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DELTA REPORT

10-Q

FITBP - FIFTH THIRD BANCORP

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	3720
CHANGES	849
DELETIONS	1572
ADDITIONS	1299

REFINITIV

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 September 30, 2023 March 31, 2024
Commission File Number 001-33653

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Fifth Third Bancorp
(Exact name of Registrant as specified in its charter)

Ohio	**31-0854434**
(State or other jurisdiction	**(I.R.S. Employer**
of incorporation or organization)	**Identification Number)**

38 Fountain Square Plaza
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 ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered:
Common Stock, Without Par Value	FITB	The NASDAQ Stock Market LLC
Depositary Shares Representing a 1/1000th Ownership Interest in a Share of 6.625% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series I	FITBI	The NASDAQ Stock Market LLC
Depositary Shares Representing a 1/40th Ownership Interest in a Share of 6.00% Non-Cumulative Perpetual Class B Preferred Stock, Series A	FITBP	The NASDAQ Stock Market LLC
Depositary Shares Representing a 1/1000th Ownership Interest in a Share of 4.95% Non-Cumulative Perpetual Preferred Stock, Series K	FITBO	The NASDAQ Stock Market LLC

There were 681,016,616 684,044,683 shares of the Registrant’s common stock, without par value, outstanding as of October 31, 2023 April 30, 2024.

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FINANCIAL CONTENTS

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

PART I. FINANCIAL INFORMATION

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.

ACL: Allowance for Credit Losses

AFS: Available-For-Sale

AFS: Available-For-Sale

ALCO: Asset Liability Management Committee

ALLL: Allowance for Loan and Lease Losses

AOCI: Accumulated Other Comprehensive Income (Loss)

APR: Annual Percentage Rate

ARM: Adjustable Rate Mortgage

ASC: Accounting Standards Codification

ASC ASU: Accounting Standards Codification Update

ASU ATM: Accounting Standards Update Automated Teller Machine

ATM BHC: Automated Teller Machine Bank Holding Company

BHC BOLI: Bank Holding Company Owned Life Insurance

BOLI bps: Bank Owned Life Insurance Basis Points

bps: Basis Points

CD: Certificate of Deposit

CDC: Fifth Third Community Development Corporation and Fifth Third Community Development Company, LLC

CECL: Current Expected Credit Loss

CET1: Common Equity Tier 1

CFPB: United States Consumer Financial Protection Bureau

C&I: Commercial and Industrial

CME: DCF Chicago Mercantile Exchange : Discounted Cash Flow

C&I DTCC: Commercial and Industrial Depository Trust & Clearing Corporation

DCF ERM: Discounted Cash Flow Enterprise Risk Management

DTCC ERMC: Depository Trust & Clearing Corporation Enterprise Risk Management Committee

DTI EVE: Debt-to-Income Ratio

ERM: Enterprise Risk Management Economic Value of Equity

ERMC FASB: Enterprise Risk Management Committee Financial Accounting Standards Board

EVE FDIC: Economic Value of Equity Federal Deposit Insurance Corporation

FASB FHA: Financial Accounting Standards Board Federal Housing Administration

FDIC: Federal Deposit Insurance Corporation

FHA: Federal Housing Administration

FHLB: Federal Home Loan Bank

FHLMC: Federal Home Loan Mortgage Corporation

FICO: Fair Isaac Corporation (credit rating)

FINRA: Financial Industry Regulatory Authority

FINRA FNMA: Financial Industry Regulatory Authority Federal National Mortgage Association

FNMA FOMC: Federal National Mortgage Association Open Market Committee

FOMC FRB: Federal Open Market Committee Reserve Bank

FRB FTE: Federal Reserve Bank Fully Taxable Equivalent

FTE: Fully Taxable Equivalent

FTP: Funds Transfer Pricing

FTP: Funds Transfer Pricing

FTS: Fifth Third Securities, Inc.

GDP: Gross Domestic Product

GNMA GDP: Government National Mortgage Association Gross Domestic Product

GSE GNMA: United States Government Sponsored Enterprise National Mortgage Association

HTM GSE: Held-To-Maturity United States Government Sponsored Enterprise

IPO HTM: Initial Public Offering Held-To-Maturity

IPO: Initial Public Offering

IRC: Internal Revenue Code

IRLC: Interest Rate Lock Commitment

ISDA: International Swaps and Derivatives Association, Inc.

LIBOR: London Interbank Offered Rate

LIHTC: Low-Income Housing Tax Credit

LLC: Limited Liability Company

LTV: Loan-to-Value Ratio

MD&A LTV: Management's Discussion and Analysis of Financial Loan-to-Value Ratio

Condition MD&A: Management's Discussion and Results Analysis of Operations Financial MSR Condition and Results of Operations: Mortgage Servicing Right

N/A MSR: Not Applicable Mortgage Servicing Right

NII N/A: Net Interest Income Not Applicable

NII: Net Interest Income

NM: Not Meaningful

OAS: Option-Adjusted Spread

OCC: Office of the Comptroller of the Currency

OCI: Other Comprehensive Income (Loss)

OREO: Other Real Estate Owned

PPP: Paycheck Protection Program

ROU: Right-of-Use

SBA: Small Business Administration

SEC: United States Securities and Exchange Commission

SOFR: Secured Overnight Financing Rate

TBA: To Be Announced

TDR: Troubled Debt Restructuring

TILA TBA: Truth in Lending Act To Be Announced

U.S. TILA: United States of America Truth in Lending Act

U.S.: United States of America

U.S. GAAP: United States Generally Accepted Accounting Principles

VA: United States Department of Veterans Affairs

VIE: Variable Interest Entity

VRDN: Variable Rate Demand Note

The following is Management’s Discussion and Analysis of Financial Condition and Results of Operations 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. The Bancorp’s banking subsidiary is referred to as the Bank.

OVERVIEW

Fifth Third Bancorp is a diversified financial services company headquartered in Cincinnati, Ohio. At September 30, 2023 March 31, 2024, the Bancorp had $213 billion $215 billion in assets and operated 1,073 1,070 full-service banking centers and 2,101 2,082 Fifth Third branded ATMs in eleven states throughout the Midwestern and Southeastern regions of the U.S. The Bancorp reports on three business segments: Commercial Banking, Consumer and Small Business Banking and Wealth and Asset Management.

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 Bancorp’s Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. Each of these items could have an impact on the Bancorp’s financial condition, results of operations and cash flows. In addition, refer to the Glossary of Abbreviations and Acronyms in this report for a list of terms 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.

Net interest income, net interest margin, net interest rate spread 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 leases 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 FTE basis for presenting net interest income is a non-GAAP measure. For further information, refer to the Non-GAAP Financial Measures section of MD&A.

The Bancorp’s revenues are dependent on both net interest income and noninterest income. For both the three and nine months ended September 30, 2023 March 31, 2024, net interest income on an FTE basis and noninterest income provided 67% 66% and 33% 34% of total revenue. 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 was immaterial to the Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2023 March 31, 2024. 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 of MD&A, 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, other 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 loss 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.

Noninterest income is derived from commercial banking revenue, wealth and asset management revenue, service charges on deposits, commercial banking revenue, card and processing revenue, mortgage banking net revenue, leasing business revenue, other noninterest income and net securities gains or losses. Noninterest expense includes compensation and benefits, technology and communications, net occupancy expense, equipment expense, marketing expense, leasing business expense, card and processing expense and other noninterest expense.

Current Economic Conditions

Economic With economic growth accelerated in the third quarter of 2023. Inflation has remained persistent and continues to be above the FRB’s target, which may lead long-term trend and unemployment below 4%, returning inflation to interest rates remaining elevated for 2% on a sustained period of time. basis may take longer than previously expected. In response to persistent inflationary pressures, FRB officials have raised benchmark interest rates several times since March 2022 and have signaled that they a longer period of restrictive monetary policy may be necessary to return inflation to 2% on a sustained basis. The FRB will continue to monitor the cumulative economic effects of their policy actions, including tighter credit conditions for households and businesses, when determining future monetary actions. Amidst the rapid pace of Financial markets continue to anticipate interest rate increases, several financial markets have experienced heightened volatility. In addition, cuts later this year, although the rise in longer-term rates during the third quarter of 2023 has the potential to adversely impact asset prices timing and economic activity. magnitude remains uncertain.

Changes in interest rates can affect numerous aspects of the Bancorp’s business and may impact the Bancorp’s future performance. If financial markets remain volatile, this may impact the future performance of various segments of the Bancorp’s business, in addition to the

value of the Bancorp’s investment securities portfolio. The Bancorp continues to closely monitor the pace of inflation and the impacts of inflation on the broader market.

The bank failures that have occurred since March 2023 generated significant market volatility and increased regulatory and market focus on the liquidity, asset-liability management and unrealized securities losses of banks. In May 2023, the FDIC proposed a special deposit insurance assessment on banking organizations with greater than $5 billion in assets to recover the costs associated with protecting uninsured depositors following these closures. As proposed, the special assessment would be collected by the FDIC over an anticipated total of eight quarterly assessments beginning with the first quarter of 2024. The comment period for the proposed rule has ended and the final rule is expected to be issued later in 2023. While the ultimate impact of the special assessment will be dependent on the final rule, the Bancorp has estimated that its special assessment under the provisions of the proposed rule would be approximately $208 million, which is expected to be recognized in earnings upon issuance of the final rule. The Bancorp continues to monitor regulatory changes related to these developments.

For more information on current economic conditions, refer to the Credit Risk Management subsection of the Risk Management section of MD&A. Additionally, refer to the Interest Rate and Price Risk Management and Liquidity Risk Management subsections of the Risk Management section of MD&A for additional information about the Bancorp's interest rate risk management and liquidity risk management activities.

Proposed Updates FDIC Special Assessment

The bank failures that occurred in the first half of 2023 generated significant market volatility and increased regulatory and market focus on the liquidity, asset-liability management and unrealized securities losses of banks. In response to Regulatory Requirements for Capital and Long-Term Debt

On July 27, 2023, these failures, the U.S. banking agencies released have proposed a notice number of proposed rulemaking regulatory amendments to revise improve the Basel III Capital Rules, which would replace its existing risk-based capital framework stability of U.S. banking institutions. Among these amendments, in November 2023, the FDIC issued a final rule for large banks with a new framework that implements international capital standards. The proposed rulemaking would increase capital requirements applicable to special deposit insurance assessment on banking organizations with total greater than $5 billion in assets to recover the costs associated with protecting uninsured depositors following these closures. The Bancorp's initial estimate of $100 billion or more, including Fifth Third, and its allocated share of the special assessment under the provisions of the final rule was $224 million, which was recognized in earnings upon issuance of the final rule in November 2023. During the first quarter of 2024, the FDIC announced that it expected to incur additional losses related to these bank closures beyond its initial estimates. These incremental losses, if incurred, would align result in an increase to the calculation amount of regulatory capital and the calculation special assessment allocated to each member bank. As a result of risk-weighted assets across large banking organizations. As proposed, this announcement, in the rules would be effective for first quarter of 2024, the Bancorp on July 1, 2025 recorded an incremental liability and phased in over a three-year transition period. expense of $33 million associated with the special assessment. The Bancorp is in the process of evaluating this proposed rulemaking and assessing its potential impact.

On August 29, 2023, the U.S. banking agencies issued a notice of proposed rulemaking to require that certain banking organizations with $100 billion or more in consolidated assets, including Fifth Third, comply with certain long-term debt requirements at the holding company and insured depository institution levels. These proposed requirements are intended to absorb losses in the event of the failure of a banking organization. As proposed, the rules would special assessment will be phased in over a three-year period after their effective date. The Bancorp is in the process of evaluating this proposed rulemaking and assessing its potential impact.

LIBOR Transition

In July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority (the "FCA"), which regulates LIBOR, announced that the FCA would stop persuading or compelling banks to submit rates for the calculation of LIBOR paid to the administrator FDIC over an anticipated total of LIBOR after 2021.

In eight quarterly assessment periods beginning with the United States, SOFR was identified as the preferred alternative rate. SOFR is a measure first quarter of 2024. The estimate of the cost associated with protecting the uninsured depositors will continue to be subject to periodic adjustment until the final loss is determined upon the termination of borrowing cash overnight, collateralized the receiverships by U.S. Treasury securities, and is based on directly observable U.S. Treasury-backed repurchase transactions. As a secured borrowing rate, SOFR may not exhibit similar behavior in response to market and economic volatility as LIBOR, which was an unsecured rate. the FDIC.

As of September 30, 2023, substantially all contracts have transitioned to alternative reference rates. Refer to Note 16 and Note 17 of the Notes to Condensed Consolidated Financial Statements for additional information about certain exposures which were transitioned to an alternative reference rate.

For more information of the various risks the Bancorp faces in connection with the replacement of LIBOR on its operations, refer to "Risk Factors—Market Risks—The replacement of LIBOR could adversely affect Fifth Third's revenue or expenses and the value of those assets or obligations." in Item 1A. Risk Factors of the Bancorp's Annual Report on Form 10-K for the year ended December 31, 2022.

Senior Notes Offering

On July 27, 2023, January 29, 2024, the Bancorp issued and sold $1.25 $1.0 billion of fixed-rate/floating-rate senior notes which will mature on July 27, 2029 January 29, 2032. The senior notes will bear interest at a rate of 6.339% 5.631% per annum to, but excluding, July 27, 2028 January 29, 2031. From, and including July 27, 2028 January 29, 2031 until, but excluding July 27, 2029 January 29, 2032, the senior notes will bear interest at a rate of compounded SOFR plus 2.340% 1.840%. The senior notes are redeemable in whole at par plus accrued and unpaid interest one year prior to their maturity date, or may be wholly or partially redeemed on or after30 days prior to maturity. Additionally, the senior notes are redeemable at the Bancorp's option, in whole or in part, beginning 180 days after the issue date and prior to July 27, 2028, at the greater of: (a) the aggregate principal amount of the senior notes being redeemed, or (b) the discounted present value of the remaining scheduled payments of principal and interest that would be due if the senior notes being redeemed matured on July 27, 2028.

Automobile Loan Securitization

In a securitization transaction that occurred in August of 2023, the Bancorp transferred $1.74 billion in aggregate automobile loans to a bankruptcy remote trust which subsequently issued approximately $1.58 billion of asset-backed notes, of which approximately $79 million were retained by the Bancorp, resulting in approximately $1.5 billion of outstanding notes included in long-term debt in the Condensed Consolidated Balance Sheets. As discussed in Note 12, the bankruptcy remote trust was deemed to be a VIE and the Bancorp, as the primary beneficiary, consolidated the VIE. The third-party holders of the asset-backed notes do not have recourse to the general assets of the Bancorp.

Accelerated Share Repurchase Transaction

During the first quarter of 2023, the Bancorp entered into and settled an accelerated share repurchase transaction. As part of the transaction, the Bancorp entered into a forward contract in which the final number of shares delivered at settlement was 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. Refer to Note 17 15 of the Notes to Condensed Consolidated Financial Statements for additional information more information.

Transfer of Securities

In January 2024, the Bancorp transferred $12.6 billion (amortized cost basis) of securities from available-for-sale to held-to-maturity to reflect the Bancorp's change in intent to hold these securities to maturity in order to reduce potential capital volatility associated with investment security market price fluctuations. The transfer included U.S. Treasury and federal agencies securities, agency residential mortgage-backed securities and agency commercial mortgage-backed securities. Refer to the Investment Securities subsection of the Balance Sheet Analysis section of MD&A for more information.

Proposed Updates to Regulatory Requirements for Capital and Long-Term Debt

On July 27, 2023, the U.S. banking agencies released a notice of proposed rulemaking to revise the Basel III Capital Rules, which would modify its existing risk-based capital framework for large banks and introduce a new framework that implements international capital standards. The proposed rulemaking would increase capital requirements applicable to banking organizations with total assets of $100 billion or more, including Fifth Third, and would align the calculation of regulatory capital and the calculation of risk-weighted assets across large banking organizations. As proposed, the rules would be effective for the Bancorp on share repurchase activity. July 1, 2025 and phased in over a three-year transition period. The Bancorp is in the process of evaluating this proposed rulemaking and assessing its potential impact.

On August 29, 2023, the U.S. banking agencies issued a notice of proposed rulemaking to require that certain banking organizations with $100 billion or more in consolidated assets, including Fifth Third, comply with certain long-term debt requirements at the holding company and insured depository institution levels. These proposed requirements are intended to absorb losses and recapitalize the insured depository institution in the event of the failure of a banking organization. As proposed, the rules would be phased in over a three-year period after their effective date. The Bancorp is in the process of evaluating this proposed rulemaking and assessing its potential impact, which is dependent on the finalization of the aforementioned proposed capital rule.

Key Performance Indicators

The Bancorp, as a banking institution, utilizes various key indicators of financial condition and operating results in managing and monitoring the performance of the business. In addition to traditional financial metrics, such as revenue and expense trends, the Bancorp monitors other financial measures that assist in evaluating growth trends, capital strength and operational efficiencies. The Bancorp analyzes these key performance indicators against its past performance, its forecasted performance and with the performance of its peer banking institutions. These indicators may change from time to time as the operating environment and businesses change.

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

The following are some of the key indicators used by management to assess the Bancorp's business performance, including those which are considered in the Bancorp's compensation programs:

- CET1 Capital Ratio: CET1 capital divided by risk-weighted assets as defined by the Basel III standardized approach to risk-weighting of assets
- Return on Average Tangible Common Equity (non-GAAP): Tangible net income available to common shareholders divided by average tangible common equity
- Return on Average Common Equity, Excluding AOCI (non-GAAP): Net income available to common shareholders divided by total equity, excluding AOCI and preferred stock
- Net Interest Margin (non-GAAP): Net interest income on an FTE basis divided by average interest-earning assets
- Efficiency Ratio (non-GAAP): Noninterest expense divided by the sum of net interest income on an FTE basis and noninterest income
- Earnings Per Share, Diluted: Net income allocated to common shareholders divided by average common shares outstanding after the effect of dilutive stock-based awards
- Nonperforming Portfolio Assets Ratio: Nonperforming portfolio assets divided by portfolio loans and leases and OREO
- Net Charge-off Ratio: Net losses charged-off divided by average portfolio loans and leases
- Return on Average Assets: Net income divided by average assets
- Loan-to-Deposit Ratio: Total loans divided by total deposits
- Household Growth: Change in the number of consumer households with retail relationship-based checking accounts

The list of indicators above is intended to summarize some of the most important metrics utilized by management in evaluating the Bancorp's performance and does not represent an all-inclusive list of all performance measures that may be considered relevant or important to management or investors.

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

TABLE 1: Earnings Summary

	For the three months ended September 30,	%	For the nine months ended September 30,	%

TABLE 1: Earnings Summary

TABLE 1: Earnings Summary

	For the three months ended March 31,
($ in millions, except for per share data)	
($ in millions, except for per share data)	

($ in millions, except for per share data)	($ in millions, except for per share data)	2023	2022	Change	2023	2022	Change
Income Statement Data	**Income Statement Data**						
Income Statement Data							
Income Statement Data							
Net interest income (U.S. GAAP)							
Net interest income (U.S. GAAP)							
Net interest income (U.S. GAAP)	Net interest income (U.S. GAAP)	**$ 1,438**	1,498	(4)	**$ 4,411**	4,032	9
Net interest income (FTE)(a)(b)	Net interest income (FTE)(a)(b)	**1,445**	1,502	(4)	**4,429**	4,043	10
Net interest income (FTE)(a)(b)							
Net interest income (FTE)(a)(b)							
Noninterest income							
Noninterest income							
Noninterest income	Noninterest income	**715**	672	6	**2,137**	2,031	5
Total revenue (FTE)(a)(b)	Total revenue (FTE)(a)(b)	**2,160**	2,174	(1)	**6,566**	6,074	8
Total revenue (FTE)(a)(b)							
Total revenue (FTE)(a)(b)							
Provision for credit losses							
Provision for credit losses							
Provision for credit losses	Provision for credit losses	**119**	158	(25)	**460**	383	20
Noninterest expense	Noninterest expense	**1,188**	1,167	2	**3,750**	3,501	7
Noninterest expense							
Noninterest expense							
Net income							
Net income							
Net income	Net income	**660**	653	1	**1,819**	1,709	6
Net income available to common shareholders	Net income available to common shareholders	**623**	631	(1)	**1,719**	1,631	5
Net income available to common shareholders							
Net income available to common shareholders							
Common Share Data							
Common Share Data							
Common Share Data	**Common Share Data**						

Earnings per share - basic	Earnings per share - basic	$ **0.91**	0.91	—	$ **2.51**	2.37	6
Earnings per share - basic							
Earnings per share - basic							
Earnings per share - diluted							
Earnings per share - diluted							
Earnings per share - diluted	Earnings per share - diluted	**0.91**	0.91	—	**2.50**	2.34	7
Cash dividends declared per common share	Cash dividends declared per common share	**0.35**	0.33	6	**1.01**	0.93	9
Cash dividends declared per common share							
Cash dividends declared per common share							
Book value per share							
Book value per share							
Book value per share	Book value per share	**21.19**	21.30	(1)	**21.19**	21.30	(1)
Market value per share	Market value per share	**25.33**	31.96	(21)	**25.33**	31.96	(21)
Market value per share							
Market value per share							
Financial Ratios							
Financial Ratios							
Financial Ratios	**Financial Ratios**						
Return on average assets	Return on average assets	**1.26 %**	1.25	1	**1.18 %**	1.10	7
Return on average assets							
Return on average assets							
Return on average common equity							
Return on average common equity							
Return on average common equity	Return on average common equity	**16.3**	14.9	9	**14.6**	12.3	19
Return on average tangible common equity*(b)*	Return on average tangible common equity*(b)*	**24.7**	21.9	13	**21.8**	17.3	26
Return on average tangible common equity*(b)*							
Return on average tangible common equity*(b)*							
Dividend payout	Dividend payout	**38.5**	36.3	6	**40.2**	39.2	3

Dividend payout
Dividend payout

(a) *Amounts presented on an FTE basis. The FTE adjustments were $7 $6 and $4 $5 for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $18 and $11 for the nine months ended September 30, 2023 and 2022, 2023, respectively.*

(b) *These are non-GAAP measures. For further information, refer to the Non-GAAP Financial Measures section of MD&A.*

Earnings Summary

The Bancorp's net income available to common shareholders for the third first quarter of 2023 was $623 million 2024 was $480 million, or $0.91 $0.70 per diluted share, which was net of $37 million $40 million in preferred stock dividends. The Bancorp's net income available to common common shareholders for the third first quarter of 2022 was $631 million 2023 was $535 million, or $0.91 per $0.78 per diluted share, which was net of $22 million $23 million in preferred stock dividends. The Bancorp's net income available to common shareholders for the nine months ended September 30, 2023 was $1.7 billion, or $2.50 per diluted share, which was net of $100 million in preferred stock dividends. The Bancorp's net income available to common shareholders for the nine months ended September 30, 2022 was $1.6 billion, or $2.34 per diluted share, which was net of $78 million in preferred stock dividends.

Net interest income on an FTE basis (non-GAAP) was $1.4 billion for the three months ended September 30, 2023 March 31, 2024, a decrease of $57 million $132 million compared to the same period in the prior year. Net interest income was negatively impacted by higher funding costs due to increases in

market interest rates and deposit balance migration into higher yielding products. Rates paid on average interest-bearing core deposits and average long-term debt and average FHLB advances increased for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year. The deposit balance migration impacting net interest income was primarily due to resulted in decreases in the average balances of demand deposits and increases in the average balances of interest-bearing core deposits and CDs over $250,000 for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year. Additionally, net interest income was negatively impacted by a decrease in the average balances of commercial and industrial loans and an increase in the average balances of long-term debt for the three months ended March 31, 2024 compared to the same period in the prior year. These negative impacts were partially offset by increases in yields on average loans and leases and average other short-term investments taxable securities for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year. Net interest income also benefited from increases an increase in average other short-term investments and average other consumer loans for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year. Net interest margin on an FTE basis (non-GAAP) was 2.98% 2.86% for the three months ended September 30, 2023 March 31, 2024 compared to 3.22% 3.29% for the same period in the prior year.

Net interest income on an FTE basis (non-GAAP) was $4.4 billion for the nine months ended September 30, 2023, an increase of $386 million compared to the same period in the prior year. Net interest income benefited from increases in market interest rates, resulting in increases in yields on average loans and leases, average other short-term investments and average taxable securities for the nine months ended September 30, 2023 compared to the same period in the prior year.Net interest income also benefited from increases inaverage other consumer loans, average taxable securities and average commercial and industrial loans for the nine months ended September 30, 2023 compared to the same period in the prior year. These positive impacts were partially offset by increases in rates paid on average interest-bearing core deposits, average long-term debt and average FHLB advances as well as decreases in the average balances of demand deposits and increases in the average balances of interest-bearing core deposits, CDs over $250,000 and long-term debt for the nine months ended September 30, 2023 compared to the same period in the prior year. Net interest margin on an FTE basis (non-GAAP) was 3.12% for the nine months ended September 30, 2023 compared to 2.91% for the same period in the prior year.

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

The provision for credit losses was $119 million $94 million and $460 million for the three and nine months ended September 30, 2023, respectively, compared to $158 million and $383 million during the same periods in the prior year. The provision for credit losses $164 million for the three months ended September 30, 2023 included March 31, 2024 and 2023, respectively. Provision expense for the impacts of decreases three months ended March 31, 2024 was affected by factors which caused a slight decrease in the ACL from December 31, 2023, including improvement in the economic forecasts used to specific reserves on individually evaluated commercial loans calculate the ACL and decreases in lower period-end loan and lease balances, which were partially offset by the impact of slight deterioration in the economic forecast. The provision for credit losses for the nine months ended September 30, 2023 included the impacts of increases in period-end loan and lease balances, increases in specific reserves on individually evaluated commercial loans and deterioration in the economic forecast. The provision for credit losses loans. Provision expense for the three and nine months ended September 30, 2022 included March 31, 2023 was driven by factors which caused an increase in the impacts of increases ACL from December 31, 2022, including growth in period-end loan and lease balances and deterioration in forecasted macroeconomic conditions. The provision for credit losses for the nine months ended September 30, 2022 also included the initial recognition of provision for credit losses increases to specific reserves on loans acquired as part of a business acquisition completed in the second quarter of 2022. individually evaluated commercial loans. Net losses charged off as a percent of average portfolio loans and leases were 0.41% 0.38% and 0.21% 0.26% for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and 0.32% and 0.18% for the nine months ended September 30, 2023 and 2022, 2023, respectively. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, nonperforming portfolio assets as a percent of portfolio loans and leases and OREO were 0.51% 0.64% and 0.44% 0.59%, respectively. For more information on credit quality, refer to the Credit Risk Management subsection of the Risk Management section of MD&A as well as Note 6 of the Notes to Condensed Consolidated Financial Statements.

Noninterest incomeincreased $43 14 million and $106 million for the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior year. The increase for the three months ended September 30, 2023 was March 31, 2024 compared to the same period in the prior year primarily due to a decrease increases in net securities losses other noninterest income, wealth and an increase asset management revenue and service charges on deposits, partially offset by decreases in commercial banking revenue, partially offset by a decrease in mortgage banking net revenue. The increase for the nine months ended September 30, 2023 was primarily due to net securities gains in the current year compared to net securities losses in the prior year, as well as increases in commercial banking leasing business revenue and mortgage banking net revenue, revenue.

Noninterest expenseincreased $11 million for the three months ended March 31, 2024 compared to the same period in the prior year primarily due to increases in other noninterest expense and net occupancy expense, partially offset by decreases in other noninterest income, service charges on deposits and leasing business revenue.

Noninterest expense increased $21 million and $249 million for the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior year. The increase for the three months ended September 30, 2023 was primarily due to increases in compensation and benefits expense, net occupancy expense and technology and communications expense, partially offset by a decrease in other noninterest expense. The increase for the nine months ended September 30, 2023 was primarily due to increases in compensation and benefits expense, technology and communications expense, other noninterest expense, net occupancy expense and marketing expense.

For more information on net interest income, provision expense, for credit losses, noninterest income and noninterest expense refer to the Statements of Income Analysis section of MD&A.

