FIFTH THIRD BANCORP
Form 10-Q
May 09, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2013

Commission File Number 001-33653

(Exact name of Registrant as specified in its charter)

Ohio	**31-0854434**

(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

Fifth Third Center

Cincinnati, Ohio 45263

(Address of principal executive offices)

Registrant s telephone number, including area code: (800) 972-3030

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

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. (Check one):

Large accelerated filer x	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 Exchange Act). Yes ¨ No x

There were 874,644,725 shares of the Registrant s common stock, without par value, outstanding as of March 31, 2013.

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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, 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, co or similar expressions, or future or conditional verbs such as will, would, should, could, might, can, or similar verbs. You should not plac 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.

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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 Condensed Consolidated Financial Statements and the Notes to Condensed 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

BOLI: Bank Owned Life Insurance

bps: Basis points

BPO: Broker Price Opinion

CCAR: Comprehensive Capital Analysis and Review

CDC: Fifth Third Community Development Corporation

CFPB: United States Consumer Financial Protection Bureau

C&I: Commercial and Industrial

DCF: Discounted Cash Flow

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

HFS: Held for Sale

IPO: Initial Public Offering

IRC: Internal Revenue Code

IRLC: Interest Rate Lock Commitment

ISDA: International Swaps and Derivatives Association

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

NII: Net Interest Income

NM: Not Meaningful

NPR: Notice of Proposed Rulemaking

OCC: Office of the Comptroller of the Currency

OCI: Other Comprehensive Income

OREO: Other Real Estate Owned

OTTI: Other-Than-Temporary Impairment

PMI: Private Mortgage Insurance

SBA: Small Business Administration

FHLMC: Federal Home Loan Mortgage Corporation

FICO: Fair Isaac Corporation (credit rating)

FNMA: Federal National Mortgage Association

FRB: Federal Reserve Bank

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

SEC: United States Securities and Exchange Commission

TBA: To Be Announced

TDR: Troubled Debt Restructuring

TruPS: Trust Preferred Securities

U.S.: United States of America

U.S. GAAP: Accounting Principles Generally Accepted in the United States of America

VaR: Value-at-Risk

VIE: Variable Interest Entity

VRDN: Variable Rate Demand Note

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Management s Discussion and Analysis of Financial Condition and Results of Operations (Item 2)

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 Condensed 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

($ in millions, except for per share data)	For the three months ended March 31, 2013	2012	% Change
Income Statement Data			
Net interest income[(a)]	**$ 893**	903	(1)
Noninterest income	**743**	769	(3)
Total revenue[(a)]	**1,636**	1,672	(2)
Provision for loan and lease losses	**62**	91	(31)
Noninterest expense	**978**	973	
Net income attributable to Bancorp	**422**	430	(2)
Net income available to common shareholders	**413**	421	(2)
Common Share Data			
Earnings per share, basic	**$ 0.47**	0.46	2
Earnings per share, diluted	**0.46**	0.45	2
Cash dividends per common share	**0.11**	0.08	38
Book value per share	**15.42**	14.30	8
Market value per share	**16.31**	14.04	16
Financial Ratios (%)			
Return on assets	**1.41 %**	1.49	(5)
Return on average common equity	**12.5**	13.1	(4)
Dividend payout ratio	**23.4**	17.4	35
Average equity as a percent of average assets	**11.38**	11.49	(1)
Tangible common equity[(b)]	**9.03**	9.02	
Net interest margin[(a)]	**3.42**	3.61	(5)
Efficiency[(a)]	**59.8**	58.3	3
Credit Quality			
Net losses charged off	**$ 133**	220	(39)
Net losses charged off as a percent of average loans and leases	**0.63 %**	1.08	(42)
ALLL as a percent of portfolio loans and leases	**2.08**	2.59	(20)
Allowance for credit losses as a percent of portfolio loans and leases[(c)]	**2.28**	2.81	(19)
Nonperforming assets as a percent of portfolio loans, leases and other assets, including other real estate owned[(d)]	**1.41**	2.03	(31)
Average Balances			
Loans and leases, including held for sale	**$ 88,880**	83,757	6
Total securities and other short-term investments	**16,846**	16,735	1
Total assets	**121,117**	116,325	4
Transaction deposits[(e)]	**80,938**	77,135	5

Core deposits[f]	**84,920**	81,686	4
Wholesale funding[g]	**17,683**	16,596	7
Bancorp shareholders equity	**13,779**	13,366	3
Regulatory Capital Ratios (%)			
Tier I risk-based capital	**10.83 %**	12.20	(11)
Total risk-based capital	**14.35**	16.07	(11)
Tier I leverage	**10.03**	11.31	(11)
Tier I common equity[b]	**9.70**	9.64	1

(a) *Amounts presented on an FTE basis. The FTE adjustment for the three months ended **March 31, 2013** and 2012 was **$5**.*

(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.*

(c) *The allowance for credit losses is the sum of the ALLL and the reserve for unfunded commitments.*

(d) *Excludes nonaccrual loans held for sale.*

(e) *Includes demand, interest checking, savings, money market and foreign office deposits.*

(f) *Includes transaction deposits plus other time deposits.*

(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 (continued)

OVERVIEW

Fifth Third Bancorp is a diversified financial services company headquartered in Cincinnati, Ohio. At March 31, 2013, the Bancorp had $121.4 billion in assets, operated 18 affiliates with 1,320 full-service Banking Centers, including 104 Bank Mart® locations open seven days a week inside select grocery stores, and 2,426 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 33% interest in Vantiv Holding, LLC. The carrying value of the Bancorp s investment in Vantiv Holding, LLC was $574 million as of March 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 as well as the 2012 Form 10-K. 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 Terms in this report for a list of abbreviations and acronyms included as a tool for the reader of this quarterly report on Form 10-Q. The abbreviations and acronyms identified therein are used throughout this MD&A, as well as the Condensed Consolidated Financial Statements and Notes to Condensed 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 three months ended March 31, 2013, net interest income, on an FTE basis, and noninterest income provided 55% and 45% of total revenue, respectively. The Bancorp derives the majority of its revenues within the U.S. from customers domiciled in the U.S. Revenue from foreign countries and external customers domiciled in foreign countries is immaterial to the Bancorp s Condensed 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.

CCAR Results

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 following 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 of the 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 and the potential issuance of an additional $500 million in preferred stock. In addition, the Bancorp intends to make incremental repurchases of common shares in the amount of any after-tax gains from the sale of Vantiv, Inc. common stock. For more information on the 2013 CCAR results, refer to the Capital Management section of MD&A.

Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Accelerated Share Repurchase Transactions

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 of its common stock 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 purchase 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 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 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.

Senior 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, with a maturity of five years, due on February 28, 2018; $400 million of 0.90% senior fixed rate notes with a maturity of three years, 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, with a maturity of three years, 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.

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.

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 bank holding companies 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 stress testing program and CCAR on November 9, 2012. The CCAR required bank holding companies to submit a capital plan in addition to their stress testing results. 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. On March 14, 2013, the Bancorp announced the results of its capital plan and company run stress test submitted to the FRB as part of the 2013 CCAR.

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Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

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 Basel Committee on Banking Supervision and requirements arising from the Dodd-Frank Act. For further discussion on the 2013 Stress Tests and CCAR, see the Capital Management section in MD&A.

In January of 2013, the CFPB issued several final regulations and changes to certain consumer protections under existing laws. These regulations are intended to strengthen consumer protections for high-cost mortgages, amend escrow requirements under the Truth in Lending Act, require mortgage lenders to consider the consumers ability to repay home loans before extending them credit, implement mortgage servicing rules, amend the Equal Credit Opportunity Act regarding appraisals and other written valuations for first lien residential mortgage loans and revises the Truth in Lending Act to strengthen loan originator qualification requirements and regulate industry compensation practices. These regulations take effect in 2014 except for the escrow requirements and certain provisions of the compensation rules under the Truth in Lending Act which take effect on June 1, 2013. The Bancorp is currently assessing the impact these new regulations will have on its Condensed Consolidated Financial Statements.

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. 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 was designed to fully comply with all applicable federal and state laws. 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. Fifth Third is currently evaluating the Federal Reserve s statement, the proposed guidance by other regulators, and the CFPB s White Paper, to determine whether any changes need to be made to this offering and alternative methods, products and services to ensure that we are able to continue to meet our customers needs. As a result, we cannot at this time estimate the negative financial impact of any changes that may be required as a result of these or future developments. These advance balances are included in other consumer loans and leases on the Bancorp s Condensed Consolidated Balance Sheets with revenue reported in interest and fees on loans and leases in the Bancorp s Condensed Consolidated Statements of Income and in Table 3 in the Statements of Income Analysis section of MD&A.

In December of 2010 and revised in June of 2011, the Basel Committee on Banking Supervision 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 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. The Bancorp continues to evaluate these proposals and their potential impact. The banking agencies have not implemented final rules for the new regulatory framework to date. For more information on the impact of the proposed regulatory capital enhancements, refer to the Capital Management section of MD&A.

In October of 2011, the banking agencies issued an NPR that would implement the provisions of the Volcker Rule. These provisions prohibit banks and bank holding companies from engaging in certain types of proprietary trading. The scope of the proprietary trading prohibition, and its impact on Fifth Third, will depend on the definitions in the final rule, particularly those definitions related to statutory exemptions for risk-mitigating hedging activities, market-making and customer-related activities. The Volcker Rule and the rulemakings promulgated thereunder are also expected to 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, under the proposed rule, it is prohibited from sponsoring. As of March 31, 2013, the Bancorp had approximately $164 million in interests and approximately $105 million 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 amounts 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.

Earnings Summary

The Bancorp s net income available to common shareholders for the first quarter of 2013 was $413 million, or $0.46 per diluted share, which was net of $9 million in preferred stock dividends. The Bancorp s net income available to common shareholders for the first quarter of 2012

Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

was $421 million, or $0.45 per diluted share, which was net of $9 million in preferred stock dividends. Pre-provision net revenue was $653 million for the three months ended March 31, 2013 compared to $694 million in the same period in 2012. Pre-provision net revenue is a non-GAAP measure. For further information, see the Non-GAAP Financial Measures section in MD&A.

Net interest income was $893 million for the quarter ended March 31, 2013 compared to $903 million in the first quarter of 2012. Net interest income was negatively impacted by a 34 bps decrease in yields on the Bancorp s interest-earning assets, partially offset by an increase in average loans and leases of $5.1 billion due primarily to increases in average commercial and industrial loans and average residential mortgage loans. In addition, a reduction in higher cost average long-term debt coupled with a 20 bps decrease in the rates paid on average interest-bearing liabilities resulted in a decrease in interest expense for the three months ended March 31, 2013 compared to the same period in 2012. Net interest margin was 3.42% and 3.61% for the three months ended March 31, 2013 and 2012, respectively.

Noninterest income decreased $26 million, or three percent, in the first quarter of 2013 compared to the same period in the prior year. The decrease from the first quarter of 2012 was primarily due to a decrease in other noninterest income partially offset by increases in mortgage banking net revenue, net securities gains and card and processing revenue. Other noninterest income decreased $66 million, or 37%, primarily due to the $115 million gain from the Vantiv, Inc. IPO in the first quarter of 2012. This impact was partially offset by a $41 million increase in equity method income recorded from the Bancorp s ownership interest in Vantiv Holding, LLC. Mortgage banking net revenue increased $16 million, or seven percent, primarily due to an increase in positive net valuation adjustments on servicing rights and free-standing derivatives entered into to economically hedge the MSR portfolio partially offset by an increase in servicing rights amortization expense and a decrease in origination fees and gains on loan sales. Net securities gains were $17 million in the first quarter of 2013, an increase of $8 million, or 92%, compared to the same period in 2012. Card and processing revenue increased $6 million, or 11%, primarily as the result of higher transaction volumes, higher levels of consumer spending and new products.

Noninterest expense increased $5 million in the first quarter of 2013 compared to the same period in 2012.

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 2012 and the first quarter of 2013, the Bancorp has continued to be negatively affected by high unemployment rates, weakened housing markets, particularly in Michigan and Florida, and a challenging credit environment. Credit trends have improved and, as a result, the provision for loan and lease losses decreased to $62 million for the three months ended March 31, 2013 compared to $91 million for the same period in 2012. In addition, net charge-offs as a percent of average portfolio loans and leases decreased to 0.63% during the first quarter of 2013 compared to 1.08% during the first quarter of 2012. At March 31, 2013, nonperforming assets as a percent of portfolio loans, leases and other assets, including OREO (excluding nonaccrual loans held for sale) decreased to 1.41%, 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 System. As of March 31, 2013, the Tier I risk-based capital ratio was 10.83%, the Tier I leverage ratio was 10.03% and the total risk-based capital ratio was 14.35%.

Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

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 Condensed Consolidated Financial Statements in their entirety and not to rely on any single financial measure.

The banking regulators issued proposed capital rules (Basel III) in June of 2012 that would substantially amend the existing risk-based capital rules (Basel I) for banks. The Bancorp believes providing an estimate of its capital position based upon its interpretation of these proposed rules is important to complement the existing capital ratios and for comparability to other financial institutions. Since these rules are in proposal stage, 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.

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Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

The following table reconciles non-GAAP financial measures to U.S. GAAP as of or for the three months ended:

TABLE 2: Non-GAAP Financial Measures

($ in millions)	**March 31, 2013**	March 31, 2012
Income before income taxes (U.S. GAAP)	**$ 591**	603
Add: Provision expense (U.S. GAAP)	**62**	91
Pre-provision net revenue	**653**	694
Net income available to common shareholders (U.S. GAAP)	**$ 413**	421
Add: Intangible amortization, net of tax	**1**	3
Tangible net income available to common shareholders	**414**	424

	March 31, 2013	December 31, 2012
Total Bancorp shareholders equity (U.S. GAAP)	**$ 13,882**	13,716
Less: Preferred stock	**(398)**	(398)
Goodwill	**(2,416)**	(2,416)
Intangible assets	**(25)**	(27)
Tangible common equity, including unrealized gains / losses	**11,043**	10,875
Less: Accumulated other comprehensive income	**(333)**	(375)
Tangible common equity, excluding unrealized gains / losses (1)	**10,710**	10,500
Add: Preferred stock	**398**	398
Tangible equity (2)	**$ 11,108**	10,898
Total assets (U.S. GAAP)	**$ 121,382**	121,894
Less: Goodwill	**(2,416)**	(2,416)
Intangible assets	**(25)**	(27)
Accumulated other comprehensive income, before tax	**(512)**	(577)
Tangible assets, excluding unrealized gains / losses (3)	**$ 118,429**	118,874
Total Bancorp shareholders equity (U.S. GAAP)	**$ 13,882**	13,716
Less: Goodwill and certain other intangibles	**(2,504)**	(2,499)
Accumulated other comprehensive income	**(333)**	(375)
Add: Qualifying TruPS	**810**	810
Other	**23**	33
Tier I risk-based capital	**11,878**	11,685
Less: Preferred stock	**(398)**	(398)
Qualifying TruPS	**(810)**	(810)

Qualified noncontrolling interests in consolidated subsidiaries	**(38)**	(48)
Tier I common equity (4)	**$ 10,632**	10,429
Risk-weighted assets (5) [(a)]	**$ 109,626**	109,699
Ratios:		
Tangible equity (2) / (3)	**9.36 %**	9.17
Tangible common equity (1) / (3)	**9.03 %**	8.83
Tier I common equity (4) / (5)	**9.70 %**	9.51
Basel III Estimated Tier I common equity ratio		
Tier I common equity (Basel I)	**$ 10,632**	10,429
Add: Adjustment related to AOCI for available-for-sale securities	**397**	429
Estimated Tier I common equity under Basel III rules[(b)]	**11,029**	10,858
Estimated risk-weighted assets under Basel III rules[(c)]	**123,696**	123,725
Estimated Tier I common equity ratio under Basel III rules	**8.91 %**	8.78

(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.

(b) Tier I common equity under Basel III includes the unrealized gains and losses for available-for-sale securities.

(c) 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 residential mortgage, home equity, past due loans, foreign banks and certain commercial real estate; (3) higher risk weighting for mortgage servicing rights and deferred tax assets that are under certain thresholds as a percent of Tier I capital; (4) incremental capital requirements for stress VaR; and (5) derivatives are differentiated between exchange clearing and over-the-counter and the 50% risk-weight cap is removed. The estimated Basel III risk-weighted assets are based upon the Bancorp s interpretations of the three draft Federal Register notices proposing enhancements to the regulatory capital requirements that were published in June of 2012. These amounts are preliminary and subject to change depending on the adoption of final Basel III capital rules by the Regulatory Agencies.

Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

RECENT ACCOUNTING STANDARDS

Note 3 of the Notes to Condensed Consolidated Financial Statements provides a discussion of the significant new accounting standards applicable to the Bancorp and the expected impact of significant accounting standards issued, but not yet required to be adopted.

CRITICAL ACCOUNTING POLICIES

The Bancorp s Condensed 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. These accounting policies are discussed in detail in Management s Discussion and Analysis Critical Accounting Policies in the Bancorp s Annual Report on Form 10-K for the year ended December 31, 2012. No material changes were made to the valuation techniques or models during the three months ended March 31, 2013.

Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

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 3 presents the components of net interest income, net interest margin and net interest rate spread for the three months ended March 31, 2013 and 2012, as well as the relative impact of changes in the balance sheet and changes in interest rates on net interest income. 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.

Net interest income was $893 million for the first quarter of 2013, a decrease of $10 million compared to the first quarter of 2012. Included within net interest income are amounts related to the accretion of discounts on acquired loans and deposits, primarily as a result of acquisitions in previous years, which increased net interest income by $5 million during the three months ended March 31, 2013, compared to $8 million during the three months ended March 31, 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 potential prepayments, the Bancorp anticipates recognizing approximately $6 million in additional net interest income during the remainder of 2013 as a result of the amortization and accretion of premiums and discounts on acquired loans and deposits.

For the three months ended March 31, 2013, net interest income was negatively impacted by a 34 bps decline in yields on the Bancorp s interest-earning assets compared to the first quarter of 2012. The decrease in yields on interest-earning assets was partially offset by an increase in average loans and leases of $5.1 billion, as well as a decrease in interest expense compared to the same period in 2012. The decrease in interest expense was primarily the result of a $2.3 billion decrease in average long-term debt coupled with a 47 bps decrease in the rate paid on average long-term debt. The net interest rate spread decreased to 3.25% in the first quarter of 2013 from 3.39% in the same period in 2012, as the benefit of the decrease in rates on interest-bearing liabilities was more than offset by a 34 bps decrease in yield on average interest-earnings assets.

