

## **Fifth Third Bancorp**

### **Dodd-Frank Act Mid-Cycle Company-Run Stress Test Required Disclosures**

### **September 24, 2013**

Fifth Third Bancorp (“Fifth Third” or “the Bancorp”) hereunder is disclosing results from its 2013 mid-cycle company-run stress test as required by the Dodd-Frank Act stress testing (or “DFAST”) rules (12 CFR part 252). The Dodd-Frank Act stress testing rules require that covered companies disclose certain results from its mid-cycle company-run stress test under the company’s internally developed severely adverse scenario including: a description of the types of risk included in the stress test, a general description of methodologies used in the stress test, estimates of certain financial results and pro forma capital ratios, and an explanation of the most significant causes of the changes in regulatory capital ratios.

It is important to note that the results provided in this disclosure are DFAST-based results and do not include Fifth Third’s planned capital actions under a baseline scenario. The capital actions used in this disclosure (“prescribed capital actions”) were instead prescribed by the Federal Reserve (“FRB”) for use in required DFAST disclosures (as described further below).

The results in this disclosure represent estimates of Fifth Third’s results from April 1, 2013 through June 30, 2015 (the “planning horizon”) under the Bancorp’s internally developed severely adverse scenario. These estimates do not represent forecasts of expected results. The economic assumptions used to arrive at these results involve an economic outcome that is more adverse than expected. The stress test was performed at a point in time using the prescribed assumptions. Results were not adjusted to take into account the differences in the actual macroeconomic environment in the second quarter of 2013, or between projected and actual performance by Fifth Third for this period. Fifth Third does not expect to update the results of the 2013 mid-cycle scenario in the future.

#### **Fifth Third’s severely adverse scenario**

Fifth Third determines its internal severely adverse scenario with the assistance of a third-party economic forecasting firm. The scenario selected places substantial strains on the unique vulnerabilities of Fifth Third. Given its traditional commercial banking model, Fifth Third believes a deep economic recession scenario is an appropriate framework for evaluating the impact of stress, resulting in significantly increased credit losses, impacting revenue generating capabilities to absorb those credit losses, and stressing other operational and firm-specific vulnerabilities. The third party scenario that formed the foundation for Fifth Third’s internal severe scenario had an assigned estimated probability of 4 percent.

The economic recession utilized as the severely adverse scenario was triggered by a worsening global economy due to sovereign debt issues in the Euro zone and continued political impasse related to domestic spending and national debt. As a result, from the first quarter of 2013 real GDP declines 5 percent peak-to-trough and begins to recover in the fourth quarter of 2013. The unemployment rate reaches a peak of 12.3 percent in the first quarter of 2015, and inflation turns negative in 2013 and into 2014. The weak employment market results in increased foreclosures, which set off another cycle of house price declines. Home prices suffer a cumulative decline of

18.5 percent and do not begin to recover until the beginning of 2015. The Fed keeps interest rates near 0% until early 2016.

*Rationale for variable selection and projection process:*

In developing its internal severely adverse macroeconomic scenario, Fifth Third incorporates multiple variables, including the unemployment rate, various measures of domestic output (e.g. GDP), home price indices (HPI), commercial real estate indices, and equity returns, among others. Interest rate projections include overnight federal funds rate, LIBOR, swap rates, and mortgage rates, among others. The variables selected demonstrate a high-level correlation with historical financial results.

**Risks**

Fifth Third's stress testing process is designed to be comprehensive and to address the estimation of results under various macroeconomic scenarios, including revenue, expenses, credit losses, taxes and estimated changes to its balance sheet, including reserves and capital. The need for capital arises from the aggregate level of all risks including credit, market, legal, compliance, operational, liquidity, as well as the potential for reputational and strategic risks. These risks are described below:

- Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to honor its financial or contractual obligations to the Bancorp. Credit risk arises in Fifth Third's lending operations, and in its funding, investment and trading activities where counterparties have repayment of principal and interest or other obligations to the Bancorp. Credit risk exists in Fifth Third's consumer and commercial loan portfolios and derivative financial instruments and is also represented in Fifth Third's provision for loan and lease losses on the income statement and allowance for loan and lease losses on the balance sheet.
- Market risk is the day-to-day potential for the value of a financial instrument to increase or decrease due to movements in market factors. Market risk includes risks resulting from movements in interest rates, foreign exchange rates, equity prices and commodity prices. Interest rate risk is a component of market risk and is a prominent market risk in terms of its potential impact on earnings. Market risk exists in Fifth Third's net interest income, corporate banking revenue, consumer and commercial loan balances, mortgage servicing asset and valuation adjustments within earnings, and derivative financial instruments and the corresponding impact within earnings. Certain components of this market risk are inherent in accommodating customers; however, Fifth Third largely mitigates this risk by entering into offsetting hedge transactions with counterparties.
- Legal risk is the risk of regulatory fines, penalties and restrictions; litigation; failure to achieve desired benefits of business pursuits and loss of business due to harm or loss related to contractual agreements, legal representation, legal uncertainty and/or non-compliance with applicable laws, regulations and guidelines and accepted business norms. Legal risk is represented in Fifth Third's other noninterest expense on its income statement. Fifth Third also has certain reserves on its balance sheet related to potential legal expenses.

- Regulatory compliance risk is the risk of reputation, litigation, regulatory fines and penalties, and loss of customers due to harm caused by not interpreting correctly and/or not effectively implementing requirements from Federal and state statutes, laws, regulations and guidelines. Regulatory compliance risk is represented in Fifth Third's other noninterest expense on its income statement. Fifth Third also has certain reserves on its balance sheet related to potential regulatory compliance expenses.
- Operational risk is the risk of loss from inadequate or failed internal processes, people or systems, or from external events. Operational risk includes such items as failure or disruption in IT systems, errors and omissions in processes, and external and internal fraud. Operational risk is represented in Fifth Third's operational risk losses on its income statement, including fraud, non-fraud and residential mortgage representation and warranty losses within other noninterest expense on its income statement.
- Liquidity risk is the risk that the bank is unable to fund increases in assets, and/or liquidate assets at fair market values when required to satisfy debt, deposit or other obligations as they come due. Diversification and deeper access to retail, commercial, and wholesale sources of liquidity are fundamental parts of the Bancorp's liquidity management strategy. Liquidity risk is inherent in Fifth Third's loans, investment securities, deposits, short-term borrowings, and long-term debt.
- The above risks are directly stressed by the related macroeconomic scenario. The Bancorp evaluates and manages these risks as well as reputation and strategic risks under its Enterprise Risk Management framework. Reputation risk is the risk that negative publicity regarding the Bancorp's and its employees' conduct, business practices or associations, whether true or not, will adversely affect its revenues, operations, customer base or share price, or require costly litigation or other defensive measures. Strategic risk is the risk to the Bancorp of action or inaction related to strategic risk factors. These factors include negative effects from business planning or decisions, environmental changes, competitive dynamics, or the management of its resources and activities.

Stress testing is intended to capture a variety of potential unfavorable scenarios that are applied across business areas, risk types, and risk events and is utilized to evaluate and demonstrate the Bancorp's ability to maintain capital adequacy under stressed conditions.

Fifth Third uses both quantitative and qualitative methodologies for assessing risks, including economic capital modeling. The Bancorp incorporates idiosyncratic, firm-specific risks in its stress test results to capture risks that may not be inherent in the various macroeconomic drivers. These include geographic considerations, new business initiatives, asset class concentrations, and other potential exposures. Metropolitan Statistical Area (MSA) and state-level macroeconomic data is incorporated into certain asset quality projections, and differences in expected geographic economic trends are embedded in projections of business unit and geographic affiliate results.