Capital Summary
The Bancorp calculated its regulatory capital ratios under the Basel III standardized approach to risk-weighting of assets and pursuant to the five-year transition provision option to phase in the effects of CECL on regulatory capital as of September 30, 2023 March 31, 2024. As of September 30, 2023 March 31, 2024, the Bancorp's capital ratios, as defined by the U.S. banking agencies, were:

- CET1 capital ratio: 9.80% 10.47%;
- Tier 1 risk-based capital ratio: 11.06% 11.77%;
- Total risk-based capital ratio: 13.13% 13.81%;
- Leverage ratio: 8.85% 8.94%.

NON-GAAP FINANCIAL MEASURES
The following are non-GAAP financial measures which provide useful insight to the reader of the Condensed Consolidated Financial Statements but should be supplemental to primary U.S. GAAP measures and should not be read in isolation or relied upon as a substitute for the primary U.S. GAAP measures. The Bancorp encourages readers to consider the Condensed Consolidated Financial Statements in their entirety and not to rely on any single financial measure.

The FTE basis adjusts for the tax-favored status of income from certain loans and leases 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 following table reconciles the non-GAAP financial measures of net interest income on an FTE basis, interest income on an FTE basis, net interest margin, net interest rate spread and the efficiency ratio to U.S. GAAP:

TABLE 2: Non-GAAP Financial Measures - Financial Measures and Ratios on an FTE basis	**TABLE 2: Non-GAAP Financial Measures - Financial Measures and Ratios on an FTE basis**					
		For the three months ended September 30,			For the nine months ended September 30,	
TABLE 2: Non-GAAP Financial Measures - Financial Measures and Ratios on an FTE basis						
TABLE 2: Non-GAAP Financial Measures - Financial Measures and Ratios on an FTE basis						
		For the three months ended March 31,				
		For the three months ended March 31,				
		For the three months ended March 31,				
($ in millions)						
($ in millions)						
($ in millions)	($ in millions)		**2023**	2022	**2023**	2022
Net interest income (U.S. GAAP)	Net interest income (U.S. GAAP)	**$**	**1,438**	1,498	**4,411**	4,032
Net interest income (U.S. GAAP)						
Net interest income (U.S. GAAP)						
Add: FTE adjustment						
Add: FTE adjustment						
Add: FTE adjustment	Add: FTE adjustment		**7**	4	**18**	11

Net interest income on an FTE basis (1)	Net interest income on an FTE basis (1)	$	**1,445**	1,502	**4,429**	4,043
Net interest income on an FTE basis (1)						
Net interest income on an FTE basis (1)						
Net interest income on an FTE basis (annualized) (2)						
Net interest income on an FTE basis (annualized) (2)						
Net interest income on an FTE basis (annualized) (2)	Net interest income on an FTE basis (annualized) (2)		**5,733**	5,959	**5,922**	5,405
Interest income (U.S. GAAP)	Interest income (U.S. GAAP)	$	**2,529**	1,760	**7,113**	4,512
Interest income (U.S. GAAP)						
Interest income (U.S. GAAP)						
Add: FTE adjustment						
Add: FTE adjustment						
Add: FTE adjustment	Add: FTE adjustment		**7**	4	**18**	11
Interest income on an FTE basis	Interest income on an FTE basis	$	**2,536**	1,764	**7,131**	4,523
Interest income on an FTE basis						
Interest income on an FTE basis						
Interest income on an FTE basis (annualized) (3)						
Interest income on an FTE basis (annualized) (3)						
Interest income on an FTE basis (annualized) (3)	Interest income on an FTE basis (annualized) (3)		**10,061**	6,998	**9,534**	6,047
Interest expense (annualized) (4)	Interest expense (annualized) (4)	$	**4,328**	1,039	**3,613**	642
Interest expense (annualized) (4)						
Interest expense (annualized) (4)						
Noninterest income (5)						
Noninterest income (5)						
Noninterest income (5)	Noninterest income (5)		**715**	672	**2,137**	2,031
Noninterest expense (6)	Noninterest expense (6)		**1,188**	1,167	**3,750**	3,501
Noninterest expense (6)						
Noninterest expense (6)						
Average interest-earning assets (7)	Average interest-earning assets (7)		**192,216**	185,378	**189,578**	185,883
Average interest-earning assets (7)						
Average interest-earning assets (7)						
Average interest-bearing liabilities (8)						
Average interest-bearing liabilities (8)						
Average interest-bearing liabilities (8)	Average interest-bearing liabilities (8)		**139,779**	119,773	**134,588**	117,344
Ratios:	**Ratios:**					
Ratios:						
Ratios:						
Net interest margin on an FTE basis (2) / (7)						
Net interest margin on an FTE basis (2) / (7)						

Net interest margin on an FTE basis (2) / (7)	Net interest margin on an FTE basis (2) / (7)	**2.98 %**	3.22	**3.12**	2.91
Net interest rate spread on an FTE basis ((3) / (7)) - ((4) / (8))	Net interest rate spread on an FTE basis ((3) / (7)) - ((4) / (8))	**2.13**	2.91	**2.35**	2.70
Net interest rate spread on an FTE basis ((3) / (7)) - ((4) / (8))					
Net interest rate spread on an FTE basis ((3) / (7)) - ((4) / (8))					
Efficiency ratio on an FTE basis (6) / ((1) + (5))	Efficiency ratio on an FTE basis (6) / ((1) + (5))	**55.0**	53.7	**57.1**	57.6
Efficiency ratio on an FTE basis (6) / ((1) + (5))					
Efficiency ratio on an FTE basis (6) / ((1) + (5))					

The Bancorp believes return on average tangible common equity is an important measure for comparative purposes with other financial institutions, but is not defined under U.S. GAAP, and therefore is considered a non-GAAP financial measure. This measure is useful for evaluating the performance of a business as it calculates the return available to common shareholders without the impact of intangible assets and their related amortization.

The following table reconciles the non-GAAP financial measure of return on average tangible common equity to U.S. GAAP:

TABLE 3: Non-GAAP Financial Measures - Return on Average Tangible Common Equity	**TABLE 3: Non-GAAP Financial Measures - Return on Average Tangible Common Equity**				
		For the three months ended September 30,		For the nine months ended September 30,	
TABLE 3: Non-GAAP Financial Measures - Return on Average Tangible Common Equity					
TABLE 3: Non-GAAP Financial Measures - Return on Average Tangible Common Equity					
		For the three months ended March 31,			
		For the three months ended March 31,			
($ in millions)		For the three months ended March 31,			
($ in millions)					
($ in millions)	($ in millions)	**2023**	2022	**2023**	2022
Net income available to common shareholders (U.S. GAAP)	Net income available to common shareholders (U.S. GAAP)	$ **623**	631	**1,719**	1,631
Net income available to common shareholders (U.S. GAAP)					
Net income available to common shareholders (U.S. GAAP)					
Add: Intangible amortization, net of tax					
Add: Intangible amortization, net of tax					
Add: Intangible amortization, net of tax	Add: Intangible amortization, net of tax	**8**	10	**26**	27

Tangible net income available to common shareholders	Tangible net income available to common shareholders	$	**631**	641	**1,745**	1,658
Tangible net income available to common shareholders						
Tangible net income available to common shareholders						
Tangible net income available to common shareholders (annualized) (1)						
Tangible net income available to common shareholders (annualized) (1)						
Tangible net income available to common shareholders (annualized) (1)	Tangible net income available to common shareholders (annualized) (1)		**2,503**	2,543	**2,333**	2,217
Average Bancorp shareholders' equity (U.S. GAAP)	Average Bancorp shareholders' equity (U.S. GAAP)	$	**17,305**	18,864	**17,873**	19,829
Average Bancorp shareholders' equity (U.S. GAAP)						
Average Bancorp shareholders' equity (U.S. GAAP)						
Less: Average preferred stock						
Less: Average preferred stock						
Less: Average preferred stock	Less: Average preferred stock		**2,116**	2,116	**2,116**	2,116
Average goodwill	Average goodwill		**4,919**	4,926	**4,917**	4,729
Average goodwill						
Average goodwill						
Average intangible assets	Average intangible assets		**141**	188	**152**	165
Average intangible assets						
Average intangible assets						
Average tangible common equity (2)						
Average tangible common equity (2)						
Average tangible common equity (2)	Average tangible common equity (2)	$	**10,129**	11,634	**10,688**	12,819
Return on average tangible common equity (1) / (2)	Return on average tangible common equity (1) / (2)		**24.7 %**	21.9	**21.8**	17.3
Return on average tangible common equity (1) / (2)						
Return on average tangible common equity (1) / (2)						

The Bancorp considers various measures when evaluating capital utilization and adequacy, including the tangible equity ratio and tangible common equity ratio, in addition to capital ratios defined by the U.S. banking agencies. These calculations are intended to complement the capital ratios defined by the U.S. banking agencies for both absolute and comparative purposes. As 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.

The following table reconciles non-GAAP capital ratios to U.S. GAAP:

TABLE 4: Non-GAAP Financial Measures - Capital Ratios

As of ($ in millions)	As of ($ in millions)	**September 30, 2023**	December 31, 2022	As of ($ in millions)	**March 31, 2024**	December 31, 2023
Total Bancorp Shareholders' Equity (U.S. GAAP)	**Total Bancorp Shareholders' Equity (U.S. GAAP)**	**$ 16,544**	17,327			

Less: Preferred stock	Less: Preferred stock	**2,116**	2,116
Goodwill	Goodwill	**4,919**	4,915
Intangible assets	Intangible assets	**136**	169
AOCI	AOCI	**(6,839)**	(5,110)
Tangible common equity, excluding AOCI (1)	Tangible common equity, excluding AOCI (1)	**$ 16,212**	15,237
Add: Preferred stock	Add: Preferred stock	**2,116**	2,116
Tangible equity (2)	Tangible equity (2)	**$ 18,328**	17,353
Total Assets (U.S. GAAP)	**Total Assets (U.S. GAAP)**	**$212,967**	207,452
Total Assets (U.S. GAAP)			
Total Assets (U.S. GAAP)			
Less: Goodwill	Less: Goodwill	**4,919**	4,915
Intangible assets	Intangible assets	**136**	169
AOCI, before tax	AOCI, before tax	**(8,657)**	(6,468)
Tangible assets, excluding AOCI (3)	Tangible assets, excluding AOCI (3)	**$216,569**	208,836
Ratios:	**Ratios:**		
Ratios:			
Ratios:			
Tangible equity as a percentage of tangible assets (2) / (3)			
Tangible equity as a percentage of tangible assets (2) / (3)			
Tangible equity as a percentage of tangible assets (2) / (3)	Tangible equity as a percentage of tangible assets (2) / (3)	**8.46 %**	8.31
Tangible common equity as a percentage of tangible assets (1) / (3)	Tangible common equity as a percentage of tangible assets (1) / (3)	**7.49**	7.30

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 a significant accounting standards standard 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, valuation of servicing rights, fair value measurements, goodwill and legal contingencies. These accounting policies are discussed in detail in the Critical Accounting Policies section of the Bancorp's Annual Report on Form 10-K for the year ended December 31, 2022.

As further discussed in Note 3 of the Notes to Condensed Consolidated Financial Statements, on January 1, 2023, the Bancorp adopted ASU 2022-02 ("Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures"). In conjunction with the adoption of this amended guidance, the Bancorp has revised its Critical Accounting Policies for the ALLL as described below. Refer to the Critical Accounting Policies section of the Bancorp's Annual Report on Form 10-K for the year ended December 31, 2022 for discussion on the accounting policy for the ALLL for periods prior to January 1, 2023 December 31, 2023. There have been no other material changes to the valuation techniques or models during the nine three months ended September 30, 2023 March 31, 2024.

ALLL

The Bancorp disaggregates its portfolio loans and leases into portfolio segments for purposes of determining the ALLL. The Bancorp's portfolio segments include commercial, residential mortgage and consumer. The Bancorp further disaggregates its portfolio segments into classes for purposes of monitoring and assessing credit quality based on certain risk characteristics. For an analysis of the Bancorp's ALLL by portfolio segment and credit quality information by class, refer to Note 6 of the Notes to Condensed Consolidated Financial Statements.

The Bancorp maintains the ALLL to absorb the amount of credit losses that are expected to be incurred over the remaining contractual terms of the related loans and leases. Contractual terms are adjusted for expected prepayments but are not extended for expected extensions, renewals or modifications except in circumstances where extension or renewal options are embedded in the original contract and not unconditionally cancellable by the Bancorp. Accrued interest receivable on loans is presented in the Condensed Consolidated Financial Statements as a component of other assets. When accrued interest is deemed to be uncollectible (typically when a loan is placed on nonaccrual status), interest income is reversed. The Bancorp follows established policies for placing loans on nonaccrual status, so uncollectible accrued interest receivable is reversed in a timely manner. As a result, the Bancorp has elected not to measure a reserve for accrued interest receivable as part of its ALLL. However, the Bancorp does record a reserve for the portion of accrued interest receivable that it expects to be uncollectible. For additional information on the Bancorp's accounting policies related to nonaccrual loans and leases, refer to Note 3 of the Notes to Condensed Consolidated Financial Statements.

Credit losses are charged and recoveries are credited to the ALLL. The ALLL is maintained at a level the Bancorp considers to be adequate and is based on ongoing quarterly assessments and evaluations of the collectability of loans and leases, including historical credit loss experience, current and forecasted market and economic conditions and consideration of various qualitative factors that, in management's judgment, deserve consideration in estimating expected credit losses. Provisions for credit losses are recorded for the amounts necessary to adjust the ALLL to the Bancorp's current estimate of expected credit losses on portfolio loans and leases. The Bancorp's strategy for credit risk management includes a combination of conservative exposure limits significantly below legal lending limits and conservative underwriting, documentation and collections standards. The strategy also emphasizes diversification on a geographic, industry and customer level, regular credit examinations and quarterly management reviews of large credit exposures and loans experiencing deterioration of credit quality. Refer to the Credit Risk Management section of MD&A for additional information.

The Bancorp's methodology for determining the ALLL requires significant management judgment and includes an estimate of expected credit losses on a collective basis for groups of loans and leases with similar risk characteristics and specific allowances for loans and leases which are individually evaluated.

Larger commercial loans and leases included within aggregate borrower relationship balances exceeding $1 million on nonaccrual status are individually evaluated for an ALLL. The Bancorp considers the current value of collateral, credit quality of any guarantees, the guarantor's liquidity and willingness to cooperate, the loan or lease structure (including modifications, if any) and other factors when determining the amount of the ALLL. Other factors may include the borrower's susceptibility to risks presented by the forecasted macroeconomic environment, the industry and geographic region 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. Significant management judgment is required when evaluating which of these factors are most relevant in individual circumstances, and when estimating the amount of expected credit losses based on those factors. When loans and leases are individually evaluated, allowances are determined based on management's estimate of the borrower's ability to repay the loan or lease given the availability of collateral and other sources of cash flow, as well as an evaluation of legal options available to the Bancorp. Allowances for individually evaluated loans and leases that are collateral-dependent are measured based on the fair

value of the underlying collateral, less expected costs to sell where applicable. Individually evaluated loans and leases that are not collateral-dependent are measured based on the observable market value of the loan or lease or the present value of expected cash flows, discounted at the loan's effective interest rate. Specific allowances on individually evaluated commercial loans and leases are reviewed quarterly and adjusted as necessary based on changing borrower and/or collateral conditions and actual collection and charge-off experience.

The Bancorp considers loans to be collateral-dependent when it becomes probable that repayment of the loan will be provided through the sale or operation of the collateral instead of from payments made by the borrower. The expected credit losses for these loans are typically estimated based on the fair value of the underlying collateral, less expected costs to sell where applicable. Specific allowances on individually evaluated consumer and residential mortgage loans are reviewed quarterly and adjusted as necessary based on changing borrower and/or collateral conditions and actual collection and charge-off experience.

Expected credit losses are estimated on a collective basis for loans and leases that are not individually evaluated. For collectively evaluated loans and leases, the Bancorp uses models to forecast expected credit losses based on the probability of a loan or lease defaulting, the expected balance at the estimated date of default and the expected loss percentage given a default. The estimate of the expected balance at the time of default considers prepayments and, for loans with available credit, expected utilization rates. The Bancorp's expected credit loss models were developed based on historical credit loss experience and observations of migration patterns for various credit risk characteristics (such as internal credit risk ratings, external credit ratings or scores, delinquency status, loan-to-value trends, etc.) over time, with those observations evaluated in the context of concurrent macroeconomic conditions. The Bancorp developed its models from historical observations capturing a full economic cycle when possible.

The Bancorp's expected credit loss models consider historical credit loss experience, current market and economic conditions, and forecasted changes in market and economic conditions if such forecasts are considered reasonable and supportable. Generally, the Bancorp considers its forecasts to be reasonable and supportable for a period of up to three years from the estimation date. For periods beyond the reasonable and supportable forecast period, expected credit losses are estimated by reverting to historical loss information without adjustment for changes in economic conditions. This reversion is phased in over a two-year period. The Bancorp evaluates the length of its reasonable and supportable forecast period, its reversion period and reversion methodology at least annually, or more often if warranted by economic conditions or other circumstances.

The Bancorp also considers qualitative factors in determining the ALLL. These considerations inherently require significant management judgment to determine the appropriate factors to be considered and the extent of their impact on the ALLL estimate. Qualitative factors are used to capture characteristics in the portfolio that impact expected credit losses but that are not fully captured within the Bancorp's expected credit loss models. These include adjustments for changes in policies or procedures in underwriting, monitoring or collections, lending and risk management personnel and results of internal audit and quality control reviews. These may also include adjustments, when deemed necessary, for specific idiosyncratic risks such as geopolitical events, natural disasters and their effects on regional borrowers and changes in product structures. Qualitative factors may also be used to address the impacts of unforeseen events on key inputs and assumptions within the Bancorp's expected credit loss models, such as the reasonable and supportable forecast period, changes to historical loss information or changes to the reversion period or methodology. When evaluating the adequacy of allowances, consideration is also given to regional geographic concentrations and the closely associated effect that changing economic conditions may have on the Bancorp's customers.

Overall, the collective evaluation process requires significant management judgment when determining the estimation methodology and inputs into the models, as well as in evaluating the reasonableness of the modeled results and the appropriateness of qualitative adjustments. The Bancorp's forecasts of market and economic conditions and the internal risk ratings assigned to loans and leases in the commercial portfolio segment are examples of inputs to the expected credit loss models that require significant management judgment. These inputs have the potential to drive significant variability in the resulting ALLL.

Refer to the Allowance for Credit Losses subsection of the Risk Management section of MD&A for a discussion on the Bancorp's ALLL sensitivity analysis.

STATEMENTS OF INCOME ANALYSIS

Net Interest Income

Net interest income is the interest earned on loans and leases (including yield-related fees), securities and other short-term investments less the interest incurred on core deposits and wholesale funding. funding (including CDs over $250,000, federal funds purchased, other 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.

Tables Table 5 and 6 present presents the components of net interest income, net interest margin and net interest rate spread for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, as well as the relative impact of changes in the average balance sheet and changes in interest rates on net interest income. Nonaccrual loans and leases and loans and leases 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 included in average other assets.

Net interest income on an FTE basis (non-GAAP) was $1.4 billion for the three months ended September 30, 2023 March 31, 2024, a decrease of $57 million $132 million compared to the same period in the prior year. Net interest income was negatively impacted by higher funding costs due to increases in market interest rates and deposit balance migration into higher yielding products. Increases in rates Rates paid on average interest-bearing core deposits and average long-term debt and average FHLB advances were 224 bps, 197 increased 124 bps and 296 103 bps, respectively, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year. The deposit balance migration impacting net interest income was primarily due to resulted in decreases in the average balances of demand deposits of $15.3 billion $9.9 billion and increases in the average balances of interest-bearing core deposits of $17.8 billion and CDs over $250,000 of $3.7 billion $16.2 billion for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year.Additionally, net interest income was negatively impacted by a decrease in the average balances of commercial and industrial loans of $4.9 billion and an increase in the average balances of long-term debt of $2.0 billion for the three months ended March 31, 2024 compared to the same period in the prior year. These negative impacts were partially offset by increases in yields of 189 73 bps on average loans and leases and 354 20 bps on average other short-term investments taxable securities for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year. Net interest income also benefited from increases an increase in average other short-term investments and average other consumer loans of $7.2 billion and $2.5 billion, respectively, $15.9 billion for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year.

Net interest rate spread on an FTE basis (non-GAAP) was 2.02% for the three months ended March 31, 2024 compared to 2.62% for the same period in the prior year. Rates paid on average interest-bearing liabilities increased 118 bps, partially offset by a 58 bps increase in yields on average interest-earning assets for the three months ended March 31, 2024 compared to same period in the prior year.

Net interest income on an FTE basis (non-GAAP) was $4.4 billion for the nine months ended September 30, 2023, an increase of $386 million compared to the same period in the prior year. Net interest income benefited from increases in market interest rates, resulting in increases in yields of 214 bps on average loans and leases, 481 bps on average other short-term investments and 27 bps on average taxable securities for the nine months ended September 30, 2023 compared to the same period in the prior year.Net interest income also benefited from increases inaverage other consumer loans, average taxable securities and average commercial and industrial loans of $2.7 billion, $5.6 billion and $2.9 billion, respectively, for the nine months ended September 30, 2023 compared to the same period in the prior year. These positive impacts were partially offset by increases in rates paid on average interest-bearing core deposits of 201 bps, average long-term debt of 188 bps and average FHLB advances of 295 bps. Net interest income was also negatively impacted by decreases in the average balances of demand deposits of $14.9 billion and increases in the average balances of interest-bearing core deposits of $9.5 billion, CDs over $250,000 of $4.2 billion and long-term debt of $2.1 billion for the nine months ended September 30, 2023 compared to the same period in the prior year. Additionally, interest income recognized from PPP loans decreased to $3 million for the nine months ended September 30, 2023 compared to $38 million for the same period in the prior year.

Net interest rate spread on an FTE basis (non-GAAP) was 2.13%and2.35% during the three and nine months ended September 30, 2023, respectively, compared to 2.91% and 2.70% in the same periods in the prior year. Rates paid on average interest-bearing liabilities increased 223 bps and 213 bps, partially offset by increases in yields on average interest-earning assets of 145 bps and 178 bps for the three and nine months ended September 30, 2023, respectively, compared to the three and nine months ended September 30, 2022.

Net interest margin on an FTE basis (non-GAAP) was 2.98% and 3.12% 2.86%for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to 3.22% and 2.91%3.29% for the comparable periods period in the prior year. Net interest margin for the three months ended September 30, 2023 March 31, 2024 was negatively impacted by the migration of average balances of deposits from demand deposits to interest-bearing deposits, and increases in rates paid on and average balances of average wholesale funding and decreases in average balances of loans and leases, partially offset by higher market interest rates on interest-earning assets and growth in average balances of loans and leases and average investment portfolio balances. Net interest margin for the nine months ended September 30, 2023 was positively impacted by the benefit of higher market interest rates on interest-earning assets, growth in average balances of loans and leases and average investment portfolio balances, partially offset by the migration of average balances of deposits from demand deposits to interest-bearing deposits and increases in rates paid on and balances of average wholesale funding. other short-term investments. Net interest margin results are expected to modestly decrease increase over the next quarter several quarters driven by increasing levels of cash fixed-rate asset repricing and continued liability repricing, deposit growth, partially offset by the impact of rising rates on the repricing continued deposit margin compression. However, net interest margin may be negatively impacted by increased deposit competition or higher levels of the Bancorp's asset portfolios. cash and other short-term investments.

Interest income on an FTE basis (non-GAAP) from loans and leases increased $586 million and $2.1 billion $146 million during the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to the three and nine months ended September 30, 2022 March 31, 2023, primarily driven by the previously mentioned increases in market interest rates, and partially offset by a decrease in average balances of other consumer loans and commercial and industrial loans.For more information on the Bancorp's loan and lease portfolio, refer to the Loans and Leases subsection of the Balance Sheet Analysis section of MD&A.Interest income on an FTE basis (non-GAAP) from investment securities and other short-term investments increased $186 million and $536 million $250 million during the three and months ended March 31, 2024

nine months ended September 30, 2023, respectively, compared to the three and nine months ended September 30, 2022 March 31, 2023 primarily due to increases in yields on average other short-term investments and average taxable securities. The increase for the three months ended September 30, 2023 was also driven by the previously mentioned increase in the average balances of other short-term investments. The increase for the nine months ended September 30, 2023 also benefited from the previously mentioned investments and increase in yields on average balances of taxable securities.

Interest expense on average core deposits increased $670 million and $1.7 billion $448 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to the three and nine months ended September 30, 2022 March 31, 2023 primarily due to the previously mentioned increases increase in the cost of average interest-bearing core deposits to 265 bps and 219 291 bps for the three and nine months ended September 30, 2023, respectively, March 31, 2024 from 41 bps and 18 167 bps for the three and nine months ended September 30, 2022 March 31, 2023, respectively, as a result of increasing higher short-term interest rates. rates and greater competition for deposits. Refer to the Deposits subsection of the Balance Sheet Analysis section of MD&A for additional information on the Bancorp's deposits.

Interest expense on average wholesale funding increased $159 million and $558 million $80 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to the three and nine months ended September 30, 2022 March 31, 2023 primarily due to the previously mentioned increases in rates paid on and average balances of long-term debt and FHLB advances as well as increases debt. The increase for the three months ended March 31, 2024 was also driven by an increase in the average balances of CDs over $250,000 of $1.2 billion and long-term debt. an increase in the rates paid on average CDs over $250,000 of 107 bps. These negative impacts were partially offset by a decrease in the average balances of FHLB advances of $1.7 billion. Refer to the Borrowings subsection of the Balance Sheet Analysis section of MD&A for additional information on the Bancorp's borrowings. Average During the three months ended March 31, 2024, average wholesale funding represented 17% and 18% of average interest-bearing liabilities compared to 18% for the three and nine months ended September 30, 2023, respectively, compared to 18% and 14% for the three and nine months ended September 30, 2022, respectively. March 31, 2023. For more information on the Bancorp's interest rate risk management, including estimated earnings sensitivity to changes in market interest rates, refer to the Interest Rate and Price Risk Management subsection of the Risk Management section of MD&A.