Net interest margin was 3.42% for the three months ended March 31, 2013 compared to 3.61% for the three months ended March 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 the three months ended March 31, 2013, compared to a 3 bps increase during the three months ended March 31, 2012. Exclusive of these amounts, net interest margin decreased 18 bps for the three months ended March 31, 2013 compared to the same period in the prior year. The decrease from the same period in 2012 was driven primarily by the previously mentioned decline in the yield on average interest-earning assets, partially offset by an increase in average loans and leases and a reduction in higher cost long-term debt.

Interest income from loans and leases decreased $17 million, or two percent, compared to the first quarter of 2012. The decrease from the three months ended March 31, 2012 was primarily the result of a decrease of 30 bps in average loans and leases yields partially offset by an increase of six percent in average loans and leases. The increase in average loans and leases for the three months ended March 31, 2013 was driven primarily by an increase of 16% in average commercial and industrial loans and an increase of 15% in average residential mortgage loans. For more information on the Bancorp s loan and lease portfolio, see the Loans and Leases section of the Balance Sheet Analysis section of MD&A. In addition, interest income from investment securities and other short-term investments decreased $28 million, or 20%, compared to the three months ended March 31, 2012, primarily as the result of a 70 bps decrease in the average yield on taxable securities.

Average core deposits increased $3.2 billion, or four percent, compared to the first quarter of 2012. The increase was primarily due to an increase in average money market deposits, average demand deposits and average interest checking deposits partially offset by decreases in average savings deposits and average foreign office deposits. The cost of average core deposits decreased to 19 bps for the three months ended March 31, 2013 from 22 bps for the three months ended March 31, 2012. This decrease was primarily the result of an 8 bps decrease in the rate paid on average savings deposits compared to the three months ended March 31, 2012.

For the three months ended March 31, 2013, interest expense on average wholesale funding decreased $29 million, or 30%, compared to the three months ended March 31, 2012, primarily as a result of a $2.3 billion decrease in average long-term debt coupled with a 47 bps decrease in the rate paid on average long-term debt. The reduction in higher cost long-term debt was primarily the result of the redemption of outstanding TruPS and FHLB debt in 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%. Refer to the Borrowings section of the Balance Sheet Analysis section of MD&A for additional information on the Bancorp s borrowings. During the three months ended March 31, 2013, average wholesale funding represented 24% of average interest-bearing liabilities compared to 23% during the three months ended March 31, 2012. 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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Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

TABLE 3: Condensed Average Balance Sheets and Analysis of Net Interest Income

For the three months ended	March 31, 2013			March 31, 2012			Attribution of Change in Net Interest Income*(a)*		
($ in millions)	Average Balance	Revenue/ Cost	Average Yield/ Rate	Average Balance	Revenue/ Cost	Average Yield/ Rate	Volume	Yield/Rate	Total
Assets									
Interest-earning assets:									
Loans and leases:[(b)]									
Commercial and industrial loans	$ 36,423	$ 350	3.90 %	$ 31,421	$ 328	4.20 %	$ 47	(25)	22
Commercial mortgage	8,978	80	3.63	10,077	99	3.95	(11)	(8)	(19)
Commercial construction	700	6	3.21	1,008	8	3.04	(2)		(2)
Commercial leases	3,557	30	3.38	3,543	33	3.79	1	(4)	(3)
Subtotal commercial	49,658	466	3.80	46,049	468	4.09	35	(37)	(2)
Residential mortgage loans	14,866	146	3.98	12,928	134	4.17	18	(6)	12
Home equity	9,872	91	3.74	10,606	101	3.85	(7)	(3)	(10)
Automobile loans	12,096	98	3.29	11,882	118	3.99	1	(21)	(20)
Credit card	2,069	49	9.67	1,926	45	9.43	3	1	4
Other consumer loans/leases	319	36	46.77	366	37	40.13	(7)	6	(1)
Subtotal consumer	39,222	420	4.35	37,708	435	4.64	8	(23)	(15)
Total loans and leases	88,880	886	4.04	83,757	903	4.34	43	(60)	(17)
Securities:									
Taxable	15,224	112	2.98	15,313	140	3.68	(2)	(26)	(28)
Exempt from income taxes[(b)]	51	1	5.44	59	1	5.60			
Other short-term investments	1,571	1	0.26	1,363	1	0.26			
Total interest-earning assets	105,726	1,000	3.84	100,492	1,045	4.18	41	(86)	(45)
Cash and due from banks	2,225			2,345					
Other assets	15,016			15,734					
Allowance for loan and lease losses	(1,850)			(2,246)					
Total assets	$ 121,117			$ 116,325					
Liabilities and Equity									
Interest-bearing liabilities:									
Interest checking	$ 23,763	$ 13	0.23 %	$ 22,308	$ 12	0.22 %	$	1	1
Savings	19,576	6	0.13	21,944	11	0.21	(1)	(4)	(5)
Money market	7,932	5	0.24	4,543	3	0.22	2		2
Foreign office deposits	1,102	1	0.26	2,277	2	0.26	(1)		(1)
Other time deposits	3,982	15	1.50	4,551	18	1.62	(2)	(1)	(3)
Certificates - $100,000 and over	4,017	11	1.09	3,178	12	1.55	3	(4)	(1)
Other deposits	40		0.13	19		0.08			
Federal funds purchased	691		0.14	370		0.10			
Other short-term borrowings	5,429	2	0.18	3,261	1	0.12		1	1

Long-term debt	**7,506**	**54**	**2.94**	9,768	83	3.41	(19)	(10)	(29)
Total interest - bearing liabilities	**74,038**	**107**	**0.59**	72,219	142	0.79	(18)	(17)	(35)
Demand deposits	**28,565**			26,063					
Other liabilities	**4,687**			4,627					
Total liabilities	**107,290**			102,909					
Total equity	**13,827**			13,416					
Total liabilities and equity	**$ 121,117**			$ 116,325					
Net interest income		**$ 893**			$ 903		$ 59	(69)	(10)
Net interest margin			**3.42 %**			3.61 %			
Net interest rate spread			**3.25**			3.39			
Interest-bearing liabilities to interest-earning assets			**70.03**			71.86			

(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.
*(b) The FTE adjustments included in the above table were **$5** for the three months ended **March 31, 2013** and 2012.*

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 of the Bancorp s Annual Report on Form 10-K for the year ended December 31, 2012. 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 Condensed 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 was $62 million for the three months ended March 31, 2013 compared to $91 million during the same period in 2012. The decrease in provision expense compared to the same period in 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

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Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

ALLL declined $71 million from $1.9 billion at December 31, 2012 to $1.8 billion at March 31, 2013. As of March 31, 2013, the ALLL as a percent of portfolio loans and leases decreased to 2.08%, 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 Condensed 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.

Noninterest Income

Noninterest income decreased $26 million, or three percent, for the three months ended March 31, 2013 compared to the three months ended March 31, 2012.

The components of noninterest income are as follows:

TABLE 4: Noninterest Income

($ in millions)	For the three months ended March 31, 2013	2012	% Change
Mortgage banking net revenue	**$ 220**	204	7
Service charges on deposits	**131**	129	1
Investment advisory revenue	**100**	96	4
Corporate banking revenue	**99**	97	2
Card and processing revenue	**65**	59	11
Other noninterest income	**109**	175	(37)
Securities gains, net	**17**	9	92
Securities gains, net - non-qualifying hedges on mortgage servicing rights	**2**		NM
Total noninterest income	**$ 743**	769	(3)

Mortgage banking net revenue

Mortgage banking net revenue increased $16 million, or seven percent, for the three months ended March 31, 2013 compared to the three months ended March 31, 2012.

The components of mortgage banking net revenue are as follows:

TABLE 5: Components of Mortgage Banking Net Revenue

($ in millions)	For the three months ended March 31, 2013	2012
Origination fees and gains on loan sales	**$ 169**	174
Net servicing revenue:		

Gross servicing fees	**61**	61
Servicing rights amortization	**(53)**	(46)
Net valuation adjustments on servicing rights and free-standing derivatives entered into to economically hedge MSR	**43**	15
Net servicing revenue	**51**	30
Mortgage banking net revenue	**$ 220**	204

Origination fees and gains on loan sales decreased $5 million for the three months ended March 31, 2013 compared to the three months ended March 31, 2012, as a 15% increase in residential mortgage loan originations was more than offset by a decrease in profit margins on sold residential mortgage loans. Residential mortgage loan originations increased to $7.4 billion during the first quarter of 2013 compared to $6.4 billion during the first quarter of 2012. The increase in originations is primarily due to strong refinancing activity, as mortgage rates remain near historical lows.

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 $21 million for the three months ended March 31, 2013 compared to the three months ended March 31, 2012, driven primarily by an increase of $28 million in net valuation adjustments. The increase in net valuation adjustments was partially offset by a $7 million increase in servicing rights amortization for the three months ended March 31, 2013 compared to the three months ended March 31, 2012 due to an increase in MSR volumes.

The net valuation adjustment of $43 million during the first quarter of 2013 included a $49 million recovery on temporary impairment on the MSRs partially offset by $6 million in losses from derivatives economically hedging the MSRs. The net valuation adjustment of $15 million during the first quarter of 2012 included an $11 million recovery on temporary impairment on the MSR portfolio and $4 million in gains from derivatives economically hedging the MSRs. Mortgage rates increased during the three months ended March 31, 2013. This caused

modeled prepayments speeds to slow, which led to the recovery on temporary impairment on servicing rights during the quarter ended March 31, 2013. Gross servicing fees were flat in the first quarter of 2013 compared to the first quarter of 2012. The Bancorp s total residential loans serviced as of March 31, 2013 and 2012 were $79.5 billion and $72.9 billion, respectively, with $64.8 billion and $60.4 billion, respectively, of residential mortgage loans serviced for others.

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. Further detail on the valuation of MSRs can be found in Note 9 of the Notes to Condensed 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 10 of the Notes to Condensed 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. Unrealized gains of $2 million related to these securities for the three months ended March 31, 2013 were recorded in securities gains, net, non-qualifying hedges on mortgage servicing rights in the Bancorp s Condensed Consolidated Statements of Income. There were no sales of securities related to the Bancorp s non-qualifying hedging strategy during the first quarter of 2012.

Service charges on deposits

Service charges on deposits increased $2 million for the three months ended March 31, 2013 compared to the same period in the prior year. The increase for the three months ended March 31, 2013 was primarily driven by commercial deposit revenue which increased $4 million due to pricing changes implemented during 2012. The increase in commercial deposit revenue was partially offset by a $3 million decrease in consumer deposit revenue due to the elimination of daily overdraft fees on continuing consumer overdraft positions which took effect late in the second quarter of 2012, partially offset by an increase in consumer checking fees due to new deposit product offerings.

Investment advisory revenue

Investment advisory revenue increased $4 million for the three months ended March 31, 2013 compared to the same period in 2012, primarily driven by a $5 million increase in securities and brokerage fees due to an increase in equity market values and a $3 million increase in private client service fees partially offset by a $5 million decline in mutual fund fees due to the sale of certain FTAM advisory contracts in the third quarter of 2012. The Bancorp had approximately $318.0 billion and $295.8 billion in total assets under care as of March 31, 2013 and 2012, respectively, and managed $26.8 billion and $25.6 billion in assets, respectively, for individuals, corporations and not-for-profit organizations for the same comparative periods.

Corporate banking revenue

Corporate banking revenue increased $2 million for the three months ended March 31, 2013 compared to the three months ended March 31, 2012. The increase compared to the three months ended March 31, 2012 was primarily due to a $4 million increase in institutional sales revenue partially offset by a $2 million decrease in syndication fees.

Card and processing revenue

Card and processing revenue increased $6 million for the three months ended March 31, 2013 compared to the three months ended March 31, 2012. The increase was the result of higher transaction volumes, higher levels of consumer spending and new products.

Other noninterest income

The major components of other noninterest income are as follows:

TABLE 6: Components of Other Noninterest Income

($ in millions)	For the three months ended March 31, 2013	2012
Equity method earnings (losses) from interest in Vantiv Holding, LLC	**$ 17**	(24)
Operating lease income	**16**	14
Cardholder fees	**11**	11
BOLI income	**10**	9
Banking center income	**9**	7
Insurance income	**8**	7
Consumer loan and lease fees	**6**	7
Gain on loan sales	**2**	5
Gain on Vantiv, Inc. IPO		115
Loss on sale of OREO	**(10)**	(17)
Loss on swap associated with the sale of Visa, Inc. class B shares	**(7)**	(19)
Other, net	**47**	60
Total other noninterest income	**$ 109**	175

Other noninterest income decreased $66 million, or 37%, in the first quarter of 2013 compared to the first quarter of 2012. The decrease was primarily due to the $115 million gain from the Vantiv, Inc. IPO in the first quarter of 2012. In addition, the other, net caption above

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included a $34 million gain on valuation adjustments in the first quarter of 2013 on the warrants issued as part of the Bancorp s sale of its processing business compared with a gain of $46 million on the warrants and put options in the first quarter of 2012. These impacts were partially offset by a $41 million increase in equity method income recorded from the Bancorp s ownership interest in Vantiv Holding, LLC. The $24 million of equity method losses in the first quarter of 2012 was comprised of $34 million in debt termination charges incurred in connection with the refinancing of Vantiv Holding, LLC debt held by the Bancorp partially offset by $10 million in first quarter equity method earnings. Loss on sale of OREO decreased $7 million for the three months ended March 31, 2013 compared to the same period in 2012. In addition, the other, net caption above included a $7 million gain on the sale of certain FTAM funds in the first quarter of 2013. Finally, other noninterest income included a $12 million decrease in the loss related to the Visa total return swap which had a negative valuation adjustment of $7 million for the three months ended March 31, 2013 compared with a negative valuation adjustment of $19 million for the comparable prior year period. For additional information on the valuation of the swap associated with the sale of Visa, Inc. Class B shares and the valuation of warrants associated with the sale of the processing business, see Note 19 of the Notes to Condensed Consolidated Financial Statements.

Noninterest Expense

Total noninterest expense increased $5 million for the three months ended March 31, 2013 compared to the three months ended March 31, 2012.

The major components of noninterest expense are as follows:

TABLE 7: Noninterest Expense

	For the three months ended March 31,		
($ in millions)	**2013**	2012	% Change
Salaries, wages and incentives	**$ 399**	399	
Employee benefits	**114**	112	2
Net occupancy expense	**79**	77	2
Technology and communications	**49**	47	6
Card and processing expense	**31**	30	5
Equipment expense	**28**	27	3
Other noninterest expense	**278**	281	(2)
Total noninterest expense	**$ 978**	973	
Efficiency ratio	**59.8 %**	58.3 %	

Total personnel costs (salaries, wages and incentives plus employee benefits) were relatively flat for the three months ended March 31, 2013 compared to the three months ended March 31, 2012. Full time equivalent employees totaled 20,744 at March 31, 2013 compared to 21,206 at March 31, 2012.

TABLE 8: Components of Other Noninterest Expense

	For the three months ended March 31,	
($ in millions)	**2013**	2012
Loan and lease	**$ 40**	45

Losses and adjustments	**38**	40
FDIC insurance and other taxes	**34**	18
Marketing	**26**	23
Affordable housing investments impairment	**20**	27
Professional service fees	**14**	11
Travel	**13**	13
Postal and courier	**13**	13
Operating lease	**12**	10
Recruitment and education	**6**	7
Insurance	**5**	5
OREO expense	**4**	5
Intangible asset amortization	**2**	4
Provision (benefit) for unfunded commitments and letters of credit	**(11)**	(2)
Other, net	**62**	62
Total other noninterest expense	**$ 278**	281

Total other noninterest expense decreased $3 million, or two percent, for the three months ended March 31, 2013 compared to the same period in 2012. The provision for unfunded commitments and letters of credit was a benefit of $11 million for the three months ended March 31, 2013 compared to a benefit of $2 million for the three months ended March 31, 2012. The increase in the benefit recorded 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. In addition, impairment on affordable housing investments decreased by $7 million for the three months ended March 31, 2013 compared to the same period in 2012 due to a $9 million benefit from the

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sale of affordable housing investments in the first quarter of 2013. Loan and lease expense decreased $5 million in the first quarter of 2013 compared to the same period in the prior year due to lower credit-related costs. These impacts were partially offset by FDIC insurance and other taxes which increased $16 million for the three months ended March 31, 2013 compared to the same period in the prior year. The increase in FDIC expense and other taxes was due primarily to $23 million in expense reduction in the first quarter of 2012 from an agreement reached on certain outstanding 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 59.8% for the three months ended March 31, 2013 compared to 58.3% for the three months ended March 31, 2012.

Applicable Income Taxes

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

TABLE 9: Applicable Income Taxes

	For the three months ended March 31,	
($ in millions)	**2013**	2012
Income before income taxes	**$ 591**	603
Applicable income tax expense	**179**	173
Effective tax rate	**30.4 %**	28.6

Applicable income tax expense for all periods includes the benefit from tax-exempt income, tax-advantaged investments, certain gains on sales of 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.

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. The stock-based awards granted to employees in March 2003 had an exercise period that expired in March 2013. As these stock-based awards were not exercised on or before their expiration date, the Bancorp was required to write-off the deferred tax asset established for these awards during the first quarter, which resulted in an additional $12 million of income tax expense during the three months ended March 31, 2013. The Bancorp recognized a similar non-cash charge during 2012; however, the non-cash charge was recognized during the second quarter of 2012. Based on the Bancorp s stock price at March 31, 2013, the Bancorp anticipates that it will be required to recognize additional income tax expense related to stock-based compensation in future years. The Bancorp cannot predict its stock price or whether its employees will exercise other stock-based awards with lower exercise prices in the future. The Bancorp does not expect to record significant additional income tax expense for stock-based compensation in the next twelve months.

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BALANCE SHEET ANALYSIS

Loans and Leases

The Bancorp classifies its loans and leases based upon the primary purpose of the loan. Table 10 summarizes end of period loans and leases, including loans held for sale and Table 11 summarizes average total loans and leases, including loans held for sale.

