

# **Barclays Global Financial Services Conference 2019**

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*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.*



# Strategic priorities

1

**Leverage technology** capabilities to accelerate digital transformation

2

Invest to drive **organic growth** and profitability

3

**Expand market share** in key geographies

4

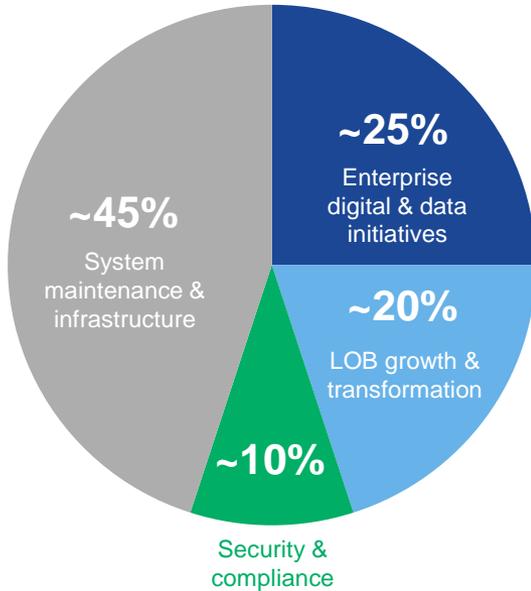
**Maintain** credit, expense and capital **discipline**

Focused on generating continued positive operating leverage



# 1 Technology is a key enabler throughout the bank

## Technology investments



### Customer-facing digital capabilities

### Data & predictive analytics

### Architecture modernization and security

Current	Key focus areas
<ul style="list-style-type: none"> <li>• Top quartile in mobile and online banking customer satisfaction</li> <li>• Differentiated automated payables and receivables solutions for commercial clients</li> </ul>	<ul style="list-style-type: none"> <li>• Digitizing all core consumer, commercial loan and deposit products</li> <li>• “1-click checkout” for existing customers</li> <li>• AI-driven customer service in digital channels</li> </ul>
<ul style="list-style-type: none"> <li>• Award-winning geospatial information sciences branch location models supporting network expansion</li> <li>• Direct marketing analytics supporting household growth</li> </ul>	<ul style="list-style-type: none"> <li>• Advanced “next best action” algorithms (patents pending)</li> <li>• Trigger-based retention analytics</li> </ul>
<ul style="list-style-type: none"> <li>• Advanced AML and fraud detection analytics</li> <li>• Migration of legacy infrastructure to open source solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Continued public/private cloud migration</li> <li>• Process automation</li> <li>• Platform simplification</li> </ul>

## Leveraging several Fintech investments and partnerships to advance digital strategies, including:

**transactis**  
mastercard

ApplePie  
CAPITAL  
Franchise finance solutions

**Dobot**  
Personal savings app

**KY3P**  
Know Your Third Party  
A fully integrated vendor life cycle tool  
Vendor management automation

**avidxchange™**  
Managed AP & AR solutions

**Dade Systems**

**Lendeavor**  
Retail healthcare practice finance solutions

**commonbond**  
Education finance solutions

# 2 Investing to drive organic growth and profitability

## Key areas of focus

### Talent



### Capabilities



### Process Improvements



## Select investments

- Raised minimum wage to \$18 an hour impacting ~4,900 employees
- Middle market sales force expansion in Southeast markets, Texas, and California
- Added approximately 125 mass affluent banking specialists and 40 capital markets sales professionals over past 2 years
- New Renewable Energy M&A advisory team to improve capital markets revenue growth
- Decision & data science investments to improve marketing effectiveness and deepen relationships
- Commercial process and technology enhancements to achieve operational excellence
- Improving speed-to-market through migration to agile environment
- Process improvements to deliver best-in-class customer issue resolution