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

TABLE 5: Condensed Consolidated Average Balance Sheets and Analysis of Net Interest Income on an FTE Basis

For the three months ended	For the three months ended	**September 30, 2023**			September 30, 2022			Attribution of Change in Net Interest Income(a)			For the three months ended	**March 31, 2024**			March 31, 2023			Attribution of Change in Net Interest Income(a)		
($ in millions)	($ in millions)	Average Balance	Interest Earned/Paid	Average Yield/ Rate	Average Balance	Interest Earned/Paid	Average Yield/ Rate	Volume	Yield/ Rate	Total	($ in millions)	Average Balance	Interest Earned/Paid	Average Yield/ Rate	Average Balance	Interest Earned/Paid	Average Yield/ Rate	Volume	Yield/ Rate	Tot
Assets:	**Assets:**																			

Interest-earning assets:	Interest-earning assets:									
Interest-earning assets:										
Interest-earning assets:										
Loans and leases:(b)	Loans and leases:(b)									
Loans and leases:(b)										
Loans and leases:(b)										
Commercial and industrial loans										
Commercial and industrial loans										
Commercial and industrial loans	Commercial and industrial loans	**$ 57,015**	**1,006**	**7.00 %**	$ 56,648	646	4.53 %	$ 4	356	360
Commercial mortgage loans	Commercial mortgage loans	**11,216**	**173**	**6.12**	10,751	111	4.10	5	57	62
Commercial construction loans	Commercial construction loans	**5,540**	**97**	**6.93**	5,557	66	4.71	—	31	31
Commercial leases	Commercial leases	**2,618**	**24**	**3.75**	2,793	22	3.08	(2)	4	2
Total commercial loans and leases	Total commercial loans and leases	**$ 76,389**	**1,300**	**6.75**	$ 75,749	845	4.42	$ 7	448	455
Residential mortgage loans	Residential mortgage loans	**18,019**	**160**	**3.52**	19,870	166	3.32	(16)	10	(6)
Home equity	Home equity	**3,897**	**80**	**8.17**	3,956	48	4.84	(1)	33	32
Indirect secured consumer loans	Indirect secured consumer loans	**15,787**	**176**	**4.43**	16,750	141	3.34	(9)	44	35
Credit card	Credit card	**1,808**	**64**	**14.09**	1,756	57	12.89	2	5	7
Solar energy installation loans										
Other consumer loans	Other consumer loans	**6,366**	**123**	**7.65**	3,819	60	6.21	47	16	63
Total consumer loans	Total consumer loans	**$ 45,877**	**603**	**5.22**	$ 46,151	472	4.06	$ 23	108	131
Total loans and leases	Total loans and leases	**$122,266**	**1,903**	**6.18 %**	$121,900	1,317	4.29 %	$ 30	556	586
Securities:	Securities:									
Taxable										
Taxable										
Taxable	Taxable	**55,519**	**435**	**3.10**	56,535	408	2.86	(7)	34	27

Exempt from income taxes(b)	Exempt from income taxes(b)	**1,475**	**12**	**3.21**	1,178	8	2.77	2	2	4
Other short-term investments	Other short-term investments	**12,956**	**186**	**5.69**	5,765	31	2.15	67	88	155
Total interest-earning assets	Total interest-earning assets	**$ 192,216**	**2,536**	**5.23 %**	$ 185,378	1,764	3.78 %	$ 92	680	772
Cash and due from banks	Cash and due from banks	**2,576**			3,162					
Other assets	Other assets	**15,920**			20,163					
Other assets										
Other assets										
Allowance for loan and lease losses										
Allowance for loan and lease losses										
Allowance for loan and lease losses	Allowance for loan and lease losses	**(2,327)**			(2,015)					
Total assets	Total assets	**$ 208,385**			$ 206,688					
Total assets										
Total assets										
Liabilities and Equity:										
Liabilities and Equity:										
Liabilities and Equity:	**Liabilities and Equity:**									
Interest-bearing liabilities:	Interest-bearing liabilities:									
Interest-bearing liabilities:										
Interest-bearing liabilities:										
Interest checking deposits										
Interest checking deposits										
Interest checking deposits	Interest checking deposits	**$ 53,109**	**426**	**3.18 %**	$ 42,574	77	0.72 %	$ 23	326	349
Savings deposits	Savings deposits	**20,511**	**46**	**0.89**	23,814	7	0.12	(1)	40	39
Money market deposits	Money market deposits	**32,072**	**202**	**2.50**	29,066	16	0.22	2	184	186
Foreign office deposits	Foreign office deposits	**168**	**1**	**1.72**	206	—	0.78	—	1	1
CDs $250,000 or less	CDs $250,000 or less	**9,630**	**96**	**3.97**	2,048	1	0.09	7	88	95

Total interest-bearing core deposits	Total interest-bearing core deposits	**$ 115,490**	**771**	**2.65**	$ 97,708	101	0.41	$ 31	639	670
CDs over $250,000	CDs over $250,000	**5,926**	**73**	**4.91**	2,226	11	1.90	32	30	62
Federal funds purchased	Federal funds purchased	**181**	**2**	**5.31**	607	3	2.10	(3)	2	(1)
Federal funds purchased										
Federal funds purchased										
Securities sold under repurchase agreements	Securities sold under repurchase agreements	**352**	**1**	**1.46**	472	—	0.22	—	1	1
FHLB advances	FHLB advances	**3,726**	**50**	**5.26**	6,608	38	2.30	(21)	33	12
Derivative collateral and other borrowed money	Derivative collateral and other borrowed money	**48**	**1**	**7.82**	356	5	4.92	(5)	1	(4)
Long-term debt	Long-term debt	**14,056**	**193**	**5.46**	11,796	104	3.49	23	66	89
Total interest-bearing liabilities	Total interest-bearing liabilities	**$ 139,779**	**1,091**	**3.10 %**	$ 119,773	262	0.87 %	$ 57	772	829
Demand deposits	Demand deposits	**44,228**			59,535					
Other liabilities	Other liabilities	**7,073**			8,516					
Other liabilities										
Other liabilities										
Total liabilities										
Total liabilities										
Total liabilities	Total liabilities	**$ 191,080**			$ 187,824					
Total equity	Total equity	**$ 17,305**			$ 18,864					
Total equity										
Total equity										
Total liabilities and equity	Total liabilities and equity	**$ 208,385**			$ 206,688					
Total liabilities and equity										
Total liabilities and equity										
Net interest income (FTE) (c)										
Net interest income (FTE) (c)										
Net interest income (FTE) (c)	Net interest income (FTE) (c)		**$ 1,445**			$ 1,502		$ 35	(92)	(57)
Net interest margin (FTE) (c)	Net interest margin (FTE) (c)			**2.98 %**			3.22 %			

Net interest rate spread (FTE)(c)	Net interest rate spread (FTE)(c)	**2.13**	2.91
Net interest rate spread (FTE)(c)			
Net interest rate spread (FTE)(c)			
Interest-bearing liabilities to interest-earning assets	Interest-bearing liabilities to interest-earning assets	**72.72**	64.61
Interest-bearing liabilities to interest-earning assets			
Interest-bearing liabilities to interest-earning assets			

(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 $7 $6 and $4 $5 for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively.*

(c) *Net interest income (FTE), net interest margin (FTE) and net interest rate spread (FTE) are non-GAAP measures. For further information, refer to the Non-GAAP Financial Measures section of MD&A.*

TABLE 6: Condensed Consolidated Average Balance Sheets and Analysis of Net Interest Income on an FTE Basis

For the nine months ended	**September 30, 2023**			September 30, 2022			Attribution of Change in Net Interest Income(a)		
($ in millions)	Average Balance	Interest Earned/Paid	Average Yield/ Rate	Average Balance	Interest Earned/Paid	Average Yield/ Rate	Volume	Yield/ Rate	Total
Assets:									
Interest-earning assets:									
Loans and leases:(b)									
Commercial and industrial loans	**$ 57,786**	**2,908**	**6.73 %**	$ 54,907	1,569	3.82 %	$ 86	1,253	1,339
Commercial mortgage loans	**11,237**	**493**	**5.87**	10,664	278	3.49	16	199	215
Commercial construction loans	**5,527**	**279**	**6.74**	5,429	159	3.91	3	117	120
Commercial leases	**2,661**	**71**	**3.59**	2,858	63	2.95	(5)	13	8
Total commercial loans and leases	**$ 77,211**	**3,751**	**6.50**	$ 73,858	2,069	3.75	$ 100	1,582	1,682
Residential mortgage loans	**18,168**	**467**	**3.43**	19,981	479	3.20	(45)	33	(12)
Home equity	**3,946**	**217**	**7.34**	3,953	120	4.06	—	97	97
Indirect secured consumer loans	**16,219**	**508**	**4.19**	17,041	407	3.20	(20)	121	101
Credit card	**1,790**	**188**	**14.06**	1,717	161	12.50	7	20	27
Other consumer loans	**5,950**	**325**	**7.29**	3,234	148	6.10	144	33	177
Total consumer loans	**$ 46,073**	**1,705**	**4.95**	$ 45,926	1,315	3.83	$ 86	304	390
Total loans and leases	**$ 123,284**	**5,456**	**5.92 %**	$ 119,784	3,384	3.78 %	$ 186	1,886	2,072
Securities:									
Taxable	**56,127**	**1,292**	**3.08**	50,529	1,060	2.81	124	108	232
Exempt from income taxes(b)	**1,459**	**35**	**3.17**	1,084	21	2.56	8	6	14
Other short-term investments	**8,708**	**348**	**5.34**	14,486	58	0.53	(32)	322	290
Total interest-earning assets	**$ 189,578**	**7,131**	**5.03 %**	$ 185,883	4,523	3.25 %	$ 286	2,322	2,608
Cash and due from banks	**2,776**			3,081					
Other assets	**16,405**			20,211					
Allowance for loan and lease losses	**(2,231)**			(1,939)					
Total assets	**$ 206,528**			$ 207,236					

Liabilities and Equity:									
Interest-bearing liabilities:									
Interest checking deposits	**$ 50,782**	**1,061**	**2.79 %**	$ 45,172	100	0.30 %	$ 14	947	961
Savings deposits	**21,755**	**118**	**0.73**	23,435	10	0.06	(1)	109	108
Money market deposits	**29,815**	**419**	**1.88**	29,533	22	0.10	—	397	397
Foreign office deposits	**151**	**2**	**1.63**	157	—	0.39	—	2	2
CDs $250,000 or less	**7,537**	**198**	**3.51**	2,205	2	0.10	13	183	196
Total interest-bearing core deposits	**$ 110,040**	**1,798**	**2.19**	$ 100,502	134	0.18	$ 26	1,638	1,664
CDs over $250,000	**5,222**	**179**	**4.57**	1,055	13	1.64	114	52	166
Federal funds purchased	**347**	**13**	**4.89**	421	4	1.31	(1)	10	9
Securities sold under repurchase agreements	**347**	**3**	**1.13**	484	—	0.10	—	3	3
FHLB advances	**5,035**	**188**	**4.99**	3,141	48	2.04	41	99	140
Derivative collateral and other borrowed money	**123**	**7**	**8.10**	365	8	2.70	(8)	7	(1)
Long-term debt	**13,474**	**514**	**5.09**	11,376	273	3.21	58	183	241
Total interest-bearing liabilities	**$ 134,588**	**2,702**	**2.68 %**	$ 117,344	480	0.55 %	$ 230	1,992	2,222
Demand deposits	**47,138**			62,084					
Other liabilities	**6,929**			7,979					
Total liabilities	**$ 188,655**			$ 187,407					
Total equity	**$ 17,873**			$ 19,829					
Total liabilities and equity	**$ 206,528**			$ 207,236					
Net interest income (FTE)(c)		**$ 4,429**			$ 4,043		$ 56	330	386
Net interest margin (FTE)(c)			**3.12 %**			2.91 %			
Net interest rate spread (FTE)(c)			**2.35**			2.70			
Interest-bearing liabilities to interest-earning assets			**70.99**			63.13			

(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 $18 and $11 for the nine months ended September 30, 2023 and 2022, 2023, respectively.

(c) Net interest income (FTE), net interest margin (FTE) and net interest rate spread (FTE) are non-GAAP measures. For further information, refer to the Non-GAAP Financial Measures section of MD&A.

Provision for Credit Losses

The Bancorp provides, as an expense, an amount for expected credit losses within the loan and lease portfolio and the portfolio of unfunded commitments that is based on factors previously discussed in the Critical Accounting Policies section of MD&A. For a discussion of the factors used to determine the amount provided, as an expense, for expected credit losses within the portfolio of unfunded commitments, refer to the Critical Accounting Policies section of the Bancorp's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. The provision is recorded to bring the ALLL and reserve for unfunded commitments to a level deemed appropriate by the Bancorp to cover losses expected in the portfolios. Actual credit losses on loans and leases are charged against the ALLL. The amount of loans and leases actually removed from the Condensed Consolidated Balance Sheets are 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 credit losses was $119 million $94 million and $460 million for the three and nine months ended September 30, 2023, respectively, compared to $158 million and $383 million during the same periods in the prior year. The provision for credit losses $164 million for the three months ended September 30, 2023 included March 31, 2024 and 2023, respectively. Provision expense for the impacts of decreases three months ended March 31, 2024 was affected by factors which caused a slight decrease in the ACL from December 31, 2023, including improvement in the economic forecasts used to specific reserves on individually evaluated commercial loans calculate the ACL and decreases in lower period-end loan and lease balances, which were partially offset by the impact of slight deterioration in the economic forecast. The provision for credit losses for the nine months ended September 30, 2023 included the impacts of increases in period-end loan and lease balances, increases in specific reserves on individually evaluated commercial loans and deterioration in the economic forecast. The provision for credit losses loans. Provision expense for the three and nine months ended September 30, 2022 included March 31, 2023 was driven by factors which caused an increase in the impacts of increases ACL from December 31, 2022, including growth in period-end loan and lease balances and deterioration in forecasted macroeconomic conditions. The provision for credit losses for the nine months ended September 30, 2022 also included the initial recognition of provision for credit losses increases to specific reserves on loans acquired as part of a business acquisition completed in the second quarter of 2022. individually evaluated commercial loans.

The ALLL increased $146 million decreased $4 million from December 31, 2022 December 31, 2023 to $2.3 billion at September 30, 2023 inclusive of a $49 million reduction from the impact of the adoption of ASU 2022-02 on January 1, 2023, as further discussed in Note 3 of the Notes to Condensed Consolidated Financial Statements. March 31, 2024. At September 30, 2023 March 31, 2024, the ALLL as a percent of portfolio loans and leases increased to 1.95% 1.99%, compared to 1.81% 1.98% at December 31, 2022 December 31, 2023. The reserve for unfunded commitments decreased $27 million $12 million from December 31, 2022 December 31, 2023 to $189 million $154 million at September 30, 2023 March 31, 2024. At September 30, 2023, the The ACL as a percent of portfolio loans and leases increased to 2.11%, compared to 1.98% was 2.12% at December 31, 2022 both March 31, 2024 and December 31, 2023.

Refer to the Credit Risk Management subsection of the Risk Management section of MD&A as well as Note 6 of the Notes to Condensed Consolidated Financial Statements for more information on the provision for credit losses, including an analysis of loan and lease 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 determining the level of the ACL.

Noninterest Income

Noninterest income increased $43 million and $106 million $14 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to the three and nine months ended September 30, 2022 March 31, 2023.

The following table presents the components of noninterest income:

TABLE 7: Components of Noninterest Income

TABLE 6: Components of Noninterest Income

TABLE 6: Components of Noninterest Income

TABLE 6: Components of Noninterest Income

			For the three months ended September 30, / For the three months ended March 31, / For the three months ended March 31, / For the three months ended March 31,				For the nine months ended September 30,		
($ in millions)	($ in millions)		**2023**	2022	% Change		**2023**	2022	% Change
Commercial banking revenue		$	**154**	134	15	$	**461**	406	14
($ in millions)									
($ in millions)									
Wealth and asset management revenue									
Wealth and asset management revenue									
Wealth and asset management revenue	Wealth and asset management revenue		**145**	141	3		**434**	430	1
Service charges on deposits	Service charges on deposits		**149**	143	4		**431**	449	(4)
Service charges on deposits									
Service charges on deposits									
Commercial banking revenue									
Commercial banking revenue									
Commercial banking revenue									
Card and processing revenue									
Card and processing revenue									
Card and processing revenue	Card and processing revenue		**104**	105	(1)		**310**	306	1
Mortgage banking net revenue	Mortgage banking net revenue		**57**	69	(17)		**184**	152	21
Mortgage banking net revenue									
Mortgage banking net revenue									
Leasing business revenue									
Leasing business revenue									
Leasing business revenue	Leasing business revenue		**58**	60	(3)		**162**	179	(9)
Other noninterest income	Other noninterest income		**55**	59	(7)		**152**	195	(22)
Securities gains (losses), net			**(7)**	(38)	(82)		**3**	(84)	NM
Securities losses, net – non-qualifying hedges on mortgage servicing rights			**—**	(1)	(100)		**—**	(2)	(100)
Other noninterest income									

Other noninterest income								
Securities gains, net								
Securities gains, net								
Securities gains, net								
Securities gains, net – non-qualifying hedges on mortgage servicing rights								
Securities gains, net – non-qualifying hedges on mortgage servicing rights								
Securities gains, net – non-qualifying hedges on mortgage servicing rights								
Total noninterest income	Total noninterest income	$	715	672	6	$	2,137	2,031	5
Total noninterest income								
Total noninterest income								

Commercial banking Wealth and asset management revenue

Commercial banking Wealth and asset management revenue increased $20 million and $55 million $15 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to the three and nine months ended September 30, 2022 March 31, 2023 primarily driven by increases in loan syndication fees, foreign exchange fees personal asset management revenue and institutional brokerage revenue, partially offset by decreases broker income. The Bancorp's trust and registered investment advisory businesses had approximately $634 billion and$542 billion in contract revenue from commercial customer derivatives. The increase total assets under care as of March 31, 2024 and 2023, respectively, and managed $62 billion and $57 billion in assets for individuals, corporations and not-for-profit organizations as of March 31, 2024 and 2023, respectively.

Service charges on deposits

Service charges on deposits increased $14 million for the three months ended September 30, 2023 was also driven by March 31, 2024 compared to the three months ended March 31, 2023 primarily due to an increase in corporate bond fees. service charges on commercial deposits. Service charges on commercial deposits were $112 million for the three months ended March 31, 2024, an increase of $12 million from the three months ended March 31, 2023 primarily due to an increase in revenue from commercial payments activities, which include traditional treasury management and embedded payments. Service charges on

consumer deposits were

$39 million for the three months ended March 31, 2024, an increase of $2 million from the three months ended March 31, 2023.

Wealth and asset management Commercial banking revenue

Wealth and asset management Commercial banking revenue increased $4 million for both the three and nine months ended September 30, 2023 compared to the same periods in the prior year primarily driven by increases in private client service fees. The Bancorp's trust and registered investment advisory businesses had approximately $547 billion and $494 billion in total assets under care as of September 30, 2023 and 2022, respectively, and managed $57 billion and $52 billion in assets for individuals, corporations and not-for-profit organizations as of September 30, 2023 and 2022, respectively.

Service charges on deposits

Service charges on deposits increased $6 million and decreased $18 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to the three and nine months ended September 30, 2022. Service charges on commercial deposits were $109 million and $315 million for the three and nine months ended September 30, 2023, respectively, an increase of $4 million and a decrease of $16 million from the same periods in the prior year. The increase for the three months ended September 30, 2023 was March 31, 2023 primarily due to an increase in commercial treasury management fees. The decrease for the nine months ended September 30, 2023 was primarily due to higher treasury management earnings credits driven by market interest rates, decreases in revenue from commercial customer derivatives, merger and acquisition fees and loan syndication fees, partially offset by an increase in commercial treasury management corporate bond fees. Service charges on consumer deposits were $40 million and $116 million for the three and nine months ended September 30, 2023, respectively, an increase of $2 million and a decrease of $2 million from the same periods in the prior year. The increase for the three months ended September 30, 2023 was primarily due to an increase in overdraft fees. The decrease for the nine months ended September 30, 2023 was primarily driven by the elimination of non-sufficient funds fees during the third quarter of 2022.

Card and processing revenue

Card and processing revenue decreased $1 million and increased $4 million for the three and nine months ended September 30, 2023, respectively, compared to the three and nine months ended September 30, 2022. The decrease $2 million for the three months ended September 30, 2023 was primarily due March 31, 2024 compared to increased reward costs, partially offset by an increase in debit card interchange. The increase for the nine three months ended September 30, 2023 was March 31, 2023 primarily due to increases in debit credit and credit debit card interchange and electronic funds transfer income, partially offset by increased reward costs.

Mortgage banking net revenue

Mortgage banking net revenue decreased $12 million and increased $32 million $15 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to the three and nine months ended September 30, 2022 March 31, 2023.

The following table presents the components of mortgage banking net revenue:

TABLE 8: Components of Mortgage Banking Net Revenue

TABLE 7: Components of Mortgage Banking Net Revenue

TABLE 7: Components of Mortgage Banking Net Revenue

TABLE 7: Components of Mortgage Banking Net Revenue

For the three months ended March 31,

($ in millions)

($ in millions)

		For the three months ended September 30,		For the nine months ended September 30,	
($ in millions)	($ in millions)	**2023**	2022	**2023**	2022
Origination fees and gains on loan sales	Origination fees and gains on loan sales	**$ 19**	24	**59**	73
Net mortgage servicing revenue:	Net mortgage servicing revenue:				
Gross mortgage servicing fees	Gross mortgage servicing fees	**79**	81	**241**	230
Net valuation adjustments on MSRs and free-standing derivatives purchased to economically hedge MSRs	Net valuation adjustments on MSRs and free-standing derivatives purchased to economically hedge MSRs	**(41)**	(36)	**(116)**	(151)
Net mortgage servicing revenue	Net mortgage servicing revenue	**38**	45	**125**	79

Origination fees and gains on loan sales

Origination fees and gains on loan sales

Net mortgage servicing revenue:

Net mortgage servicing revenue:

Gross mortgage servicing fees

Gross mortgage servicing fees

Net valuation adjustments on MSRs and free-standing derivatives purchased to economically hedge MSRs

Net valuation adjustments on MSRs and free-standing derivatives purchased to economically hedge MSRs

Net mortgage servicing revenue

Net mortgage servicing revenue

Total mortgage banking net revenue	Total mortgage banking net revenue	**$ 57**	69	**184**	152

Total mortgage banking net revenue

Total mortgage banking net revenue

Origination fees and gains on loan sales decreased $5 million and $14 million $4 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to the three and nine months ended September 30, 2022, March 31, 2023 primarily driven by lower volumes of residential mortgage loan originations. originations as well as a decrease in mark-to-market gains recognized on held for investment loans measured at fair value. Residential mortgage loan originations decreased to $1.5 billion and $4.6 billion $1.1 billion for the three and nine months ended September 30, 2023, respectively, March 31, 2024 from $4.0 billion and $11.7 billion $1.4 billion for the three and nine months ended September 30, 2022, respectively, March 31, 2023 primarily due to the impact of higher market interest rates on refinance activity. originations.

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

The following table presents the components of net valuation adjustments on the MSR portfolio and the impact of the Bancorp's non-qualifying hedging strategy:

TABLE 9: Components of Net Valuation Adjustments on MSRs

		For the three months ended September 30,		For the nine months ended September 30,	
($ in millions)	($ in millions)	**2023**	2022	**2023**	2022
Changes in fair value and settlement of free-standing derivatives purchased to economically hedge the MSR portfolio	Changes in fair value and settlement of free-standing derivatives purchased to economically hedge the MSR portfolio	**$ (75)**	(84)	**(110)**	(368)
Changes in fair value:	Changes in fair value:				

TABLE 8: Components of Net Valuation Adjustments on MSRs

TABLE 8: Components of Net Valuation Adjustments on MSRs

TABLE 8: Components of Net Valuation Adjustments on MSRs

For the three months ended March 31,

($ in millions)

($ in millions)

Changes in fair value and settlement of free-standing derivatives purchased to economically hedge the MSR portfolio

Changes in fair value and settlement of free-standing derivatives purchased to economically hedge the MSR portfolio

Changes in fair value:

Changes in fair value:

Due to changes in inputs or assumptions(a)	Due to changes in inputs or assumptions(a)	**73**	83	**107**	358

Due to changes in inputs or assumptions(a)

Due to changes in inputs or assumptions(a)

Other changes in fair value(b)

Other changes in fair value(b)

Other changes in fair value(b)	Other changes in fair value(b)	**(39)**	(35)	**(113)**	(141)
Net valuation adjustments on MSRs and free-standing derivatives purchased to economically hedge MSRs	Net valuation adjustments on MSRs and free-standing derivatives purchased to economically hedge MSRs	**$ (41)**	(36)	**(116)**	(151)

Net valuation adjustments on MSRs and free-standing derivatives purchased to economically hedge MSRs

Net valuation adjustments on MSRs and free-standing derivatives purchased to economically hedge MSRs

(a) Primarily reflects changes in prepayment speed and OAS assumptions which are updated based on market interest rates.

(b) Primarily reflects changes due to realized cash flows and the passage of time.

The Bancorp recognized income of $34 million $8 million for the three months ended March 31, 2024 and losses of $6 million $53 million for the three and nine months ended September 30, 2023, respectively, and income of $48 million and $217 million for the three and nine months ended September 30, 2022, respectively, March 31, 2023 in mortgage banking net revenue for valuation adjustments on the MSR portfolio. The valuation adjustments on the MSR portfolio included increases an increase of $73 million $41 million and $107 million a decrease of $19 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and increases of $83 million and $358 million for the three and nine months ended September 30, 2022, 2023, respectively, due to changes in market rates and other inputs in the valuation model, including future prepayment speeds and OAS assumptions. Mortgage rates increased slightly during the three and nine months ended September 30, 2023 March 31, 2024, which caused a decrease in modeled prepayment speeds. The fair value of the MSR portfolio decreased $39 million $33 million and $113 million for the three and nine months ended September 30, 2023, respectively, and decreased $35 million and $141 million for the three and nine months ended September 30, 2022, respectively, $34 million as a result of contractual principal payments and actual prepayment activity. activity for the three months ended March 31, 2024 and 2023, respectively.

Further detail on the valuation of MSRs can be found in Note 13 12 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 of the MSR portfolio. Refer to Note 14 13 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. Gains and losses on these securities are recorded in securities losses, gains, net – non-qualifying hedges on mortgage servicing rights in the Bancorp's Condensed Consolidated Statements of Income.

The Bancorp's total residential mortgage loans serviced as of September 30, 2023 March 31, 2024 and 2022 2023 were $118.5 billion $115.7 billion and $120.3 billion $120.4 billion, respectively, with $101.9 billion $99.6 billion and $102.7 billion $103.4 billion, respectively, of residential mortgage loans serviced for others.

Leasing business revenue

Leasing business revenue decreased $2 million and $17 million for the three and nine months ended September 30, 2023, respectively, compared to the three and nine months ended September 30, 2022. The decrease $18 million for the three months ended September 30, 2023 was March 31, 2024 compared to the three months ended March 31, 2023 primarily driven by a decrease decreases in operating lease income. The decrease for the nine months ended September 30, 2023 was primarily driven by a decrease in leasing business solutions revenue related to the disposition of LaSalle Solutions during the second quarter of 2022 as well as a decrease in income and lease remarketing fees.

Other noninterest income

The following table presents the components of other noninterest income:

TABLE 10: Components of Other Noninterest Income						
			For the three months ended September 30,		For the nine months ended September 30,	
TABLE 9: Components of Other Noninterest Income						
TABLE 9: Components of Other Noninterest Income						
TABLE 9: Components of Other Noninterest Income						
			For the three months ended March 31,			
			For the three months ended March 31,			
			For the three months ended March 31,			
($ in millions)	($ in millions)		**2023**	2022	**2023**	2022
Equity method investment income		**$**	**3**	4	**48**	17
($ in millions)						
($ in millions)						
BOLI income						
BOLI income						
BOLI income	BOLI income		**15**	15	**45**	48
Cardholder fees	Cardholder fees		**15**	14	**43**	41
Cardholder fees						
Cardholder fees						
Private equity investment income	Private equity investment income		**13**	14	**39**	55
Private equity investment income						
Private equity investment income						
Equity method investment income						
Equity method investment income						
Equity method investment income						
Banking center income	Banking center income		**7**	6	**19**	18
Banking center income						
Banking center income						
Gains (losses) on sale of businesses						
Gains (losses) on sale of businesses						
Gains (losses) on sale of businesses						
Consumer loan fees	Consumer loan fees		**5**	5	**15**	15
Consumer loan fees						
Consumer loan fees						
Loss on swap associated with the sale of Visa, Inc. Class B Shares						
Loss on swap associated with the sale of Visa, Inc. Class B Shares						
Loss on swap associated with the sale of Visa, Inc. Class B Shares	Loss on swap associated with the sale of Visa, Inc. Class B Shares		**(10)**	(17)	**(72)**	(46)

Other, net	Other, net		**7**	18	**15**	47
Other, net						
Other, net						
Total other noninterest income	Total other noninterest income	$	**55**	59	**152**	195
Total other noninterest income						
Total other noninterest income						

Other noninterest income decreased $43 million increased $28 million for the nine three months ended September 30, 2023 March 31, 2024 compared to the nine three months ended September 30, 2022 March 31, 2023 primarily due to an increase a decrease in the loss on the swap associated with the sale of Visa, Inc. Class B Shares as well as a decrease in private equity investment income, partially offset by an increase in equity method investment income. Shares.

The Bancorp recognized a negative valuation adjustment adjustments of $72 million $17 million related to the Visa total return swap during the nine three months ended September 30, 2023 March 31, 2024 compared to a negative valuation adjustment adjustments of $46 million $31 million during the same period in the prior year. three months ended March 31, 2023. For additional information on the valuation of the swap associated with the sale of Visa, Inc. Class B Shares, refer to Note 23 21 of the Notes to Condensed Consolidated Financial Statements. Private equity investment income decreased $16 million for the nine months ended September 30, 2023 compared to the same period in the prior year primarily driven by valuation adjustments recognized on certain private equity investments. Equity method investment income increased $31 million for the nine months ended September 30, 2023 compared to the same period in the prior year primarily due to a gain on the partial disposition of an equity method investment during the second quarter of 2023.