TABLE 10: Components of Total Loans and Leases (includes held for sale)

	March 31, 2013		December 31, 2012	
($ in millions)	**Balance**	**% of Total**	Balance	% of Total
Commercial:				
Commercial and industrial loans	**$ 36,782**	**42**	36,077	42
Commercial mortgage loans	**8,777**	**10**	9,116	10
Commercial construction loans	**699**	**1**	707	1
Commercial leases	**3,568**	**4**	3,549	4
Subtotal commercial	**49,826**	**57**	49,449	57
Consumer:				
Residential mortgage loans	**14,713**	**17**	14,873	17
Home equity	**9,727**	**11**	10,018	11
Automobile loans	**11,741**	**13**	11,972	13
Credit card	**2,043**	**2**	2,097	2
Other consumer loans and leases	**317**		312	
Subtotal consumer	**38,541**	**43**	39,272	43
Total loans and leases	**$ 88,367**	**100**	88,721	100
Total portfolio loans and leases (excludes loans held for sale)	**$ 85,676**		85,782	

Loans and leases, including loans held for sale, decreased $354 million from December 31, 2012. The decrease from December 31, 2012 was due to a decrease of $731 million, or two percent, in consumer loans and leases partially offset by an increase of $377 million, or one percent, in commercial loans and leases.

Commercial loans and leases increased from December 31, 2012 primarily due to an increase in commercial and industrial loans partially offset by a decrease in commercial mortgage loans. Commercial and industrial loans increased $705 million, or two percent, 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 $339 million, or four percent, from December 31, 2012 due to continued runoff as the level of new originations was less than the repayments of the existing portfolio.

Consumer loans and leases decreased from December 31, 2012 primarily due to a decrease in home equity, automobile loans, and residential mortgage loans. Home equity decreased $291 million, or three percent, from December 31, 2012 as payoffs exceeded new loan production. Automobile loans decreased $231 million, or two percent, due to the securitization and sale of certain automobile loans with a carrying amount of approximately $509 million partially offset by an increase in originations. Residential mortgage loans decreased $160 million, or one percent, due to sales of residential mortgage loans exceeding new loan originations.

TABLE 11: Components of Average Total Loans and Leases (includes held for sale)

For the three months ended ($ in millions)	**March 31, 2013** Balance	**March 31, 2013** % of Total	March 31, 2012 Balance	March 31, 2012 % of Total
Commercial:				
Commercial and industrial loans	**$ 36,423**	**41**	31,421	38
Commercial mortgage loans	**8,978**	**10**	10,077	12
Commercial construction loans	**700**	**1**	1,008	1
Commercial leases	**3,557**	**4**	3,543	4
Subtotal commercial	**49,658**	**56**	46,049	55
Consumer:				
Residential mortgage loans	**14,866**	**17**	12,928	16
Home equity	**9,872**	**11**	10,606	13
Automobile loans	**12,096**	**14**	11,882	14
Credit card	**2,069**	**2**	1,926	2
Other consumer loans and leases	**319**		366	
Subtotal consumer	**39,222**	**44**	37,708	45
Total average loans and leases	**$ 88,880**	**100**	83,757	100
Total average portfolio loans and leases (excludes loans held for sale)	**$ 85,903**		81,500	

Average loans and leases, including held for sale, increased $5.1 billion, or six percent, from March 31, 2012. The increase from March 31, 2012 was due to an increase of $3.6 billion, or eight percent, in average commercial loans and leases and an increase of $1.5 billion, or four percent, in average consumer loans and leases.

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Average commercial loans and leases increased from March 31, 2012 primarily due to an increase in average commercial and industrial loans partially offset by a decrease in average commercial mortgage and average commercial construction loans. Average commercial and industrial loans increased $5.0 billion, or 16%, from March 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 $1.1 billion, or 11%, from March 31, 2012 and average commercial construction loans decreased $308 million, or 31%, from March 31, 2012 due to continued runoff as the level of new originations was less than the repayments on the current portfolio.

Average consumer loans and leases increased from March 31, 2012 due to an increase in average residential mortgage loans and average automobile loans partially offset by a decrease in average home equity. Average residential mortgage loans increased $1.9 billion, or 15%, from March 31, 2012 due to an increase in originations due to a low interest rate environment. Average automobile loans increased $214 million, or two percent, from March 31, 2012 due to new loan originations exceeding pay downs. Average home equity decreased $734 million, or seven percent, from March 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. Total investment securities were $15.8 billion and $15.7 billion at March 31, 2013 and December 31, 2012, respectively.

Securities are classified as trading when bought and held principally for the purpose of selling them in the near term. 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 that management has the intent and ability to hold to maturity are classified as held-to-maturity and reported at amortized cost.

At March 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 had a carrying value of $26 million as of March 31, 2013, compared to $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 three months ended March 31, 2013 and 2012, the Bancorp did not recognize OTTI on any of its available-for-sale debt or equity securities or its held-to-maturity debt securities. See Note 4 of the Notes to Condensed Consolidated Financial Statements for further information on OTTI.

TABLE 12: Components of Investment Securities

($ in millions)	**March 31, 2013**	December 31, 2012
Available-for-sale and other: (amortized cost basis)		
U.S. Treasury and government agencies	**$ 41**	41
U.S. Government sponsored agencies	**1,729**	1,730
Obligations of states and political subdivisions	**202**	203
Agency mortgage-backed securities	**8,534**	8,403
Other bonds, notes and debentures[a]	**3,087**	3,161
Other securities[b]	**1,059**	1,033
Total available-for-sale and other securities	**$ 14,652**	14,571
Held-to-maturity: (amortized cost basis)		
Obligations of states and political subdivisions	**$ 282**	282
Other bonds, notes and debentures	**1**	2

Total held-to-maturity	$	**283**	284
Trading: (fair value)			
U.S. Treasury and government agencies	$		1
U.S. Government sponsored agencies		**11**	6
Obligations of states and political subdivisions		**25**	17
Agency mortgage-backed securities		**4**	7
Other bonds, notes and debentures		**9**	15
Other securities		**169**	161
Total trading	$	**218**	207

(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.

(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.

Available-for-sale securities on an amortized cost basis increased $81 million, or one percent, from December 31, 2012 primarily due to an increase in agency mortgage-backed securities partially offset by a decrease in other bonds, notes, and debentures. Agency mortgage-backed securities increased $131 million, or two percent, from December 31, 2012 due to $2.9 billion in purchases of agency mortgage-backed securities partially offset by $1.9 billion in sales and $785 million in paydowns on the portfolio. Other bonds, notes, and debentures decreased $74 million, or two percent, due to the sale of $261 million of asset-backed securities and corporate bonds partially offset by the purchase of asset backed securities and collateralized loan obligations.

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Available-for-sale securities on an amortized cost basis were 14% of total interest-earning assets at March 31, 2013 and December 31, 2012. The estimated weighted-average life of the debt securities in the available-for-sale portfolio was 4.1 years at March 31, 2013, compared to 3.8 years at December 31, 2012. In addition, at March 31, 2013, the available-for-sale securities portfolio had a weighted-average yield of 3.34%, compared to 3.30% at December 31, 2012.

Information presented in Table 13 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 $611 million at March 31, 2013, compared to $636 million at December 31, 2012. The decrease from December 31, 2012 was due to an increase in interest rates on agency mortgage-backed securities. 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 13: Characteristics of Available-for-Sale and Other Securities

As of March 31, 2013 ($ in millions)	Amortized Cost	Fair Value	Weighted-Average Life (in years)	Weighted-Average Yield
U.S. Treasury and government agencies:				
Average life of one year or less	$ 40	40	0.2	0.13 %
Average life 5 10 years	1	1	5.9	1.48
Total	41	41	0.3	0.16
U.S. Government sponsored agencies:				
Average life of one year or less	204	205	0.3	2.50
Average life 1 5 years	1,525	1,694	3.8	3.64
Total	1,729	1,899	3.4	3.50
Obligations of states and political subdivisions:[(a)]				
Average life of one year or less	8	8	0.6	0.12
Average life 1 5 years	124	128	3.4	2.29
Average life 5 10 years	59	64	7.2	4.80
Average life greater than 10 years	11	12	11.6	5.00
Total	202	212	4.9	3.10
Agency mortgage-backed securities:				
Average life of one year or less	550	563	0.6	4.62
Average life 1 5 years	6,190	6,416	3.6	3.60
Average life 5 10 years	1,700	1,762	6.6	3.57
Average life greater than 10 years	94	103	10.7	3.74
Total	8,534	8,844	4.1	3.66
Other bonds, notes and debentures:				
Average life of one year or less	299	308	0.1	1.94
Average life 1 5 years	1,965	2,042	3.4	2.56
Average life 5 10 years	605	625	6.5	2.33
Average life greater than 10 years	218	226	14.0	2.21
Total	3,087	3,201	4.5	2.43

Other securities	1,059	1,066		
Total available-for-sale and other securities	$ 14,652	15,263	4.1	3.34 %

(a) Taxable-equivalent yield adjustments included in the above table are 0.03%, 0.01%, 0.82%, 1.72% and 0.34% for securities with an average life of one year or less, 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 at March 31, 2013 and December 31, 2012.

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TABLE 14: Deposits

($ in millions)	March 31, 2013 Balance	March 31, 2013 % of Total	December 31, 2012 Balance	December 31, 2012 % of Total
Demand	**$ 30,027**	**33**	30,023	34
Interest checking	**23,175**	**25**	24,477	27
Savings	**19,339**	**21**	19,879	22
Money market	**8,613**	**10**	6,875	8
Foreign office	**1,089**	**1**	885	1
Transaction deposits	**82,243**	**90**	82,139	92
Other time	**3,909**	**4**	4,015	4
Core deposits	**86,152**	**94**	86,154	96
Certificates-$100,000 and over	**5,472**	**6**	3,284	4
Other			79	
Total deposits	**$ 91,624**	**100**	89,517	100

Core deposits decreased $2 million from December 31, 2012 driven by a decrease of $106 million, or three percent, in other time deposits partially offset by an increase of $104 million in transaction deposits. 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. Total transaction deposits increased from December 31, 2012 due to an increase in money market deposits and foreign office deposits partially offset by a decrease in interest checking deposits and saving deposits. Money market deposits increased $1.7 billion, or 25%, from December 31, 2012 partially driven by account migration from savings deposits which decreased $540 million, or three percent. The remaining increase in money market deposits is due to an increase in consumer average balances per account due to seasonality. Interest checking deposits decreased $1.3 billion, or five percent, due to account migration to demand deposit accounts. Demand deposit accounts remained relatively flat increasing $4 million from December 31, 2012. The account migration from interest checking deposits to demand deposit accounts was offset by a decrease in commercial average balances per account due to seasonality and balance migration to foreign office deposits which increased $204 million, or 23%.

The Bancorp uses certificates $100,000 and over as a method to fund earning assets. At March 31, 2013, certificates $100,000 and over increased $2.2 billion, or 67%, compared to December 31, 2012 due to the diversification of funding sources through the issuance of retail and institutional certificates of deposits during the first quarter of 2013.

The following table presents average deposits for the three months ending:

TABLE 15: Average Deposits

($ in millions)	March 31, 2013 Balance	March 31, 2013 % of Total	March 31, 2012 Balance	March 31, 2012 % of Total
Demand	**$ 28,565**	**32**	26,063	31
Interest checking	**23,763**	**27**	22,308	26

Savings	**19,576**	**22**	21,944	26
Money market	**7,932**	**9**	4,543	5
Foreign office	**1,102**	**1**	2,277	3
Transaction deposits	**80,938**	**91**	77,135	91
Other time	**3,982**	**4**	4,551	5
Core deposits	**84,920**	**95**	81,686	96
Certificates-$100,000 and over	**4,017**	**5**	3,178	4
Other	**40**		19	
Total average deposits	**$ 88,977**	**100**	84,883	100

On an average basis, core deposits increased $3.2 billion, or four percent, from March 31, 2012 due to an increase of $3.8 billion, or five percent, in average transaction deposits partially offset by a decrease of $569 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 and average foreign office deposits. Average money market deposits increased $3.4 billion, or 75%, from March 31, 2012 primarily due to account migration from average savings deposits which decreased $2.4 billion, or 11%, from March 31, 2012. The remaining increase in average money market deposits was due to account migration from average interest checking deposits. Despite this migration, average interest checking deposits increased $1.5 billion, or seven percent, from March 31, 2012 due to account migration from average foreign office deposits which decreased $1.2 billion, or 52%. The remaining increase in average interest checking deposits is due to an increase in new commercial customers and balance migration from average demand deposits. Despite this account migration, average demand deposits increased $2.5 billion, or 10%, from March 31, 2012 due to an increase in average balances per account for consumer customers, new product offerings, and new commercial deposit growth. Average other time deposits decreased $569 million, or 13%, from March 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.

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Other time deposits and certificates $100,000 and over totaled $9.4 billion and $7.3 billion at March 31, 2013 and December 31, 2012, respectively. All of these deposits were interest-bearing.

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

TABLE 16: Contractual Maturities of Certificates - $100,000 and over

($ in millions)	March 31, 2013
Three months or less	$ 1,641
After three months through six months	955
After six months through 12 months	1,823
After 12 months	1,053
Total	$ 5,472

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

TABLE 17: Contractual Maturities of Other Time Deposits and Certificates $100,000 and over

($ in millions)	March 31, 2013
Next 12 months	$ 6,831
13-24 months	1,632
25-36 months	481
37-48 months	217
49-60 months	166
After 60 months	54
Total	$ 9,381

Borrowings

Total borrowings decreased $3.1 billion, or 22%, from December 31, 2012. Table 18 summarizes the end of period components of total borrowings. As of March 31, 2013, total borrowings as a percentage of interest-bearing liabilities were 15% compared to 19% at December 31, 2012.

TABLE 18: Borrowings

($ in millions)	**March 31, 2013**	December 31, 2012
Federal funds purchased	**$ 386**	901
Other short-term borrowings	**2,439**	6,280
Long-term debt	**8,320**	7,085

Total borrowings	$ **11,145**	14,266

Federal funds purchased decreased by $515 million, or 57%, 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 $3.8 billion, or 61%, from December 31, 2012 driven by a decrease of $3.9 billion in short-term FHLB borrowings. The level of these borrowings can fluctuate significantly from period to period depending on funding needs and which sources are used to satisfy those needs. Long-term debt increased by $1.2 billion, or 17%, from December 31, 2012 driven by the issuance of $1.3 billion of unsecured senior bank notes in the first quarter of 2013. For additional information regarding long-term debt, see Note 12 of the Notes to Condensed Consolidated Financial Statements.

The following table presents average borrowings for the three months ending:

TABLE 19: Average Borrowings

($ in millions)	**March 31, 2013**	March 31, 2012
Federal funds purchased	$ **691**	370
Other short-term borrowings	**5,429**	3,261
Long-term debt	**7,506**	9,768
Total average borrowings	$ **13,626**	13,399

Average total borrowings increased $227 million, or two percent, compared to March 31, 2012, primarily due to increases in average federal funds purchased and average other short-term borrowings partially offset by a decrease in average long-term debt. The decrease in average long-term debt was driven by the redemption of certain TruPS and long-term FHLB borrowings in 2012. 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. 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.

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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 20 of the Notes to Condensed 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 an 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 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 duration assumptions. These rates were generally higher than those in place during 2012, thus net interest income for deposit providing businesses was positively impacted for the three months ended March 31, 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 20: Business Segment Net Income Available to Common Shareholders

	For the three months ended March 31,	
($ in millions)	**2013**	2012
Income Statement Data		
Commercial Banking	**$ 185**	142
Branch Banking	**45**	29
Consumer Lending	**70**	48
Investment Advisors	**18**	7
General Corporate & Other	**94**	204
Net income	**412**	430
Less: Net income attributable to noncontrolling interests	**(10)**	

Net income attributable to Bancorp	**422**	430
Dividends on preferred stock	**9**	9
Net income available to common shareholders	**$ 413**	421

Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

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 21: Commercial Banking

	For the three months ended March 31,	
($ in millions)	**2013**	2012
Income Statement Data		
Net interest income (FTE)[(a)]	**$ 365**	352
Provision for loan and lease losses	**43**	76
Noninterest income:		
Corporate banking revenue	**95**	93
Service charges on deposits	**59**	54
Other noninterest income	**30**	30
Noninterest expense:		
Salaries, incentives and benefits	**80**	74
Other noninterest expense	**197**	214
Income before taxes	**229**	165
Applicable income tax expense[(a)(b)]	**44**	23
Net income	**$ 185**	142
Average Balance Sheet Data		
Commercial loans, including held for sale	**$ 44,113**	40,362
Demand deposits	**14,666**	14,843
Interest checking	**6,991**	8,370
Savings and money market	**3,816**	2,606
Certificates-$100,000 and over	**1,271**	1,855
Foreign office deposits and other deposits	**1,074**	1,379

*(a) Includes FTE adjustments of **$5** and $4 for the three months ended **March 31, 2013** and 2012, respectively.*
(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 MD&A for additional information.

Net income was $185 million for the three months ended March 31, 2013 compared to net income of $142 million for the three months ended March 31, 2012. The increase in net income was driven by a decrease in the provision for loan and lease losses, higher net interest income and higher noninterest income, and lower noninterest expense.

Net interest income increased $13 million for the three months ended March 31, 2013 compared to the same period of the prior year. The increase was driven primarily by growth in average commercial and industrial portfolio loans and a decrease in the FTP charges on loans,

partially offset by a decline in yields of 26 bps on average commercial loans and a decrease in the FTP credits due to a decline in average interest checking balances for the three months ended March 31, 2013 compared to the same period in 2012.

Provision for loan and lease losses decreased $33 million for the three months ended March 31, 2013 compared to the same period of the prior year as a result of improved credit trends. Net charge-offs as a percent of average portfolio loans and leases decreased to 40 bps for the three months ended March 31, 2013 compared to 75 bps for the same period of the prior year.

Noninterest income increased $7 million in the first quarter of 2013 compared to the first quarter of 2012, primarily due to an increase in service charges on deposits and corporate banking revenue. The increase in service charges on deposits was primarily driven by higher commercial deposit revenue due to pricing changes implemented during 2012. The increase in corporate banking revenue was primarily due to a $4 million increase in institutional sales, partially offset by a $2 million decrease in syndication fees.

Noninterest expense decreased $11 million for the three months ended March 31, 2013 compared to the same period of the prior year. The decrease for the three months ended March 31, 2013 was driven by a decrease in corporate overhead allocations and a decrease in impairment on affordable housing investments due to a benefit from the sale of affordable housing investments in the first quarter of 2013.

