

# **Morgan Stanley Financials Conference 2019**

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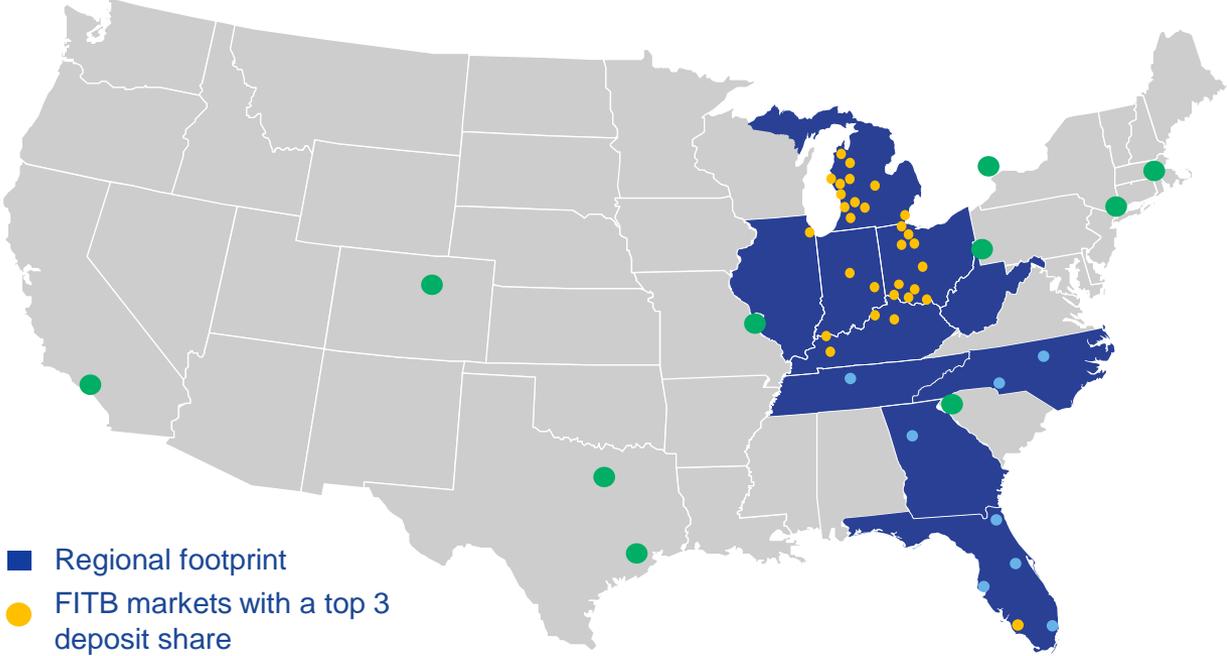
*Annualized, pro forma, projected and estimated numbers are used for illustrative purpose only, are not forecasts and may not reflect actual results.*

*In this presentation, we may sometimes provide non-GAAP financial information. Please note that although non-GAAP financial measures provide useful insight to analysts, investors and regulators, they should not be considered in isolation or relied upon as a substitute for analysis using GAAP measures. If applicable, we provide a discussion of non-GAAP measures and reconciliations to the most directly comparable GAAP measures in later slides in this presentation, as well as on pages 27 through 29 of our 1Q19 earnings release.*

*Management does not provide a reconciliation for forward-looking non-GAAP financial measures where it is unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the occurrence and the financial impact of various items that have not yet occurred, are out of the Bancorp’s control or cannot be reasonably predicted. For the same reasons, the Bancorp’s management is unable to address the probable significance of the unavailable information. Forward-looking non-GAAP financial measures provided without the most directly comparable GAAP financial measures may vary materially from the corresponding GAAP financial measures.*



# Focused banking franchise with national lending capabilities



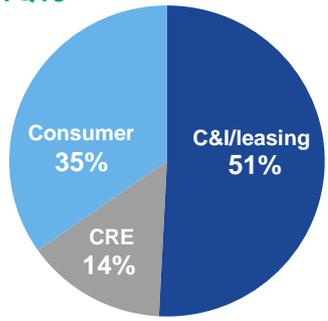
- Regional footprint
- FITB markets with a top 3 deposit share
- Southeast MSAs of focus
- Out of footprint middle market and corporate banking

## Banking beyond 10-state retail branch footprint

- Commercial middle market
- Commercial real estate
- Corporate banking, leasing & industry verticals
- Asset based lending
- Residential mortgage
- Indirect consumer lending

