordance with the respective Total Liquidation Amount and the aggregate liquidation amount of any such outstanding shares of parity stock.
- (iii) If the Total Liquidation Amount per share of Series G Preferred Stock has been paid in full to all holders of Series G Preferred Stock and the liquidation preference of any other shares ranking on a parity with the Series G Preferred Stock has been paid in full, the holders of the corporation's common stock or any other shares ranking, as to such distribution, junior to the Series G Preferred Stock will be entitled to receive all of the corporation's remaining assets according to their respective rights and preferences.
- (iv) For purposes of the liquidation rights, neither the sale, conveyance, exchange or transfer of all or substantially all of the corporation's property and assets, nor the consolidation or merger by the corporation with or into any other corporation or by another corporation with or into the corporation, will constitute a liquidation, dissolution or winding-up of the corporation's affairs.

## 6. Voting Rights.

Except as required by Ohio law, and except for the circumstances provided for in Section 8(ii), holders of the Series G Preferred Stock will not have any voting rights and will not be entitled to elect any directors; provided, however, in the event the Company issues shares of Preferred Stock in connection with any capital purchase program(s) authorized by the Emergency Economic Stabilization Act of 2008 ("EESA") and implemented by the United States Department of the Treasury, the holders of the Series G Preferred Stock voting together as a class with the holders of such Preferred Stock, shall have the right to elect two directors of the Company and to vote to remove such directors, upon the occurrence of events that would permit the holders of such Preferred Stock to elect or remove such directors. In situations in which Ohio law requires mandatory voting rights for a class of shares, the corporation will treat each series of the corporation's preferred stock, including the Series G Preferred Stock, as a separate class for voting purposes.

# 7. <u>Mergers and Consolidations</u>.

(i) The corporation will not effect any merger or consolidation of the corporation with or into any entity other than a corporation, or any merger or consolidation of the corporation with or into any other corporation unless (a) Series G Preferred Stock remains issued and outstanding following the transaction, (b) holders of Series G Preferred Stock are issued a class or series of preferred stock of the surviving or resulting corporation, or a corporation controlling such corporation, having substantially identical voting powers, preferences and

special rights, or (c) such merger is approved by a class vote of the holders of Series G Preferred Stock pursuant to the mandatory voting rights provided by Ohio law and as set forth in Section 6 above.

(ii) In addition, if the surviving corporation in any such merger or consolidation or its parent company, as applicable, has outstanding immediately after the consummation of such merger or consolidation one or more series of preferred stock having rights similar to those described below in Section 8, except that the persons nominated upon the occurrence of a Triggering Event are actual directors with the right to vote with members of the surviving corporation's board of directors on matters considered by the board (as opposed to being merely Advisory Directors as described in Section 8), then the corporation's participation in such merger or consolidation will be conditioned upon the Articles of Incorporation or other charter document for the surviving corporation being amended to permit equivalent rights for holders of the Series G Preferred Stock.

## 8. Right to Nominate Advisory Directors.

- (i) If and when dividends payable on the Series G Preferred Stock or on any other class or series ranking on a parity with the Series G Preferred Stock as to payment of dividends and that have a comparable right to nominate Advisory Directors, referred to herein as "Covered Parity Stock," shall have not been declared and paid (i) in the case of the Series G Preferred Stock and Covered Parity Stock bearing non-cumulative dividends, in full for at least six quarterly dividend periods or their equivalent (whether or not consecutive), or (ii) in the case of Covered Parity Stock bearing cumulative dividends, in an aggregate amount equal to full dividends for at least six quarterly dividend periods or their equivalent (whether or not consecutive) (each, a "Triggering Event"), the holders of the Covered Parity Stock, acting as a single class, will be entitled to nominate two persons for appointment by the corporation as "Advisory Directors" to attend meetings of the Board of Directors.
- (ii) Promptly after any Dividend Payment Date on which a Triggering Event occurs, the corporation will call a meeting of the holders of Covered Parity Stock for the purpose of nominating Advisory Directors. Under the terms of the Series G Preferred Stock, if a Triggering Event has occurred, the corporation will promptly appoint each such person as an Advisory Director following his or her execution of an agreement with the corporation governing such Advisory Director's standard of conduct. The holders of shares of Series G Preferred Stock and other Covered Parity Stock, will be entitled to act together as a single class, to seek removal of any Advisory Director then in office by the adoption of a resolution to that effect. Upon the approval of any such resolution seeking removal of any Advisory Director, the corporation will terminate the appointment of such Advisory Director effective as of the date of such resolution. Upon the resignation, death or removal of any Advisory Director, the holders of Covered Parity Stock will be entitled to nominate a replacement Advisory Director to be appointed by the corporation as described above.

The Advisory Directors will have the right to attend all meetings of the Board of Directors, to address the board at such meetings and to receive notices of all meetings of the Board of Directors and copies of all information distributed to members of the Board of

Directors in advance of or during such meetings. The Advisory Directors will not be members of the Board of Directors and will not have the right to vote with members of the Board on matters considered. The term of each Advisory Director, once appointed, will continue until the earliest of (i) the first date as of which full dividends on the Series G Preferred Stock and such other classes or series of Covered Parity Stock, have been paid for at least one year, in the case of non-cumulative Covered Parity Stock, and all dividends have been fully paid, in the case of cumulative Covered Parity Stock or (ii) the date on which such Advisory Director resigns, dies or is removed either by the holders of the Covered Parity Stock, or by the Board of Directors if such Advisory Director fails to comply with his or her obligations under the agreement with the corporation.

The right of each person appointed as Advisory Director to attend meetings of the Board of Directors is subject to such person entering into an agreement (an "Advisory Director Agreement") in the form agreed with the corporation. Under the Advisory Director Agreement: (i) the corporation and such person shall agree that, as an Advisory Director of the corporation, such person will be subject to the provisions of Sections 1701.59 and 1701.60 of the Ohio General Corporation Law applicable to directors and to the corporation's Code of Regulations, Articles of Incorporation, Corporate Governance Guidelines and policies applicable to directors of the corporation, and accordingly, such person will be subject to the same duty to treat confidentially information such person receives concerning the corporation and its affiliates in such person's capacity as an Advisory Director that such person would be subject to if such person were a director of the corporation; and (ii) the parties shall acknowledge that, as an Advisory Director, (a) such person is not a Director of the corporation and such person does not share with the members of the Board the power, authority and responsibility to direct the operations of the corporation, and (b) Sections 1701.59 and 1701.60 of the Ohio General Corporation Law as applied to such person will be construed to reflect such person's special status as an Advisory Director appointed by the corporation, as opposed to a Director elected in accordance with the corporation's Code of Regulations. In particular, the corporation will acknowledge and agree that: (x) Section 1701.61 of the Ohio General Corporation Law will not preclude such person from attending meetings of the Board, addressing the Board and receiving related materials where the subject of the Board's deliberations include the corporation's compliance with the terms of its outstanding securities, including without limitation the Series G Preferred Stock; and (y) such person will not receive the compensation paid to directors of the corporation, although such person's expenses of attending meetings of the Board will be reimbursed to such person by the corporation in the same manner and amount as the directors of the corporation. Provided, however, Directors appointed by holders of Series G Preferred Stock or other shares of the corporation's (or a successor's) preferred stock under the circumstances described in Paragraph 7(ii) will not be required to enter into an Advisory Director Agreement. The requirement for such an Advisory Director Agreement only applies to Advisory Directors.

# 9. <u>Reservation of Common Shares</u>.

(i) The corporation shall at all times reserve and keep available out of its authorized and unissued shares of common stock, solely for issuance upon the conversion of shares of Series G Preferred Stock as provided in these Articles of Amendment, free from any preemptive rights or other similar rights, such number of shares of common stock as shall from

time to time be issuable upon the conversion of all the shares of Series G Preferred Stock then outstanding, calculated assuming the applicable conversion price equals the base price, subject to adjustment described under Paragraph 4(viii). For purposes of this Section 9, the number of shares of common stock that shall be deliverable upon the conversion of all outstanding shares of Series G Preferred Stock shall be computed as if at the time of computation all such outstanding shares were held by a single holder.

- (ii) All shares of common stock delivered upon conversion of the Series G Preferred Stock shall be duly authorized, validly issued, fully paid and non-assessable, free and clear of all liens, claims, security interests and other encumbrances (other than liens, charges, interests and other encumbrances created by the holders).
- 10. <u>Preemptive or Subscription Rights</u>. The holders of the Series G Preferred Stock shall not have any preemptive or subscription rights.
  - 11. Form. The Series G Preferred Stock will be issued only in fully registered form.
- (e) **5.10 % Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series H.** Twenty Four Thousand (24,000) shares of the preferred stock of the Corporation shall be designated "5.10 % Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series H." Each of the Twenty Four Thousand (24,000) shares of the 5.10% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series H, no par value, shall have a liquidation preference of \$25,000 per share, and \$600,000,000 in the aggregate, and shall have the rights, preferences and entitlements that follow:
- 1. <u>Designation</u>. The shares of such series shall be designated as "5.10 % Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series H" (the "Series H Preferred Stock").

## 2. <u>Dividends</u>.

(i) Dividends on shares of Series H Preferred Stock will not be mandatory. Holders of the Series H Preferred Stock, in preference to the holders of the corporation's common stock and of any other shares of the corporation's stock ranking junior to the Series H Preferred Stock as to payment of dividends, will be entitled to receive, only as and if declared by the Board of Directors, out of funds legally available for payment, cash dividends. Commencing on the original issuance date of the Series H Preferred Stock (the "Original Issuance Date") through, but excluding June 30, 2023 (the "Fixed Rate Period"), dividends on the Series H Preferred Stock will accrue, on a non-cumulative basis, at an annual rate of 5.10%. Commencing on June 30, 2023 and continuing for so long as any shares of the Series H Preferred Stock remain outstanding (the "Floating Rate Period"), dividends on the Series H Preferred Stock will accrue, on a non-cumulative basis, at an annual rate equal to three-month LIBOR, reset quarterly, plus 3.033%. For the Fixed Rate Period, dividends on the liquidation preference of \$25,000 per share of Series H Preferred Stock will be payable, when, as and if declared by the Board of Directors, semi-annually in arrears on each June 30 and December 31 beginning on

December 31, 2013 to and including June 30, 2023 (each such date a "Fixed Rate Dividend Payment Date"). For the Floating Rate Period, dividends on the liquidation preference of \$25,000 per share of Series H Preferred Stock will be payable, when as and if declared by the Board of Directors, quarterly in arrears on March 31, June 30, September 30 and December 31 of each year beginning on September 30, 2023 (each such date a "Floating Rate Dividend Payment Date" and each Floating Rate Payment Date and each Fixed Rate Payment Date, together referred to as a "Dividend Payment Date"). Each Dividend Payment Date shall relate to the immediately preceding Dividend Payment Period. A "Dividend Payment Period" means each period commencing on, and including, a Dividend Payment Date and ending on, but excluding, the next succeeding Dividend Payment Date, except that the first Dividend Payment Period shall commence on, and include, the Original Issuance Date of the Series H Preferred Stock and end on, but exclude, December 31, 2013. Declared dividends, if any, will be paid to holders of record of Series H Preferred Stock on the respective date fixed for that purpose by the Board of Directors in advance of payment of each particular dividend (a "Record Date"). If any Dividend Payment Date or any date fixed for payment upon redemption is not a Business Day, then such payment shall be payable on the next succeeding Business Day without any increase in the amount payable as a result of such postponement.

For the Fixed Rate Period, the dividend payable on the Series H Preferred Stock for any Dividend Payment Period will be computed on the basis of a 360-day year of twelve 30-day months.

For the Floating Rate Period, the dividend accrued for each day (the "Daily Dividend Amount") will be calculated by dividing the dividend rate in effect for such day by 360 and multiplying the result by the aggregate liquidation preference of the Series H Preferred Stock. The dividend to be paid, when, as and if declared by the Board of Directors, on the Series H Preferred Stock for each quarterly Dividend Payment Period will be calculated by adding the Daily Dividend Amounts for each day in such quarterly Dividend Payment Period. All percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (e.g., 8.765435% (or .08765435) being rounded to 8.76544% or .0876544)) and all dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one-half cent being rounded upwards).

A "Business Day" means any day other than a Saturday, Sunday or any other day on which banking institutions and trust companies in New York, New York and Cincinnati, Ohio are permitted or required by any applicable law to close.

"Three-month LIBOR" means, with respect to any quarterly Dividend Payment Period, the rate (expressed as a percentage per annum) for deposits in U.S. dollars for such three-month period commencing on the first day of that quarterly Dividend Payment Period that appears on the Reuters Screen LIBOR01 Page as of 11:00 a.m. (London time) on the LIBOR determination date for that quarterly Dividend Payment Period. If such rate does not appear on Reuters Screen LIBOR01 Page, three-month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for such three-month period commencing on the first day of that quarterly Dividend Payment Period and in a principal amount of not less than \$1,000,000 are

offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the calculation agent (after consultation with the corporation), at approximately 11:00 a.m., London time, on the LIBOR determination date for that quarterly Dividend Payment Period. The calculation agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, three-month LIBOR with respect to that quarterly Dividend Payment Period will be the arithmetic mean (rounded upward if necessary to the nearest whole multiple of 0.00001%) of such quotations. If fewer than two quotations are provided, three-month LIBOR with respect to that quarterly Dividend Payment Period will be the arithmetic mean (rounded upward if necessary to the nearest whole multiple of 0.00001%) of the rates quoted by three major banks in New York City selected by the calculation agent, at approximately 11:00 a.m., New York City time, on the LIBOR determination date for that quarterly Dividend Payment Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that quarterly Dividend Payment Period and in a principal amount of not less than \$1,000,000. However, if fewer than three banks selected by the calculation agent to provide quotations are quoting as described above, three-month LIBOR for that quarterly Dividend Payment Period will be the same as three-month LIBOR as determined for the immediately preceding Dividend Payment Period. The establishment of three-month LIBOR for each quarterly Dividend Payment Period by the calculation agent shall (in the absence of manifest error) be final and binding.

"Calculation agent" means Wilmington Trust, National Association, or any other firm appointed by Fifth Third, acting as calculation agent. Upon request of the holder of any shares of Series H Preferred Stock, the calculation agent will provide the interest rate then in effect and, if determined, the interest rate that will become effective for the next quarterly Dividend Payment Period for the Series H Preferred Stock.

"LIBOR determination date" means the second London banking day immediately preceding the first day of the relevant quarterly Dividend Payment Period.

"Reuters Screen LIBOR01 Page" means the display designated on the Reuters Screen LIBOR01 Page (or such other page as may replace Reuters Screen LIBOR01 Page on the service or such other service as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. Dollar deposits).

(ii) Dividends on shares of Series H Preferred Stock will not be cumulative. Accordingly, if the Board of Directors does not declare a dividend on the Series H Preferred Stock payable in respect of any Dividend Payment Period before the related Dividend Payment Date, such dividend will not accrue and the corporation will have no obligation to pay a dividend for that Dividend Payment Period on the Dividend Payment Date or at any future time, whether or not dividends on the Series H Preferred Stock are declared for any future Dividend Payment Period.

# 3. Ranking.

(i) The Series H Preferred Stock will rank (a) senior to the corporation's common stock and all other equity securities that the corporation may issue in the

future designated as ranking junior to the Series H Preferred Stock; (b) equally with our outstanding Series G Preferred Stock; and (c) equally with any other shares of preferred stock, and with all other equity securities that the corporation may issue in the future the terms of which provide that such preferred stock or other equity securities shall rank on a parity with the Series H Preferred Stock, in each case with respect to the payment of dividends and distribution of assets upon any liquidation, dissolution or winding-up of the corporation.

- (ii) The corporation will not issue any series of preferred stock in the future that ranks senior to the Series H Preferred Stock, but the corporation may issue additional series ranking junior to or on a parity with the Series H Preferred Stock with respect to the payment of dividends and distribution of assets upon any liquidation, dissolution or winding up of the corporation. The corporation's common stock and any preferred stock or other equity securities designated as ranking junior to the Series H Preferred Stock are referred to herein as "junior stock."
- (iii) So long as any shares of Series H Preferred Stock remain outstanding, unless the full dividends for the then-current Dividend Payment Period on all outstanding shares of Series H Preferred Stock have been paid, or declared and funds set aside therefor, on any day in the immediately succeeding Dividend Payment Period: (a) no dividend whatsoever shall be declared on any junior stock, other than a dividend payable solely in junior stock; and (b) the corporation and its subsidiaries may not purchase, redeem or otherwise acquire for consideration (other than as a result of reclassification of junior stock for or into junior stock, or the exchange or conversion of one share of junior stock for or into another share of junior stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of junior stock), nor will the corporation pay to or make available any monies for a sinking fund for the redemption of any junior stock.
- (iv) On any Dividend Payment Date for which full dividends are not paid, or declared and funds set aside therefor, upon the Series H Preferred Stock and any shares of any class or series or any securities convertible into shares of any class or series of other equity securities designated as ranking on a parity with the Series H Preferred Stock as to payment of dividends ( "Dividend Parity Stock"), all dividends paid or declared for payment on that Dividend Payment Date with respect to the Series H Preferred Stock and the Dividend Parity Stock shall be shared: (a) first ratably by the holders of any shares of such other series of Dividend Payment Period, in proportion to their respective amounts of the undeclared and unpaid dividends relating to prior Dividend Payment Periods; and (b) thereafter by the holders of the shares of Series H Preferred Stock and the Dividend Parity Stock on a pro rata basis.
- (v) The corporation will not issue any new series of preferred stock having dividend payment dates that are not a March 31, June 30, September 30 or December 31 (or the next business day, if applicable).
- 4. <u>Conversion</u>. The Series H Preferred Stock are not convertible into shares of any other class or series of the corporation's capital stock or any other security.

## 5. Redemption.

(i) Subject to receiving all required regulatory approvals (including prior approval by the Federal Reserve, if required), the Series H Preferred Stock may be redeemed at the option of the corporation, in whole or in part, at any time, or from time to time on or after June 30, 2023 at a redemption price equal to \$25,000 per share, plus an amount equal to any declared but unpaid dividends, without accumulation of any undeclared dividends. At any time after the corporation's good faith determination that an event has occurred that would constitute a "regulatory capital event," the corporation may at its option, subject to receiving all required regulatory approvals (including prior approval by the Federal Reserve, if required), provide notice of its intent to redeem the Series H Preferred Stock in accordance with the procedures described below, and subsequently redeem in whole, but not in part, prior to June 30, 2023, the shares of Series H Preferred Stock at the time outstanding at a redemption price equal to \$25,000 per share, plus an amount equal to any declared but unpaid dividends, without accumulation of any undeclared dividends.

A "regulatory capital event" means the corporation's reasonable determination that as a result of any: amendment to, clarification of, or change (including any announced prospective change) in the laws or regulations of the United States or any political subdivision of the United States that is enacted or becomes effective on or after the Original Issuance Date; proposed change in the laws or regulations of the United States or any political subdivision of the United States that is announced or becomes effective on or after the Original Issuance Date; or official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying the laws or regulations of the United States or any political subdivision of the United States that is announced on or after the Original Issuance Date, there is more than an insubstantial risk that the corporation will not be entitled to treat the full liquidation preference amount of all shares of Series H Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series H Preferred Stock is outstanding.

(ii) Holders of Series H Preferred Stock do not have any right to require redemption of the Series H Preferred Stock.

(iii) The corporation will mail notice of every redemption of the Series H Preferred Stock by first class mail, postage prepaid, addressed to the holders of record of the Series H Preferred Stock to be redeemed at their respective last addresses appearing on the corporation's books. The corporation may redeem the Series H Preferred Stock upon not less than 30 and not more than 60 days' notice, which notice will be irrevocable, at a price of 100% of the liquidation preference of the redeemed Series H Preferred Stock, plus declared but unpaid dividends, if any, to, but excluding, the redemption date. Each notice shall state: (a) the redemption date; (b) the aggregate number of shares of Series H Preferred Stock to be redeemed, and if less than all shares of Series H Preferred Stock held by the holder are to be redeemed, the number of shares to be redeemed from the holder; (c) the redemption price; and (d) the place or places where the Series H Preferred Stock is to be redeemed.

- (iv) If notice of redemption of any shares of Series H Preferred Stock has been duly given and if the funds necessary for such redemption have been irrevocably set aside by us for the benefit of the holders of the shares of Series H Preferred Stock so called for redemption, then, on and after the redemption date, dividends will not accrue on such shares of Series H Preferred Stock, such shares of Series H Preferred Stock shall no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the redemption price. In case of any redemption of only part of the shares of Series H Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either *pro rata* or in such other manner as the corporation may determine to be fair and equitable.
- 6. <u>Status of Reacquired Shares</u>. Shares of Series H Preferred Stock that are redeemed, repurchased or otherwise acquired by the corporation shall not be reissued as shares of Series H Preferred Stock but shall revert to authorized but unissued shares of Preferred Stock and may be reissued as shares of a different series of Preferred Stock in any future designation by the Board of Directors.

# 7. <u>Liquidation Rights</u>.

- (i) In the event that the corporation voluntarily or involuntarily liquidates, dissolves or winds up its affairs, holders of Series H Preferred Stock will be entitled to receive an amount per share referred to as the " *Total Liquidation Amount*," equal to the fixed liquidation preference of \$25,000 per share, plus any declared and unpaid dividends including, if applicable, a *pro rata* portion of any declared and unpaid dividends for the then-current Dividend Payment Period to the date of liquidation, without regard to any undeclared dividends. Holders of the Series H Preferred Stock will be entitled to receive the Total Liquidation Amount out of the corporation's assets that are available for distribution to shareholders of the corporation's capital stock ranking on a parity on liquidation to the Series H Preferred Stock, after payment or provision for payment of the corporation's debts and other liabilities, but before any distribution of assets is made to holders of the corporation's common stock or any other shares ranking, as to that distribution, junior to the Series H Preferred Stock.
- (ii) If the corporation's assets are not sufficient to pay the Total Liquidation Amount in full to all holders of Series H Preferred Stock and all holders of any shares of the corporation's stock ranking as to any such distribution on a parity with the Series H Preferred Stock, the amounts paid to the holders of Series H Preferred Stock and to holders of such other shares will be paid *pro rata* in accordance with the respective Total Liquidation Amount and the aggregate liquidation amount of any such outstanding shares of parity stock.
- (iii) If the Total Liquidation Amount per share of Series H Preferred Stock has been paid in full to all holders of Series H Preferred Stock and the liquidation preference of any other shares ranking on a parity with the Series H Preferred Stock has been paid in full, the holders of the corporation's common stock or any other shares ranking, as to such distribution, junior to the Series H Preferred Stock will be entitled to receive all of the corporation's remaining assets according to their respective rights and preferences.

(iv) For purposes of the liquidation rights, neither the sale, conveyance, exchange or transfer for cash, shares of stock, securities or other consideration, of all or substantially all of the corporation's property and assets, nor the consolidation or merger by the corporation with or into any other corporation or by another corporation with or into the corporation, will constitute a liquidation, dissolution or winding-up of the corporation's affairs.

# 8. Voting Rights.

Except as required by Ohio law, holders of the Series H Preferred Stock will not have any voting rights and will not be entitled to elect any directors. In situations in which Ohio law requires mandatory voting rights for a class of shares, the corporation will, unless prohibited by Ohio law, treat each series of the corporation's preferred stock, including the Series H Preferred Stock, as a separate class for voting purposes.

# 9. Mergers and Consolidations.

The corporation will not effect any merger or consolidation of the corporation with or into any entity other than a corporation, or any merger or consolidation of the corporation with or into any other corporation unless (a) the Series H Preferred Stock remains issued and outstanding following the transaction, (b) holders of Series H Preferred Stock are issued a class or series of preferred stock of the surviving or resulting corporation, or a corporation controlling such corporation, having substantially identical voting powers, preferences and special rights, or (c) such merger is approved by a class vote of the holders of Series H Preferred Stock pursuant to the mandatory voting rights provided by Ohio law and as set forth in Section 8 above.

- 10. <u>Preemptive or Subscription Rights</u>. The holders of the Series H Preferred Stock shall not have any preemptive or subscription rights.
  - 11. <u>Form.</u> The Series H Preferred Stock will be issued only in fully registered form.
- (f) **6.625% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series I.** Eighteen Thousand (18,000) shares of the preferred stock of the Corporation shall be designated "6.625% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series I." Each of the Eighteen Thousand (18,000) shares of the 6.625% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series I, no par value, shall have a liquidation preference of \$25,000 per share, and \$450,000,000 in the aggregate, and shall have the rights, preferences and entitlements that follow:
- 1. <u>Designation</u>. The shares of such series shall be designated as "6.625% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series I" (the "Series I Preferred Stock").

## 2. <u>Dividends</u>.

(i) Dividends on shares of Series I Preferred Stock will not be mandatory. Holders of the Series I Preferred Stock, in preference to the holders of the corporation's common stock and of any other shares of the corporation's stock ranking junior to the Series I Preferred Stock as to payment of dividends, will be entitled to receive, only as and if declared by the Board of Directors, out of funds legally available for payment, cash dividends. Commencing on the original issuance date of the Series I Preferred Stock (the "Original Issuance Date") through, but excluding December 31, 2023 (the "Fixed Rate Period"), dividends on the Series I Preferred Stock will accrue, on a non-cumulative basis, at an annual rate of 6.625%. Commencing on December 31, 2023 and continuing for so long as any shares of the Series I Preferred Stock remain outstanding (the "Floating Rate Period"), dividends on the Series I Preferred Stock will accrue, on a non-cumulative basis, at an annual rate equal to three-month LIBOR, reset quarterly, plus 3.71%. For the Fixed Rate Period, dividends on the liquidation preference of \$25,000 per share of Series I Preferred Stock will be payable, when, as and if declared by the Board of Directors, quarterly in arrears on each March 31, June 30, September 30 and December 31 beginning on March 31, 2014 to and including December 31, 2023 (each such date a "Fixed Rate Dividend Payment Date"). For the Floating Rate Period, dividends on the liquidation preference of \$25,000 per share of Series I Preferred Stock will be payable, when as and if declared by the Board of Directors, quarterly in arrears on March 31, June 30, September 30 and December 31 of each year beginning on March 31, 2024 (each such date a "Floating Rate Dividend Payment Date" and each Floating Rate Payment Date and each Fixed Rate Payment Date, together referred to as a "Dividend Payment Date"). Each Dividend Payment Date shall relate to the immediately preceding Dividend Payment Period. A "Dividend Payment Period" means each period commencing on, and including, a Dividend Payment Date and ending on, but excluding, the next succeeding Dividend Payment Date, except that the first Dividend Payment Period shall commence on, and include, the Original Issuance Date of the Series I Preferred Stock and end on, but exclude, March 31, 2014. Declared dividends, if any, will be paid to holders of record of Series I Preferred Stock on the respective date fixed for that purpose by the Board of Directors in advance of payment of each particular dividend (a " Record Date"). If any Dividend Payment Date or any date fixed for payment upon redemption is not a Business Day, then such payment shall be payable on the next succeeding Business Day without any increase in the amount payable as a result of such postponement.

For the Fixed Rate Period, the dividend payable on the Series I Preferred Stock for any Dividend Payment Period will be computed on the basis of a 360-day year of twelve 30-day months.

For the Floating Rate Period, the dividend accrued for each day (the "Daily Dividend Amount") will be calculated by dividing the dividend rate in effect for such day by 360 and multiplying the result by the aggregate liquidation preference of the Series I Preferred Stock. The dividend to be paid, when, as and if declared by the Board of Directors, on the Series I Preferred Stock for each quarterly Dividend Payment Period will be calculated by adding the Daily Dividend Amounts for each day in such quarterly Dividend Payment Period. All percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (e.g., 8.765435% (or .08765435) being rounded to 8.76544% or .0876544)) and all dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one-half cent being rounded upwards).

A "Business Day" means any day other than a Saturday, Sunday or any other day on which banking institutions and trust companies in New York, New York and Cincinnati, Ohio are permitted or required by any applicable law to close.

"Three-month LIBOR" means, with respect to any quarterly Dividend Payment Period, the rate (expressed as a percentage per annum) for deposits in U.S. dollars for such three-month period commencing on the first day of that quarterly Dividend Payment Period that appears on the Reuters Screen LIBOR01 Page as of 11:00 a.m. (London time) on the LIBOR determination date for that quarterly Dividend Payment Period. If such rate does not appear on Reuters Screen LIBOR01 Page, three-month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for such three-month period commencing on the first day of that quarterly Dividend Payment Period and in a principal amount of not less than \$1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the calculation agent (after consultation with the corporation), at approximately 11:00 a.m., London time, on the LIBOR determination date for that quarterly Dividend Payment Period. The calculation agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, three-month LIBOR with respect to that quarterly Dividend Payment Period will be the arithmetic mean (rounded upward if necessary to the nearest whole multiple of 0.00001%) of such quotations. If fewer than two quotations are provided, three-month LIBOR with respect to that quarterly Dividend Payment Period will be the arithmetic mean (rounded upward if necessary to the nearest whole multiple of 0.00001%) of the rates quoted by three major banks in New York City selected by the calculation agent, at approximately 11:00 a.m., New York City time, on the LIBOR determination date for that quarterly Dividend Payment Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that quarterly Dividend Payment Period and in a principal amount of not less than \$1,000,000. However, if fewer than three banks selected by the calculation agent to provide quotations are quoting as described above, three-month LIBOR for that quarterly Dividend Payment Period will be the same as three-month LIBOR as determined for the immediately preceding Dividend Payment Period. The establishment of threemonth LIBOR for each quarterly Dividend Payment Period by the calculation agent shall (in the absence of manifest error) be final and binding.

"Calculation agent" means Wilmington Trust, National Association, or any other firm appointed by Fifth Third, acting as calculation agent. Upon request of the holder of any shares of Series I Preferred Stock, the calculation agent will provide the interest rate then in effect and, if determined, the interest rate that will become effective for the next quarterly Dividend Payment Period for the Series I Preferred Stock.

"LIBOR determination date" means the second London banking day immediately preceding the first day of the relevant quarterly Dividend Payment Period.

"Reuters Screen LIBOR01 Page" means the display designated on the Reuters Screen LIBOR01 Page (or such other page as may replace Reuters Screen LIBOR01 Page on the service or such other service as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. Dollar deposits).

(ii) Dividends on shares of Series I Preferred Stock will not be cumulative. Accordingly, if the Board of Directors does not declare a dividend on the Series I Preferred Stock payable in respect of any Dividend Payment Period before the related Dividend Payment Date, such dividend will not accrue and the corporation will have no obligation to pay a dividend for that Dividend Payment Period on the Dividend Payment Date or at any future time, whether or not dividends on the Series I Preferred Stock are declared for any future Dividend Payment Period.

# 3. Ranking.

- (i) The Series I Preferred Stock will rank (a) senior to the corporation's common stock and all other equity securities that the corporation may issue in the future designated as ranking junior to the Series I Preferred Stock; (b) equally with our outstanding Series H Preferred Stock; and (c) equally with any other shares of preferred stock, and with all other equity securities that the corporation may issue in the future the terms of which provide that such preferred stock or other equity securities shall rank on a parity with the Series I Preferred Stock, in each case with respect to the payment of dividends and distribution of assets upon any liquidation, dissolution or winding-up of the corporation.
- (ii) The corporation will not issue any series of preferred stock in the future that ranks senior to the Series I Preferred Stock, but the corporation may issue additional series ranking junior to or on a parity with the Series I Preferred Stock with respect to the payment of dividends and distribution of assets upon any liquidation, dissolution or winding up of the corporation. The corporation's common stock and any preferred stock or other equity securities designated as ranking junior to the Series I Preferred Stock are referred to herein as "junior stock."
- (iii) So long as any shares of Series I Preferred Stock remain outstanding, unless the full dividends for the then-current Dividend Payment Period on all outstanding shares of Series I Preferred Stock have been paid, or declared and funds set aside therefor, on any day in the immediately succeeding Dividend Payment Period: (a) no dividend whatsoever shall be declared on any junior stock, other than a dividend payable solely in junior stock; and (b) the corporation and its subsidiaries may not purchase, redeem or otherwise acquire for consideration (other than as a result of reclassification of junior stock for or into junior stock, or the exchange or conversion of one share of junior stock for or into another share of junior stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of junior stock), nor will the corporation pay to or make available any monies for a sinking fund for the redemption of any junior stock.
- (iv) On any Dividend Payment Date for which full dividends are not paid, or declared and funds set aside therefor, upon the Series I Preferred Stock and any shares of any class or series or any securities convertible into shares of any class or series of other equity securities designated as ranking on a parity with the Series I Preferred Stock as to payment of dividends ( "Dividend Parity Stock"), all dividends paid or declared for payment on that Dividend Payment Date with respect to the Series I Preferred Stock and the Dividend Parity Stock shall be

shared: (a) first ratably by the holders of any shares of such other series of Dividend Parity Stock who have the right to receive dividends with respect to Dividend Payment Periods prior to the then-current Dividend Payment Period, in proportion to their respective amounts of the undeclared and unpaid dividends relating to prior Dividend Payment Periods; and (b) thereafter by the holders of the shares of Series I Preferred Stock and the Dividend Parity Stock on a *pro rata* basis.

