Embracing Risk as a Financial Priority

Philip R. McHugh
Head of Consumer Bank
Fifth Third Bank

Disclosure

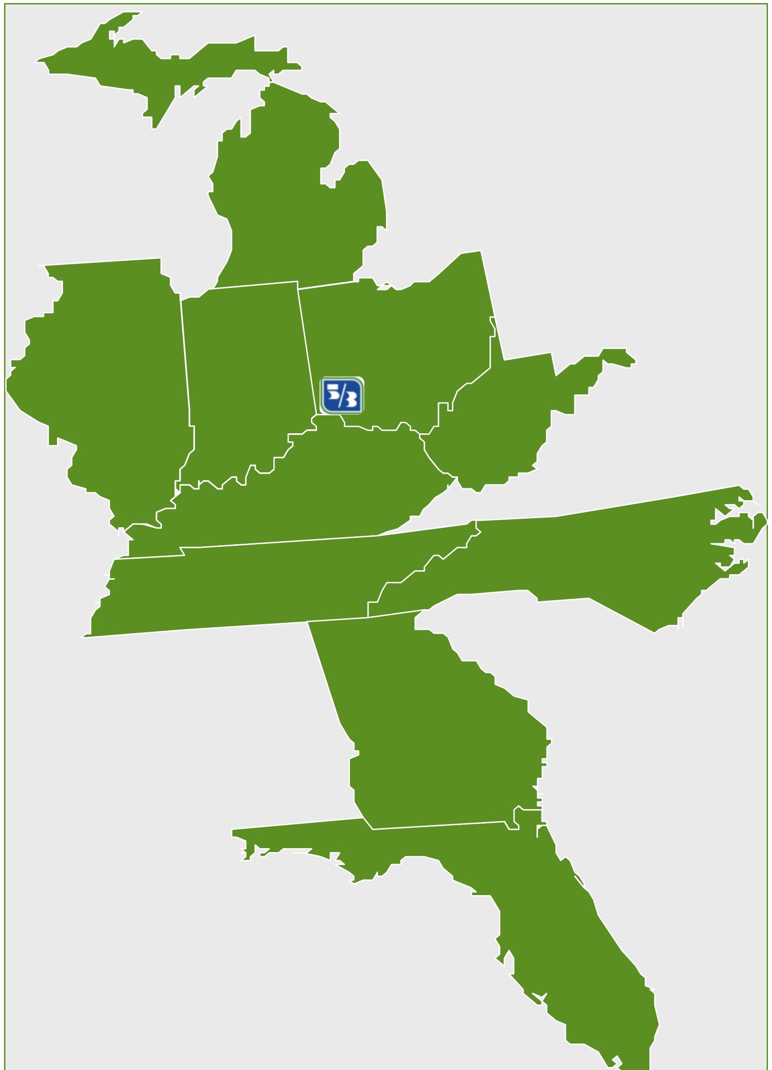
Disclosure: The comments and opinions expressed in today's session are my own and not necessarily those of Fifth Third Bank.

A Strong and Stable Franchise

Ideal size and scope with a diversified geographic footprint

Business composition

- Founded in 1858
- Traditional bank model
- Critical scale: top-5 market share in 11 of our 15 largest MSAs[1]
- Strong balance sheet
  - $140B total assets
  - $101B core deposits
  - 119% liquidity coverage ratio
- Strong capital position
  - Tier 1: 11.9%
  - CET 1: 10.8%
  - Leverage Ratio: 10.1%
  - 17.8% ownership in Vantiv with a potential additional capital benefit of ~100-105bps[2]



Geographic footprint

- 10 contiguous states, from the upper Midwest to the Southeast
- 1,155 branch footprint
- Over 45,000 fee-free ATMs throughout the U.S.
- Balanced mix of mature and growing markets
- Footprint demographics match the US, overall, in terms of population growth, aging, wealth and ethnic diversity
- Footprint economy is stable and diversified – all major US industry sectors represented in significant proportion: healthcare, consumer goods, manufacturing, retail, technology, and resources
- Positioned for growth

Note: All financial data as of 1Q17

Source: [1]FDIC 2016 Summary of Deposits; branch deposits only, [2]As of 3/31/2017; VNTV closing price of $64.12 x 35MM units. Subject to changes in Vantiv's stock price. Vantiv's share price as of 4/25/2017 was $65.74.

Successfully Completed Multi-Year Enterprise Wide Initiative…

to proactively **transform the company** for **sustainable** excellence and competitive advantage, **focusing on risk and compliance management**

Transforming Fifth Third

- Launched in 2014, **completed in December 2016.**
- Significant financial investment in people – added roughly 600 new FTE across first, second and third lines of defense
- Leveraged third party consultants & industry leading experts to benchmark and build out key programs

Line of Defense Definitions*

FIFTH THIRD BANK

1st Line

- **Risk Identification**
- **Assessment/Testing**
- **Mitigation**
- **Management**

2nd Line

- **Program Development and Governance**
- **Monitoring**
- **Verification/Testing**
- **Reporting and Oversight**
- **Effective Challenge**

3rd Line

- **Independent Assessment**

**Definitions and roles and responsibilities adopted from OCC guidance dated September 2, 2014*

First Line of Defense – Expanded View

FIFTH THIRD BANK

1st Line

- Risk Identification
- Assessment/Testing
- Mitigation
- Management

➢ Process Owners

➢ Business Controls

➢ Managers

Business Controls Focus Areas

Business Process Assessment & Control Strategies

- Identification and Risk Assessment
- Risk-Based Process Management
- Risk and Control Identification
- Process Improvement
- Control Testing

Risk Program Execution

- Risk and Control Self-Assessment (RCSA)
- Key Risk Indicators (KRI)
- Business Change Risk Assessment (BCRA)
- Operational Loss
- Vendor Risk Management
- Issues Management
- Business Information Security