## Loan and lease mix

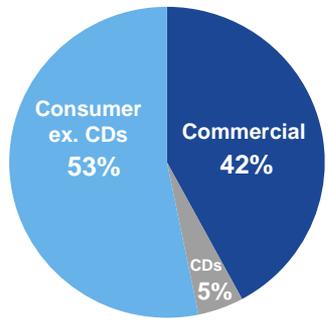
As of 1Q19



2<sup>nd</sup> lowest CRE as a percentage of capital among peers<sup>1</sup>

## Core deposit mix

As of 1Q19



2<sup>nd</sup> highest stable retail deposits as a percentage of total deposits among peers<sup>2</sup>

Financials for FITB from 3/31/19 10-Q; <sup>1</sup>CRE and total capital per regulatory filings as of 3/31/19; <sup>2</sup>Stable retail deposits as defined in LCR disclosures as of 3/31/19.



# Successful conversion of MB Financial

## Completed actions

- ✓ **March 22** – Closed merger
- ✓ **May 3-5** – Conversion of all primary systems completed
- ✓ **May 31** – Conversion of trust and brokerage systems completed
- ✓ **June** – First wave of personnel reductions completed

## Remaining steps

- **July 2019** – Close and consolidate remaining Chicago branches (totaling 47)
- **September 2019** – Close and consolidate legacy MB Ann Arbor mortgage fulfillment
- **December 2019** – Close remaining legacy MB data center and convert legacy MB payroll and benefits system (will mark completion of all system conversions)

### No change to expense and revenue synergy targets:

- **\$255MM** annual pre-tax expense savings by 1Q20; expect to realize 50% of expense synergy target in first 12 months, and achieve ~80% of run-rate savings by 4Q19
- **\$60 - \$75MM** pre-tax benefit (net of expenses) from revenue synergies by 2022



# 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

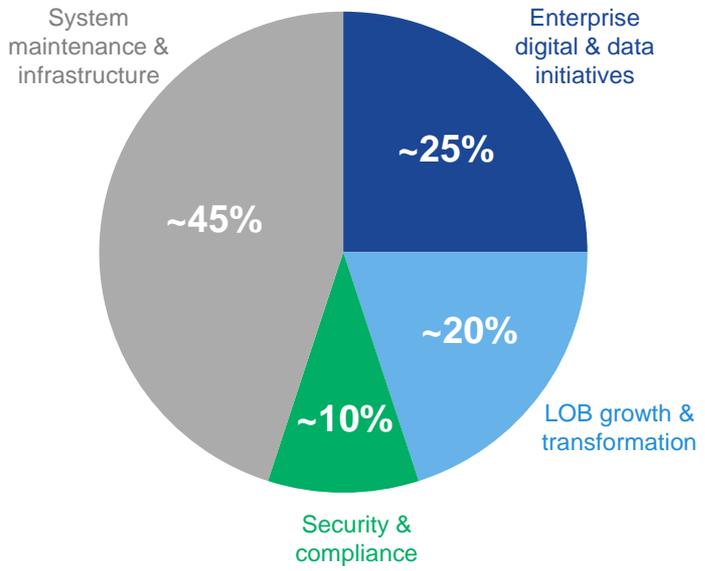
**Maintain** credit, expense and capital **discipline**

Focused on generating positive operating leverage in all environments



# 1 Technology is a key enabler throughout the bank

## Technology investments



**In addition to leveraging 11 Fintech partnerships to further advance digital strategies**

### Enterprise digital & data initiatives

### LOB growth & transformation

### Security & compliance

### System maintenance & infrastructure

	Recent solutions	Current priorities
Enterprise digital & data initiatives	<ul style="list-style-type: none"> <li>Marketing analytics</li> <li>Dobot savings app</li> <li>Expert AP, Expert AR</li> </ul>	<ul style="list-style-type: none"> <li>Digitizing all core loan and deposit products</li> <li>Ability to bank anywhere, anytime</li> </ul>
LOB growth & transformation	<ul style="list-style-type: none"> <li>Retail, Commercial banker sales tools</li> <li>Mortgage LOS</li> </ul>	<ul style="list-style-type: none"> <li>Process automation</li> <li>Transaction speed and flexibility</li> </ul>
Security & compliance	<ul style="list-style-type: none"> <li>AML and Fraud detection data science</li> <li>Enhanced detection &amp; response</li> </ul>	<ul style="list-style-type: none"> <li>Increased prevention</li> <li>Advance detection and response capabilities</li> </ul>
System maintenance & infrastructure	<ul style="list-style-type: none"> <li>Public/private cloud</li> <li>Migration of legacy infrastructure to open source solutions</li> </ul>	<ul style="list-style-type: none"> <li>Platform simplification</li> <li>Continued system modernization</li> </ul>