- (v) The corporation will not issue any new series of preferred stock having dividend payment dates that are not a March 31, June 30, September 30 or December 31 (or the next business day, if applicable).
- 4. <u>Conversion</u>. The Series I Preferred Stock are not convertible into shares of any other class or series of the corporation's capital stock or any other security.

# 5. <u>Redemption</u>.

Reserve, if required), the Series I Preferred Stock may be redeemed at the option of the corporation, in whole or in part, at any time, or from time to time on or after December 31, 2023 at a redemption price equal to \$25,000 per share, plus an amount equal to any declared but unpaid dividends, without accumulation of any undeclared dividends. At any time after the corporation's good faith determination that an event has occurred that would constitute a "regulatory capital event," the corporation may at its option, subject to receiving all required regulatory approvals (including prior approval by the Federal Reserve, if required), provide notice of its intent to redeem the Series I Preferred Stock in accordance with the procedures described below, and subsequently redeem in whole, but not in part, prior to December 31, 2023, the shares of Series I Preferred Stock at the time outstanding at a redemption price equal to \$25,000 per share, plus an amount equal to any declared but unpaid dividends, without accumulation of any undeclared dividends.

A "regulatory capital event" means the corporation's reasonable determination that as a result of any: amendment to, clarification of, or change (including any announced prospective change) in the laws or regulations of the United States or any political subdivision of the United States that is enacted or becomes effective on or after the Original Issuance Date; proposed change in the laws or regulations of the United States or any political subdivision of the United States that is announced or becomes effective on or after the Original Issuance Date; or official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying the laws or regulations of the United States or any political subdivision of the United States that is announced on or after the Original Issuance Date, there is more than an insubstantial risk that the corporation will not be entitled to treat the full liquidation preference amount of all shares of Series I Preferred Stock then outstanding as additional Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series I Preferred Stock is outstanding.

(ii) Holders of Series I Preferred Stock do not have any right to require redemption of the Series I

## Preferred Stock.

- (iii) The corporation will mail notice of every redemption of the Series I Preferred Stock by first class mail, postage prepaid, addressed to the holders of record of the Series I Preferred Stock to be redeemed at their respective last addresses appearing on the corporation's books. The corporation may redeem the Series I Preferred Stock upon not less than 30 and not more than 60 days' notice, which notice will be irrevocable, at a price of 100% of the liquidation preference of the redeemed Series I Preferred Stock, plus declared but unpaid dividends, if any, to, but excluding, the redemption date. Each notice shall state: (a) the redemption date; (b) the aggregate number of shares of Series I Preferred Stock to be redeemed, and if less than all shares of Series I Preferred Stock held by the holder are to be redeemed, the number of shares to be redeemed from the holder; (c) the redemption price; and (d) the place or places where the Series I Preferred Stock is to be redeemed.
- (iv) If notice of redemption of any shares of Series I Preferred Stock has been duly given and if the funds necessary for such redemption have been irrevocably set aside by us for the benefit of the holders of the shares of Series I Preferred Stock so called for redemption, then, on and after the redemption date, dividends will not accrue on such shares of Series I Preferred Stock, such shares of Series I Preferred Stock shall no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the redemption price. In case of any redemption of only part of the shares of Series I Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either *pro rata* or in such other manner as the corporation may determine to be fair and equitable.
- 6. <u>Status of Reacquired Shares</u>. Shares of Series I Preferred Stock that are redeemed, repurchased or otherwise acquired by the corporation shall not be reissued as shares of Series I Preferred Stock but shall revert to authorized but unissued shares of Preferred Stock and may be reissued as shares of a different series of Preferred Stock in any future designation by the Board of Directors.

# 7. <u>Liquidation Rights</u>.

(i) In the event that the corporation voluntarily or involuntarily liquidates, dissolves or winds up its affairs, holders of Series I Preferred Stock will be entitled to receive an amount per share referred to as the " *Total Liquidation Amount*," equal to the fixed liquidation preference of \$25,000 per share, plus any declared and unpaid dividends including, if applicable, a *pro rata* portion of any declared and unpaid dividends for the then-current Dividend Payment Period to the date of liquidation, without regard to any undeclared dividends. Holders of the Series I Preferred Stock will be entitled to receive the Total Liquidation Amount out of the corporation's assets that are available for distribution to shareholders of the corporation's capital stock ranking on a parity on liquidation to the Series I Preferred Stock, after payment or provision for payment of the corporation's debts and other liabilities, but before any distribution of assets is made to holders of the corporation's common stock or any other shares ranking, as to that distribution, junior to the Series I Preferred Stock.

- (ii) If the corporation's assets are not sufficient to pay the Total Liquidation Amount in full to all holders of Series I Preferred Stock and all holders of any shares of the corporation's stock ranking as to any such distribution on a parity with the Series I Preferred Stock, the amounts paid to the holders of Series I Preferred Stock and to holders of such other shares will be paid *pro rata* in accordance with the respective Total Liquidation Amount and the aggregate liquidation amount of any such outstanding shares of parity stock.
- (iii) If the Total Liquidation Amount per share of Series I Preferred Stock has been paid in full to all holders of Series I Preferred Stock and the liquidation preference of any other shares ranking on a parity with the Series I Preferred Stock has been paid in full, the holders of the corporation's common stock or any other shares ranking, as to such distribution, junior to the Series I Preferred Stock will be entitled to receive all of the corporation's remaining assets according to their respective rights and preferences.
- (iv) For purposes of the liquidation rights, neither the sale, conveyance, exchange or transfer for cash, shares of stock, securities or other consideration, of all or substantially all of the corporation's property and assets, nor the consolidation or merger by the corporation with or into any other corporation or by another corporation with or into the corporation, will constitute a liquidation, dissolution or winding-up of the corporation's affairs.

## 8. Voting Rights.

Except as required by Ohio law, holders of the Series I Preferred Stock will not have any voting rights and will not be entitled to elect any directors. In situations in which Ohio law requires mandatory voting rights for a class of shares, the corporation will, unless prohibited by Ohio law, treat each series of the corporation's preferred stock, including the Series I Preferred Stock, as a separate class for voting purposes.

#### 9. Mergers and Consolidations.

The corporation will not effect any merger or consolidation of the corporation with or into any entity other than a corporation, or any merger or consolidation of the corporation with or into any other corporation unless (a) the Series I Preferred Stock remains issued and outstanding following the transaction, (b) holders of Series I Preferred Stock are issued a class or series of preferred stock of the surviving or resulting corporation, or a corporation controlling such corporation, having substantially identical voting powers, preferences and special rights, or (c) such merger is approved by a class vote of the holders of Series I Preferred Stock pursuant to the mandatory voting rights provided by Ohio law and as set forth in Section 8 above.

- 10. <u>Preemptive or Subscription Rights</u>. The holders of the Series I Preferred Stock shall not have any preemptive or subscription rights.
  - 11. <u>Form.</u> The Series I Preferred Stock will be issued only in fully registered form.

- (g) With respect to all other shares of preferred stock of the corporation:
- 1. Each share of the preferred stock shall entitle the holder thereof to no voting rights, except as otherwise required by law or except as otherwise provided by the Board of Directors in order to comply with the terms required for shares of preferred stock issued in connection with any capital purchase program(s) authorized by the Emergency Economic Stabilization Act of 2008 ("EESA") and implemented by the United States Department of the Treasury.
- 2. The dividend rights of the preferred stock shall be non-cumulative, except as otherwise provided by the Board of Directors.
- 3. The Board of Directors shall have the right to adopt amendments to these Articles of Incorporation in respect of any unissued or treasury shares of the preferred stock and thereby fix or change: the division of such shares into series and the designation and authorized number of shares of each series; the dividend rate; whether dividend rights shall be cumulative or non-cumulative; the dates of payment of dividends and the dates from which they are cumulative; liquidation price; redemption rights and price; sinking fund requirements, conversion rights and restrictions on the issuance of such shares or any series thereof; provided however, except for the foregoing variations which the Board of Directors are authorized to fix or change, all of the express terms of different series of such shares be identical.

Upon the adoption of any amendment pursuant to the foregoing authority, a certificate signed by the president or a vice president and by a secretary or an assistant secretary, containing a copy of the resolution adopting the amendment and a statement of the manner and basis or its adoption, shall be accompanied by the fees then required by law, before the corporation shall have the rights to issue any of such shares.

(B) The Board of Directors may, from time to time, determine the time when, the terms under which, and the considerations for which the corporation issues, disposes of, or receives subscriptions for its shares of any class or series thereof, including treasury shares. Payment for shares shall be made with money or other property of any description, or any interest therein, actually transferred to the corporation, or labor or services actually rendered to the corporation.

FIFTH: The corporation, by its Board of Directors, may, subject to these Articles of Incorporation, purchase, requem or otherwise acquire the shares of any class issued by it, at such times and on such terms as they shall determine to be in the best interests of the corporation. All shares of the corporation purchased, redeemed or otherwise acquired, unless the Board of Directors or the laws of the State of Ohio specifically provide otherwise, shall be held as treasury shares. Provided, however, that this Article Fifth shall not create authority in the Board of Directors to cause an involuntary redemption of the shares of the common stock.

SIXTH: The Board of Directors shall have the right, to the extent permitted by law: (i) to fix, determine and vary the amount of stated capital of the corporation; (ii) to determine whether any, and if any, what part of the surplus of the corporation, however created or arising, shall be used, disposed of or declared in dividends or paid to the stockholders; and (iii) without action by the stockholder, to use and apply the surplus of the corporation, or any part thereof, at any time

or from time to time, in the purchase or acquisition of shares of any class, voting trust certificates for shares, bonds, debentures, notes, script, warrants, obligations, evidences of indebtedness, or other securities of the corporation, to such extent of in such amount, in such manner and upon such terms as the Board of Directors shall determine expedient.

SEVENTH: No holder of any share or shares of any class issued by the corporation shall be entitled as such, as a matter of right, at any time, to subscribe for or purchase (i) shares of any class issued by the corporation, now or hereafter authorized, (ii) securities of the corporation convertible into or exchangeable for shares of any class issued by the corporation, now or hereafter authorized, or (iii) securities of the corporation to which shall be attached or appertain any rights or options, whether by the terms of such securities or in the contracts, warrants or other instruments (whether transferable or non-transferable or separable or inseparable from such securities) evidencing such rights or options, entitling the holders thereof to subscribe for or purchase shares of any class issued by the corporation, now or hereafter authorized; it being the intent and is the effect of this Article Seventh to fully eliminate any and all preemptive rights with respect to the shares of any class issued by the corporation, now or hereafter authorized.

EIGHTH: At each meeting of stockholders for the election of directors, each nominee who receives a majority of the votes cast with respect to his/her election shall be elected as a director; provided, however, that if the election is contested or cumulative voting is in effect pursuant to Section 1701.55 of the Ohio Revised Code, then the nominees receiving the greatest number of votes "for" his/her election shall be elected. For purposes of this Article EIGHTH, a majority of votes cast means that the number of shares voted "for" a director's election must exceed the number of shares voted "against" his/her election, with abstentions and broker non-votes being disregarded. An election shall be considered "contested" if the number of nominees exceeds the number of directors to be elected by the class(es) of shares eligible to vote in such election.

NINTH: These Amended Articles of Incorporation supersede and take the place of the existing Amended Articles of Incorporation.

## ANNEX A

#### STANDARD PROVISIONS

- Section 1. <u>General Matters</u>. Each share of Designated Preferred Stock shall be identical in all respects to every other share of Designated Preferred Stock. The Designated Preferred Stock shall be perpetual, subject to the provisions of Section 5 of these Standard Provisions that form a part of the Certificate of Designations. The Designated Preferred Stock shall rank equally with Parity Stock and shall rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any dissolution, liquidation or winding up of the Corporation.
  - Section 2. <u>Standard Definitions</u>. As used herein with respect to Designated Preferred Stock:
- (a) "Applicable Dividend Rate" means (i) during the period from the Original Issue Date to, but excluding, the first day of the first Dividend Period commencing on or after the fifth anniversary of the Original Issue Date, 5% per annum and (ii) from and after the first day of the first Dividend Period commencing on or after the fifth anniversary of the Original Issue Date, 9% per annum.
- (b) "Appropriate Federal Banking Agency" means the "appropriate Federal banking agency" with respect to the Corporation as defined in Section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(q)), or any successor provision.
- (c) "<u>Business Combination</u>" means a merger, consolidation, statutory share exchange or similar transaction that requires the approval of the Corporation's stockholders.
- (d) "<u>Business Day</u>" means any day except Saturday, Sunday and any day on which banking institutions in the State of New York generally are authorized or required by law or other governmental actions to close.
  - (e) "Bylaws" means the Code of Regulations of the Corporation, as they may be amended from time to time.
- (f) "<u>Certificate of Designations</u>" means the Certificate of Designations or comparable instrument relating to the Designated Preferred Stock, of which these Standard Provisions form a part, as it may be amended from time to time.
- (g) "Charter" means the Corporation's certificate or articles of incorporation, articles of association, or similar organizational document.
  - (h) "<u>Dividend Period</u>" has the meaning set forth in Section 3(a).
  - (i) "<u>Dividend Record Date</u>" has the meaning set forth in Section 3(a).

- (j) "<u>Liquidation Preference</u>" has the meaning set forth in Section 4(a).
- (k) "Original Issue Date" means the date on which shares of Designated Preferred Stock are first issued.
- (l) "<u>Preferred Director</u>" has the meaning set forth in Section 7(b).
- (m) "Preferred Stock" means any and all series of preferred stock of the Corporation, including the Designated Preferred Stock.
- (n) "Qualified Equity Offering" means the sale and issuance for cash by the Corporation to persons other than the Corporation or any of its subsidiaries after the Original Issue Date of shares of perpetual Preferred Stock, Common Stock or any combination of such stock, that, in each case, qualify as and may be included in Tier 1 capital of the Corporation at the time of issuance under the applicable risk-based capital guidelines of the Corporation's Appropriate Federal Banking Agency (other than any such sales and issuances made pursuant to agreements or arrangements entered into, or pursuant to financing plans which were publicly announced, on or prior to October 13, 2008).
  - (o) "Share Dilution Amount" has the meaning set forth in Section 3(b).
- (p) "Standard Provisions" mean these Standard Provisions that form a part of the Certificate of Designations relating to the Designated Preferred Stock.
  - (q) "Successor Preferred Stock" has the meaning set forth in Section 5(a).
- (r) "Voting Parity Stock" means, with regard to any matter as to which the holders of Designated Preferred Stock are entitled to vote as specified in Sections 7(a) and 7(b) of these Standard Provisions that form a part of the Certificate of Designations, any and all series of Parity Stock upon which like voting rights have been conferred and are exercisable with respect to such matter.

#### Section 3. Dividends.

Rate. Holders of Designated Preferred Stock shall be entitled to receive, on each share of Designated Preferred Stock if, as and when declared by the Board of Directors or any duly authorized committee of the Board of Directors, but only out of assets legally available therefor, cumulative cash dividends with respect to each Dividend Period (as defined below) at a rate per annum equal to the Applicable Dividend Rate on (i) the Liquidation Amount per share of Designated Preferred Stock and (ii) the amount of accrued and unpaid dividends for any prior Dividend Period on such share of Designated Preferred Stock, if any. Such dividends shall begin to accrue and be cumulative from the Original Issue Date, shall compound on each subsequent Dividend Payment Date ( *i.e.*, no dividends shall accrue on other dividends unless and until the first Dividend Payment Date for such other dividends has passed without such other dividends having been paid on such date) and shall be payable quarterly in arrears on each Dividend Payment Date, commencing with the first such Dividend Payment Date to occur at least 20

calendar days after the Original Issue Date. In the event that any Dividend Payment Date would otherwise fall on a day that is not a Business Day, the dividend payment due on that date will be postponed to the next day that is a Business Day and no additional dividends will accrue as a result of that postponement. The period from and including any Dividend Payment Date to, but excluding, the next Dividend Payment Date is a "Dividend Period", provided that the initial Dividend Period shall be the period from and including the Original Issue Date to, but excluding, the next Dividend Payment Date.

Dividends that are payable on Designated Preferred Stock in respect of any Dividend Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The amount of dividends payable on Designated Preferred Stock on any date prior to the end of a Dividend Period, and for the initial Dividend Period, shall be computed on the basis of a 360-day year consisting of twelve 30-day months, and actual days elapsed over a 30-day month.

Dividends that are payable on Designated Preferred Stock on any Dividend Payment Date will be payable to holders of record of Designated Preferred Stock as they appear on the stock register of the Corporation on the applicable record date, which shall be the 15th calendar day immediately preceding such Dividend Payment Date or such other record date fixed by the Board of Directors or any duly authorized committee of the Board of Directors that is not more than 60 nor less than 10 days prior to such Dividend Payment Date (each, a "Dividend Record Date"). Any such day that is a Dividend Record Date shall be a Dividend Record Date whether or not such day is a Business Day.

Holders of Designated Preferred Stock shall not be entitled to any dividends, whether payable in cash, securities or other property, other than dividends (if any) declared and payable on Designated Preferred Stock as specified in this Section 3 (subject to the other provisions of the Certificate of Designations).

(b) Priority of Dividends. So long as any share of Designated Preferred Stock remains outstanding, no dividend or distribution shall be declared or paid on the Common Stock or any other shares of Junior Stock (other than dividends payable solely in shares of Common Stock) or Parity Stock, subject to the immediately following paragraph in the case of Parity Stock, and no Common Stock, Junior Stock or Parity Stock shall be, directly or indirectly, purchased, redeemed or otherwise acquired for consideration by the Corporation or any of its subsidiaries unless all accrued and unpaid dividends for all past Dividend Periods, including the latest completed Dividend Period (including, if applicable as provided in Section 3(a) above, dividends on such amount), on all outstanding shares of Designated Preferred Stock have been or are contemporaneously declared and paid in full (or have been declared and a sum sufficient for the payment thereof has been set aside for the benefit of the holders of shares of Designated Preferred Stock on the applicable record date). The foregoing limitation shall not apply to (i) redemptions, purchases or other acquisitions of shares of Common Stock or other Junior Stock in connection with the administration of any employee benefit plan in the ordinary course of business (including purchases to offset the Share Dilution Amount (as defined below) pursuant to a publicly announced repurchase plan) and consistent with past practice, *provided* that any purchases to offset the Share Dilution Amount shall in no event exceed the Share Dilution Amount; (ii) purchases or other acquisitions by a broker-dealer subsidiary of the Corporation

solely for the purpose of market-making, stabilization or customer facilitation transactions in Junior Stock or Parity Stock in the ordinary course of its business; (iii) purchases by a broker-dealer subsidiary of the Corporation of capital stock of the Corporation for resale pursuant to an offering by the Corporation of such capital stock underwritten by such broker-dealer subsidiary; (iv) any dividends or distributions of rights or Junior Stock in connection with a stockholders' rights plan or any redemption or repurchase of rights pursuant to any stockholders' rights plan; (v) the acquisition by the Corporation or any of its subsidiaries of record ownership in Junior Stock or Parity Stock for the beneficial ownership of any other persons (other than the Corporation or any of its subsidiaries), including as trustees or custodians; and (vi) the exchange or conversion of Junior Stock for or into other Junior Stock or of Parity Stock for or into other Parity Stock (with the same or lesser aggregate liquidation amount) or Junior Stock, in each case, solely to the extent required pursuant to binding contractual agreements entered into prior to the Signing Date or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for Common Stock. "Share Dilution Amount" means the increase in the number of diluted shares outstanding (determined in accordance with generally accepted accounting principles in the United States, and as measured from the date of the Corporation's consolidated financial statements most recently filed with the Securities and Exchange Commission prior to the Original Issue Date) resulting from the grant, vesting or exercise of equity-based compensation to employees and equitably adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar transaction.

When dividends are not paid (or declared and a sum sufficient for payment thereof set aside for the benefit of the holders thereof on the applicable record date) on any Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within a Dividend Period related to such Dividend Payment Date) in full upon Designated Preferred Stock and any shares of Parity Stock, all dividends declared on Designated Preferred Stock and all such Parity Stock and payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) shall be declared *pro rata* so that the respective amounts of such dividends declared shall bear the same ratio to each other as all accrued and unpaid dividends per share on the shares of Designated Preferred Stock (including, if applicable as provided in Section 3(a) above, dividends on such amount) and all Parity Stock payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) (subject to their having been declared by the Board of Directors or a duly authorized committee of the Board of Directors out of legally available funds and including, in the case of Parity Stock that bears cumulative dividends, all accrued but unpaid dividends) bear to each other. If the Board of Directors or a duly authorized committee of the Board of Directors determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide written notice to the holders of Designated Preferred Stock prior to such Dividend Payment Date.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, securities or other property) as may be determined by the Board of Directors or any duly authorized committee of the Board of Directors may be declared and paid on any securities, including

Common Stock and other Junior Stock, from time to time out of any funds legally available for such payment, and holders of Designated Preferred Stock shall not be entitled to participate in any such dividends.

# Section 4. <u>Liquidation Rights</u>.

- (a) <u>Voluntary or Involuntary Liquidation</u>. In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, holders of Designated Preferred Stock shall be entitled to receive for each share of Designated Preferred Stock, out of the assets of the Corporation or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Corporation, subject to the rights of any creditors of the Corporation, before any distribution of such assets or proceeds is made to or set aside for the holders of Common Stock and any other stock of the Corporation ranking junior to Designated Preferred Stock as to such distribution, payment in full in an amount equal to the sum of (i) the Liquidation Amount per share and (ii) the amount of any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount), whether or not declared, to the date of payment (such amounts collectively, the "Liquidation Preference").
- (b) <u>Partial Payment</u>. If in any distribution described in Section 4(a) above the assets of the Corporation or proceeds thereof are not sufficient to pay in full the amounts payable with respect to all outstanding shares of Designated Preferred Stock and the corresponding amounts payable with respect of any other stock of the Corporation ranking equally with Designated Preferred Stock as to such distribution, holders of Designated Preferred Stock and the holders of such other stock shall share ratably in any such distribution in proportion to the full respective distributions to which they are entitled.
- (c) <u>Residual Distributions</u>. If the Liquidation Preference has been paid in full to all holders of Designated Preferred Stock and the corresponding amounts payable with respect of any other stock of the Corporation ranking equally with Designated Preferred Stock as to such distribution has been paid in full, the holders of other stock of the Corporation shall be entitled to receive all remaining assets of the Corporation (or proceeds thereof) according to their respective rights and preferences.
- (d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 4, the merger or consolidation of the Corporation with any other corporation or other entity, including a merger or consolidation in which the holders of Designated Preferred Stock receive cash, securities or other property for their shares, or the sale, lease or exchange (for cash, securities or other property) of all or substantially all of the assets of the Corporation, shall not constitute a liquidation, dissolution or winding up of the Corporation.

# Section 5. Redemption.

(a) <u>Optional Redemption</u>. Except as provided below, the Designated Preferred Stock may not be redeemed prior to the first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date. On or after the first Dividend Payment Date falling on or

after the third anniversary of the Original Issue Date, the Corporation, at its option, subject to the approval of the Appropriate Federal Banking Agency, may redeem, in whole or in part, at any time and from time to time, out of funds legally available therefor, the shares of Designated Preferred Stock at the time outstanding, upon notice given as provided in Section 5(c) below, at a redemption price equal to the sum of (i) the Liquidation Amount per share and (ii) except as otherwise provided below, any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount) (regardless of whether any dividends are actually declared) to, but excluding, the date fixed for redemption.

Notwithstanding the foregoing, prior to the first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date, the Corporation, at its option, subject to the approval of the Appropriate Federal Banking Agency, may redeem, in whole or in part, at any time and from time to time, the shares of Designated Preferred Stock at the time outstanding, upon notice given as provided in Section 5(c) below, at a redemption price equal to the sum of (i) the Liquidation Amount per share and (ii) except as otherwise provided below, any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount) (regardless of whether any dividends are actually declared) to, but excluding, the date fixed for redemption; *provided* that (x) the Corporation (or any successor by Business Combination) has received aggregate gross proceeds of not less than the Minimum Amount (plus the "Minimum Amount" as defined in the relevant certificate of designations for each other outstanding series of preferred stock of such successor that was originally issued to the United States Department of the Treasury (the "Successor Preferred Stock") in connection with the Troubled Asset Relief Program Capital Purchase Program) from one or more Qualified Equity Offerings (including Qualified Equity Offerings of such successor), and (y) the aggregate redemption price of the Designated Preferred Stock (and any Successor Preferred Stock) redeemed pursuant to this paragraph may not exceed the aggregate net cash proceeds received by the Corporation (or any successor by Business Combination) from such Qualified Equity Offerings (including Qualified Equity Offerings of such successor).

The redemption price for any shares of Designated Preferred Stock shall be payable on the redemption date to the holder of such shares against surrender of the certificate(s) evidencing such shares to the Corporation or its agent. Any declared but unpaid dividends payable on a redemption date that occurs subsequent to the Dividend Record Date for a Dividend Period shall not be paid to the holder entitled to receive the redemption price on the redemption date, but rather shall be paid to the holder of record of the redeemed shares on such Dividend Record Date relating to the Dividend Payment Date as provided in Section 3 above.

- (b) <u>No Sinking Fund</u>. The Designated Preferred Stock will not be subject to any mandatory redemption, sinking fund or other similar provisions. Holders of Designated Preferred Stock will have no right to require redemption or repurchase of any shares of Designated Preferred Stock.
- (c) <u>Notice of Redemption</u>. Notice of every redemption of shares of Designated Preferred Stock shall be given by first class mail, postage prepaid, addressed to the holders of record of the shares to be redeemed at their respective last addresses appearing on the books of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date

fixed for redemption. Any notice mailed as provided in this Subsection shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Designated Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Designated Preferred Stock. Notwithstanding the foregoing, if shares of Designated Preferred Stock are issued in book-entry form through The Depository Trust Corporation or any other similar facility, notice of redemption may be given to the holders of Designated Preferred Stock at such time and in any manner permitted by such facility. Each notice of redemption given to a holder shall state: (1) the redemption date; (2) the number of shares of Designated Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where certificates for such shares are to be surrendered for payment of the redemption price.

- (d) <u>Partial Redemption</u>. In case of any redemption of part of the shares of Designated Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either *pro rata* or in such other manner as the Board of Directors or a duly authorized committee thereof may determine to be fair and equitable. Subject to the provisions hereof, the Board of Directors or a duly authorized committee thereof shall have full power and authority to prescribe the terms and conditions upon which shares of Designated Preferred Stock shall be redeemed from time to time. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof.
- (e) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been deposited by the Corporation, in trust for the *pro rata* benefit of the holders of the shares called for redemption, with a bank or trust company doing business in the Borough of Manhattan, The City of New York, and having a capital and surplus of at least \$500 million and selected by the Board of Directors, so as to be and continue to be available solely therefor, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date dividends shall cease to accrue on all shares so called for redemption, all shares so called for redemption shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company, without interest. Any funds unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.
- (f) <u>Status of Redeemed Shares</u>. Shares of Designated Preferred Stock that are redeemed, repurchased or otherwise acquired by the Corporation shall revert to authorized but unissued shares of Preferred Stock ( *provided* that any such cancelled shares of Designated Preferred Stock may be reissued only as shares of any series of Preferred Stock other than Designated Preferred Stock).

Section 6. <u>Conversion</u>. Holders of Designated Preferred Stock shares shall have no right to exchange or convert such shares into any other securities.

# Section 7. Voting Rights.

- (a) <u>General</u>. The holders of Designated Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by law.
- Preferred Stock Directors. Whenever, at any time or times, dividends payable on the shares of Designated Preferred Stock have not been paid for an aggregate of six quarterly Dividend Periods or more, whether or not consecutive, the authorized number of directors of the Corporation shall automatically be increased by two and the holders of the Designated Preferred Stock shall have the right, with holders of shares of any one or more other classes or series of Voting Parity Stock outstanding at the time, voting together as a class, to elect two directors (hereinafter the "Preferred Directors" and each a "Preferred Director") to fill such newly created directorships at the Corporation's next annual meeting of stockholders (or at a special meeting called for that purpose prior to such next annual meeting) and at each subsequent annual meeting of stockholders until all accrued and unpaid dividends for all past Dividend Periods, including the latest completed Dividend Period (including, if applicable as provided in Section 3(a) above, dividends on such amount), on all outstanding shares of Designated Preferred Stock have been declared and paid in full at which time such right shall terminate with respect to the Designated Preferred Stock, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned; provided that it shall be a qualification for election for any Preferred Director that the election of such Preferred Director shall not cause the Corporation to violate any corporate governance requirements of any securities exchange or other trading facility on which securities of the Corporation may then be listed or traded that listed or traded companies must have a majority of independent directors. Upon any termination of the right of the holders of shares of Designated Preferred Stock and Voting Parity Stock as a class to vote for directors as provided above, the Preferred Directors shall cease to be qualified as directors, the term of office of all Preferred Directors then in office shall terminate immediately and the authorized number of directors shall be reduced by the number of Preferred Directors elected pursuant hereto. Any Preferred Director may be removed at any time, with or without cause, and any vacancy created thereby may be filled, only by the affirmative vote of the holders a majority of the shares of Designated Preferred Stock at the time outstanding voting separately as a class together with the holders of shares of Voting Parity Stock, to the extent the voting rights of such holders described above are then exercisable. If the office of any Preferred Director becomes vacant for any reason other than removal from office as aforesaid, the remaining Preferred Director may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.
- (c) <u>Class Voting Rights as to Particular Matters</u>. So long as any shares of Designated Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Charter, the vote or consent of the holders of at least 66 2/3% of the shares of Designated Preferred Stock at the time outstanding, voting as a separate class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:
- (i) <u>Authorization of Senior Stock</u>. Any amendment or alteration of the Certificate of Designations for the Designated Preferred Stock or the Charter to authorize or create or increase the authorized amount of, or any issuance of, any shares of, or any securities convertible into or exchangeable or exercisable for shares of, any class or series of capital stock of the Corporation ranking senior to Designated Preferred Stock with respect to either or both the payment of dividends and/or the distribution of assets on any liquidation, dissolution or winding up of the Corporation;

- (ii) <u>Amendment of Designated Preferred Stock</u>. Any amendment, alteration or repeal of any provision of the Certificate of Designations for the Designated Preferred Stock or the Charter (including, unless no vote on such merger or consolidation is required by Section 7(c)(iii) below, any amendment, alteration or repeal by means of a merger, consolidation or otherwise) so as to adversely affect the rights, preferences, privileges or voting powers of the Designated Preferred Stock; or
- Share Exchanges, Reclassifications, Mergers and Consolidations. Any consummation of a binding share exchange or reclassification involving the Designated Preferred Stock, or of a merger or consolidation of the Corporation with another corporation or other entity, unless in each case (x) the shares of Designated Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (y) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of Designated Preferred Stock immediately prior to such consummation, taken as a whole; provided, however, that for all purposes of this Section 7(c), any increase in the amount of the authorized Preferred Stock, including any increase in the authorized amount of Designated Preferred Stock necessary to satisfy preemptive or similar rights granted by the Corporation to other persons prior to the Signing Date, or the creation and issuance, or an increase in the authorized or issued amount, whether pursuant to preemptive or similar rights or otherwise, of any other series of Preferred Stock, or any securities convertible into or exchangeable or exercisable for any other series of Preferred Stock, ranking equally with and/or junior to Designated Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the rights, preferences, privileges or voting powers, and shall not require the affirmative vote or consent of, the holders of outstanding shares of the Designated Preferred Stock.
- (d) <u>Changes after Provision for Redemption</u>. No vote or consent of the holders of Designated Preferred Stock shall be required pursuant to Section 7(c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding shares of the Designated Preferred Stock shall have been redeemed, or shall have been called for redemption upon proper notice and sufficient funds shall have been deposited in trust for such redemption, in each case pursuant to Section 5 above.

- (e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Designated Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules of the Board of Directors or any duly authorized committee of the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Charter, the Bylaws, and applicable law and the rules of any national securities exchange or other trading facility on which Designated Preferred Stock is listed or traded at the time.
- Section 8. <u>Record Holders</u>. To the fullest extent permitted by applicable law, the Corporation and the transfer agent for Designated Preferred Stock may deem and treat the record holder of any share of Designated Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor such transfer agent shall be affected by any notice to the contrary.
- Section 9. <u>Notices</u>. All notices or communications in respect of Designated Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or if given in such other manner as may be permitted in this Certificate of Designations, in the Charter or Bylaws or by applicable law. Notwithstanding the foregoing, if shares of Designated Preferred Stock are issued in book-entry form through The Depository Trust Corporation or any similar facility, such notices may be given to the holders of Designated Preferred Stock in any manner permitted by such facility.
- Section 10. <u>No Preemptive Rights.</u> No share of Designated Preferred Stock shall have any rights of preemption whatsoever as to any securities of the Corporation, or any warrants, rights or options issued or granted with respect thereto, regardless of how such securities, or such warrants, rights or options, may be designated, issued or granted.
- Section 11. <u>Replacement Certificates</u>. The Corporation shall replace any mutilated certificate at the holder's expense upon surrender of that certificate to the Corporation. The Corporation shall replace certificates that become destroyed, stolen or lost at the holder's expense upon delivery to the Corporation of reasonably satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be reasonably required by the Corporation.
- Section 12. Other Rights. The shares of Designated Preferred Stock shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Charter or as provided by applicable law.

