# Fifth Third Bancorp
# Presentation to Kentucky General Assembly Joint Committee on Banking & Insurance

November 1, 2023

# Cautionary statement

*This presentation 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. All statements other than statements of historical fact are forward-looking statements. These statements relate to our financial condition, results of operations, plans, objectives, future performance, capital actions 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," "potential," "estimate," "forecast," "projected," "intends to," or may include other similar words or phrases such as "believes," "plans," "trend," "objective," "continue," "remain," or similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "might," "can," or similar verbs. You should not place undue reliance on these statements, as they are subject to risks and uncertainties, including but not limited to the risk factors set forth in our most recent Annual Report on Form 10-K as updated by our filings with the U.S. Securities and Exchange Commission ("SEC").*

*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) effects of the global COVID-19 pandemic; (2) deteriorating credit quality; (3) loan concentration by location or industry of borrowers or collateral; (4) problems encountered by other financial institutions; (5) inadequate sources of funding or liquidity; (6) unfavorable actions of rating agencies; (7) inability to maintain or grow deposits; (8) limitations on the ability to receive dividends from subsidiaries; (9) cyber-security risks; (10) Fifth Third's ability to secure confidential information and deliver products and services through the use of computer systems and telecommunications networks; (11) failures by third-party service providers; (12) inability to manage strategic initiatives and/or organizational changes; (13) inability to implement technology system enhancements; (14) failure of internal controls and other risk management systems; (15) losses related to fraud, theft, misappropriation or violence; (16) inability to attract and retain skilled personnel; (17) adverse impacts of government regulation; (18) governmental or regulatory changes or other actions; (19) failures to meet applicable capital requirements; (20) regulatory objections to Fifth Third's capital plan; (21) regulation of Fifth Third's derivatives activities; (22) deposit insurance premiums; (23) assessments for the orderly liquidation fund; (24) replacement of LIBOR; (25) weakness in the national or local economies; (26) global political and economic uncertainty or negative actions; (27) changes in interest rates and the effects of inflation; (28) changes and trends in capital markets; (29) fluctuation of Fifth Third's stock price; (30) volatility in mortgage banking revenue; (31) litigation, investigations, and enforcement proceedings by governmental authorities; (32) breaches of contractual covenants, representations and warranties; (33) competition and changes in the financial services industry; (34) changing retail distribution strategies, customer preferences and behavior; (35) difficulties in identifying, acquiring or integrating suitable strategic partnerships, investments or acquisitions; (36) potential dilution from future acquisitions; (37) loss of income and/or difficulties encountered in the sale and separation of businesses, investments or other assets; (38) results of investments or acquired entities; (39) changes in accounting standards or interpretation or declines in the value of Fifth Third's goodwill or other intangible assets; (40) inaccuracies or other failures from the use of models; (41) effects of critical accounting policies and judgments or the use of inaccurate estimates; (42) weather-related events, other natural disasters, or health emergencies (including pandemics); (43) the impact of reputational risk created by these or other developments on such matters as business generation and retention, funding and liquidity; (44) changes in law or requirements imposed by Fifth Third's regulators impacting our capital actions, including dividend payments and stock repurchases; and (45) Fifth Third's ability to meet its environmental and/or social targets, goals and commitments.*

*You should refer to our periodic and current reports filed with the Securities and Exchange Commission, or "SEC," for further information on other factors, which could cause actual results to be significantly different from those expressed or implied by these forward-looking statements. 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. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations or any changes in events, conditions or circumstances on which any such statement is based, except as may be required by law, and we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The information contained herein is intended to be reviewed in its totality, and any stipulations, conditions or provisos that apply to a given piece of information in one part of this press release should be read as applying mutatis mutandis to every other instance of such information appearing herein. Copies of those filings are available at no cost on the SEC's website at www.sec.gov or on our website at www.53.com.*

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

*In this presentation, we may sometimes provide non-GAAP financial information. Please note that although non-GAAP financial measures provide useful insight to analysts, investors and regulators, they should not be considered in isolation or relied upon as a substitute for analysis using GAAP measures. We provide a discussion of non-GAAP measures and reconciliations to the most directly comparable GAAP measures in later slides in this presentation, as well as on pages 27 through 29 of our 2Q23 earnings release.*