The Bancorp maintains a robust capital management process to evaluate its capital adequacy. Stress testing is intended to capture a variety of potential unfavorable scenarios applied consistently across risk types and business areas and is utilized to evaluate the Bancorp's capital adequacy under stressed conditions. Fifth Third's Stress Test Council conducts the stress test process under guidance from the Capital and Liquidity Committee. Fifth Third's Capital and Liquidity Committee is composed of senior executives and capital planning experts and is

responsible for all capital-related decisions. The Capital and Liquidity Committee makes recommendations to executive management involving capital actions. These recommendations are reviewed and approved by the Executive Risk Management Committee and ultimately reviewed and approved by the Board of Directors.

Fifth Third's Board of Directors is responsible for setting the risk appetite of the Bancorp; for ensuring that its available financial resources and operating risk capacity are sufficient to cover all risk exposures under normal and stressed conditions; for reviewing and challenging management's methodologies that are utilized to measure, monitor and manage risk exposures and capital needs; for approving all policies that govern the capital management process at the Bancorp; and for approving management's capital plans and recommendations, including dividend payments, buybacks and redemptions.

### **Methodologies**

Fifth Third employs various methodologies in its stress tests for balance sheet, income statement, and capital projections. In general, Fifth Third utilizes various modeling techniques in developing its stress test estimates. These include regression-based modeling, where significant correlations to macroeconomic factors exist, and business analytics, or other objective, quantitative methodologies, where significant correlations to macroeconomic factors do not exist. Fifth Third may apply post-model adjustments in its stress test estimates in situations where modeled output may be inconsistent with plausible results due to changes in the business environment, changes in the business profile relative to historical results, etc. In addition to judgment applied as management overlays to modeled results, there is judgment inherent in the selection and development of models. Fifth Third's methodologies include back testing and sensitivity analysis to ensure its estimated results are reasonable.

The following describes methodologies used to estimate certain captions.

Losses: Commercial net charge-off estimates are generated using a loan-level methodology that employs credit migration of borrower ratings, probability of default, loss severity and exposure at default models that are calibrated to Fifth Third's own loss experience. The models are tailored to various portfolio segments and utilize a variety of correlated macroeconomic variables to project commercial credit losses that are consistent with the macroeconomic scenario.

Consumer net charge-off estimates are derived utilizing expected loss models. Expected loss projections are calculated using probability of default, exposure at default, and loss given default models derived at the loan level. The probability of default is generally modeled to estimate the likelihood that a loan will enter the default state during a given period. Loss given default is typically defined as a percentage of the exposure at default which varies by loan type. The models incorporate statistically predictive portfolio segments and their characteristics (e.g., Fifth Third issues credit cards primarily to its banking customers which positively influences historical and expected credit performance). In order to generate expected loss estimates for each scenario, statistically significant macroeconomic variables, such as unemployment rates, home price indices, etc. are utilized to estimate consumer net charge-offs for each macroeconomic scenarios.

Operational losses are estimated using regression-based modeling against the macroeconomic variables with high predictive power and economic reasoning for frequency and severity of losses that employs the loss distribution approach in four different categories: 1) internal and external fraud, 2) clients, products & business practices, 3) execution, delivery & process management, and 4) others including damage to physical assets, business disruption & system failure, and employment practices and workplace safety. Operational losses include potential litigation-related losses and settlement expenses. Representations and warranty losses related to mortgage repurchases, including loans sold with recourse, are estimated based on relevant macroeconomic factors, including the unemployment rate and HPI.

Revenues and Expenses (including net interest income and balance sheet projections): Fifth Third utilizes various methodologies in developing stress projections for noninterest income and expense line items, including regression-based modeling and objective, quantitative business analytics modeling such as run rate analysis and trend analysis. The majority of noninterest income and noninterest expense line items use regression-based modeling or other objective, quantitative methodologies. Business analytics are employed for line items where statistically-based models lack adequate predictive power. Projections consider macroeconomic factors with statistically significant and intuitive relationships, as well as management's judgment related to items that may not be fully captured by the models, including recent trends, recent changes in regulation, customer behavior, the competitive environment, and strategic initiatives. Operational losses are included in noninterest expense.