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# FOURTH AMENDMENT TO THE FIFTH THIRD BANCORP MASTER PROFIT SHARING PLAN

(as amended and restated effective as of September 20, 2010)

Pursuant to the reserved power of amendment contained in Section 12.1 of The Fifth Third Bancorp Master Profit Sharing Plan (as amended and restated effective as of September 20, 2010) (the "Plan"), the Plan is hereby amended effective 12/2/2013 by revising Section 9.1(b) in its entirety to read as follows:

- (b) <u>Distributions</u>. When a Participant's benefit becomes distributable under Section 8.4 of the Plan, such benefit shall be paid in such of the forms described below as the Participant elects, subject to (c) below:
  - (1) <u>Available Distribution Forms</u>. The available forms, described in more detail below, are:
    - (A) a single sum,
  - (B) periodic installments, not less frequently than annually, with any installments remaining unpaid at the Participant's death to be paid to his Beneficiary,
    - (C) partial withdrawal, or
  - (D) with respect to Participants covered by an Appendix, such other form or forms as are specified in the applicable Appendix.

The foregoing are the exclusive forms of benefit available under the Plan. References below to annuity forms of payment serve only to implement the minimum distribution rules with respect to annuity forms (if any) that potentially could be available to particular Participants under a future Appendix.

In the absence of a valid election by the date benefit payments are to commence, the form of payout shall be a single sum cash distribution.

- (2) <u>Single Sum</u>. If a single sum payment is otherwise applicable, to the extent the Participant has his Account invested in the Fifth Third Stock Fund, he may elect to have whole shares of Fifth Third Bancorp stock distributed to him in accordance with rules and procedures established by the Administrator, with the remainder of his distribution in cash.
  - (3) <u>Periodic Installments</u>. Periodic installments shall be in cash.

In accordance with rules and procedures established by the Administrator and subject to the minimum distribution requirements of Section 9.4, a periodic installment election may be revoked or modified by the Participant.

For a distribution commencing on or after the Effective Date, if the Participant elects periodic installments under (b)(1)(B) above and does not revoke that election, any amount remaining unpaid at the Participant's death shall be paid in a single sum cash distribution to his Beneficiary as soon as administratively feasible after the Participant's death. If a Participant dies after having commenced and then revoked a periodic installment election, Section 10.1 shall be applied as if the Participant's benefit had not commenced.

While receiving installment payments, a Participant may also elect a partial withdrawal from his Account under (b)(1)(C) above.

(4) <u>Partial Withdrawal</u>. In accordance with rules and procedures established by the Administrator, a Participant may make a partial withdrawal from his Account from time to time under (b)(1)(C) above. A partial withdrawal shall be in cash.

IN WITNESS WHEREOF, Fifth Third Bank has caused this Amendment to be adopted as of this 18 day of December

2013.

FIFTH THIRD BANK

BY: (MUSa Tannur)

5217057.1

	Exhibit 10.12
THE FIFTH THIRD BANCORP	
NONQUALIFIED DEFERRED COMPENSATION PLAN	
(as amended and restated effective as of January 1, 2013)	

# THE FIFTH THIRD BANCORP NONQUALIFIED DEFERRED COMPENSATION PLAN

(as amended and restated effective as of January 1, 2013)

#### ARTICLE I – INTRODUCTION AND SECTION 409A COMPLIANCE

1.1 <u>Amendment and Restatement</u>. Fifth Third Bancorp most recently amended and restated The Fifth Third Bancorp Nonqualified Deferred Compensation Plan in its entirety effective January 1, 2009. That document was amended by the First and Second Amendments. Fifth Third Bancorp hereby again amends and restates the Plan effective January 1, 2013; provided however, Section 2.10 is effective as of the first day of the Open Enrollment Period relating to the 2012 Plan Year.

#### 1.2 <u>Transition Rules under Section 409A.</u>

- (a) 2005 Payment Elections. In accordance with Paragraph 10.3, the Committee allowed new payment elections under Article X in 2005 with respect to Pre-2013 Accounts which, for purposes of Article X, were treated as a Participant's timely initial election under Paragraph 10.2(a) with respect to his Pre-2013 Account and not as a change in election under Paragraph 10.2(b). Any such election shall be administered by the Committee in its sole and absolute discretion and in compliance with Internal Revenue Service Notice 2005-1 and any other applicable legal authority.
- (b) 2007 and 2008 Payment Elections. In its discretion, the Committee was authorized to allow a Participant who remained actively employed by an Employer to complete a new payment election under Paragraph 10.1 with respect to his Pre-2013 Account by a date in 2007 or 2008 determined by the Committee. The Committee was authorized to allow such an election on a case-by-case basis in its discretion without being required to extend the opportunity to all Participants. Any such election shall be treated as an initial election under Paragraph 10.2(a) with respect to his Pre-2013 Account and not a change under Paragraph 10.2(b). Any such election shall be administered by the Committee in compliance with Internal Revenue Service Notice 2006-79 (for elections in 2007) and Notice 2007-86 (for elections in 2008) and any other applicable legal authority.
- (c) <u>2007 Performance Based Restricted Stock Deferral</u>. In accordance with Paragraph 4.4, the Committee shall administer deferral elections with respect to certain Performance Based Restricted Stock in 2007. Any such election shall be administered by the Committee in its sole and absolute discretion and in compliance with Internal Revenue Service Notice 2006-79 and any other applicable legal authority.

(d) Required 2008 Payment Elections by Active Participants. A Participant who, as of the first day of the Open Enrollment Period in 2008, was actively employed by an Employer (i.e., had not had a Separation from Service) was required to complete a new payment election under Paragraph 10.1 by a date in 2008 determined by the Committee. Any such election shall be treated as an initial election under Paragraph 10.2(a) with respect to the Participant's Pre-2013 Account and not a change under Paragraph 10.2(b). If such a Participant did not make a timely election in 2008 under this Paragraph 1.2(d), payment of his Pre- 2013 Account shall be made (consistent with Paragraph 10.2(a)) as of the first business day of August of the Plan Year immediately following the Plan Year in which the Separation from Service occurs in a single lump sum cash distribution (except as provided in Paragraph 10.2(b) in the case of a valid change in payment election). Any prior payment elections by such a Participant shall have no force and effect.

#### ARTICLE II- DEFINITIONS

- 2.1 "Beneficiary" shall mean the person or persons entitled to receive the distributions, if any, payable under the Plan upon or after a Participant's death, to such person or persons as such Participant's Beneficiary. Each Participant may designate a Beneficiary by filing the proper form with the Committee. A Participant may designate one or more contingent Beneficiaries to receive any distributions after the death of a prior Beneficiary. A designation shall be effective upon said filing, provided that it is so filed during such Participant's lifetime, and may be changed from time to time by the Participant. If there is no designated Beneficiary to receive any amount that becomes payable to a Beneficiary, then the Participant's Beneficiary shall be the estate of the last to die of the Participant and any properly designated Beneficiaries.
- 2.2 "<u>Claims Review Committee</u>" shall mean the committee established by the Committee for purposes of administering the claims and claim review procedures under the Plan.
- 2.3 "Code" shall mean the Internal Revenue Code of 1986, as amended at the particular time applicable. A reference to a section of the Code shall include said section and any comparable section or sections of any future legislation that amends, supplements or supersedes said section.
- 2.4 "<u>Committee</u>" shall mean The Fifth Third Bank Pension, Profit Sharing and Medical Plan Committee which is responsible for the administration of this Plan in accordance with the provisions of the Plan as set forth in this document. A reference to the Committee includes its delegate.
- 2.5 "<u>Compensation</u>" shall mean the total base earnings plus the cash portion of variable compensation (but excluding performance-based, additional cash compensation incentives) paid by an Employer to a Participant or which would otherwise be paid but for a deferral election hereunder.

- 2.6 "Effective Date" shall mean January 1, 2013.
- 2.7 "Employer" shall mean Fifth Third Bank, an Ohio Banking Corporation, and any other subsidiary of Fifth Third Bancorp or any successor or assignee of any of them.
- 2.8 "Executive" shall mean an employee of an Employer who is employed on a full-time basis and who is a Bank President, Bank Executive Vice President, Bank Senior Vice President or Bank Vice President. For employment on and after the Effective Date, full-time employment status shall no longer be required such that for periods on and after the Effective Date, "Executive" shall mean an employee of an Employer (regardless of whether he is full-time or part-time) who is a Bank President, Bank Executive Vice President, Bank Senior Vice President or Bank Vice President.
- 2.9 "<u>Grandfathered Participant</u>" shall mean a Participant (other than an individual who is a Participant under Paragraph 2.13(b)) whose service with all Employers terminated prior to September 1, 1999.
- 2.10 "Kev Employee" shall mean an employee of an Employer who is in Pay Band A, B, C, D, P or Q, as determined by Fifth Third Bancorp.
- 2.11 "Master Profit Sharing Plan" shall mean The Fifth Third Bancorp Master Profit Sharing Plan, as amended from time to time.
- 2.12 "Open Enrollment Period" shall mean such period no more than thirty (30) days in length prescribed by the Committee, closing no later than the last day of the Plan Year immediately preceding the Plan Year for which elections to defer Compensation under Article IV are permitted.
- 2.13 "Participant" shall mean any of the following:
  - (a) any Executive or Key Employee who satisfies the eligibility requirements of Article III and who receives an allocation to his Post-2012 Account or Pre-2013 Account under Article IV, Article V, or Article VI, as well as any former Executive or Key Employee who has a Pre-2013 Account or Post-2012 Account under the Plan; or
  - (b) any person who has a Predecessor Plan Account attributable to his employment covered by a Predecessor Plan.
- 2.14 "<u>Performance Based Restricted Stock</u>" shall mean common stock without par value of Fifth Third Bancorp, granted under the 2004 Fifth Third Bancorp Incentive Compensation Plan, or any successor plan, subject to the satisfaction of specified performance goals, provided the grant is not includible in the income of the recipient in the year of grant for federal income tax purposes (and the recipient does not make an election under section 83(b) of the Code to include the grant in income in the year of the grant).

- 2.15 "<u>Plan</u>" shall mean The Fifth Third Bancorp Nonqualified Deferred Compensation Plan as described in this instrument, and as may be amended, thereafter.
- 2.16 "Plan Year" shall mean the calendar year.
- 2.17 "Post-2012 Account" shall mean the account established by an Employer as a book reserve to reflect the amounts credited to a Participant under this Plan for Plan Years after 2012. A Participant's Post-2012 Account under the Plan may include one or more of the following subaccounts:
  - (a) Post-2012 Employee Contribution Account.
  - (b) Post-2012 Employer Contribution Account.
- 2.18 "Post-2012 Employee Contribution Account" shall mean the account established by an Employer as a book reserve to reflect the amounts deferred by a Participant under Paragraphs 4.1 and 4.2 for Plan Years beginning after 2012, as adjusted by earnings (and losses) under Article VIII and as reduced by distributions under Article X and Article XI.
- 2.19 "<u>Post-2012 Employer Contribution Account</u>" shall mean the account established by an Employer as a book reserve to reflect the amounts credited by an Employer as matching contributions under Article V for Plan Years beginning after 2012 and profit sharing contributions under Article VI for Plan Years beginning after 2012, as adjusted by earnings (and losses) under Article VIII and as reduced by distributions under Article X and Article XI.
- 2.20 "Pre-2013 Account" shall mean the account established by an Employer as a book reserve to reflect the amounts credited to a Participant under this Plan for Plan Years before 2013. A Participant's Pre-2013 Account under the Plan may include one or more of the following subaccounts:
  - (a) Pre-2013 Deferred Compensation Account.
  - (b) Pre-2013 Matching Account.
  - (c) Predecessor Plan Account.
  - (d) Pre-2013 Profit Sharing Account.
- 2.21 "Pre-2013 Deferred Compensation Account" shall mean the account established by an Employer as a book reserve to reflect the amounts deferred by a Participant under Paragraphs 4.1 and 4.2 for Plan Years beginning before 2013, as adjusted by earnings (and losses) under Article VIII and as reduced by distributions under Article X and Article XI.
- 2.22 "Pre-2013 Matching Account" shall mean the account established by an Employer as a book reserve to reflect the amounts credited by an Employer as matching contributions under Article V for Plan Years beginning before 2013, as adjusted by earnings (and losses) under Article VIII and as reduced by distributions under Article X and Article XI.

- 2.23 "Pre-2013 Profit Sharing Account" shall mean the account established by an Employer as a book reserve to reflect the amounts credited by an Employer as profit sharing contributions under Article VI for Plan Years beginning before 2013, as adjusted by earnings (and losses) under Article VIII and as reduced by distributions under Article X and Article XI.
- 2.24 "Predecessor Plan" shall mean any other nonqualified deferred compensation plan designated by the Committee. Each such Predecessor Plan was completely amended and restated into this Plan.
- 2.25 "<u>Predecessor Plan Account</u>" shall mean an account established by the Employer as a book reserve to reflect amounts credited hereunder with respect to a Predecessor Plan, as adjusted by earnings (and losses) under Article VIII and as reduced by distributions under Article X and Article XI.
- 2.26 "Qualified Executive" shall mean an employee of an Employer who is an Executive who meets the criteria in either (a) or (b) below:
  - (a) an Executive is a Qualified Executive if he was an Executive for the 2007 Plan Year who had a Compensation deferral election in effect under the Plan for the 2007 Plan Year and thereafter;
  - (b) an Executive is a Qualified Executive if (i) he was a Key Employee who had a Compensation deferral election in effect under the Plan for the most recent Plan Year in which he was eligible to do so as a Key Employee, and thereafter, and (ii) as of the first day of an Open Enrollment Period, he no longer qualifies as a Key Employee by reason of a change in his Pay Band (i.e., he is no longer in Pay Band A, B, C, D, P or Q).

An individual meeting the criteria in (a) or (b) shall no longer be considered a Qualified Executive if, at any time and for any reason (including termination of employment and voluntary decision to cease deferring), he no longer has a Compensation deferral election in effect.

2.27 "Separation from Service" means the termination of employment with all Employers. Whether a termination of employment has occurred shall be determined based on whether the facts and circumstances indicate that the Employer and Participant reasonably anticipate that no further services would be performed after a certain date or that the level of bona fide services would permanently decrease to no more than 20 percent of the average level of bona fide services performed over the immediately preceding 36-month period (or the full period of employment if the Participant has been employed by an Employer less than 36 months). A Participant is not treated as having terminated employment while he is on military leave, sick leave or other bona fide leave of absence

if the period of such leave does not exceed six months, or if longer, so long as the individual retains a right to reemployment under an applicable statute or by contract. The determination of whether a Separation of Service has occurred shall be based on applicable regulations and other applicable legal authority under section 409A of the Code.

## ARTICLE III- ELIGIBILITY AND PARTICIPATION

- 3.1 <u>For Plan Years 2009 and Later.</u> Eligibility and participation shall be determined in accordance with this Paragraph 3.1 for Plan Years beginning on or after January 1, 2009. Each individual who, on the first day of an Open Enrollment Period relating to the 2009 Plan Year or a later Plan Year, is either a Key Employee or a Qualified Executive:
  - (a) may elect to defer Compensation for services performed during the ensuing Plan Year to which the Open Enrollment Period relates, in accordance with Article IV; and
  - (b) shall be eligible for matching allocations under Article V and profit sharing allocations under Article VI for the ensuing Plan Year to which such Open Enrollment Period relates.

An individual who is not a Key Employee or a Qualified Executive on the first day of an Open Enrollment Period but who later becomes a Key Employee shall not be eligible to defer Compensation until the first day of the next Open Enrollment Period with respect to which he is still a Key Employee (for the Plan Year to which such next Open Enrollment Period relates); and he shall not be eligible for matching or profit sharing allocations until the Plan Year following the next Open Enrollment Period as of the first day of which he is a Key Employee.

A Qualified Executive's eligibility for matching allocations under Article V and profit sharing allocations under Article VI may be limited to the amount his allocations under the Master Profit Sharing Plan are reduced by reason of his Compensation deferrals under this Plan.

3.2 <u>Eligibility for Deferral of Performance Based Restricted Stock</u>. If the Committee allows a Key Employee to make a deferral election during an Open Enrollment Period with respect to Performance Based Restricted Stock granted during the ensuing Plan Year, as provided in Paragraph 4.2(a)(i), a Key Employee would be eligible to make such a deferral election only if he is a Key Employee on the first day of the applicable Open Enrollment Period. If the Committee allows a Key Employee to make a deferral election during an election period it establishes during the year of the grant of Performance Based Restricted Stock, as provided in Paragraph 4.2(a)(ii), a Key Employee could be eligible to make such a deferral election only if he is a Key Employee on the first day of the applicable election period established by the Committee.

3.3 <u>Changes in Eligibility Status.</u> A new, separate Pre-2013 Account or Post-2012 Account shall be established for a Participant who (a) has an existing Pre-2013 Account balance or Post-2012 Account balance, as the case may be, (b) is not eligible for contributions under Paragraph 3.1 in at least one Plan Year after having been eligible previously, and (c) again meets the eligibility criteria in Paragraph 3.1 for a future Plan Year

The payment provisions (including available elections and changes) in Article X shall be applied separately as to each of a Participant's separate Pre-2013 Accounts and Post-2012 Accounts. As an example, such a Participant, upon becoming eligible again after a period of ineligibility, may make an initial payment election under Paragraph 10.2(a) within the first Open Enrollment Period applicable to him after again meeting the eligibility requirements of Paragraph 3.1; and such election (or default payment under Paragraph 10.2(a)) shall apply solely to his new Post-2012 Account and shall not affect the payment provisions applicable to his prior Post-2012 Account or Pre-2013 Account.

In the event of multiple changes in eligibility, the above process shall be repeated such that a Participant may have multiple separate Pre-2013 Accounts and Post-2012 Accounts, each with payment provisions unaffected by the payment provisions applicable to the others.

Notwithstanding the above, Paragraph 2.1 (regarding the Participant's designation of a Beneficiary) and Article XI (regarding the payment upon death) shall not be applied separately as to each of a Participant's Pre-2013 Accounts and Post-2012 Accounts. Instead, a Participant's Beneficiary designation under Paragraph 2.1 shall apply to a Participant's entire benefit in the Plan.

In addition, for purposes of applying the \$25,000 threshold in Paragraphs 10.1(a)(i) and (ii), all of a Participant's Pre-2013 Accounts and Post-2012 Accounts shall be aggregated.

#### ARTICLE IV - ELECTION TO DEFER COMPENSATION OR RESTRICTED STOCK

# 4.1 <u>Compensation Deferral</u>

- (a) <u>Compensation Deferral</u>. Each Key Employee and Qualified Executive eligible under Article III may elect to have a portion of his Compensation for services performed during a Plan Year deferred and credited with earnings in accordance with the terms and conditions of the Plan. The amount of Compensation deferred for any Plan Year by a Participant may not reduce the amount of base pay such Participant receives in a Plan Year below \$50,000.
- (b) <u>Implementation</u>. The Compensation otherwise payable to the Participant during the Plan Year shall be reduced by the amount of the Participant's election under this Paragraph 4.1. Such amounts shall be credited to the Participant's Post-2012 Employee Contribution Account at the time his Compensation is so reduced (or his Pre-2013 Deferred Compensation Account for Plan Years beginning before 2013). For purposes of this Paragraph 4.1, base earnings payable after

December 31 st solely for services performed during the final payroll period containing such December 31 st, shall be treated as Compensation for services performed in the subsequent taxable year in which the payment is made.

# 4.2 <u>Performance Based Restricted Stock Deferral</u>.

- (a) <u>Deferral of Performance Based Restricted Stock</u>.
  - (i) <u>During Open Enrollment</u>. The Committee may allow each Key Employee eligible under Article III to elect to have all (and not less than all) eligible Performance Based Restricted Stock granted to him during the ensuing Plan Year to which an Open Enrollment Period relates to be deferred and credited with earnings in accordance with the terms and conditions of the Plan.
  - (ii) <u>During Year of Grant</u>. With respect to Performance Based Restricted Stock meeting the requirements of Paragraph 4.2(b)(ii) below, the Committee may allow each Key Employee to elect to have all (and not less than all) eligible Performance Based Restricted Stock granted to him during the Plan Year of the grant to be deferred and credited with earnings in accordance with the terms and conditions of the Plan. The Committee shall determine, the period within the Plan Year of the grant, during which such a deferral election must be made subject to the following:
    - (A) the election must be made on or before the 30 th day after the grant; and
    - (B) the election must be made at least twelve (12) months in advance of the earliest date at which the forfeiture restrictions could lapse. A condition will not be treated as failing this requirement merely because the Performance Based Restricted Stock becomes fully vested such that there is no further requirement of services upon the death or disability (as defined in applicable Treasury Regulations) of the Key Employee or upon a change in control event (as defined in applicable Treasury Regulations). However, if such death, disability or change in control event occurs before the end of twelve (12) months of service, the deferral election shall not be given effect.
- (b) <u>Eligible Performance Based Restricted Stock.</u> Performance Based Restricted Stock is eligible for deferral under (a)(i) above pursuant to an election during the Open Enrollment Period if it meets one or both of the conditions in (i) and (ii) below. Performance Based Restricted Stock is eligible for deferral under (a)(ii) above pursuant to an election during the Plan Year of the grant only if it meets the conditions in (ii) below.
  - (i) The Performance Based Restricted Stock is granted solely for services performed during the Plan Year in which the grant occurs or future services (but not for any past services); or

- (ii) The Performance Based Restricted Stock is granted subject to a requirement that the Key Employee continue to provide services for a period of at least twelve (12) months from the date of the grant in order to avoid forfeiture of such Performance Based Restricted Stock. A condition will not be treated as failing this requirement merely because the Performance Based Restricted Stock becomes fully vested such that there is no further requirement of services upon the death or disability (as defined in applicable Treasury Regulations) of the Key Employee or upon a change in control event (as defined in applicable Treasury Regulations). However, if such death, disability or change in control event occurs before the end of twelve (12) months of service, the deferral election shall not be given effect.
- (c) <u>Implementation</u>. At such time as any eligible Performance Based Restricted Stock subject to a deferral election becomes both earned and vested according to the terms of the grant and plan under which it was granted, such Performance Based Restricted Stock shall be deemed to be credited to the Participant's Pre-2013 Deferred Compensation Account or Post-2012 Employee Contribution Account, as the case may be, rather than being released in a taxable event to the Key Employee. Performance Based Restricted Stock which is not earned or which is forfeited shall not be deemed credited under this Plan.
- (d) Deemed Investment in Fifth Third Stock Fund. Amounts credited to a Participant's Pre-2013 Deferred Compensation Account or Post-2012 Employee Contribution Account pursuant to an election to defer Performance Based Restricted Stock shall be credited with earnings (or losses) under Article VIII as if invested in the Fifth Third Stock Fund. The other investment benchmarks generally available under Article VIII are not available for such amounts which must remain in the Fifth Third Stock Fund.
- (e) <u>Dividends on Unvested Performance Based Restricted Stock</u>. Any dividends payable with respect to Performance Based Restricted Stock prior to such time as the Performance Based Restricted Stock is earned or vested, shall not be eligible for deferral hereunder.
- 4.3 <u>Election Procedure</u>. An eligible Key Employee or Qualified Executive desiring to exercise an available election under Paragraph 4.1 or 4.2 for a Plan Year shall notify the Committee each Plan Year of his deferral election during the Open Enrollment Period or other election period established by the Committee under Paragraph 4.2(a)(ii). Such notice must be binding and must be in accordance with the procedures established by the Committee during the applicable election period. A deferral election shall be effective for the entire Plan Year (but not for any future Plan Year) to which it relates and may not

be modified or terminated for that Plan Year. A deferral election with respect to Performance Based Restricted Stock shall be effective for the entire grant regardless of the future year(s) in which the forfeiture restrictions lapse; and an election with respect to such grant may not be modified or terminated.

4.4 2007 Election to Defer Non-Vested Performance Based Restricted Stock. The Committee was authorized to allow an individual who, on the first day of the Open Enrollment Period falling in 2007 (relating to the 2008 Plan Year), was a Key Employee, to elect to defer Performance Based Restricted Stock previously granted to him, in accordance with the following provisions and Internal Revenue Service Notice 2006-79, Section 3.02. Any such deferral election must have been completed by a date in 2007 determined by the Committee. Such a deferral election was authorized only with respect to Performance Based Restricted Stock which had always been subject to a substantial risk of forfeiture (as defined for purposes of section 409A of the Code) and which remained subject to a substantial risk of forfeiture throughout 2007 (i.e., the substantial risk of forfeiture had not lapsed in 2007 or earlier). Such an election shall be treated as a valid and timely election under Paragraph 4.2(a), and Paragraphs 4.2(c), (d) and (e) (but not Paragraph 4.2(b)) shall apply.

## ARTICLE V- MATCHING ALLOCATIONS

- 5.1 <u>Matching Allocations</u>. An Employer, in its discretion, may credit a matching allocation to the Post-2012 Employer Contribution Account (Pre-2013 Matching Account for Plan Years before 2013) of any Key Employee or Qualified Executive eligible under Article III it selects provided:
  - (a) he remains in the employment of an Employer as a Key Employee or Qualified Executive (or is on an Employer-approved leave of absence) on the date the Committee determines to credit the allocation; and
  - (b) he either has a Compensation deferral election in effect under Paragraph 4.1 for the Plan Year, or has "Annual Compensation" (as defined in the Master Profit Sharing Plan) in the corresponding Plan Year of that plan in excess of the compensation limitation imposed by section 401(a)(17) of the Code.

The matching allocations for such selected Participants shall be determined by the Employer and may vary for each such Participant. The amount of the matching allocations as so determined under this paragraph shall be credited to the Participants' Post-2012 Employer Contribution Accounts (Pre-2013 Matching Accounts for Plan Years before 2013) as of the last day of the Plan Year, or at such other time or times determined by the Committee.

## ARTICLE VI- PROFIT SHARING ALLOCATIONS

6.1 <u>Profit Sharing Allocations</u>. An Employer, in its discretion, may credit a profit sharing allocation to the Post-2012 Employer Contribution Account (Pre-2013 Profit Sharing

Account for Plan Years before 2013) of any Key Employee or Qualified Executive eligible under Article III it selects for a Plan Year provided he remains in the employment of an Employer as a Key Employee or Qualified Executive (or is on an Employer-approved leave of absence) on the date the Committee determines to credit the allocation.

The profit sharing allocations for such selected Participants shall be determined by the Employer and may vary for each such Participant. The amount of the profit sharing allocations as so determined under this paragraph shall be credited to the Participants' Post-2012 Employer Contribution Accounts (Pre-2013 Profit Sharing Accounts before 2013) as of the last day of the Plan Year, or at such other time or times determined by the Committee.

### ARTICLE VII- PARTICIPANT'S INTEREST

7.1 <u>Unsecured Creditor</u>. No Participant or his designated Beneficiary shall acquire any property interest in his Pre-2013 Account or Post-2012 Account or any other assets of the Employer or Fifth Third Bancorp, their rights being limited to receiving from the Employer or Fifth Third Bancorp deferred payments as set forth in this Plan and these rights are conditioned upon continued compliance with the terms and conditions of this Plan. To the extent that any Participant or Beneficiary acquires a right to receive benefits under this Plan, such right shall be no greater than the right of any unsecured general creditor of the Employer or Fifth Third Bancorp.

### **ARTICLE VIII - CREDITING OF EARNINGS**

- 8.1 <u>General</u>. There shall be credited to the Pre-2013 Account and Post-2012 Account of each Participant an additional amount of earnings (or losses) determined under this Article VIII.
- 8.2 <u>Investment Elections</u>. As provided in Paragraph 4.2(d), that part of a Participant's Pre-2013 Account or Post-2012 Account credited with deferred Performance Based Restricted Stock shall be credited with earnings (or losses) as if invested in the Fifth Third Stock Fund. Each Participant shall elect to have earnings (or losses) credited to all other parts of his Pre-2013 Account and Post-2012 Account from among various investment benchmarks the Committee determines to establish for this purpose. One of such investment benchmarks shall be the Fifth Third Stock Fund.

Such an election shall be made in such manner as the Committee shall direct.

The Committee may prescribe rules including rules which limit the frequency of changes to elections, prescribe times for making elections, regulate the amount or increment a Participant may allocate to a particular investment benchmark, require or allow an election (or election change) to relate only to future allocations, require an election to apply consistently to all subaccounts and provide for the investment of a Pre-2013 Account or Post-2012 Account of a Participant who fails to make an election.

- 8.3 <u>Rate of Return Benchmarks</u>. The Committee shall determine the rate of return for the Fifth Third Stock Fund, as well as each of the other investment benchmarks selected by the Committee under Paragraph 8.2 above.
- 8.4 <u>Crediting</u>. The Participant's Pre-2013 Account and Post-2012 Account shall be increased or decreased as if they had earned the rate of return corresponding to the Participant's investment election. The time and method of such crediting and the recordkeeping methodologies used shall be determined in the sole and absolute discretion of the Committee.

### ARTICLE IX – VESTING

9.1 <u>Vesting Provisions.</u> A Participant's rights to his Pre-2013 Account (including each of its subaccounts) and Post-2012 Account (including each of its subaccounts) shall be nonforfeitable at all times.

### **ARTICLE X- PLAN BENEFITS**

### 10.1 <u>Distributions</u>.

- (a) <u>Time and Form of Payment.</u>
  - (i) Pre-2013 Account. In accordance with the election procedures in Paragraph 10.2(a)(i), a Participant was permitted to elect to have the amounts represented by the Participant's vested Pre-2013 Account to be paid (or commence to be paid) as of the first business day of August of the Plan Year immediately following the Plan Year in which the Participant's Separation from Service with all Employers occurs, or the first business day of August of any subsequent year, but not later than the first business day of August of the tenth Plan Year following the Plan Year in which such Separation from Service occurs. In accordance with the election procedures in Paragraph 10.2, a Participant may have elected to have such amounts paid in one of the following forms:
    - (A) single lump distribution; or
    - (B) substantially equal annual installments, the last payment of which is no later than the first business day of August of the tenth Plan Year following the Plan Year in which such Separation from Service occurs.

If installment payments are in effect, the Participant's Pre-2013 Account shall continue to be credited with earnings (or losses) under Article VIII until fully paid.

Notwithstanding the foregoing or Paragraph 10.3(a), (b) or (c), in the event the aggregate of the Participant's vested Pre-2013 Account and vested Post-2012 Account does not exceed \$25,000 as of any December 31 st after the Participant has a Separation from Service, then any payment election by a Participant shall be disregarded. In such a case, the vested Pre-2013 Account (or remaining balance thereof) and vested Post-2012 Account (or remaining balance thereof) shall be paid in a single lump sum distribution as of the first business day of August following such December 31st (even if the aggregate of such vested Pre-2013 Account and vested Post-2012 Account exceeds \$25,000 at that time).

- (ii) Post-2012 Account. In accordance with the election procedures in Paragraph 10.2(a)(ii), a Participant may elect to have the amounts represented by the Participant's vested Post-2012 Account paid (or commence to be paid) as of the first business day of August of the Plan Year immediately following the Plan Year in which the Participant's Separation from Service with all Employers occurs, or the first business day of August of any subsequent year, but not later than the first business day of August of the tenth Plan Year following the Plan Year in which such Separation from Service occurs. In accordance with the election procedures in Paragraph 10.2, a Participant may elect to have such amounts paid in one of the following forms:
  - (A) single lump distribution; or
  - (B) substantially equal annual installments, the last payment of which is no later than the first business day of August of the tenth Plan Year following the Plan Year in which such Separation from Service occurs.

If installment payments are in effect, the Participant's Post-2012 Account shall continue to be credited with earnings (or losses) under Article VIII until fully paid.

Notwithstanding the foregoing or Paragraph 10.3(a), (b) or (c), in the event the aggregate of the Participant's vested Post-2012 Account and vested Pre-2013 Account does not exceed \$25,000 as of any December 31 st after the Participant has a Separation from Service, then any payment election by a Participant shall be disregarded. In such a case, the vested Post-2012 Account (or remaining balance thereof) and vested Pre-2013 Account (or remaining balance thereof) shall be paid in a single lump sum distribution as of the first business day of August following such December 31st (even if the aggregate of such vested Post-2012 Account and vested Pre-2013 Account exceeds \$25,000 at that time).

(b) <u>Medium of Payment</u>. The payment as a lump sum or installments under (a) above or 10.3 shall be in cash. Previously, the Plan provided for payment in common stock of Fifth Third Bancorp, and election forms used under the Plan referenced payment in such stock. References to payment in stock on such forms shall be disregarded, and payments shall be in cash.

### 10.2 <u>Election Procedures</u>.

### (a) <u>Initial Elections</u>.

(i) <u>Pre-2013 Account.</u> A Participant who wished to make an initial election referred to in Paragraph 10.1(a)(i) with respect to his Pre-2013 Account was required to do so within the first Open Enrollment Period applicable to him under Article III, or, if earlier, within such other election period applicable to him established by the Committee under Paragraph 4.2(a)(ii).