Securities gains (losses), net

Net securities losses were $7 million and net securities gains were $3 million $10 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared with losses of $38 million and $84 million to $4 million for the three and nine months ended September 30, 2022, respectively. March 31, 2023. For more information, refer to Note 4 of the Notes to Condensed Consolidated Financial Statements.

Noninterest Expense

Noninterest expense increased $21 million and $249 million $11 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to the same periods period in the prior year.

The following table presents the components of noninterest expense:

TABLE 11: Components of Noninterest Expense										
		For the three months ended September 30,				For the nine months ended September 30,				
TABLE 10: Components of Noninterest Expense										
TABLE 10: Components of Noninterest Expense										
TABLE 10: Components of Noninterest Expense										
		For the three months ended March 31,								
		For the three months ended March 31,								
		For the three months ended March 31,								
($ in millions)										
($ in millions)										
($ in millions)	($ in millions)		**2023**	2022	% Change		**2023**	2022	% Change	
Compensation and benefits	Compensation and benefits	$	**629**	605	4	$	**2,036**	1,900	7	
Compensation and benefits										
Compensation and benefits										
Technology and communications										
Technology and communications										
Technology and communications	Technology and communications		**115**	106	8		**347**	306	13	
Net occupancy expense	Net occupancy expense		**84**	74	14		**248**	225	10	

Net occupancy expense											
Net occupancy expense											
Equipment expense											
Equipment expense											
Equipment expense	Equipment expense		**37**		36	3		**110**		108	2
Marketing expense	Marketing expense		**35**		35	—		**96**		87	10
Marketing expense											
Marketing expense											
Leasing business expense											
Leasing business expense											
Leasing business expense	Leasing business expense		**29**		33	(12)		**94**		95	(1)
Card and processing expense	Card and processing expense		**21**		21	—		**63**		59	7
Card and processing expense											
Card and processing expense											
Other noninterest expense											
Other noninterest expense											
Other noninterest expense	Other noninterest expense		**238**		257	(7)		**756**		721	5
Total noninterest expense	Total noninterest expense	**$**	**1,188**		1,167	2	**$**	**3,750**		3,501	7
Total noninterest expense											
Total noninterest expense											
Efficiency ratio on an FTE basis*(a)*	Efficiency ratio on an FTE basis*(a)*		**55.0**	**%**	53.7			**57.1**	**%**	57.6	
Efficiency ratio on an FTE basis*(a)*											
Efficiency ratio on an FTE basis*(a)*											

(a) This is a non-GAAP measure. For further information, refer to the Non-GAAP Financial Measures section of MD&A.

Compensation and benefits expense increased $24 million and $136 million for the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior year. The increase decreased $4 million for the three months ended September 30, 2023 was primarily driven by an increase in base compensation. The increase for the nine months ended September 30, 2023 was primarily driven by the

additional personnel costs of an acquired business, the impact of raising the Bancorp's minimum wage in the third quarter of 2022, an increase in non-qualified deferred compensation expense and an increase in severance expense, partially offset by decreases in performance-based compensation. Full-time equivalent employees totaled 18,804 at September 30, 2023 compared to 19,187 at September 30, 2022.

Technology and communications expense increased $9 million and $41 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to the same periods period in the prior year primarily driven by increased investments decreases in strategic initiatives performance-based compensation and technology modernization. severance expense. The effect of merit increases in the first quarter of 2024 on base compensation expense was largely offset by a reduction in full-time equivalent employees which totaled 18,657 at March 31, 2024 compared to 19,474 at March 31, 2023.

Net occupancy expense increased $10 million and $23 million $6 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to the same periods period in the prior year primarily driven by higher expenses associated with the maintenance and renovation of banking centers as well as and expenses associated with the impacts of exiting mortgage warehouse lending. Bancorp's continued expansion into Southeast markets.

Marketing Leasing business expense increased decreased $9 million for the nine three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year primarily driven by a decrease in depreciation expense associated with operating lease equipment.

The following table presents the components of other noninterest expense:

TABLE 11: Components of Other Noninterest Expense

($ in millions)		For the three months ended March 31, 2024	2023
FDIC insurance and other taxes	$	**73**	40
Loan and lease		**29**	30
Losses and adjustments		**22**	22
Data processing		**20**	22
Dues and subscriptions		**15**	15
Travel		**14**	17
Securities recordkeeping		**13**	12
Postal and courier		**13**	11
Cash and coin processing		**12**	12
Intangible amortization		**10**	12
Professional service fees		**9**	12
Other, net		**41**	48
Total other noninterest expense	$	**271**	253

Other noninterest expense increased $18 million for the three months ended March 31, 2024 compared to the same period in the prior year primarily due to an increase in deposit campaigns.

The following table presents the components of other noninterest expense:

TABLE 12: Components of Other Noninterest Expense

($ in millions)		For the three months ended September 30, 2023	2022	For the nine months ended September 30, 2023	2022
FDIC insurance and other taxes	$	**39**	37	**122**	101
Loan and lease		**34**	40	**99**	127
Losses and adjustments		**21**	26	**70**	62
Data processing		**22**	21	**66**	61
Dues and subscriptions		**15**	15	**46**	43
Travel		**11**	15	**45**	45
Professional service fees		**12**	16	**41**	42
Securities recordkeeping		**13**	11	**38**	36
Cash and coin processing		**12**	11	**37**	33
Intangible amortization		**10**	12	**32**	34
Other, net		**49**	53	**160**	137
Total other noninterest expense	$	**238**	257	**756**	721

Other noninterest expense decreased $19 million and increased $35 million for the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior year. The decrease for the three months ended September 30, 2023 was primarily due to decreases in loan and lease expense and losses and adjustments. The increase for the nine months ended September 30, 2023 was primarily due to increases in FDIC insurance and other taxes and losses and adjustments, partially offset by a decrease in loan and lease expense. taxes.

FDIC insurance and other taxes increased $21 million $33 million for the nine three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year primarily as a result of an increase in the FDIC insurance assessment rate.

Losses and adjustments decreased $5 million and increased $8 million for the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior year primarily due to the impacts incremental expense associated with the Bancorp's updated estimate of legal and regulatory proceedings. its allocated share of the FDIC's special assessment, as further discussed in the Overview section of MD&A.

Loan and lease expense decreased $6 million and $28 million for the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior year primarily driven by a decrease in loan servicing expenses related to the Bancorp's sales of certain government-guaranteed residential mortgage loans that were previously in forbearance programs and serviced by a third party.

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

Applicable Income Taxes

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

TABLE 13: Applicable Income Taxes

	For the three months ended September 30,	For the nine months ended September 30,

TABLE 12: Applicable Income Taxes

TABLE 12: Applicable Income Taxes

TABLE 12: Applicable Income Taxes

For the three months ended March 31,

For the three months ended March 31,

For the three months ended March 31,

($ in millions)

($ in millions)

($ in millions)	($ in millions)		2023		2022	2023	2022
Income before income taxes	Income before income taxes	$	**846**		845	**2,338**	2,179

Income before income taxes

Income before income taxes

Applicable income tax expense

Applicable income tax expense

Applicable income tax expense	Applicable income tax expense		**186**		192	**519**	470
Effective tax rate	Effective tax rate		**22.0**	**%**	22.7	**22.2**	21.6

Effective tax rate

Effective tax rate

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

Applicable income tax expense for all periods presented includes the benefit benefits from tax-exempt income, tax-advantaged investments and tax credits (and other related tax benefits), partially offset by the effect of proportional amortization of qualifying LIHTC investments and certain nondeductible expenses. The tax credits are primarily associated with the Research Credit under Section 41 of the IRC, 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.

The effective tax rate decreased to 22.0% 21.1% for the three months ended September 30, 2023 March 31, 2024 compared to 22.7% 22.3% for the same period in the prior year primarily related to an increase in tax credits. The effective tax rate increased to 22.2% for the nine months ended September 30, 2023 compared to 21.6% for the same period in the prior year primarily related due to a decrease in excess state tax expense associated with the recognition of certain previously unrecognized tax benefits related to share-based compensation, partially offset by an increase in tax credits. during the three months ended March 31, 2024.

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

BALANCE SHEET ANALYSIS

Loans and Leases

The Bancorp classifies its commercial loans and leases based upon primary purpose and consumer loans based upon product or collateral. Table 14 13 summarizes end of period loans and leases, including loans and leases held for sale, and Table 15 14 summarizes average total loans and leases, including average loans and leases held for sale.

TABLE 14: Components of Total Loans and Leases (including loans and leases held for sale)

	September 30, 2023	December 31, 2022

TABLE 13: Components of Total Loans and Leases (including loans and leases held for sale)

		March 31, 2024			
As of ($ in millions)	As of ($ in millions)	Carrying Value	% of Total	Carrying Value	% of Total
Commercial loans and leases:	Commercial loans and leases:				
Commercial and industrial loans					
Commercial and industrial loans					
Commercial and industrial loans	Commercial and industrial loans	**$ 55,819**	**46 %**	$ 57,305	47 %
Commercial mortgage loans	Commercial mortgage loans	**11,122**	**9**	11,020	9
Commercial construction loans	Commercial construction loans	**5,634**	**5**	5,433	4
Commercial leases	Commercial leases	**2,624**	**2**	2,704	2
Total commercial loans and leases	Total commercial loans and leases	**$ 75,199**	**62 %**	$ 76,462	62 %
Consumer loans:	Consumer loans:				
Residential mortgage loans	Residential mortgage loans	**17,826**	**15**	18,562	15
Residential mortgage loans					
Residential mortgage loans					
Home equity	Home equity	**3,898**	**3**	4,039	3
Indirect secured consumer loans	Indirect secured consumer loans	**15,434**	**13**	16,552	14
Credit card	Credit card	**1,817**	**2**	1,874	2
Solar energy installation loans					

TABLE 13: Components of Total Loans and Leases (including loans and leases held for sale)

	March 31, 2024			December 31, 2023		
As of ($ in millions)	Carrying Value	% of Total		Carrying Value	% of Total	
Commercial and industrial loans	**$ 52,239**	**45**	**45 %**	$ 53,311	45	45 %
Total commercial loans and leases	**$ 71,948**	**62**	**62 %**	$ 72,790	62	62 %

Other consumer loans	Other consumer loans	6,528	5	4,998	4							
Total consumer loans	Total consumer loans	$ 45,503	38 %	$ 46,025	38 %	Total consumer loans	$ 44,876	38	38 %	$ 44,822	38	38 %
Total loans and leases	Total loans and leases	$120,702	100 %	$122,487	100 %	Total loans and leases	$ 116,824	100	100 %	$ 117,612	100	100 %
Total portfolio loans and leases (excluding loans and leases held for sale)	Total portfolio loans and leases (excluding loans and leases held for sale)	$120,088		$121,480								

Total loans and leases, including loans and leases held for sale, decreased $1.8 billion $788 million, or 1%, from December 31, 2022 December 31, 2023 primarily driven by decreases a decrease in both commercial loans and leases and consumer loans. leases.

Commercial loans and leases decreased $1.3 billion $842 million, or 2% 1%, from December 31, 2022 December 31, 2023 primarily due to decreases a decrease in commercial and industrial loans, and commercial leases, partially offset by increases in commercial construction loans and commercial mortgage loans. Commercial and industrial loans decreased $1.5 billion $1.1 billion, or 3% 2%, from December 31, 2022 December 31, 2023 primarily as a result of payoffs and decreased revolving line of credit utilization. Commercial leases decreased $80 million, or 3%, primarily as a result of a planned reduction in indirect non-relationship-based lease exceeding loan originations. Commercial construction loans increased $201 million $168 million, or 4% 3%, from December 31, 2022 December 31, 2023 as draws on existing commitments and loan originations exceeded payoffs. Commercial mortgage loans increased $102 million $70 million, or 1%, from December 31, 2022 December 31, 2023 as loan originations exceeded payoffs.

Consumer loans decreased $522 million, or 1%, increased $54 million from December 31, 2022 December 31, 2023 primarily due to decreases increases in indirect secured consumer loans residential mortgage and solar energy installation loans, and home equity, partially offset by an increase decreases in other consumer loans. loans and credit card. Indirect secured consumer loans increased $341 million, or 2%, from December 31, 2023 primarily driven by loan production exceeding payoffs. Solar energy installation loans increased $143 million, or 4%, from December 31, 2023 primarily driven by increased loan originations. Other consumer loans decreased $1.1 billion $211 million, or 7%, from December 31, 2022 December 31, 2023 primarily driven by the paydowns exceeding loan originations. Residential mortgage of loans originated in connection with one third-party point-of-sale company with which the Bancorp discontinued the origination of new loans in September 2022. Credit card decreased $736 million $128 million, or 4% 7%, from December 31, 2022 December 31, 2023 primarily due to decreases in residential mortgage loans held for sale as the Bancorp sold government-guaranteed loans that were previously in forbearance programs and also had lower origination volumes. Home equity decreased $141 million, or 3%, from December 31, 2022 as payoffs exceeded loan originations and new advances. Other consumer loans increased $1.5 billion, or 31%, from December 31, 2022 primarily driven by originations of point-of-sale solar energy installation loans. seasonal paydowns on year-end balances.

TABLE 15: Components of Average Loans and Leases (including average loans and leases held for sale)

		September 30, 2023		September 30, 2022						
TABLE 14: Components of Average Loans and Leases (including average loans and leases held for sale)						**TABLE 14: Components of Average Loans and Leases (including average loans and leases held for sale)**				
	March 31, 2024								**March 31, 2024**	March 31, 2023
For the three months ended ($ in millions)	For the three months ended ($ in millions)	Carrying Value	% of Total	Carrying Value	% of Total	For the three months ended ($ in millions)	Carrying Value	% of Total	Carrying Value	% of Total

Commercial loans and leases:	Commercial loans and leases:											
Commercial and industrial loans												
Commercial and industrial loans												
Commercial and industrial loans	Commercial and industrial loans	$ 57,015	47 %	$ 56,648	46 %	$	53,256	45	45 %	$ 58,204	47	47 %
Commercial mortgage loans	Commercial mortgage loans	11,216	9	10,751	9							
Commercial construction loans	Commercial construction loans	5,540	5	5,557	5							
Commercial leases	Commercial leases	2,618	2	2,793	2							
Total commercial loans and leases	Total commercial loans and leases	$ 76,389	63 %	$ 75,749	62 %	Total commercial loans and leases	$ 72,870	62	62 %	$ 77,495	63	63 %
Consumer loans:	Consumer loans:											
Residential mortgage loans	Residential mortgage loans	18,019	15	19,870	16							
Residential mortgage loans												
Residential mortgage loans												
Home equity	Home equity	3,897	3	3,956	3							
Indirect secured consumer loans	Indirect secured consumer loans	15,787	13	16,750	14							
Credit card	Credit card	1,808	1	1,756	2							
Solar energy installation loans												
Other consumer loans	Other consumer loans	6,366	5	3,819	3							
Total consumer loans	Total consumer loans	$ 45,877	37 %	$ 46,151	38 %	Total consumer loans	$ 44,829	38	38 %	$ 46,120	37	37 %
Total average loans and leases	Total average loans and leases	$122,266	100 %	$121,900	100 %	Total average loans and leases	$ 117,699	100	100 %	$ 123,615	100	100 %

Total average portfolio loans and leases (excluding loans and leases held for sale)	Total average portfolio loans and leases (excluding loans and leases held for sale)	**$121,630**	$119,644

Average loans and leases, including average loans and leases held for sale, increased $366 million decreased $5.9 billion, or 5%, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year driven by an increase decreases in average commercial loans and leases partially offset by a decrease in and average consumer loans.

Average commercial loans and leases increased $640 million decreased $4.6 billion, or 1% 6%, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year primarily due to increases decreases in average commercial mortgage loans and average commercial and industrial loans and average commercial leases, partially offset by a decrease increases in average commercial leases. construction loans and average commercial mortgage loans. Average commercial mortgage and industrial loans increased $465 million decreased $4.9 billion, or 4% 9%, for the three months ended September 30, 2023 compared to the same period in the prior year as loan originations exceeded payoffs. Average commercial and industrial loans increased $367 million, or 1%, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year primarily as a result of loan originations exceeding payoffs, partially offset by decreased revolving line a planned reduction in balances in the second half of credit utilization. 2023. Average commercial leases decreased $175 million $120 million, or 6% 5%, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year primarily as a result of a planned reduction in indirect non-relationship-based lease originations. Average commercial construction loans increased $225 million, or 4%, for the three months ended March 31, 2024 compared to the same period in the prior year as loan originations exceeded payoffs. Average commercial mortgage loans increased $218 million, or 2%, for the three months ended March 31, 2024 compared to the same period in the prior year as loan originations exceeded payoffs.

Average consumer loans decreased $274 million $1.3 billion, or 1% 3%, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year primarily due to decreases in average residential mortgage loans and average indirect secured consumer loans, average residential mortgage loans, average other consumer loans and average home equity, partially offset by an increase in average other consumer solar energy installation loans. Average residential mortgage indirect secured consumer loans decreased $1.9 billion $1.4 billion, or 9%, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year primarily driven by paydowns exceeding loan originations and a planned reduction in balances. Average residential mortgage loans decreased $1.1 billion, or 6%, for the three months ended March 31, 2024 compared to the same period in the prior year primarily due to decreases lower origination volumes and a decrease in residential mortgage loans held for sale as the Bancorp sold government-guaranteed loans that were previously in forbearance programs and also had lower origination volumes. programs. Average indirect secured other consumer loans decreased $963 million $349 million, or 6% 11%, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year primarily driven by the paydowns and lower originations. of loans originated in connection with one third-party point-of-sale company with which the Bancorp discontinued the origination of new loans in September 2022. Average other consumer loans increased $2.5 billion home equity decreased $73 million, or 67% 2%, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year as payoffs exceeded loan originations and new advances. Average solar energy installation loans increased $1.6 billion, or 75%, for the three months ended March 31, 2024 compared to the same period in the prior year primarily driven by originations of point-of-sale solar energy installation loans.
due to increased loan originations.

Investment Securities

The Bancorp uses investment securities as a means of managing interest rate risk, providing collateral for pledging purposes and for liquidity risk management. Total investment securities were $49.4 billion $51.8 billion and $52.2 billion $51.9 billion at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. The taxable available-for-sale debt and other investment securities portfolio had an effective duration of 4.9 5.8 at September 30, 2023 March 31, 2024 compared to 5.4 4.8 at December 31, 2022 December 31, 2023. The taxable held-to-maturity securities portfolio had an effective duration of 4.2 at March 31, 2024.

Debt 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. Debt securities are classified as trading typically when bought and held principally for the purpose of selling them in the near term. At September 30, 2023 March 31, 2024, , the Bancorp's investment securities portfolio consisted primarily of AAA-rated available-for-sale debt and other securities and held-to-maturity securities. The Bancorp held an immaterial amount of below-investment grade available-for-sale debt and other securities and held-to-maturity securities at both September 30, 2023 March 31, 2024 and December 31, 2022. December 31, 2023.

Atboth March 31, 2024 and December 31, 2023, the Bancorp did not recognize an allowance for credit losses for its investment securities. The Bancorp also did not recognize a provision for credit losses for investment securities during both the three months ended March 31, 2024 and 2023.

During the three and nine months ended September 30, 2023 March 31, 2024, the Bancorp recognized $1 million and $5 million, respectively, of impairment losses on its available-for-sale debt and other securities, included in securities gains, (losses), net, in the Condensed Consolidated Statements of Income. These losses related to certain securities in unrealized loss positions where the Bancorp has determined that it no longer intends to

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hold the securities until the recovery of their amortized cost bases. The Bancorp did not recognize impairment losses on its available-for-sale debt and other securities for both the three and nine months ended September 30, 2022 March 31, 2023.

Atboth September 30, 2023 and December 31, 2022, the Bancorp completed its evaluation of the available-for-sale debt and other securities in an unrealized loss position and did not recognize an allowance for credit losses. The Bancorp did not recognize provision expense related to available-for-sale debt and other securities in an unrealized loss position during both the three and nine months ended September 30, 2023 and 2022.

The following table summarizes the end of period components of investment securities:

TABLE 16: Components of Investment Securities

TABLE 15: Components of Investment Securities

TABLE 15: Components of Investment Securities

As of ($ in millions)	As of ($ in millions)	**September 30, 2023**	December 31, 2022	As of ($ in millions)	**March 31, 2024**	December 31, 2023
Available-for-sale debt and other securities (amortized cost basis):	Available-for-sale debt and other securities (amortized cost basis):					
U.S. Treasury and federal agencies securities	U.S. Treasury and federal agencies securities	**$ 3,680**	2,683			
U.S. Treasury and federal agencies securities						
U.S. Treasury and federal agencies securities						
Obligations of states and political subdivisions securities	Obligations of states and political subdivisions securities	**2**	18			
Mortgage-backed securities:	Mortgage-backed securities:					
Agency residential mortgage-backed securities						
Agency residential mortgage-backed securities						
Agency residential mortgage-backed securities	Agency residential mortgage-backed securities	**11,743**	12,604			
Agency commercial mortgage-backed securities	Agency commercial mortgage-backed securities	**29,055**	29,824			
Non-agency commercial mortgage-backed securities	Non-agency commercial mortgage-backed securities	**4,922**	5,235			

Asset-backed securities and other debt securities	Asset-backed securities and other debt securities		**5,378**	6,292
Other securities(a)	Other securities(a)		**777**	874
Total available-for-sale debt and other securities	Total available-for-sale debt and other securities	**$**	**55,557**	57,530
Held-to-maturity securities (amortized cost basis):				
Obligations of states and political subdivisions securities		**$**	**—**	3
Held-to-maturity securities (amortized cost basis):(b)				
U.S. Treasury and federal agencies securities				
U.S. Treasury and federal agencies securities				
U.S. Treasury and federal agencies securities				
Mortgage-backed securities:				
Agency residential mortgage-backed securities				
Agency residential mortgage-backed securities				
Agency residential mortgage-backed securities				
Agency commercial mortgage-backed securities				
Asset-backed securities and other debt securities	Asset-backed securities and other debt securities		**2**	2
Total held-to-maturity securities	Total held-to-maturity securities	**$**	**2**	5
Trading debt securities (fair value):	Trading debt securities (fair value):			
U.S. Treasury and federal agencies securities				
U.S. Treasury and federal agencies securities				
U.S. Treasury and federal agencies securities	U.S. Treasury and federal agencies securities	**$**	**641**	45

Obligations of states and political subdivisions securities	Obligations of states and political subdivisions securities	**43**	14
Agency residential mortgage-backed securities	Agency residential mortgage-backed securities	**7**	8
Asset-backed securities and other debt securities	Asset-backed securities and other debt securities	**531**	347
Total trading debt securities	Total trading debt securities	**$ 1,222**	414
Total equity securities (fair value)	Total equity securities (fair value)	**$ 250**	317

(a) Other securities consist of FHLB, FRB and DTCC restricted stock holdings that are carried at cost.

(b) Includes a discount of $962 at March 31, 2024 pertaining to the unamortized portion of unrealized losses on securities.

On an amortized In January 2024, the Bancorp transferred $12.6 billion (amortized cost basis, basis) of securities from available-for-sale debt to held-to-maturity to reflect the Bancorp's change in intent to hold these securities to maturity in order to reduce potential capital volatility associated with investment security market price fluctuations. The transfer included U.S. Treasury and other securities decreased $2.0 billion from December 31, 2022 primarily due to decreases in asset-backed securities and other debt federal agencies securities, agency residential mortgage-backed securities and agency commercial mortgage-backed securities, partially offset by increases securities. On the date of the transfer, pre-tax unrealized losses of $994 million were included in U.S. Treasury and federal agencies securities. Trading debt securities increased $808 million from December 31, 2022 primarily due to purchases of U.S. Treasury securities during the nine months ended September 30, 2023 AOCI related to these transferred securities. The unrealized losses that existed on the Bancorp's management date of collateral posted for derivative exposures.transfer will continue to be reported as a component of AOCI and will be amortized into income over the remaining life of the securities as an adjustment to yield, offsetting the amortization of the discount resulting from the transfer recorded at fair value.

On an amortized cost basis, available-for-sale debt and other securities were and held-to-maturity securities comprised 28% and 30% 28% of total interest-earning assets at September 30, 2023 both March 31, 2024 and December 31, 2022, respectively. December 31, 2023. The estimated weighted-average life of the debt securities in the available-for-sale debt and other securities portfolio was 6.5 5.5 years and 6.8 6.2 years at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. In addition, the debt securities in the available-for-sale debt and other securities portfolio had a weighted-average yield of 3.04% 3.07% and 2.97% 3.06% at September 30, 2023 and December 31, 2022, respectively. March 31,

2024 and December 31, 2023, respectively. At March 31, 2024, the held-to-maturity securities portfolio had an estimated weighted-average life of 7.4 years and a weighted-average yield of 3.31%.

Information presented in Table Tables 16 and 17 is on a weighted-average life basis, anticipating future prepayments. Yield information is presented on an FTE basis and is computed using amortized cost balances and reflects the impact of prepayments. Maturity and yield calculations for the total available-for-sale debt and other securities portfolio exclude other securities that have no stated yield or maturity. Total net unrealized losses on the available-for-sale debt and other securities portfolio

were $7.7 billion and$6.0 billionat September 30, 2023 and December 31, 2022, respectively. The fair values of investment securities are impacted by interest rates, credit spreads, market volatility and liquidity conditions. The fair value of the Bancorp's investment securities portfolio generally decreases when interest rates increase or when credit spreads widen. Total net unrealized losses on the available-for-sale debt and other securities portfolio were $4.6 billion and$5.4 billionat March 31, 2024 and December 31, 2023, respectively.

TABLE 16: Characteristics of Available-for-Sale Debt and Other Securities

As of March 31, 2024 ($ in millions)		Amortized Cost	Fair Value	Weighted-Average Life (in years)	Weighted-Average Yield	
U.S. Treasury and federal agencies securities:						
Average life within one year	$	400	400	0.6	5.45	%
Average life after one year through five years		2,373	2,374	1.6	5.49	
Total	$	2,773	2,774	1.4	5.49	%
Obligations of states and political subdivisions securities:						
Average life within one year		2	2	0.4	—	

Total	$	2	2	0.4	— %
Agency residential mortgage-backed securities:					
Average life within one year		3	3	0.7	4.06
Average life after one year through five years		854	787	3.4	2.85
Average life after five years through ten years		3,761	3,274	6.6	2.96
Average life after ten years		1,012	787	11.2	2.92
Total	$	5,630	4,851	6.9	2.93 %
Agency commercial mortgage-backed securities:(a)					
Average life within one year		100	97	0.4	3.07
Average life after one year through five years		10,532	9,716	3.5	2.69
Average life after five years through ten years		10,132	8,546	7.5	2.65
Average life after ten years		3,681	2,924	12.0	2.65
Total	$	24,445	21,283	6.4	2.67 %
Non-agency commercial mortgage-backed securities:					
Average life within one year		818	798	0.8	3.16
Average life after one year through five years		2,079	1,974	2.4	3.23
Average life after five years through ten years		1,940	1,662	7.4	2.79
Total	$	4,837	4,434	4.1	3.04 %
Asset-backed securities and other debt securities:					
Average life within one year		795	776	0.6	3.51
Average life after one year through five years		3,138	2,956	3.1	3.75
Average life after five years through ten years		970	905	6.1	4.46
Average life after ten years		10	10	10.4	7.71
Total	$	4,913	4,647	3.3	3.86 %
Other securities		800	800		
Total available-for-sale debt and other securities	$	43,400	38,791	5.5	3.07 %

(a) Taxable-equivalent yield adjustments included in the above table are 0.01%, 0.15% and 0.03% for securities with an average life between 5 and 10 years, average life greater than 10 years and in total, respectively.