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

*This presentation incorporates the following peers: CFG, CMA, FCNCA (where applicable), FHN, HBAN, KEY, MTB, PNC, RF, TFC, USB, & ZION.*

# Why Fifth Third

**Stability**

**Through the cycle discipline** throughout the bank – liquidity/deposits, credit, rates, expenses, and capital management

**Profitability**

Focused on consistently generating **top quartile profitability** among peers

**Growth**

**Continually investing** for long-term outperformance regardless of the environment

**Consistent and disciplined management, with a long-term focus throughout the company**

# Regulatory changes will require an evolution of bank business models to sustain returns

## Fifth Third is well positioned relative to the industry across multiple dimensions…

**Focus on operational deposits**

#11 largest U.S. bank[1], but **top 5 market share** in 6 Treasury Management product categories[2]

**Lower loan-to-deposit ratio**


*Loan-to-deposit ratio (As of 6/30/23)*

**Structured investment portfolio**


*Change in effective duration[3] 2Q23 vs. 2Q22*

**Diversified and strong fee businesses**


*Fees as a % of revenue[4] 2Q23 LTM*

**Strong expense discipline**


*Efficiency Ratio[4] 2Q23 LTM*

**More long-term debt**

- Proactively issued $1.25BN of holding company senior notes in August 2023

## … and has taken additional recent actions throughout the balance sheet

- ✓ De-emphasizing less profitable corporate banking relationships, including unfunded commitments
- ✓ Reduced Auto & Mortgage originations
- ✓ Exited Mortgage Warehouse business
- ✓ Runoff of Dealer Floorplan business
- ✓ Slightly reduced Dividend Finance production

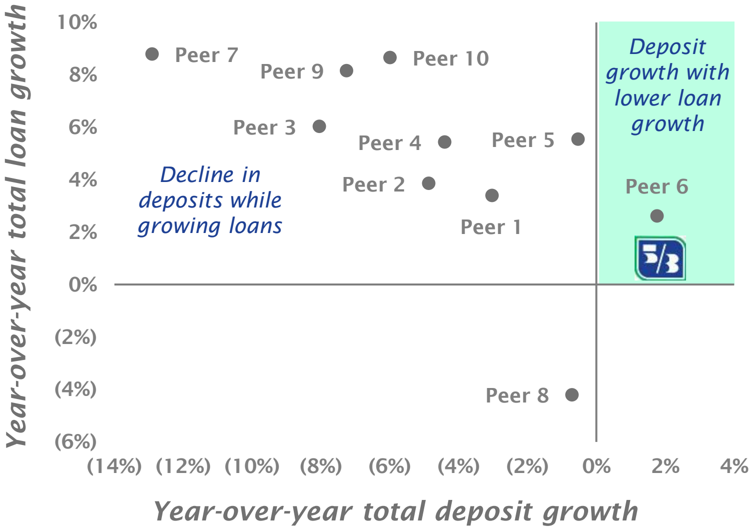
**Expect 12/31/23 to represent trough of loan balances given ~3% RWA diet impacts[5]**

*[1]Rankings consist of US commercial banks and exclude foreign, trust, & traditional investment banks; [2]Based on data provided by survey participants in the 2022 Cash Management Services Survey administered by EY; [3]Excludes peers with limited disclosures; [4]Adjusted basis; refer to Non-GAAP reconciliation starting on page 27 of the 2Q23 earnings release; [5]See forward-looking statements on page 2 of this presentation regarding forward-looking non-GAAP measures and use of non-GAAP measures on pages 27-29 of the 2Q23 earnings release*

# Managing the balance sheet for long-term outperformance

## Recent performance highlights franchise strengths

*2Q23 vs. 2Q22*




- Best-in-class deposit performance
- **Year-over-year change in interest-bearing liabilities cost has increased 17 bps <u>less</u> than the peer median**, reflecting overall disciplined approach to liability management