Any such election became effective immediately.

As provided in Paragraph 1.2, a payment election before 2009 under Internal Revenue Service Notice 2005-1, 2006-79 or 2007-86 shall be considered a timely initial election.

If a Participant did not make a timely initial election concerning the commencement date and payment schedule of his Pre-2013 Account under Paragraph 10.2(a)(i), then, except as provided in (b) below, payment of his Pre-2013 Account shall be made as of the first business day of August of the Plan Year immediately following the Plan Year in which the Separation from Service occurs in a single lump sum cash distribution.

(ii) Post-2012 Account. A Participant who is eligible under Paragraph 3.1 during the Open Enrollment Period falling in 2012, applicable to the 2013 Plan Year, who wishes to make an initial election referred to in Paragraph 10.1(a)(ii) with respect to his Post-2012 Account must do so within such Open Enrollment Period. A Participant who is not eligible under Paragraph 3.1 during such Open Enrollment Period falling in 2012, who wishes to make an initial election referred to in Paragraph 10.1(a)(ii) must do so within the first Open Enrollment Period applicable to him under Article III, or, if earlier, within such other election period applicable to him established by the Committee under Paragraph 4.2(a)(ii).

Any such election shall be effective immediately.

If a Participant does not make a timely initial election concerning the commencement date and payment schedule of benefits under Paragraph 10.2(a)(ii), then, except as provided in (b) below, payment of this Post-2012 Account shall be made as of the first business day of August of the Plan Year immediately following the Plan Year in which the Separation from Service occurs in a single lump sum cash distribution.

- (b) A Participant may make or change an election after the deadline established in (a) above at any time in order to defer payment of either (or both) his Pre-2013 Account or his Post-2012 Account, for a period of not less than five years from the date payment would otherwise begin (but not to accelerate any payment). Payment shall be made in accordance with any such election only if the Participant has a Separation from Service at least one year following the date of the election. Otherwise, the payment shall be made in accordance with the election (if any) in effect immediately prior to the changed election, or in accordance with the default payment provision in (a) above if no such election is in effect.
- (c) Elections shall be made in accordance with the rules and procedures established by the Committee.

## 10.3 <u>Transition Rules</u>.

- (a) Grandfathered Participants. A Grandfathered Participant shall be paid in cash in accordance with the payment provisions under the Plan or election (whichever is controlling) in effect immediately prior to September 1, 1999. In the event the Participant's vested Pre-2013 Account does not exceed \$25,000 as of any December 31 st, then any payment election by a Participant shall be disregarded. In such a case, the vested Pre-2013 Account (or remaining balance thereof) shall be paid in a single lump sum cash distribution as of the first business day of August following such December 31 st (even if such vested Pre-2013 Account exceeds \$25,000 at that time).
- (b) Participants in Pay Status in 2005. A Participant (who is not a Grandfathered Participant) who had commenced receiving installment payments in 2005 or earlier, shall continue to receive such payments in accordance with the payment provisions under the Plan or election (whichever is controlling) in effect prior to January 1, 2005, provided that the value of his vested Pre-2013 Account as of a date in 2005 determined by the Committee was greater than \$10,000. If the value of such a Participant's vested Pre-2013 Account as of such date was not greater than \$10,000, then he received a single lump sum distribution of his entire vested Pre-2013 Account in 2005. Effective December 31, 2005, in the event the Participant's vested Pre-2013 Account does not exceed \$25,000 as of any December 31 st, then any payment election by a Participant shall be disregarded. In such a case, the vested Pre-2013 Account (or remaining balance thereof) shall be paid in a single lump sum distribution as of the first business day of August following such December 31 st (even if such vested Pre-2013 Account exceeds \$25,000 at that time).

- (c) Terminated Participants Not in Pay Status in 2005. A Participant (who is not a Grandfathered Participant) who has separated from service in 2005 or earlier, but who, as of a date in 2005 determined by the Committee, has not received or commenced receiving payments of his vested Pre-2013 Account, shall be subject to the payment provisions of Paragraph 10.1, and any prior payment elections shall be of no force or effect. As provided in Paragraph 1.2, such a Participant had the opportunity to complete a new election by a date in 2005 determined by the Committee. Such a Participant who did not properly complete and return such an election by such date received a single lump sum distribution of his entire vested Pre-2013 Account as of August 1, 2006. Notwithstanding the foregoing, if such a Participant's vested Pre-2013 Account as of a date in 2005 determined by the Committee was not greater than \$10,000, then he received a single lump sum distribution of his entire vested Pre-2013 Account in 2005. Effective December 31, 2005, in the event the Participant's vested Pre-2013 Account does not exceed \$25,000 as of any December 31st, then any payment election shall be disregarded. In such a case, the vested Pre-2013 Account (or remaining balance thereof) shall be paid in a single lump sum distribution as of the first business day of August following such December 31st (even if such vested Pre-2013 Account exceeds \$25,000 at that time).
- (d) 2005 Payment Elections by Participants Actively Employed. A Participant who remained employed by an Employer as of a date in 2005 determined by the Committee shall be subject to the payment provisions of Paragraph 10.1 and any prior elections shall be of no force or effect. As provided in Paragraph 1.2, such a Participant had the opportunity to complete a new election by a date in 2005 determined by the Committee. Any such election shall be treated as an initial election under Paragraph 10.2(a) with respect to his Pre-2013 Account. Such a Participant who does not make a timely election shall be treated the same as provided for in Paragraph 10.2(a)(i) for Participants who do not make timely initial elections.
- (e) <u>Post-2012 Account</u>. In the event a Participant who is subject to (a), (b) or (c) above also has a Post-2012 Account, the \$25,000 cashout limit in each of (a), (b) and (c) above shall be determined by aggregating the Participant's vested Pre-2013 Account and vested Post-2012 Account.
- 10.4 <u>Facility of Payment</u>. A payment required to be made hereunder on or as of a specified date may be made in a reasonable period after such date for administrative convenience, provided the payment is made in the same taxable year as the specified date.

### ARTICLE XI- DEATH

11.1 If a Participant dies before commencing payment of the amounts represented by the Participant's Pre-2013 Account or Post-2012 Account, then such Pre-2013 Account and Post-2012 Account shall be paid to the Participant's Beneficiary in a single lump sum cash distribution, as soon as reasonably possible after the Committee is notified of the

Participant's death and in all events not more than ninety (90) days following the Participant's death. Neither the Participant nor the Beneficiary shall have the right to designate the taxable year of the payment. If the Participant has already commenced receiving the amounts represented by the Participant's Pre-2013 Account or Post-2012 Account in the installment payment form, the installment payments shall continue to be paid to the Participant's Beneficiary in cash.

### ARTICLE XII- NON-ASSIGNABLE/NON-ATTACHMENT

12.1 Except as required by law, no right of the Participant or designated Beneficiary to receive payments under this Plan shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge, or hypothecation or to execution, attachment, levy or similar process or assignment by operation of law and any attempt, voluntary or involuntary, to effect any such action shall be null and void and of no effect.

### **ARTICLE XIII- ADMINISTRATION**

- 13.1 <u>Administration</u>. In addition to the powers which are expressly provided in the Plan, the Committee shall have the power and authority in its sole, absolute and uncontrolled discretion to control and manage the operation and administration of the Plan and shall have all powers necessary to accomplish these purposes including, but not limited to the following:
  - (a) the power to determine who is a Participant;
  - (b) the power to determine allocations, balances, and nonforfeitable percentages with respect to Participants' Pre-2013 Accounts and Post-2012 Accounts;
  - (c) the power to determine when, to whom, in what amount, and in what form distributions are to be made; and
  - (d) such powers as are necessary, appropriate or desirable to enable it to perform its responsibilities, including the power to interpret the Plan, establish rules, regulations and forms with respect thereto.

Benefits under this Plan will be paid only if the Committee decides in its discretion that the applicant is entitled to them.

13.2 <u>409A of the Code</u>. This Plan is intended to satisfy the applicable requirements of section 409A of the Code and shall be interpreted accordingly.

#### ARTICLE XIV- CONSOLIDATION OR MERGER

14.1 In the event that Fifth Third Bancorp or any entity (resulting from any merger or consolidation or which shall be a purchaser or transferee so referred to), shall at any time be merged or consolidated into or with any other entity or entities, or in the event that

substantially all of the assets of Fifth Third Bancorp or any such entity shall be sold or otherwise transferred to another entity, the provisions of this Plan shall be binding upon and shall inure to the benefit of the continuing entity or the entity resulting from such merger or consolidation or the entity to which such assets shall be sold or transferred. Except as provided in the preceding sentence, this Plan shall not be assignable by Fifth Third Bancorp or by any entity referred to in such preceding sentence.

#### ARTICLE XV- AMENDMENT OR TERMINATION

- 15.1 Amendment. Fifth Third Bancorp reserves the right to amend the Plan. Any amendment of the Plan shall be by action of the Committee or by the Chairman of the Committee. If an amendment is being made by said Committee, it must be approved by a majority of the members of the Committee as constituted at the time of adoption of the amendment. Any amendment may be given retroactive effect as determined by said Committee or Chairman. Any amendment may, without limitation, (a) affect a Participant whether or not vested, employed or in pay status, and (b) affect or modify Participant elections and payment methods. An amendment may be evidenced in such manner as said Committee or Chairman shall determine. If the amendment is approved by said Committee, such evidence may include (but shall not be limited to) a written resolution signed by a majority of the members of the Committee or minutes of a meeting of the Committee reflecting approval by a majority of the members.
- 15.2 <u>Termination</u>. Fifth Third Bancorp reserves the right to terminate the Plan. Any termination of the Plan shall be by action of the Committee. Any termination must be approved by a majority of the members of said Committee as constituted at the time of adoption of the termination; and any such termination may be given retroactive effect as determined by said Committee. Any termination may, without limitation, (a) affect a Participant whether or not vested, employed or in pay status, and (b) affect or modify Participant elections and payment methods. A termination may be evidenced in such manner as said Committee shall determine, and such evidence may include (but shall not be limited to) a written resolution signed by a majority of the members of the Committee or minutes of a meeting of the Committee reflecting approval by a majority of the members.

### **ARTICLE XVI - CLAIMS**

### 16.1 Initial Claims Procedure.

(a) <u>Claim</u>. In order to present a complaint regarding the nonpayment of a Plan benefit or a portion thereof (a "Claim"), a Participant or Beneficiary under the Plan (a "Claimant") or his duly authorized representative must file such Claim by mailing or delivering a writing stating such Claim to the department, officer, or Employee responsible for employee benefit matters of the Employer. Upon such receipt of a Claim, the Claims Review Committee shall furnish to the Claimant a written acknowledgment which shall inform such Claimant of the time limit set forth in (b)(i) below and of the effect, pursuant to (b)(iii) below, of failure to decide the Claim within such time limit.

# (b) <u>Initial Decision</u>.

- (i) <u>Time Limit</u>. The Claims Review Committee shall decide upon a Claim within a reasonable period of time after receipt of such Claim; provided, however, that such period shall in no event exceed 90 days, unless special circumstances require an extension of time for processing. If such an extension of time for processing is required, then the Claimant shall, prior to the termination of the initial 90-day period, be furnished a written notice indicating such special circumstances and the date by which the Claims Review Committee expects to render a decision. In no event shall an extension exceed a period of 90 days from the end of the initial period.
- (ii) <u>Notice of Denial</u>. If the Claim is wholly or partially denied, then the Claims Review Committee shall furnish to the Claimant, within the time limit applicable under (i) above, a written notice setting forth in a manner calculated to be understood by the Claimant:
  - (A) the specific reason or reasons for such denial;
  - (B) specific reference to the pertinent Plan provisions on which such denial is based;
  - (C) a description of any additional material or information necessary for such Claimant to perfect his Claim and an explanation of why such material or information is necessary; and
  - (D) appropriate information as to the steps to be taken if such Claimant wishes to submit his Claim for review pursuant to Paragraph 16.2, including notice of the time limits set forth in subsection 16.2(b)(ii).
- (iii) <u>Deemed Denial for Purposes of Review</u>. If a Claim is not granted and if, despite the provisions of (i) and (ii) above, notice of the denial of a Claim is not furnished within the time limit applicable under (i) above, then the Claimant may deem such Claim denied and may request a review of such deemed denial pursuant to the provisions of Paragraph 16.2.

## 16.2 Claim Review Procedure.

- (a) <u>Claimant's Rights</u>. If a Claim is wholly or partially denied under Paragraph 16.1, then the Claimant or his duly authorized representative shall have the following rights:
  - (i) to obtain, subject to (b) below, a full and fair review by the Claims Review Committee;

- (ii) to review pertinent documents; and
- (iii) to submit issues and comments in writing.

# (b) Request for Review.

- (i) <u>Filing</u>. To obtain a review pursuant to (a) above, a Claimant entitled to such a review or his duly authorized representative shall, subject to (ii) below, mail or deliver a written request for such a review (a "Request for Review") to the department, officer, or Employee responsible for employee benefit matters of the Employer.
- (ii) <u>Time Limits for Requesting a Review</u>. A Request for Review must be mailed or delivered within 60 days after receipt by the Claimant of written notice of the denial of the Claim.
- (iii) Acknowledgment. Upon such receipt of a Request for Review, the Claims Review Committee shall furnish to the Claimant a written acknowledgment which shall inform such Claimant of the time limit set forth in (c)(i) below and of the effect, pursuant to (c)(iii) below, of failure to furnish a decision on review within such time limit.

# (c) <u>Decision on Review</u>.

### (i) Time Limit.

- (A) General. If, pursuant to (b) above, a review is requested, then, except as otherwise provided in (B) below, the Claims Review Committee or its delegate (but only if such delegate has been given the authority to make a final decision on the Claim) shall make a decision promptly and no later than 60 days after receipt of the Request for Review; except that, if special circumstances require an extension of time for processing, then the decision shall be made as soon as possible but not later than 120 days after receipt of the Request for Review. The Claims Review Committee must furnish the Claimant written notice of any extension prior to its commencement.
- (B) <u>Regularly Scheduled Meetings</u>. Anything to the contrary in (A) above notwithstanding, if the Claims Review Committee holds regularly scheduled meetings at least quarterly, then its decision on review shall be made no later than the date of the meeting which immediately follows the receipt of the Request for Review; provided, however, if such Request for Review is received within

30 days preceding the date of such meeting, then such decision on review shall be made no later than the date of the second meeting which follows such receipt; and provided further that, if special circumstances require a further extension of time for processing, and if the Claimant is furnished written notice of such extension prior to its commencement, then such decision on review shall be rendered no later than the third meeting which follows such receipt.

- (ii) <u>Notice of Decision</u>. The Claims Review Committee or its delegate shall furnish to the Claimant, within the time limit applicable under (i) above, a written notice setting forth in a manner calculated to be understood by the Claimant:
  - (A) the specific reason or reasons for the decision on review;
  - (B) specific reference to the pertinent Plan provisions on which the decision on review is based;
  - (C) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's claim for benefits; and
  - (D) a statement of the Claimant's right to bring an action under section 502(a) of the Employee Retirement Income Security Act of 1974.
- (iii) <u>Deemed Denial</u>. If, despite the provisions of (i) and (ii) above, the decision on review is not furnished within the time limit applicable under (i) above, then the Claimant shall be deemed to have exhausted his remedies under the Plan and he may deem the Claim to have been denied on review.

The Claims Review Committee shall have the sole, absolute and uncontrolled discretion to decide all claims under the initial claims procedure and under the claims review procedure, and its decisions shall be binding on all parties.

16.3 <u>Required Exhaustion of Administrative Remedies</u>. Before a Participant may file a lawsuit regarding the Plan or benefits under the Plan, the Participant must first use the Initial Claims Procedure and the Claim Review Procedure (including the requirement of a timely request for review) described above.

# **ARTICLE XVII- MISCELLANEOUS**

- 17.1 <u>No Enlargement of Employment Rights</u>. Neither this Plan, nor any action of Fifth Third Bancorp, an Employer or the Committee, nor any election to defer Compensation hereunder shall be held or construed to confer on any person any legal right to be continued as an employee of Fifth Third Bancorp, or any Employer.
- Withholdings. Fifth Third Bancorp and the Participant's Employer shall have the right to deduct from a Participant's Pre-2013 Account and Post-2012 Account and/or any payments due a Participant or Beneficiary under the Plan any and all taxes determined by the Committee to be applicable with respect to such benefits. In the discretion of the Committee, Fifth Third Bancorp and the Participant's Employer may accept payment by the Participant (or Beneficiary) of the amount of any applicable taxes in lieu of deducting such amount from the Participant's Pre-2013 Account and Post-2012 Account or payments due under the Plan.
- 17.3 Entire Agreement. This Plan document constitutes the entire agreement between the Employer and any Participant (or Beneficiary), and supersedes all other prior agreements, undertakings, both written and oral, with respect to the subject matter hereof. This Plan document may not be amended orally or by any course or purported course of dealing, but only by an amendment in accordance with Paragraph 15.1 specifically identified within its text as a Plan amendment. Written communications and descriptions not specifically identified within their text as amendments, shall not constitute amendments and shall have no interpretive or controlling effect on the interpretation of this Plan. Oral communications shall not constitute amendments and shall have no interpretation or controlling effect on the interpretation of this Plan.
- 17.4 <u>No Guarantee of Tax Consequences</u>. The Participant (or Beneficiary) shall be responsible for all taxes with respect to his benefit hereunder. Neither Fifth Third Bancorp nor any Employer guarantees any particular tax consequences. This includes, without limitation, any taxes, interest or penalties imposed by, or with respect to, section 409A of the Code.

IN WITNESS WHEREOF, Fifth Third Bancorp has caused this Plan to be executed this 19th day of December, 2012.

FIFTH THIRD BANCORP

By:

Paul L. Reynolds, Chairman of The Fifth Third Bank Pension, Profit Sharing and Medical Plan Committee

4664012.4

A MARK OF [\*\*] IN THE TEXT OF THIS EXHIBIT INDICATES THAT CONFIDENTIAL MATERIAL HAS BEEN OMITTED. THIS EXHIBIT, INCLUDING THE OMIITED PORTIONS, HAS BEEN FILED SEPERATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.



Deutsche Bank AG, London Branch Winchester house 1 Great Winchester St, London EC2N 2DB Telephone: 44 20 7545 8000

c/o Deutsche Bank Securities Inc. 60 Wall Street New York, NY 10005 Telephone: 212-250-2500

Opening Transaction

To: Fifth Third Bancorp

Fifth Third Center Cincinnati, Ohio 45263

From: Deutsche Bank AG, London Branch

Re: Accelerated Stock Buyback

**Ref. No:** As provided in the Supplemental Confirmation

**Date:** May 21, 2013

This master confirmation (this "Master Confirmation"), dated as of May 21, 2013 is intended to set forth certain terms and provisions of certain Transactions (each, a "Transaction") entered into from time to time between Deutsche Bank AG, London Branch ("Deutsche"), with Deutsche Bank Securities Inc. acting as agent, and Fifth Third Bancorp ("Counterparty"). This Master Confirmation, taken alone, is neither a commitment by either party to enter into any Transaction nor evidence of a Transaction. The additional terms of any particular Transaction shall be set forth in a Supplemental Confirmation in the form of Schedule A hereto (a "Supplemental Confirmation"), which shall reference this Master Confirmation and supplement, form a part of, and be subject to this Master Confirmation. This Master Confirmation and each Supplemental Confirmation together shall constitute a "Confirmation" as referred to in the Agreement specified below.

DEUTSCHE BANK AG, LONDON BRANCH IS NOT REGISTERED AS A BROKER DEALER UNDER THE U.S. SECURITIES EXCHANGE ACT OF 1934. DEUTSCHE BANK SECURITIES INC. ("DBSI") HAS ACTED SOLELY AS AGENT IN CONNECTION WITH THE TRANSACTION AND HAS NO OBLIGATION, BY WAY OF ISSUANCE, ENDORSEMENT, GUARANTEE OR OTHERWISE WITH RESPECT TO THE PERFORMANCE OF EITHER PARTY UNDER THE TRANSACTION, EXCEPT FOR ITS GROSS NEGLIGENCE OR WILLFUL MISCONDUCT IN PERFORMING ITS DUTIES AS AGENT. AS SUCH, ALL DELIVERY OF FUNDS, ASSETS, NOTICES, DEMANDS AND COMMUNICATIONS OF ANY KIND RELATING TO THIS TRANSACTION BETWEEN DEUTSCHE BANK AG, LONDON BRANCH, AND COUNTERPARTY SHALL BE TRANSMITTED EXCLUSIVELY THROUGH DEUTSCHE BANK SECURITIES INC. DEUTSCHE BANK AG, LONDON BRANCH IS NOT A MEMBER OF THE SECURITIES INVESTOR PROTECTION CORPORATION (SIPC).

The definitions and provisions contained in the 2002 ISDA Equity Derivatives Definitions (the " **Equity Definitions**"), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Master Confirmation. This Master Confirmation and each Supplemental Confirmation evidence a complete binding agreement between Counterparty and Deutsche as to the subject matter and terms of each Transaction to which this Master Confirmation and such Supplemental Confirmation relate and shall supersede all prior or contemporaneous written or oral communications with respect thereto.

Chairman of the Supervisory Board: Dr. Paul Achleitner.

Management Board: Jürgen Fitschen (Co-Chairman), Anshu Jain (Co-Chairman), Stefan Krause, Stephan Leithner, Stuart Lewis, Rainer Neske and Henry Ritchotte.

Deutsche Bank AG is authorised under German Banking Law (competent authority: BaFin – Federal Financial Supervising Authority) and regulated by the Financial Services Authority for the conduct of UK business; a member of the London Stock Exchange. Deutsche Bank AG is a joint stock corporation with limited liability incorporated in the Federal Republic of Germany HRB No. 30 000 District Court of Frankfurt am Main; Branch Registration in England and Wales BR000005; Registered address: Winchester House, 1 Great Winchester Street, London EC2N 2DB. Deutsche Bank Group online: http://www.deutsche-bank.com

This Master Confirmation and each Supplemental Confirmation supplement, form a part of, and are subject to an agreement in the form of the 2002 ISDA Master Agreement (the "Agreement") as if Deutsche and Counterparty had executed the Agreement on the date of this Master Confirmation (but without any Schedule except for (i) the election of New York law (without reference to its choice of laws doctrine other than Title 14 of Article 5 of the New York General Obligations Law) as the governing law and US Dollars ("USD") as the Termination Currency, (ii) the election that subparagraph (ii) of Section 2(c) will not apply to the Transactions and (iii) the election that the "Cross Default" provisions of Section 5(a)(vi) shall apply to Counterparty and Deutsche, with a "Threshold Amount" equal to 3% of such party's shareholders' equity as reported in their respective most recent audited financial statements; *provided* that the words ", or becoming capable at such time of being declared," shall be deleted from such Section 5(a)(vi)).

The Transactions shall be the sole Transactions under the Agreement. If there exists any ISDA Master Agreement between Deutsche and Counterparty or any confirmation or other agreement between Deutsche and Counterparty pursuant to which an ISDA Master Agreement is deemed to exist between Deutsche and Counterparty, then notwithstanding anything to the contrary in such ISDA Master Agreement, such confirmation or agreement or any other agreement to which Deutsche and Counterparty are parties, the Transactions shall not be considered Transactions under, or otherwise governed by, such existing or deemed ISDA Master Agreement.

All provisions contained or incorporated by reference in the Agreement shall govern this Master Confirmation and each Supplemental Confirmation except as expressly modified herein or in the related Supplemental Confirmation.

If, in relation to any Transaction to which this Master Confirmation and a Supplemental Confirmation relate, there is any inconsistency between the Agreement, this Master Confirmation, any Supplemental Confirmation and the Equity Definitions, the following will prevail for purposes of such Transaction in the order of precedence indicated: (i) such Supplemental Confirmation; (ii) this Master Confirmation; (iii) the Equity Definitions; and (iv) the Agreement.

1. Each Transaction constitutes a Share Forward Transaction for the purposes of the Equity Definitions. Set forth below are the terms and conditions that, together with the terms and conditions set forth in the Supplemental Confirmation relating to any Transaction, shall govern such Transaction.

#### General Terms:

Trade Date: For each Transaction, as set forth in the related Supplemental Confirmation.

Buyer: Counterparty
Seller: Deutsche

Shares: Common stock, without par value, of Counterparty (Ticker: FITB)

Exchange: NASDAQ Global Select Market

Related Exchange(s): All Exchanges.

Prepayment\Variable Obligation: Applicable

Prepayment Amount: For each Transaction, as set forth in the related Supplemental Confirmation.

Prepayment Date: For each Transaction, as set forth in the related Supplemental Confirmation.

Valuation:

VWAP Price: For any Exchange Business Day, as determined by the Calculation Agent based on the NASDAQ 10b-18

Volume Weighted Average Price per Share for the regular trading session (including any extensions thereof, provided the Exchange publicly announced such extension prior to the end of the regular trading session on the

prior Exchange Business Day) of the Exchange on such

Exchange Business Day (without regard to pre-open or after hours trading outside of such regular trading session for such Exchange Business Day), as published by Bloomberg at 4:15 p.m. New York time (or 15 minutes following the end of any extension of the regular trading session) on such Exchange Business Day, on Bloomberg page "FITB.Q <Equity> AQR\_SEC" (or any successor thereto), or if such price is not so reported on such Exchange Business Day for any reason or is, in the Calculation Agent's reasonable discretion, erroneous, such VWAP Price shall be as reasonably determined in good faith and in a commercially reasonable manner by the Calculation Agent. For purposes of calculating the VWAP Price, the Calculation Agent will include only those trades that are reported during the period of time during which Counterparty could purchase its own shares under Rule 10b-18(b)(2) and are effected pursuant to the conditions of Rule 10b-18(b)(3), each under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (such trades, "Rule 10b-18 eligible transactions").

Forward Price:

The average of the VWAP Prices for the Exchange Business Days in the Calculation Period, subject to "Valuation Disruption" below.

Forward Price

Adjustment Amount:

For each Transaction, as set forth in the related Supplemental Confirmation.

Calculation Period:

The period from and including the Calculation Period Start Date to and including the Termination Date.

Calculation Period Start

Date:

For each Transaction, as set forth in the related Supplemental Confirmation.

Termination Date: The Scheduled Termination Date; provided that Deutsche shall have the right to designate any Exchange
Business Day on or after the First Acceleration Date to be the Termination Date (the "Accelerated Termination
Date") by delivering notice to Counterparty of any such designation prior to 11:59 p.m. New York City time
on the Exchange Business Day immediately following the designated Accelerated Termination Date.

Scheduled Termination Date:

For each Transaction, as set forth in the related Supplemental Confirmation, subject to postponement as provided in "Valuation Disruption" below.

First Acceleration Date:

For each Transaction, as set forth in the related Supplemental Confirmation.

Valuation Disruption:

The definition of "Market Disruption Event" in Section 6.3(a) of the Equity Definitions is hereby amended by deleting the words "at any time during the one-hour period that ends at the relevant Valuation Time, Latest Exercise Time, Knock-in Valuation Time or Knock-out Valuation Time, as the case may be" and inserting the words "at any time on any Scheduled Trading Day during the Calculation Period or Settlement Valuation Period" after the word "material," in the third line thereof.

Section 6.3(d) of the Equity Definitions is hereby amended by deleting the remainder of the provision following the term "Scheduled Closing Time" in the fourth line thereof.

Notwithstanding anything to the contrary in the Equity Definitions, to the extent that a Disrupted Day occurs (i) in the Calculation Period, the Calculation Agent may, in its good faith and commercially reasonable discretion, postpone the Scheduled Termination Date, or (ii) in the Settlement Valuation Period, the Calculation Agent may, in its good faith and commercially reasonable discretion, extend the Settlement Valuation Period, in both cases by no more than one Exchange Business Day for each such Disrupted Day. If any such Disrupted Day is a Disrupted Day because of a Market Disruption Event (or a deemed Market Disruption Event as provided herein), the Calculation Agent shall determine whether (i) such Disrupted Day is a Disrupted Day in full, in which case the VWAP Price for such Disrupted Day shall not be included for purposes of determining the Forward Price or the Settlement Price, as the case

may be, or (ii) such Disrupted Day is a Disrupted Day only in part, in which case the VWAP Price for such Disrupted Day shall be determined by the Calculation Agent based on Rule 10b-18 eligible transactions in the Shares on such Disrupted Day taking into account the nature and duration of the relevant Market Disruption Event, and the weighting of the VWAP Price for the relevant Exchange Business Days during the Calculation Period or the Settlement Valuation Period, as the case may be, shall be adjusted in good faith and in a commercially reasonable manner by the Calculation Agent for purposes of determining the Forward Price or the Settlement Price, as the case may be, with such adjustments based on, among other factors, the duration of any Market Disruption Event and the volume, historical trading patterns and price of the Shares. Any Exchange Business Day on which, as of the date hereof, the Exchange is scheduled to close prior to its normal close of trading shall be deemed not to be an Exchange Business Day; if a closure of the Exchange prior to its normal close of trading on any Exchange Business Day is scheduled following the date hereof, then such Exchange Business Day shall be deemed to be a Disrupted Day in full.

If a Disrupted Day occurs during the Calculation Period or the Settlement Valuation Period, as the case may be, and each of the nine immediately following Scheduled Trading Days is a Disrupted Day, then the Calculation Agent, in its good faith and commercially reasonable discretion, may deem such ninth Scheduled Trading Day to be an Exchange Business Day that is not a Disrupted Day and determine the VWAP Price for such ninth Scheduled Trading Day using its good faith estimate of the value of the Shares on such ninth Scheduled Trading Day based on the volume, historical trading patterns and price of the Shares and such other factors as it deems appropriate.

Settlement Terms:

Settlement Procedures:

Deutsche does not, and shall not, make the agreement or the representations set forth in Section 9.11 of the Equity Definitions related to the restrictions imposed by applicable securities laws with respect to any Shares delivered by Deutsche to Counterparty under any Transaction as a result of the fact that Counterparty is the Issuer of the Shares. If the Number of Shares to be Delivered is negative, then the Counterparty Settlement Provisions in Annex A shall apply.

If the Number of Shares to be Delivered is positive, Physical Settlement shall be applicable; provided that

Number of Shares to be Delivered:

A number of Shares equal to (x)(a) the Prepayment Amount divided by (b) the Divisor Amount, minus (y) the number of Initial Shares.

Divisor Amount:

The greater of (i) the Forward Price minus the Forward Price Adjustment Amount and (ii) \$1.00.

Excess Dividend Amount:

For the avoidance of doubt, all references to the Excess Dividend Amount shall be deleted from Section 9.2(a)(iii) of the Equity Definitions.

Settlement Date:

If the Number of Shares to be Delivered is positive, the date that is one Settlement Cycle immediately following the Termination Date.

Settlement Currency:

USD

Initial Share Delivery:

Deutsche shall deliver a number of Shares equal to the Initial Shares to Counterparty on the Initial Share Delivery Date in accordance with Section 9.4 of the Equity Definitions, with the Initial Share Delivery Date deemed to be a "Settlement Date" for purposes of such Section 9.4.

Initial Share Delivery

Date:

For each Transaction, as set forth in the related Supplemental Confirmation.

Initial Shares:

For each Transaction, as set forth in the related Supplemental Confirmation; provided that Deutsche does not, and shall not, make the agreement or the representations set forth in Section 9.11 of the Equity Definitions related to the restrictions imposed by

applicable securities laws with respect to any Shares delivered by Deutsche to Counterparty under any Transaction as a result of the fact that Counterparty is the Issuer of the Shares.

Share Adjustments:

Potential Adjustment

Event:

Notwithstanding anything to the contrary in Section 11.2(e) of the Equity Definitions, an Extraordinary Dividend shall not constitute a Potential Adjustment Event. It shall constitute an additional Potential Adjustment Event if the Scheduled Termination Date for any Transaction is postponed pursuant to "Valuation Disruption" above, in which case the Calculation Agent may, in good faith and in its commercially reasonable discretion, adjust any relevant terms of any such Transaction as appropriate to account for the economic effect on such Transaction of such postponement.

Extraordinary Dividend:

For any calendar quarter, any dividend or distribution on the Shares with an ex-dividend date occurring during such calendar quarter (other than any dividend or distribution of the type described in Section 11.2(e)(i) or Section 11.2(e)(ii)(A) of the Equity Definitions) (a "**Dividend**") the amount or value of which (as determined by the Calculation Agent), when aggregated with the amount or value (as determined by the Calculation Agent) of any and all previous Dividends with ex-dividend dates occurring in the same calendar quarter, exceeds the Ordinary Dividend Amount.

Ordinary Dividend

Amount:

For each Transaction, as set forth in the related Supplemental Confirmation

Method of Adjustment: Calculation Agent Adjustment

Extraordinary Events:

Consequences of Merger Events:

(a) Share-for-Share: Modified Calculation Agent Adjustment

(b) Share-for-Other: Cancellation and Payment(c) Share-for-Combined: Component Adjustment

Tender Offer:

Applicable; *provided* that (i) Section 12.1(l) of the Equity Definitions shall be amended (x) by deleting the parenthetical in the fifth line thereof, (y) by replacing "that" in the fifth line thereof with "whether or not such announcement" and (z) by adding immediately after the words "Tender Offer" in the fifth line thereof ", and any publicly announced change or amendment to such an announcement (including the announcement of an abandonment of such intention)" and (ii) Sections 12.3(a) and 12.3(d) of the Equity Definitions shall each be amended by replacing each occurrence of the words "Tender Offer Date" by "Announcement Date."