## Focused on:

**Improving employee & customer experience in order to generate relationship growth and improve profitability**



# 2 Middle market lending expansion to improve growth and profitability profile of Commercial business

## Expansion opportunities must fit strategic criteria

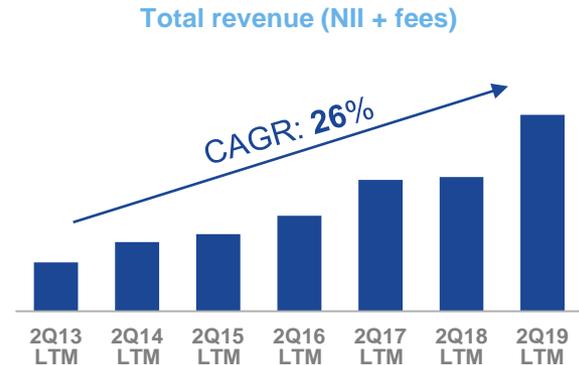
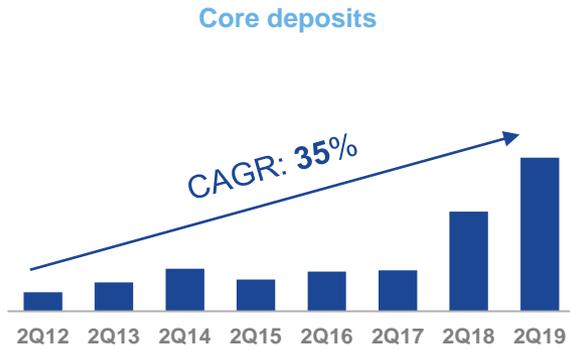
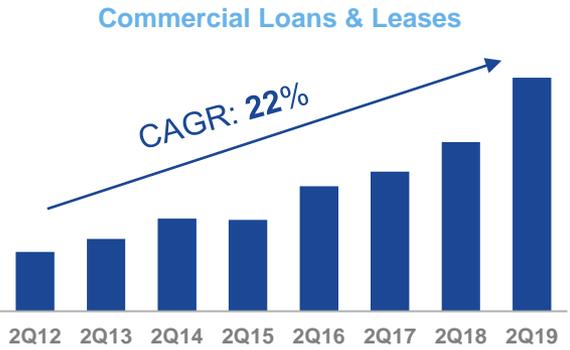
- Strong leadership & talent with cultural alignment with Fifth Third and local market knowledge
- Economically healthy high-growth markets
- Commitment to grow with full-service capabilities, including deposits, capital markets, and treasury management solutions
- Dedicated credit teams, and a consistent credit standard with in-footprint middle market banking

## Track record of successfully generating strong financial performance outside retail footprint

<u>Market</u>	<u>Date established</u>
Greenville, SC	2011
Greensboro, NC	2012
Richmond, VA	2015
Los Angeles, CA	2018
Houston & Dallas, TX	2019
San Francisco, CA	2019

## Financial performance of middle market banking offices outside retail footprint

### Outside retail footprint



# 3 Revenue synergy opportunities from MB Financial acquisition

## Commercial

- Leverage improved capital markets & TM capabilities throughout Chicago middle market
- Utilize highly monitored ABL products for new and existing clients
- Expand leasing technology solutions across franchise

## Consumer

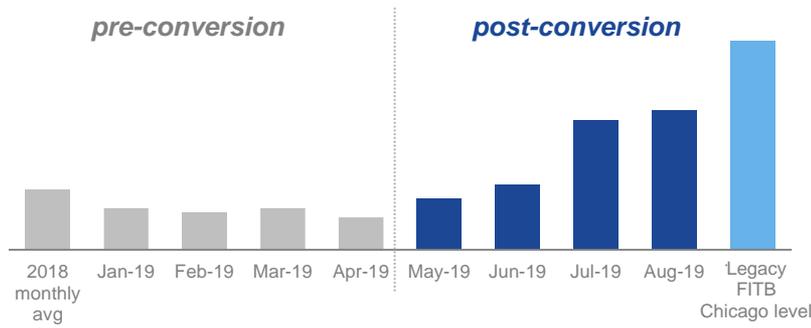
- Deepen relationships with legacy MB clients through enhanced products and services (including small business)
- Improve the customer experience
- Continue momentum from broader geographic coverage and premier branch locations

## Wealth

- Deepen legacy MB client base
- Capitalize and grow specialty/niche offerings
- Focused on leveraging partnerships with other lines of business

### Significant improvement in Chicago area account production with continued growth potential

Monthly consumer checking account production per legacy MB financial center



**3x**

Increase in monthly checking account production per legacy MB financial center<sup>1</sup>