## Strengthening balance sheet in advance of future regulatory environment by proactively building capital and liquidity[1]

- Expect to **accrete 25+ bps to CET1/quarter** until new capital rules are finalized, and consequently, new CET1 target is established
- Expect to have ~$15BN in cash and equivalents, and **to be compliant with Category I full LCR by 9/30/23**
- Anticipate adding **additional long-term debt** to satisfy proposed bank-level debt shortfall (no Holdco shortfall); expect ~$5-6BN increase to total debt outstanding by 2027, with use of proceeds mitigating most of the impact

## Strong revenue profile even in a higher for longer scenario[1]

- Assuming static rates, **expect NIM to expand from 4Q23 to 4Q24**, reflecting:
  - Continued cautious outlook for loan growth, however, loan yield improvement primarily driven by fixed-rate product originations; examples:
    - Current auto origination yields are ~8% compared to ~4% portfolio yield; expect to originate $3-4 BN/year; portfolio has ~2 year WAL
    - Current Dividend Finance origination yields are 8-9% compared to mid-6% portfolio yield; expect to originate ~$4BN/year; product has 8-9 year WAL
  - Continued but slower pace of DDA migration





[1] *See forward-looking statements on page 2 of this presentation regarding forward-looking non-GAAP measures and use of non-GAAP measures on pages 27-29 of the 2Q23 earnings release*

# We have grown our high-quality deposit franchise through multi-year investments

## Branch network

- Consistent investments in **high-growth, mid-sized metro markets** primarily in the Southeast
- **Added 80+ branches since 2017** (#2 among U.S. banks within footprint)[1]
- **Customer-centric** "NextGen" branch design (>95% of new builds)

**#4** **in deposit share[2]**

*#1 excluding banks >$1T*

**#2** **in FITB Midwest MSAs[2]**

**#6** **in FITB Southeast MSAs[2]**

## Products

- **Momentum checking** with best-in-class features and a continuous improvement philosophy
- Peer leading **Treasury Management** with balance among legacy products, managed services, and embedded payments

*Momentum Banking*

THE DIGITAL BANKER Digital CX Awards 2022

OUTSTANDING IMPLEMENTATION OF DIGITAL CX INITIATIVE BY A TEAM - USA

WINNER FIFTH THIRD BANK

*Treasury management solutions*

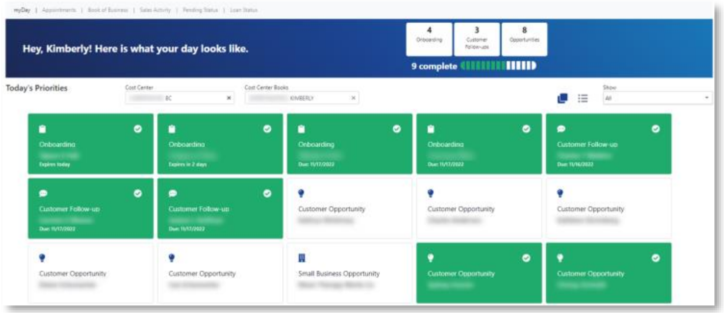
newline™ by Fifth Third

*Managed Services led by Expert AP, Expert AR, and Cash Logistics*

*Launch of Newline™ to accelerate embedded payments business*

## Data & Analytics

- Award-winning **geospatial capabilities** leveraged for selecting branch locations
- 75+ **AI/ML models** running proprietary MyDay portal / customer recommendation engine, informing direct marketing campaigns, and other deposit initiatives