Consequences of Tender Offers:

(a) Share-for-Share: Modified Calculation Agent Adjustment or Cancellation and Payment, at the election of Deutsche
 (b) Share-for-Other: Modified Calculation Agent Adjustment or Cancellation and Payment, at the election of Deutsche
 (c) Share-for-Combined: Modified Calculation Agent Adjustment or Cancellation and Payment, at the election of Deutsche

Nationalization, Insolvency or Delisting:

Cancellation and Payment; *provided* that in addition to the provisions of Section 12.6(a)(iii) of the Equity Definitions, it shall also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re- listed, re-traded or re-quoted on any of the New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or their respective successors); if the Shares are immediately re-listed, re-traded or re-quoted on any such exchange or quotation system, such exchange or quotation system shall be deemed to be the Exchange.

#### Additional Disruption Events:

(a) Change in Law:

Applicable; provided that Section 12.9(a)(ii) of the Equity Definitions is hereby amended by (i) replacing the phrase "the interpretation" in the third line thereof with the phrase ", or public announcement of the interpretation", (ii) by replacing the word "Shares" where it appears in clause (X) thereof with the words "Hedge Position" and (iii) by immediately following the word "Transaction" in clause (X) thereof, adding the phrase "in the manner contemplated by the Hedging Party on the Trade Date"; provided further that (i) any determination as to whether (A) the adoption of or any change in any applicable law or regulation (including, for the avoidance of doubt and without limitation, (x) any tax law or (y) adoption or promulgation of new regulations authorized or mandated by existing statute) or (B) the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), in each case, constitutes a "Change in Law" shall be made without regard to Section 739 of the Dodd- Frank Wall Street Reform and Consumer Protection Act of 2010 or any similar legal certainty provision in any legislation enacted, or rule or regulation promulgated, on or after the Trade Date, and (ii) Section 12.9(a)(ii) of the Equity Definitions is hereby amended by replacing the parenthetical beginning after the word "regulation" in the second line thereof the words "(including, for the avoidance of doubt and without limitation, (x) any tax law or (y) adoption or promulgation of new regulations authorized or mandated by existing statute)".

(b) Failure to Deliver: Applicable
 (c) Insolvency Filing: Applicable
 (d) Loss of Stock Borrow: Applicable

Maximum Stock Loan

Rate: 200 basis points per annum

Hedging Party: Deutsche

(e) Increased Cost of Stock

Borrow: Applicable

Initial Stock Loan Rate: 25 basis points per annum

Hedging Party: Deutsche

Determining Party: Deutsche; provided that, following the occurrence of an Event of Default pursuant to Section 5(a)(vii) of the

Agreement with respect to which Deutsche is the Defaulting Party, Counterparty shall have the right to

designate a nationally recognized third-party dealer in over-the-counter corporate equity derivatives to act, during the period commencing on the date such Event of Default occurred and ending on the Early Termination Date with respect to such Event of Default, as the Determining Party. Upon receipt of written request from Counterparty, the Determining Party shall promptly (but in no event later than within five (5) Exchange Business Days from the receipt of such request) provide Counterparty with a written explanation describing in reasonable detail any calculation, adjustment or determination made by it (including any quotations, market data or information from external sources used in making such calculation, adjustment or determination, as the case may be, but without disclosing Deutsche's proprietary models or other information that may be proprietary or subject to contractual, legal or regulatory obligations to not disclose such information). All calculations and determinations by the Determining Party shall be made in good faith and in a commercially reasonable manner.

Additional Termination Event(s):

Notwithstanding anything to the contrary in the Equity Definitions, if, as a result of an Extraordinary Event, any Transaction would be cancelled or terminated (whether in whole or in part) pursuant to Article 12 of the Equity Definitions, an Additional Termination Event (with such terminated Transaction(s) (or portions thereof) being the Affected Transaction(s) and Counterparty being the sole Affected Party) shall be deemed to occur, and, in lieu of Sections 12.7, 12.8 and 12.9 of the Equity Definitions, Section 6 of the Agreement shall apply to such Affected Transaction(s).

The (i) declaration by the Issuer of any Extraordinary Dividend, the ex-dividend date for which occurs or is scheduled to occur during the Relevant Dividend Period, or (ii) occurrence of an ex-dividend date for any Dividend that is not an Extraordinary Dividend during any calendar quarter occurring (in whole or in part) during the Relevant Dividend Period (as defined below) and is prior to the Scheduled Ex-Dividend Date for such calendar quarter will constitute an Additional Termination Event, with Counterparty as the sole Affected Party and all Transactions hereunder as the Affected Transactions.

Relevant Dividend Period:

The period from and including the Calculation Period Start Date to and including the Relevant Dividend Period End Date

Relevant Dividend Period End Date:

If the Number of Shares to be Delivered is negative, the last day of the Settlement Valuation Period; otherwise, the Termination Date.

Scheduled Ex-Dividend Dates:

For each Transaction for each calendar quarter, as set forth in the related Supplemental Confirmation.

Non-Reliance/Agreements and Acknowledgements Regarding Hedging Activities/Additional Acknowledgements:

Applicable

Transfer:

Notwithstanding anything to the contrary in the Agreement, Deutsche may assign, transfer and set over all rights, title and interest, powers, privileges and remedies of Deutsche under any Transaction, in whole or in part, to an affiliate of Deutsche whose obligations are guaranteed by Deutsche, without the consent of Counterparty.

Deutsche Payment Instructions:

To be advised under separate cover

Counterparty's Contact

Details for Purpose of Giving Notice: To be provided by Counterparty

Deutsche's Contact Details for Purpose of

Giving Notice:

Deutsche Bank AG, London Branch c/o Deutsche Bank Securities Inc.

60 Wall Street

New York, NY 10005

Attention: Paul Stowell

Andrew Yaeger Lars Kestner

Telephone: 212-250-2717

212-250-4580 212-250-6043

Email: paul.stowell@db.com

andrew.yaeger@db.com lars.kestner@db.com

Role of DBSI:

DBSI in its capacity as Agent will be responsible for (A) effecting any Transaction, (B) issuing all required confirmations and statements to Deutsche and Counterparty, (C) maintaining books and records relating to any Transaction in accordance with its standard practices and procedures and in accordance with applicable law and (D) unless otherwise requested by Counterparty, receiving, delivering, and safeguarding Counterparty's funds and any securities in connection with any Transaction, in accordance with its standard practices and procedures and in accordance with applicable law.

The date and time of any Transaction evidenced by this Master Confirmation and the related Supplemental Confirmation will be furnished by the Agent to Deutsche and Counterparty upon written request.

The Agent will furnish to Counterparty upon written request a statement as to the source and amount of any remuneration received or to be received by the Agent in connection with any Transaction evidenced by this Master Confirmation and the related Supplemental Confirmation.

- 2. <u>Calculation Agent.</u> Deutsche; provided that, following the occurrence of an Event of Default pursuant to Section 5(a)(vii) of the Agreement with respect to which Deutsche is the Defaulting Party, Counterparty shall have the right to designate a nationally recognized third-party dealer in over-the-counter corporate equity derivatives to act, during the period commencing on the date such Event of Default occurred and ending on the Early Termination Date with respect to such Event of Default, as the Calculation Agent. Upon receipt of written request from Counterparty, the Calculation Agent shall promptly (but in no event later than within five (5) Exchange Business Days from the receipt of such request) provide Counterparty with a written explanation describing in reasonable detail any calculation, adjustment or determination made by it (including any quotations, market data or information from external sources used in making such calculation, adjustment or determination, as the case may be, but without disclosing Deutsche's proprietary models or other information that may be proprietary or subject to contractual, legal or regulatory obligations to not disclose such information). All calculations and determinations by the Calculation Agent shall be made in good faith and in a commercially reasonable manner.
- 3. <u>Additional Mutual Representations</u>, <u>Warranties and Covenants of Each Party</u>. In addition to the representations, warranties and covenants in the Agreement, each party represents, warrants and covenants to the other party that:
- (a) <u>Eligible Contract Participant</u>. It is an "eligible contract participant", as defined in the U.S. Commodity Exchange Act (as amended), and is entering into each Transaction hereunder as principal (and not as agent or in any other capacity, fiduciary or otherwise) and not for the benefit of any third party.
- (b) <u>Accredited Investor</u>. Each party acknowledges that the offer and sale of each Transaction to it is intended to be exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), by

virtue of Section 4(2) thereof. Accordingly, each party represents and warrants to the other that (i) it has the financial ability to bear the economic risk of its investment in each Transaction and is able to bear a total loss of its investment, (ii) it is an "accredited investor" as that term is defined under Regulation D under the Securities Act and (iii) the disposition of each Transaction is restricted under this Master Confirmation, the Securities Act and state securities laws.

- 4. <u>Additional Representations</u>, <u>Warranties and Covenants of Counterparty</u>. In addition to the representations, warranties and covenants in the Agreement, Counterparty represents, warrants and covenants to Deutsche that:
- (a) The purchase or writing of each Transaction and the transactions contemplated hereby will not violate Rule 13e-1 or Rule 13e-4 under the Exchange Act.
- (b) It is not entering into any Transaction (i) on the basis of, and is not aware of, any material non-public information with respect to the Shares, (ii) in anticipation of, in connection with, or to facilitate, a distribution of its securities, a self tender offer or a third-party tender offer or (iii) to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for the Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for the Shares).
- (c) Each Transaction is being entered into pursuant to a publicly disclosed Share buy-back program and its Board of Directors has approved the use of derivatives to effect the Share buy-back program.
- (d) Without limiting the generality of Section 13.1 of the Equity Definitions, Counterparty acknowledges that neither Deutsche nor any of its affiliates is making any representations or warranties or taking any position or expressing any view with respect to the treatment of any Transaction under any accounting standards including ASC Topic 260, Earnings Per Share, ASC Topic 815, Derivatives and Hedging, or ASC Topic 480, Distinguishing Liabilities from Equity and ASC 815-40, Derivatives and Hedging Contracts in Entity's Own Equity.
- (e) As of (i) the date hereof and (ii) the Trade Date for each Transaction hereunder, Counterparty is in compliance with its reporting obligations under the Exchange Act and its most recent Annual Report on Form 10-K, together with all reports subsequently filed by it pursuant to the Exchange Act, taken together and as amended and supplemented to the date of this representation, do not, as of their respective filing dates, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.
  - (f) Counterparty shall report each Transaction as required under the Exchange Act and the rules and regulations thereunder.
- (g) The Shares are not, and Counterparty will not cause the Shares to be, subject to a "restricted period" (as defined in Regulation M promulgated under the Exchange Act) at any time during any Regulation M Period (as defined below) for any Transaction unless Counterparty has provided written notice to Deutsche of such restricted period not later than the Scheduled Trading Day immediately preceding the first day of such "restricted period"; Counterparty acknowledges that any such notice may cause a Disrupted Day to occur pursuant to Section 5 below; accordingly, Counterparty acknowledges that its delivery of such notice must comply with the standards set forth in Section 6 below; "Regulation M Period" means, for any Transaction, (i) the Relevant Period (as defined below) and (ii) the Settlement Valuation Period, if any, for such Transaction. "Relevant Period" means, for any Transaction, the period commencing on the Calculation Period Start Date for such Transaction and ending on the earlier of (i) the Scheduled Termination Date and (ii) the last Additional Relevant Day (as specified in the related Supplemental Confirmation) for such Transaction, or such earlier day as elected by Deutsche and communicated to Counterparty on such day (or, if later, the First Acceleration Date without regard to any acceleration thereof pursuant to "Special Provisions for Acquisition Transaction Announcements" below).
- (h) As of the Trade Date, the Prepayment Date, the Initial Share Delivery Date and the Settlement Date for each Transaction, Counterparty is not "insolvent" (as such term is defined under Section 101(32) of the U.S. Bankruptcy Code (Title 11 of the United States Code) (the "Bankruptcy Code")) and Counterparty would be able to purchase a number of Shares with a value equal to the Prepayment Amount in compliance with the laws of the jurisdiction of Counterparty's incorporation.
- (i) Counterparty is not and, after giving effect to any Transaction, will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

- (j) Counterparty has not and will not enter into agreements similar to the Transactions described herein where any initial hedge period, calculation period, relevant period or settlement valuation period (each however defined) in such other transaction will overlap at any time (including as a result of extensions in such initial hedge period, calculation period, relevant period or settlement valuation period as provided in the relevant agreements) with any Relevant Period or, if applicable, any Settlement Valuation Period under this Master Confirmation. In the event that the initial hedge period, relevant period, calculation period or settlement valuation period or settlement valuation period or settlement valuation period or settlement valuation overlaps with any Relevant Period or, if applicable, Settlement Valuation Period under this Master Confirmation as a result of any postponement of the Scheduled Termination Date or extension of the Settlement Valuation Period pursuant to "Valuation Disruption" above, Counterparty shall promptly amend such transaction to avoid any such overlap.
- 5. <u>Regulatory Disruption</u>. In the event that Deutsche concludes, in good faith and based on the advice of counsel, that it is appropriate with respect to any legal, regulatory or self-regulatory requirements or related policies and procedures generally applicable to the relevant line of business (whether or not such requirements, policies or procedures are imposed by law or have been voluntarily adopted by Deutsche), for it to refrain from or decrease any market activity on any Scheduled Trading Day or Days during the Calculation Period or, if applicable, the Settlement Valuation Period, Deutsche may by written notice to Counterparty elect to deem that a Market Disruption Event has occurred and will be continuing on such Scheduled Trading Day or Days.
- 6. <u>10b5-1 Plan</u>. Counterparty represents, warrants and covenants to Deutsche that:
- (a) Counterparty is entering into this Master Confirmation and each Transaction hereunder in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act ("Rule 10b-5") or any other antifraud or anti-manipulation provisions of the federal or applicable state securities laws and that it has not entered into or altered and will not enter into or alter any corresponding or hedging transaction or position with respect to the Shares. Counterparty acknowledges that it is the intent of the parties that each Transaction entered into under this Master Confirmation comply with the requirements of paragraphs (c)(1)(i)(A) and (B) of Rule 10b5-1 under the Exchange Act ("Rule 10b5-1") and each Transaction entered into under this Master Confirmation shall be interpreted to comply with the requirements of Rule 10b5-1(c).
- (b) Counterparty will not seek to control or influence Deutsche's decision to make any "purchases or sales" (within the meaning of Rule 10b5-1(c)(1)(i)(B)(3)) under any Transaction entered into under this Master Confirmation, including, without limitation, Deutsche's decision to enter into any hedging transactions. Counterparty represents and warrants that it has consulted with its own advisors as to the legal aspects of its adoption and implementation of this Master Confirmation and each Supplemental Confirmation under Rule 10b5-1.
- (c) Counterparty acknowledges and agrees that any amendment, modification, waiver or termination of this Master Confirmation or the relevant Supplemental Confirmation must be effected in accordance with the requirements for the amendment or termination of a "plan" as defined in Rule 10b5-1(c). Without limiting the generality of the foregoing, any such amendment, modification, waiver or termination shall be made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5, and no such amendment, modification or waiver shall be made at any time at which Counterparty or any officer, director, manager or similar person of Counterparty is aware of any material non-public information regarding Counterparty or the Shares.
- 7. Counterparty Purchases. Counterparty (or any "affiliated purchaser" as defined in Rule 10b-18 under the Exchange Act (" Rule 10b-18")) shall not, without the prior written consent of Deutsche, directly or indirectly purchase any Shares (including by means of a derivative instrument), listed contracts on the Shares or securities that are convertible into, or exchangeable or exercisable for Shares (including, without limitation, any Rule 10b-18 purchases of blocks (as defined in Rule 10b-18)) during any Relevant Period or, if applicable, Settlement Valuation Period, except through Deutsche. However, the foregoing shall not limit Counterparty's ability (or the ability of any "agent independent of the issuer" (as defined in Rule 10b-18)), pursuant to any plan (as defined in Rule 10b-18) of Counterparty, to re-acquire Shares in connection with any equity transaction related to such plan or to limit Counterparty's ability to withhold Shares to cover tax liabilities associated with such equity transactions or otherwise restrict Counterparty's ability to repurchase Shares under privately negotiated or off-market transactions (including, without limitation, an agreement relating to Counterparty's 401(k) Plan or transactions with any of Counterparty's employees, officers, directors or affiliates), so long as any re-acquisition, withholding or repurchase does not constitute a "Rule 10b-18 purchase" (as defined in Rule 10b-18).

- 8. Special Provisions for Merger Transactions. Notwithstanding anything to the contrary herein or in the Equity Definitions:
  - (a) Counterparty agrees that it:
    - (i) will not during the period commencing on the Trade Date through the end of the Relevant Period or, if applicable, the Settlement Valuation Period for any Transaction make, or permit to be made, any public announcement (as defined in Rule 165(f) under the Securities Act) of any Merger Transaction or potential Merger Transaction (a "Public Announcement") unless such Public Announcement is made prior to the opening or after the close of the regular trading session on the Exchange for the Shares;
    - (ii) shall promptly (but in any event prior to the next opening of the regular trading session on the Exchange) notify Deutsche following any such Public Announcement that such Public Announcement has been made; and
    - (iii) shall promptly (but in any event prior to the next opening of the regular trading session on the Exchange) provide Deutsche with written notice specifying (i) Counterparty's average daily Rule 10b-18 Purchases (as defined in Rule 10b-18) during the three full calendar months immediately preceding the announcement date that were not effected through Deutsche or its affiliates and (ii) the number of Shares purchased pursuant to the proviso in Rule 10b-18(b)(4) under the Exchange Act for the three full calendar months preceding the date of such Public Announcement. Such written notice shall be deemed to be a certification by Counterparty to Deutsche that such information is true and correct. In addition, Counterparty shall promptly notify Deutsche of the earlier to occur of the completion of the relevant Merger Transaction and the completion of the vote by target shareholders.
- (b) Counterparty acknowledges that a Public Announcement may cause the terms of any Transaction to be adjusted or such Transaction to be terminated; accordingly, Counterparty acknowledges that in making any Public Announcement, it must comply with the standards set forth in Section 6 above.
- (c) Upon the occurrence of any Public Announcement (whether made by Counterparty or a third party), Deutsche may in its sole discretion (i) make adjustments in good faith and in a commercially reasonable manner to the terms of any Transaction, including, without limitation, the Scheduled Termination Date or the Forward Price Adjustment Amount, and/or suspend the Calculation Period and/or any Settlement Valuation Period or (ii) treat the occurrence of such Public Announcement as an Additional Termination Event with Counterparty as the sole Affected Party and the Transactions hereunder as the Affected Transactions and with the amount under Section 6(e) of the Agreement determined taking into account the fact that the Calculation Period or Settlement Valuation Period, as the case may be, had fewer Scheduled Trading Days than originally anticipated.
- "Merger Transaction" means any merger, acquisition or similar transaction involving a recapitalization as contemplated by Rule 10b-18(a)(13)(iv) under the Exchange Act.
- 9. Special Provisions for Acquisition Transaction Announcements. (a) If an Acquisition Transaction Announcement occurs on or prior to the Settlement Date for any Transaction, then the Number of Shares to be Delivered for such Transaction shall be determined as if the Divisor Amount were equal to "The greater of (i) the Forward Price and (ii) \$1.00." If an Acquisition Transaction Announcement occurs after the Trade Date, but prior to the First Acceleration Date of any Transaction, the First Acceleration Date shall be the date of such Acquisition Transaction Announcement.
- (b) "Acquisition Transaction Announcement" means (i) the announcement of an Acquisition Transaction, (ii) an announcement that Counterparty or any of its subsidiaries has entered into an agreement, a letter of intent or an understanding designed to result in an Acquisition Transaction, (iii) the announcement of the intention to solicit or enter into, or to explore strategic alternatives or other similar undertaking that may include, an Acquisition Transaction, (iv) any other announcement that in the reasonable judgment of the Calculation Agent could reasonably be expected to result in an Acquisition Transaction or (v) any announcement of any change or amendment to any previous Acquisition Transaction Announcement (including any announcement of the abandonment of any such previously announced Acquisition Transaction, agreement, letter of intent, understanding or intention). For the avoidance of doubt, announcements as used in the definition of Acquisition Transaction Announcement refer to any public announcement whether made by the Issuer or a third party.
- (c) "Acquisition Transaction" means (i) any Merger Event (for purposes of this definition the definition of Merger Event shall be read with the references therein to "100%" being replaced by "15%" and to "50%" by "75%" and without reference to the clause beginning immediately following the definition of Reverse Merger therein to the end of such definition), Tender Offer or Merger Transaction or any other transaction involving the

merger of Counterparty with or into any third party, (ii) the sale or transfer of all or substantially all of the assets of Counterparty, (iii) a recapitalization, reclassification, binding share exchange or other similar transaction, (iv) any acquisition, lease, exchange, transfer, disposition (including by way of spin-off or distribution) of assets (including any capital stock or other ownership interests in subsidiaries) or other similar event by Counterparty or any of its subsidiaries where the aggregate consideration transferable or receivable by or to Counterparty or its subsidiaries exceeds 15% of the market capitalization of Counterparty and (v) any transaction in which Counterparty or its board of directors has a legal obligation to make a recommendation to its shareholders in respect of such transaction (whether pursuant to Rule 14e-2 under the Exchange Act or otherwise).

### 10. Acknowledgments. (a) The parties hereto intend for:

- (i) each Transaction to be a "securities contract" as defined in Section 741(7) of the Bankruptcy Code, a "swap agreement" as defined in Section 101(53B) of the Bankruptcy Code and a "forward contract" as defined in Section 101(25) of the Bankruptcy Code, and the parties hereto to be entitled to the protections afforded by, among other Sections, Sections 362(b)(6), 362(b)(17), 362(b)(27), 362(o), 546(e), 546(g), 546(j), 555, 556, 560 and 561 of the Bankruptcy Code;
  - (ii) the Agreement to be a "master netting agreement" as defined in Section 101(38A) of the Bankruptcy Code;
- (iii) a party's right to liquidate, terminate or accelerate any Transaction, net out or offset termination values or payment amounts, and to exercise any other remedies upon the occurrence of any Event of Default or Termination Event under the Agreement with respect to the other party or any Extraordinary Event that results in the termination or cancellation of any Transaction to constitute a "contractual right" (as defined in the Bankruptcy Code); and
- (iv) all payments for, under or in connection with each Transaction, all payments for the Shares (including, for the avoidance of doubt, payment of the Prepayment Amount) and the transfer of such Shares to constitute "settlement payments" and "transfers" (as defined in the Bankruptcy Code).

### (b) Counterparty acknowledges that:

- (i) during the term of any Transaction, Deutsche and its affiliates may buy or sell Shares or other securities or buy or sell options or futures contracts or enter into swaps or other derivative securities in order to establish, adjust or unwind its hedge position with respect to such Transaction;
- (ii) Deutsche and its affiliates may also be active in the market for the Shares and derivatives linked to the Shares other than in connection with hedging activities in relation to any Transaction, including acting as agent or as principal and for its own account or on behalf of customers;
- (iii) Deutsche shall make its own determination as to whether, when or in what manner any hedging or market activities in Counterparty's securities shall be conducted and shall do so in a manner that it deems appropriate to hedge its price and market risk with respect to the Forward Price and the VWAP Price;
- (iv) any market activities of Deutsche and its affiliates with respect to the Shares may affect the market price and volatility of the Shares, as well as the Forward Price and the VWAP Price, each in a manner that may be adverse to Counterparty; and
- (v) each Transaction is a derivatives transaction in which it has granted Deutsche an option; Deutsche may purchase shares for its own account at an average price that may be greater than, or less than, the price paid by Counterparty under the terms of the related Transaction.
- 11. <u>Credit Support Documents</u>. The parties hereto acknowledge that no Transaction hereunder is secured by any collateral that would otherwise secure the obligations of Counterparty herein or pursuant to the Agreement.
- 12. Set-off. (a) The parties agree to amend Section 6 of the Agreement by adding a new Section 6(f) thereto as follows:
  - "(f) Upon the occurrence of an Event of Default or Termination Event with respect to a party who is the Defaulting Party or the Affected Party ("X"), the other party ("Y") will have the right (but not be obliged) without prior notice to X or any other person to set-off or apply any obligation of X owed to Y (or any Affiliate of Y) (whether or not matured or contingent and whether or not arising under the Agreement, and regardless of the currency, place of payment or booking office of the obligation) against any obligation of Y (or any Affiliate of Y) owed to X (whether or not matured or contingent and whether or not arising under the Agreement, and regardless of the currency, place of payment or booking office of the obligation). Y will give notice to the other party of any set-off effected under this Section 6(f).

Amounts (or the relevant portion of such amounts) subject to set-off may be converted by Y into the Termination Currency at the rate of exchange at which such party would be able, acting in a reasonable manner and in good faith, to purchase the relevant amount of such currency. If any obligation is unascertained, Y may in good faith estimate that obligation and set-off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained. Nothing in this Section 6(f) shall be effective to create a charge or other security interest. This Section 6(f) shall be without prejudice and in addition to any right of set-off, combination of accounts, lien or other right to which any party is at any time otherwise entitled (whether by operation of law, contract or otherwise)."

- (b) Notwithstanding anything to the contrary in the foregoing, Deutsche agrees not to set off or net amounts due from Counterparty with respect to any Transaction against amounts due from Deutsche to Counterparty with respect to contracts or instruments that are not Equity Contracts. " **Equity Contract**" means any transaction or instrument that does not convey to Deutsche rights, or the ability to assert claims, that are senior to the rights and claims of common stockholders in the event of Counterparty's bankruptcy.
- 13. <u>Delivery of Shares</u>. Notwithstanding anything to the contrary herein, Deutsche may, by prior notice to Counterparty, satisfy its obligation to deliver any Shares or other securities on any date due (an "**Original Delivery Date**") by making separate deliveries of Shares or such securities, as the case may be, at more than one time on or prior to such Original Delivery Date, so long as the aggregate number of Shares and other securities so delivered on or prior to such Original Delivery Date is equal to the number required to be delivered on such Original Delivery Date.
- 14. Early Termination. In the event that an Early Termination Date (whether as a result of an Event of Default or a Termination Event) occurs or is designated with respect to any Transaction (except as a result of a Merger Event in which the consideration or proceeds to be paid to holders of Shares consists solely of cash), if either party would owe any amount to the other party pursuant to Section 6(d)(ii) of the Agreement (any such amount, a " Payment Amount"), then, in lieu of any payment of such Payment Amount, Counterparty may, no later than the Early Termination Date or the date on which such Transaction is terminated, elect to deliver or for Deutsche to deliver, as the case may be, to the other party a number of Shares (or, in the case of a Merger Event, a number of units, each comprising the number or amount of the securities or property that a hypothetical holder of one Share would receive in such Merger Event (each such unit, an "Alternative Delivery Unit" and, the securities or property comprising such unit, "Alternative Delivery Property")) with a value equal to the Payment Amount, as determined by the Calculation Agent (and the parties agree that, in making such determination of value, the Calculation Agent may take into account a number of factors, including the market price of the Shares or Alternative Delivery Property on the date of early termination and, if such delivery is made by Deutsche, the prices at which Deutsche purchases Shares or Alternative Delivery Property to fulfill its delivery obligations under this Section 14); provided that in determining the composition of any Alternative Delivery Unit, if the relevant Merger Event involves a choice of consideration to be received by holders, such holder shall be deemed to have elected to receive the maximum possible amount of cash; and provided further that Counterparty may make such election only if Counterparty represents and warrants to Deutsche in writing on the date it notifies Deutsche of such election that, as of such date, Counterparty is not aware of any material non-public information concerning the Shares and is making such election in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws. If such delivery is made by Counterparty, paragraphs 2 through 7 of Annex A shall apply as if such delivery were a settlement of the Transaction to which Net Share Settlement applied, the Cash Settlement Payment Date were the Early Termination Date and the Forward Cash Settlement Amount were zero (0) minus the Payment Amount owed by Counterparty.
- 15. <u>Calculations and Payment Date upon Early Termination</u>. The parties acknowledge and agree that in calculating Close-out Amount pursuant to Section 6 of the Agreement Deutsche may (but need not) determine losses without reference to actual losses incurred but based on expected losses assuming a commercially reasonable (including without limitation with regard to reasonable legal and regulatory guidelines) risk bid were used to determine loss to avoid awaiting the delay associated with closing out any hedge or related trading position in a commercially reasonable manner prior to or sooner following the designation of an Early Termination Date. Notwithstanding anything to the contrary in Section 6(d)(ii) of the Agreement, all amounts calculated as being due in respect of an Early Termination Date under Section 6(e) of the Agreement will be payable on the day that notice of the amount payable is effective; *provided* that if Counterparty elects to receive Shares or Alternative Delivery Property in accordance with Section 14, such Shares or Alternative Delivery Property shall be delivered on a date selected by Deutsche as promptly as practicable.

## 16. [Reserved.]

- 17. <u>Automatic Termination Provisions</u>. Notwithstanding anything to the contrary in Section 6 of the Agreement, if a Termination Price is specified in any Supplemental Confirmation, then an Additional Termination Event with Counterparty as the sole Affected Party and the Transaction to which such Supplemental Confirmation relates as the Affected Transaction will automatically occur without any notice or action by Deutsche or Counterparty if the price of the Shares on the Exchange at any time falls below such Termination Price, and the Exchange Business Day that the price of the Shares on the Exchange at any time falls below the Termination Price will be the "Early Termination Date" for purposes of the Agreement.
- 18. <u>Delivery of Cash</u>. For the avoidance of doubt, nothing in this Master Confirmation shall be interpreted as requiring Counterparty to deliver cash in respect of the settlement of the Transactions contemplated by this Master Confirmation following payment by Counterparty of the relevant Prepayment Amount, except in circumstances where the required cash settlement thereof is permitted for classification of the contract as equity by ASC 815-40, *Derivatives and Hedging Contracts in Entity's Own Equity*, as in effect on the relevant Trade Date (including, without limitation, where Counterparty so elects to deliver cash or fails timely to elect to deliver Shares or Alternative Delivery Property in respect of the settlement of such Transactions).
- 19. <u>Claim in Bankruptcy</u>. Deutsche acknowledges and agrees that this Confirmation is not intended to convey to it rights with respect to the Transactions that are senior to the claims of common stockholders in the event of Counterparty's bankruptcy.
- 20. [Reserved.]
- 21. <u>Governing Law.</u> The Agreement, this Master Confirmation, each Supplemental Confirmation and all matters arising in connection with the Agreement, this Master Confirmation and each Supplemental Confirmation shall be governed by, and construed and enforced in accordance with, the laws of the State of New York (without reference to its choice of laws doctrine other than Title 14 of Article 5 of the New York General Obligations Law).

#### 22. Offices.

The Office of Counterparty for each Transaction is: Fifth Third Bancorp, Fifth Third Center Cincinnati, Ohio 45263.

The Office of Deutsche for each Transaction is: Deutsche Bank AG, London Branch, c/o Deutsche Bank Securities Inc., 60 Wall Street, New York, NY 10005, USA.

- 23. Waiver of Jury Trial. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to any Transaction. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into any Transaction hereunder by, among other things, the mutual waivers and certifications provided herein.
- 24. Submission to Jurisdiction. Section 13(b) of the Agreement is deleted in its entirety and replaced by the following:

"Each party hereby irrevocably and unconditionally submits for itself and its property in any suit, legal action or proceeding relating to this Agreement and/or any Transaction, or for recognition and enforcement of any judgment in respect thereof, (each, "Proceedings") to the exclusive jurisdiction of the Supreme Court of the State of New York, sitting in New York County, the courts of the United States of America for the Southern District of New York and appellate courts from any thereof. Nothing in the Master Confirmation, any Supplemental Confirmation or this Agreement precludes either party from bringing Proceedings in any other jurisdiction if (A) the courts of the State of New York or the United States of America for the Southern District of New York lack jurisdiction over the parties or the subject matter of the Proceedings or declines to accept the Proceedings on the grounds of lacking such jurisdiction; (B) the Proceedings are commenced by a party for the purpose of enforcing against the other party's property, assets or estate any decision or judgment rendered by any court in which Proceedings may be brought as provided hereunder; (C) the Proceedings are commenced to appeal any such court's decision or judgment to any higher court with competent appellate jurisdiction over that court's decisions or judgments if that higher court is located outside the State of New York or Borough of Manhattan, such as a federal court of appeals or the U.S. Supreme Court; or (D) any suit, action or proceeding has been commenced in another jurisdiction by or against the other party or against its property, assets or estate

and, in order to exercise or protect its rights, interests or remedies under this Agreement, the Master Confirmation or any Supplemental Confirmation, the party (1) joins, files a claim, or takes any other action, in any such suit, action or proceeding, or (2) otherwise commences any Proceeding in that other jurisdiction as the result of that other suit, action or proceeding having commenced in that other jurisdiction."