For net interest income, Fifth Third utilizes rate and spread projections consistent with the macroeconomic environment. Regression-based and business analytics models are used in developing balance sheet projections. These rate and balance sheet projections are used in combination with industry-standard, asset-liability management software to produce interest income/expense projections for each balance sheet category over the planning horizon. In addition to balance and rate information, this software generates income and cash flow projections utilizing various prepayment modeling techniques, deposit behavioral assumptions, and assumptions related to the costs and availability of wholesale funding.

Provision for loan and lease losses: In developing allowance for loan and lease loss projections under the severely adverse stress scenario, Fifth Third utilizes information generated by its statistically-based net charge-off and nonperforming loan models. By utilizing the loss and nonperforming loan projections, Fifth Third ensures that its allowance methodology is reflective of the severity of the economic scenario. Fifth Third evaluates several common coverage ratios (e.g. allowance to total loans, allowance to non-performing loans, and allowance to forward charge-offs) in assessing the adequacy of the allowance over the scenario horizon. Additionally, the adequacy of the reserve at the end of the planning horizon is evaluated to cover projected stressed losses beyond the planning horizon. The net charge-off methodology is described above in the "Losses" section.

Income taxes: Fifth Third follows guidance under U.S. Generally Accepted Accounting Principles (GAAP) to estimate the impact of income taxes on its estimated earnings during the planning horizon. Fifth Third's estimated effective tax rate differs from the U.S. federal statutory tax rate principally due to projected tax credits generated from affordable housing investments,

projected state income tax and projected income earned on investments that are not subject to taxation.

In addition, Fifth Third follows guidance under regulatory capital rules to estimate the impact of income taxes on its estimated regulatory capital during the planning horizon. Under regulatory capital rules, all or a portion of deferred tax assets that are dependent upon future taxable income may not qualify for inclusion in the computation of regulatory capital. All of Fifth Third's estimated deferred tax assets during the planning horizon are expected to qualify for inclusion in the computation of the Bancorp's regulatory capital, as these estimated deferred tax assets are expected to be realized through net operating loss and tax credit carry backs and through the future reversal of estimated deferred tax liabilities.

Changes in capital position over the planning horizon: Changes to Fifth Third's capital position and capital ratios are calculated by analyzing the impact to capital of projected earnings, changes in asset balances, and the prescribed DFAST capital actions. Risk-weighted asset projections are based on applicable risk weightings pertaining to each type of asset category and projected balance sheet changes. As part of its capital adequacy evaluation under stress, Fifth Third evaluates its capital ratios in the severely adverse scenario relative to its internal capital targets, regulatory well-capitalized requirements, and the Comprehensive Capital Analysis and Review ("CCAR") required Tier 1 common ratio of 5 percent, with an expectation that capital should be managed to exceed all targets and requirements, even under severely stressed conditions.

### **Stress Test Results under Internal Severely Adverse Scenario**

#### Bancorp:

The following data are the stress test results submitted by Fifth Third in its 2013 mid-cycle stress test submission for the severely adverse scenario, using the DFAST prescribed capital actions. These results represent estimates of Fifth Third's results from 2Q13 through 2Q15 under this scenario, although this scenario is considered highly unlikely to occur. As such, these estimates do not represent forecasts of expected results. The economic assumptions used to arrive at these results involve an economic outcome that is more adverse than expected.

Projected Net Revenue, Net income before Taxes, and Loan Losses by Type:

<b>Projected Losses, Revenue, and Net Income Before Taxes under the Internal Severely Adverse Scenario - DFAST</b>		
(\$ in billions)	Cumulative results 2Q13 through 2Q15	Percent of average assets <sup>1</sup>
Pre-provision net revenue <sup>2</sup>	\$4.66	3.9%
Other revenue <sup>3</sup>	\$0.00	
Provision for loan and lease losses	(\$3.70)	
Realized gains/(losses) on securities	(\$0.01)	
Trading and counterparty losses <sup>4</sup>	\$0.00	
Other losses/gains <sup>5</sup>	\$0.00	
Net income (loss) before taxes	\$0.95	0.8%

<sup>1</sup> Average assets is the nine-quarter average of total assets.