## 2 Investing to drive organic growth and profitability

Increasing sales force and investing in technology throughout company to drive improved returns



- **Capital Markets**
- **Treasury Management**
- **Preferred Banking Program in Retail**
- **Wealth & Asset Management**

Continued assessment of commercial middle market opportunities in high-growth markets



- **Economically healthy high-growth markets**
- **Strong local talent**
- **Commitment to grow with full-service capabilities**
- **Dedicated credit teams**

**Collaboration across the bank to profitably grow and deepen relationships**



# 3 Leveraging complementary strengths to improve post-acquisition performance in Chicago

- Best-of-blend approach
- Market leadership position (3<sup>rd</sup> largest MSA)
- Best-in-class approach to credit and sales management

	<b>Fifth Third</b>	<b>MB Financial</b>	<b>Fifth Third + MB Financial</b>
<b>Commercial</b>	<ul style="list-style-type: none"> <li>• Focus on the upper end of middle market lending &amp; asset-based lending</li> <li>• Strong capital markets &amp; TM capabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on the lower end of middle market &amp; asset-based lending</li> <li>• Unique expertise in leasing</li> <li>• Business banking expertise</li> </ul>	<ul style="list-style-type: none"> <li>• Broad middle market coverage</li> <li>• Improved commercial client experience and enhanced offerings:               <ul style="list-style-type: none"> <li>– Capital markets</li> <li>– Industry vertical expertise</li> <li>– Equipment leasing</li> <li>– Asset based lending</li> <li>– Balance sheet capacity</li> </ul> </li> </ul>
<b>Retail</b>	<ul style="list-style-type: none"> <li>• Expanded products and services (including digital/mobile offerings)</li> </ul>	<ul style="list-style-type: none"> <li>• Very attractive locational coverage with underpenetrated client base</li> </ul>	<ul style="list-style-type: none"> <li>• Superior geographical coverage in Chicago with enhanced products and service</li> </ul>
<b>Wealth</b>	<ul style="list-style-type: none"> <li>• Strong wealth &amp; asset management products and services</li> </ul>	<ul style="list-style-type: none"> <li>• Underpenetrated client base</li> </ul>	<ul style="list-style-type: none"> <li>• Improved wealth customer experience with enhanced offerings</li> </ul>



# 3 Optimizing retail network by investing in key geographies

- Branch closures in Midwest expected to continue outpacing openings in higher growth Southeast markets through 2019; expect net openings starting in 2020
- Opportunity for ~\$2BN deposit growth over 5 year period
- Key **in-footprint** markets of focus:
  - Raleigh-Durham, NC
  - Atlanta, GA
  - Charlotte, NC
  - Sarasota, FL
  - Nashville, TN

*Deposit growth has outperformed in the Southeast despite lower market share, creating a compelling growth opportunity*

	Deposits per branch <sup>1</sup>		Deposit growth rate <sup>2</sup>	
	Midwest <sup>3</sup>	Southeast <sup>4</sup>	Midwest <sup>3</sup>	Southeast <sup>4</sup>
<b>FITB</b>	\$70MM	\$58MM	3.9%	5.8%
<b>MSA Average</b>	\$59MM	\$77MM	3.0%	4.7%