Independent Influences

- Regulatory Change Management
- Regulatory Exams
- Audits

Education
Coaching
Communication

Business Controls Results

We change the conversation about risk by:

- ➢ Driving a shift to an integrated approach
- ➢ Enhancing and sustaining a strong control environment
- ➢ Assessing and improving process effectiveness

Embracing Risk Management

The Wealth division's frontline leadership continued their ***pursuit of excellence***, focusing on strengthened risk management:

Created	Centralized fulfillment
Tightened	Protocols to reduce fiduciary risk
Utilized	Tools and technology

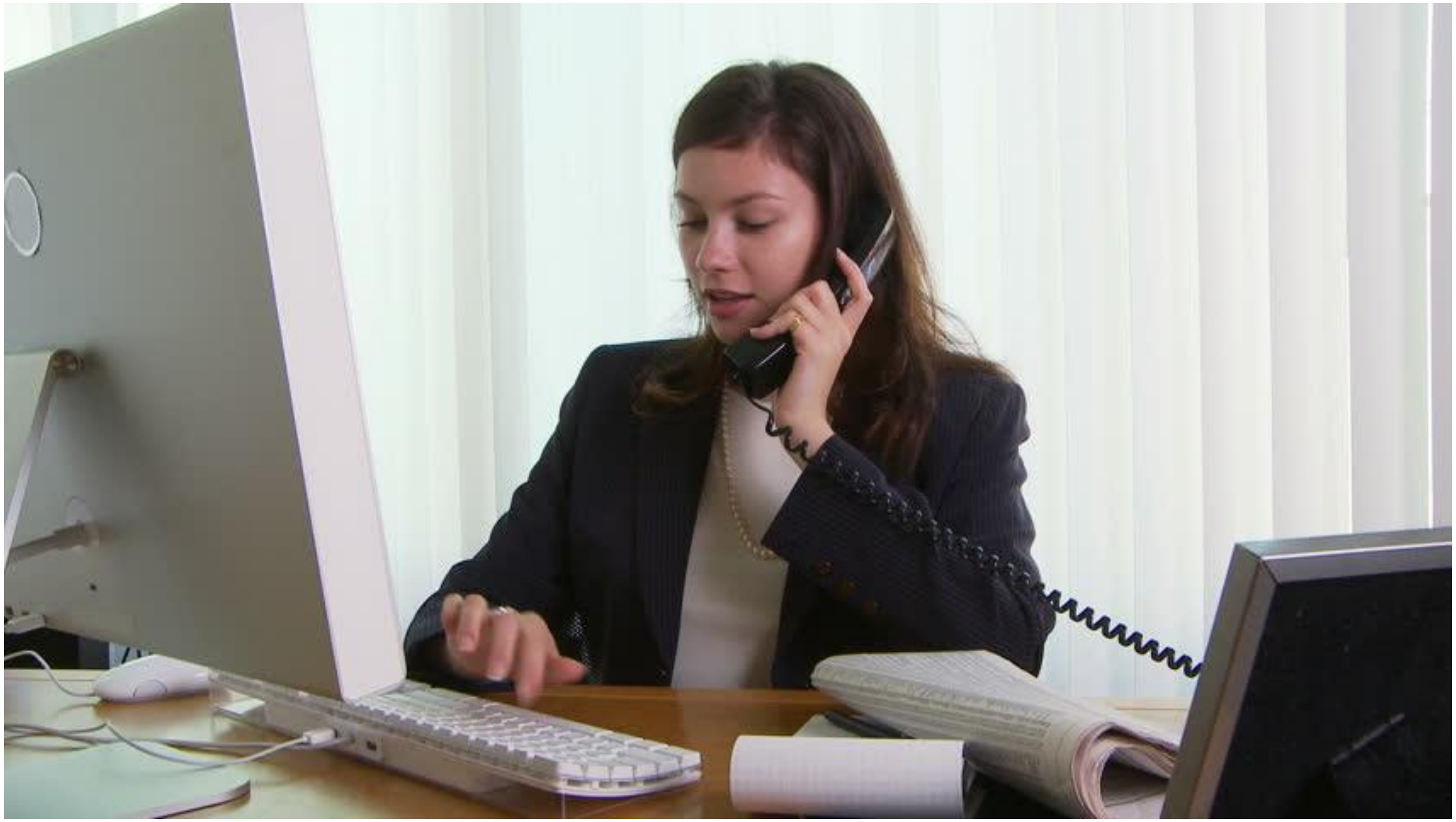
Centralized Fulfillment

The first line of defense ***must be agile*** in response to risk events.

Internal Fraud Example	Private Bank Move Money Process
Response	Creation of centralized fulfillment center, responsible for approval and issuance of all move money transactions, account openings, and account closings

Preventing Fraud

The first line of defense against fraud is the client servicing team.



Tightened Protocols to Reduce Fiduciary Risk

Fiduciary risk is a primary risk in the Wealth & Asset Management business

therefore

the Line of Business is constantly refining policies and procedures to promote effective risk management

Tools and Technology

100% of clients and prospects are subject to a negative news screening and background check.

Integrating Risk Management into Daily Sales & Service Activities

Raise your hand!

Self-identified Issues Management program

Risk Awareness and Mitigation (RAM) rating

Incentive compensation

Policies and procedures

Effective Risk Management Is Good Business

Goals:

- Strengthen the first line of defense
- Build a culture of continuous improvement
- Integrate with the sales force and client service teams
- Focus on doing things ***right the first time***

Results:

- Enhanced client experience
- Increased employee engagement & profit margin
- Improved shareholder value
- Strengthened audit & regulatory ratings