<sup>2</sup> Pre-provision net revenue includes losses from operational risk events, mortgage put-back expenses, and OREO costs.

<sup>3</sup> Other revenue includes one-time income and (expense) items not included in pre-provision net revenue.

<sup>4</sup> Trading and counterparty includes mark-to-market losses, changes in credit valuation adjustments (CVA) and incremental default losses.

<sup>5</sup> Other losses/gains includes projected change in fair value of loans held for sale and loans held for investment measured under the fair-value option, and goodwill impairment losses.

<b>Projected Loan Losses by Type of Loans under the Internal Severely Adverse Scenario - DFAST</b>		
(\$ in billions)	Cumulative results 2Q13 through 2Q15	Portfolio Loss Rates <sup>2</sup>
Total loan losses <sup>1</sup>	\$3.43	4.0%
By subportfolio:		
First-Lien Mortgages, Domestic	0.46	3.5%
Junior Liens and HELOCs, Domestic	0.37	4.4%
Commercial and Industrial	1.08	3.3%
Commercial Real Estate	0.64	7.0%
Credit Cards	0.32	14.8%
Other Consumer	0.28	2.2%
Other Loans	0.29	3.5%

<sup>1</sup> Commercial and industrial loans include small and medium enterprise loans and corporate cards.

Other loans include international real estate loans.

<sup>2</sup> Loan losses as a percent of average portfolio balances (excluding loans held for sale)

Pro forma Regulatory Capital Ratios:

As required by the Dodd-Frank Act stress testing (DFAST) rules, certain assumptions were required to be used in the severely adverse scenario in developing capital actions and capital distributions. These assumed capital actions were determined by the FRB and communicated to

the participating CCAR institutions to be used for DFAST purposes. As a result, the prescribed capital actions or distributions prescribed by the FRB do not represent the actual capital actions that Fifth Third would intend to take. Instead, as required by the Dodd-Frank Act stress testing rule, BHCs were required to calculate their pro forma capital ratios using the following assumptions regarding its capital actions over the planning horizon:

- For the first quarter of the planning horizon, the BHC must take into account its actual capital actions taken throughout the quarter.
- For the second through ninth quarters of the planning horizon, the bank holding company must include the following in its capital projections: common stock dividends equal to the quarterly average dollar amount of common stock dividends paid in the previous year, payments on any other instrument eligible for inclusion in the numerator of the regulatory capital ratio, and an assumption of no redemption or repurchase of any capital instrument eligible for inclusion in the numerator of the regulatory capital ratio (i.e. no share repurchases may be assumed).

The above assumptions were applied to estimates of the internal severely adverse scenario results (as outlined above), resulting in the following capital ratios:

<b>Bancorp Capital Ratios under the Internal Severely Adverse Scenario - DFAST</b>			
	<b>Actual 1Q13</b>	<b>Stressed Capital Ratios</b>	
		<b>2Q15</b>	<b>Minimum through 2Q15<sup>1</sup></b>
Tier 1 Common Ratio	9.7%	9.5%	9.5%
Tier 1 Capital Ratio	10.8%	10.7%	10.7%
Total Risk-based Capital Ratio	14.4%	14.3%	14.3%
Tier 1 Leverage Ratio	10.0%	9.8%	9.8%

<sup>1</sup> Lowest quarterly ratios from 2Q13 to 2Q15 in the internal severely adverse scenario.