**#1**

Lowest retail employee attrition rate among all Fifth Third regions since merger closing

**up 3%**

Legacy MB retail customer satisfaction since the end of May<sup>2</sup>

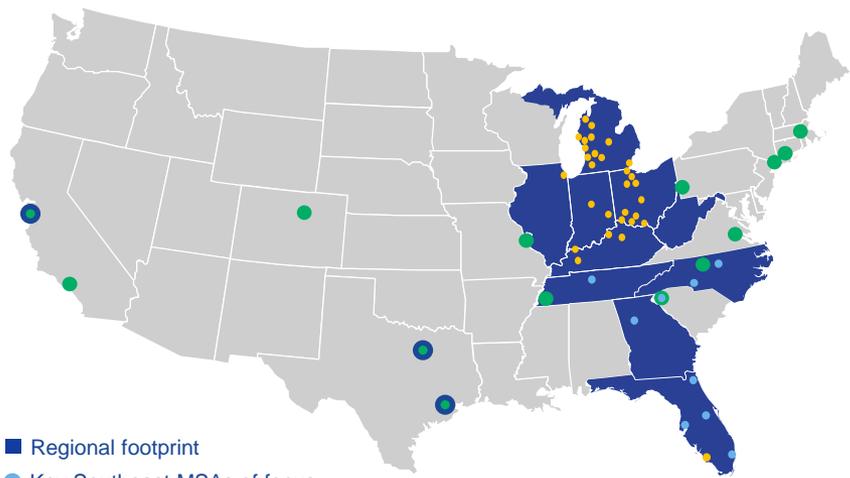
Continue to expect revenue synergies to generate ~\$60 to \$75 million in annual pre-tax income by 2022

On-track to achieve \$255 million in annual expense synergies by the end of the first quarter of 2020

<sup>1</sup>Increase represents August 2019 units per legacy MB financial center relative to January through April 2019 average units per legacy MB financial center; <sup>2</sup>Branch satisfaction for legacy MB branches June through August 2019



# 3 Investing in key geographies to expand market share



- Regional footprint
- Key Southeast MSAs of focus
- FITB markets with a top 3 deposit share
- Out of footprint middle market and corporate banking
- New 2019 middle market banking office

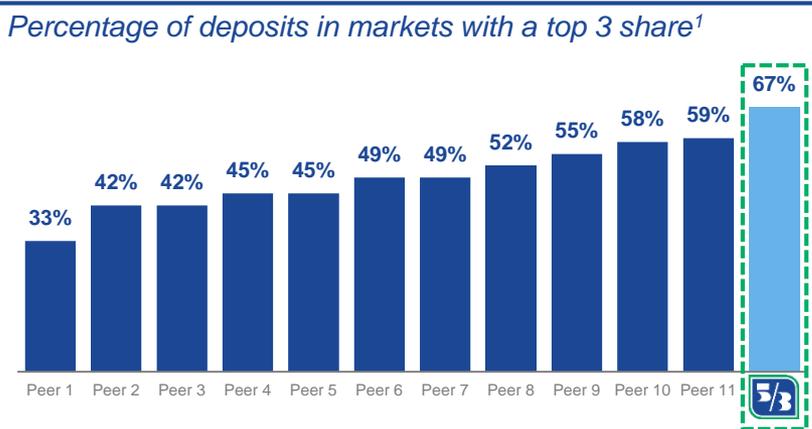
## Focused on optimizing retail network to improve growth and profitability

Year	Net change in locations
2012 - 2017	(141)
2018	(33)
2019	~(12)
2020	~10
2021	~35

- Household attrition from historical closures is less than 1%
- 2020 and 2021 impacts only modestly dilutive to earnings

- Reallocating network to more economically vibrant high growth markets while maintaining top market share positioning in legacy markets
- Opportunity for ~\$2.5BN deposit growth over 5 year period