*Retail Banker MyDay dashboard helping*
***improve productivity ~25%***

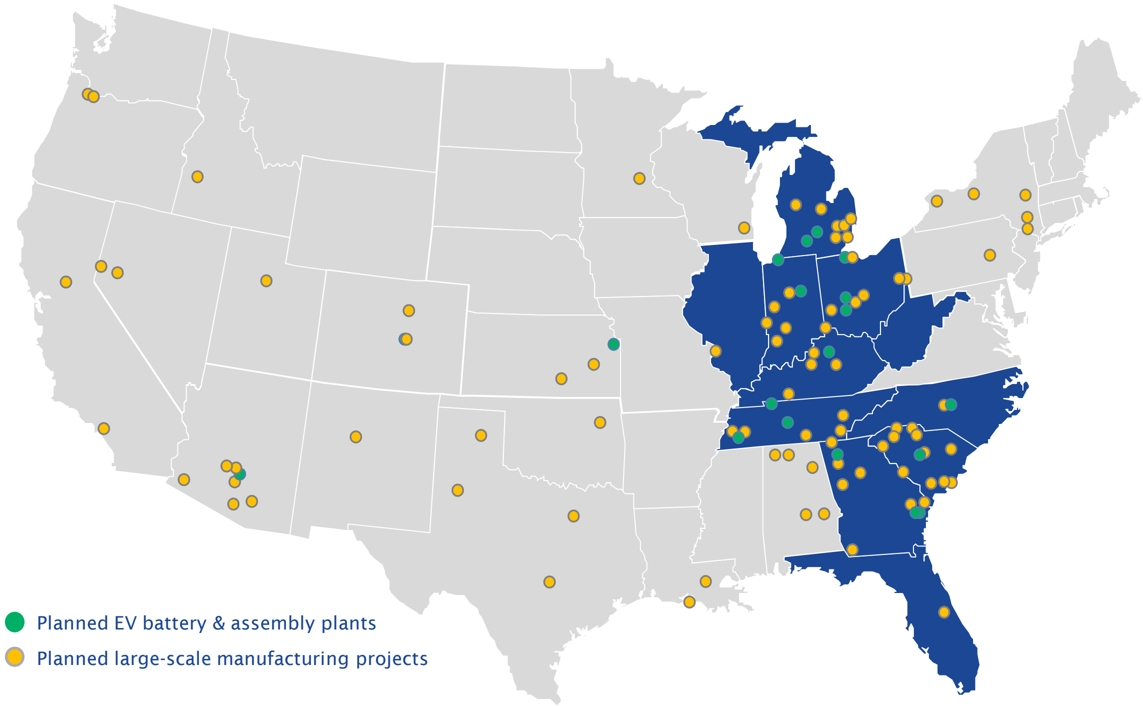
- Chatbot (Jeanie) leverages natural language understanding and large language models to facilitate ~200K customer interactions per month

**Jeanie**

[1]*De novo branch openings opened since 2017;* [2]*Data sourced from S&P Global Market Intelligence with deposits per branch capped at $250MM per June 2022 FDIC data; Total and Midwest rankings represent in footprint deposit market share and Southeast ranking is based on in footprint locational share*

# Footprint is well positioned to benefit from the resurgence of domestic manufacturing and infrastructure spending

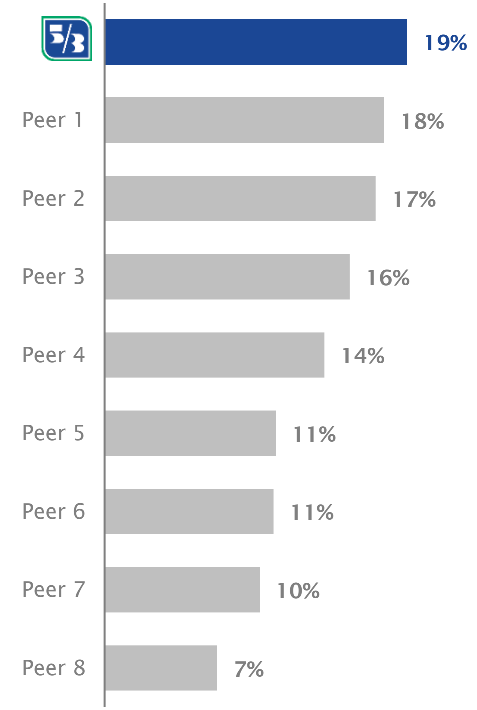
## Footprint is uniquely positioned to disproportionately benefit from resurgence of domestic manufacturing including from fiscal stimulus[1]




Fifth Third's footprint represents **27%** of the United State's GDP[3]; **60%** of planned manufacturing projects