- 25. <u>Method of Delivery</u>. Whenever delivery of funds or other assets is required hereunder by or to Deutsche, such delivery shall be effected through DBSI. In addition, all notices, demands and communications of any kind relating to any Transaction between Deutsche and Counterparty shall be transmitted exclusively through DBSI.
- 26. <u>Counterparts</u>. This Master Confirmation may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Master Confirmation by signing and delivering one or more counterparts.

[Remainder of Page Intentionally Blank]

Counterparty hereby agrees (a) to check this Master Confirmation carefully and immediately upon receipt so that errors or discrepancies can be promptly identified and rectified and (b) to confirm that the foregoing (in the exact form provided by Deutsche) correctly sets forth the terms of the agreement between Deutsche and Counterparty with respect to any particular Transaction to which this Master Confirmation relates, by manually signing this Master Confirmation or this page hereof as evidence of agreement to such terms and providing the other information requested herein and immediately returning an executed copy to Deutsche Bank Securities Inc., Facsimile No. 646-736-7122.

Yours faithfully,

# DEUTSCHE BANK AG, LONDON BRANCH

By: /s/ Lars Kestner

Name: Lars Kestner Title: Managing Director

By: /s/ Michael Sanderson

Name: Michael Sanderson Title: Managing Director

# DEUTSCHE BANK SECURITIES INC.,

acting solely as Agent in connection with any Transaction

By: /s/ Lars Kestner

Name: Lars Kestner Title: Managing Director

By: /s/ Michael Sanderson

Name: Michael Sanderson Title: Managing Director

Agreed and Accepted By:

## FIFTH THIRD BANCORP

By: /s/ Kevin Kabat

Name: Kevin Kabat Title: CEO

[Signature Page to Master Confirmation]

# SCHEDULE A

# SUPPLEMENTAL CONFIRMATION

To:	Fifth Third Bancorp Fifth Third Center Cincinnati, Ohio 45263						
From:	Deutsche Bank AG, London Br	Deutsche Bank AG, London Branch					
Subjec	Accelerated Stock Buyback						
Ref. N	o.: [Insert Ref. No.]						
Date:	[Insert Date]						
"Conti	ondon Branch ("Deutsche"), with Deut	sche Banl cified bel	k Securi ow. Thi	o confirm the terms and conditions of the Transaction entered into between Deutsche Bank ties Inc. acting as agent, and Fifth Third Bancorp (" <b>Counterparty</b> ") (together, the s Supplemental Confirmation is a binding contract between Deutsche and Counterparty as of			
Confir		es, as ame	ended ar	and is subject to the Master Confirmation dated as of May 21, 2013 (the " <b>Master</b> d supplemented from time to time. All provisions contained in the Master Confirmation fied below.			
2. The	terms of the Transaction to which this S	upplemer	ıtal Con	firmation relates are as follows:			
ē.	Trade Date:	[	]				
]	Forward Price Adjustment Amount:	USD [	]				
(	Calculation Period Start Date:	[	]				
Scheduled Termination Date: First Acceleration Date:		[	]				
		[	]				
]	Prepayment Amount:	USD [	]				
Prepayment Date: Initial Shares:		[	]				
		[ ] Shares; provided that if, in connection with the Transaction, Deutsche is unable to borrow or otherwise acquire a number of Shares equal to the Initial Shares for delivery to Counterpart on the Initial Share Delivery Date, the Initial Shares delivered on the Initial Share Delivery Date shall be reduced to such number of Shares that Deutsche is able to so borrow or otherwise acquire, and Deutsche shall use reasonable good faith efforts to borrow or otherwise acquire a number of Shares equal to the shortfall in the Initial Share Delivery and to deliver such additional Shares as soon as reasonably practicable. The aggregate of all Shares delivered to Counterparty in respect of the Transaction pursuant to this paragraph shall be the "Initial Shares" for purposes of "Number of Shares to be Delivered" in the Master Confirmation.					
1	Initial Share Delivery Date:	[	]				
(	Ordinary Dividend Amount:	USD [	]				
5	Scheduled Ex-Dividend Dates:	[	]				
-	Termination Price:	USD [	]				
1	Additional Relevant Days:	The [	] Excha	nge Business Days immediately following the Calculation Period.			

- 3. Counterparty represents and warrants to Deutsche that neither it nor any "affiliated purchaser" (as defined in Rule 10b-18 under the Exchange Act) has made any purchases of blocks pursuant to the proviso in Rule 10b-18(b)(4) under the Exchange Act during either (i) the four full calendar weeks immediately preceding the Trade Date or (ii) during the calendar week in which the Trade Date occurs.
- 4. This Supplemental Confirmation may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Supplemental Confirmation by signing and delivering one or more counterparts.

[Remainder of Page Intentionally Blank]

Counterparty hereby agrees (a) to check this Supplemental Confirmation of	carefully an	nd immediately upon receipt so that errors or	
discrepancies can be promptly identified and rectified and (b) to confirm that the foregoing (in t			
terms of the agreement between Deutsche and Counterparty with respect to any particular Trans		· ·	
signing this Master Confirmation or this page hereof as evidence of agreement to such terms and		g the other information requested herein and	
immediately returning an executed copy to Deutsche Bank Securities Inc., Facsimile No. 646-7	736-7122.		
	Yours faithfully,		
	DEUTS	CHE BANK AG, LONDON BRANCH	
	By:		
	Na	me:	
	Tit	le:	
	By:		
	Na	me:	
	Tit	le:	
	DEUTS	CHE BANK SECURITIES INC.,	
	acting so	lely as Agent in connection with the Transaction	
	By:		
	Na	me:	
	Tit	le:	
	By:		
	Na	me:	
	Tit	le	
Agreed and Accepted By:			
Ø			
FIFTH THIRD BANCORP			
By:			

[Signature Page to Supplemental Confirmation]

Name: Title:

#### ANNEX A

#### COUNTERPARTY SETTLEMENT PROVISIONS

1. The following Counterparty Settlement Provisions shall apply to the extent indicated under the Master Confirmation:

Settlement Currency: USD

Settlement

Method Election: Applicable; provided that (i) Section 7.1 of the Equity Definitions is hereby amended by

deleting the word "Physical" in the sixth line thereof and replacing it with the words "Net Share" and (ii) the Electing Party may make a settlement method election only if the Electing Party represents and warrants to Deutsche in writing on the date it notifies Deutsche of its election that, as of such date, the Electing Party is not aware of any material non-public information concerning Counterparty or the Shares and is electing the settlement method in good faith and not as part of a plan or scheme to evade compliance with the federal securities

laws.

Electing Party: Counterparty

Settlement Method Election

Date: The earlier of (i) the Scheduled Termination Date and (ii) the second Exchange Business Day

immediately following the Accelerated Termination Date (in which case the election under Section 7.1 of the Equity Definitions shall be made no later than 10 minutes prior to the open of trading on the Exchange on such second Exchange Business Day), as the case may be.

Default Settlement Method: Cash Settlement

Forward Cash Settlement Amount: The Number of Shares to be Delivered multiplied by the Settlement Price.

Settlement Price: The average of the VWAP Prices for the Exchange Business Days in the Settlement Valuation

Period, subject to Valuation Disruption as specified in the Master Confirmation.

Settlement Valuation

Period: A number of Scheduled Trading Days selected by Deutsche in good faith and in a

commercially reasonable manner, such number to be approximately equal to the Number of Shares to be Delivered divided by 10% of the ADTV (as defined in Rule 10b-18, and expressed as a number of Shares) for the Shares at the time of determination, beginning on the Scheduled Trading Day immediately following the earlier of (i) the Scheduled Termination Date or (ii) the Exchange Business Day immediately following the Termination Date.

Cash Settlement: If Cash Settlement is applicable, then Buyer shall pay to Seller the absolute value of the

Forward Cash Settlement Amount on the Cash Settlement Payment Date.

Cash Settlement Payment Date: The date one Settlement Cycle following the last day of the Settlement Valuation Period.

Net Share Settlement

Procedures: If Net Share Settlement is applicable, Net Share Settlement shall be made in accordance with

paragraphs 2 through 7 below.

2. Net Share Settlement shall be made by delivery on the Cash Settlement Payment Date of a number of Shares satisfying the conditions set forth in paragraph 3 below (the "Registered Settlement Shares"), or a number of Shares not satisfying such conditions (the "Unregistered Settlement Shares"), in

[Signature Page to Master Confirmation]

either case with a value equal to the absolute value of the Forward Cash Settlement Amount, with such Shares' value based on the value thereof to Deutsche (which value shall, in the case of Unregistered Settlement Shares, take into account a commercially reasonable illiquidity discount), in each case as determined by the Calculation Agent.

- 3. Counterparty may only deliver Registered Settlement Shares pursuant to paragraph 2 above if:
- (a) a registration statement covering public resale of the Registered Settlement Shares by Deutsche (the " **Registration Statement**") shall have been filed with the Securities and Exchange Commission under the Securities Act and been declared or otherwise become effective on or prior to the date of delivery, and no stop order shall be in effect with respect to the Registration Statement; a printed prospectus relating to the Registered Settlement Shares (including any prospectus supplement thereto, the "**Prospectus**") shall have been delivered to Deutsche, in such quantities as Deutsche shall reasonably have requested, on or prior to the date of delivery;
- (b) the form and content of the Registration Statement and the Prospectus (including, without limitation, any sections describing the plan of distribution) shall be satisfactory to Deutsche;
- (c) as of or prior to the date of delivery, Deutsche and its agents shall have been afforded a reasonable opportunity to conduct a due diligence investigation with respect to Counterparty customary in scope for underwritten offerings of equity securities and the results of such investigation are satisfactory to Deutsche, in its discretion; and
- (d) as of the date of delivery, an agreement (the "Underwriting Agreement") shall have been entered into with Deutsche in connection with the public resale of the Registered Settlement Shares by Deutsche substantially similar to underwriting agreements customary for underwritten offerings of equity securities, in form and substance satisfactory to Deutsche, which Underwriting Agreement shall include, without limitation, provisions substantially similar to those contained in such underwriting agreements relating, without limitation, to the indemnification of, and contribution in connection with the liability of, Deutsche and its affiliates and the provision of customary opinions, accountants' comfort letters and lawyers' negative assurance letters.
  - 4. If Counterparty delivers Unregistered Settlement Shares pursuant to paragraph 2 above:
- (a) all Unregistered Settlement Shares shall be delivered to Deutsche (or any affiliate of Deutsche designated by Deutsche) pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(2) thereof;
- (b) as of or prior to the date of delivery, Deutsche and any potential purchaser of any such shares from Deutsche (or any affiliate of Deutsche designated by Deutsche) identified by Deutsche shall be afforded a commercially reasonable opportunity to conduct a due diligence investigation with respect to Counterparty customary in scope for private placements of equity securities (including, without limitation, the right to have made available to them for inspection all financial and other records, pertinent corporate documents and other information reasonably requested by them);
- (c) as of the date of delivery, Counterparty shall enter into an agreement (a "Private Placement Agreement") with Deutsche (or any affiliate of Deutsche designated by Deutsche) in connection with the private placement of such shares by Counterparty to Deutsche (or any such affiliate) and the private resale of such shares by Deutsche (or any such affiliate), substantially similar to private placement purchase agreements customary for private placements of equity securities, in form and substance commercially reasonably satisfactory to Deutsche, which Private Placement Agreement shall include, without limitation, provisions substantially similar to those contained in such private placement purchase agreements relating, without limitation, to the indemnification of, and contribution in connection with the liability of, Deutsche and its affiliates and the provision of customary opinions, accountants' comfort letters and lawyers' negative assurance letters, and shall provide for the payment by Counterparty of all fees and expenses in connection with such resale, including all fees and expenses of counsel for Deutsche, and shall contain representations, warranties, covenants and agreements of Counterparty reasonably necessary or advisable to establish and maintain the availability of an exemption from the registration requirements of the Securities Act for such resales; and
- (d) in connection with the private placement of such shares by Counterparty to Deutsche (or any such affiliate) and the private resale of such shares by Deutsche (or any such affiliate), Counterparty shall, if so requested by Deutsche, prepare, in cooperation with Deutsche, a private placement memorandum in form and substance reasonably satisfactory to Deutsche

- 5. Deutsche, itself or through an affiliate (the "Selling Agent") or any underwriter(s), will sell all, or such lesser portion as may be required hereunder, of the Registered Settlement Shares or Unregistered Settlement Shares and any Makewhole Shares (as defined below) (together, the "Settlement Shares") delivered by Counterparty to Deutsche pursuant to paragraph 6 below commencing on the Cash Settlement Payment Date and continuing until the date on which the aggregate Net Proceeds (as such term is defined below) of such sales, as determined by Deutsche, is equal to the absolute value of the Forward Cash Settlement Amount (such date, the "Final Resale Date"). If the proceeds of any sale(s) made by Deutsche, the Selling Agent or any underwriter(s), net of any fees and commissions (including, without limitation, underwriting or placement fees) customary for similar transactions under the circumstances at the time of the offering, together with carrying charges and expenses incurred in connection with the offer and sale of the Shares (including, but without limitation to, the covering of any over-allotment or short position (syndicate or otherwise)) (the "Net Proceeds") exceed the absolute value of the Forward Cash Settlement Amount, Deutsche will refund, in USD, such excess to Counterparty on the date that is three (3) Currency Business Days following the Final Resale Date, and, if any portion of the Settlement Shares remains unsold, Deutsche shall return to Counterparty on that date such unsold Shares.
- 6. If the Calculation Agent determines that the Net Proceeds received from the sale of the Registered Settlement Shares or Unregistered Settlement Shares or any Makewhole Shares, if any, pursuant to this paragraph 6 are less than the absolute value of the Forward Cash Settlement Amount (the amount in USD by which the Net Proceeds are less than the absolute value of the Forward Cash Settlement Amount being the "Shortfall" and the date on which such determination is made, the "Deficiency Determination Date"), Counterparty shall on the Exchange Business Day next succeeding the Deficiency Determination Date (the "Makewhole Notice Date") deliver to Deutsche, through the Selling Agent, a notice of Counterparty's election that Counterparty shall either (i) pay an amount in cash equal to the Shortfall on the day that is one (1) Currency Business Day after the Makewhole Notice Date, or (ii) deliver additional Shares. If Counterparty elects to deliver to Deutsche additional Shares, then Counterparty shall deliver additional Shares in compliance with the terms and conditions of paragraph 3 or paragraph 4 above, as the case may be (the "Makewhole Shares"), on the first Clearance System Business Day which is also an Exchange Business Day following the Makewhole Notice Date in such number as the Calculation Agent reasonably believes would have a market value on that Exchange Business Day equal to the Shortfall. Such Makewhole Shares shall be sold by Deutsche in accordance with the provisions above; provided that if the sum of the Net Proceeds from the sale of the originally delivered Shares and the Net Proceeds from the sale of any Makewhole Shares is less than the absolute value of the Forward Cash Settlement Amount then Counterparty shall, at its election, either make such cash payment or deliver to Deutsche further Makewhole Shares until such Shortfall has been reduced to zero.
- 7. Notwithstanding the foregoing, in no event shall the aggregate number of Settlement Shares and Makewhole Shares be greater than the Reserved Shares *minus* the amount of any Shares actually delivered by Counterparty under any other Transaction(s) under this Master Confirmation (the result of such calculation, the "Capped Number"). Counterparty represents and warrants (which shall be deemed to be repeated on each day that a Transaction is outstanding) that the Capped Number is equal to or less than the number of Shares determined according to the following formula:

A - B

Where: A = the number of authorized but unissued shares of the Counterparty that are not reserved for future issuance on the date of the determination of the Capped Number; and

B = the maximum number of Shares required to be delivered to third parties if Counterparty elected Net Share Settlement of all transactions in the Shares (other than Transactions in the Shares under this Master Confirmation) with all third parties that are then currently outstanding and unexercised.

"Reserved Shares" means initially, 58,907,104 Shares. The Reserved Shares may be increased or decreased in a Supplemental Confirmation.



Deutsche Bank AG, London Branch Winchester house 1 Great Winchester St, London EC2N 2DB Telephone: 44 20 7545 8000

c/o Deutsche Bank Securities Inc. 60 Wall Street

New York, NY 10005 Telephone: 212-250-2500

#### SUPPLEMENTAL CONFIRMATION

**To:** Fifth Third Bancorp

Fifth Third Center Cincinnati, Ohio 45263

From: Deutsche Bank AG, London Branch

**Subject:** Accelerated Stock Buyback

**Ref. No.:** 556931

Date: November 13, 2013

The purpose of this Supplemental Confirmation is to confirm the terms and conditions of the Transaction entered into between Deutsche Bank AG, London Branch ("Deutsche"), with Deutsche Bank Securities Inc. acting as agent, and Fifth Third Bancorp ("Counterparty") (together, the "Contracting Parties") on the Trade Date specified below. This Supplemental Confirmation is a binding contract between Deutsche and Counterparty as of the relevant Trade Date for the Transaction referenced below.

- 1. This Supplemental Confirmation supplements, forms part of, and is subject to the Master Confirmation dated as of May 21, 2013 (the " **Master Confirmation**") between the Contracting Parties, as amended and supplemented from time to time. All provisions contained in the Master Confirmation govern this Supplemental Confirmation except as expressly modified below.
- 2. The terms of the Transaction to which this Supplemental Confirmation relates are as follows:

Trade Date: November 13, 2013

Forward Price Adjustment Amount: [\*\*]\*

Calculation Period Start Date: November 14, 2013
Scheduled Termination Date: February 28, 2014

First Acceleration Date: [\*\*]\*

Prepayment Amount: USD 200,000,000.00
Prepayment Date: November 18, 2013

Initial Shares: 8,538,423 Shares; *provided* that if, in connection with the Transaction, Deutsche is unable to

borrow or otherwise acquire a number of Shares equal to the Initial Shares for delivery to

Counterparty on the Initial Share Delivery Date, the Initial

Chairman of the Supervisory Board: Dr. Paul Achleitner.

Management Board: Jürgen Fitschen (Co-Chairman), Anshu Jain (Co-Chairman), Stefan Krause, Stephan Leithner, Stuart Lewis, Rainer Neske and Henry Ritchotte.

Deutsche Bank AG is authorised under German Banking Law (competent authority: BaFin – Federal Financial Supervising Authority) and regulated by the Financial Services Authority for the conduct of UK business; a member of the London Stock Exchange. Deutsche Bank AG is a joint stock corporation with limited liability incorporated in the Federal Republic of Germany HRB No. 30 000 District Court of Frankfurt am Main; Branch Registration in England and Wales BR000005; Registered address: Winchester House, 1 Great Winchester Street, London EC2N 2DB. Deutsche Bank Group online: http://www.deutsche-bank.com

<sup>\*</sup> CONFIDENTIAL INFORMATION HAS BEEN OMITTED AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

Shares delivered on the Initial Share Delivery Date shall be reduced to such number of Shares that Deutsche is able to so borrow or otherwise acquire, and Deutsche shall use reasonable good faith efforts to borrow or otherwise acquire a number of Shares equal to the shortfall in the Initial Share Delivery and to deliver such additional Shares as soon as reasonably practicable. The aggregate of all Shares delivered to Counterparty in respect of the Transaction pursuant to this paragraph shall be the "Initial Shares" for purposes of "Number of Shares to be Delivered" in the Master Confirmation.

Initial Share Delivery Date: November 18, 2013

Ordinary Dividend Amount: [\*\*]\*

Scheduled Ex-Dividend Dates: December 27, 2013

Termination Price: [\*\*]\*

Additional Relevant Days: The 5 Exchange Business Days immediately following the Calculation Period.

Reserved Shares: The number of Reserved Shares set forth in Annex A to the Master Confirmation shall be decreased to

20,090,407 Shares.

- 3. Counterparty represents and warrants to Deutsche that neither it nor any "affiliated purchaser" (as defined in Rule 10b-18 under the Exchange Act) has made any purchases of blocks pursuant to the proviso in Rule 10b-18(b)(4) under the Exchange Act during either (i) the four full calendar weeks immediately preceding the Trade Date or (ii) during the calendar week in which the Trade Date occurs.
- 4. This Supplemental Confirmation may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Supplemental Confirmation by signing and delivering one or more counterparts.

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<sup>\*</sup> CONFIDENTIAL INFORMATION HAS BEEN OMITTED AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

Counterparty hereby agrees (a) to check this Supplemental Confirmation carefully and immediately upon receipt so that errors or discrepancies can be promptly identified and rectified and (b) to confirm that the foregoing (in the exact form provided by Deutsche) correctly sets forth the terms of the agreement between Deutsche and Counterparty with respect to any particular Transaction to which this Master Confirmation relates, by manually signing this Master Confirmation or this page hereof as evidence of agreement to such terms and providing the other information requested herein and immediately returning an executed copy to Deutsche Bank Securities Inc., Facsimile No. 646-736-7122.

Yours faithfully,

## DEUTSCHE BANK AG, LONDON BRANCH

By: /s/ Lars Kestner

Name: Lars Kestner Title: Managing Director

By: /s/ Michael Sanderson

Name: Michael Sanderson Title: Managing Director

# DEUTSCHE BANK SECURITIES INC.,

acting solely as Agent in connection with the Transaction

By: /s/ Lars Kestner

Name: Lars Kestner Title: Managing Director

By: /s/ Michael Sanderson

Name: Michael Sanderson Title: Managing Director

Agreed and Accepted By:

#### FIFTH THIRD BANCORP

By: /s/ James C. Leonard

Name: James C. Leonard Title: Treasurer

[Signature Page to Supplemental Confirmation]

A MARK OF [\*\*] IN THE TEXT OF THIS EXHIBIT INDICATES THAT CONFIDENTIAL MATERIAL HAS BEEN OMITTED. THIS EXHIBIT, INCLUDING THE OMITTED PORTIONS, HAS BEEN FILED SEPERATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT UNDER RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.



Deutsche Bank AG, London Branch Winchester house 1 Great Winchester St, London EC2N 2DB Telephone: 44 20 7545 8000

c/o Deutsche Bank Securities Inc. 60 Wall Street New York, NY 10005 Telephone: 212-250-2500

Opening Transaction

To: Fifth Third Bancorp

Fifth Third Center Cincinnati, Ohio 45263

From: Deutsche Bank AG, London Branch

Re: Accelerated Stock Buyback

**Ref. No:** As provided in the Supplemental Confirmation

**Date:** May 21, 2013

This master confirmation (this "Master Confirmation"), dated as of May 21, 2013 is intended to set forth certain terms and provisions of certain Transactions (each, a "Transaction") entered into from time to time between Deutsche Bank AG, London Branch (" Deutsche"), with Deutsche Bank Securities Inc. acting as agent, and Fifth Third Bancorp ("Counterparty"). This Master Confirmation, taken alone, is neither a commitment by either party to enter into any Transaction nor evidence of a Transaction. The additional terms of any particular Transaction shall be set forth in a Supplemental Confirmation in the form of Schedule A hereto (a "Supplemental Confirmation"), which shall reference this Master Confirmation and supplement, form a part of, and be subject to this Master Confirmation. This Master Confirmation and each Supplemental Confirmation together shall constitute a "Confirmation" as referred to in the Agreement specified below.

DEUTSCHE BANK AG, LONDON BRANCH IS NOT REGISTERED AS A BROKER DEALER UNDER THE U.S. SECURITIES EXCHANGE ACT OF 1934. DEUTSCHE BANK SECURITIES INC. ("DBSI") HAS ACTED SOLELY AS AGENT IN CONNECTION WITH THE TRANSACTION AND HAS NO OBLIGATION, BY WAY OF ISSUANCE, ENDORSEMENT, GUARANTEE OR OTHERWISE WITH RESPECT TO THE PERFORMANCE OF EITHER PARTY UNDER THE TRANSACTION, EXCEPT FOR ITS GROSS NEGLIGENCE OR WILLFUL MISCONDUCT IN PERFORMING ITS DUTIES AS AGENT. AS SUCH, ALL DELIVERY OF FUNDS, ASSETS, NOTICES, DEMANDS AND COMMUNICATIONS OF ANY KIND RELATING TO THIS TRANSACTION BETWEEN DEUTSCHE BANK AG, LONDON BRANCH, AND COUNTERPARTY SHALL BE TRANSMITTED EXCLUSIVELY THROUGH DEUTSCHE BANK SECURITIES INC. DEUTSCHE BANK AG, LONDON BRANCH IS NOT A MEMBER OF THE SECURITIES INVESTOR PROTECTION CORPORATION (SIPC).

The definitions and provisions contained in the 2002 ISDA Equity Derivatives Definitions (the " **Equity Definitions**"), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Master Confirmation. This Master Confirmation and each Supplemental Confirmation evidence a complete binding agreement between Counterparty and Deutsche as to the subject matter and terms of each Transaction to which this Master Confirmation and such Supplemental Confirmation relate and shall supersede all prior or contemporaneous written or oral communications with respect thereto.

Chairman of the Supervisory Board: Dr. Paul Achleitner.

Management Board: Jürgen Fitschen (Co-Chairman), Anshu Jain (Co-Chairman), Stefan Krause, Stephan Leithner, Stuart Lewis, Rainer Neske and Henry Ritchotte.

Deutsche Bank AG is authorised under German Banking Law (competent authority: BaFin – Federal Financial Supervising Authority) and regulated by the Financial Services Authority for the conduct of UK business; a member of the London Stock Exchange. Deutsche Bank AG is a joint stock corporation with limited liability incorporated in the Federal Republic of Germany HRB No. 30 000 District Court of Frankfurt am Main; Branch Registration in England and Wales BR000005; Registered address: Winchester House, 1 Great Winchester Street, London EC2N 2DB. Deutsche Bank Group online: http://www.deutsche-bank.com

This Master Confirmation and each Supplemental Confirmation supplement, form a part of, and are subject to an agreement in the form of the 2002 ISDA Master Agreement (the "Agreement") as if Deutsche and Counterparty had executed the Agreement on the date of this Master Confirmation (but without any Schedule except for (i) the election of New York law (without reference to its choice of laws doctrine other than Title 14 of Article 5 of the New York General Obligations Law) as the governing law and US Dollars ("USD") as the Termination Currency, (ii) the election that subparagraph (ii) of Section 2(c) will not apply to the Transactions and (iii) the election that the "Cross Default" provisions of Section 5(a)(vi) shall apply to Counterparty and Deutsche, with a "Threshold Amount" equal to 3% of such party's shareholders' equity as reported in their respective most recent audited financial statements; *provided* that the words ", or becoming capable at such time of being declared," shall be deleted from such Section 5(a)(vi)).

The Transactions shall be the sole Transactions under the Agreement. If there exists any ISDA Master Agreement between Deutsche and Counterparty or any confirmation or other agreement between Deutsche and Counterparty pursuant to which an ISDA Master Agreement is deemed to exist between Deutsche and Counterparty, then notwithstanding anything to the contrary in such ISDA Master Agreement, such confirmation or agreement or any other agreement to which Deutsche and Counterparty are parties, the Transactions shall not be considered Transactions under, or otherwise governed by, such existing or deemed ISDA Master Agreement.

All provisions contained or incorporated by reference in the Agreement shall govern this Master Confirmation and each Supplemental Confirmation except as expressly modified herein or in the related Supplemental Confirmation.

If, in relation to any Transaction to which this Master Confirmation and a Supplemental Confirmation relate, there is any inconsistency between the Agreement, this Master Confirmation, any Supplemental Confirmation and the Equity Definitions, the following will prevail for purposes of such Transaction in the order of precedence indicated: (i) such Supplemental Confirmation; (ii) this Master Confirmation; (iii) the Equity Definitions; and (iv) the Agreement.

1. Each Transaction constitutes a Share Forward Transaction for the purposes of the Equity Definitions. Set forth below are the terms and conditions that, together with the terms and conditions set forth in the Supplemental Confirmation relating to any Transaction, shall govern such Transaction.

#### General Terms:

Trade Date: For each Transaction, as set forth in the related Supplemental Confirmation.

Buyer: Counterparty
Seller: Deutsche

Shares: Common stock, without par value, of Counterparty (Ticker: FITB)

Exchange: NASDAQ Global Select Market

Related Exchange(s): All Exchanges.

Prepayment\Variable Obligation: Applicable

Prepayment Amount: For each Transaction, as set forth in the related Supplemental Confirmation.

Prepayment Date: For each Transaction, as set forth in the related Supplemental Confirmation.

Valuation:

VWAP Price: For any Exchange Business Day, as determined by the Calculation Agent based on the NASDAQ 10b-

18 Volume Weighted Average Price per Share for the regular trading session (including any extensions thereof, provided the Exchange publicly announced such extension prior to the end of the regular

trading session on the prior Exchange Business Day) of the Exchange on such

Exchange Business Day (without regard to pre-open or after hours trading outside of such regular trading session for such Exchange Business Day), as published by Bloomberg at 4:15 p.m. New York time (or 15 minutes following the end of any extension of the regular trading session) on such Exchange Business Day, on Bloomberg page "FITB.Q <Equity> AQR\_SEC" (or any successor thereto), or if such price is not so reported on such Exchange Business Day for any reason or is, in the Calculation Agent's reasonable discretion, erroneous, such VWAP Price shall be as reasonably determined in good faith and in a commercially reasonable manner by the Calculation Agent. For purposes of calculating the VWAP Price, the Calculation Agent will include only those trades that are reported during the period of time during which Counterparty could purchase its own shares under Rule 10b-18(b)(2) and are effected pursuant to the conditions of Rule 10b-18(b)(3), each under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (such trades, "Rule 10b-18 eligible transactions").

Forward Price:

The average of the VWAP Prices for the Exchange Business Days in the Calculation Period, subject to "Valuation Disruption" below.

Forward Price Adjustment Amount:

For each Transaction, as set forth in the related Supplemental Confirmation.

Calculation Period:

The period from and including the Calculation Period Start Date to and including the Termination Date.

Calculation Period Start Date:

For each Transaction, as set forth in the related Supplemental Confirmation.

Termination Date:

The Scheduled Termination Date; *provided* that Deutsche shall have the right to designate any Exchange Business Day on or after the First Acceleration Date to be the Termination Date (the "Accelerated Termination Date") by delivering notice to Counterparty of any such designation prior to 11:59 p.m. New York City time on the Exchange Business Day immediately following the designated Accelerated Termination Date.

Scheduled Termination Date:

For each Transaction, as set forth in the related Supplemental Confirmation, subject to postponement as provided in "Valuation Disruption" below.

First Acceleration Date:

For each Transaction, as set forth in the related Supplemental Confirmation.

Valuation Disruption:

The definition of "Market Disruption Event" in Section 6.3(a) of the Equity Definitions is hereby amended by deleting the words "at any time during the one-hour period that ends at the relevant Valuation Time, Latest Exercise Time, Knock-in Valuation Time or Knock-out Valuation Time, as the case may be" and inserting the words "at any time on any Scheduled Trading Day during the Calculation Period or Settlement Valuation Period" after the word "material," in the third line thereof.

Section 6.3(d) of the Equity Definitions is hereby amended by deleting the remainder of the provision following the term "Scheduled Closing Time" in the fourth line thereof.

Notwithstanding anything to the contrary in the Equity Definitions, to the extent that a Disrupted Day occurs (i) in the Calculation Period, the Calculation Agent may, in its good faith and commercially reasonable discretion, postpone the Scheduled Termination Date, or (ii) in the Settlement Valuation Period, the Calculation Agent may, in its good faith and commercially reasonable discretion, extend the Settlement Valuation Period, in both cases by no more than one Exchange Business Day for each such Disrupted Day. If any such Disrupted Day is a Disrupted Day because of a Market Disruption Event (or a deemed Market Disruption Event as provided herein), the Calculation Agent shall determine whether (i) such Disrupted Day is a Disrupted Day in full, in which case the VWAP Price for such Disrupted Day shall not be included for purposes of determining the Forward Price or the Settlement Price, as the case

may be, or (ii) such Disrupted Day is a Disrupted Day only in part, in which case the VWAP Price for such Disrupted Day shall be determined by the Calculation Agent based on Rule 10b-18 eligible transactions in the Shares on such Disrupted Day taking into account the nature and duration of the relevant Market Disruption Event, and the weighting of the VWAP Price for the relevant Exchange Business Days during the Calculation Period or the Settlement Valuation Period, as the case may be, shall be adjusted in good faith and in a commercially reasonable manner by the Calculation Agent for purposes of determining the Forward Price or the Settlement Price, as the case may be, with such adjustments based on, among other factors, the duration of any Market Disruption Event and the volume, historical trading patterns and price of the Shares. Any Exchange Business Day on which, as of the date hereof, the Exchange is scheduled to close prior to its normal close of trading shall be deemed not to be an Exchange Business Day; if a closure of the Exchange prior to its normal close of trading on any Exchange Business Day is scheduled following the date hereof, then such Exchange Business Day shall be deemed to be a Disrupted Day in full.

If a Disrupted Day occurs during the Calculation Period or the Settlement Valuation Period, as the case may be, and each of the nine immediately following Scheduled Trading Days is a Disrupted Day, then the Calculation Agent, in its good faith and commercially reasonable discretion, may deem such ninth Scheduled Trading Day to be an Exchange Business Day that is not a Disrupted Day and determine the VWAP Price for such ninth Scheduled Trading Day using its good faith estimate of the value of the Shares on such ninth Scheduled Trading Day based on the volume, historical trading patterns and price of the Shares and such other factors as it deems appropriate.