## Next-generation branch transformation



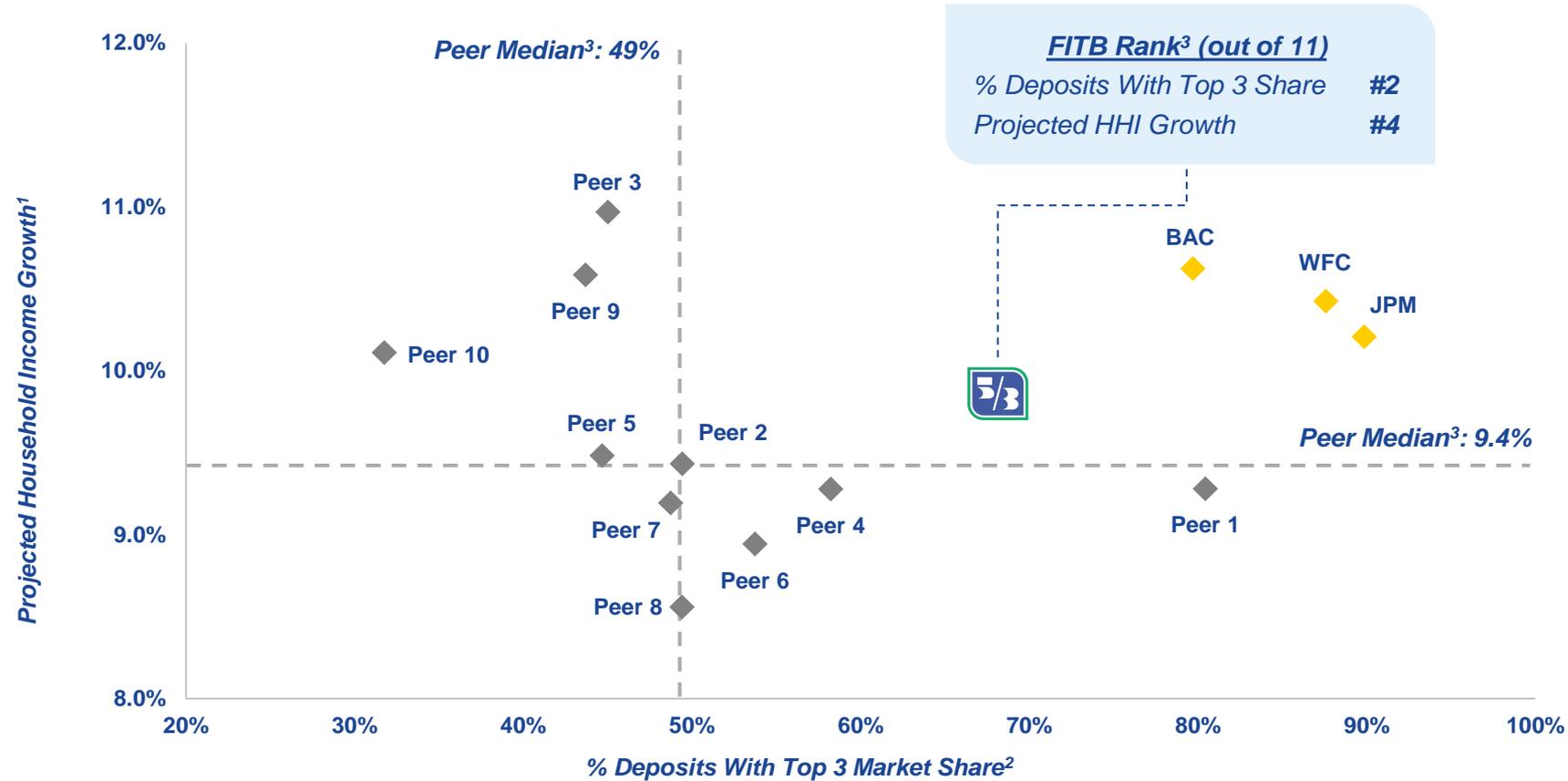
- Branch size ~40% smaller than legacy network with a shorter payback period
- Highly automated with reduced staffing levels
- Open meeting spaces instead of a focus on teller lines

<sup>1</sup>Deposits capped at \$500 million per branch; <sup>2</sup>Deposit growth rate from 2013 to 2018; <sup>3</sup>IL, IN, KY, MI, OH, and WV; <sup>4</sup>FL, GA, NC, and TN



# 3 Franchise is well-positioned for outsized growth

## Market share vs. household income growth



- Market share and demographic trends position us well for future outperformance
- 4<sup>th</sup> most middle market client opportunities among peers<sup>4</sup>

Note: Peers are pro forma for announced/completed mergers; Deposits capped at \$500 million per branch per FDIC Summary of Deposits as of June 30, 2018; <sup>1</sup>Reflects deposit-weighted average household income growth from 2019 to 2024 per S&P Global Market Intelligence; <sup>2</sup>Reflects percent of total company deposits with top 3 market share by MSA; <sup>3</sup>Excludes JPM, BAC and WFC; <sup>4</sup>Count of middle market companies (revenue of \$20MM-500MM) per Dun & Bradstreet that reside in top 15 MSAs by deposits.