## Poised to extend leadership position

**Manufacturing loans outstanding as a % of C&I loans**
*(as of 2Q23)*




**US manufacturing jobs announced[2]**
*(in thousands)*

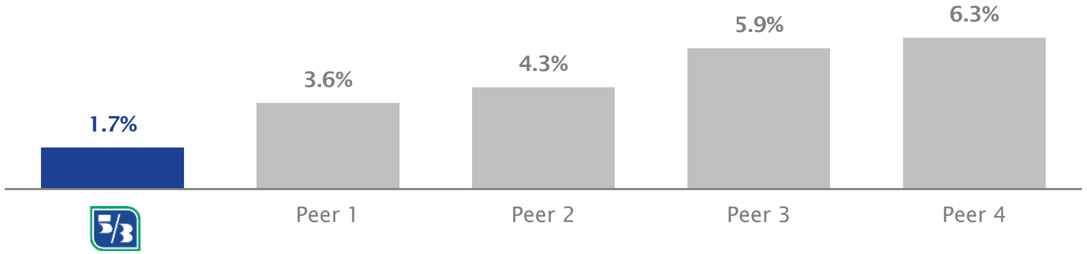

[1]*Source: Wall Street Journal, Financial Times, Renewable Energy Laboratory NAATBatt Lithium-Ion Battery Supply Chain database, and https://www.whitehouse.gov/invest/;* [2]*Reshoring Initiative 2022 Data report;* [3]*Source: U.S. Bureau of Economic Analysis*

# Consistent and disciplined expense management while still investing for future outperformance

## Disciplined expense management and productive labor force

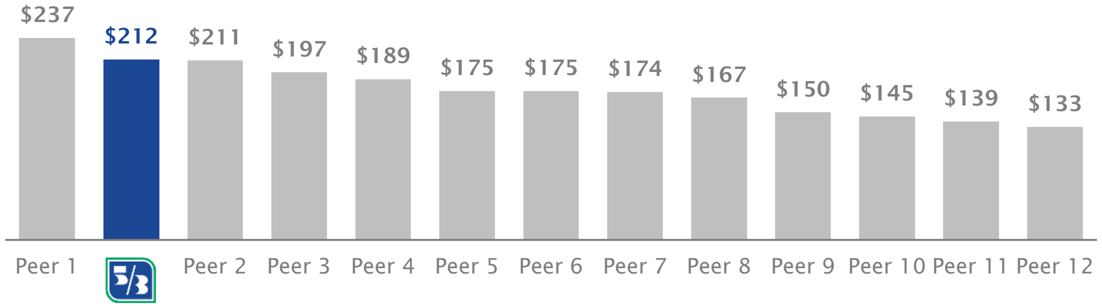
### Low expense growth vs. peers

*FY 2019 – 2Q23 LTM reported expense growth CAGR; Excludes banks impacted by bank M&A*




### Highly productive labor force

*2Q23 LTM Adjusted PPNR per FTE; $ in 000's*




- Expect lean process automation efforts to continue to generate savings into 2024 and beyond (including end-to-end value stream assessments)

## Continuing to invest for future outperformance

*Select Examples:*

**Talent**

- Salesforce expansion within Treasury Management, Middle Market, and Wealth & Asset Management
- Several minimum wage hikes since 2017
- Average pay increase[1] well-above inflation since 2019

**Capabilities**

Retail
- Branch network expansion
- Ongoing Momentum Banking enhancements

Treasury Management acquisitions
- Big Data Healthcare
- Rize / Embedded Payments ('newline by Fifth Third')

Fintech lending platforms
- Dividend & Provide investments

Technology
- Platform modernization





[1]*Based on employees that were with the bank in January 2019 and remain employed today and includes merit & adjustments*

# Key takeaways

- ✓ Well positioned to navigate the proposed capital and liquidity regulatory changes
- ✓ Balanced and growing revenue streams with a resilient balance sheet profile
- ✓ Consistent investments while maintaining peer-leading expense discipline
- ✓ Multi-year track record of making appropriate and preemptive changes to the business
- ✓ Transparent management team

**Positioned to perform well despite the environment**