Settlement Terms:

Settlement Procedures: If the Number of Shares to be Delivered is positive, Physical Settlement shall be applicable; provided

that Deutsche does not, and shall not, make the agreement or the representations set forth in Section 9.11 of the Equity Definitions related to the restrictions imposed by applicable securities laws with respect to any Shares delivered by Deutsche to Counterparty under any Transaction as a result of the fact that Counterparty is the Issuer of the Shares. If the Number of Shares to be Delivered is negative,

then the Counterparty Settlement Provisions in Annex A shall apply.

Number of Shares to be Delivered: A number of Shares equal to (x)(a) the Prepayment Amount divided by (b) the Divisor Amount, minus

(y) the number of Initial Shares.

Divisor Amount: The greater of (i) the Forward Price minus the Forward Price Adjustment Amount and (ii) \$1.00.

Excess Dividend Amount: For the avoidance of doubt, all references to the Excess Dividend Amount shall be deleted from Section

9.2(a)(iii) of the Equity Definitions.

Settlement Date: If the Number of Shares to be Delivered is positive, the date that is one Settlement Cycle immediately

following the Termination Date.

Settlement Currency: USI

Initial Share Delivery: Deutsche shall deliver a number of Shares equal to the Initial Shares to Counterparty on the Initial

Share Delivery Date in accordance with Section 9.4 of the Equity Definitions, with the Initial Share

Delivery Date deemed to be a "Settlement Date" for purposes of such Section 9.4.

Initial Share Delivery Date: For each Transaction, as set forth in the related Supplemental Confirmation.

Initial Shares: For each Transaction, as set forth in the related Supplemental Confirmation; provided that Deutsche does not, and shall not, make the agreement or the representations set forth in Section 9.11 of the

Equity Definitions related to the restrictions imposed by

applicable securities laws with respect to any Shares delivered by Deutsche to Counterparty under any Transaction as a result of the fact that Counterparty is the Issuer of the Shares.

Share Adjustments:

Extraordinary Dividend:

Potential Adjustment Event: Notwithstanding anything to the contrary in Section 11.2(e) of the Equity Definitions, an

Extraordinary Dividend shall not constitute a Potential Adjustment Event.

It shall constitute an additional Potential Adjustment Event if the Scheduled Termination Date for any Transaction is postponed pursuant to "Valuation Disruption" above, in which case the Calculation Agent may, in good faith and in its commercially reasonable discretion, adjust any relevant terms of any such Transaction as appropriate to account for the economic effect on such Transaction of such postponement.

For any calendar quarter, any dividend or distribution on the Shares with an ex-dividend date occurring during such calendar quarter (other than any dividend or distribution of the type described in Section 11.2(e)(i) or Section 11.2(e)(ii)(A) of the Equity Definitions) (a "Dividend") the amount or value of which (as determined by the Calculation Agent), when aggregated with the amount or value (as determined by the Calculation Agent) of any and all previous Dividends with ex-dividend dates

occurring in the same calendar quarter, exceeds the Ordinary Dividend Amount.

Ordinary Dividend Amount: For each Transaction, as set forth in the related Supplemental Confirmation

Method of Adjustment: Calculation Agent Adjustment

Extraordinary Events:

Consequences of Merger Events:

(a) Share-for-Share: ModifiedCalculationAgentAdjustment

(b) Share-for-Other: Cancellation and Payment(c) Share-for-Combined: Component Adjustment

Tender Offer:

Applicable; *provided* that (i) Section 12.1(l) of the Equity Definitions shall be amended (x) by deleting the parenthetical in the fifth line thereof, (y) by replacing "that" in the fifth line thereof with "whether or not such announcement" and (z) by adding immediately after the words "Tender Offer" in the fifth line thereof ", and any publicly announced change or amendment to such an announcement (including the announcement of an abandonment of such intention)" and (ii) Sections 12.3(a) and 12.3(d) of the Equity Definitions shall each be amended by replacing each occurrence of the words "Tender Offer Date" by "Announcement Date."

Consequences of Tender Offers:

(a) Share-for-Share: Modified Calculation Agent Adjustment or Cancellation and Payment, at the election of Deutsche

(b) Share-for-Other: Modified Calculation Agent Adjustment or Cancellation and Payment, at the election of Deutsche
(c) Share-for-Combined: Modified Calculation Agent Adjustment or Cancellation and Payment, at the election of Deutsche

Nationalization, Insolvency or Delisting:

Cancellation and Payment; *provided* that in addition to the provisions of Section 12.6(a)(iii) of the Equity Definitions, it shall also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or their respective successors); if the Shares are immediately re-listed, re-traded or re-quoted on any such exchange or quotation system, such exchange or quotation system shall be deemed to be the Exchange.

#### Additional Disruption Events:

(a) Change in Law: Applicable; provided that Section 12.9(a)(ii) of the Equity Definitions is hereby amended by (i)

replacing the phrase "the interpretation" in the third line thereof with the phrase ", or public announcement of the interpretation", (ii) by replacing the word "Shares" where it appears in clause (X) thereof with the words "Hedge Position" and (iii) by immediately following the word "Transaction" in clause (X) thereof, adding the phrase "in the manner contemplated by the Hedging Party on the Trade Date"; provided further that (i) any determination as to whether (A) the adoption of or any change in any applicable law or regulation (including, for the avoidance of doubt and without limitation, (x) any tax law or (y) adoption or promulgation of new regulations authorized or mandated by existing statute) or (B) the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), in each case, constitutes a "Change in Law" shall be made without regard to Section 739 of the Dodd- Frank Wall Street Reform and Consumer Protection Act of 2010 or any similar legal certainty provision in any legislation enacted, or rule or regulation promulgated, on or after the Trade Date, and (ii) Section 12.9(a)(ii) of the Equity Definitions is hereby amended by replacing the parenthetical beginning after the word "regulation" in the second line thereof the words "(including, for the avoidance of doubt and without limitation, (x) any tax law or (y) adoption or promulgation of new regulations authorized or mandated by existing statute)".

(b) Failure to Deliver: Applicable(c) Insolvency Filing: Applicable(d) Loss of Stock Borrow: Applicable

Maximum Stock Loan Rate: 200 basis points per annum

Hedging Party: Deutsche

(e) Increased Cost of Stock

Borrow: Applicable

Initial Stock Loan Rate: 25 basis points per annum

Hedging Party: Deutsche

Determining Party: Deutsche; provided that, following the occurrence of an Event of Default pursuant to Section 5(a)(vii)

of the Agreement with respect to which Deutsche is the Defaulting Party, Counterparty shall have the

right to

designate a nationally recognized third-party dealer in over-the-counter corporate equity derivatives to act, during the period commencing on the date such Event of Default occurred and ending on the Early Termination Date with respect to such Event of Default, as the Determining Party. Upon receipt of written request from Counterparty, the Determining Party shall promptly (but in no event later than within five (5) Exchange Business Days from the receipt of such request) provide Counterparty with a written explanation describing in reasonable detail any calculation, adjustment or determination made by it (including any quotations, market data or information from external sources used in making such calculation, adjustment or determination, as the case may be, but without disclosing Deutsche's proprietary models or other information that may be proprietary or subject to contractual, legal or regulatory obligations to not disclose such information). All calculations and determinations by the Determining Party shall be made in good faith and in a commercially reasonable manner.

Additional Termination Event(s):

Notwithstanding anything to the contrary in the Equity Definitions, if, as a result of an Extraordinary Event, any Transaction would be cancelled or terminated (whether in whole or in part) pursuant to Article 12 of the Equity Definitions, an Additional Termination Event (with such terminated Transaction(s) (or portions thereof) being the Affected Transaction(s) and Counterparty being the sole Affected Party) shall be deemed to occur, and, in lieu of Sections 12.7, 12.8 and 12.9 of the Equity Definitions, Section 6 of the Agreement shall apply to such Affected Transaction(s).

The (i) declaration by the Issuer of any Extraordinary Dividend, the ex-dividend date for which occurs or is scheduled to occur during the Relevant Dividend Period, or (ii) occurrence of an ex-dividend date for any Dividend that is not an Extraordinary Dividend during any calendar quarter occurring (in whole or in part) during the Relevant Dividend Period (as defined below) and is prior to the Scheduled Ex-Dividend Date for such calendar quarter will constitute an Additional Termination Event, with Counterparty as the sole Affected Party and all Transactions hereunder as the Affected Transactions.

Relevant Dividend Period:

The period from and including the Calculation Period Start Date to and including the Relevant

Dividend Period End Date.

Relevant Dividend Period End Date:

If the Number of Shares to be Delivered is negative, the last day of the Settlement Valuation Period;

otherwise, the Termination Date.

Scheduled Ex-Dividend Dates:

For each Transaction for each calendar quarter, as set forthin the related Supplemental Confirmation.

Non-Reliance/Agreements and

Acknowledgements Regarding Hedging

Activities/Additional Acknowledgements:

Applicable

Transfer:

Notwithstanding anything to the contrary in the Agreement, Deutsche may assign, transfer and set over all rights, title and interest, powers, privileges and remedies of Deutsche under any Transaction, in whole or in part, to an affiliate of Deutsche whose obligations are guaranteed by Deutsche, without the consent of Counterparty.

Deutsche Payment Instructions:

To be advised under separate cover

Counterparty's Contact Details for Purpose of Giving

Notice:

To be provided by Counterparty

Deutsche's Contact Details for Purpose of Giving Notice:

Deutsche Bank AG, London Branch c/o Deutsche Bank Securities Inc.

60 Wall Street

New York, NY 10005

Attention: Paul Stowell

Andrew Yaeger Lars Kestner

Telephone: 212-250-2717

212-250-4580 212-250-6043

Email: paul.stowell@db.com

andrew.yaeger@db.com lars.kestner@db.com

Role of DBSI:

DBSI in its capacity as Agent will be responsible for (A) effecting any Transaction, (B) issuing all required confirmations and statements to Deutsche and Counterparty, (C) maintaining books and records relating to any Transaction in accordance with its standard practices and procedures and in accordance with applicable law and (D) unless otherwise requested by Counterparty, receiving, delivering, and safeguarding Counterparty's funds and any securities in connection with any Transaction, in accordance with its standard practices and procedures and in accordance with applicable law.

The date and time of any Transaction evidenced by this Master Confirmation and the related Supplemental Confirmation will be furnished by the Agent to Deutsche and Counterparty upon written request.

The Agent will furnish to Counterparty upon written request a statement as to the source and amount of any remuneration received or to be received by the Agent in connection with any Transaction evidenced by this Master Confirmation and the related Supplemental Confirmation.

- 2. <u>Calculation Agent.</u> Deutsche; provided that, following the occurrence of an Event of Default pursuant to Section 5(a)(vii) of the Agreement with respect to which Deutsche is the Defaulting Party, Counterparty shall have the right to designate a nationally recognized third-party dealer in over-the-counter corporate equity derivatives to act, during the period commencing on the date such Event of Default occurred and ending on the Early Termination Date with respect to such Event of Default, as the Calculation Agent. Upon receipt of written request from Counterparty, the Calculation Agent shall promptly (but in no event later than within five (5) Exchange Business Days from the receipt of such request) provide Counterparty with a written explanation describing in reasonable detail any calculation, adjustment or determination made by it (including any quotations, market data or information from external sources used in making such calculation, adjustment or determination, as the case may be, but without disclosing Deutsche's proprietary models or other information that may be proprietary or subject to contractual, legal or regulatory obligations to not disclose such information). All calculations and determinations by the Calculation Agent shall be made in good faith and in a commercially reasonable manner.
- 3. <u>Additional Mutual Representations</u>, <u>Warranties and Covenants of Each Party</u>. In addition to the representations, warranties and covenants in the Agreement, each party represents, warrants and covenants to the other party that:
- (a) <u>Eligible Contract Participant</u>. It is an "eligible contract participant", as defined in the U.S. Commodity Exchange Act (as amended), and is entering into each Transaction hereunder as principal (and not as agent or in any other capacity, fiduciary or otherwise) and not for the benefit of any third party.
- (b) Accredited Investor. Each party acknowledges that the offer and sale of each Transaction to it is intended to be exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), by

virtue of Section 4(2) thereof. Accordingly, each party represents and warrants to the other that (i) it has the financial ability to bear the economic risk of its investment in each Transaction and is able to bear a total loss of its investment, (ii) it is an "accredited investor" as that term is defined under Regulation D under the Securities Act and (iii) the disposition of each Transaction is restricted under this Master Confirmation, the Securities Act and state securities laws.

- 4. <u>Additional Representations</u>, <u>Warranties and Covenants of Counterparty</u>. In addition to the representations, warranties and covenants in the Agreement, Counterparty represents, warrants and covenants to Deutsche that:
- (a) The purchase or writing of each Transaction and the transactions contemplated hereby will not violate Rule 13e-1 or Rule 13e-4 under the Exchange Act.
- (b) It is not entering into any Transaction (i) on the basis of, and is not aware of, any material non-public information with respect to the Shares, (ii) in anticipation of, in connection with, or to facilitate, a distribution of its securities, a self tender offer or a third-party tender offer or (iii) to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for the Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for the Shares).
- (c) Each Transaction is being entered into pursuant to a publicly disclosed Share buy-back program and its Board of Directors has approved the use of derivatives to effect the Share buy-back program.
- (d) Without limiting the generality of Section 13.1 of the Equity Definitions, Counterparty acknowledges that neither Deutsche nor any of its affiliates is making any representations or warranties or taking any position or expressing any view with respect to the treatment of any Transaction under any accounting standards including ASC Topic 260, Earnings Per Share, ASC Topic 815, Derivatives and Hedging, or ASC Topic 480, Distinguishing Liabilities from Equity and ASC 815-40, Derivatives and Hedging Contracts in Entity's Own Equity.
- (e) As of (i) the date hereof and (ii) the Trade Date for each Transaction hereunder, Counterparty is in compliance with its reporting obligations under the Exchange Act and its most recent Annual Report on Form 10-K, together with all reports subsequently filed by it pursuant to the Exchange Act, taken together and as amended and supplemented to the date of this representation, do not, as of their respective filing dates, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.
  - (f) Counterparty shall report each Transaction as required under the Exchange Act and the rules and regulations thereunder.
- (g) The Shares are not, and Counterparty will not cause the Shares to be, subject to a "restricted period" (as defined in Regulation M promulgated under the Exchange Act) at any time during any Regulation M Period (as defined below) for any Transaction unless Counterparty has provided written notice to Deutsche of such restricted period not later than the Scheduled Trading Day immediately preceding the first day of such "restricted period"; Counterparty acknowledges that any such notice may cause a Disrupted Day to occur pursuant to Section 5 below; accordingly, Counterparty acknowledges that its delivery of such notice must comply with the standards set forth in Section 6 below; "Regulation M Period" means, for any Transaction, (i) the Relevant Period (as defined below) and (ii) the Settlement Valuation Period, if any, for such Transaction. "Relevant Period" means, for any Transaction, the period commencing on the Calculation Period Start Date for such Transaction and ending on the earlier of (i) the Scheduled Termination Date and (ii) the last Additional Relevant Day (as specified in the related Supplemental Confirmation) for such Transaction, or such earlier day as elected by Deutsche and communicated to Counterparty on such day (or, if later, the First Acceleration Date without regard to any acceleration thereof pursuant to "Special Provisions for Acquisition Transaction Announcements" below).
- (h) As of the Trade Date, the Prepayment Date, the Initial Share Delivery Date and the Settlement Date for each Transaction, Counterparty is not "insolvent" (as such term is defined under Section 101(32) of the U.S. Bankruptcy Code (Title 11 of the United States Code) (the "Bankruptcy Code")) and Counterparty would be able to purchase a number of Shares with a value equal to the Prepayment Amount in compliance with the laws of the jurisdiction of Counterparty's incorporation.
- (i) Counterparty is not and, after giving effect to any Transaction, will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

- (j) Counterparty has not and will not enter into agreements similar to the Transactions described herein where any initial hedge period, calculation period, relevant period or settlement valuation period (each however defined) in such other transaction will overlap at any time (including as a result of extensions in such initial hedge period, calculation period, relevant period or settlement valuation period as provided in the relevant agreements) with any Relevant Period or, if applicable, any Settlement Valuation Period under this Master Confirmation. In the event that the initial hedge period, relevant period, calculation period or settlement valuation period or settlement valuation period or settlement valuation period or settlement valuation overlaps with any Relevant Period or, if applicable, Settlement Valuation Period under this Master Confirmation as a result of any postponement of the Scheduled Termination Date or extension of the Settlement Valuation Period pursuant to "Valuation Disruption" above, Counterparty shall promptly amend such transaction to avoid any such overlap.
- 5. <u>Regulatory Disruption</u>. In the event that Deutsche concludes, in good faith and based on the advice of counsel, that it is appropriate with respect to any legal, regulatory or self-regulatory requirements or related policies and procedures generally applicable to the relevant line of business (whether or not such requirements, policies or procedures are imposed by law or have been voluntarily adopted by Deutsche), for it to refrain from or decrease any market activity on any Scheduled Trading Day or Days during the Calculation Period or, if applicable, the Settlement Valuation Period, Deutsche may by written notice to Counterparty elect to deem that a Market Disruption Event has occurred and will be continuing on such Scheduled Trading Day or Days.
- 6. <u>10b5-1 Plan</u>. Counterparty represents, warrants and covenants to Deutsche that:
- (a) Counterparty is entering into this Master Confirmation and each Transaction hereunder in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act ("Rule 10b-5") or any other antifraud or anti-manipulation provisions of the federal or applicable state securities laws and that it has not entered into or altered and will not enter into or alter any corresponding or hedging transaction or position with respect to the Shares. Counterparty acknowledges that it is the intent of the parties that each Transaction entered into under this Master Confirmation comply with the requirements of paragraphs (c)(1)(i)(A) and (B) of Rule 10b5-1 under the Exchange Act ("Rule 10b5-1") and each Transaction entered into under this Master Confirmation shall be interpreted to comply with the requirements of Rule 10b5-1(c).
- (b) Counterparty will not seek to control or influence Deutsche's decision to make any "purchases or sales" (within the meaning of Rule 10b5-1(c)(1)(i)(B)(3)) under any Transaction entered into under this Master Confirmation, including, without limitation, Deutsche's decision to enter into any hedging transactions. Counterparty represents and warrants that it has consulted with its own advisors as to the legal aspects of its adoption and implementation of this Master Confirmation and each Supplemental Confirmation under Rule 10b5-1.
- (c) Counterparty acknowledges and agrees that any amendment, modification, waiver or termination of this Master Confirmation or the relevant Supplemental Confirmation must be effected in accordance with the requirements for the amendment or termination of a "plan" as defined in Rule 10b5-1(c). Without limiting the generality of the foregoing, any such amendment, modification, waiver or termination shall be made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5, and no such amendment, modification or waiver shall be made at any time at which Counterparty or any officer, director, manager or similar person of Counterparty is aware of any material non-public information regarding Counterparty or the Shares.
- 7. Counterparty Purchases. Counterparty (or any "affiliated purchaser" as defined in Rule 10b-18 under the Exchange Act ("Rule 10b-18")) shall not, without the prior written consent of Deutsche, directly or indirectly purchase any Shares (including by means of a derivative instrument), listed contracts on the Shares or securities that are convertible into, or exchangeable or exercisable for Shares (including, without limitation, any Rule 10b-18 purchases of blocks (as defined in Rule 10b-18)) during any Relevant Period or, if applicable, Settlement Valuation Period, except through Deutsche. However, the foregoing shall not limit Counterparty's ability (or the ability of any "agent independent of the issuer" (as defined in Rule 10b-18)), pursuant to any plan (as defined in Rule 10b-18) of Counterparty, to re-acquire Shares in connection with any equity transaction related to such plan or to limit Counterparty's ability to withhold Shares to cover tax liabilities associated with such equity transactions or otherwise restrict Counterparty's ability to repurchase Shares under privately negotiated or off-market transactions (including, without limitation, an agreement relating to Counterparty's 401(k) Plan or transactions with any of Counterparty's employees, officers, directors or affiliates), so long as any re-acquisition, withholding or repurchase does not constitute a "Rule 10b-18 purchase" (as defined in Rule 10b-18).

- 8. Special Provisions for Merger Transactions. Notwithstanding anything to the contrary herein or in the Equity Definitions:
  - (a) Counterparty agrees that it:
    - (i) will not during the period commencing on the Trade Date through the end of the Relevant Period or, if applicable, the Settlement Valuation Period for any Transaction make, or permit to be made, any public announcement (as defined in Rule 165(f) under the Securities Act) of any Merger Transaction or potential Merger Transaction (a "Public Announcement") unless such Public Announcement is made prior to the opening or after the close of the regular trading session on the Exchange for the Shares;
    - (ii) shall promptly (but in any event prior to the next opening of the regular trading session on the Exchange) notify Deutsche following any such Public Announcement that such Public Announcement has been made; and
    - (iii) shall promptly (but in any event prior to the next opening of the regular trading session on the Exchange) provide Deutsche with written notice specifying (i) Counterparty's average daily Rule 10b-18 Purchases (as defined in Rule 10b-18) during the three full calendar months immediately preceding the announcement date that were not effected through Deutsche or its affiliates and (ii) the number of Shares purchased pursuant to the proviso in Rule 10b-18(b)(4) under the Exchange Act for the three full calendar months preceding the date of such Public Announcement. Such written notice shall be deemed to be a certification by Counterparty to Deutsche that such information is true and correct. In addition, Counterparty shall promptly notify Deutsche of the earlier to occur of the completion of the relevant Merger Transaction and the completion of the vote by target shareholders.
- (b) Counterparty acknowledges that a Public Announcement may cause the terms of any Transaction to be adjusted or such Transaction to be terminated; accordingly, Counterparty acknowledges that in making any Public Announcement, it must comply with the standards set forth in Section 6 above.
- (c) Upon the occurrence of any Public Announcement (whether made by Counterparty or a third party), Deutsche may in its sole discretion (i) make adjustments in good faith and in a commercially reasonable manner to the terms of any Transaction, including, without limitation, the Scheduled Termination Date or the Forward Price Adjustment Amount, and/or suspend the Calculation Period and/or any Settlement Valuation Period or (ii) treat the occurrence of such Public Announcement as an Additional Termination Event with Counterparty as the sole Affected Party and the Transactions hereunder as the Affected Transactions and with the amount under Section 6(e) of the Agreement determined taking into account the fact that the Calculation Period or Settlement Valuation Period, as the case may be, had fewer Scheduled Trading Days than originally anticipated.
- "Merger Transaction" means any merger, acquisition or similar transaction involving a recapitalization as contemplated by Rule 10b-18(a)(13)(iv) under the Exchange Act.
- 9. Special Provisions for Acquisition Transaction Announcements. (a) If an Acquisition Transaction Announcement occurs on or prior to the Settlement Date for any Transaction, then the Number of Shares to be Delivered for such Transaction shall be determined as if the Divisor Amount were equal to "The greater of (i) the Forward Price and (ii) \$1.00." If an Acquisition Transaction Announcement occurs after the Trade Date, but prior to the First Acceleration Date of any Transaction, the First Acceleration Date shall be the date of such Acquisition Transaction Announcement.
- (b) "Acquisition Transaction Announcement" means (i) the announcement of an Acquisition Transaction, (ii) an announcement that Counterparty or any of its subsidiaries has entered into an agreement, a letter of intent or an understanding designed to result in an Acquisition Transaction, (iii) the announcement of the intention to solicit or enter into, or to explore strategic alternatives or other similar undertaking that may include, an Acquisition Transaction, (iv) any other announcement that in the reasonable judgment of the Calculation Agent could reasonably be expected to result in an Acquisition Transaction or (v) any announcement of any change or amendment to any previous Acquisition Transaction Announcement (including any announcement of the abandonment of any such previously announced Acquisition Transaction, agreement, letter of intent, understanding or intention). For the avoidance of doubt, announcements as used in the definition of Acquisition Transaction Announcement refer to any public announcement whether made by the Issuer or a third party.
- (c) "Acquisition Transaction" means (i) any Merger Event (for purposes of this definition the definition of Merger Event shall be read with the references therein to "100%" being replaced by "15%" and to "50%" by "75%" and without reference to the clause beginning immediately following the definition of Reverse Merger therein to the end of such definition), Tender Offer or Merger Transaction or any other transaction involving the

merger of Counterparty with or into any third party, (ii) the sale or transfer of all or substantially all of the assets of Counterparty, (iii) a recapitalization, reclassification, binding share exchange or other similar transaction, (iv) any acquisition, lease, exchange, transfer, disposition (including by way of spin-off or distribution) of assets (including any capital stock or other ownership interests in subsidiaries) or other similar event by Counterparty or any of its subsidiaries where the aggregate consideration transferable or receivable by or to Counterparty or its subsidiaries exceeds 15% of the market capitalization of Counterparty and (v) any transaction in which Counterparty or its board of directors has a legal obligation to make a recommendation to its shareholders in respect of such transaction (whether pursuant to Rule 14e-2 under the Exchange Act or otherwise).

#### 10. Acknowledgments. (a) The parties hereto intend for:

- (i) each Transaction to be a "securities contract" as defined in Section 741(7) of the Bankruptcy Code, a "swap agreement" as defined in Section 101(53B) of the Bankruptcy Code and a "forward contract" as defined in Section 101(25) of the Bankruptcy Code, and the parties hereto to be entitled to the protections afforded by, among other Sections, Sections 362(b)(6), 362(b)(17), 362(b)(27), 362(o), 546(e), 546(g), 546(j), 555, 556, 560 and 561 of the Bankruptcy Code;
  - (ii) the Agreement to be a "master netting agreement" as defined in Section 101(38A) of the Bankruptcy Code;
- (iii) a party's right to liquidate, terminate or accelerate any Transaction, net out or offset termination values or payment amounts, and to exercise any other remedies upon the occurrence of any Event of Default or Termination Event under the Agreement with respect to the other party or any Extraordinary Event that results in the termination or cancellation of any Transaction to constitute a "contractual right" (as defined in the Bankruptcy Code); and
- (iv) all payments for, under or in connection with each Transaction, all payments for the Shares (including, for the avoidance of doubt, payment of the Prepayment Amount) and the transfer of such Shares to constitute "settlement payments" and "transfers" (as defined in the Bankruptcy Code).

#### (b) Counterparty acknowledges that:

- (i) during the term of any Transaction, Deutsche and its affiliates may buy or sell Shares or other securities or buy or sell options or futures contracts or enter into swaps or other derivative securities in order to establish, adjust or unwind its hedge position with respect to such Transaction;
- (ii) Deutsche and its affiliates may also be active in the market for the Shares and derivatives linked to the Shares other than in connection with hedging activities in relation to any Transaction, including acting as agent or as principal and for its own account or on behalf of customers;
- (iii) Deutsche shall make its own determination as to whether, when or in what manner any hedging or market activities in Counterparty's securities shall be conducted and shall do so in a manner that it deems appropriate to hedge its price and market risk with respect to the Forward Price and the VWAP Price;
- (iv) any market activities of Deutsche and its affiliates with respect to the Shares may affect the market price and volatility of the Shares, as well as the Forward Price and the VWAP Price, each in a manner that may be adverse to Counterparty; and
- (v) each Transaction is a derivatives transaction in which it has granted Deutsche an option; Deutsche may purchase shares for its own account at an average price that may be greater than, or less than, the price paid by Counterparty under the terms of the related Transaction.
- 11. <u>Credit Support Documents</u>. The parties hereto acknowledge that no Transaction hereunder is secured by any collateral that would otherwise secure the obligations of Counterparty herein or pursuant to the Agreement.
- 12. Set-off. (a) The parties agree to amend Section 6 of the Agreement by adding a new Section 6(f) thereto as follows:
  - "(f) Upon the occurrence of an Event of Default or Termination Event with respect to a party who is the Defaulting Party or the Affected Party ("X"), the other party ("Y") will have the right (but not be obliged) without prior notice to X or any other person to set-off or apply any obligation of X owed to Y (or any Affiliate of Y) (whether or not matured or contingent and whether or not arising under the Agreement, and regardless of the currency, place of payment or booking office of the obligation) against any obligation of Y (or any Affiliate of Y) owed to X (whether or not matured or contingent and whether or not arising under the Agreement, and regardless of the currency, place of payment or booking office of the obligation). Y will give notice to the other party of any set-off effected under this Section 6(f).

Amounts (or the relevant portion of such amounts) subject to set-off may be converted by Y into the Termination Currency at the rate of exchange at which such party would be able, acting in a reasonable manner and in good faith, to purchase the relevant amount of such currency. If any obligation is unascertained, Y may in good faith estimate that obligation and set-off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained. Nothing in this Section 6(f) shall be effective to create a charge or other security interest. This Section 6(f) shall be without prejudice and in addition to any right of set-off, combination of accounts, lien or other right to which any party is at any time otherwise entitled (whether by operation of law, contract or otherwise)."

- (b) Notwithstanding anything to the contrary in the foregoing, Deutsche agrees not to set off or net amounts due from Counterparty with respect to any Transaction against amounts due from Deutsche to Counterparty with respect to contracts or instruments that are not Equity Contracts. " **Equity Contract**" means any transaction or instrument that does not convey to Deutsche rights, or the ability to assert claims, that are senior to the rights and claims of common stockholders in the event of Counterparty's bankruptcy.
- 13. <u>Delivery of Shares</u>. Notwithstanding anything to the contrary herein, Deutsche may, by prior notice to Counterparty, satisfy its obligation to deliver any Shares or other securities on any date due (an "**Original Delivery Date**") by making separate deliveries of Shares or such securities, as the case may be, at more than one time on or prior to such Original Delivery Date, so long as the aggregate number of Shares and other securities so delivered on or prior to such Original Delivery Date is equal to the number required to be delivered on such Original Delivery Date.
- 14. Early Termination. In the event that an Early Termination Date (whether as a result of an Event of Default or a Termination Event) occurs or is designated with respect to any Transaction (except as a result of a Merger Event in which the consideration or proceeds to be paid to holders of Shares consists solely of cash), if either party would owe any amount to the other party pursuant to Section 6(d)(ii) of the Agreement (any such amount, a " Payment Amount"), then, in lieu of any payment of such Payment Amount, Counterparty may, no later than the Early Termination Date or the date on which such Transaction is terminated, elect to deliver or for Deutsche to deliver, as the case may be, to the other party a number of Shares (or, in the case of a Merger Event, a number of units, each comprising the number or amount of the securities or property that a hypothetical holder of one Share would receive in such Merger Event (each such unit, an "Alternative Delivery Unit" and, the securities or property comprising such unit, "Alternative Delivery Property")) with a value equal to the Payment Amount, as determined by the Calculation Agent (and the parties agree that, in making such determination of value, the Calculation Agent may take into account a number of factors, including the market price of the Shares or Alternative Delivery Property on the date of early termination and, if such delivery is made by Deutsche, the prices at which Deutsche purchases Shares or Alternative Delivery Property to fulfill its delivery obligations under this Section 14); provided that in determining the composition of any Alternative Delivery Unit, if the relevant Merger Event involves a choice of consideration to be received by holders, such holder shall be deemed to have elected to receive the maximum possible amount of cash; and provided further that Counterparty may make such election only if Counterparty represents and warrants to Deutsche in writing on the date it notifies Deutsche of such election that, as of such date, Counterparty is not aware of any material non-public information concerning the Shares and is making such election in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws. If such delivery is made by Counterparty, paragraphs 2 through 7 of Annex A shall apply as if such delivery were a settlement of the Transaction to which Net Share Settlement applied, the Cash Settlement Payment Date were the Early Termination Date and the Forward Cash Settlement Amount were zero (0) minus the Payment Amount owed by Counterparty.
- 15. <u>Calculations and Payment Date upon Early Termination</u>. The parties acknowledge and agree that in calculating Close-out Amount pursuant to Section 6 of the Agreement Deutsche may (but need not) determine losses without reference to actual losses incurred but based on expected losses assuming a commercially reasonable (including without limitation with regard to reasonable legal and regulatory guidelines) risk bid were used to determine loss to avoid awaiting the delay associated with closing out any hedge or related trading position in a commercially reasonable manner prior to or sooner following the designation of an Early Termination Date. Notwithstanding anything to the contrary in Section 6(d)(ii) of the Agreement, all amounts calculated as being due in respect of an Early Termination Date under Section 6(e) of the Agreement will be payable on the day that notice of the amount payable is effective; *provided* that if Counterparty elects to receive Shares or Alternative Delivery Property in accordance with Section 14, such Shares or Alternative Delivery Property shall be delivered on a date selected by Deutsche as promptly as practicable.