Average commercial loans increased $3.8 billion for the three months ended March 31, 2013 compared to the same period of the prior year primarily due to an increase in average commercial and industrial loans, partially offset by decreases in average commercial mortgage and construction loans. Average commercial and industrial portfolio loans increased $5.1 billion for the three months ended March 31, 2013 compared to the same period of the prior year 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 portfolio loans decreased $1.0 billion for the three months ended March 31, 2013 and average commercial construction portfolio loans decreased $290 million for the three months ended

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Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

March 31, 2013 compared to the same period of the prior year due to continued run-off as the level of new originations was below the level of repayments on the current portfolio.

Average core deposits decreased $652 million for the three months ended March 31, 2013 compared to the three months ended March 31, 2012. The decrease was primarily driven by a decrease in average interest checking balances, which decreased $1.4 billion for the three months ended March 31, 2013 compared to the same period of the prior year. The decrease in average interest checking accounts was partially offset by an increase in average savings and money market deposits of $1.2 billion for the three months ended March 31, 2013 compared to the same period of the prior year.

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 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 22: Branch Banking

($ in millions)	For the three months ended March 31, 2013	2012
Income Statement Data		
Net interest income	**$ 347**	335
Provision for loan and lease losses	**58**	86
Noninterest income:		
Service charges on deposits	**71**	74
Card and processing revenue	**68**	60
Investment advisory revenue	**37**	31
Other noninterest income	**29**	25
Noninterest expense:		
Salaries, incentives and benefits	**155**	149
Net occupancy and equipment expense	**60**	60
Card and processing expense	**29**	28
Other noninterest expense	**179**	157
Income before taxes	**71**	45
Applicable income tax expense	**26**	16
Net income	**$ 45**	29
Average Balance Sheet Data		
Consumer loans, including held for sale	**$ 15,124**	14,815
Commercial loans, including held for sale	**4,517**	4,611
Demand deposits	**11,743**	9,297
Interest checking	**9,159**	9,087

Savings and money market	**22,855**	22,654
Other time and certificates-$100,000 and over	**4,974**	5,668

Net income was $45 million for the three months ended March 31, 2013 compared to net income of $29 million for the three months ended March 31, 2012. The increase was driven by an increase in noninterest income and net interest income and a decline in the provision for loan and lease losses, partially offset by an increase in noninterest expense.

Net interest income increased $12 million for the three months ended March 31, 2013 compared to the same period of the prior year. The primary drivers of the increase are increases in the FTP credit rates for savings products, a decrease in the FTP charge rates on loans and leases and a decline in interest expense on core deposits due to favorable shifts from certificates of deposit to lower cost transaction and savings products. These increases were partially offset by lower yields on average commercial and consumer loans.

Provision for loan and lease losses for the three months ended March 31, 2013 decreased $28 million compared to the first quarter of 2012. Net charge-offs as a percent of average loans and leases decreased to 120 bps for the three months ended March 31, 2013 compared to 179 bps for the same period of the prior year as a result of improved credit trends.

Noninterest income increased $15 million for the three months ended March 31, 2013 compared to the same period of the prior year. The increase was primarily driven by higher card and processing revenue and higher investment advisory revenue. Card and processing revenue increased $8 million for the three months ended March 31, 2013 compared to the same period in 2012 primarily due to higher transaction volumes, higher levels of consumer spending, and new products. Investment advisory fees increased $6 million due to continued market and customer growth trends.

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Noninterest expense increased $29 million from the three months ended March 31, 2012, primarily driven by increases in other noninterest expense, which increased $22 million, and an increase in salaries, incentives and benefits of $6 million. The increase in salaries, incentives and benefits was primarily driven by higher incentive compensation associated with improved investment advisory revenue. The increase in other noninterest expense for the three months ended March 31, 2013 was primarily driven by higher corporate overhead allocations.

Average consumer loans increased $309 million for the first quarter of 2013 compared to the same period in the prior year. This increase was primarily due to an increase in average residential mortgage portfolio loans of $966 million for the three months ended March 31, 2013 compared to the same period in the prior year due to the retention of certain shorter-term originated mortgage loans. The increase in average residential mortgage portfolio loans was partially offset by a decrease in average home equity portfolio loans of $684 million for the three months ended March 31, 2013 compared to the same period of the prior year as payoffs exceeded new loan production.

Average core deposits increased by $2.2 billion for the three months ended March 31, 2013 compared to the same period in the prior year as the growth in transaction accounts due to excess customer liquidity and historically low interest rates outpaced the run-off 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 extending loans to consumers through mortgage brokers and automobile dealers.

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

TABLE 23: Consumer Lending

	For the three months ended March 31,	
($ in millions)	**2013**	2012
Income Statement Data		
Net interest income	**$ 85**	80
Provision for loan and lease losses	**29**	54
Noninterest income:		
Mortgage banking net revenue	**216**	201
Other noninterest income	**13**	10
Noninterest expense:		
Salaries, incentives and benefits	**63**	56
Other noninterest expense	**114**	106
Income before taxes	**108**	75
Applicable income tax expense	**38**	27
Net income	**$ 70**	48
Average Balance Sheet Data		
Residential mortgage loans, including held for sale	**$ 11,053**	10,009
Home equity	**595**	672

Automobile loans, including held for sale	**11,467**	11,211
Consumer leases	**9**	61

Net income was $70 million for the three months ended March 31, 2013 compared to net income of $48 million for the same period in the prior year. The increase in net income was driven by an increase in noninterest income, an increase in net interest income and a decline in the provision for loan and lease losses, partially offset by an increase in noninterest expense.

Net interest income increased $5 million for the three months ended March 31, 2013 compared to the three months ended March 31, 2012. The increase was primarily driven by increases in average residential mortgage loans and average automobile loans, partially offset by lower yields on average residential mortgage loans and average automobile loans.

Provision for loan and lease losses decreased $25 million for the three months ended March 31, 2013 compared to the same period of 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 58 bps for the three months ended March 31, 2013 compared to 108 bps for the same period of the prior year.

Noninterest income increased $18 million for the three months ended March 31, 2013 compared to the same period of the prior year. The increase from the prior year was primarily due to increases in mortgage banking net revenue of $15 million for the three months ended March 31, 2013. The increase was driven by an increase in net residential mortgage servicing revenue of $21 million compared to the same period of the prior year, primarily driven by increases of $28 million in net valuation adjustments on MSRs and free-standing derivatives entered into to economically hedge the MSRs, partially offset by an increase of $7 million in MSR amortization expense. The increase in net residential mortgage servicing revenue was partially offset by a decrease in gains on loan sales of $6 million due to lower gain on sale margins on sold residential mortgage loans.

Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Noninterest expense increased $15 million for the three months ended March 31, 2013 compared to the same period of the prior year. The increase was driven by salaries, incentives and benefits which increased primarily as a result of higher mortgage loan originations. Other noninterest expense increased $8 million primarily due to an increase in representation and warranty expense and an increase in corporate overhead allocations.

Average consumer loans and leases increased $1.2 billion for the three months ended March 31, 2013 compared to the same period of the prior year. Average automobile loans, including held for sale, increased $256 million compared to the three months ended March 31, 2012 due to an increase in originations, partially offset by the securitization and sale of certain automobile loans with a carrying amount of approximately $509 million. Average residential mortgage loans, including held for sale, increased $1.0 billion for the three months ended March 31, 2013 compared to the same period of the prior year, due to the low interest rate environment which resulted in increased origination volumes. The increase was partially offset by decreases in home equity and consumer leases. Average home equity portfolio loans decreased $77 million for the three months ended March 31, 2013 compared to the same period in the prior year due to continued run-off in the discontinued brokered home equity product. Average consumer portfolio leases decreased $52 million for the three months ended March 31, 2013 compared to the same period in the prior year due to run-off as the Bancorp discontinued auto leases in 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; 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. FTAM 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 24: Investment Advisors

($ in millions)	For the three months ended March 31, **2013**	2012
Income Statement Data		
Net interest income	**$ 36**	27
Provision for loan and lease losses	**1**	3
Noninterest income:		
Investment advisory revenue	**98**	94
Other noninterest income	**10**	3
Noninterest expense:		
Salaries, incentives and benefits	**42**	44
Other noninterest expense	**73**	66
Income before taxes	**28**	11
Applicable income tax expense	**10**	4
Net income	**$ 18**	7

Average Balance Sheet Data		
Loans and leases	**$ 1,925**	1,911
Core deposits	**8,746**	7,370

Net income was $18 million for the three months ended March 31, 2013 compared to net income of $7 million for the same period in the prior year. The increase in net income was driven by an increase in noninterest income and net interest income and a decrease in the provision for loan and lease losses, partially offset by an increase in noninterest expense.

Provision for loan and leases losses decreased $2 million for the three months ended March 31, 2013 compared with the same period in the prior year as a result of improved credit trends. Net charge-offs as a percent of average loans and leases decreased to 14 bps for the three months ended March 31, 2013 compared to 73 bps for the same period of the prior year.

Noninterest income increased $11 million for the three months ended March 31, 2013, primarily driven by a $7 million gain on the sale of certain FTAM advisory contracts in the first quarter of 2013. The increase was also due to higher brokerage fees and private client services revenue partially offset by a reduction of mutual fund fees largely due to the previously mentioned sale of certain Fifth Third funds in the third quarter of 2012.

Noninterest expense increased $5 million for the three months ended March 31, 2013 compared to the same period of the prior year, primarily driven by an increase in other noninterest expense of $7 million due to an increase in corporate overhead allocations, partially offset by a decrease in salaries, incentives and benefits of $2 million for the three months ended March 31, 2013.

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Average loans and leases increased $14 million for the three months ended March 31, 2013 compared to the same period in 2012 primarily due to increases in home equity and other consumer loans. Average core deposits increased $1.4 billion, or 19% for the three months ended March 31, 2013 compared to the same period of the prior year primarily 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.

Results for the three months ended March 31, 2013 and 2012 were impacted by a benefit of $69 million and $128 million, respectively, due to reductions in the ALLL. The decrease in provision expense was due to a decrease in nonperforming loans and improvements in delinquency metrics and underlying loss trends. Net interest income for the three months ended March 31, 2013 was $60 million compared to $108 million to the same period in 2012 primarily due to a decrease in interest income on taxable securities and an increase in the FTP charge on loans, partially offset by a decrease in interest expense on long-term debt. First quarter of 2013 noninterest income results included a $34 million positive valuation adjustment on the Vantiv warrant and a $7 million charge related to the valuation of the Visa total return swap. First quarter of 2012 noninterest income results included a $46 million positive valuation adjustment on the Vantiv warrant and a $115 million benefit related to the initial public offering of Vantiv, Inc., partially offset by $24 million in losses related to the equity method income recorded from the Bancorp s ownership interest in Vantiv Holding, LLC. The $24 million of losses is comprised of $34 million in charges related to Vantiv Holding, LLC s bank debt refinancing and debt termination charges partially offset by $10 million in the first quarter equity method income earnings for Vantiv Holding, LLC.

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RISK MANAGEMENT OVERVIEW

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, led by the Bancorp s Chief Risk Officer, and the Bancorp Credit division, led by the Bancorp s Chief 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

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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, liquidity 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 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 of 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 an individual customer default. 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 regular credit examinations 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 Condensed 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:

TABLE 25: Potential Problem Loans

As of March 31, 2013 ($ in millions)	Carrying Value	Unpaid Principal Balance	Exposure
Commercial and industrial	**$ 961**	**963**	**1,136**
Commercial mortgage	**761**	**762**	**765**
Commercial construction	**74**	**75**	**87**
Commercial leases	**38**	**38**	**38**
Total	**$ 1,834**	**1,838**	**2,026**

TABLE 26: Potential Problem Loans

As of December 31, 2012 ($ in millions)	Carrying Value	Unpaid Principal 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

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proposed methodology changes to the determination of credit impairment as outlined in the FASB s Accounting Standard Update-*Financial Instruments-Credit Losses* (Subtopic 825-15) issued on December 20, 2012. Scoring systems, various analytical tools and delinquency monitoring are used to assess the credit risk in the Bancorp s homogenous consumer and small business loan portfolios.

Overview

General economic conditions showed only moderate improvement in 2012 and in the first quarter of 2013 as the economic recovery struggled to gain any significant momentum. Uncertainty in terms of finding long term solutions for federal government deficit spending continues to weigh on the economy. 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 commercial portfolios, the homebuilder, residential developer and portions of the remaining non-owner occupied commercial real estate portfolios continue to remain under stress.

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. With the stabilization of certain real estate markets, the Bank 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 originations is 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, tightening underwriting standards on commercial loans and across the consumer loan portfolio, as well as utilizing expanded 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 March 31, 2013, repurchased loans restructured or refinanced under these programs were immaterial to the Bancorp s Condensed Consolidated Financial Statements. Additionally, as of March 31, 2013, $373 million of loans refinanced under HARP 2.0 were included in loans held for sale in the Bancorp s Condensed Consolidated Balance Sheets. For the three months ended March 31, 2013, the Bancorp recognized $35 million of fee income in mortgage banking net revenue in the Bancorp s Condensed 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. Reviews of the Bancorp s foreclosure process and procedures conducted in 2010 did not reveal any material deficiencies. These reviews were expanded and extended in 2011 to improve the Bancorp s processes as additional aspects of the industry s foreclosure practices have come under intensified scrutiny and criticism. These reviews are complete and the Bancorp has enhanced some of its processes and procedures to address some concerns that were raised and to comply with changes in state laws.

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 haircuts to older appraisals that relate to collateral

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dependent loans, which can currently be up to 25-40% of the appraised value based on the type of collateral. These incremental valuation haircuts 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 adjustments to the appraisal haircuts 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 27: Commercial Mortgage Loans Outstanding by LTV, Loans Greater Than $1 Million

As of March 31, 2013 ($ in millions)	LTV > 100%	LTV 80-100%	LTV < 80%
Commercial mortgage owner occupied loans	**$ 387**	**315**	**2,277**
Commercial mortgage non-owner occupied loans	**440**	**608**	**1,877**
Total	**$ 827**	**923**	**4,154**

TABLE 28: Commercial Mortgage Loans Outstanding by LTV, Loans Greater Than $1 Million

As of December 31, 2012 ($ in millions)	LTV > 100%	LTV 80-100%	LTV < 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 loans 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 29: Commercial Loan and Lease Portfolio (excluding loans held for sale)

	March 31, 2013			December 31, 2012		
	Outstanding	Exposure	Nonaccrual	Outstanding	Exposure	Nonaccrual
By industry:						
Manufacturing	**$ 10,027**	**18,001**	**60**	$ 9,982	18,414	58
Real estate	**5,271**	**6,401**	**173**	5,588	6,840	198
Financial services and insurance	**5,248**	**12,173**	**53**	4,886	12,062	54
Business services	**4,648**	**6,666**	**47**	4,600	6,917	56
Wholesale trade	**4,266**	**7,297**	**27**	4,042	7,401	26
Healthcare	**4,074**	**5,649**	**14**	4,079	6,094	14
Transportation and warehousing	**2,982**	**2,770**	**3**	3,105	4,222	3
Retail trade	**2,722**	**5,833**	**28**	2,624	5,699	38
Construction	**1,948**	**3,297**	**98**	1,995	3,254	105
Mining	**1,696**	**2,655**		1,683	2,767	
Accommodation and food	**1,630**	**2,237**	**14**	1,478	2,160	17
Communication and information	**1,628**	**2,638**	**19**	1,547	2,631	19
Other services	**1,141**	**1,446**	**39**	1,156	1,517	42
Entertainment and recreation	**852**	**1,388**	**11**	914	1,393	11
Utilities	**625**	**1,900**		608	2,009	
Public administration	**462**	**557**		441	693	
Agribusiness	**348**	**462**	**40**	376	527	44
Individuals	**213**	**269**	**12**	281	335	12
Other	**4**	**3**	**1**	3	2	
Total	**$ 49,785**	**81,642**	**639**	$ 49,388	84,937	697
By loan size:						
Less than $200,000	**2 %**	**1**	**9**	2 %	1	9
$200,000 to $1 million	**6**	**5**	**22**	6	5	22
$1 million to $5 million	**14**	**12**	**27**	15	12	28
$5 million to $10 million	**11**	**9**	**13**	11	9	13
$10 million to $25 million	**26**	**24**	**25**	27	25	24
Greater than $25 million	**41**	**49**	**4**	39	48	4
Total	**100 %**	**100**	**100**	100 %	100	100
By state:						
Ohio	**20 %**	**23**	**13**	20 %	24	13
Michigan	**11**	**10**	**20**	11	10	17
Illinois	**8**	**8**	**11**	8	8	8
Florida	**7**	**6**	**17**	7	6	19
Indiana	**5**	**5**	**11**	5	5	11
Kentucky	**4**	**4**	**3**	4	3	4
North Carolina	**3**	**3**	**2**	3	3	2

Tennessee	**3**	**3**	**5**	3	3	5
Pennsylvania	**3**	**2**	**1**	3	2	1
All other states	**36**	**36**	**17**	36	36	20
Total	**100 %**	**100**	**100**	100 %	100	100

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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. The following tables provide analysis of each of the categories of loans (excluding loans held for sale) by state as of and for the three months ended March 31, 2013 and 2012:

TABLE 30: Non-Owner Occupied Commercial Real Estate *[(a)]*

As of March 31, 2013 ($ in millions)					**For the three months ended March 31, 2013**
By State:	Outstanding	Exposure	90 Days Past Due	Nonaccrual	Net Charge-offs
Ohio	**$ 1,144**	**1,308**		**25**	**12**
Michigan	**1,018**	**1,082**		**48**	
Florida	**539**	**592**		**32**	**4**
Illinois	**417**	**487**		**15**	
Indiana	**238**	**255**		**10**	
North Carolina	**192**	**248**		**7**	
All other states	**1,020**	**1,326**		**29**	
Total	**$ 4,568**	**5,298**		**166**	**16**

(a) Included in commercial mortgage and commercial construction loans on the Condensed Consolidated Balance Sheets.

TABLE 31: Non-Owner Occupied Commercial Real Estate *[(a)]*

As of March 31, 2012					For the three months ended March 31, 2012
By State:	Outstanding	Exposure	90 Days Past Due	Nonaccrual	Net Charge-offs
Ohio	$ 1,855	2,029	1	87	4
Michigan	1,353	1,379		76	13
Florida	673	706		56	11
Illinois	405	445		48	4
Indiana	295	298		13	
North Carolina	278	311		21	2
All other states	594	624		31	
Total	$ 5,453	5,792	1	332	34

(a) Included in commercial mortgage and commercial construction loans on the Condensed Consolidated Balance Sheets.