TABLE 17: Characteristics of Available-for-Sale Debt and Other Securities

As of September 30, 2023 ($ in millions)	Amortized Cost	Fair Value	Weighted-Average Life (in years)	Weighted-Average Yield

TABLE 17: Characteristics of Held-to-Maturity Securities

TABLE 17: Characteristics of Held-to-Maturity Securities

As of March 31, 2024 ($ in millions)	Amortized Cost(b)	Fair Value	Weighted-Average Life (in years)	Weighted-Average Yield
U.S. Treasury and federal agencies securities:				

As of March 31, 2024 ($ in millions)

U.S. Treasury and federal agencies securities:

Average life after one year through five years	Average life after one year through five years	$	2,777	2,651	2.8	3.73	%
Average life after five years through ten years			903	811	5.2	2.42	
Average life after one year through five years							
Average life after one year through five years		$	2,321	2,292	3.8	2.47	%
Total	Total	$	3,680	3,462	3.4	3.40	%
Obligations of states and political subdivisions securities:							
Average life within one year			2	2	0.9	—	
Total							
Total			2,321	2,292	3.8	2.47	%
Agency residential mortgage-backed securities:							
Average life after five years through ten years							
Average life after five years through ten years							
Average life after five years through ten years							
Total	Total	$	2	2	0.9	—	%
Agency residential mortgage-backed securities:							
Total							
Total		$	5,194	5,085	9.0	3.17	%
Agency commercial mortgage-backed securities:(a)							
Average life within one year							
Average life within one year							
Average life within one year	Average life within one year		5	5	0.3	1.01	

Average life after one year through five years	Average life after one year through five years		787	711	3.5	2.73										
Average life after five years through ten years	Average life after five years through ten years		9,832	8,327	8.3	3.05										
Average life after ten years	Average life after ten years		1,119	833	11.5	2.96										
Total	Total	$	11,743	9,876	8.3	3.02	%	Total	$	4,003	3,962	3,962	7.3	7.3	3.99	%
Agency commercial mortgage-backed securities:(a)																
Average life within one year			43	41	0.9	2.99										
Average life after one year through five years			8,772	7,915	3.6	2.75										
Average life after five years through ten years			15,272	12,702	7.3	2.86										
Asset-backed securities and other debt securities:																
Average life after ten years																
Average life after ten years																
Average life after ten years	Average life after ten years		4,968	3,803	12.1	2.90										
Total	Total	$	29,055	24,461	7.0	2.83	%	Total	$	2	2	2	11.6	11.6	8.78	%
Non-agency commercial mortgage-backed securities:																
Average life within one year			121	118	0.7	3.58										
Average life after one year through five years			2,711	2,529	2.3	3.24										
Average life after five years through ten years			2,090	1,678	7.7	2.81										
Total		$	4,922	4,325	4.6	3.07	%									
Asset-backed securities and other debt securities:																
Average life within one year			432	423	0.7	4.62										
Average life after one year through five years			3,532	3,266	2.9	3.67										

Average life after five years through ten years			1,325	1,213	5.8	4.13	
Average life after ten years			89	88	12.9	6.27	
Total		$	5,378	4,990	3.6	3.91	%
Other securities			777	777			
Total available-for-sale debt and other securities		$	55,557	47,893	6.5	3.04	%
Total held-to-maturity securities	Total held-to-maturity securities	$	11,520	11,341	7.4	3.31	%

(a) Taxable-equivalent yield adjustments included in the above table table are 0.18% 0.01%, 0.01%, 0.49% and 0.03%0.08% for securities with an average life between 1 and 5 years, average life between 5 and 10 years, average life greater than 10 years and in total, respectively.

(b) Includes a discount of $962 at March 31, 2024 pertaining to the unamortized portion of unrealized losses on securities.

Other Short-Term Investments

Other short-term investments have original maturities less than one year and primarily include overnight interest-earning investments, including reserves held interest-bearing balances that are funds on deposit at other depository institutions or the FRB and federal funds sold. FRB. The Bancorp uses other short-term investments as part of its liquidity risk management tools. Other short-term investments were $18.9 billion $22.8 billion at September 30, 2023 March 31, 2024, an increase of $10.6 billion $758 million from December 31, 2022 December 31, 2023. This increase was primarily attributable to stable deposit levels and a decrease in end-of-period loan and lease balances during the Bancorp's decision to increase its liquidity position in response to conditions in the operating environment as of September 30, 2023 three months ended March 31, 2024.

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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. Average core deposits represented 77% and 76% of average total assets for both the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. 2023.

The following table presents the end of period components of deposits:

TABLE 18: Components of Deposits

		September 30, 2023		December 31, 2022	
		March 31, 2024			
As of ($ in millions)	As of ($ in millions)	Balance	% of Total	Balance	% of Total
Demand	Demand	**$ 43,844**	**26 %**	$ 53,125	33 %
Interest checking	Interest checking	**53,421**	**32**	51,653	32
Savings	Savings	**20,195**	**12**	23,469	14
Money market	Money market	**33,492**	**20**	28,220	17
Foreign office	Foreign office	**168**	**—**	182	—
Total transaction deposits	Total transaction deposits	**$151,120**	**90**	$156,649	96
CDs $250,000 or less	CDs $250,000 or less	**10,306**	**6**	3,809	2
Total core deposits	Total core deposits	**$161,426**	**96**	$160,458	98
CDs over $250,000(a)	CDs over $250,000(a)	**6,246**	**4**	3,232	2
Total deposits	Total deposits	**$167,672**	**100 %**	$163,690	100 %

		March 31, 2024				December 31, 2023		
As of ($ in millions)		Balance		% of Total		Balance		% of Total
Demand	**$**	**41,849**	**25**	**25 %**	$	43,146	26	26 %
Total deposits	**$**	**169,587**	**100**	**100 %**	$	168,912	100	100 %

(a) Includes $5.4 billion $4.3 billion and $3.1 billion $4.4 billion of retail brokered certificates of deposit which are fully covered by FDIC insurance as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Core deposits increased $968 million, or 1%, $672 million from December 31, 2022 December 31, 2023 primarily due to an increase in CDs $250,000 or less, transaction deposits, partially offset by a decrease in transaction deposits as a result of the higher interest rate environment. CDs $250,000 or less increased $6.5 billion from December 31, 2022 primarily due to higher offering rates. less. Transaction deposits decreased $5.5 billion increased $887 million, or 4% 1%, from December 31, 2022 December 31, 2023 as decreases increases in demand interest checking deposits and savings money market deposits were partially offset by increases a decrease in money market deposits and interest checking demand deposits.In response to the higher interest rate environment, deposit balances have migrated and are expected to continue to migrate, from noninterest-bearing products such as demand deposits or lower interest-bearing products into higher interest-bearing products such as money market accounts and CDs.Demand products. Interest checking deposits decreased $9.3 billion increased $1.6 billion, or 17% 3%, from December 31, 2022 December 31, 2023 primarily as a result of the aforementioned balance migration, into interest checking deposits and partially offset by lower balances per customer account. Savings deposits decreased $3.3 billion, or 14%, from December 31, 2022 primarily as a result of lower balances per consumer customer account due to increased consumer spending, partially offset by higher balances per commercial customer account as a result of higher interest rates. Money market deposits increased $5.3 billion $651 million, or 19% 2%, from December 31, 2022 December 31, 2023 primarily as a result of higher balances per consumer customer account due to higher offering rates. Interest checking rates and the aforementioned balance migration. Demand deposits increased $1.8 billion decreased $1.3 billion, or 3%, from December 31, 2022 December 31, 2023 primarily as a result of the aforementioned balance migration, partially offset by commercial balance growth and balance migration from demand deposits, partially offset by lower higher balances per consumer customer account.

CDs over $250,000 increased $3.0 billion or less decreased $215 million, or 93% 2%, from December 31, 2022 December 31, 2023 primarily due to an increase in retail brokered CDs issued, maturities which are utilized as a short-term funding source. outpaced new issuances given current market conditions.

The following table presents the components of average deposits for the three months ended:

TABLE 19: Components of Average Deposits

		September 30, 2023		September 30, 2022								
	March 31, 2024						**March 31, 2024**			March 31, 2023		
($ in millions)	($ in millions)	Balance	% of Total	Balance	% of Total	($ in millions)	Balance		% of Total	Balance		% of Total
Demand	Demand	**$ 44,228**	**27 %**	$ 59,535	37 %	Demand	**$ 40,839**	**24**	**24 %**	$ 50,737	32	32 %
Interest checking	Interest checking	**53,109**	**32**	42,574	27							
Savings	Savings	**20,511**	**12**	23,814	15							
Money market	Money market	**32,072**	**19**	29,066	18							
Foreign office	Foreign office	**168**	**—**	206	—							
Total transaction deposits	Total transaction deposits	**$150,088**	**90**	$155,195	97							
CDs $250,000 or less	CDs $250,000 or less	**9,630**	**6**	2,048	1							
Total core deposits	Total core deposits	**$159,718**	**96**	$157,243	98							
CDs over $250,000(a)	CDs over $250,000(a)	**5,926**	**4**	2,226	2							
Total average deposits	Total average deposits	**$165,644**	**100 %**	$159,469	100 %	Total average deposits	**$ 168,122**	**100**	**100 %**	$ 160,645	100	100 %

(a) Includes $5.2 billion $4.7 billion and $2.1 billion $4.1 billion of retail brokered certificates of deposit which are fully covered by FDIC insurance for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

On an average basis, core deposits increased $2.5 billion $6.3 billion, or 2% 4%, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year due to an increase increases in average CDs $250,000 or less partially offset by a decrease in and average transaction deposits. In response to the higher interest rate environment, deposit balances have migrated from noninterest-bearing products or lower interest-bearing products into higher interest-bearing products. Average CDs $250,000 or less increased $7.6

billion $5.1 billion, or 98%, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year primarily due to higher offering rates. Average transaction deposits decreased $5.1 billion increased $1.2 billion, or 3% 1%, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year primarily driven by decreases in average demand deposits and average savings deposits, partially offset by increases in average interest checking deposits and average money market deposits. In response to the higher interest rate environment, deposits, partially offset by decreases in average deposit balances have migrated, and are expected to continue to migrate, from noninterest-bearing products such as demand deposits into higher interest-bearing products such as money market accounts and CDs. average savings deposits. Average demand interest checking deposits decreased $15.3 billion increased $10.0 billion, or 26% 20%, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year primarily as a result of the aforementioned balance migration into interest checking as well as average commercial balance growth, partially offset by lower average balances per consumer customer account. Average money market deposits increased $6.2 billion, or 22%, for the three months ended March 31, 2024 compared to the same period in the prior year primarily as a result of higher average balances per consumer customer account due to higher offering rates and the aforementioned balance migration. Average demand deposits decreased $9.9 billion, or 20%, for the three months ended March 31, 2024 compared to the same period in the prior year primarily as a result of the aforementioned balance migration and lower average balances per consumer customer account. account, partially offset by average commercial balance growth. Average savings deposits decreased $3.3 billion $5.0 billion, or 14% 22%, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year primarily due to lower average balances per consumer customer account due to increased consumer spending partially offset by an increase in average balances per commercial customer account. Average interest checking deposits increased $10.5 billion, or 25%, and the impact of consumer preferences for the three months ended September 30, 2023 compared to the same period in the prior year primarily as a result of average commercial balance growth and balance migration from demand deposits and money market deposits, partially offset by lower average balances per consumer customer account.Average money market deposits increased $3.0 billion, or 10%, for the three months ended September 30, 2023 compared to the same period in the prior year primarily as a result of products with higher average balances per consumer customer account, partially offset by balance migration into interest checking deposits. offering rates.

Average CDs over $250,000 increased $3.7 billion $1.2 billion, or 27%, for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year primarily due to an increase in retail brokered CDs issued.

Contractual maturities

The contractual maturities of CDs as of September 30, 2023 March 31, 2024 are summarized in the following table:

TABLE 20: Contractual Maturities of CDs(a)

($ in millions)		
Next 12 months	$	16,300 15,328
13-24 months		167 161
25-36 months		62 39
37-48 months		11 7
49-60 months		7 8
After 60 months		5 3
Total CDs	$	16,552 15,546

(a) *Includes CDs $250,000 or less and CDs over $250,000.*

Deposit insurance

The FDIC generally provides a standard amount of insurance of $250,000 per depositor, per insured bank, for each account ownership category defined by the FDIC. Depositors may qualify for coverage of accounts over $250,000 if they have funds in different ownership categories and all FDIC requirements are met. All deposits that an account owner has in the same ownership category at the same bank are added together and insured up to the standard insurance amount. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, approximately $99.5 billion $99.2 billion, or 59%, and $94.1 billion $97.6 billion, or 58%, respectively, of the Bancorp's domestic deposits were estimated to be insured. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, approximately $68.0 billion $70.3 billion and $69.4 billion $71.1 billion, respectively, of the Bancorp's domestic deposits were estimated to be uninsured. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, approximately $3.5 billion $3.3 billion and $727 million $3.4 billion, respectively, of the Bancorp's time deposits were estimated to be not fully insured. The estimated uninsured portions of those time deposits were $1.9 billion at both March 31, 2024 and $306 million at September 30, 2023 and December 31, 2022, respectively. December 31, 2023. Where information is not readily available to determine the amount of insured deposits, the amount of uninsured deposits is estimated, consistent with the methodologies and assumptions utilized in providing information to the Bank's regulators.

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

Borrowings

The Bancorp accesses a variety of short-term and long-term funding sources. Borrowings with original maturities of one year or less are classified as short-term and include federal funds purchased and other short-term borrowings. Total average borrowings as a percent of average interest-bearing liabilities were 13% and 17% 15% for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

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

The following table summarizes the end of period components of borrowings:

TABLE 21: Components of Borrowings

As of ($ in millions)	As of ($ in millions)	**September 30, 2023**	December 31, 2022	As of ($ in millions)	**March 31, 2024**	December 31, 2023
Federal funds purchased	Federal funds purchased	**$ 205**	180			
Other short-term borrowings	Other short-term borrowings	**4,594**	4,838			
Long-term debt	Long-term debt	**16,310**	13,714			
Total borrowings	Total borrowings	**$ 21,109**	18,732			

Total borrowingowingss increased $2.4 billion decreased $877 million, or 13% 5%, from December 31, 2022 December 31, 2023 primarily due to an increase a decrease in long-term debt of $936 million which was driven by the redemptions or maturities of $2.3 billion of notes, $129 million of paydowns associated with loan securitizations and $91 million of fair value adjustments associated with hedged long-term debt. These decreases were partially offset by a decrease in other short-term borrowings. Long-term debt increased $2.6 billion from December 31, 2022 primarily driven by the issuance of senior fixed-rate/floating-rate notes in July January of 2023 2024 totaling $1.25 billion and the issuance of asset-backed securities in August of 2023 totaling $1.5 billion related to an automobile loan securitization. $1.0 billion. Additionally, in September March of 2023 2024 the Bancorp obtained $1.5 billion $500 million in new FHLB advances that will mature in 2024, 2026, utilizing its existing borrowing capacity. These increases were

The following table summarizes components of average borrowings for the three months ended:

TABLE 22: Components of Average Borrowings

($ in millions)		**March 31, 2024**	March 31, 2023
Federal funds purchased	**$**	**201**	487
Other short-term borrowings		**3,534**	5,375
Long-term debt		**15,515**	13,510
Total average borrowings	**$**	**19,250**	19,372

Total average borrowings decreased $122 million,or 1%,for the three months ended March 31, 2024 compared to the same period in the prior year primarily due to decreases in average other short-term borrowings and average federal funds purchased, partially offset by an increase in average long-term debt. Average other short-term borrowings and average federal funds purchased decreased $1.8 billion and $286 million, respectively, for the redemptions or maturities of $1.3 billion of notes, $134 million of paydowns associated with loan securitizations and $188 million of fair value adjustments associated with hedged three months ended March 31, 2024 compared to the same period in the prior year primarily due to increased long-term debt which reduced the need for short-term funding during the nine months ended September 30, 2023. Other short-term borrowings decreased $244 million from December 31, 2022. period. The level of other short-term borrowings can fluctuate significantly from period to period depending on funding needs and the sources that are used to satisfy those needs. For further information on the components of other short-term borrowings, refer to Note 15 14 of the Notes to Condensed Consolidated Financial Statements.

The following table summarizes components of average borrowings for the three months ended:

TABLE 22: Components of Average Borrowings

($ in millions)		**September 30, 2023**	September 30, 2022
Federal funds purchased	**$**	**181**	607
Other short-term borrowings		**4,126**	7,436
Long-term debt		**14,056**	11,796
Total average borrowings	**$**	**18,363**	19,839

Total average borrowings decreased $1.5 billion,or 7%, Average long-term debt increased $2.0 billion for the three months ended September 30, 2023 compared to the same period in the prior year primarily due to decreases in average other short-term borrowings and average federal funds purchased, partially offset by an increase in average long-term debt. Average other short-term borrowings and average federal funds purchased decreased $3.3 billion and $426 million, respectively, for the three months ended September 30, 2023 compared to the same period in the prior year primarily due to core deposit growth and increased long-term debt which reduced the need for short-term funding during the period. Average long-term debt increased $2.3 billion for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year primarily driven by issuances the issuance of senior fixed-rate/floating-rate notes of $1.25 billion in July of 2023, the issuance of asset-backed securities of $1.5 billion in August of 2023 related to an automobile loan securitization and $1.5 billion in new FHLB advances obtained by the Bancorp since March 31, 2023 as well as the aforementioned issuance of senior fixed-rate/floating-rate notes in the second half 2024 of 2022 totaling

$2.0 billion and the aforementioned issuances in 2023 totaling $2.75 billion $1.0 billion. These increases were partially offset by redemptions or maturities of $1.3 billion $2.8 billion of notes, $325 million of paydowns associated with loan securitizations and $155 million of fair value adjustments associated with hedged long-term debt and $171 million of paydowns associated with loan securitizations since September 30, 2022 March 31, 2023. Information on the average rates paid on borrowings is discussed in the Net Interest Income subsection of the Statements of Income Analysis section of MD&A. In addition, refer to the Liquidity Risk Management subsection of the Risk Management section of MD&A for a discussion on the role of borrowings in the Bancorp's liquidity management.

BUSINESS SEGMENT REVIEW

The Bancorp reports on three business segments: Commercial Banking, Consumer and Small Business Banking and Wealth and Asset Management. Additional information on each business segment is included in Note 24 22 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 and businesses change.

During the first quarter of 2024, the Bancorp eliminated certain revenue sharing agreements between Wealth and Asset Management and Consumer and Small Business Banking. As a result, the results of operations for the Wealth and Asset Management segment for the three months ended March 31, 2023 were adjusted to reflect the impact of the elimination of these revenue sharing agreements between Wealth and Asset Management and Consumer and Small Business Banking.

The Bancorp manages interest rate risk centrally at the corporate level. By employing an FTP methodology, the business segments are insulated from most benchmark interest rate volatility, enabling them to focus on serving customers through the origination of loans and acceptance of deposits. The FTP methodology assigns charge and credit rates to classes of assets and liabilities, respectively, based on the estimated amount and timing of the cash flows for each transaction. Assigning the FTP rate based on matching the duration of cash flows allocates interest income and interest expense to each business segment so its resulting net interest income is insulated from future changes in benchmark interest rates. The Bancorp's FTP methodology also allocates the contribution to net interest income of the asset-generating and deposit-providing businesses on a duration-adjusted basis to better attribute the driver of the performance. As the asset and liability durations are not perfectly matched, the residual impact of the FTP methodology is captured in General Corporate and Other. The charge and credit rates are determined using the FTP rate curve, which is based on an estimate of Fifth Third's marginal borrowing cost in the wholesale funding markets. The FTP curve is constructed using the U.S. swap curve, brokered CD pricing and unsecured debt pricing.

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 behavioral assumptions, such as prepayment rates on interest-earning assets and the estimated durations for indeterminate-lived deposits. Key assumptions, including the credit rates provided for deposit accounts, are reviewed annually. Credit rates for deposit products and charge rates for loan products may be reset more frequently in response to changes in market conditions. In general, the charge rates on assets increased since December 31, 2022December 31, 2023 as they were affected by the prevailing level of interest rates and by the duration and repricing characteristics of the portfolio. The credit rates for deposit products also increased decreased modestly since December 31, 2022December 31, 2023 due to higher interest rates modified assumptions and modified assumptions. Thus, an inverted yield curve. As a result, net interest income for asset-generating business segments each segment was negatively impacted by the rates charged on assets while deposit-providing business segments were positively impacted during the nine three months ended September 30, 2023. March 31, 2024 as a result of these updates to FTP charge and credit rates.

The Bancorp's methodology for allocating provision for credit losses to the business segments includes charges or benefits associated with changes in criticized commercial loan levels in addition to actual net charge-offs experienced by the loans and leases owned by each business segment. Provision for credit losses attributable to loan and lease growth and changes in ALLL factors is captured in General Corporate and Other. The financial results of the business segments include allocations for shared services and headquarters expenses. Additionally, the business segments form synergies by taking advantage of relationship depth opportunities and funding operations by accessing the capital markets as a collective unit.

The following table summarizes net income (loss) by business segment:

TABLE 23: Net Income (Loss) by Business Segment	TABLE 23: Net Income (Loss) by Business Segment				
	For the three months ended September 30,			For the nine months ended September 30,	
TABLE 23: Net Income (Loss) by Business Segment					
TABLE 23: Net Income (Loss) by Business Segment					
	For the three months ended March 31,				
	For the three months ended March 31,				
	For the three months ended March 31,				
($ in millions)					
($ in millions)					
($ in millions)	($ in millions)	**2023**	2022	**2023**	2022

Commercial Banking	Commercial Banking	$	**718**	369	**2,009**	1,026
Commercial Banking						
Commercial Banking						
Consumer and Small Business Banking						
Consumer and Small Business Banking						
Consumer and Small Business Banking	Consumer and Small Business Banking		**739**	377	**2,145**	699
Wealth and Asset Management	Wealth and Asset Management		**79**	56	**226**	125
Wealth and Asset Management						
Wealth and Asset Management						
General Corporate and Other						
General Corporate and Other						
General Corporate and Other	General Corporate and Other		**(876)**	(149)	**(2,561)**	(141)
Net income	Net income	$	**660**	653	**1,819**	1,709
Net income						
Net income						

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 24: Commercial Banking	**TABLE 24: Commercial Banking**					
			For the three months ended September 30,		For the nine months ended September 30,	
TABLE 24: Commercial Banking						
TABLE 24: Commercial Banking						
			For the three months ended March 31,			
			For the three months ended March 31,			
			For the three months ended March 31,			
($ in millions)						
($ in millions)						
($ in millions)	($ in millions)		**2023**	2022	**2023**	2022
Income Statement Data	**Income Statement Data**					
Income Statement Data						
Income Statement Data						
Net interest income (FTE)(a)	Net interest income (FTE)(a)	$	**1,012**	596	**3,017**	1,676
Provision for (benefit from) credit losses			**—**	(2)	**37**	44
Net interest income (FTE)(a)						
Net interest income (FTE)(a)						
Provision for credit losses						
Provision for credit losses						
Provision for credit losses						

Noninterest income:						
Noninterest income:						
Noninterest income:	Noninterest income:					
Commercial banking revenue	Commercial banking revenue		**154**	133	**459**	405
Commercial banking revenue						
Commercial banking revenue						
Service charges on deposits						
Service charges on deposits						
Service charges on deposits	Service charges on deposits		**95**	90	**275**	285
Leasing business revenue	Leasing business revenue		**58**	60	**162**	179
Leasing business revenue						
Leasing business revenue						
Other noninterest income						
Other noninterest income						
Other noninterest income	Other noninterest income		**46**	15	**130**	123
Noninterest expense:	Noninterest expense:					
Noninterest expense:						
Noninterest expense:						
Compensation and benefits						
Compensation and benefits						
Compensation and benefits	Compensation and benefits		**156**	147	**499**	483
Leasing business expense	Leasing business expense		**29**	33	**94**	95
Leasing business expense						
Leasing business expense						
Other noninterest expense						
Other noninterest expense						
Other noninterest expense	Other noninterest expense		**293**	260	**923**	783
Income before income taxes (FTE)	Income before income taxes (FTE)		**887**	456	**2,490**	1,263
Income before income taxes (FTE)						
Income before income taxes (FTE)						
Applicable income tax expense(a)(b)						
Applicable income tax expense(a)(b)						
Applicable income tax expense(a)(b)	Applicable income tax expense(a)(b)		**169**	87	**481**	237
Net income	Net income	$	**718**	369	**2,009**	1,026
Net income						
Net income						
Average Balance Sheet Data						
Average Balance Sheet Data						
Average Balance Sheet Data	**Average Balance Sheet Data**					
Commercial loans and leases, including held for sale	Commercial loans and leases, including held for sale	$	**72,028**	72,086	**73,142**	70,123
Commercial loans and leases, including held for sale						
Commercial loans and leases, including held for sale						
Demand deposits						
Demand deposits						

Demand deposits	Demand deposits	**21,581**	34,503	**23,862**	36,930
Interest checking deposits	Interest checking deposits	**34,313**	18,495	**30,629**	20,086
Interest checking deposits					
Interest checking deposits					
Savings and money market deposits					
Savings and money market deposits					
Savings and money market deposits	Savings and money market deposits	**5,265**	5,615	**5,094**	6,212
Certificates of deposit	Certificates of deposit	**83**	106	**55**	116
Certificates of deposit					
Certificates of deposit					
Foreign office deposits	Foreign office deposits	**168**	206	**151**	157
Foreign office deposits					
Foreign office deposits					

(a) *Includes FTE adjustments of $5 $4 and $2 $3 for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $11 and $7 for the nine months ended September 30, 2023 and 2022, 2023, respectively.*

(b) *Applicable income tax expense for all periods includes the tax benefit from tax-exempt income, tax-advantaged investments and tax credits partially offset by the effect of certain nondeductible expenses. Refer to the Applicable Income Taxes subsection of the Statements of Income Analysis slection section of MD&A for additional information.*

Net income was $718 million and $2.0 billion $369 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to $369 million and $1.0 billion $580 million for the same periods period in the prior year. The increases for the three and nine months ended September 30, 2023 were decrease was primarily driven by increases a decrease in net interest income on an FTE basis, an increase in provision for credit losses and a decrease in noninterest income, partially offset by increases a decrease in noninterest expense.

Net interest income on an FTE basis increased $416 million and $1.3 billion decreased $290 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to the same periods period in the prior year primarily driven by increases in average balances of and rates paid on interest checking deposits and savings and money market deposits as well as increases in FTP charge rates on commercial loans and leases. These negative impacts were partially offset by increases in yields on average commercial loans and leases as well as increases in FTP credit rates credits on interest checking deposits.These positive impacts were partially offset by increases in FTP charge rates on commercial loans and leases as well as increases in rates paid on and average balances of interest checking deposits and increases in rates paid on average savings and money market deposits.

The provision Provision for credit losses was immaterial and $37 million for the three and nine months ended September 30, 2023, respectively, compared to the benefit from credit losses of $2 million and the provision for credit losses of $44 million for the three and nine months ended September 30, 2022, respectively. The provision for credit losses was immaterialincreased $25 million for the three months ended September 30, 2023 as an allocated benefit from credit losses related to commercial criticized assets was offset by net charge-offs. The decrease in provision for credit losses for the nine months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year was primarily driven by an increase in the allocated benefit from provision for credit losses related to commercial criticized assets partially offset by as well as an increase in net charge-offs. charge-offs on commercial and industrial loans. Annualized net charge-offs as a percent of average portfolio loans and leases were 12 increased to 18 bps and 13 bps for the three and nine months ended September 30, 2023 March 31, 2024, respectively, compared to 16 bps and 13 15 bps for the same periods period in the prior year.

Noninterest income decreased $10 million for the three months ended March 31, 2024 compared to the same period in the prior year primarily driven by decreases in commercial banking revenue and leasing business revenue, partially offset by increases in service charges on deposits and other noninterest income. Commercial banking revenue decreased $18 million for the three months ended March 31, 2024 compared to the same period in the prior year primarily driven by decreases in revenue from commercial customer derivatives, merger and acquisition fees and loan syndication fees, partially offset by an increase in corporate bond fees. Leasing business revenue decreased $18 million for the three months ended March 31, 2024 compared to the same period in the prior year primarily driven by decreases in operating lease income and lease remarketing fees. Service charges on deposits increased $13 million for the three months ended March 31, 2024

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Noninterest income increased $55 million and $34 million for the three and nine months ended September 30, 2023, respectively, compared to the same periods period in the prior year. The year primarily due to an increase in revenue from commercial payments activities, which include traditional treasury management and embedded payments. Other noninterest income increased $13 million for the three months ended March 31, 2024 compared to the same period in the prior year primarily due to the recognition of net securities gains during the three months ended March 31, 2024 compared to net securities losses for the three months ended September 30, 2023 wasMarch 31, 2023and an increase in card and processing revenue primarily driven by increases an increase in other noninterest income and commercial banking revenue. electronic funds transfer income.