## Significant scale advantage throughout footprint



### Midwest footprint<sup>2</sup> Southeast MSAs of focus

<b>Deposit growth<sup>3</sup></b>	<i>Fifth Third</i> <b>3.9%</b>	<i>Market average</i> <b>3.3%</b>	<b>6.1%</b>	✓ Exceeds market average deposit growth in Midwest and Southeast
<b>Deposits per branch<sup>1</sup></b>	<i>Fifth Third</i> <b>\$86M</b>	<i>Market average</i> <b>\$74M</b>	<b>\$56M</b>	✓ Underpenetrated Southeast branch network creates compelling opportunity
<b>Moody's vitality score<sup>4</sup></b>	<b>91%</b>	<b>124%</b>		✓ Southeast markets have significantly more attractive market dynamics

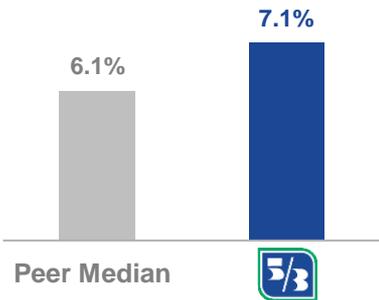
<sup>1</sup>2018 FDIC deposit data, excluding all deposit balances above \$500mm at any branch (excluded deposits are assumed to include a significant level of commercial deposits or are headquarter branches for direct banks); <sup>2</sup>Midwest includes all MSAs in OH-KY-IN-MI-KY-WV; <sup>3</sup>Compound annual growth rate from 2013 to 2018; excludes impacts from MB Financial; Markets defined as all MSAs where Fifth Third has branch locations; <sup>4</sup>Moody's vitality scores as of 12/31/18, weighted by branch count.



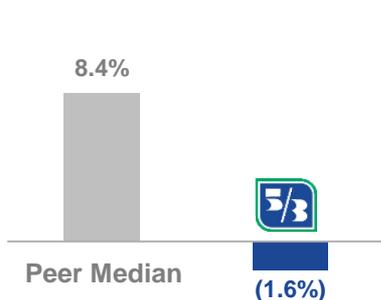
# 4 Disciplined balance sheet growth

## Growing C&I and shrinking residential mortgage

**C&I loans ex. MB**  
Change from 2Q18 - 2Q19

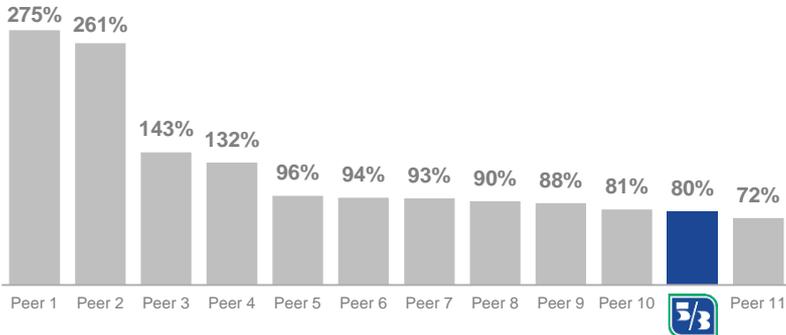


**Resi. mortgage loans ex. MB**  
Change from 2Q18 - 2Q19



## While continuing to de-emphasize CRE

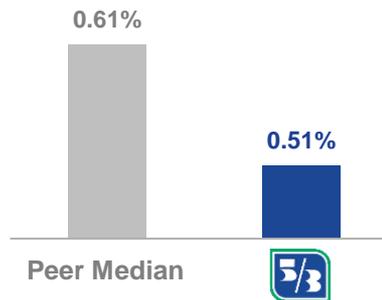
**CRE as a % of total capital<sup>1</sup>**  
As of 2Q19



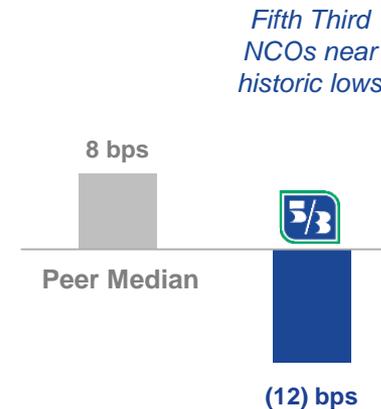
<sup>1</sup>Data from S&P Global Market Intelligence