## 16. [Reserved.]

- 17. <u>Automatic Termination Provisions</u>. Notwithstanding anything to the contrary in Section 6 of the Agreement, if a Termination Price is specified in any Supplemental Confirmation, then an Additional Termination Event with Counterparty as the sole Affected Party and the Transaction to which such Supplemental Confirmation relates as the Affected Transaction will automatically occur without any notice or action by Deutsche or Counterparty if the price of the Shares on the Exchange at any time falls below such Termination Price, and the Exchange Business Day that the price of the Shares on the Exchange at any time falls below the Termination Price will be the "Early Termination Date" for purposes of the Agreement.
- 18. <u>Delivery of Cash</u>. For the avoidance of doubt, nothing in this Master Confirmation shall be interpreted as requiring Counterparty to deliver cash in respect of the settlement of the Transactions contemplated by this Master Confirmation following payment by Counterparty of the relevant Prepayment Amount, except in circumstances where the required cash settlement thereof is permitted for classification of the contract as equity by ASC 815-40, *Derivatives and Hedging Contracts in Entity's Own Equity*, as in effect on the relevant Trade Date (including, without limitation, where Counterparty so elects to deliver cash or fails timely to elect to deliver Shares or Alternative Delivery Property in respect of the settlement of such Transactions).
- 19. <u>Claim in Bankruptcy</u>. Deutsche acknowledges and agrees that this Confirmation is not intended to convey to it rights with respect to the Transactions that are senior to the claims of common stockholders in the event of Counterparty's bankruptcy.
- 20. [Reserved.]
- 21. Governing Law. The Agreement, this Master Confirmation, each Supplemental Confirmation and all matters arising in connection with the Agreement, this Master Confirmation and each Supplemental Confirmation shall be governed by, and construed and enforced in accordance with, the laws of the State of New York (without reference to its choice of laws doctrine other than Title 14 of Article 5 of the New York General Obligations Law).

#### 22. Offices.

The Office of Counterparty for each Transaction is: Fifth Third Bancorp, Fifth Third Center Cincinnati, Ohio 45263.

The Office of Deutsche for each Transaction is: Deutsche Bank AG, London Branch, c/o Deutsche Bank Securities Inc., 60 Wall Street, New York, NY 10005, USA.

- 23. Waiver of Jury Trial. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to any Transaction. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into any Transaction hereunder by, among other things, the mutual waivers and certifications provided herein.
- 24. <u>Submission to Jurisdiction</u>. Section 13(b) of the Agreement is deleted in its entirety and replaced by the following:

"Each party hereby irrevocably and unconditionally submits for itself and its property in any suit, legal action or proceeding relating to this Agreement and/or any Transaction, or for recognition and enforcement of any judgment in respect thereof, (each, "Proceedings") to the exclusive jurisdiction of the Supreme Court of the State of New York, sitting in New York County, the courts of the United States of America for the Southern District of New York and appellate courts from any thereof. Nothing in the Master Confirmation, any Supplemental Confirmation or this Agreement precludes either party from bringing Proceedings in any other jurisdiction if (A) the courts of the State of New York or the United States of America for the Southern District of New York lack jurisdiction over the parties or the subject matter of the Proceedings or declines to accept the Proceedings on the grounds of lacking such jurisdiction; (B) the Proceedings are commenced by a party for the purpose of enforcing against the other party's property, assets or estate any decision or judgment rendered by any court in which Proceedings may be brought as provided hereunder; (C) the Proceedings are commenced to appeal any such court's decision or judgment to any higher court with competent appellate jurisdiction over that court's decisions or judgments if that higher court is located outside the State of New York or Borough of Manhattan, such as a federal court of appeals or the U.S. Supreme Court; or (D) any suit, action or proceeding has been commenced in another jurisdiction by or against the other party or against its property, assets or estate

and, in order to exercise or protect its rights, interests or remedies under this Agreement, the Master Confirmation or any Supplemental Confirmation, the party (1) joins, files a claim, or takes any other action, in any such suit, action or proceeding, or (2) otherwise commences any Proceeding in that other jurisdiction as the result of that other suit, action or proceeding having commenced in that other jurisdiction."

- 25. <u>Method of Delivery</u>. Whenever delivery of funds or other assets is required hereunder by or to Deutsche, such delivery shall be effected through DBSI. In addition, all notices, demands and communications of any kind relating to any Transaction between Deutsche and Counterparty shall be transmitted exclusively through DBSI.
- 26. <u>Counterparts</u>. This Master Confirmation may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Master Confirmation by signing and delivering one or more counterparts.

[Remainder of Page Intentionally Blank]

Counterparty hereby agrees (a) to check this Master Confirmation carefully and immediately upon receipt so that errors or discrepancies can be promptly identified and rectified and (b) to confirm that the foregoing (in the exact form provided by Deutsche) correctly sets forth the terms of the agreement between Deutsche and Counterparty with respect to any particular Transaction to which this Master Confirmation relates, by manually signing this Master Confirmation or this page hereof as evidence of agreement to such terms and providing the other information requested herein and immediately returning an executed copy to Deutsche Bank Securities Inc., Facsimile No. 646-736-7122.

Yours faithfully,

## DEUTSCHE BANK AG, LONDON BRANCH

By: /s/ Lars Kestner

Name: Lars Kestner Title: Managing Director

By: /s/ Michael Sanderson

Name: Michael Sanderson Title: Managing Director

# DEUTSCHE BANK SECURITIES INC.,

acting solely as Agent in connection with any Transaction

By: /s/ Lars Kestner

Name: Lars Kestner Title: Managing Director

By: /s/ Michael Sanderson

Name: Michael Sanderson Title: Managing Director

Agreed and Accepted By:

#### FIFTH THIRD BANCORP

By: /s/ Kevin Kabat

Name: Kevin Kabat Title: CEO

[Signature Page to Master Confirmation]

# SCHEDULE A

## SUPPLEMENTAL CONFIRMATION

To:

Fifth Third Bancorp

	Fifth Third Center Cincinnati, Ohio 45263							
From:	Deutsche Bank AG, London	Deutsche Bank AG, London Branch						
Subjec	Accelerated Stock Buyback							
Ref. N	[Insert Ref. No.]							
Date:	[Insert Date]							
"Conti	condon Branch (" <b>Deutsche</b> "), with Deuracting Parties") on the Trade Date spevant Trade Date for the Transaction references	tsche Bank ecified belo erenced belo						
Confir		ies, as amer	part of, and is subject to the Master Confirmation dated as of May 21, 2013 (the " <b>Master</b> nded and supplemented from time to time. All provisions contained in the Master Confirmation y modified below.					
2. The	terms of the Transaction to which this	Supplement	al Confirmation relates are as follows:					
,	Trade Date:	[	]					
]	Forward Price Adjustment Amount:	USD [	]					
(	Calculation Period Start Date:	[	]					
;	Scheduled Termination Date:	[	]					
]	First Acceleration Date:	[	]					
]	Prepayment Amount:	USD [	]					
]	Prepayment Date:	[	]					
Initial Shares:		on the In reduced Deutsche equal to reasonab Transact	] Shares; provided that if, in connection with the Transaction, Deutsche is unable to or otherwise acquire a number of Shares equal to the Initial Shares for delivery to Counterparty nitial Share Delivery Date, the Initial Shares delivered on the Initial Share Delivery Date shall be to such number of Shares that Deutsche is able to so borrow or otherwise acquire, and e shall use reasonable good faith efforts to borrow or otherwise acquire a number of Shares the shortfall in the Initial Share Delivery and to deliver such additional Shares as soon as only practicable. The aggregate of all Shares delivered to Counterparty in respect of the tion pursuant to this paragraph shall be the "Initial Shares" for purposes of "Number of the Delivered" in the Master Confirmation.					
]	Initial Share Delivery Date:	[	]					
•	Ordinary Dividend Amount:	USD [	]					
:	Scheduled Ex-Dividend Dates:	[	]					
,	Termination Price:	USD [	]					
	Additional Relevant Days:	The [ ]	Exchange Business Days immediately following the Calculation Period.					

- 3. Counterparty represents and warrants to Deutsche that neither it nor any "affiliated purchaser" (as defined in Rule 10b-18 under the Exchange Act) has made any purchases of blocks pursuant to the proviso in Rule 10b-18(b)(4) under the Exchange Act during either (i) the four full calendar weeks immediately preceding the Trade Date or (ii) during the calendar week in which the Trade Date occurs.
- 4. This Supplemental Confirmation may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Supplemental Confirmation by signing and delivering one or more counterparts.

[Remainder of Page Intentionally Blank]

Counterparty hereby agrees (a) to check this Supplemental Confirmation of discrepancies can be promptly identified and rectified and (b) to confirm that the foregoing (in the terms of the agreement between Deutsche and Counterparty with respect to any particular Transfigning this Master Confirmation or this page hereof as evidence of agreement to such terms an immediately returning an executed copy to Deutsche Bank Securities Inc., Facsimile No. 646-	the exansaction of the contraction of the contracti	act form provided by Deutsche) correctly sets forth the on to which this Master Confirmation relates, by manually viding the other information requested herein and
	You	ırs faithfully,
	DEU	UTSCHE BANK AG, LONDON BRANCH
	By:	Name: Title:
	By:	Name: Title:
	actin	UTSCHE BANK SECURITIES INC., ng solely as Agent in connection with the Transaction
	By:	Name: Title:
	By:	Name: Title:
Agreed and Accepted By:		

[Signature Page to Supplemental Confirmation]

FIFTH THIRD BANCORP

By:

Name: Title:

#### ANNEX A

#### COUNTERPARTY SETTLEMENT PROVISIONS

1. The following Counterparty Settlement Provisions shall apply to the extent indicated under the Master Confirmation:

Settlement Currency: USD

Settlement Method Election:

Applicable; *provided* that (i) Section 7.1 of the Equity Definitions is hereby amended by deleting the word "Physical" in the sixth line thereof and replacing it with the words "Net Share" and (ii) the Electing Party may make a settlement method election only if the Electing Party represents and warrants to Deutsche in writing on the date it notifies Deutsche of its election that, as of such date, the Electing Party is not aware of any material non-public information concerning Counterparty or the Shares and is electing the settlement method in good faith and not as part of a plan or scheme to evade compliance with the federal securities

laws.

Electing Party: Counterparty

Settlement Method Election Date:

The earlier of (i) the Scheduled Termination Date and (ii) the second Exchange Business Day immediately following the Accelerated Termination Date (in which case the election under Section 7.1 of the Equity Definitions shall be made no later than 10 minutes prior to the open of trading on the Exchange on such second Exchange Business Day), as the case may be.

Default Settlement Method: Cash Settlement

Forward Cash Settlement Amount: The Number of Shares to be Delivered multiplied by the Settlement Price.

Settlement Price: The average of the VWAP Prices for the Exchange Business Days in the Settlement Valuation

Period, subject to Valuation Disruption as specified in the Master Confirmation.

Settlement Valuation Period:

A number of Scheduled Trading Days selected by Deutsche in good faith and in a commercially reasonable manner, such number to be approximately equal to the Number of Shares to be Delivered divided by 10% of the ADTV (as defined in Rule 10b-18, and expressed as a number of Shares) for the Shares at the time of determination, beginning on the Scheduled Trading Day immediately following the earlier of (i) the Scheduled Termination Date or (ii) the Exchange Business Day immediately following the Termination Date.

Cash Settlement: If Cash Settlement is applicable, then Buyer shall pay to Seller the absolute value of the

Forward Cash Settlement Amount on the Cash Settlement Payment Date.

Cash Settlement Payment Date: The date one Settlement Cycle following the last day of the Settlement Valuation Period.

Net Share Settlement

Procedures: If Net Share Settlement is applicable, Net Share Settlement shall be made in accordance with

paragraphs 2 through 7 below.

2. Net Share Settlement shall be made by delivery on the Cash Settlement Payment Date of a number of Shares satisfying the conditions set forth in paragraph 3 below (the "Registered Settlement Shares"), or a number of Shares not satisfying such conditions (the "Unregistered Settlement Shares"), in

[Signature Page to Master Confirmation]

either case with a value equal to the absolute value of the Forward Cash Settlement Amount, with such Shares' value based on the value thereof to Deutsche (which value shall, in the case of Unregistered Settlement Shares, take into account a commercially reasonable illiquidity discount), in each case as determined by the Calculation Agent.

- 3. Counterparty may only deliver Registered Settlement Shares pursuant to paragraph 2 above if:
- (a) a registration statement covering public resale of the Registered Settlement Shares by Deutsche (the " **Registration Statement**") shall have been filed with the Securities and Exchange Commission under the Securities Act and been declared or otherwise become effective on or prior to the date of delivery, and no stop order shall be in effect with respect to the Registration Statement; a printed prospectus relating to the Registered Settlement Shares (including any prospectus supplement thereto, the "**Prospectus**") shall have been delivered to Deutsche, in such quantities as Deutsche shall reasonably have requested, on or prior to the date of delivery;
- (b) the form and content of the Registration Statement and the Prospectus (including, without limitation, any sections describing the plan of distribution) shall be satisfactory to Deutsche;
- (c) as of or prior to the date of delivery, Deutsche and its agents shall have been afforded a reasonable opportunity to conduct a due diligence investigation with respect to Counterparty customary in scope for underwritten offerings of equity securities and the results of such investigation are satisfactory to Deutsche, in its discretion; and
- (d) as of the date of delivery, an agreement (the "Underwriting Agreement") shall have been entered into with Deutsche in connection with the public resale of the Registered Settlement Shares by Deutsche substantially similar to underwriting agreements customary for underwritten offerings of equity securities, in form and substance satisfactory to Deutsche, which Underwriting Agreement shall include, without limitation, provisions substantially similar to those contained in such underwriting agreements relating, without limitation, to the indemnification of, and contribution in connection with the liability of, Deutsche and its affiliates and the provision of customary opinions, accountants' comfort letters and lawyers' negative assurance letters.
  - 4. If Counterparty delivers Unregistered Settlement Shares pursuant to paragraph 2 above:
- (a) all Unregistered Settlement Shares shall be delivered to Deutsche (or any affiliate of Deutsche designated by Deutsche) pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(2) thereof;
- (b) as of or prior to the date of delivery, Deutsche and any potential purchaser of any such shares from Deutsche (or any affiliate of Deutsche designated by Deutsche) identified by Deutsche shall be afforded a commercially reasonable opportunity to conduct a due diligence investigation with respect to Counterparty customary in scope for private placements of equity securities (including, without limitation, the right to have made available to them for inspection all financial and other records, pertinent corporate documents and other information reasonably requested by them);
- (c) as of the date of delivery, Counterparty shall enter into an agreement (a "Private Placement Agreement") with Deutsche (or any affiliate of Deutsche designated by Deutsche) in connection with the private placement of such shares by Counterparty to Deutsche (or any such affiliate) and the private resale of such shares by Deutsche (or any such affiliate), substantially similar to private placement purchase agreements customary for private placements of equity securities, in form and substance commercially reasonably satisfactory to Deutsche, which Private Placement Agreement shall include, without limitation, provisions substantially similar to those contained in such private placement purchase agreements relating, without limitation, to the indemnification of, and contribution in connection with the liability of, Deutsche and its affiliates and the provision of customary opinions, accountants' comfort letters and lawyers' negative assurance letters, and shall provide for the payment by Counterparty of all fees and expenses in connection with such resale, including all fees and expenses of counsel for Deutsche, and shall contain representations, warranties, covenants and agreements of Counterparty reasonably necessary or advisable to establish and maintain the availability of an exemption from the registration requirements of the Securities Act for such resales; and
- (d) in connection with the private placement of such shares by Counterparty to Deutsche (or any such affiliate) and the private resale of such shares by Deutsche (or any such affiliate), Counterparty shall, if so requested by Deutsche, prepare, in cooperation with Deutsche, a private placement memorandum in form and substance reasonably satisfactory to Deutsche

- 5. Deutsche, itself or through an affiliate (the "Selling Agent") or any underwriter(s), will sell all, or such lesser portion as may be required hereunder, of the Registered Settlement Shares or Unregistered Settlement Shares and any Makewhole Shares (as defined below) (together, the "Settlement Shares") delivered by Counterparty to Deutsche pursuant to paragraph 6 below commencing on the Cash Settlement Payment Date and continuing until the date on which the aggregate Net Proceeds (as such term is defined below) of such sales, as determined by Deutsche, is equal to the absolute value of the Forward Cash Settlement Amount (such date, the "Final Resale Date"). If the proceeds of any sale(s) made by Deutsche, the Selling Agent or any underwriter(s), net of any fees and commissions (including, without limitation, underwriting or placement fees) customary for similar transactions under the circumstances at the time of the offering, together with carrying charges and expenses incurred in connection with the offer and sale of the Shares (including, but without limitation to, the covering of any over-allotment or short position (syndicate or otherwise)) (the "Net Proceeds") exceed the absolute value of the Forward Cash Settlement Amount, Deutsche will refund, in USD, such excess to Counterparty on the date that is three (3) Currency Business Days following the Final Resale Date, and, if any portion of the Settlement Shares remains unsold, Deutsche shall return to Counterparty on that date such unsold Shares.
- 6. If the Calculation Agent determines that the Net Proceeds received from the sale of the Registered Settlement Shares or Unregistered Settlement Shares or any Makewhole Shares, if any, pursuant to this paragraph 6 are less than the absolute value of the Forward Cash Settlement Amount (the amount in USD by which the Net Proceeds are less than the absolute value of the Forward Cash Settlement Amount being the "Shortfall" and the date on which such determination is made, the "Deficiency Determination Date"), Counterparty shall on the Exchange Business Day next succeeding the Deficiency Determination Date (the "Makewhole Notice Date") deliver to Deutsche, through the Selling Agent, a notice of Counterparty's election that Counterparty shall either (i) pay an amount in cash equal to the Shortfall on the day that is one (1) Currency Business Day after the Makewhole Notice Date, or (ii) deliver additional Shares. If Counterparty elects to deliver to Deutsche additional Shares, then Counterparty shall deliver additional Shares in compliance with the terms and conditions of paragraph 3 or paragraph 4 above, as the case may be (the "Makewhole Shares"), on the first Clearance System Business Day which is also an Exchange Business Day following the Makewhole Notice Date in such number as the Calculation Agent reasonably believes would have a market value on that Exchange Business Day equal to the Shortfall. Such Makewhole Shares shall be sold by Deutsche in accordance with the provisions above; provided that if the sum of the Net Proceeds from the sale of the originally delivered Shares and the Net Proceeds from the sale of any Makewhole Shares is less than the absolute value of the Forward Cash Settlement Amount then Counterparty shall, at its election, either make such cash payment or deliver to Deutsche further Makewhole Shares until such Shortfall has been reduced to zero.
- 7. Notwithstanding the foregoing, in no event shall the aggregate number of Settlement Shares and Makewhole Shares be greater than the Reserved Shares *minus* the amount of any Shares actually delivered by Counterparty under any other Transaction(s) under this Master Confirmation (the result of such calculation, the "Capped Number"). Counterparty represents and warrants (which shall be deemed to be repeated on each day that a Transaction is outstanding) that the Capped Number is equal to or less than the number of Shares determined according to the following formula:

A - B

Where:

A = the number of authorized but unissued shares of the Counterparty that are not reserved for future issuance on the date of the determination of the Capped Number; and

B = the maximum number of Shares required to be delivered to third parties if Counterparty elected Net Share Settlement of all transactions in the Shares (other than Transactions in the Shares under this Master Confirmation) with all third parties that are then currently outstanding and unexercised.

"Reserved Shares" means initially, 58,907,104 Shares. The Reserved Shares may be increased or decreased in a Supplemental Confirmation.



Deutsche Bank AG, London Branch Winchester house

1 Great Winchester St, London EC2N 2DB

Telephone: 44 20 7545 8000

c/o Deutsche Bank Securities Inc.

60 Wall Street

New York, NY 10005 Telephone: 212-250-2500

#### SUPPLEMENTAL CONFIRMATION

To: Fifth Third Bancorp

Fifth Third Center Cincinnati, Ohio 45263

Deutsche Bank AG, London Branch From:

**Subject:** Accelerated Stock Buyback

Ref. No.: 560177

Date: December 10, 2013

The purpose of this Supplemental Confirmation is to confirm the terms and conditions of the Transaction entered into between Deutsche Bank AG, London Branch ("Deutsche"), with Deutsche Bank Securities Inc. acting as agent, and Fifth Third Bancorp ("Counterparty") (together, the "Contracting Parties") on the Trade Date specified below. This Supplemental Confirmation is a binding contract between Deutsche and Counterparty as of the relevant Trade Date for the Transaction referenced below.

- 1. This Supplemental Confirmation supplements, forms part of, and is subject to the Master Confirmation dated as of May 21, 2013 (the " Master Confirmation") between the Contracting Parties, as amended and supplemented from time to time. All provisions contained in the Master Confirmation govern this Supplemental Confirmation except as expressly modified below.
- 2. The terms of the Transaction to which this Supplemental Confirmation relates are as follows:

Trade Date: December 10, 2013

Forward Price Adjustment Amount: [\*\*]

Calculation Period Start Date: December 11, 2013 Scheduled Termination Date: March 26, 2014

First Acceleration Date: [\*\*]\*

Prepayment Amount: USD 456,000,000.00 Prepayment Date: December 13, 2013

Initial Shares: 19,084,195 Shares; provided that if, in connection with the Transaction, Deutsche is unable to

borrow or otherwise acquire a number of Shares equal to the Initial Shares for delivery to

Counterparty on the Initial Share Delivery Date, the Initial

Chairman of the Supervisory Board: Dr. Paul Achleitner.

Management Board: Jürgen Fitschen (Co-Chairman), Anshu Jain (Co-Chairman), Stefan Krause, Stephan Leithner, Stuart Lewis, Rainer Neske and Henry Ritchotte.

Deutsche Bank AG is authorised under German Banking Law (competent authority: BaFin - Federal Financial Supervising Authority) and regulated by the Financial Services Authority for the conduct of UK business; a member of the London Stock Exchange. Deutsche Bank AG is a joint stock corporation with limited liability incorporated in the Federal Republic of Germany HRB No. 30 000 District Court of Frankfurt am Main; Branch Registration in England and Wales BR000005; Registered address: Winchester House, 1 Great Winchester Street, London EC2N 2DB. Deutsche Bank Group online: http://www.deutsche-bank.com

CONFIDENTIAL INFORMATION HAS BEEN OMITTED AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

Shares delivered on the Initial Share Delivery Date shall be reduced to such number of Shares that Deutsche is able to so borrow or otherwise acquire, and Deutsche shall use reasonable good faith efforts to borrow or otherwise acquire a number of Shares equal to the shortfall in the Initial Share Delivery and to deliver such additional Shares as soon as reasonably practicable. The aggregate of all Shares delivered to Counterparty in respect of the Transaction pursuant to this paragraph shall be the "Initial Shares" for purposes of "Number of Shares to be Delivered" in the Master Confirmation.

Initial Share Delivery Date: December 13, 2013

Ordinary Dividend Amount: [\*\*]\*

Scheduled Ex-Dividend Date: December 27, 2013

Termination Price: [\*\*]\*

Additional Relevant Days: The 5 Exchange Business Days immediately following the Calculation Period.

Reserved Shares: The number of Reserved Shares set forth in Annex A to the Master Confirmation shall be increased

to 44,903,988 Shares.

- 3. Counterparty represents and warrants to Deutsche that neither it nor any "affiliated purchaser" (as defined in Rule 10b-18 under the Exchange Act) has made any purchases of blocks pursuant to the proviso in Rule 10b-18(b)(4) under the Exchange Act during either (i) the four full calendar weeks immediately preceding the Trade Date or (ii) during the calendar week in which the Trade Date occurs.
- 4. This Supplemental Confirmation may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Supplemental Confirmation by signing and delivering one or more counterparts.

[Remainder of Page Intentionally Blank]

<sup>\*</sup> CONFIDENTIAL INFORMATION HAS BEEN OMITTED AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

Counterparty hereby agrees (a) to check this Supplemental Confirmation carefully and immediately upon receipt so that errors or discrepancies can be promptly identified and rectified and (b) to confirm that the foregoing (in the exact form provided by Deutsche) correctly sets forth the terms of the agreement between Deutsche and Counterparty with respect to any particular Transaction to which this Master Confirmation relates, by manually signing this Master Confirmation or this page hereof as evidence of agreement to such terms and providing the other information requested herein and immediately returning an executed copy to Deutsche Bank Securities Inc., Facsimile No. 646-736-7122.

Yours faithfully,

## DEUTSCHE BANK AG, LONDON BRANCH

By: /s/ Lars Kestner

Name: Lars Kestner Title: Managing Director

By: /s/ Michael Sanderson

Name: Michael Sanderson Title: Managing Director

# DEUTSCHE BANK SECURITIES INC.,

acting solely as Agent in connection with the Transaction

By: /s/ Lars Kestner

Name: Name: Lars Kestner
Title: Title: Managing Director

By: /s/ Michael Sanderson

Name: Name: Michael Sanderson Title: Title: Managing Director

Agreed and Accepted By:

#### FIFTH THIRD BANCORP

By: /s/ James C. Leonard

Name: James C. Leonard Title: Treasurer

[Signature Page to Supplemental Confirmation]

# Fifth Third Bancorp Computations of Consolidated Ratios of Earnings to Fixed Charges (\$ In Millions)

	_	Year Ended December 31,				
		2013	2012	2011	2010	2009
Excluding Interest on Deposits:						
Fixed Charges:						
Interest Expense (excluding interest on deposits)	\$	210	296	309	293	361
One-Third of Rents, Net of Income from Subleases	_	28	28	27	26	29
Total Fixed Charges	\$	238	324	336	319	390
F :						
Earnings: Income Before Income Taxes	\$	2,598	2,210	1,831	940	767
Fixed Charges	Ψ	238	324	336	319	390
Total Earnings	\$	2,836	2,534	2,167	1,259	1,157
Town Zummgo	-	2,000	2,00	2,107	1,200	1,107
Ratio of Earnings to Fixed Charges, Excluding Interest On Deposits	-	11.92x	7.82x	6.45x	3.94x	2.97x
Including Interest on Deposits:						
•						
Fixed Charges:						
Interest Expense	\$	412	512	661	885	1,314
One-Third of Rents, Net of Income from Subleases		28	28	27	26	29
Total Fixed Charges	\$	440	540	688	911	1,343
Earnings:						
Income Before Income Taxes	\$	2,598	2,210	1,831	940	767
Fixed Charges	_	440	540	688	911	1,343
Total Earnings	\$	3,038	2,750	2,519	1,851	2,110
Datis of Famines to Final Changes Including Interest On Description		6.00	5.00	3.66x	2.02	1 57
Ratio of Earnings to Fixed Charges, Including Interest On Deposits	-	6.90x	5.09x	3.00X	2.03x	1.57x

# Fifth Third Bancorp Computations of Consolidated Ratios of Earnings to Combined Fixed Charges and Preferred Stock Dividend Requirements (\$ In Millions)

	_	Year Ended December 31,				
		2013	2012	2011	2010	2009
Excluding Interest on Deposits:						
Fixed Charges:						
Interest Expense (excluding interest on deposits)	\$	210	296	309	293	361
One-Third of Rents, Net of Income from Subleases		28	28	27	26	29
Preferred Stock Dividends	_	37	35	203	250	226
Total Fixed Charges	\$	275	359	539	569	616
Earnings:						
Income Before Income Taxes	\$	2,598	2,210	1,831	940	767
Fixed Charges - Excluding Preferred Stock Dividends		238	324	336	319	390
Total Earnings	\$	2,836	2,534	2,167	1,259	1,157
Ratio of Earnings to Fixed Charges, Excluding Interest On Deposits		10.31x	7.06x	4.02x	2.21x	1.88x
Tanto of Earlings to Timou Changes, Environing Interest on Boposia	-	1010111	7.0011	110211	2.21.1	1,00,1
Including Interest on Deposits:						
Fixed Charges:			-10		00.5	
Interest Expense	\$	412	512	661	885	1,314
One-Third of Rents, Net of Income from Subleases		28	28	27	26	29
Preferred Stock Dividends	_	37	35	203	250	226
Total Fixed Charges	\$	477	575	891	1,161	1,569
Earnings:						
_						
Income Before Income Taxes	\$	2,598	2,210	1,831	940	767
Fixed Charges - Excluding Preferred Stock Dividends	•	440	540	688	911	1,343
Total Earnings	\$	3,038	2,750	2,519	1,851	2,110
	-	,		,	,	,
Ratio of Earnings to Fixed Charges, Including Interest On Deposits		6.37x	4.78x	2.83x	1.59x	1.34x

## FIFTH THIRD BANCORP SUBSIDIARIES As of December 31, 2013

Jurisdiction of Incorporation

Name	of Incorporation
Fifth Third Financial Corporation	Ohio
Fifth Third Bank	Ohio
Fifth Third Equipment Finance Company	Ohio
The Fifth Third Auto Leasing Trust	Delaware
Fifth Third International Company	Kentucky
Fifth Third Trade Services Limited	· ·
	Hong Kong Delaware
Fifth Third Holdings, LLC	
Fifth Third Holdings Funding, LLC	Delaware Delaware
Fifth Third Conduit Holdings, LLC	
Fifth Third Mortgage Insurance Reinsurance Company	Vermont
Fifth Third Mortgage Company	Ohio Maralan d
Fifth Third Real Estate Investment Trust, Inc.	Maryland
Fifth Third Securities, Inc.	Ohio
ClearArc Capital, Inc.	Ohio
Fifth Third Insurance Agency, Inc.	Ohio
Old Kent Investment Corporation	Nevada
GNB Management, LLC	Delaware
GNB Realty, LLC	Delaware
Old Kent Mortgage Services, Inc.	Michigan
Fifth Third Mortgage – Michigan, LLC	Delaware
Walnut & Vine Holdings, LLC	Delaware
Walnut & Vine Properties I, LLC	Delaware
Walnut & Vine Properties II, LLC	Delaware
Fifth Third Community Development Corporation	Indiana
Bicycle Factory Investment Fund, LLC	Michigan
Capital-CDC Associates, LLC	Indiana
Cumberland Wellness Investment Fund, LLC	Ohio
Fifth Third New Markets Development Co., LLC	Ohio
Fifth Third West Louisville Emerging, LLC	Ohio
SCD VII Investment Company, LLC	Delaware
5/3 Better Family Life Investment Fund, LLC	Ohio
5/3 GCM NMTC Investment Fund, LLC	Ohio
5/3 Georgia Aquarium Investment Fund, LLC	Ohio
5/3 LWC NMTC Investment Fund, LLC	Ohio
5/3 Middough NMTC Investment Fund, LLC	Ohio
5/3Middough NMTC Investment Fund, II	Ohio
5/3 Shoreway NMTC Investment Fund, LLC	Ohio
5/3 SIP NMTC Investment Fund, LLC	Ohio
5/3 The Views NMTC Investment Fund, LLC	Ohio
5/3 120 East Sixth Investment Fund, LLC	Ohio
5/3 1400 Race Street Investment Fund, LLC	Ohio
5/3 200 Peachtree Investment Fund, LLC	Ohio
5/3 7000 Euclid Investment Fund, LLC	Ohio
5/3 CNMF NMTC Investment Fund, LLC	Ohio
600 Fifth Street Properties Master Tenant, LLC	Michigan

Fifth Third Capital Holdings, LLC
Fountain Square Life Reinsurance Company, Ltd.
Vista Settlement Services, LLC
Fifth Third Investment Company
Fifth Third Mauritius Holdings Limited
First Charter Capital Trust I
First Charter Capital Trust II

Delaware

Turks and Caicos Islands

Delaware Ohio Mauritius Delaware Delaware

## CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements of Fifth Third Bancorp and subsidiaries (the "Bancorp") of our reports dated February 24, 2014, relating to the consolidated financial statements of the Bancorp, and the effectiveness of the Bancorp's internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Bancorp for the year ended December 31, 2013:

Form S-8 No. 33-34075 No. 33-55553 No. 333-52182 No. 333-52188 No. 333-58249 No. 333-58618 No. 333-63518 No. 333-72910 No. 333-108996 No. 333-114001 No. 333-116535 No. 333-119280 No. 333-123493 No. 333-147533 No. 333-157687 No. 333-158742 No. 333-175258

Cincinnati, Ohio February 24, 2014 No. 33-54134 No. 333-165689 No. 333-187546

## CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

#### I, Kevin T. Kabat, certify that:

- 1. I have reviewed this report on Form 10-K of Fifth Third Bancorp (the "Registrant");
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
- 4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles:
  - c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
- 5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ Kevin T. Kabat

Kevin T. Kabat Vice Chairman and Chief Executive Officer February 24, 2014

## CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

#### I, Tayfun Tuzun, certify that:

- 1. I have reviewed this report on Form 10-K of Fifth Third Bancorp (the "Registrant");
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
- 4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles:
  - c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
- 5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ Tayfun Tuzun

Tayfun Tuzun Executive Vice President and Chief Financial Officer February 24, 2014

# CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Fifth Third Bancorp (the "Registrant") on Form 10-K for the year ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin T. Kabat, Vice Chairman and Chief Executive Officer of the Registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Kevin T. Kabat

Kevin T. Kabat Vice Chairman and Chief Executive Officer February 24, 2014

# CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Fifth Third Bancorp (the "Registrant") on Form 10-K for the year ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Tayfun Tuzun, Executive Vice President and Chief Financial Officer of the Registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Tayfun Tuzun

Tayfun Tuzun Executive Vice President and Chief Financial Officer February 24, 2014