The increase Noninterest expense decreased $50 million for the nine three months ended September 30, 2023 was primarily driven by increases in commercial banking revenue and other noninterest income, partially offset by decreases in leasing business revenue. Commercial banking revenue increased $21 million and $54 million for the three and nine months ended September 30, 2023, respectively,March 31, 2024 compared to the same periods period in the prior year primarily driven by increases decreases in loan syndication fees, foreign exchange fees other noninterest expense and institutional brokerage revenue, partially offset by decreases in contract revenue from commercial customer derivatives. The increase for the three months ended September 30, 2023 was also driven by an increase in corporate bond fees. leasing business expense. Other noninterest income increased $31 million and $7 million expense decreased $40 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to the same periods period in the prior year primarily driven by decreases in net securities losses. The increase allocated expenses as well as a decline in credit valuation adjustments on customer accommodation derivatives. Leasing business expense decreased $9 million for the nine three months ended September 30, 2023 was partially offset by a decrease in private equity investment income. Leasing business revenue decreased $17 million for the nine months ended September 30, 2023March 31, 2024 compared to the same period in the prior year primarily driven by a decrease in leasing business solutions revenue related to the disposition of LaSalle Solutions during the second quarter of 2022 as well as a decrease in depreciation expense associated with operating lease remarketing fees.

Noninterest expense increased $38 million and $155 million for the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior year primarily driven by increases in other noninterest expense and compensation and benefits. Other noninterest expense increased $33 million and $140 million for the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior year primarily driven by increases in allocated expenses and FDIC insurance and other taxes. The increases in allocated expenses were primarily related to cash management services and information technology support services. Compensation and benefits increased $9 million and $16 million for the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior year primarily driven by increases in base compensation. equipment.

Average commercial loans and leases decreased $58 million and increased $3.0 billion for the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior year. The decrease $5.6 billion for the three months ended September 30, 2023 was primarily due to decreases in average commercial and industrial loans and average commercial leases, partially offset by an increase in average commercial mortgage loans. The increase for the nine months ended September 30, 2023 was primarily due to increases in average commercial and industrial loans, average commercial mortgage loans and average commercial construction loans, partially offset by a decrease in average commercial leases. Average commercial and industrial loans decreased for the three months ended September 30, 2023March 31, 2024 compared to the same period in the prior year primarily due to payoffs decreases in average commercial and decreased revolving line of credit utilization. industrial loans, average commercial leases and average commercial mortgage loans, partially offset by an increase in average commercial construction loans. Average commercial and industrial loans increased decreased for the nine three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year primarily as a result of loan originations exceeding payoffs. a planned reduction in balances in the second half of 2023. Average commercial leases decreased for the three months ended March 31, 2024 compared to the same period in the prior yearprimarily as a result of a planned reduction in indirect non-relationship based lease originations. Average commercial mortgage loans increased decreased for the three and ninemonths ended September 30, 2023 compared to the same periods in the prior year as loan originations exceeded payoffs. Average commercial construction loans increased for the nine months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year as payoffs exceeded loan originations exceeded payoffs. originations. Average commercial leases decreased for the three and nine months ended September 30, 2023 compared to the same periods in the prior year primarily as a result of a planned reduction in indirect non-relationship-based lease originations.

Average deposits construction loans increased $2.5 billion and decreased $3.7 billion for the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior year. The increase for the three months ended September 30, 2023 was primarily due to an increase in average interest checking deposits, partially offset by a decrease in average demand deposits. The decrease for the nine months ended September 30, 2023 was primarily due to decreases in average demand deposits and average savings and money market deposits, partially offset by an increase in average interest checking deposits. Average demand deposits decreased $12.9 billion and $13.1 billion for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to the same periods period in the prior year primarily as a result of balance migration into interest checking deposits and lower average balances per customer account. loan originations exceeded payoffs.

Average interest checking deposits increased $15.8 billion and $10.5 billion $5.1 billion for the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior year primarily as a result of higher average balances per customer and balance migration from demand deposits and money market deposits. Average savings and money market deposits decreased $1.1 billion for the nine months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year primarily due to balance migration into increases in average interest checking deposits and lower average savings and money market deposits, partially offset by a decrease in average demand deposits. Average interest checking deposits increased $12.5 billion for the three months ended March 31, 2024 compared to the same period in the prior year primarily as a result of balance migration from demand deposits as well as average balance growth. Average savings and money market deposits increased $428 million for the three months ended March 31, 2024 compared to the same period in the prior year primarily as a result of higher average balances per customer account. Lower average commercial customer account balances inAverage demand deposits and savings and money market deposits decreased $8.0 billionfor the nine three months ended September 30, 2023 included March 31, 2024 compared to the impact same period in the prior year primarily as a result of deliberate runoff during the second quarter of 2022 of certain higher cost commercial deposits. aforementioned balance migration.

Consumer and Small Business Banking

Consumer and Small Business Banking provides a full range of deposit and loan products to individuals and small businesses through a network of full-service banking centers and relationships with indirect and correspondent loan originators in addition to providing products designed to meet the specific needs of small businesses, including cash management services. Consumer and Small Business Banking includes the Bancorp’s residential mortgage, home equity loans and lines of credit, credit cards, automobile and other indirect lending, solar energy installation and other consumer lending activities. Residential mortgage activities include the origination, retention and servicing of residential mortgage loans, sales and securitizations of those loans and all associated hedging activities. Indirect lending activities include extending loans to consumers through automobile dealers, motorcycle dealers, powersport dealers, recreational vehicle dealers and marine dealers. Other consumer lending activities include home improvement and solar Solar energy installation loans and certain other consumer loans are originated through a network of contractors and installers.

The following table contains selected financial data for the Consumer and Small Business Banking segment:

TABLE 25: Consumer and Small Business Banking	**TABLE 25: Consumer and Small Business Banking**

			For the three months ended September 30,		For the nine months ended September 30,	
TABLE 25: Consumer and Small Business Banking						
TABLE 25: Consumer and Small Business Banking						
			For the three months ended March 31,			
			For the three months ended March 31,			
			For the three months ended March 31,			
($ in millions)						
($ in millions)						
($ in millions)	($ in millions)		**2023**	2022	**2023**	2022
Income Statement Data	**Income Statement Data**					
Income Statement Data						
Income Statement Data						
Net interest income						
Net interest income						
Net interest income	Net interest income	**$**	**1,390**	833	**4,016**	1,981
Provision for credit losses	Provision for credit losses		**105**	34	**221**	93
Provision for credit losses						
Provision for credit losses						
Noninterest income:						
Noninterest income:						
Noninterest income:	Noninterest income:					
Card and processing revenue	Card and processing revenue		**78**	79	**231**	231
Card and processing revenue						
Card and processing revenue						
Wealth and asset management revenue						
Wealth and asset management revenue						
Wealth and asset management revenue						
Mortgage banking net revenue	Mortgage banking net revenue		**57**	69	**184**	151
Wealth and asset management revenue			**53**	52	**159**	154
Mortgage banking net revenue						
Mortgage banking net revenue						
Service charges on deposits						
Service charges on deposits						
Service charges on deposits	Service charges on deposits		**55**	53	**159**	164
Other noninterest income	Other noninterest income		**31**	33	**86**	86
Other noninterest income						
Other noninterest income						
Noninterest expense:						
Noninterest expense:						
Noninterest expense:	Noninterest expense:					
Compensation and benefits	Compensation and benefits		**217**	207	**663**	630
Compensation and benefits						
Compensation and benefits						
Net occupancy and equipment expense						

Net occupancy and equipment expense						
Net occupancy and equipment expense	Net occupancy and equipment expense		**63**	58	**188**	175
Card and processing expense	Card and processing expense		**19**	19	**57**	54
Card and processing expense						
Card and processing expense						
Other noninterest expense						
Other noninterest expense						
Other noninterest expense	Other noninterest expense		**325**	324	**992**	930
Income before income taxes	Income before income taxes	$	**935**	477	**2,714**	885
Income before income taxes						
Income before income taxes						
Applicable income tax expense						
Applicable income tax expense						
Applicable income tax expense	Applicable income tax expense		**196**	100	**569**	186
Net income	Net income	$	**739**	377	**2,145**	699
Net income						
Net income						
Average Balance Sheet Data						
Average Balance Sheet Data						
Average Balance Sheet Data	**Average Balance Sheet Data**					
Consumer loans, including held for sale	Consumer loans, including held for sale	$	**43,017**	43,187	**43,176**	43,066
Consumer loans, including held for sale						
Consumer loans, including held for sale						
Commercial loans						
Commercial loans						
Commercial loans	Commercial loans		**2,987**	1,868	**2,742**	1,603
Demand deposits	Demand deposits		**21,620**	23,606	**22,163**	23,705
Demand deposits						
Demand deposits						
Interest checking deposits						
Interest checking deposits						
Interest checking deposits	Interest checking deposits		**11,750**	15,111	**12,647**	15,418
Savings and money market deposits	Savings and money market deposits		**42,697**	43,521	**41,857**	43,220
Savings and money market deposits						
Savings and money market deposits						
Certificates of deposit	Certificates of deposit		**10,240**	2,235	**7,980**	2,417
Certificates of deposit						
Certificates of deposit						

Net income was $739 million and $2.1 billion $527 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to $377 million and $699 million $659 million for the same periods period in the prior year. The increase for the three months ended September 30, 2023 decrease was primarily driven by an increase a decrease in net interest income, partially offset by increases an increase in provision for credit losses and noninterest expense as well as a decrease in noninterest income. The increase for the nine months ended September 30, 2023 was primarily driven by increases in net interest income and noninterest income, partially offset by increases a decrease in provision for credit losses and noninterest expense.

Net interest income increased $557 million and $2.0 billion decreased $132 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to the same periods period in the prior year primarily due to increases in FTP credit rates paid on deposits as well as increases in yields FTP charge rates on and average balances of loans. These positive negative impacts were partially offset by increases in FTP charge rates yields on loans and leases as well as increases in rates paid FTP credits on deposits.

Provision for credit losses increased $71 million and $128 million $33 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to the same periods period in the prior year primarily due to increases in net charge-offs on commercial and industrial loans, other consumer loans, indirect secured consumer loans and credit card. loans. Annualized net charge-offs as a percent of average portfolio loans and leases increased to 90 bps and 65 71 bps for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to 32 bps and 30 46 bps for the same periods period in the prior year.

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

Noninterest income decreased $12 million and increased $33 million for the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior year. The decrease $7 million for the three months ended September 30, 2023 was March 31, 2024 compared to the same period in the prior year primarily driven by a decrease in mortgage banking net revenue. The increase for the nine months ended September 30, 2023 was primarily driven revenue, partially offset by an increase in mortgage banking net wealth and asset management revenue. Refer to the Noninterest Income subsection of the Statements of Income Analysis section of MD&A for additional information on the fluctuations in mortgage banking net revenue. Wealth and asset management revenue

Noninterest expense increased $16 million and $111 million for the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior year. The increases for the three and nine months ended September 30, 2023 were primarily driven by increases in compensation and benefits and net occupancy and equipment expense. The increase for the nine months ended September 30, 2023 also included an increase in other noninterest expense. Compensation and benefits expense increased $10 million and $33 million for the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior year. The increase $6 million for the three months ended September 30, 2023 was primarily driven by an increase in base compensation. The increase for the nine months ended September 30, 2023 was primarily driven by the incremental impact of acquired businesses and the impact of raising the Bancorp's minimum wage in the third quarter of 2022, partially offset by a decrease in incentive compensation. Net occupancy and equipment expense increased $5 million and $13 million for the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior year primarily due to increases in allocated occupancy costs. Other noninterest expense increased $62 million for the nine months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year primarily due to increases in allocated expenses, FDIC insurance broker income and other taxes and marketing expense. The increase in allocated expenses was primarily related to information technology support services. These increases were partially offset by decreases in loan servicing expenses related to the Bancorp's sales of certain government-guaranteed residential mortgage loans that were previously in forbearance programs and serviced by a third party. personal asset management revenue.

Average consumer loans

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

Noninterest expense decreased $170 million and increased $110 million for the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior year. The decrease $6 million for the three months ended September 30, 2023 was March 31, 2024 compared to the same period in the prior year primarily driven by a decrease in other noninterest expense, partially offset by an increase in compensation and benefits expense. Other noninterest expense decreased $19 million for the three months ended March 31, 2024 compared to the same period in the prior year primarily due to decreases in allocated expenses, partially offset by an increase in marketing expense. Marketing expense increased $6 million for the three months ended March 31, 2024 compared to the same period in the prior year primarily driven by direct mail campaigns. Compensation and benefits expense increased $10 million for the three months ended March 31, 2024 compared to the same period in the prior year primarily driven by increases in base compensation and performance-based compensation.

Average consumer loans decreased $1.1 billion for the three months ended March 31, 2024 compared to the same period in the prior year primarily due to decreases in average indirect secured consumer loans, average residential mortgage loans and average indirect secured other consumer loans, partially offset by an increase in average other consumer solar energy installation loans. The increase for the nine months ended September 30, 2023 was primarily due to an increase in average other consumer loans, partially offset by decreases in average residential mortgage loans and average Average indirect secured consumer loans. Average other consumer loans increased decreased for the three and nine months ended September 30, 2023 March 31, 2024 compared to the same periods period in the prior year primarily driven by paydowns exceeding loan originations of point-of-sale energy installation loans. and a planned reduction in balances. Average residential mortgage loans decreased for the three and nine months ended September 30, 2023 March 31, 2024 compared to the same periods period in the prior year primarily due to decreases lower origination volumes and a decrease in residential mortgage loans held for sale as the Bancorp sold government-guaranteed loans that were previously in forbearance programs and also had lower origination volumes. programs. Average indirect secured other consumer loans decreased for the three and nine months ended September 30, 2023 March 31, 2024 compared to the same periods period in the prior year primarily driven by the paydowns and lower of loans originated in connection with one third-party point-of-sale company with which the Bancorp discontinued the origination of new loans in September of 2022. Average solar energy installation loans increased for the three months ended March 31, 2024 compared to the same period in the prior year primarily due to increased loan originations.Average commercial loans increased $1.1 billion $737 million for both the three and nine months ended September 30, 2023 March 31, 2024 compared to the same periods period in the prior year primarily driven by increases in average commercial mortgage loans, average commercial and industrial loans and average commercial mortgage construction loans as loan originations exceeded payoffs.

Average deposits increased $1.8 billion and decreased $113 million for the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior year. The increase $3.3 billion for the three months ended September 30, 2023 was March 31, 2024 compared to the same period in the prior year primarily driven by an increase increases in average certificates of deposit partially offset by decreases in average interest checking deposits, average demand deposits and average savings and money market deposits. The decrease for the nine months ended September 30, 2023 was primarily driven by decreases in average interest checking deposits, average demand deposits and average savings and money market deposits, partially offset by an increase decreases in average certificates of deposit. Average interest checking deposits decreased $3.4 billion and $2.8 billion, average demand deposits decreased $2.0 billion and $1.5 billion deposits. Average certificates of deposit increased $5.6 billion and average savings and money market deposits decreased $824 million and $1.4 billion increased $2.1 billion for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to the same periods period in the prior year primarily due to higher offering rates and higher average balances per consumer customer account. Average interest checking deposits decreased $2.4 billion and average demand deposits decreased $2.0 billion for the three months ended March 31, 2024 compared to the same period in the prior year primarily as a result of lower average balances per customer account due to increased consumer spendingand as well as balance migration into certificates of deposit. Average certificates of deposit increased $8.0 billion and $5.6 billion for the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior yearprimarily due to higher offering rates. In response to the higher interest rate environment, deposit balances have migrated, and are expected to continue to migrate, from noninterest-bearing products to higher interest-bearing products.

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

Wealth and Asset Management

Wealth and Asset Management provides a full range of wealth management services solutions for individuals, companies and not-for-profit organizations. Wealth and Asset Management is made up of three main businesses: FTS, 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. Fifth Third Private Bank offers wealth management strategies to high net worth and ultra-high net worth clients through organizations, including wealth planning, investment management, banking, insurance, trust and estate services. Fifth Third Institutional Services provides These offerings include retail brokerage services for individual clients, advisory services for institutional clients including middle market businesses, non-profits, states and municipalities. municipalities, and wealth management strategies and products for high net worth and ultra-high net worth clients.

The following table contains selected financial data for the Wealth and Asset Management segment:

TABLE 26: Wealth and Asset Management	TABLE 26: Wealth and Asset Management					
			For the three months ended September 30,		For the nine months ended September 30,	
TABLE 26: Wealth and Asset Management						
TABLE 26: Wealth and Asset Management						
			For the three months ended March 31,			
			For the three months ended March 31,			
			For the three months ended March 31,			
($ in millions)						
($ in millions)						
($ in millions)	($ in millions)		**2023**	2022	**2023**	2022
Income Statement Data	**Income Statement Data**					
Income Statement Data						
Income Statement Data						
Net interest income						
Net interest income						
Net interest income	Net interest income	$	**98**	79	**294**	167
Provision for credit losses	Provision for credit losses		**1**	—	**1**	—
Provision for credit losses						
Provision for credit losses						
Noninterest income:						
Noninterest income:						
Noninterest income:	Noninterest income:					
Wealth and asset management revenue	Wealth and asset management revenue		**137**	132	**410**	407
Wealth and asset management revenue						
Wealth and asset management revenue						
Other noninterest income						
Other noninterest income						
Other noninterest income	Other noninterest income		**2**	2	**5**	5
Noninterest expense:	Noninterest expense:					
Noninterest expense:						
Noninterest expense:						

Compensation and benefits					
Compensation and benefits					
Compensation and benefits	Compensation and benefits	**53**	54	**169**	166
Other noninterest expense	Other noninterest expense	**82**	88	**254**	255
Other noninterest expense					
Other noninterest expense					
Income before income taxes					
Income before income taxes					
Income before income taxes	Income before income taxes $	**101**	71	**285**	158
Applicable income tax expense	Applicable income tax expense	**22**	15	**59**	33
Applicable income tax expense					
Applicable income tax expense					
Net income					
Net income					
Net income	Net income $	**79**	56	**226**	125
Average Balance Sheet Data	**Average Balance Sheet Data**				
Average Balance Sheet Data					
Average Balance Sheet Data					
Loans and leases, including held for sale					
Loans and leases, including held for sale					
Loans and leases, including held for sale	Loans and leases, including held for sale $	**4,388**	4,512	**4,427**	4,383
Deposits	Deposits	**10,634**	12,258	**11,253**	13,020
Deposits					
Deposits					

Net income was $79 million and $226 million $46 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to $56 million and $125 million $74 million for the same periods period in the prior year. The increases for the three and nine months ended September 30, 2023 were decrease was primarily driven by increases a decrease in net interest income and an increase in noninterest expense, partially offset by an increase in noninterest income. The increase

Net interest income decreased $42 million for the three months ended September 30, 2023 was also impacted by a decrease in noninterest expense.

Net interest income increased $19 million and $127 million for the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior year primarily driven by increases in FTP credit rates on deposits as well as increases in yields on average loans and leases. These positive impacts were partially offset by increases in rates paid on average deposits and increases in FTP charge rates on loans and leases for the three and nine months ended September 30, 2023 compared to the same periods in the prior year.

Noninterest income increased $5 million and $3 million for the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior year due to increases in wealth and asset management revenue, primarily driven by increases in private client service fees.

Noninterest expense decreased $7 million for the three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year primarily driven by an increase in rates paid on average deposits, a decrease in FTP credits on deposits and an increase in FTP charge rates on loans and leases. These negative impacts were partially offset by an increase in yields on loans and leases for the three months ended March 31, 2024 compared to the same period in the prior year.

Noninterest income increased $10 million for the three months ended March 31, 2024 compared to the same period in the prior year primarily due to an increase in wealth and asset management revenue, which increased $9 million for the three months ended March 31, 2024 driven by an increase in personal asset management revenue.

Noninterest expense increased $3 million for the three months ended March 31, 2024 compared to the same period in the prior year primarily driven by an increase in other noninterest expense. Other noninterest expense which was increased $2 million for the three months ended March 31, 2024 primarily as the result of a decrease increases in allocated expenses related to operational support and settlement services..

Average loans and leases decreased $124 million and increased $44 million for the three and nine months ended September 30, 2023, respectively, compared to the same periods in the prior year. The decrease $289 million for the three months ended September 30, 2023 was March 31, 2024 compared to the same period in the prior year primarily driven by decreases in average residential mortgage loans, average other consumer loans and average commercial and industrial loans as payoffs exceeded loan production, partially offset by an increase in average commercial mortgage loans as a result of higher loan production. The increase for the nine months ended September 30, 2023 was primarily driven by increases in average commercial mortgage loans and average residential mortgage loans as a result of higher loan production.

Average deposits decreased $1.6 billion and $1.8 billion for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to the same periods period in the prior year primarily driven by decreases in average interest checking deposits, and average demand deposits and average savings and money market deposits as a result of lower average balances per customer account, partially offset by an increase in average savings and money market deposits. certificates of deposit.

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, unallocated provision for credit losses expense or a benefit from the reduction of the ACL, the payment of preferred stock dividends and certain support activities and other items not attributed to the business segments.

Net interest income on an FTE basis decreased $1.0 billion and $3.1 billion increased $332 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to the same periods period in the prior year primarily driven by increases in FTP charge rates on loans and leases allocated to the business segments as well as an increase in interest income on other short-term investments. These positive impacts were partially offset by increases in FTP credits on deposits allocated to the business segments increases as well as an increase in interest expense on long-term debt and deposits and decreases in interest income on loans and leases. These negative impacts were partially offset by increases in FTP charges to the business segments on loans and leases as well as increases in interest income on investment securities and other short-term investments. debt. The increases in both FTP credits and FTP charges allocated to the business segments were driven by increases in market interest rates. Under the Bancorp's internal reporting methodology, the Bancorp insulates the business segments from interest rate risk associated with fixed-rate lending by transferring this risk to General Corporate and Other through the FTP methodology. As a result, the amount of FTP credits on deposits earned by the business segments has increased at a faster pace than the amount of allocated FTP charges on loans and leases. If market interest rates remain at current levels, the FTP charges to the business segments for loans and leases will increase over time as fixed-rate loans mature and are replaced with new originations.

The benefit from credit losses was $61 million for the three months ended March 31, 2024 compared to a provision for credit losses decreased $113 million and $45 million of $67 million for the three and nine months ended September 30, 2023, respectively, compared to the same periods period in the prior year year. The increase in the benefit from credit losses was primarily driven by the impact of an increase in allocations to the business segments.

Noninterest income increased $40 million $21 million for the nine three months ended September 30, 2023 primarily driven by the recognition of net securities gains March 31, 2024 compared to net securities losses during the same period in the prior year partially offset primarily driven by an increase a decrease in the loss on the swap associated with the sale of Visa, Inc. Class B shares.

Noninterest expense decreased $25 million and $15 million increased $64 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to the same periods period in the prior year primarily driven by the impact of increases a decrease in corporate overhead allocations from General Corporate and Other to the other business segments as well as the incremental expense associated with the Bancorp's updated estimate of its allocated share of the FDIC's special assessment. These impacts were partially offset by an increase a decrease in compensation and benefits. Compensation and benefits increased for the three months ended September 30, 2023 primarily driven by an increase decreases in base performance-based compensation and increased for the nine months ended September 30, 2023 primarily driven by higher non-qualified deferred compensation expense and severance expense.

base compensation.

RISK MANAGEMENT - OVERVIEW

The Risk Management Overview section included in Item 7 of the Bancorp's Annual Report on Form 10-K describes the Bancorp's Enterprise Risk Management Framework and Three Lines of Defense structure as well as key areas of risk, which include credit risk, liquidity risk, interest rate risk, price risk, legal and regulatory compliance risk, operational risk, reputation risk and strategic risk. Item 7 of the Bancorp's Annual Report on Form 10-K also includes additional detailed information about the Bancorp's processes related to operational risk management as well as legal and regulatory compliance risk management. The following information should be read in conjunction with the Bancorp's Annual Report on Form 10-K.

CREDIT RISK MANAGEMENT

Credit risk management utilizes a framework that encompasses consistent processes for identifying, assessing, managing, monitoring and reporting credit risk. These processes are supported by a credit risk governance structure that includes Board oversight, policies, risk limits and risk committees.

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 the failure of a borrower or counterparty to honor its financial or contractual obligations to the Bancorp. 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 which are described below. These practices include the use of intentional risk-based limits for single name exposures and counterparty selection criteria designed to reduce or eliminate exposure to borrowers who have higher than average default risk and defined weaknesses in financial performance. The Bancorp carefully designs and monitors underwriting, documentation and collection standards. The Bancorp's credit risk management strategy also emphasizes diversification on a geographic, industry, product and customer level as well as ongoing portfolio monitoring 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 based on risk and exposure amount, the use of which is closely monitored. Underwriting activities are centrally managed, and Credit Risk Management manages the policy and the authority delegation process directly. The Credit Risk Review function provides independent and objective assessments of the quality of underwriting and documentation, the accuracy of risk ratings and the charge-off, nonaccrual and reserve analysis process. The Bancorp's credit review process and overall assessment of the adequacy of the ACL is based on quarterly assessments of the estimated losses expected in the loan and lease portfolio. The Bancorp uses these assessments to maintain an adequate ACL and record any necessary charge-offs. Certain loans and leases with probable or observed credit weaknesses receive enhanced monitoring and undergo a periodic review. Refer to Note 6 of the Notes to Condensed Consolidated Financial Statements for further information on the Bancorp's credit rating categories, which are derived from standard regulatory rating definitions. In addition, stress testing is performed on various commercial and consumer portfolios utilizing various models. For certain portfolios, such as real estate and leveraged lending, stress testing is performed at the individual loan level during credit underwriting.

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 rating systems. The first of these risk rating systems is based on regulatory guidance for credit risk rating systems. These ratings are used by the Bancorp to monitor and manage its credit risk. The Bancorp also separately 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 assessing a borrower's creditworthiness. This “through-the-cycle” rating rating philosophy uses a grading scale that assigns ratings based on average default rates through an entire business cycle for borrowers with similar financial performance. The dual risk rating system includes thirteen categories for estimating probabilities of default and an additional eleven categories for estimating losses given an event of default. The probability of default and loss given default evaluations are not separated in the regulatory risk rating system.

The Bancorp utilizes internally developed models to estimate expected credit losses for portfolio loans and leases. For loans and leases that are collectively evaluated, the Bancorp utilizes these models to forecast expected credit losses over a reasonable and supportable forecast period based on the probability of a loan or lease defaulting, the expected balance at the estimated date of default and the expected loss percentage given a default. Refer to Note 3 1 of the Notes to Condensed Consolidated Financial Statements included in the Bancorp's Annual Report on Form 10-K for the year ended December 31, 2023 for additional information about the Bancorp's processes for developing these models, for estimating credit losses for periods beyond the reasonable and supportable forecast period and for estimating credit losses for individually evaluated loans.

For the commercial portfolio segment, the estimated probabilities of default are primarily based on the probability of default ratings assigned under the through-the-cycle dual risk rating system and historical observations of how those ratings migrate to a default over time in the context of macroeconomic conditions. For loans with available credit, the estimate of the expected balance at the time of default considers expected utilization rates, which are primarily based on macroeconomic conditions and the utilization history of similar borrowers under those economic conditions. The estimates for loss severity are primarily based on collateral type and coverage levels and the susceptibility of those characteristics to changes in macroeconomic conditions.

For collectively evaluated loans in the consumer and residential mortgage portfolio segments, the Bancorp's expected credit loss models primarily utilize the borrower's FICO score and delinquency history in combination with macroeconomic conditions when estimating the probability of default. The estimates for loss severity are primarily based on collateral type and coverage levels and the susceptibility of those

characteristics to changes in macroeconomic conditions. The expected balance at the estimated date of default is also especially impactful in

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

the expected credit loss models for portfolio classes which generally have longer terms (such as residential mortgage loans and home equity) and portfolio classes containing a high concentration of loans with revolving privileges (such as home equity). The estimate of the expected balance at the time of default considers expected prepayment and utilization rates where applicable, which are primarily based on macroeconomic conditions and the utilization history of similar borrowers under those economic conditions. The Bancorp also utilizes various scoring systems, analytical tools and portfolio performance monitoring processes to assess the credit risk of the consumer and residential mortgage portfolios.