TABLE 32: Homebuilder and Developer *[(a)]*

As of March 31, 2013 ($ in millions)					**For the three months ended March 31, 2013**
By State:	Outstanding	Exposure	90 Days Past Due	Nonaccrual	Net Charge-offs
Ohio	**$ 134**	**187**		**11**	**1**
Michigan	**47**	**54**		**4**	
Florida	**29**	**58**		**3**	
Illinois	**27**	**27**		**7**	
North Carolina	**26**	**34**			
Indiana	**19**	**21**		**7**	
All other states	**27**	**32**		**3**	
Total	**$ 309**	**413**		**35**	**1**

*(a) Homebuilder and Developer loans, exclusive of commercial and industrial loans with an outstanding balance of **$72** and a total exposure of **$119** are also included in Table 30: Non-Owner Occupied Commercial Real Estate.*

TABLE 33: Homebuilder and Developer [(a)]

As of March 31, 2012 ($ in millions)					For the three months ended March 31, 2012
By State:	Outstanding	Exposure	90 Days Past Due	Nonaccrual	Net Charge-offs
Ohio	$ 132	196	1	12	4
Michigan	82	105		5	5
Florida	51	68		16	9
Illinois	13	23		11	3
North Carolina	43	47		9	
Indiana	50	54		10	
All other states	52	62		11	
Total	$ 423	555	1	74	21

(a) Homebuilder and Developer loans, exclusive of commercial and industrial loans with an outstanding balance of $100 and a total exposure of $186 are also included in Table 31: Non-Owner Occupied Commercial Real Estate.

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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 $1.1 billion 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, excluding held for sale, by LTV at origination:

TABLE 34: Residential Mortgage Portfolio Loans by LTV at Origination

	March 31, 2013		December 31, 2012	
($ in millions)	Outstanding	Weighted Average LTV	Outstanding	Weighted Average LTV
LTV £ 80%	**$ 9,071**	**65.5 %**	$ 8,993	65.8 %
LTV > 80%, with mortgage insurance	**1,181**	**93.7**	1,165	93.6
LTV > 80%, no mortgage insurance	**1,839**	**95.7**	1,859	95.6
Total	**$ 12,091**	**72.8 %**	$ 12,017	73.1 %

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

TABLE 35: Residential Mortgage Portfolio Loans, LTV Greater Than 80%, No Mortgage Insurance

As of March 31, 2013 ($ in millions)	**For the three months ended March 31, 2013**

By State:	Outstanding	90 Days Past Due	Nonaccrual	Net Charge-offs
Ohio	$ 588	2	23	3
Michigan	305	1	9	2
Florida	259	1	17	1
Illinois	197	1	4	1
Indiana	116	1	5	
North Carolina	104		3	
Kentucky	87	2	3	
All other states	183	1	3	
Total	$ 1,839	9	67	7

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TABLE 36: Residential Mortgage Portfolio Loans, LTV Greater Than 80%, No Mortgage Insurance

As of March 31, 2012 ($ in millions)				For the three months ended March 31, 2012
By State:	Outstanding	90 Days Past Due	Nonaccrual	Net Charge-offs
Ohio	$ 598	3	25	4
Michigan	307	1	14	3
Florida	257	1	19	4
Illinois	134	1	3	1
Indiana	109	1	2	
North Carolina	113	2	5	1
Kentucky	86	1	3	
All other states	136	1	4	1
Total	$ 1,740	11	75	14

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 $3.5 billion and $6.2 billion, respectively, as of March 31, 2013. Of the total $9.7 billion of outstanding home equity loans:

82% reside within the Bancorp s Midwest footprint of Ohio, Michigan, Kentucky, Indiana and Illinois;

33% are in first lien positions and 67% are in second lien positions at March 31, 2013;

- For approximately 1/3 of the home equity portfolio in a second lien position, the first lien is either owned or serviced by the Bancorp;

- Over 80% of non-delinquent borrowers made at least one payment greater than the minimum payment during the three months ended March 31, 2013; and

- The portfolio had an average refreshed FICO score of 734 and 735 at March 31, 2013 and December 31, 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 second lien home equity loans, the Bancorp is unable to track the performance of the first lien loans if it does not service the first lien loan, but instead monitors the refreshed FICO scores as part of its assessment of the home equity portfolio.

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

TABLE 37: Home Equity Loans Outstanding by Refreshed FICO Score

	March 31, 2013		December 31, 2012	
($ in millions)	Outstanding	% of Total	Outstanding	% of Total
First Liens:				
FICO < 620	**$ 229**	**2 %**	224	2 %
FICO 621-719	**636**	**7**	653	6
FICO > 720	**2,317**	**24**	2,374	24
Total First Liens	**3,182**	**33**	3,251	32
Second Liens:				
FICO < 620	**645**	**7**	661	7
FICO 621-719	**1,786**	**18**	1,817	18
FICO > 720	**4,114**	**42**	4,289	43
Total Second Liens	**6,545**	**67**	6,767	68
Total	**$ 9,727**	**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 38: Home Equity Loans Outstanding by LTV at Origination

	March 31, 2013		December 31, 2012	
($ in millions)	Outstanding	Weighted Average LTV	Outstanding	Weighted Average LTV
First Liens:				
LTV £ 80%	**$ 2,709**	**54.9 %**	2,763	54.9 %
LTV > 80%	**473**	**88.9**	488	88.9
Total First Liens	**3,182**	**60.1**	3,251	60.2
Second Liens:				
LTV £ 80%	**3,500**	**67.3**	3,602	67.3
LTV > 80%	**3,045**	**91.5**	3,165	91.6
Total Second Liens	**6,545**	**80.5**	6,767	80.5
Total	**$ 9,727**	**73.3 %**	10,018	73.4 %

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

TABLE 39: Home Equity Loans Outstanding with LTV Greater than 80%

As of March 31, 2013 ($ in millions)					**For the three months ended March 31, 2013**
By State:	Outstanding	Exposure	90 Days Past Due	Nonaccrual	Net Charge-offs
Ohio	**$ 1,205**	**1,887**	**6**	**6**	**5**
Michigan	**768**	**1,081**	**5**	**3**	**5**
Illinois	**417**	**599**	**4**	**2**	**2**
Indiana	**333**	**506**	**3**	**2**	**1**
Kentucky	**312**	**485**	**2**	**1**	**1**
Florida	**127**	**171**	**2**	**3**	**1**
All other states	**356**	**477**	**3**	**3**	**3**
Total	**$ 3,518**	**5,206**	**25**	**20**	**18**

TABLE 40: Home Equity Loans Outstanding with LTV Greater than 80%

As of March 31, 2012 ($ in millions)					For the three months ended March 31, 2012
By State:	Outstanding	Exposure	90 Days Past Due	Nonaccrual	Net Charge-offs
Ohio	$ 1,346	2,040	10	6	8
Michigan	860	1,175	8	4	7
Illinois	437	620	6	2	6
Indiana	377	560	2	2	1
Kentucky	354	534	2	1	2
Florida	140	184	3	2	3
All other states	398	513	6	3	4
Total	$ 3,912	5,626	37	20	31

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Automobile Portfolio

The automobile portfolio is characterized by direct and indirect lending products to consumers. As of March 31, 2013, 49% of the automobile loan portfolio is comprised of 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 41: Automobile Loans Outstanding with LTV at Origination

	March 31, 2013		December 31, 2012	
($ in millions)	Outstanding	Weighted Average LTV	Outstanding	Weighted Average LTV
LTV £ 100%	**$ 7,955**	**81.7 %**	8,123	81.5 %
LTV > 100%	**3,786**	**110.8**	3,849	110.8
Total	**$ 11,741**	**91.4 %**	11,972	91.2 %

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

TABLE 42: Automobile Loans Outstanding with LTV Greater than 100%

As of March 31, 2013 ($ in millions)				**For the three months ended March 31, 2013**
By State:	Outstanding	90 Days Past Due	Nonaccrual	Net Charge-offs
Ohio	**$ 393**			
Illinois	**221**			
Michigan	**212**			
Florida	**194**			
Indiana	**155**			
Kentucky	**136**			
All other states	**2,475**	**4**	**1**	**3**
Total	**$ 3,786**	**4**	**1**	**3**

TABLE 43: Automobile Loans Outstanding with LTV Greater than 100%

As of March 31, 2012 ($ in millions)	For the three months ended March 31, 2012

By State:	Outstanding	90 Days Past Due	Nonaccrual	Net Charge-offs
Ohio	$ 413	1		1
Illinois	268			1
Michigan	235			
Florida	194			
Indiana	173			
Kentucky	150			
All other states	2,534	3	2	4
Total	$ 3,967	4	2	6

European Exposure

The Bancorp has no direct sovereign exposure to any European nation as of March 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 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 $2.7 billion and funded exposure was $1.6 billion as of March 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 during the three months ended March 31, 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 $223 million and funded exposure was $137 million as of March 31, 2013.

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

TABLE 44: European Exposure

	Sovereigns		Financial Institutions		Non-Financial Institutions		Total	
($ in millions)	Total Exposure	Funded Exposure	Total Exposure	Funded Exposure	Total Exposure	Funded Exposure	Total Exposure*(a)*	Funded Exposure
Peripheral Europe[(b)]	$		22		201	137	223	137
Other Eurozone[(c)]			26	12	1,676	945	1,702	957
Total Eurozone			48	12	1,877	1,082	1,925	1,094
Other Europe[(d)]			51	31	753	473	804	504
Total Europe	$		99	43	2,630	1,555	2,729	1,598

(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 45. Residential mortgage loans are 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 nonperforming status for an extended time as the foreclosure process typically lasts longer than 180 days. Typically home equity loans are reported on nonaccrual status if principal or interest has been in default for 180 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 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 $1.2 billion at March 31, 2013 compared to $1.3 billion at December 31, 2012. At March 31, 2013, $19 million of nonaccrual loans, consisting primarily of real estate secured loans, were held for sale, compared to $29 million at December 31, 2012, respectively.

Nonperforming assets as a percentage of total loans, leases and other assets, including OREO and nonaccrual loans held for sale as of March 31, 2013 were 1.39%, 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 1.41% as of March 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 66% of nonaccrual loans and leases were secured by real estate as of March 31, 2013 compared with 67% as of December 31, 2012.

Commercial nonperforming loans and leases were $658 million at March 31, 2013, a decrease of $68 million from December 31, 2012. Excluding commercial nonperforming loans and leases held for sale, commercial nonperforming loans and leases at March 31, 2013 decreased $58 million compared to December 31, 2012 due to moderation in general economic conditions.

Consumer nonperforming loans and leases were $312 million at March 31, 2013, a decrease of $20 million from December 31, 2012. The decrease is due to a decline in new nonaccrual loans. Home equity nonaccrual levels remain modest as the Bancorp continues to fully charge-off a high proportion of the severely delinquent loans at 180 days past due. Geographical market conditions continue to be a large driver of nonaccrual activity as Florida properties represent approximately 14% and 8% of residential mortgage and home equity balances, respectively, but represent 46% and 19% of nonaccrual loans for each category. Refer to Table 46 for a rollforward of the nonperforming loans and leases.

Consumer restructured loans on accrual status totaled $1.7 billion at March 31, 2013 and December 31, 2012. As of March 31, 2013, the percentage of restructured residential mortgage loans, home equity loans, and credit card loans that are past due 30 days or more are 24%, 11% and 14%, respectively.

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OREO and other repossessed property was $259 million at March 31, 2013 compared to $257 million at December 31, 2012. The Bancorp recognized $22 million and $23 million in losses on the sale or write-down of OREO properties for the three months ended March 31, 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 27% and 33%, respectively, of total OREO losses for the three months ended March 31, 2013 compared with 16% and 26%, respectively, for the three months ended March 31, 2012. Properties in Michigan and Florida accounted for 37% of OREO at March 31, 2013, compared to 38% at December 31, 2012.

For the three months ended March 31, 2013 and 2012, approximately $20 million and $27 million, respectively, of interest income would have been recognized 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.

TABLE 45: Summary of Nonperforming Assets and Delinquent Loans

($ in millions)	**March 31, 2013**	December 31, 2012
Nonaccrual loans and leases:		
Commercial and industrial loans	**$ 229**	234
Commercial mortgage loans	**184**	215
Commercial construction loans	**66**	70
Commercial leases	**1**	1
Residential mortgage loans	**110**	114
Home equity	**28**	30
Other consumer loans and leases		1
Restructured loans and leases:		
Commercial and industrial loans	**83**	96
Commercial mortgage loans[f]	**65**	67
Commercial construction loans	**3**	6
Commercial leases	**8**	8
Residential mortgage loans	**111**	123
Home equity	**22**	23
Automobile loans	**2**	2
Credit card	**39**	39
Total nonperforming loans and leases[d]	**951**	1,029
OREO and other repossessed property[c]	**259**	257
Total nonperforming assets	**1,210**	1,286
Nonaccrual loans held for sale	**19**	29
Total nonperforming assets including loans held for sale	**$ 1,229**	1,315
Loans and leases 90 days past due and accruing		
Commercial and industrial loans	**$ 1**	1
Commercial mortgage loans		22
Commercial construction loans		1
Residential mortgage loans[b]	**74**	75
Home equity	**53**	58
Automobile loans	**7**	8

Credit card	**29**	30
Total loans and leases 90 days past due and accruing[e]	**$ 164**	195
Nonperforming assets as a percent of portfolio loans, leases and other assets, including OREO[a]	**1.41 %**	1.49
Allowance for loan and lease losses as a percent of nonperforming assets[a]	**147**	144

(a) *Excludes nonaccrual loans held for sale.*

(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. These advances were **$414** as of **March 31, 2013** and December 31, 2012, respectively. The Bancorp recognized immaterial credit losses for the three months ended **March 31, 2013** and 2012.*

(c) *Excludes **$65** and $72 of OREO related to government insured loans at **March 31, 2013** and December 31, 2012, respectively.*

(d) *Includes **$13** and $10 of nonaccrual government insured commercial loans whose repayments are insured by the SBA at **March 31, 2013** and December 31, 2012, respectively, and **$1** of restructured nonaccrual government insured loans at **March 31, 2013** and December 31, 2012.*

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

(f) *Excludes **$22** of restructured nonaccrual loans at **March 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 46: Rollforward of Portfolio Nonperforming Loans and Leases

For the three months ended March 31, 2013 ($ in millions)	Commercial	Residential Mortgage	Consumer	Total
Beginning Balance	**$ 697**	**237**	**95**	**1,029**
Transfers to nonperforming	**80**	**51**	**73**	**204**
Transfers to performing	**(1)**	**(9)**	**(17)**	**(27)**
Transfers to performing (restructured)	**(4)**	**(11)**	**(18)**	**(33)**
Transfers to held for sale	**(1)**			**(1)**
Loans sold from portfolio	**(3)**			**(3)**
Loan paydowns/payoffs	**(53)**	**(23)**	**(4)**	**(80)**
Transfers to other real estate owned	**(27)**	**(17)**		**(44)**
Charge-offs	**(54)**	**(7)**	**(39)**	**(100)**
Draws/other extensions of credit	**5**		**1**	**6**
Ending Balance	**$ 639**	**221**	**91**	**951**
For the three months ended March 31, 2012 ($ in millions)				
Beginning Balance	$ 1,058	275	105	1,438
Transfers to nonperforming	168	87	97	352
Transfers to performing	(1)	(15)	(21)	(37)
Transfers to performing (restructured)	(2)	(12)	(24)	(38)
Transfers to held for sale	(3)			(3)
Loans sold from portfolio	(8)	(4)		(12)
Loan paydowns/payoffs	(94)	(24)	(4)	(122)
Transfers to other real estate owned	(36)	(18)		(54)
Charge-offs	(101)	(24)	(56)	(181)
Draws/other extensions of credit	7		2	9
Ending Balance	$ 988	265	99	1,352

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.

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

TABLE 47: Performing and Nonperforming TDRs

As of March 31, 2013 ($ in millions)	Current	Performing 30-89 Days Past Due	90 Days or More Past Due	Nonaccrual	Total
Commercial[(b)(c)]	$ 439	2		159	600
Residential mortgages[(a)]	1,029	69	103	111	1,312
Home equity	389	30		22	441
Automobile and other consumer loans and leases	29	2		2	33
Credit card	32			39	71
Total	$ 1,918	103	103	333	2,457

(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 March 31, 2013, these advances represented $127 of current loans, $25 of 30-89 days past due loans and $84 of 90 days or more past due loans.

(b) Excludes $8 of restructured accruing loans and $22 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.

(c) Excludes restructured nonaccrual loans held for sale.

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, however, the Bancorp is closely following these developments and is in communication with its regulators to evaluate

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their position on this new guidance. At March 31, 2013, the Bancorp had loans with unpaid principal balances totaling approximately $175 million that could potentially be impacted by this guidance, of which approximately 87% are current with their original contractual payments and approximately $64 million are already classified as TDRs. This guidance, if fully adopted by the Bancorp s regulators, would result in additional charge-offs of approximately $70 million as well as additional TDRs and possible increases to nonperforming assets.

Analysis of Net Loan Charge-offs

Net charge-offs were 63 bps and 108 bps of average portfolio loans and leases for the three months ended March 31, 2013 and 2012, respectively. Table 48 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 the three months ended March 31, 2013 compared to 89 bps during the three months ended March 31, 2012. The decrease is a result of decreases in net charge-offs of $48 million for the three months ended March 31, 2013 from the same period in the prior year coupled with an increase in the average portfolio commercial loan and lease balances of $3.7 billion. Decreases in net charge-offs were realized across all commercial loan types and were primarily due to improvements in general economic conditions and previous actions taken by the Bancorp to address problem loans. Among several actions taken by the Bancorp were 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 the three months ended March 31, 2013 related to non-owner occupied commercial real estate were $16 million compared to $34 million for the three months ended March 31, 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 48. Net charge-offs on these loans represented 30% and 33% of total commercial loan and lease net charge-offs for the three months ended March 31, 2013 and 2012, respectively.

The ratio of consumer loan and lease net charge-offs to average portfolio consumer loans and leases decreased to 89 bps during the three months ended March 31, 2013 compared to 133 bps during the three months ended March 31, 2012. Residential mortgage loan net charge-offs, which typically involve partial charge-offs based upon appraised values of underlying collateral, decreased $17 million for the three months ended March 31, 2013 compared to the same period 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 combined Florida and Michigan markets accounted for 52% and 70% of net charge-offs on residential mortgage loans in the portfolio during the three months ended March 31, 2013 and 2012, respectively. Fifth Third 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 $16 million compared to the three months ended March 31, 2012, primarily due to decreases in net charge-offs in the broker channel and the Florida market. 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 or property devaluation.