The following provides a discussion of changes in the Bancorp's regulatory capital ratios over the planning horizon under the severely adverse scenario:

- Tier 1 common (down 0.2% through 2Q15) – The decline in the Tier 1 common ratio was caused by the negative impact resulting from the prescribed capital actions, including actual share repurchases and dividend payments in 2Q13 and the assumed payment of prescribed common and preferred dividends during the period 3Q13-2Q15. This decline was partially offset by the benefit of projected cumulative net income resulting from net interest income (primarily attributable to interest income on loans and securities), mortgage banking net revenue, service charges on deposits, corporate banking revenue, and investment advisory revenue partially offset by net charge-offs, compensation-related expenses, and equipment and occupancy expense. Additionally, Tier 1 common benefitted from the decrease in projected risk-weighted assets primarily driven by a decrease in commercial loans, unfunded commitments greater than one year, and other on-balance sheet assets subject to risk-weighting and increased deduction for allowance for loan and lease losses. The decline in commercial loans and unfunded commitments was driven by the severe economic downturn and the resulting impact on demand for lending products.

- Tier 1 capital (down 0.2% through 2Q15) – The decline in the Tier 1 capital ratio was caused by the negative impact resulting from the prescribed capital actions, including actual share repurchases and dividend payments in 2Q13 and the assumed payment of prescribed common and preferred dividends during the period 3Q13-2Q15 as well as the phase-out of trust preferred securities. This decline was partially offset by the benefit of projected cumulative net income resulting from net interest income (primarily attributable to interest income on loans and securities), mortgage banking net revenue, service charges on deposits, corporate banking revenue, and investment advisory revenue partially offset by net charge-offs, compensation-related expenses, and equipment and occupancy expense. Additionally, Tier 1 capital benefitted from the decrease in projected risk-weighted assets primarily driven by a decrease in commercial loans, unfunded commitments greater than one year, and other on-balance sheet assets subject to risk-weighting and increased deduction for allowance for loan and lease losses. The decline in commercial loans and unfunded commitments was driven by the severe economic downturn and the resulting impact on demand for lending products.
- Total risk-based capital (down 0.1% through 2Q15) - The decline in the total risk-based capital ratio was caused by the negative impact resulting from the prescribed capital actions, including actual share repurchases and dividend payments in 2Q13 and the assumed payment of prescribed common and preferred dividends during the period 3Q13-2Q15 as well as the maturity of Tier 2-qualifying subordinated debt. This decline was partially offset by the benefit of projected cumulative net income resulting from net interest income (primarily attributable to interest income on loans and securities), mortgage banking net revenue, service charges on deposits, corporate banking revenue, and investment advisory revenue partially offset by net charge-offs, compensation-related expenses, and equipment and occupancy expense. Additionally, total risk-based capital benefitted from the decrease in projected risk-weighted assets primarily driven by a decrease in commercial loans, unfunded commitments greater than one year, and other on-balance sheet assets subject to risk-weighting and increased deduction for allowance for loan and lease losses. The decline in commercial loans and unfunded commitments was driven by the severe economic downturn and the resulting impact on demand for lending products.
- Tier 1 leverage (down 0.2% through 2Q15) – The decline in the Tier 1 leverage ratio was caused by the negative impact resulting from the prescribed capital actions, including actual share repurchases and dividend payments in 2Q13 and the assumed payment of prescribed common and preferred dividends during the period 3Q13-2Q15 as well as the phase-out of trust preferred securities. This decline was partially offset by the benefit of projected cumulative net income resulting from net interest income (primarily attributable to interest income on loans and securities), mortgage banking net revenue, service charges on deposits, corporate banking revenue, and investment advisory revenue partially offset by net charge-offs, compensation-related expenses, and equipment and occupancy expense. Additionally, Tier 1 leverage benefitted from the decrease in projected quarterly average assets from the beginning to the end of the planning horizon primarily driven by a decrease in loan and lease balances. The decline in loan and lease balances was driven by the severe economic downturn and the resulting impact on demand for lending products.