Overview

Longer-term interest rates increased throughout During the third first quarter of 2023 as 2024, economic growth accelerated remained resilient as strong job growth, improved capital markets activity and fiscal deficit spending supported above-trend economic growth while the U.S. Treasury indicated that it would begin downward trend in inflation reversed, driven by acceleration in inflation for services. With the process FOMC less likely to cut rates in the near-term, market expectations for rate cuts this year shifted from seven in mid-January 2024 to three by the end of issuing the first quarter of 2024. The FOMC continues to seek a higher proportion of debt with longer-term maturities in 2024. At the September 2023 FOMC meeting, FRB officials said a “soft landing” is the goal but is secondary to restoring price stability. Resilient consumer demand has supported the soft landing narrative in financial markets for the economy while balancing the risks of cutting rates too soon and has led allowing price pressures to become entrenched against the market risks associated with maintaining a restrictive policy for too long.

Going forward, it is unclear whether inflation can return sustainably to reflect the expected higher-for-longer FOMC's long-run target of 2% without an extended period of tighter monetary policy into market interest rates. With monetary policy at leading to below-potential growth and a restrictive level, softer labor market. The risk remains that inflation may be more persistent than expected by the FOMC has transitioned and financial markets. Geopolitical tensions remain elevated and have the potential to a data-dependent approach where future monetary policy decisions will be based on the strength of the economic data.

The downside risks become very disruptive to the economic outlook if they continue to increase as persistent inflation above the FRB's 2% target may force the FOMC to keep interest rates higher for longer. The rise in longer-term rates during the third quarter of 2023 has the potential to adversely impact asset prices and economic activity. Heightened geopolitical tensions may also lead to increased economic uncertainty and volatility as well as higher commodity prices, reversing some of the easing seen recently in headline inflation. escalate. Against this backdrop, tighter liquidity in the banking sector is limiting the supply of credit in the economy. Over time, these factors may adversely impact business investment, job growth and consumer spending, which could lead potentially leading to a recession.

Loan Modifications to Borrowers Experiencing Financial Difficulty

On January 1, 2023, downturn in the Bancorp adopted ASU 2022-02, which eliminated the accounting guidance on TDRs for creditors for all loan modifications to borrowers experiencing financial difficulty occurring on or after January 1, 2023. For further information on the Bancorp's adoption of ASU 2022-02, refer to Note 3 and Note 6 of the Notes to Condensed Consolidated Financial Statements. economy.

Commercial Portfolio

The Bancorp's credit risk management strategy seeks to minimize 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 Bancorp is closely monitoring various economic factors and their impacts on commercial borrowers, including, but not limited to, the level of inflation, higher-for-longer interest rates, labor and supply chain issues, volatility and changes in consumer discretionary spending patterns, including debt and default levels. The Bancorp maintains focus on disciplined client selection, adherence to underwriting policy and attention to concentrations.

The Bancorp provides loans to a variety of customers ranging from large multinational firms to middle market businesses, sole proprietors and high net worth individuals. The origination policies for commercial and industrial loans outline the risks and underwriting requirements for loans to businesses in various industries. Included in the policies are maturity and amortization terms, collateral and leverage requirements, cash flow coverage measures and hold limits. The Bancorp aligns credit and sales teams with specific industry and regional expertise to better monitor and manage different industry and geographic segments of the portfolio.

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 as of:

TABLE 27: Commercial Loan and Lease Portfolio (excluding loans and leases held for sale)

		September 30, 2023			December 31, 2022		
		March 31, 2024			**March 31, 2024**		December 31, 2023
($ in millions)	($ in millions)	Outstanding	Exposure	Nonaccrual	Outstanding	Exposure	Nonaccrual
($ in millions)		Outstanding	Exposure	Nonaccrual	Outstanding	Exposure	Nonaccrual
By Industry:	By Industry:						
Real estate	Real estate	**$ 12,205**	**19,802**	**4**	11,275	17,938	25
Real estate							
Real estate							
Financial services and insurance	Financial services and insurance	**10,138**	**21,638**	**—**	9,927	20,674	—
Manufacturing	Manufacturing	**10,044**	**20,383**	**58**	11,024	21,174	88
Healthcare							
Business services	Business services	**6,290**	**10,871**	**58**	5,971	10,240	4
Healthcare		**5,784**	**8,173**	**8**	5,576	7,838	28
Wholesale trade	Wholesale trade	**5,307**	**10,367**	**7**	5,538	10,620	4
Accommodation and food	Accommodation and food	**4,319**	**7,113**	**24**	4,340	7,028	10
Retail trade	Retail trade	**4,106**	**10,156**	**88**	4,495	10,570	9
Communication and information	Communication and information	**3,154**	**6,498**	**—**	3,428	6,944	—
Mining	Mining	**3,125**	**6,212**	**—**	3,634	6,811	—
Construction	Construction	**2,757**	**6,496**	**11**	2,945	6,265	15
Transportation and warehousing	Transportation and warehousing	**2,460**	**4,519**	**4**	2,621	4,664	2
Utilities	Utilities	**2,035**	**3,955**	**—**	1,862	4,172	—
Entertainment and recreation	Entertainment and recreation	**1,646**	**3,070**	**8**	1,729	3,053	67

Other services	Other services	1,138		1,619	6	1,088	1,484	9
Agribusiness	Agribusiness	370		578	—	456	651	—
Public administration	Public administration	212		328	4	343	451	1
Individuals	Individuals	28		77	1	76	117	—
Other		—		—	—	61	62	1
Total								
Total								
Total	Total	$ 75,118		141,855	281	76,389	140,756	263
By Loan Size:	By Loan Size:							
Less than $1 million								
Less than $1 million								
Less than $1 million	Less than $1 million	4	%	3	20	4	3	17
$1 million to $5 million	$1 million to $5 million	7		7	10	7	6	12
$5 million to $10 million	$5 million to $10 million	5		4	4	5	4	17
$10 million to $25 million	$10 million to $25 million	13		11	36	14	12	28
$25 million to $50 million	$25 million to $50 million	25		23	—	23	22	26
Greater than $50 million	Greater than $50 million	46		52	30	47	53	—
Total	Total	100	%	100	100	100	100	100
By State:	By State:							
California	California	10	%	9	6	9	8	3
Texas		9		9	4	9	9	9
California								
California								
Illinois	Illinois	9		8	8	9	9	30
Ohio	Ohio	8		11	5	9	11	8
Texas								
Florida	Florida	7		7	44	7	7	6
New York	New York	6		6	—	6	6	—
Michigan	Michigan	5		5	4	5	5	5
Georgia	Georgia	4		4	1	4	4	1
Indiana	Indiana	3		3	1	3	3	—
Tennessee	Tennessee	3		3	1	3	3	2
North Carolina	North Carolina	3		2	1	3	2	2
South Carolina	South Carolina	3		2	1	2	2	—
Other	Other	30		31	24	31	31	34
Total	Total	100	%	100	100	100	100	100

The origination policies for commercial real estate outline the risks and underwriting requirements for owner and nonowner-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), pro forma analysis requirements and interest rate sensitivity. 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. The Bancorp maintains an appraisal review department to order and review third-party appraisals in accordance with regulatory requirements.

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Nonaccrual 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. Additionally, collateral values are also reviewed at least annually for all criticized assets.

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 tables provide detail on the most recent LTV ratios for commercial mortgage loans greater than $1 million, excluding commercial mortgage loans that are individually evaluated for an ACL. The Bancorp does not typically aggregate the LTV ratios for commercial mortgage loans less than $1 million.

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

As of September 30, 2023 ($ in millions)		LTV > 100%	LTV 80-100%	LTV < 80%					
As of March 31, 2024 ($ in millions)					**As of March 31, 2024 ($ in millions)**		LTV > 100%	LTV 80-100%	LTV < 80%
Commercial mortgage owner-occupied loans	Commercial mortgage owner-occupied loans	**$ 52**	**344**	**3,867**					
Commercial mortgage nonowner-occupied loans	Commercial mortgage nonowner-occupied loans	**—**	**16**	**4,465**					
Total	Total	**$ 52**	**360**	**8,332**					

TABLE 29: Commercial Mortgage Loans Outstanding by LTV, Loans Greater Than $1 Million

As of December 31, 2022 ($ in millions)		LTV > 100%	LTV 80-100%	LTV < 80%						
TABLE 29: Commercial Mortgage Loans Outstanding by LTV, Loans Greater Than $1 Million										
TABLE 29: Commercial Mortgage Loans Outstanding by LTV, Loans Greater Than $1 Million										
As of December 31, 2023 ($ in millions)					As of December 31, 2023 ($ in millions)		LTV > 100%		LTV 80-100%	LTV < 80%
Commercial mortgage owner-occupied loans	Commercial mortgage owner-occupied loans	$ 63	533	3,566	Commercial mortgage owner-occupied loans	$	53	258	258	3,257
Commercial mortgage nonowner-occupied loans	Commercial mortgage nonowner-occupied loans	4	65	4,510	Commercial mortgage nonowner-occupied loans		1	29	29	5,121
Total	Total	$ 67	598	8,076	Total	$	54	287	287	8,378

The Bancorp views nonowner-occupied commercial real estate as a higher credit risk product compared to some other commercial loan portfolios due to the higher volatility of the industry.

The following tables provide an analysis of nonowner-occupied commercial real estate loans by state (excluding loans held for sale):

TABLE 30: Nonowner-Occupied Commercial Real Estate (excluding loans held for sale)[(a)]

TABLE 30: Nonowner-Occupied Commercial Real Estate (excluding loans held for sale)[(a)]

As of September 30, 2023 ($ in millions)		Outstanding	Exposure	90 Days Past Due	Nonaccrual	For the three months ended September 30, 2023 Net Charge-offs	For the nine months ended September 30, 2023 Net Charge-offs
By State:							
Illinois	$	1,337	1,635	—	2	—	—
Florida		1,200	2,073	—	—	—	—
Ohio		1,147	1,580	—	—	—	—
South Carolina		954	1,165	—	—	—	—
Michigan		777	1,137	—	—	—	—
Texas		698	1,360	—	—	—	—
California		682	1,169	—	—	—	—
Georgia		449	851	—	—	—	—
All other states		3,176	5,295	—	—	—	—

TABLE 30: Nonowner-Occupied Commercial Real Estate (excluding loans held for sale)[(a)]
TABLE 30: Nonowner-Occupied Commercial Real Estate (excluding loans held for sale)[(a)]
As of March 31, 2024 ($ in millions)
As of March 31, 2024 ($ in millions)
As of March 31, 2024 ($ in millions)
Outstanding
Outstanding
Outstanding
By State:
By State:
By State:
Illinois
Illinois
Illinois
Florida
Florida
Florida
Ohio
Ohio
Ohio
South Carolina
South Carolina
South Carolina
California
California
California
Michigan
Michigan
Michigan
Texas
Texas
Texas
New York
New York
New York
Georgia
Georgia
Georgia
All other states
All other states

All other states							
Total	$	**10,420**	**16,265**	**—**	**2**	**—**	**—**

Total
Total

(a) Included in commercial mortgage loans and commercial construction loans in the Loans and Leases subsection of the Balance Sheet Analysis section of MD&A.

TABLE 31: Nonowner-Occupied Commercial Real Estate (excluding loans held for sale) *(a)*

As of September 30, 2022 ($ in millions)		Outstanding	Exposure	90 Days Past Due	Nonaccrual	For the three months ended September 30, 2022 Net Charge-offs	For the nine months ended September 30, 2022 Net Charge-offs
By State:							
Illinois	$	1,510	1,709	—	24	—	—
Florida		1,168	1,902	—	—	—	—
Ohio		1,076	1,465	—	—	—	—
South Carolina		770	960	—	—	—	—
Michigan		868	1,146	—	—	—	—
Texas		822	1,357	—	—	—	—
California		581	923	—	—	—	—

TABLE 31: Nonowner-Occupied Commercial Real Estate (excluding loans held for sale) *(a)*
TABLE 31: Nonowner-Occupied Commercial Real Estate (excluding loans held for sale) *(a)*
As of March 31, 2023 ($ in millions)
As of March 31, 2023 ($ in millions)
As of March 31, 2023 ($ in millions)
Outstanding
Outstanding
Outstanding
By State:
By State:
Illinois
Illinois
Florida
Florida
Ohio
Ohio
South Carolina
South Carolina
California
California
California
Michigan
Michigan

Texas								
Texas								
New York								
New York								
New York								
Georgia								
Georgia								
Georgia	Georgia		405	889	—	—	—	—
All other states	All other states		3,395	5,137	—	1	—	3
All other states								
All other states								
Total	Total	$	10,595	15,488	—	25	—	3
Total								
Total								

(a) Included in commercial mortgage loans and commercial construction loans in the Loans and Leases subsection of the Balance Sheet Analysis section of MD&A.

Consumer Portfolio

The Bancorp's consumer portfolio is materially comprised of five six categories of loans: residential mortgage loans, home equity, indirect secured consumer loans, credit card, solar energy installation loans and other consumer loans. The Bancorp has identified certain credit characteristics within these five six categories of loans which it believes represent a higher level of risk compared to the rest of the consumer loan portfolio. The Bancorp does not update LTVs for the consumer portfolio subsequent to origination except as part of the charge-off process for real estate secured loans. The Bancorp actively manages the consumer portfolio through concentration limits, which mitigate credit risk through limiting the exposure to lower FICO scores, higher LTVs, specific geographic concentration risks and additional risk elements.

The Bancorp continues to ensure that underwriting standards and guidelines adequately account for the broader economic conditions that the consumer portfolio faces in a rising-rate environment. Guidelines are designed to ensure that the various consumer products fall within the Bancorp's risk appetite. These guidelines will be are monitored and adjusted as deemed appropriate in response to the prevailing economic conditions while remaining within the Bancorp's risk tolerance limits.

The payment structures for certain variable rate products (such as residential mortgage loans, home equity and credit card) are susceptible to changes in benchmark interest rates. With increases in interest rates, minimum payments on these products also increase, raising the potential for the environment to be disruptive to some borrowers. The Bancorp actively monitors the portion of its consumer portfolio that is susceptible to increases in minimum payments and continues to assess the impact on the overall risk appetite and soundness of the portfolio.

Residential mortgage portfolio

The Bancorp manages credit risk in the residential mortgage portfolio through underwriting guidelines that limit exposure to loan characteristics determined to influence credit risk. Additionally, the portfolio is governed by concentration limits that ensure geographic, product and channel diversification. The Bancorp may also package and sell loans in the portfolio.

The Bancorp does not originate residential mortgage loans that permit customers to defer principal payments or make payments that are less than the accruing interest. The Bancorp originates both fixed-rate and ARM loans. Within the ARM portfolio, approximately $523 million $528 million of ARM loans will have rate resets during the next twelve months. Of these resets, substantially all 95% are expected to experience an increase in rate, with an average increase of approximately 1.81% 1.66%. Underlying characteristics of these borrowers are relatively strong with a weighted average origination DTI debt-to-income ratio of 35% and weighted average origination LTV of 72%.

Certain residential mortgage products have characteristics that may increase the Bancorp's credit loss rates in the event of a decline in housing values. These types of mortgage products offered by the Bancorp include loans with high LTVs, multiple loans secured by the same collateral that when combined result in an LTV greater than 80% and interest-only loans. The Bancorp has deemed residential mortgage loans with greater than 80% LTVs and no mortgage insurance as loans that represent a higher level of risk.

The following table provides an analysis of the residential mortgage portfolio loans outstanding by LTV at origination as of:

TABLE 32: Residential Mortgage Portfolio Loans by LTV at Origination

		September 30, 2023		December 31, 2022								
		March 31, 2024							**March 31, 2024**			December 31, 2023
($ in millions)	($ in millions)	Outstanding	Weighted-Average LTV	Outstanding	Weighted-Average LTV	($ in millions)	Outstanding		Weighted-Average LTV	Outstanding		Weighted-Average LTV
LTV ≤ 80%	LTV ≤ 80%	**$ 11,923**	**62.6 %**	$ 12,395	61.9 %	LTV ≤ 80%	**$ 11,653**	**62.9**	**62.9 %**	$ 11,718	62.7	62.7 %

LTV > 80%, with mortgage insurance(a)	LTV > 80%, with mortgage insurance(a)		**3,002**	**95.1**			3,092	94.7												
LTV > 80%, no mortgage insurance	LTV > 80%, no mortgage insurance		**2,368**	**91.2**			2,141	90.5												
Total	Total	**$**	**17,293**	**72.2**	**%**	$	17,628	71.3	%	Total	**$**	**16,995**	**72.6**	**72.6**	**%**	$	17,026	72.4	72.4	%

(a) Includes loans with either borrower or lender paid mortgage insurance.

The following tables provide an analysis of the residential mortgage portfolio loans outstanding by state with a greater than 80% LTV at origination and no mortgage insurance:

TABLE 33: Residential Mortgage Portfolio Loans, LTV Greater Than 80% at Origination, No Mortgage Insurance

As of September 30, 2023 ($ in millions)					**For the three months ended September 30, 2023**	**For the nine months ended September 30, 2023**
		Outstanding	90 Days Past Due and Accruing	Nonaccrual	Net Charge-offs	Net (Recoveries) Charge-offs
By State:	By State:					
Ohio	Ohio	**$ 521**	**—**	**8**	**—**	**—**
Illinois	Illinois	**472**	**1**	**4**	**—**	**—**
Florida	Florida	**425**	**—**	**2**	**—**	**(1)**
Indiana	Indiana	**174**	**—**	**2**	**—**	**—**
Michigan	Michigan	**167**	**—**	**2**	**—**	**—**
North Carolina		**163**	**—**	**1**	**—**	**—**

TABLE 33: Residential Mortgage Portfolio Loans, LTV Greater Than 80% at Origination, No Mortgage Insurance

TABLE 33: Residential Mortgage Portfolio Loans, LTV Greater Than 80% at Origination, No Mortgage Insurance

As of March 31, 2024 ($ in millions)

Outstanding

Outstanding

Outstanding

By State:

By State:

Ohio

Ohio

Illinois

Illinois

Florida

Florida

North Carolina

North Carolina

North Carolina

Indiana

Indiana

Michigan

Michigan						
Kentucky						
Kentucky						
Kentucky	Kentucky	**127**	**—**	**1**	**—**	**—**
All other states	All other states	**319**	**—**	**5**	**—**	**—**
All other states						
All other states						
Total	Total	**$ 2,368**	**1**	**25**	**—**	**(1)**
Total						
Total						

TABLE 34: Residential Mortgage Portfolio Loans, LTV Greater Than 80% at Origination, No Mortgage Insurance

As of September 30, 2022 ($ in millions)					For the three months ended September 30, 2022	For the nine months ended September 30, 2022
		Outstanding	90 Days Past Due and Accruing	Nonaccrual	Net Charge-offs	Net (Recoveries) Charge-offs
TABLE 34: Residential Mortgage Portfolio Loans, LTV Greater Than 80% at Origination, No Mortgage Insurance						
TABLE 34: Residential Mortgage Portfolio Loans, LTV Greater Than 80% at Origination, No Mortgage Insurance						
As of March 31, 2023 ($ in millions)						
		Outstanding				
		Outstanding				
		Outstanding				
By State:						
By State:						
By State:	By State:					
Ohio	Ohio	$ 532	—	10	—	—
Ohio						
Ohio						
Illinois						
Illinois						
Illinois	Illinois	477	1	5	—	—
Florida	Florida	392	—	3	—	(1)
Florida						
Florida						
Michigan						
Michigan						
Michigan						
Indiana	Indiana	167	—	2	—	—
Michigan		173	—	1	—	—
Indiana						
Indiana						
North Carolina						

North Carolina

North Carolina	North Carolina	166	—	—	—	—
Kentucky	Kentucky	128	—	1	—	—
Kentucky						
Kentucky						
All other states						
All other states						
All other states	All other states	323	—	6	—	—
Total	Total	$ 2,358	1	28	—	(1)
Total						
Total						

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. Approximately 30% 27% of the outstanding balances of the Bancorp's portfolio of home equity lines of credit have a balloon structure at maturity. Peak maturity years for the balloon home equity lines of credit are 2025 to 2028 and approximately 9% 6% of the balances mature before 2025.

The ALLL ACL provides coverage for expected losses in the home equity portfolio. The allowance attributable to the portion of the home equity portfolio that is collectively evaluated is determined on a pooled basis using a probability of default, loss given default and exposure at default model framework to generate expected losses. The expected losses for the home equity portfolio are dependent upon loan

delinquency, FICO scores, LTV, loan age and their historical correlation with macroeconomic variables including unemployment and the home price index. The expected losses generated from models are adjusted by certain qualitative adjustment factors to reflect risks associated with current conditions and trends. The qualitative factors include adjustments for changes in policies or procedures in underwriting, monitoring or collections, economic conditions, portfolio mix, lending and risk management personnel, results of internal audit and quality control reviews, collateral values and geographic concentrations.

The home equity portfolio is managed in two primary groups: loans outstanding with a combined LTV greater than 80% and those loans with an LTV of 80% or less based upon appraisals at origination. For additional information on these loans, refer to Table 36 and Table 37. Of the total $3.9 billion of outstanding home equity loans:

- 76% 75% reside within the Bancorp's Midwest footprint of Ohio, Michigan, Illinois, Indiana and Kentucky as of September 30, 2023 March 31, 2024;
- 35% 34% are in senior lien positions and 65% 66% are in junior lien positions at September 30, 2023 March 31, 2024;
- 76% 75% of non-delinquent borrowers made at least one payment greater than the minimum payment during the three months ended September 30, 2023 March 31, 2024; and
- The portfolio had a weighted average refreshed FICO score of 750 749 at September 30, 2023 March 31, 2024.

The Bancorp actively manages lines of credit and makes adjustments 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 LTVs 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 ongoing credit monitoring processes. For junior lien home equity loans which become 60 days or more past due, the Bancorp tracks the performance of the senior lien loans in which the Bancorp is the servicer and utilizes consumer credit bureau attributes to monitor the status of the senior lien loans that the Bancorp does not service. If the senior lien loan is found to be 120 days or more past due, the junior lien home equity loan is placed on nonaccrual status unless both loans are well-secured and in the process of collection. Additionally, if the junior lien home equity loan becomes 120 days or more past due and the senior lien loan is also 120 days or more past due, the junior lien home equity loan is assessed for charge-off. Refer to the Analysis of Nonperforming Assets subsection of the Risk Management section of MD&A and Note 1 of the Notes to Consolidated Financial Statements included in the Bancorp's Annual Report on Form 10-K for the year ended December 31, 2022 and Note 3 of the Notes to Condensed Consolidated Financial Statements December 31, 2023 for more information.

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

TABLE 35: Home Equity Portfolio Loans Outstanding by Refreshed FICO Score

		September 30, 2023		December 31, 2022						
	March 31, 2024						March 31, 2024			December 31, 2023
($ in millions)	($ in millions)	Outstanding	% of Total	Outstanding	% of Total	($ in millions)	Outstanding	% of Total	Outstanding	% of Total
Senior Liens:	Senior Liens:									
FICO ≤ 659										

FICO ≤ 659
FICO ≤ 659
FICO ≤ 659
FICO ≤ 659
FICO ≤ 659
FICO ≤ 659
FICO ≤ 659
FICO ≤ 659
FICO ≤ 659
FICO ≤ 659
FICO ≤ 659
FICO ≤ 659
FICO ≤ 659

FICO ≤ 659	FICO ≤ 659	$ **110**	**3 %**	$ 122	3 %		$ **107**	3	**3**	**%**	$ 109	2	2	%
FICO 660-719	FICO 660-719	**186**	**4**	205	5									
FICO ≥ 720	FICO ≥ 720	**1,088**	**28**	1,262	31									
Total senior liens	Total senior liens	$ **1,384**	**35 %**	$ 1,589	39 %	Total senior liens	$ **1,303**	**34**	**34**	**%**	$ 1,348	34	34	%
Junior Liens:	**Junior Liens:**													
FICO ≤ 659	FICO ≤ 659	**209**	**5**	211	5									

FICO ≤ 659
FICO ≤ 659

FICO 660-719	FICO 660-719	**445**	**12**	433	11									
FICO ≥ 720	FICO ≥ 720	**1,860**	**48**	1,806	45									
Total junior liens	Total junior liens	$ **2,514**	**65 %**	$ 2,450	61 %	Total junior liens	$ **2,580**	**66**	**66**	**%**	$ 2,568	66	66	%
Total	Total	$ **3,898**	**100 %**	$ 4,039	100 %	Total	$ **3,883**	**100**	**100**	**%**	$ 3,916	100	100	%

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

The Bancorp believes that home equity portfolio loans with a greater than 80% LTV (including senior liens, if applicable) present a higher level of risk. The following table provides an analysis of the home equity portfolio loans outstanding in a senior and junior lien position by LTV at origination as of:

TABLE 36: Home Equity Portfolio Loans Outstanding by LTV at Originat

		September 30, 2023		December 31, 2022					
	March 31, 2024								**March 3 2024**
($ in millions)	($ in millions)	Outstanding	Weighted-Average LTV	Outstanding	Weighted-Average LTV	($ in millions)	Outstanding	Weighted-Average LTV	O
Senior Liens:	**Senior Liens:**								
LTV ≤ 80%									
LTV ≤ 80%									
LTV ≤ 80%	LTV ≤ 80%	$ **1,222**	**51.0 %**	$ 1,395	52.1 %	$	**1,154**	**50.6** **50.6 %**	$ 1,194

LTV > 80%	LTV > 80%		**162**	**88.9**		194	88.8						
Total senior liens	Total senior liens	**$**	**1,384**	**55.7**	**%** $	1,589	56.8	%	Total senior liens	**$ 1,303**	**55.2**	**55.2 %**	$ 1
Junior Liens:	**Junior Liens:**												
LTV ≤ 80%	LTV ≤ 80%		**1,716**	**65.1**		1,628	65.6						
LTV ≤ 80%													
LTV ≤ 80%													
LTV > 80%	LTV > 80%		**798**	**88.8**		822	89.2						
Total junior liens	Total junior liens	**$**	**2,514**	**73.1**	**%** $	2,450	74.1	%	Total junior liens	**$ 2,580**	**72.5**	**72.5 %**	$ 2
Total	Total	**$**	**3,898**	**66.8**	**%** $	4,039	67.2	%	Total	**$ 3,883**	**66.7**	**66.7 %**	$ 3

The following tables provide an analysis of home equity portfolio loans outstanding by state with a LTV greater than 80% (including senior liens, if applicable) at origination:

TABLE 37: Home Equity Portfolio Loans Outstanding with an LTV Greater than 80% at Origination

As of September 30, 2023 ($ in millions)					**For the three months ended September 30, 2023**	**For the nine months ended September 30, 2023**
	Outstanding	Exposure	90 Days Past Due and Accruing	Nonaccrual	Net Charge-offs	Net (Recoveries) Charge-offs
By State:						
Ohio	**$ 294**	**818**	**—**	**6**	**—**	**—**
Illinois	**147**	**349**	**—**	**3**	**—**	**(1)**
Michigan	**143**	**402**	**—**	**2**	**—**	**—**
Indiana	**95**	**252**	**—**	**2**	**—**	**—**
Florida	**84**	**205**	**—**	**2**	**—**	**—**

TABLE 37: Home Equity Portfolio Loans Outstanding with an LTV Greater than 80% at Origination

TABLE 37: Home Equity Portfolio Loans Outstanding with an LTV Greater than 80% at Origination

As of March 31, 2024 ($ in millions)

Outstanding

Outstanding

Outstanding

By State:

By State:

By State:

Ohio

Ohio

Ohio

Illinois

Illinois

Illinois

Michigan

Michigan

Michigan

Indiana

Indiana

Indiana

Florida

Florida

Florida

Kentucky

Kentucky

Kentucky	Kentucky		**81**	**214**	**—**	**1**	**—**	**—**
All other states	All other states		**116**	**302**	**—**	**3**	**—**	**—**

All other states

All other states

Total	Total	**$**	**960**	**2,542**	**—**	**19**	**—**	**(1)**

Total

Total

TABLE 38: Home Equity Portfolio Loans Outstanding with an LTV Greater than 80% at Origination

As of September 30, 2022 ($ in millions)	Outstanding	Exposure	90 Days Past Due and Accruing	Nonaccrual	For the three months ended September 30, 2022 Net (Recoveries) Charge-offs	For the nine months ended September 30, 2022 Net (Recoveries) Charge-offs

TABLE 38: Home Equity Portfolio Loans Outstanding with an LTV Greater than 80% at Origination

TABLE 38: Home Equity Portfolio Loans Outstanding with an LTV Greater than 80% at Origination

As of March 31, 2023 ($ in millions)

Outstanding

Outstanding

Outstanding

By State:

By State:

By State:	By State:							
Ohio	Ohio	$	318	865	—	8	—	(1)

Ohio

Ohio

Illinois

Illinois

Illinois	Illinois	168	370	1	4	—	(1)
Michigan	Michigan	163	441	—	3	(1)	(1)

Michigan

Michigan

Indiana

Indiana

Indiana	Indiana	98	259	—	2	—	—
Florida	Florida	75	185	—	2	—	—

Florida

Florida

Kentucky

Kentucky

Kentucky	Kentucky	84	220	—	1	—	—

All other states	All other states	112	293	—	3	—	—
All other states							
All other states							
Total	Total	$ 1,018	2,633	1	23	(1)	(3)
Total							
Total							

Indirect secured consumer portfolio

The indirect secured consumer portfolio is comprised of $12.3 billion $12.2 billion of automobile loans and $3.1 billion of indirect motorcycle, powersport, recreational vehicle and marine loans as of September 30, 2023 March 31, 2024. All concentration and guideline changes are monitored monthly to ensure alignment with original credit performance and return projections.