Automobile loan net charge-offs decreased $5 million compared to the three months ended March 31, 2012 due to the origination of high credit quality loans as a result of tighter underwriting standards and higher resale on automobiles sold at auction.

Credit card and other consumer loan net charge-offs remained relatively flat compared to the same period in 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.

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TABLE 48: Summary of Credit Loss Experience

($ in millions)	For the three months ended March 31, 2013	2012
Losses charged off:		
Commercial and industrial loans	**$ (35)**	(60)
Commercial mortgage loans	**(29)**	(37)
Commercial construction loans	**(4)**	(20)
Residential mortgage loans	**(22)**	(38)
Home equity	**(34)**	(50)
Automobile loans	**(12)**	(16)
Credit card	**(23)**	(24)
Other consumer loans and leases	**(9)**	(8)
Total losses	**(168)**	(253)
Recoveries of losses previously charged off:		
Commercial and industrial loans	**10**	6
Commercial mortgage loans	**3**	7
Commercial construction loans	**1**	2
Residential mortgage loans	**2**	1
Home equity	**4**	4
Automobile loans	**8**	7
Credit card	**3**	4
Other consumer loans and leases	**4**	2
Total recoveries	**35**	33
Net losses charged off:		
Commercial and industrial loans	**(25)**	(54)
Commercial mortgage loans	**(26)**	(30)
Commercial construction loans	**(3)**	(18)
Residential mortgage loans	**(20)**	(37)
Home equity	**(30)**	(46)
Automobile loans	**(4)**	(9)
Credit card	**(20)**	(20)
Other consumer loans and leases	**(5)**	(6)
Total net losses charged off	**$ (133)**	(220)
Net charge-offs as a percent of average loans and leases (excluding held for sale):		
Commercial and industrial loans	**0.28 %**	0.69
Commercial mortgage loans	**1.18**	1.18
Commercial construction loans	**1.44**	7.30
Commercial leases	**0.03**	0.01
Total commercial loans	**0.44**	0.89

Residential mortgage loans	**0.69**	1.39
Home equity	**1.23**	1.76
Automobile loans	**0.16**	0.33
Credit card	**3.82**	4.18
Other consumer loans and leases	**6.61**	5.51
Total consumer loans and leases	**0.89**	1.33
Total net losses charged off	**0.63 %**	1.08

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. 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. More information on the ALLL can be found in Management s Discussion and Analysis Critical Accounting Policies in the Bancorp s Annual Report on Form 10-K for the year ended December 31, 2012.

During the three months ended March 31, 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 Condensed 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 Condensed Consolidated Statements of Income.

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The ALLL attributable to the portion of the residential mortgage and consumer loan and lease portfolio that has not been 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 $170 million at March 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 $48 million at March 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 49: Changes in Allowance for Credit Losses

	For the three months ended March 31,	
($ in millions)	**2013**	2012
ALLL:		
Balance, beginning of period	**$ 1,854**	2,255
Losses charged off	**(168)**	(253)
Recoveries of losses previously charged off	**35**	33
Provision for loan and lease losses	**62**	91
Balance, end of period	**$ 1,783**	2,126
Reserve for unfunded commitments:		
Balance, beginning of period	**$ 179**	181
Provision for unfunded commitments	**(11)**	(2)
Balance, end of period	**$ 168**	179

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 and consumer 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 was 0.13% at March 31, 2013 and December 31, 2012. The unallocated allowance was six percent of the total allowance as of March 31, 2013 and December 31, 2012.

As shown in Table 50, the ALLL as a percent of portfolio loan and leases was 2.08% at March 31, 2013 compared to 2.16% at December 31, 2012. The ALLL was $1.8 billion as of March 31, 2013 compared to $1.9 billion as of December 31, 2012. The decrease from December 31, 2012 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 50: Attribution of Allowance for Loan and Lease Losses to Portfolio Loans and Leases

($ in millions)	March 31, 2013	December 31, 2012
Allowance attributed to:		
Commercial and industrial loans	$ 787	802
Commercial mortgage loans	319	333
Commercial construction loans	24	33
Commercial leases	61	68
Residential mortgage loans	212	229
Home equity	144	143
Automobile loans	26	28
Credit card	88	87
Other consumer loans and leases	14	20
Unallocated	108	111
Total ALLL	$ 1,783	1,854
Portfolio loans and leases:		
Commercial and industrial loans	$ 36,757	36,038
Commercial mortgage loans	8,766	9,103
Commercial construction loans	694	698
Commercial leases	3,568	3,549
Residential mortgage loans	12,091	12,017
Home equity	9,727	10,018
Automobile loans	11,741	11,972
Credit card	2,043	2,097
Other consumer loans and leases	289	290
Total portfolio loans and leases	$ 85,676	85,782
Attributed allowance as a percent of respective portfolio loans and leases:		
Commercial and industrial loans	2.14 %	2.23
Commercial mortgage loans	3.64	3.66
Commercial construction loans	3.46	4.73
Commercial leases	1.71	1.92
Residential mortgage loans	1.75	1.91
Home equity	1.48	1.43
Automobile loans	0.22	0.23
Credit card	4.31	4.15
Other consumer loans and leases	4.84	6.90
Unallocated (as a percent of total portfolio loans and leases)	0.13	0.13
Attributed allowance as a percent of total portfolio loans and leases	2.08 %	2.16

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.

Net Interest Income Simulation Model

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 financial instruments and incorporates market-based assumptions regarding the effect of changing interest rates on the prepayment rates of certain assets and 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 simulated results due to timing, magnitude and frequency of interest rate changes as well as changes in market conditions and management strategies.

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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.

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 a 100 bps and 200 bps parallel ramped increase in interest rates. The Fed Funds interest rate, targeted by the Federal Reserve at a range of 0% to 0.25%, is currently set at a level that would be negative in parallel ramped decrease scenarios; therefore, those scenarios were omitted from the interest rate risk analyses at March 31, 2013 and 2012. 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 March 31:

TABLE 51: Estimated NII Sensitivity Profile

	2013				2012			
	% Change in NII (FTE)		ALCO Policy Limits		% Change in NII (FTE)		ALCO Policy Limits	
Change in Interest Rates (bps)	12 Months	13 to 24 Months	12 Months	13 to 24 Months	12 Months	13 to 24 Months	12 Months	13 to 24 Months
+ 200	**2.30 %**	**8.23**	**(4.00)**	**(6.00)**	1.00 %	5.09	(5.00)	(7.00)
+ 100	**1.19**	**4.20**			0.46	2.36		

At March 31, 2013, the Bancorp s interest rate risk profile reflects a change to a more asset sensitive position in year one and year two compared to March 31, 2012. The higher asset sensitivity at March 31, 2013 compared to March 31, 2012 is the result of core deposit balance growth and the impact of a decline in market interest rates. These impacts were partially offset by an increase in fixed-rate loan balances and less outstanding fixed-rate debt.

Economic Value of Equity

The Bancorp also utilizes EVE as a measurement tool in managing interest rate risk. Whereas the NII simulation model highlights exposures over a relatively short time horizon, the EVE analysis incorporates all cash flows over the estimated remaining life of all balance sheet and derivative positions. The EVE of the balance sheet, at a point in time, is defined as the discounted present value of asset and net derivative cash flows less the discounted value of liability cash flows. 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 simulation model. 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 deposit portfolios.

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

TABLE 52: Estimated EVE Sensitivity Profile

	2013		2012	
Change in Interest Rates (bps)	Change in EVE	ALCO Policy Limit	Change in EVE	ALCO Policy Limit

+ 200	**0.21 %**	**(12.00)**	1.92 %	(15.00)
+ 100	**0.64**		1.40	
+ 25	**0.30**		0.35	
- 25	**(0.50)**		(0.33)	

The EVE at risk profile suggests a slight positive impact from market rate increases of +25 bps through the +200 bps scenarios for 2013. The EVE at risk reported at March 31, 2013 for the +200 basis points scenario shows a change to a less asset sensitive position compared to March 31, 2012. The primary factors contributing to the change are growth in fixed-rate loan balances, less outstanding fixed-rate debt and less asset sensitive MSR risk profile. These impacts were partially offset by the decline in market interest rates between March 31, 2012 and March 31, 2013 and core deposit balance growth.

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

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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 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 10 of the Notes to Condensed 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 March 31, 2013.

TABLE 53: Portfolio Loan and Lease Contractual Maturities

As of March 31, 2013 ($ in millions)	Less than 1 year	1-5 years	Over 5 years	Total
Commercial and industrial loans	$ 9,549	25,057	2,151	36,757
Commercial mortgage loans	4,152	4,094	520	8,766
Commercial construction loans	309	360	25	694
Commercial leases	648	1,610	1,310	3,568
Subtotal - commercial loans and leases	14,658	31,121	4,006	49,785
Residential mortgage loans	3,147	4,757	4,187	12,091
Home equity	1,444	5,421	2,862	9,727
Automobile loans	4,718	6,796	227	11,741
Credit card	581	1,462		2,043
Other consumer loans and leases	242	45	2	289
Subtotal - consumer loans and leases	10,132	18,481	7,278	35,891

Total	$	24,790	49,602	11,284	85,676

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

TABLE 54: Portfolio Loan and Lease Principal Cash Flows Occurring After One Year

	Interest Rate	
As of March 31, 2013 ($ in millions)	Fixed	Floating or Adjustable
Commercial and industrial loans	$ 3,715	23,493
Commercial mortgage loans	1,197	3,417
Commercial construction loans	18	367
Commercial leases	2,920	
Subtotal - commercial loans and leases	7,850	27,277
Residential mortgage loans	6,531	2,413
Home equity	997	7,286
Automobile loans	6,977	46
Credit card	621	841
Other consumer loans and leases	32	15
Subtotal - consumer loans and leases	15,158	10,601
Total	$ 23,008	37,878

Residential Mortgage Servicing Rights and Interest Rate Risk

The net carrying amount of the residential MSR portfolio was $766 million and $697 million as of March 31, 2013 and December 31, 2012, respectively. The value of servicing rights can fluctuate sharply depending on changes in interest rates and other factors. Generally, as interest

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

Mortgage rates increased slightly during both the first quarter of 2013 and the same period in the prior year. This caused modeled prepayments speeds to slow, which led to a recovery of $49 million in temporary impairment on servicing rights during the three months ended March 31, 2013 compared to a recovery of $11 million in temporary impairment on servicing rights during the three months ended March 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 $6 million on its non-qualifying hedging strategy for the three months ended March 31, 2013, compared to net gains of $4 million for the three months ended March 31, 2012. Net gains on the sale of securities related to the Bancorp s non-qualifying hedging strategy were $2 million in the first quarter of 2013. No net gains or losses on the sale of securities were recognized in the same period in 2012. During the fourth quarter of 2011, the Bancorp assessed the composition of its MSR portfolio, the cost of hedging and the anticipated effectiveness of the hedges given the economic environment. Based on this review, the Bancorp adjusted its MSR hedging strategy to exclude the hedging of MSRs related to certain mortgage loans originated in 2008 and prior, representing approximately 13% of the carrying value of the MSR portfolio as of March 31, 2013. The prepayment behavior of these loans is expected to be less sensitive to changes in interest rates as tighter industry underwriting standards, borrower credit characteristics and home price values have had a greater impact on prepayment speeds. Thus, the predictive power of traditional prepayment models that are based solely on the historical dependency of prepayment speeds on market interest rates may not be reliable for these loans. As a result, the Bancorp has considered these additional factors as it models prepayment speeds when valuing the MSRs. The Bancorp utilizes valuation opinions from servicing brokers, peer surveys and its historical prepayment experience in validating the modeled prepayment speeds utilized in the fair value measurement of the MSRs. As these additional factors have had an impact on prepayment speeds, the effectiveness of traditional hedging strategies utilizing benchmark interest rate based derivatives has been reduced. In addition to the market factors that impact prepayment speeds, the Bancorp is exposed to prepayment risk on these loans in the event borrowers refinance at higher than expected levels due to government intervention or other factors. The Bancorp continues to monitor the performance of these MSRs and may decide to hedge this portion of the MSR portfolio in future periods. See Note 9 of the Notes to Condensed 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 Condensed Consolidated Statements of Income. The balance of the Bancorp s foreign denominated loans at March 31, 2013 and December 31, 2012 was $554 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.

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 14 of the Notes to Condensed 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 53 of the Market Risk Management section of MD&A. Of the $15.3 billion of securities in the Bancorp s available-for-sale portfolio at March 31, 2013, $2.5 billion in principal and interest is expected to be received in the next 12 months and an additional $1.6 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 loan and lease assets. 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

Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

FNMA guidelines are sold for cash upon origination. Additional assets such as residential mortgages, certain commercial loans, home equity loans, automobile loans and other consumer loans are also capable of being securitized or sold. For the three months ended March 31, 2013 and 2012, the Bancorp sold loans totaling $7.4 billion and $6.9 billion, respectively. For further information on the transfer of financial assets, see Note 9 of the Notes to Condensed 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 81% of its average total assets for the first quarter of 2013 and 80% for the first quarter of 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.

The Bancorp has a shelf registration in place with the SEC permitting ready access to the public debt markets and qualifies as a well-known seasoned issuer under the SEC rules. As of March 31, 2013, $5.6 billion of debt or other securities were available for issuance from this shelf registration under the current Bancorp s Board of Directors authorizations; however, access to these markets may depend on market conditions. Additionally the Bancorp has approximately $38.6 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. The bank notes consisted of: $600 million of 1.45% senior fixed rate notes with a maturity of five years due February 28, 2018; $400 million of 0.90% senior fixed rate notes with a maturity of three years due February 26, 2016; and $300 million of senior floating rate notes. Interest on the floating rate notes is 3-month LIBOR plus 41 basis points, with a maturity of three years due February 26, 2016. 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 $22.7 billion of funding available for issuance under the global bank note program as of March 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 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.

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 55. 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 55: Agency Ratings

As of May 9, 2013	Moody s	Standard and Poor s	Fitch	DBRS
Fifth Third Bancorp:				
Short-term	No rating	A-2	F1	R-1 (low)
Senior debt	Baa1	BBB	A-	A (low)
Subordinated debt	Baa2	BBB-	BBB+	BBBH
Fifth Third Bank:				
Short-term	P-2	A-2	F1	R-1 (low)
Long-term deposit	A3	No rating	A	A
Senior debt	A3	BBB+	A-	A
Subordinated debt	Baa1	BBB	BBB+	A (low)

Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

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 and Liquidity Committee, which is responsible for all capital related decisions. The Capital Committee makes recommendations to management involving capital actions. These recommendations are reviewed and approved by the ERMC.

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 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 banking agencies implement the proposed enhancement to the regulatory capital framework. At March 31, 2013, the Bancorp s Tier I risk-based capital included $810 million of TruPS representing approximately 74 bps of risk-weighted assets.

In December of 2010 and revised in June of 2011, the Basel Committee on Banking Supervision 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 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. The Bancorp continues to evaluate these proposals and their potential impact. The banking agencies closed the comment period for the NPR on Basel III on October 22, 2012 and have not implemented any final ruling to date. Its current estimate of the pro-forma fully phased in Tier I common equity ratio at March 31, 2013 under the proposed capital rules is approximately 8.91%* compared with 9.70% 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 proposal are an increase in Tier I common equity of approximately 36 bps (primarily from including AOCI) which would be more than offset by the impact of increases in risk-weighted assets (primarily from 1-4 family senior and junior lien residential mortgages and commitments with an original maturity of one year or less). 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. 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.

** The pro forma Tier I common equity ratio is management s estimate based upon its current interpretation of the three draft Federal Register notices proposing enhancements to regulatory capital requirements published in June of 2012. The actual impact to the Bancorp s Tier I common equity ratio may change significantly due to further clarification of the agencies proposals or revisions to the agencies final rules, which remain subject to public comment.*

Market Risk Rule

On June 7, 2012, banking agencies approved a final rule effective January 1, 2013, known as Risk-Based Capital Guidelines: Market Risk, to implement enhancements to the market risk framework adopted by the Basel Committee. The final rule, which the Bancorp is subject to, 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. The market risk final rule had an impact of a 1 bp decrease in the Bancorp s Tier I and Total risk-based capital ratios and was immaterial to the Tier I common equity ratio.

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Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

TABLE 56: Capital Ratios

($ in millions)	**March 31, 2013**	December 31, 2012
Average equity as a percent of average assets	**11.38 %**	11.65
Tangible equity as a percent of tangible assets[(a)]	**9.36**	9.17
Tangible common equity as a percent of tangible assets[(a)]	**9.03**	8.83
Tier I capital	**$ 11,878**	11,685
Total risk-based capital	**15,730**	15,816
Risk-weighted assets[(b)]	**109,626**	109,699
Regulatory capital ratios:		
Tier I capital	**10.83 %**	10.65
Total risk-based capital	**14.35**	14.42
Tier I leverage	**10.03**	10.05
Tier I common equity[(a)]	**9.70**	9.51

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

2013 Stress Tests and CCAR

The FRB launched the 2013 stress testing program and CCAR on November 9, 2012. The CCAR requires bank holding companies to submit a capital plan in addition to their stress testing results. 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 stress testing results and capital plan were submitted by the Bancorp to the FRB on January 7, 2013 covering the period from April 1, 2013 to March 31, 2014.

The FRB assessed the comprehensiveness of the capital plan, the reasonableness of the assumptions and the analysis underlying the capital plan and reviewed the robustness of the capital adequacy process, the capital policy and the Bancorp s ability to maintain capital above the minimum regulatory capital ratio and above a Tier I common ratio of 5 percent on a pro forma basis under expected and stressful conditions throughout the planning horizon.

On March 14, 2013 the Bancorp announced the FRB s response to the capital plan it submitted as part of the 2013 CCAR. The FRB indicated that it did not object to the following 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 the common shares 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; 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. In addition, the Bancorp intends to make incremental repurchases of common shares in the amount of any after-tax gains from the sale of Vantiv, Inc. common stock. The above potential capital actions are subject to Board approval and other factors including regulatory developments and market conditions.

Additionally, as a CCAR institution, the Bancorp is required to disclose its own estimates of results under the supervisory severely adverse scenario, 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. On March 14, 2013 the Bancorp publicly disclosed the results of its company-run stress test in a Form 8-K as required by the Dodd-Frank Act stress testing rules.

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 $0.11 and $0.08 for the three months ended March 31, 2013 and 2012, respectively.