## Credit quality continuing to reflect actions taken to improve risk profile

**Nonperforming assets**  
As of 2Q19

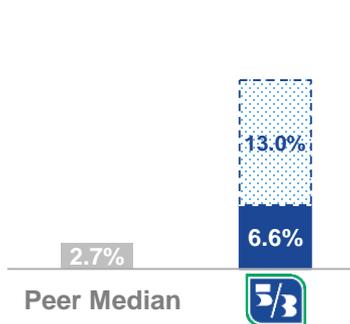


**Change in net charge-offs**  
2Q18 to 2Q19

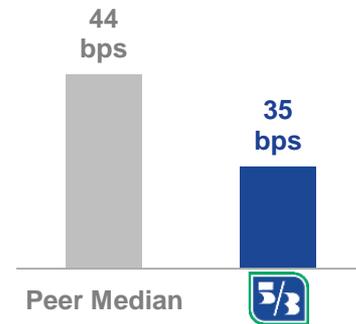


## Funding balance sheet growth with deposits while maintaining pricing discipline

**Avg. deposit growth**  
Change from 2Q18 - 2Q19



**Interest bearing liabilities cost<sup>1</sup>**  
Change from 2Q18 - 2Q19



■ Growth ex. MB Financial  
▨ Growth, as reported



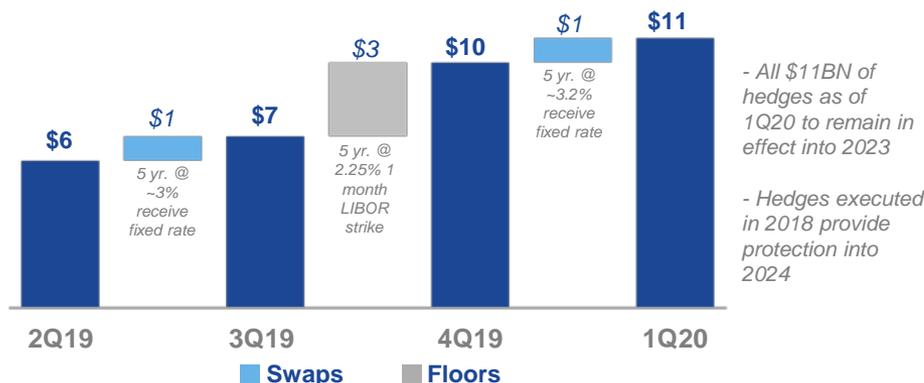
# 4 Maintaining disciplined approach throughout balance sheet

## Investment portfolio expected to generate very modest amount of cash over the next 5 years

- Current securities portfolio cash flows remain by far the lowest among peers at ~6% annually<sup>1</sup>
- 61% of investment portfolio is invested in cash flows locked out over a 24 month period
- Only \$2BN to \$3BN per year in projected cash flows on existing portfolio over the next 5 years

## Hedges executed last year to become effective over next 4 quarters and provide protection for 5 year period

Total notional value of effective cash flow hedges (\$BN)



## Prudent capital management

- Strong common equity tier 1 capital of 9.6% in 2Q19
- Strong capital distribution capacity covering the 3Q19 to 2Q20 horizon
  - ~\$1.24BN of core repurchases<sup>2</sup>, with \$350 million completed in 3Q19
  - Expect to raise dividend \$0.03 in 1Q20 to \$0.27 per share, subject to Board approval and economic conditions
- Bank acquisitions are not a priority

<sup>1</sup>Data from S&P Global Market Intelligence and 6/30/19 10-Q filings, securities portfolio cash flows calculated as full year proceeds from maturities, redemptions, paydowns, and calls of AFS and HTM securities divided by June 30, 2018 securities balances; <sup>2</sup>capital distribution estimates include repurchases related to common share issuances under employee benefit plans (approximately \$75 million) and excludes any potential additional repurchases of common shares related to after-tax gains from the previous sale of Worldpay, Inc. common stock.



# Strategic priorities

**1** | Leverage technology capabilities to accelerate digital transformation

**2** | Invest to drive organic growth and profitability

**3** | Expand market share in key geographies

**4** | Maintain credit, expense and capital discipline



**Focused on top quartile through-the-cycle performance to create long-term shareholder value**