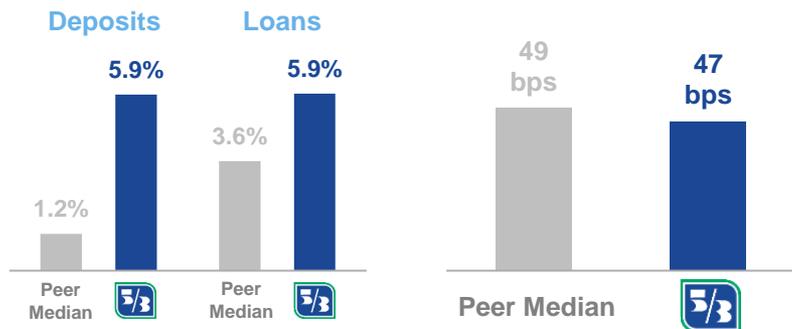


# 4 Maintaining disciplined approach across all risk types and focusing on through-the-cycle outperformance

## Funding loan growth with core deposits while maintaining pricing discipline

**Avg. deposit & loan growth**  
Change from 1Q18 - 1Q19

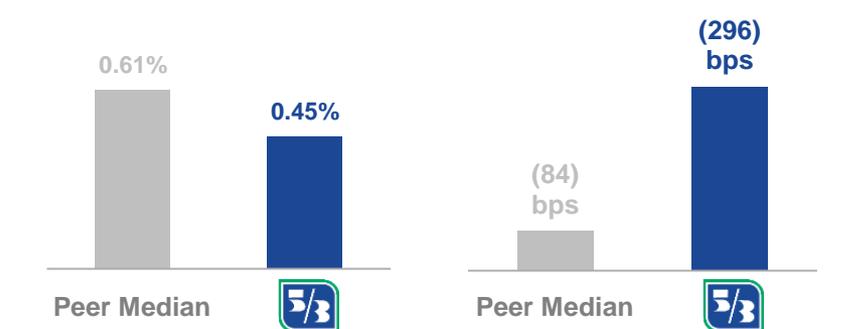
**Interest bearing core deposit cost**  
Change from 1Q18 - 1Q19



## Maintaining strong credit risk profile

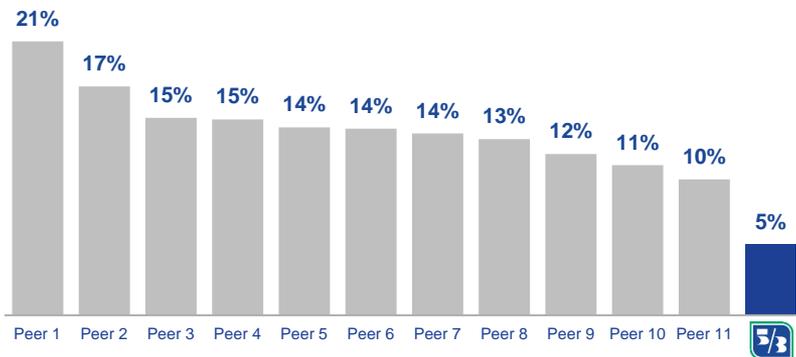
**Nonperforming assets**  
As of 1Q19

**Improvement in criticized assets**  
Change from 4Q15 - 1Q19



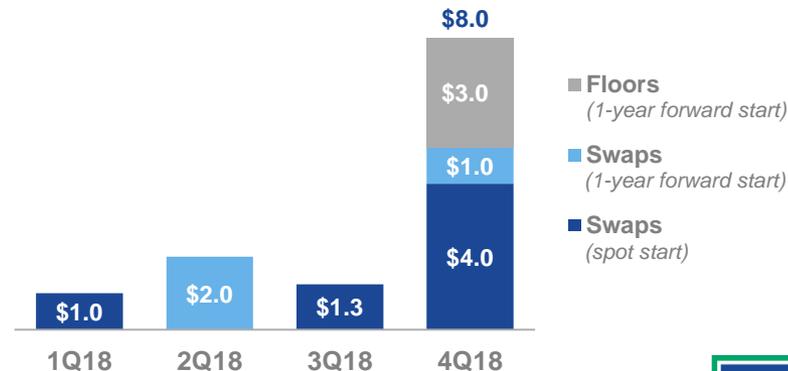
## Well-managed securities portfolio to provide protection against rate volatility

Last 12 months cash flows as a % of total securities portfolio<sup>1</sup>



## 40% y-y decline in NII at risk in a (100bps) scenario

Total notional value of new derivatives added (\$BN)



<sup>1</sup>Data from S&P Global Market Intelligence and 3/31/19 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 March 31, 2018 securities balances



# 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**