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Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

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, 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 previously announced 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 replaces the Board s previous authorization.

TABLE 57: Share Repurchases

Period	Total Number of Shares Purchases*(a)*	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
January 1, 2013 - January 31, 2013	6,953,028	$ 16.02	6,953,028	56,093,654
February 1, 2013 - February 28, 2013	785,674	*(b)*	785,674	55,307,980
March 1, 2013 - March 31, 2013*(c)*				100,000,000
Total	7,738,702	$ 16.02	7,738,702	100,000,000

(a) The Bancorp repurchased 286,706 shares during the first quarter of 2013 in connection with various employee compensation plans. These purchases are not included in the calculation for average price paid per share and do not count against the maximum number of shares that may yet be purchased under the Board of Directors authorization.

(b) Shares received from the counterparty as final settlement of the Repurchase Agreements.

(c) 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.

Management s Discussion and Analysis of Financial Condition and Results of Operations (continued)

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 14 of the Notes to Condensed 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. As of March 31, 2013 and December 31, 2012, the Bancorp maintained reserves related to these loans sold with the representation and warranty recourse provisions totaling $112 million and $110 million, respectively, which were included in other liabilities in the Bancorp s Condensed Consolidated Balance Sheets.

For the three months ended March 31, 2013 and 2012, the Bancorp paid $13 million and $8 million, respectively, in the form of make whole payments and repurchased $30 million and $27 million, respectively, in outstanding principal of loans to satisfy investor demands. Total repurchase demand requests during the three months ended March 31, 2013 and 2012 were $67 million and $94 million, respectively. Total outstanding repurchase demand inventory was $47 million at March 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. The outstanding balances on these loans sold with credit recourse were $630 million and $662 million at March 31, 2013 and December 31, 2012, respectively. The Bancorp maintained an estimated credit loss reserve on these loans sold with credit recourse of $21 million at March 31, 2013 and $20 million at December 31, 2012 recorded in other liabilities in the Condensed 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 $56 million at March 31, 2013 and $58 million at December 31, 2012. As of March 31, 2013 and December 31, 2012, the Bancorp maintained a reserve of $16 million and $18 million, respectively, related to exposures within the reinsurance portfolio which was included in other liabilities in the Condensed Consolidated Balance Sheets. In 2009, the Bancorp suspended the practice of providing reinsurance of private mortgage insurance for newly originated mortgage loans.

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 Note 9 of the Notes to Condensed Consolidated Financial Statements.

Quantitative and Qualitative Disclosure about Market Risk (Item 3)

Information presented in the Market Risk Management section of Management s Discussion and Analysis of Financial Condition and Results of Operations is incorporated herein by reference.

Controls and Procedures (Item 4)

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 the Bancorp s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. The Bancorp s management also conducted an evaluation of internal control over financial reporting to determine whether any changes occurred during the period 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 period covered by this report.

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Fifth Third Bancorp and Subsidiaries

Condensed Consolidated Financial Statements and Notes (Item 1)

CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

($ in millions, except share data)	As of March 31, 2013	December 31, 2012
Assets		
Cash and due from banks	**$ 2,186**	2,441
Available-for-sale and other securities[(b)]	**15,263**	15,207
Held-to-maturity securities[(c)]	**283**	284
Trading securities	**218**	207
Other short-term investments	**2,286**	2,421
Loans held for sale[(d)]	**2,691**	2,939
Portfolio loans and leases:		
Commercial and industrial loans	**36,757**	36,038
Commercial mortgage loans[(a)]	**8,766**	9,103
Commercial construction loans	**694**	698
Commercial leases	**3,568**	3,549
Residential mortgage loans[(e)]	**12,091**	12,017
Home equity	**9,727**	10,018
Automobile loans	**11,741**	11,972
Credit card	**2,043**	2,097
Other consumer loans and leases	**289**	290
Portfolio loans and leases	**85,676**	85,782
Allowance for loan and lease losses[(a)]	**(1,783)**	(1,854)
Portfolio loans and leases, net	**83,893**	83,928
Bank premises and equipment	**2,540**	2,542
Operating lease equipment	**598**	581
Goodwill	**2,416**	2,416
Intangible assets	**25**	27
Servicing rights	**772**	697
Other assets[(a)]	**8,211**	8,204
Total Assets	**$ 121,382**	121,894
Liabilities		
Deposits:		
Demand	**$ 30,027**	30,023
Interest checking	**23,175**	24,477
Savings	**19,339**	19,879
Money market	**8,613**	6,875
Other time	**3,909**	4,015
Certificates - $100,000 and over	**5,472**	3,284
Foreign office and other	**1,089**	964
Total deposits	**91,624**	89,517
Federal funds purchased	**386**	901

Other short-term borrowings	**2,439**	6,280
Accrued taxes, interest and expenses	**1,599**	1,708
Other liabilities	**3,094**	2,639
Long-term debt	**8,320**	7,085
Total Liabilities	**107,462**	108,130
Equity		
Common stock[(f)]	**2,051**	2,051
Preferred stock[(g)]	**398**	398
Capital surplus	**2,782**	2,758
Retained earnings	**9,084**	8,768
Accumulated other comprehensive income	**333**	375
Treasury stock	**(766)**	(634)
Total Bancorp shareholders equity	**13,882**	13,716
Noncontrolling interests	**38**	48
Total Equity	**13,920**	13,764
Total Liabilities and Equity	**$ 121,382**	121,894

(a) *Includes **$50** and $50 of commercial mortgage loans, **$(13)** and $(5) of ALLL, **$1** and $3 of other assets from consolidated VIEs that are included in their respective captions above at **March 31, 2013** and December 31, 2012, respectively. See Note 8.*

(b) *Amortized cost of **$14,652** and $14,571 at **March 31, 2013** and December 31, 2012, respectively.*

(c) *Fair value of **$283** and $284 at **March 31, 2013** and December 31, 2012, respectively.*

(d) *Includes **$2,560** and $2,856 of residential mortgage loans held for sale measured at fair value at **March 31, 2013** and December 31, 2012, respectively.*

(e) *Includes **$81** and $76 of residential mortgage loans measured at fair value at **March 31, 2013** and December 31, 2012, respectively.*

(f) *Common shares: Stated value $2.22 per share; authorized 2,000,000,000; outstanding at **March 31, 2013 874,644,725 (excludes 49,247,856 treasury shares)**, December 31, 2012 882,152,057 (excludes 41,740,524 treasury shares).*

(g) *454,000 shares of undesignated no par value preferred stock are authorized and unissued; 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, **16,450** issued and outstanding at **March 31, 2013** and December 31, 2012.*

See Notes to Condensed Consolidated Financial Statements.

Fifth Third Bancorp and Subsidiaries

Condensed Consolidated Financial Statements and Notes (continued)

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (unaudited)

($ in millions, except per share data)	For the three months ended March 31, 2013	2012
Interest Income		
Interest and fees on loans and leases	$ **882**	898
Interest on securities	**112**	141
Interest on other short-term investments	**1**	1
Total interest income	**995**	1,040
Interest Expense		
Interest on deposits	**50**	58
Interest on other short-term borrowings	**3**	1
Interest on long-term debt	**54**	83
Total interest expense	**107**	142
Net Interest Income	**888**	898
Provision for loan and lease losses	**62**	91
Net Interest Income After Provision for Loan and Lease Losses	**826**	807
Noninterest Income		
Mortgage banking net revenue	**220**	204
Service charges on deposits	**131**	129
Investment advisory revenue	**100**	96
Corporate banking revenue	**99**	97
Card and processing revenue	**65**	59
Other noninterest income	**109**	175
Securities gains, net	**17**	9
Securities gains, net - non-qualifying hedges on mortgage servicing rights	**2**	
Total noninterest income	**743**	769
Noninterest Expense		
Salaries, wages and incentives	**399**	399
Employee benefits	**114**	112
Net occupancy expense	**79**	77
Technology and communications	**49**	47
Card and processing expense	**31**	30
Equipment expense	**28**	27
Other noninterest expense	**278**	281
Total noninterest expense	**978**	973

Income Before Income Taxes		**591**	603
Applicable income tax expense		**179**	173
Net Income		**412**	430
Less: Net income attributable to noncontrolling interests		**(10)**	
Net Income Attributable to Bancorp		**422**	430
Dividends on preferred stock		**9**	9
Net Income Available to Common Shareholders	**$**	**413**	421
Earnings Per Share	**$**	**0.47**	0.46
Earnings Per Diluted Share	**$**	**0.46**	0.45
Average common shares - basic		**870,923,074**	915,225,816
Average common shares - diluted		**913,163,262**	957,415,527
Cash dividends declared per share	**$**	**0.11**	0.08

See Notes to Condensed Consolidated Financial Statements.

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Fifth Third Bancorp and Subsidiaries

Condensed Consolidated Financial Statements and Notes (continued)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

($ in millions)	For the three months ended March 31, 2013	2012
Net income	**$ 412**	430
Other comprehensive loss, net of tax:		
Unrealized (losses) gains on available-for-sale securities:		
Unrealized holding (losses) gains on available-for-sale securities arising during period	**(36)**	7
Reclassification adjustment for net losses (gains) included in net income	**5**	(5)
Unrealized gains on cash flow hedge derivatives:		
Unrealized holding gains on cash flow hedge derivatives arising during period	**1**	6
Reclassification adjustment for net gains included in net income	**(14)**	(13)
Defined benefit pension plans:		
Net actuarial loss arising during period	**2**	3
Other comprehensive loss	**(42)**	(2)
Comprehensive income	**370**	428
Less: Comprehensive income attributable to noncontrolling interests	**(10)**	
Comprehensive income attributable to Bancorp	**$ 380**	428

See Notes to Condensed Consolidated Financial Statements.

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Fifth Third Bancorp and Subsidiaries

Condensed Consolidated Financial Statements and Notes (continued)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (unaudited)

	Bancorp Shareholders 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, 2011	$ 2,051	398	2,792	7,554	470	(64)	13,201	50	13,251
Net income				430			430		430
Other comprehensive loss					(2)		(2)		(2)
Cash dividends declared:									
Common stock at $0.08 per share				(74)			(74)		(74)
Preferred stock				(9)			(9)		(9)
Stock-based compensation expense			14				14		14
Stock-based awards issued or exercised, including treasury shares issued			(1)			1			
Restricted stock grants			(1)			1			
Other			(1)	1					
Balance at March 31, 2012	2,051	398	2,803	7,902	468	(62)	13,560	50	13,610
Balance at December 31, 2012	2,051	398	2,758	8,768	375	(634)	13,716	48	13,764
Net income				**422**			**422**	**(10)**	**412**
Other comprehensive loss					**(42)**		**(42)**		**(42)**
Cash dividends declared:									
Common stock at $0.11 per share				**(96)**			**(96)**		**(96)**
Preferred stock				**(9)**			**(9)**		**(9)**
Shares acquired for treasury			**10**			**(135)**	**(125)**		**(125)**
Stock-based compensation expense			**17**				**17**		**17**
Stock-based awards issued or exercised, including treasury shares issued			**(1)**			**1**			
Restricted stock grants			**(2)**			**2**			
Other				**(1)**			**(1)**		**(1)**
Balance at March 31, 2013	**2,051**	**398**	**2,782**	**9,084**	**333**	**(766)**	**13,882**	**38**	**13,920**

See Notes to Condensed Consolidated Financial Statements.

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Fifth Third Bancorp and Subsidiaries

Condensed Consolidated Financial Statements and Notes (continued)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

($ in millions)	For the three months ended March 31, 2013	2012
Operating Activities		
Net income	$ **412**	430
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan and lease losses	**62**	91
Depreciation, amortization and accretion	**137**	128
Stock-based compensation expense	**17**	19
Provision for deferred income taxes	**37**	50
Securities gains	**(43)**	(9)
Securities gains non-qualifying hedges on mortgage servicing rights	**(2)**	
Securities losses	**26**	
Recovery of MSR impairment	**(49)**	(11)
Net gains on sales of loans and fair value adjustments on loans held for sale	**(141)**	1
Capitalized servicing rights	**(79)**	(121)
Proceeds from sales of loans held for sale	**7,097**	7,029
Loans originated for sale, net of repayments	**(6,078)**	(5,646)
Dividends representing return on equity method investments	**4**	11
Gain on Vantiv, Inc. IPO		(115)
Net change in:		
Trading securities	**(9)**	(16)
Other assets	**(533)**	88
Accrued taxes, interest and expenses	**(120)**	(120)
Other liabilities	**487**	86
Net Cash Provided by Operating Activities	**1,225**	1,895
Investing Activities		
Sales:		
Available-for-sale securities	**2,215**	231
Loans	**552**	57
Disposal of bank premises and equipment	**3**	
Repayments / maturities:		
Available-for-sale securities	**910**	1,076
Purchases:		
Available-for-sale securities	**(2,906)**	(2,046)
Bank premises and equipment	**(61)**	(95)
Proceeds from sale and dividends representing return of equity method investments	**74**	39
Net change in:		
Other short-term investments	**135**	153
Loans and leases	**(1,208)**	(1,395)

Operating lease equipment	**(30)**	(8)
Net Cash Used in Investing Activities	**(316)**	(1,988)
Financing Activities		
Net change in:		
Core deposits	**(2)**	(51)
Certificates - $100,000 and over, including other foreign office	**2,109**	133
Federal funds purchased	**(515)**	(27)
Other short-term borrowings	**(3,841)**	(363)
Dividends paid on common shares	**(88)**	(74)
Dividends paid on preferred shares		(9)
Proceeds from issuance of long-term debt	**1,300**	500
Repayment of long-term debt	**(2)**	(444)
Repurchase of treasury shares and related forward contract	**(125)**	
Net Cash Used in Financing Activities	**(1,164)**	(335)
Decrease in Cash and Due from Banks	**(255)**	(428)
Cash and Due from Banks at Beginning of Period	**2,441**	2,663
Cash and Due from Banks at End of Period	**$ 2,186**	2,235

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

Fifth Third Bancorp and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

1. Basis of Presentation

The Condensed 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. 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.

In the opinion of management, the unaudited Condensed Consolidated Financial Statements include all adjustments, which consist of normal recurring accruals, necessary to present fairly the financial position as of March 31, 2013, the results of operations and comprehensive income for the three months ended March 31, 2013 and 2012, the cash flows for the three months ended March 31, 2013 and 2012 and the changes in equity for the three months ended March 31, 2013 and 2012. In accordance with U.S. GAAP and the rules and regulations of the SEC for interim financial information, these statements do not include certain information and footnote disclosures required for complete annual financial statements and it is suggested that these Condensed Consolidated Financial Statements be read in conjunction with the latest annual financial statements. The results of operations and comprehensive income for the three months ended March 31, 2013 and 2012 and the cash flows and changes in equity for the three months ended March 31, 2013 and 2012 are not necessarily indicative of the results to be expected for the full year. Financial information as of December 31, 2012 has been derived from the annual audited Consolidated Financial Statements of the Bancorp.

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.

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 three months ended March 31:

($ in millions)	**2013**	2012
Cash payments:		
Interest	**$ 122**	150
Income taxes	**34**	48
Transfers:		
Portfolio loans to held for sale loans	**590**	17
Held for sale loans to portfolio loans	**12**	57
Portfolio loans to OREO	**64**	80
Held for sale loans to OREO	**3**	3

3. 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 Condensed Consolidated Balance Sheets as well as financial instruments and transactions subject to agreements similar to a master netting arrangement. The amended guidance is required to be applied retrospectively and is 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 11.

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 Condensed Consolidated Statements of Income or in the Notes to Condensed 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 is 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 17.

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

Fifth Third Bancorp and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

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 is currently in the process of evaluating the impact of adopting the amended guidance, but does not expect the impact to be material to the Bancorp s Condensed Consolidated Financial Statements.

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:

March 31, 2013 ($ in millions)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale and other:				
U.S. Treasury and government agencies	**$ 41**			**41**
U.S. Government sponsored agencies	**1,729**	**170**		**1,899**
Obligations of states and political subdivisions	**202**	**10**		**212**
Agency mortgage-backed securities[a]	**8,534**	**314**	**(4)**	**8,844**
Other bonds, notes and debentures	**3,087**	**122**	**(8)**	**3,201**
Other securities[b]	**1,059**	**7**		**1,066**
Total	**$ 14,652**	**623**	**(12)**	**15,263**
Held-to-maturity:				
Obligations of states and political subdivisions	**$ 282**			**282**
Other debt securities	**1**			**1**
Total	**$ 283**			**283**

December 31, 2012 ($ in millions)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale and other:				
U.S. Treasury and government agencies	$ 41			41
U.S. Government sponsored agencies	1,730	181		1,911
Obligations of states and political subdivisions	203	9		212
Agency mortgage-backed securities[a]	8,403	345	(18)	8,730
Other bonds, notes and debentures	3,161	119	(3)	3,277
Other securities[b]	1,033	3		1,036
Total	$ 14,571	657	(21)	15,207
Held-to-maturity:				
Obligations of states and political subdivisions	$ 282			282

Other debt securities	2	2
Total	$ 284	284

*(a) Includes interest-only mortgage backed securities of **$456** and $408 as of **March 31, 2013** and December 31, 2012, respectively, recorded at fair value with fair value changes recorded in securities gains, net and securities gains, net-non-qualifying hedges on mortgage servicing rights in the Condensed Consolidated Statements of Income.*

*(b) Other securities consist of FHLB and FRB restricted stock holdings of **$497** and **$347**, respectively, at **March 31, 2013** and December 31, 2012, that are carried at cost, and certain mutual fund and equity security holdings.*

The following table presents realized gains and losses that were recognized in income from available-for-sale securities:

	For the three months ended March 31,	
($ in millions)	**2013**	2012
Realized gains	**$ 18**	7
Realized losses	**(25)**	
Net realized (losses) gains	**$ (7)**	7

Net unrealized gains on interest-only mortgage backed securities were $24 million for the three months ending March 31, 2013.

Trading securities totaled $218 million as of March 31, 2013, compared to $207 million at December 31, 2012. Gross realized gains and gross realized losses on trading securities were immaterial to the Bancorp for the three months ended March 31, 2013 and 2012. Net unrealized gains on trading securities were $2 million at March 31, 2013 and 2012.

At March 31, 2013 and December 31, 2012, securities with a fair value of $10.9 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.