Bank:

Fifth Third Bank is an indirect, wholly-owned subsidiary of Fifth Third Bancorp and the only insured depository institution owned by the Bancorp. The Bank and its consolidated subsidiaries hold approximately 98 percent of the Bancorp's total assets and contain all of the Bancorp's core businesses. As a result, the changes in regulatory capital ratios for the Bancorp and the Bank are driven by substantially similar causes. The following table represents the Bank's capital ratios under the supervisory severely adverse scenario:

<b>Bank Capital Ratios under the Internal Severely Adverse Scenario</b>			
	<b>Actual 1Q13</b>	<b>Stressed Capital Ratios</b>	
		<b>2Q15</b>	<b>Minimum through 2Q15<sup>1</sup></b>
Tier 1 Capital Ratio	11.5%	11.8%	11.5%
Total Risk-based Capital Ratio	12.8%	13.1%	12.8%
Tier 1 Leverage Ratio	10.6%	10.8%	10.7%

<sup>1</sup> Lowest quarterly ratios from 2Q13 to 2Q15 in the internal severely adverse scenario.

Bank capital actions in this scenario were estimated by considering changes in Bank earnings, changes in asset balances, and distributions of dividends from the Bank to the Bancorp. The Bank's capital actions were assumed to include dividends from the Bank to the Bancorp when net income was positive during the planning horizon (and no dividends when there were net losses).

The following provides a discussion of changes in the Bank's regulatory capital ratios over the planning horizon:

- Tier 1 capital / Tier 1 common (up 0.3% through 2Q15) – The Tier 1 capital ratio and Tier 1 common ratio are the same at the Bank level (i.e., there are no non-common Tier 1 instruments at the Bank). The increase in the Tier 1 capital ratio was caused by the benefit of the decrease in projected risk-weighted assets primarily driven by a decrease in commercial loans, unfunded commitments greater than one year, and other on-balance sheet assets subject to risk-weighting and increased deduction for allowance for loan and lease losses.
- Total risk-based capital (up 0.3% through 2Q15) - The increase in the total risk-based capital ratio was caused by the benefit of the decrease in projected risk-weighted assets primarily driven by a decrease in commercial loans, unfunded commitments greater than one year, and other on-balance sheet assets subject to risk-weighting and increased deduction for allowance for loan and lease losses.
- Tier 1 leverage (up 0.2% through 2Q15) – The increase in the Tier 1 leverage ratio was caused by the benefit of the decrease in projected quarterly average assets from the beginning to the end of the planning horizon primarily driven by a decrease in loan and lease balances.

## 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,” “may,” “are expected to,” “is anticipated,” “estimate,” “forecast,” “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. You should not place undue reliance on these statements, as they are subject to risks and uncertainties, including but not limited to the risk factors set forth in our most recent Annual Report on Form 10-K. 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 volatility 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; (6) Fifth Third’s ability to maintain required capital levels and adequate sources of funding and liquidity; (7) maintaining capital requirements may limit Fifth Third’s operations and potential growth; (8) changes and trends in capital markets; (9) problems encountered by larger or similar financial institutions may adversely affect the banking industry and/or Fifth Third; (10) competitive pressures among depository institutions increase significantly; (11) effects of critical accounting policies and judgments; (12) changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board (FASB) or other regulatory agencies; (13) legislative or regulatory changes or actions, or significant litigation, adversely affect Fifth Third, one or more acquired entities and/or the combined company or the businesses in which Fifth Third, one or more acquired entities and/or the combined company are engaged, including the Dodd-Frank Wall Street Reform and Consumer Protection Act; (14) ability to maintain favorable ratings from rating agencies; (15) fluctuation of Fifth Third’s stock price; (16) ability to attract and retain key personnel; (17) ability to receive dividends from its subsidiaries; (18) potentially dilutive effect of future acquisitions on current shareholders’ ownership of Fifth Third; (19) effects of accounting or financial results of one or more acquired entities; (20) difficulties from the separation of or the results of operations of Vantiv, LLC; (21) loss of income from any sale or potential sale of businesses that could have an adverse effect on Fifth Third’s earnings and future growth; (22) ability to secure confidential information and deliver products and services through the use of computer systems and telecommunications networks; and (23) the impact of reputational risk created by these developments on such matters as business generation and retention, funding and liquidity.*

*You should refer to our periodic and current reports filed with the Securities and Exchange Commission, or “SEC,” for further information on other factors, which could cause actual results to be significantly different from those expressed or implied by these forward-looking statements.*

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