Fifth Third Bancorp and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

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 March 31, 2013 are shown in the following table:

	Available-for-Sale & Other		Held-to-Maturity	
($ in millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Debt securities:[(a)]				
Under 1 year	$ 610	623	85	85
1-5 years	8,717	9,150	172	172
5-10 years	2,146	2,220	21	21
Over 10 years	2,120	2,204	5	5
Other securities	1,059	1,066		
Total	$ 14,652	15,263	283	283

(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 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:

	Less than 12 months		12 months or more		Total	
($ in millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
March 31, 2013						
Agency mortgage-backed securities	**$ 898**	**(4)**			**898**	**(4)**
Other bonds, notes and debentures	**216**	**(7)**	**60**	**(1)**	**276**	**(8)**
Other securities	**16**				**16**	
Total	**$ 1,130**	**(11)**	**60**	**(1)**	**1,190**	**(12)**
December 31, 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

During the three months ended March 31, 2013 and 2012, the Bancorp did not recognize OTTI on any of its available-for-sale debt or equity securities or its held-to-maturity debt securities. Less than one percent of unrealized losses in the available-for-sale securities portfolio were represented by non-rated securities at March 31, 2013 and December 31, 2012.

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Fifth Third Bancorp and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

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:

($ in millions)	**March 31, 2013**	December 31, 2012
Loans and leases held for sale:		
Commercial and industrial loans	**$ 25**	39
Commercial mortgage loans	**11**	13
Commercial construction loans	**5**	9
Residential mortgage loans	**2,622**	2,856
Other consumer loans and leases	**28**	22
Total loans and leases held for sale	**$ 2,691**	2,939
Portfolio loans and leases:		
Commercial and industrial loans	**$ 36,757**	36,038
Commercial mortgage loans	**8,766**	9,103
Commercial construction loans	**694**	698
Commercial leases	**3,568**	3,549
Total commercial loans and leases	**49,785**	49,388
Residential mortgage loans	**12,091**	12,017
Home equity	**9,727**	10,018
Automobile loans	**11,741**	11,972
Credit card	**2,043**	2,097
Other consumer loans and leases	**289**	290
Total consumer loans and leases	**35,891**	36,394
Total portfolio loans and leases	**$ 85,676**	85,782

Total portfolio loans and leases are recorded net of unearned income, which totaled $736 million as of March 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 at fair value upon origination) which totaled a net premium of $86 million and $73 million as of March 31, 2013 and December 31, 2012, respectively.

The Bancorp s FHLB and FRB advances are generally secured by loans. The Bancorp had loans of $12.6 billion and $12.7 billion at March 31, 2013 and December 31, 2012, respectively, pledged at the FHLB, and loans of $33.1 billion and $30.9 billion at March 31, 2013 and December 31, 2012, respectively, pledged at the FRB.

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Fifth Third Bancorp and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

The following table presents a summary of the total loans and leases owned by the Bancorp as of:

	Balance		90 Days Past Due and Still Accruing	
($ in millions)	**March 31, 2013**	December 31, 2012	**March 31, 2013**	December 31, 2012
Commercial and industrial loans	**$ 36,782**	36,077	**$ 1**	1
Commercial mortgage loans	**8,777**	9,116		22
Commercial construction loans	**699**	707		1
Commercial leases	**3,568**	3,549		
Residential mortgage loans	**14,713**	14,873	**74**	75
Home equity	**9,727**	10,018	**53**	58
Automobile loans	**11,741**	11,972	**7**	8
Credit card	**2,043**	2,097	**29**	30
Other consumer loans and leases	**317**	312		
Total loans and leases	**$ 88,367**	88,721	**$ 164**	195
Less: Loans held for sale	**$ 2,691**	2,939		
Total portfolio loans and leases	**$ 85,676**	85,782		

The following table presents a summary of net charge-offs:

	For the three months ended March 31,	
($ in millions)	**2013**	2012
Commercial and industrial loans	**$ 25**	54
Commercial mortgage loans	**26**	30
Commercial construction loans	**3**	18
Residential mortgage loans	**20**	37
Home equity	**30**	46
Automobile loans	**4**	9
Credit card	**20**	20
Other consumer loans and leases	**5**	6
Total loans and leases	**$ 133**	220

Fifth Third Bancorp and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

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 class.

The following tables summarize transactions in the ALLL by portfolio segment:

For the three months ended March 31, 2013

($ in millions)	Commercial	Residential Mortgage	Consumer	Unallocated	Total
Transactions in the ALLL:					
Balance, beginning of period	**$ 1,236**	**229**	**278**	**111**	**1,854**
Losses charged off	**(68)**	**(22)**	**(78)**		**(168)**
Recoveries of losses previously charged off	**14**	**2**	**19**		**35**
Provision for loan and lease losses	**9**	**3**	**53**	**(3)**	**62**
Balance, end of period	**$ 1,191**	**212**	**272**	**108**	**1,783**

For the three months ended March 31, 2012

($ in millions)	Commercial	Residential Mortgage	Consumer	Unallocated	Total
Transactions in the ALLL:					
Balance, beginning of period	$ 1,527	227	365	136	2,255
Losses charged off	(117)	(38)	(98)		(253)
Recoveries of losses previously charged off	15	1	17		33
Provision for loan and lease losses	(1)	43	57	(8)	91
Balance, end of period	$ 1,424	233	341	128	2,126

The following tables provide a summary of the ALLL and related loans and leases classified by portfolio segment:

As of March 31, 2013 ($ in millions)	Commercial	Residential Mortgage	Consumer	Unallocated	Total
ALLL:[(a)]					
Individually evaluated for impairment	**$ 75**	**132**	**64**		**271**
Collectively evaluated for impairment	**1,116**	**79**	**208**		**1,403**
Loans acquired with deteriorated credit quality		**1**			**1**
Unallocated				**108**	**108**
Total ALLL	**$ 1,191**	**212**	**272**	**108**	**1,783**

Loans and leases:(b)					
Individually evaluated for impairment	**$ 901**	**1,312**	**545**		**2,758**
Collectively evaluated for impairment	**48,883**	**10,692**	**23,255**		**82,830**
Loans acquired with deteriorated credit quality	**1**	**6**			**7**
Total portfolio loans and leases	**$ 49,785**	**12,010**	**23,800**		**85,595**

*(a) Includes **$11** related to leveraged leases.*
*(b) Excludes **$81** of residential mortgage loans measured at fair value, and includes **$866** of leveraged leases, net of unearned income.*

As of December 31, 2012 ($ in millions)	Commercial	Residential 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

(a) Includes $11 related to leveraged leases.
(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.

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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:

As of March 31, 2013 ($ in millions)	Pass	Special Mention	Substandard	Doubtful	Total
Commercial and industrial loans	**$ 34,228**	**1,205**	**1,287**	**37**	**36,757**
Commercial mortgage owner occupied loans	**3,152**	**295**	**522**	**1**	**3,970**
Commercial mortgage non-owner occupied loans	**3,671**	**403**	**704**	**18**	**4,796**
Commercial construction loans	**447**	**54**	**172**	**21**	**694**
Commercial leases	**3,495**	**27**	**46**		**3,568**
Total	**$ 44,993**	**1,984**	**2,731**	**77**	**49,785**

As of December 31, 2012 ($ in millions)	Pass	Special 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 and home equity loans with principal and interest payments that have become past due 180 days are classified as nonperforming unless such loans are 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 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

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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:

	March 31, 2013		December 31, 2012	
($ in millions)	Performing	Nonperforming	Performing	Nonperforming
Residential mortgage loans[(a)]	**$ 11,789**	**221**	11,704	237
Home equity	**9,677**	**50**	9,965	53
Automobile loans	**11,739**	**2**	11,970	2
Credit card	**2,004**	**39**	2,058	39
Other consumer loans and leases	**289**		289	1
Total	**$ 35,498**	**312**	35,986	332

(a) Excludes ***$81*** *and $76 of loans measured at fair value at* ***March 31, 2013*** *and December 31, 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:

As of March 31, 2013		Past Due				
($ in millions)	Current Loans and Leases*(c)*	30-89 Days*(c)*	90 Days and Greater*(c)*	Total Past Due	Total Loans and Leases	90 Days Past Due and Still Accruing
Commercial:						
Commercial and industrial loans	**$ 36,507**	**73**	**177**	**250**	**36,757**	**1**
Commercial mortgage owner occupied loans	**3,858**	**25**	**87**	**112**	**3,970**	
Commercial mortgage non-owner occupied loans	**4,710**	**10**	**76**	**86**	**4,796**	
Commercial construction loans	**625**		**69**	**69**	**694**	
Commercial leases	**3,562**	**5**	**1**	**6**	**3,568**	
Residential mortgage loans[(a) (b)]	**11,647**	**73**	**290**	**363**	**12,010**	**74**
Consumer:						
Home equity	**9,511**	**113**	**103**	**216**	**9,727**	**53**
Automobile loans	**11,682**	**50**	**9**	**59**	**11,741**	**7**
Credit card	**1,976**	**33**	**34**	**67**	**2,043**	**29**
Other consumer loans and leases	**287**	**2**		**2**	**289**	
Total portfolio loans and leases[(a) (d)]	**$ 84,365**	**384**	**846**	**1,230**	**85,595**	**164**

(a) *Excludes **$81** of loans measured at fair value.*
(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 **March 31, 2013**, **$71** of these loans were 30-89 days past due and **$414** were 90 days or more past due. The Bancorp recognized an immaterial amount of losses during the three months ended March 31, 2013 due to claim denials and curtailments associated with these advances.*
(c) *Includes accrual and nonaccrual loans and leases.*
(d) *Includes an immaterial amount of government insured commercial loans 30-89 days and 90 days past due and accruing whose repayments are insured by the SBA at March 31, 2013.*

As of December 31, 2012		Past Due				
($ in millions)	Current Loans and Leases(c)	30-89 Days(c)	90 Days and Greater(c)	Total Past Due	Total Loans and Leases	90 Days Past Due and Still 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) (d)]	$ 84,381	413	912	1,325	85,706	195

(a) Excludes $76 of loans measured at fair value.

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(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 of losses for the year ended December 31, 2012 due to claim denials and curtailments associated with these advances.

(c) Includes accrual and nonaccrual loans and leases.

(d) Includes an immaterial amount of government insured commercial loans 30-89 and 90 days past due and accruing whose repayments are insured by the SBA at December 31, 2012.

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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 tables summarize the Bancorp s impaired loans and leases (by class) that were subject to individual review:

As of March 31, 2013

($ in millions)	Unpaid Principal Balance	Recorded Investment	Allowance
With a related allowance recorded:			
Commercial:			
Commercial and industrial loans	**$ 223**	**168**	**54**
Commercial mortgage owner occupied loans[(b)]	**62**	**52**	**6**
Commercial mortgage non-owner occupied loans	**191**	**137**	**14**
Commercial construction loans	**70**	**44**	**1**
Commercial leases	**2**	**2**	
Restructured residential mortgage loans	**1,047**	**1,009**	**132**
Restructured consumer:			
Home equity	**407**	**404**	**49**
Automobile loans	**28**	**28**	**4**
Credit card	**72**	**71**	**11**
Other consumer loans and leases	**2**	**2**	
Total impaired loans with a related allowance	**$ 2,104**	**1,917**	**271**
With no related allowance recorded:			
Commercial:			
Commercial and industrial loans	**$ 189**	**147**	
Commercial mortgage owner occupied loans	**95**	**87**	
Commercial mortgage non-owner occupied loans	**198**	**185**	
Commercial construction loans	**99**	**71**	
Commercial leases	**9**	**9**	
Restructured residential mortgage loans	**355**	**303**	
Restructured consumer:			
Home equity	**40**	**37**	
Automobile loans	**3**	**3**	
Total impaired loans with no related allowance	**988**	**842**	

Total impaired loans	**$ 3,092**	**2,759**[(a)]	**271**

*(a) Includes **$441**, **$1,201** and **$482**, respectively, of commercial, residential mortgage and consumer TDRs on accrual status; **$159**, **$111** and **$63**, respectively, of commercial, residential mortgage and consumer TDRs on nonaccrual status.*

(b) Excludes five restructured nonaccrual loans at March 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 $29, a recorded investment of $29, and an allowance of $11.

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As of December 31, 2012 ($ in millions)	Unpaid Principal Balance	Recorded Investment	Allowance
With a related allowance recorded:			
Commercial:			
Commercial and industrial 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	1,067	1,023	137
Restructured consumer:			
Home equity	400	396	46
Automobile loans	31	30	4
Credit card	74	74	12
Other consumer loans and leases	2	2	
Total impaired loans with a related allowance	$ 2,162	1,967	295
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	
Restructured residential mortgage loans	326	275	
Restructured consumer:			
Home equity	40	39	
Automobile loans	3	3	
Total impaired loans with no related allowance	1,006	856	
Total impaired loans and leases	$ 3,168	2,823[(a)]	295

(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:

($ in millions)	**For the three months ended March 31, 2013**		For the three months ended March 31, 2012	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized

Commercial:				
Commercial and industrial loans	**$ 339**	**2**	$ 494	1
Commercial mortgage owner occupied loans[(a)]	**140**	**1**	139	1
Commercial mortgage non-owner occupied loans	**341**	**2**	320	2
Commercial construction loans	**110**	**1**	202	1
Commercial leases	**11**		11	
Restructured residential mortgage loans	**1,306**	**13**	1,262	12
Restructured consumer:				
Home equity	**439**	**6**	444	6
Automobile loans	**32**		41	
Credit card	**73**	**1**	80	1
Other consumer loans and leases	**2**			
Total impaired loans and leases	**$ 2,793**	**26**	$ 2,993	24

(a) *Excludes five restructured nonaccrual loans at* ***March 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 average recorded investment of* ***$30*** *and an immaterial amount of interest income recognized.*

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Nonperforming Assets

The following table summarizes the Bancorp s nonperforming loans and leases, by class, as of:

($ in millions)	March 31, 2013	December 31, 2012
Commercial:		
Commercial and industrial loans	$ 312	330
Commercial mortgage owner occupied loans[(a)]	132	125
Commercial mortgage non-owner occupied loans	117	157
Commercial construction loans	69	76
Commercial leases	9	9
Total commercial loans and leases	639	697
Residential mortgage loans	221	237
Consumer:		
Home equity	50	53
Automobile loans	2	2
Credit card	39	39
Other consumer loans and leases		1
Total consumer loans and leases	91	95
Total nonperforming loans and leases[(b) (c)]	$ 951	1,029
OREO and other repossessed property[(d)]	259	257

(a) *Excludes **$22** million of restructured nonaccrual loans at **March 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.*
(b) *Excludes **$19*** and *$29 of nonaccrual loans held for sale at **March 31, 2013** and December 31, 2012, respectively.*
(c) *Includes **$13** and $10 of nonaccrual government insured commercial loans whose repayments are insured by the SBA at **March 31, 2013** and December 31, 2012, respectively, and **$1** of restructured nonaccrual government insured commercial loans at **March 31, 2013** and December 31, 2012.*
(d) *Excludes **$65** and $72 of OREO related to government insured loans at **March 31, 2013** and December 31, 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 in the Bancorp s Form 10-K 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 the 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. As of March 31, 2013 and December 31, 2012, the Bancorp had $17 million and $28 million in line of credit commitments, respectively, and $24 million and $25 million in letter of credit commitments at March 31, 2013 and December 31, 2012, respectively, to lend additional funds to borrowers whose terms have been modified in a TDR.

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The following table provides a summary of loans modified in a TDR by the Bancorp during the three months ended:

March 31, 2013 ($ in millions)*(a)*	Number of loans modified in a TDR during the period*(b)*	Recorded investment in loans modified in a TDR during the period	Increase (Decrease) to ALLL upon modification	Charge-offs recognized upon modification
Commercial:				
Commercial and industrial loans	**20**	**$ 9**	**1**	**1**
Commercial mortgage owner occupied loans*(c)*	**10**	**4**	**(1)**	
Commercial mortgage non-owner occupied loans	**15**	**17**	**(1)**	
Commercial construction loans	**1**	**6**	**(1)**	
Residential mortgage loans	**394**	**61**	**8**	
Consumer:				
Home equity	**326**	**17**		
Automobile loans	**115**	**7**		
Credit card	**2,312**	**14**	**2**	
Total portfolio loans and leases	**3,193**	**$ 135**	**8**	**1**

March 31, 2012 ($ in millions)*(a)*	Number of loans modified in a TDR during the period*(b)*	Recorded investment in loans modified in a TDR during the period	Increase (Decrease) to ALLL upon modification	Charge-offs recognized upon modification
Commercial:				
Commercial and industrial loans	30	$ 15	(3)	
Commercial mortgage owner occupied loans	27	8	(2)	
Commercial mortgage non-owner occupied loans	30	51	1	
Commercial construction loans	11	36		
Residential mortgage loans	480	78	7	
Consumer:				
Home equity	311	19	1	
Automobile loans	339	5	1	
Credit card	2,741	18	2	
Total portfolio loans and leases	3,969	$ 230	7	

(a) Excludes all loans and leases held for sale and loans acquired with deteriorated credit quality.

(b) Represents number of loans post-modification.

*(c) Excludes five loans modified in a TDR during the three months ended **March 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 has a recorded investment of **$29**, ALLL increased **$7** upon modification, and a charge-off of **$2** was recognized upon modification.*

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.

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The following table provides a summary of subsequent defaults of TDRs that occurred during the three months ended March 31, 2013 and 2012 and within 12 months of the restructuring date:

March 31, 2013 ($ in millions)*(a)*	Number of Contracts	Recorded Investment
Residential mortgage loans	**42**	**$ 8**
Consumer:		
Home equity	**14**	**1**
Automobile loans	**3**	
Credit card	**515**	**3**
Total portfolio loans and leases	**574**	**$ 12**

March 31, 2012 ($ in millions)(a)	Number of Contracts	Recorded Investment
Commercial:		
Commercial mortgage non-owner occupied loans	1	$ 1
Commercial construction loans	2	3
Residential mortgage loans	64	11
Consumer:		
Home equity	31	2
Automobile loans	12	
Credit card	577	4
Total portfolio loans and leases	687	$ 21

(a) Excludes all loans and leases held for sale and loans acquired with deteriorated credit quality.

7. Intangible Assets

Intangible assets consist of servicing rights, 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, excluding servicing rights, have an estimated remaining weighted-average life at March 31, 2013 of 3.9 years. The Bancorp reviews intangible assets for possible impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. For more information on servicing rights, see Note 9.

The details of the Bancorp s intangible assets are shown in the following table:

($ in millions)	Gross Carrying Amount	Accumulated Amortization	Valuation Allowance	Net Carrying Amount

As of March 31, 2013

Mortgage servicing rights