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The following table provides an analysis of indirect secured consumer portfolio loans outstanding disaggregated based upon FICO score at origination as of:

TABLE 39: Indirect Secured Consumer Portfolio Loans Outstanding by FICO Score at Origination

($ in millions)	($ in millions)	September 30, 2023 Outstanding	% of Total	December 31, 2022 Outstanding	% of Total
FICO ≤ 659	FICO ≤ 659	**$ 204**	**1 %**	$ 248	1 %
FICO 660-719	FICO 660-719	**3,209**	**21**	3,564	22
FICO ≥ 720	FICO ≥ 720	**12,021**	**78**	12,740	77
Total	Total	**$ 15,434**	**100 %**	$ 16,552	100 %

($ in millions)	March 31, 2024 Outstanding	% of Total		December 31, 2023 Outstanding	% of Total	
FICO ≤ 659	**$ 186**	**1**	**1 %**	$ 189	1	1 %
Total	**$ 15,306**	**100**	**100 %**	$ 14,965	100	100 %

It is a common industry practice to advance on these types of loans an amount in excess of the collateral value due to the inclusion of negative equity trade-in, maintenance/warranty products, 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 indirect secured consumer portfolio loans outstanding by LTV at origination as of:

TABLE 40: Indirect Secured Consumer Portfolio Loans Outstanding by LTV at Origination

($ in millions)	($ in millions)	September 30, 2023 Outstanding	Weighted-Average LTV	December 31, 2022 Outstanding	Weighted-Average LTV
LTV ≤ 100%	LTV ≤ 100%	**$ 11,321**	**79.6 %**	$ 12,087	79.6 %
LTV > 100%	LTV > 100%	**4,113**	**110.3**	4,465	110.5
Total	Total	**$ 15,434**	**87.7 %**	$ 16,552	87.9 %

($ in millions)	March 31, 2024 Outstanding	Weighted- Average LTV		December 31, 2023 Outstanding	Weighted- Average LTV	
LTV ≤ 100%	**$ 11,199**	**79.7**	**79.7 %**	$ 10,976	79.6	79.6 %
Total	**$ 15,306**	**87.8**	**87.8 %**	$ 14,965	87.7	87.7 %

The following table provides an analysis of the Bancorp's indirect secured consumer portfolio loans outstanding with an LTV greater than 100% at origination:

TABLE 41: Indirect Secured Consumer Portfolio Loans Outstanding with an LTV Greater than 100% at Origination

TABLE 41: Indirect Secured Consumer Portfolio Loans Outstanding with an LTV Greater than 100% at Origination

TABLE 41: Indirect Secured Consumer Portfolio Loans Outstanding with an LTV Greater than 100% at Origination

As of ($ in millions)	As of ($ in millions)	Outstanding	90 Days Past Due and Accruing	Nonaccrual	Net Charge-offs for the Three Months Ended	Net Charge-offs for the Nine Months Ended
September 30, 2023		**$ 4,113**	**—**	**15**	**9**	**27**
September 30, 2022		4,460	7	9	6	14
March 31, 2024						
March 31, 2024						
March 31, 2024						
March 31, 2023						
March 31, 2023						
March 31, 2023						

Credit card portfolio

The credit card portfolio consists of predominantly prime accounts with 98% of balances existing within the Bancorp's footprint at both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. At September 30, 2023 both March 31, 2024 and December 31, 2022 December 31, 2023, 71% and 72%, respectively, of the outstanding balances were originated through branch-based relationships with the remainder coming from direct mail campaigns and online acquisitions.

Given the variable nature of the credit card portfolio, interest rate increases impact this product and it is regularly monitored to ensure the portfolio remains within the Bancorp's risk tolerance.

The following table provides an analysis of the Bancorp's outstanding credit card portfolio disaggregated based upon FICO score at origination as of:

TABLE 42: Credit Card Portfolio Loans Outstanding by FICO Score at Origination

		September 30, 2023		December 31, 2022								
		March 31, 2024					**March 31, 2024**			December 31, 2023		
($ in millions)	($ in millions)	Outstanding	% of Total	Outstanding	% of Total	($ in millions)	Outstanding		% of Total	Outstanding		% of Total
FICO ≤ 659	FICO ≤ 659	**$ 73**	**4 %**	$ 80	4 %	FICO ≤ 659	**$ 70**	**4**	**4 %**	$ 75	4	4 %
FICO 660-719	FICO 660-719	**509**	**28**	528	28							
FICO ≥ 720	FICO ≥ 720	**1,235**	**68**	1,266	68							
Total	Total	**$ 1,817**	**100 %**	$ 1,874	100 %	Total	**$ 1,737**	**100**	**100 %**	$ 1,865	100	100 %

Solar energy installation loans

The Bancorp originates point-of-sale solar energy installation loans through a network of approved installers. The Bancorp considers several factors when monitoring its solar energy installation loan portfolio, including concentrations by installer, concentrations by state and FICO distributions at origination. At March 31, 2024 and December 31, 2023, loans originated through the Bancorp's three largest approved installers represented approximately 24% and 23%, respectively, of total balances outstanding in the solar energy installation loan portfolio.

The following tables provide an analysis of solar energy installation portfolio loans outstanding by state:

TABLE 43: Solar Energy Installation Loans Outstanding by State

As of March 31, 2024 ($ in millions)		**For the three months ended March 31, 2024**
	Outstanding	Net Charge-offs
By State:		
Florida	**$ 693**	**3**

California		576	1
Texas		467	2
Arizona		337	1
Virginia		200	1
Colorado		143	—
Nevada		139	—
Oregon		121	—
New York		100	—
Connecticut		91	—
All other states		1,004	4
Total	$	3,871	12

TABLE 44: Solar Energy Installation Loans Outstanding by State

As of March 31, 2023 ($ in millions)			For the three months ended March 31, 2023
		Outstanding	Net Charge-offs
By State:			
Florida	$	536	1
California		325	1
Texas		323	—
Arizona		206	—
Virginia		108	—
Colorado		89	—
Nevada		69	—
Oregon		49	—
New York		55	—
Connecticut		55	—
All other states		601	1
Total	$	2,416	3

The following table provides an analysis of solar energy installation portfolio loans outstanding disaggregated based upon FICO score at origination as of:

TABLE 45: Solar Energy Installation Loans Outstanding by FICO Score at Origination

	March 31, 2024			December 31, 2023		
($ in millions)		Outstanding	% of Total		Outstanding	% of Total
FICO ≤ 659	$	6	— %	$	6	— %
FICO 660-719		580	15		557	15
FICO ≥ 720		3,285	85		3,165	85
Total	$	3,871	100 %	$	3,728	100 %

Other consumer portfolio loans

Other consumer portfolio loans are comprised of secured and unsecured loans originated through the Bancorp's branch network, point-of-sale solar energy installation and home improvement loans originated through a network of contractors and installers, and other point-of-sale loans originated or purchased in connection with third-party companies. Loans originated in connection with one third-party point-of-sale company are impacted by certain credit loss protection coverage provided by that company. The Bancorp discontinued origination of new loans with this third-party company in September 2022.

The following table provides an analysis of other consumer portfolio loans outstanding by product type as of:

TABLE 43: Other Consumer Portfolio Loans Outstanding by Product Type

		September 30, 2023		December 31, 2022						
TABLE 46: Other Consumer Portfolio Loans Outstanding by Product Type						**TABLE 46: Other Consumer Portfolio Loans Outstanding by Product Type**				
	March 31, 2024						**March 31, 2024**		December 31, 2023	
($ in millions)	($ in millions)	Outstanding	% of Total	Outstanding	% of Total	($ in millions)	Outstanding	% of Total	Outstanding	% of Total
Point-of-sale, primarily solar energy installation		**$ 4,191**	**64 %**	$ 2,297	46 %					
Other secured						Other secured	**$ 842**	**30 %**	$ 892	30 %
Point-of-sale										
Third-party point-of-sale	Third-party point-of-sale	**942**	**14**	1,262	25					
Other secured		**884**	**14**	909	18					
Unsecured	Unsecured	**511**	**8**	530	11					
Total	Total	**$ 6,528**	**100 %**	$ 4,998	100 %	Total	**$ 2,777**	**100 100 %**	$ 2,988	100 100 %

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 and certain other assets, including OREO and other repossessed property. A summary of nonperforming assets is included in Table 44. 47. For further information on the Bancorp's policies related to accounting for delinquent and nonperforming loans and leases, refer to the Nonaccrual Loans and Leases section of Note 1 of the Notes to Consolidated Financial Statements included in the Bancorp's Annual Report on Form 10-K for the year ended December 31, 2022 and the Nonaccrual Loans and Leases section of Note 3 of the Notes to Condensed Consolidated Financial Statements. December 31, 2023.

Nonperforming assets were $618 $748 million at September 30, 2023 March 31, 2024 compared to $539 million $689 million at December 31, 2022 December 31, 2023. At March 31, 2024, $5 million of nonaccrual loans were held for sale, compared to $1 million at December 31, 2023.

Nonperforming portfolio assets as a percent of portfolio loans and leases and OREO were 0.51% 0.64% and 0.44% 0.59% at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Nonaccrual loans and leases secured by real estate were 36% 34% of nonaccrual loans and leases as of September 30, 2023 March 31, 2024 compared to 42% 32% as of December 31, 2022 December 31, 2023.

Portfolio commercial nonaccrual loans and leases were $281 $372 million at September 30, 2023 March 31, 2024, an increase of $18 million $46 million from December 31, 2022 December 31, 2023. Portfolio residential mortgage and consumer nonaccrual loans were $289 $336 million at September 30, 2023 March 31, 2024, an increase of $37 million $13 million from December 31, 2022 December 31, 2023. Refer to Table 45 48 for a rollforward of portfolio nonaccrual loans and leases.

OREO and other repossessed property was $42 $35 million and $24 million $39 million at September 30, 2023 March 31, 2024 and December 31, 2022, respectively. The Bancorp recognized losses of $7 million and $8 million on the transfer, sale or write-down of OREO properties for the three and nine months ended September 30, 2023 December 31, 2023, respectively. The Bancorp recognized an immaterial amount of in losses on the transfer, sale or write-down of OREO properties for both the three and nine months ended September 30, 2022. March 31, 2024 and 2023.

For the three and nine months ended September 30, 2023, March 31, 2024 and 2023, approximately $13 million $17 million and $35 million $10 million, respectively, of interest income would have been recognized if the nonaccrual portfolio loans and leases had been current in accordance with their contractual terms compared to $9 million and $24 million for the same periods in the prior year. 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 44: Summary of Nonperforming Assets and Delinquent Loans and Leases

TABLE 47: Summary of Nonperforming Assets and Delinquent Loans and Leases

As of ($ in millions)

As of ($ in millions)

As of ($ in millions)

As of ($ in millions)

As of ($ in millions)

As of ($ in millions)	As of ($ in millions)	**September 30, 2023**	December 31, 2022	**March 31, 2024**	December 31, 2023
Nonaccrual portfolio loans and leases:	Nonaccrual portfolio loans and leases:				
Commercial and industrial loans					
Commercial and industrial loans					
Commercial and industrial loans	Commercial and industrial loans	**$ 262**	215		
Commercial mortgage loans	Commercial mortgage loans	**18**	40		
Commercial construction loans	Commercial construction loans	**—**	8		
Commercial leases	Commercial leases	**1**	—		
Residential mortgage loans	Residential mortgage loans	**127**	124		
Home equity	Home equity	**58**	67		
Indirect secured consumer loans	Indirect secured consumer loans	**31**	29		
Credit card	Credit card	**32**	27		
Solar energy installation loans					
Other consumer loans	Other consumer loans	**41**	5		
Total nonaccrual portfolio loans and leases(a)	Total nonaccrual portfolio loans and leases(a)	**$ 570**	515		
OREO and other repossessed property(c)	OREO and other repossessed property(c)	**42**	24		

Total nonperforming portfolio loans and leases and OREO	Total nonperforming portfolio loans and leases and OREO	**$**	**612**		539
Nonaccrual loans held for sale	Nonaccrual loans held for sale		**6**		—
Total nonperforming assets	Total nonperforming assets	**$**	**618**		539
Total portfolio loans and leases 90 days past due and still accruing:	Total portfolio loans and leases 90 days past due and still accruing:				
Commercial and industrial loans	Commercial and industrial loans	**$**	**3**		11
Commercial and industrial loans					
Commercial and industrial loans					
Commercial leases	Commercial leases		**—**		2
Commercial leases					
Commercial leases					
Residential mortgage loans(b)	Residential mortgage loans(b)		**6**		7
Home equity			**—**		1
Credit card	Credit card		**20**		18
Other consumer loans			**—**		1
Credit card					
Credit card					
Total portfolio loans and leases 90 days past due and still accruing					
Total portfolio loans and leases 90 days past due and still accruing					
Total portfolio loans and leases 90 days past due and still accruing	Total portfolio loans and leases 90 days past due and still accruing	**$**	**29**		40
Nonperforming portfolio assets as a percent of portfolio loans and leases and OREO	Nonperforming portfolio assets as a percent of portfolio loans and leases and OREO		**0.51**	**%**	0.44

Nonperforming portfolio loans and leases as a percent of portfolio loans and leases	Nonperforming portfolio loans and leases as a percent of portfolio loans and leases	**0.47**	0.42
ACL as a percent of nonperforming portfolio loans and leases	ACL as a percent of nonperforming portfolio loans and leases	**443**	468
ACL as a percent of nonperforming portfolio assets	ACL as a percent of nonperforming portfolio assets	**413**	447

(a) Includes $17 $20 and $15 $19 of nonaccrual government insured government-insured commercial loans whose repayments are insured by the SBA as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

(b) Information for all periods presented excludes advances made pursuant to servicing agreements for GNMA mortgage pools whose repayments are insured by the FHA or guaranteed by the VA. These advances were $143 $127 as of September 30, 2023 March 31, 2024 and $212 $141 as of December 31, 2022 December 31, 2023. The Bancorp recognized losses of $1 and an immaterial amount for both the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $2 for both the nine months ended September 30, 2023 and 2022, 2023 due to claim denials and curtailments associated with these insured or guaranteed loans.

(c) Includes $21 $19 and $10 $20 of branch-related real estate no longer intended to be used for banking purposes as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

The following tables provide a rollforward of portfolio nonaccrual loans and leases, by portfolio segment:

TABLE 45: Rollforward of Portfolio Nonaccrual Loans and Leases

For the nine months ended September 30, 2023 ($ in millions) — Commercial | Residential Mortgage | Consumer | Total

TABLE 48: Rollforward of Portfolio Nonaccrual Loans and Leases

TABLE 48: Rollforward of Portfolio Nonaccrual Loans and Leases

For the three months ended March 31, 2024 ($ in millions)	**For the three months ended March 31, 2024 ($ in millions)**		Commercial	Residential Mortgage	Consumer	Total
Balance, beginning of period	Balance, beginning of period	**$**	**263**	**124**	**128**	**515**
Transfers to nonaccrual status	Transfers to nonaccrual status		**359**	**52**	**276**	**687**
Transfers to accrual status	Transfers to accrual status		**(59)**	**(21)**	**(69)**	**(149)**
Transfers to held for sale	Transfers to held for sale		**(10)**	**—**	**—**	**(10)**
Loan paydowns/payoffs	Loan paydowns/payoffs		**(138)**	**(25)**	**(48)**	**(211)**
Transfers to OREO	Transfers to OREO		**—**	**(6)**	**(8)**	**(14)**
Charge-offs	Charge-offs		**(140)**	**—**	**(117)**	**(257)**
Draws/other extensions of credit	Draws/other extensions of credit		**6**	**3**	**—**	**9**
Balance, end of period	Balance, end of period	**$**	**281**	**127**	**162**	**570**

TABLE 46: Rollforward of Portfolio Nonaccrual Loans and Leases

For the nine months ended September 30, 2022 ($ in millions)			Commercial	Residential Mortgage	Consumer	Total

TABLE 49: Rollforward of Portfolio Nonaccrual Loans and Leases

TABLE 49: Rollforward of Portfolio Nonaccrual Loans and Leases

For the three months ended March 31, 2023 ($ in millions)			Commercial	Residential Mortgage	Consumer	Total
For the three months ended March 31, 2023 ($ in millions)						
Balance, beginning of period	Balance, beginning of period	$	337	33	128	498
Transfers to nonaccrual status	Transfers to nonaccrual status		194	120	97	411
Transfers to accrual status	Transfers to accrual status		(2)	(22)	(52)	(76)
Transfers to held for sale			(23)	—	—	(23)
Loan paydowns/payoffs						
Loan paydowns/payoffs						
Loan paydowns/payoffs	Loan paydowns/payoffs		(117)	(15)	(41)	(173)
Transfers to OREO	Transfers to OREO		—	(3)	—	(3)
Charge-offs	Charge-offs		(95)	—	(23)	(118)
Draws/other extensions of credit	Draws/other extensions of credit		4	2	—	6
Balance, end of period	Balance, end of period	$	298	115	109	522

Analysis of Net Loan Charge-offs

Net charge-offs were 41 38 bps and 21 26 bps of average portfolio loans and leases for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and were 32 bps and 18 bps of average portfolio loans and leases for the nine months ended September 30, 2023 and 2022, 2023, respectively. Table 47 50 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 as a percent of average portfolio commercial loans and leases increased to 34 bps and 22 19 bps during the three and nine months ended September 30, 2023 March 31, 2024, respectively, compared to 17 bps and 14 bps during the same periods period in the prior year primarily due to increases an increase in net charge-offs on commercial and industrial loans of $31 million and $51 million $5 million for the three and nine months ended September 30, 2023, respectively. March 31, 2024.

The ratio of consumer loan net charge-offs as a percent of average portfolio consumer loans increased to 53 bps and 48 67 bps during the three and nine months ended September 30, 2023 March 31, 2024, respectively, compared to 28 bps and 26 42 bps during the same periods period in the prior year primarily due to increases in net charge-offs on other consumer loans of $16 million and $45 million for the three and nine months ended September 30, 2023, respectively, and increases in net charge-offs on indirect secured consumer loans of $9 million $10 million and $25 million solar energy installation loans of $9 million for the three and nine months ended September 30, 2023, respectively. March 31, 2024.

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TABLE 47: Summary of Credit Loss Experience

	For the three months ended September 30,	For the nine months ended September 30,

TABLE 50: Summary of Credit Loss Experience

TABLE 50: Summary of Credit Loss Experience

TABLE 50: Summary of Credit Loss Experience

($ in millions)	For the three months ended March 31,			
($ in millions)	**2023**	2022	**2023**	2022
Losses charged-off:				
Commercial and industrial loans	**$ (70)**	(46)	**(138)**	(91)
Commercial mortgage loans	**—**	—	**(1)**	—
Commercial construction loans	**—**	—	**(1)**	(3)
Commercial leases	**—**	(1)	**—**	(1)
Residential mortgage loans	**(1)**	(1)	**(3)**	(2)
Home equity	**(2)**	(2)	**(6)**	(7)
Indirect secured consumer loans				

Indirect secured consumer loans	Indirect secured consumer loans	**(27)**	(18)	**(75)**	(48)
Credit card	Credit card	**(19)**	(15)	**(59)**	(51)
Credit card					
Credit card					
Solar energy installation loans					
Solar energy installation loans					
Solar energy installation loans					
Other consumer loans(a)					
Other consumer loans(a)					
Other consumer loans(a)	Other consumer loans(a)	**(39)**	(21)	**(106)**	(56)
Total losses charged-off	Total losses charged-off	**$ (158)**	(104)	**(389)**	(259)
Total losses charged-off					
Total losses charged-off					
Recoveries of losses previously charged-off:					
Recoveries of losses previously charged-off:					
Recoveries of losses previously charged-off:	Recoveries of losses previously charged-off:				
Commercial and industrial loans	Commercial and industrial loans	**$ 5**	12	**11**	15
Commercial and industrial loans					
Commercial and industrial loans					
Commercial mortgage loans					
Commercial mortgage loans					
Commercial mortgage loans	Commercial mortgage loans	**—**	—	**1**	1
Commercial construction loans	Commercial construction loans	**—**	1	**—**	1
Commercial construction loans					
Commercial construction loans					
Commercial leases					
Commercial leases					
Commercial leases	Commercial leases	**1**	2	**1**	2

Residential mortgage loans	Residential mortgage loans	**1**	2	**3**	4
Residential mortgage loans					
Residential mortgage loans					
Home equity					
Home equity					
Home equity	Home equity	**2**	3	**5**	9
Indirect secured consumer loans	Indirect secured consumer loans	**8**	8	**27**	25
Indirect secured consumer loans					
Indirect secured consumer loans					
Credit card	Credit card	**4**	3	**13**	12
Credit card					
Credit card					
Solar energy installation loans					
Solar energy installation loans					
Solar energy installation loans					
Other consumer loans(a)					
Other consumer loans(a)					
Other consumer loans(a)	Other consumer loans(a)	**13**	11	**36**	31
Total recoveries of losses previously charged-off	Total recoveries of losses previously charged-off	**$ 34**	42	**97**	100
Total recoveries of losses previously charged-off					
Total recoveries of losses previously charged-off					
Net losses charged-off:					
Net losses charged-off:					
Net losses charged-off:	Net losses charged-off:				
Commercial and industrial loans	Commercial and industrial loans	**$ (65)**	(34)	**(127)**	(76)
Commercial and industrial loans					
Commercial and industrial loans					
Commercial mortgage loans					

Commercial mortgage loans					
Commercial mortgage loans	Commercial mortgage loans	**—**	—	**—**	1
Commercial construction loans	Commercial construction loans	**—**	1	**(1)**	(2)
Commercial construction loans					
Commercial construction loans					
Commercial leases					
Commercial leases					
Commercial leases	Commercial leases	**1**	1	**1**	1
Residential mortgage loans	Residential mortgage loans	**—**	1	**—**	2
Residential mortgage loans					
Residential mortgage loans					
Home equity					
Home equity					
Home equity	Home equity	**—**	1	**(1)**	2
Indirect secured consumer loans	Indirect secured consumer loans	**(19)**	(10)	**(48)**	(23)
Indirect secured consumer loans					
Indirect secured consumer loans					
Credit card	Credit card	**(15)**	(12)	**(46)**	(39)
Credit card					
Credit card					
Solar energy installation loans					
Solar energy installation loans					
Solar energy installation loans					
Other consumer loans					
Other consumer loans					
Other consumer loans	Other consumer loans	**(26)**	(10)	**(70)**	(25)
Total net losses charged-off	Total net losses charged-off	**$ (124)**	(62)	**(292)**	(159)
Total net losses charged-off					
Total net losses charged-off					

Net losses charged-off as a percent of average portfolio loans and leases:					
Net losses charged-off as a percent of average portfolio loans and leases:					
Net losses charged-off as a percent of average portfolio loans and leases:	Net losses charged-off as a percent of average portfolio loans and leases:				
Commercial and industrial loans	Commercial and industrial loans	**0.45 %**	0.24	**0.29**	0.18
Commercial and industrial loans					
Commercial and industrial loans					
Commercial mortgage loans					
Commercial mortgage loans					
Commercial mortgage loans	Commercial mortgage loans	**—**	(0.01)	**0.01**	(0.01)
Commercial construction loans	Commercial construction loans	**—**	(0.08)	**0.03**	0.05
Commercial construction loans					
Commercial construction loans					
Commercial leases					
Commercial leases					
Commercial leases	Commercial leases	**(0.08)**	(0.12)	**(0.05)**	(0.05)
Total commercial loans and leases	Total commercial loans and leases	**0.34 %**	0.17	**0.22**	0.14
Total commercial loans and leases					
Total commercial loans and leases					
Residential mortgage loans					
Residential mortgage loans					
Residential mortgage loans	Residential mortgage loans	**—**	(0.02)	**—**	(0.02)
Home equity	Home equity	**0.03**	(0.08)	**0.02**	(0.07)
Home equity					

Home equity					
Indirect secured consumer loans					
Indirect secured consumer loans					
Indirect secured consumer loans	Indirect secured consumer loans	**0.47**	0.24	**0.39**	0.18
Credit card	Credit card	**3.25**	2.69	**3.43**	3.02
Credit card					
Credit card					
Solar energy installation loans					
Solar energy installation loans					
Solar energy installation loans					
Other consumer loans					
Other consumer loans					
Other consumer loans	Other consumer loans	**1.67**	1.10	**1.58**	1.07
Total consumer loans	Total consumer loans	**0.53 %**	0.28	**0.48**	0.26
Total consumer loans					
Total consumer loans					
Total net losses charged-off as a percent of average portfolio loans and leases	Total net losses charged-off as a percent of average portfolio loans and leases	**0.41 %**	0.21	**0.32**	0.18
Total net losses charged-off as a percent of average portfolio loans and leases					
Total net losses charged-off as a percent of average portfolio loans and leases					

(a) *The For the three months ended March 31, 2024 and 2023, the* Bancorp recorded $8 and *$26 $9, respectively,* in both losses *charged off charged-off* and recoveries of losses previously *charged off charged-off* related to customer defaults on point-of-sale consumer loans for which the Bancorp obtained recoveries under third-party credit *enhancements for the three and nine months ended September 30, 2023, respectively, compared to $8 and $23 for the three and nine months ended September 30, 2022, respectively. enhancements.*

Allowance for Credit Losses

The allowance for credit losses is comprised of the ALLL and the reserve for unfunded commitments. As described in Note 3 1 of the Notes to Condensed Consolidated Financial Statements included in the Bancorp's Annual Report on Form 10-K for the year ended December 31, 2023, the Bancorp maintains the ALLL to absorb the amount of credit losses that are expected to be incurred over the remaining contractual terms of the related loans and leases (as adjusted for prepayments). The Bancorp's methodology for determining the ALLL includes an estimate of expected credit losses on a collective basis for groups of loans and leases with similar risk characteristics and specific allowances for loans and leases which are individually evaluated. For collectively evaluated loans and leases, the Bancorp uses quantitative models to forecast expected credit losses based on the probability of a loan or lease defaulting, the expected balance at the estimated date of default and the expected loss percentage given a default. The Bancorp's expected credit loss models consider historical credit loss experience, current market and economic conditions, and forecasted changes in market and economic conditions if such forecasts are considered reasonable and supportable.

The Bancorp also considers qualitative factors in determining the ALLL. Qualitative adjustments are used to capture characteristics in the portfolio that impact expected credit losses which are not fully captured within the Bancorp's expected credit loss models. These factors include adjustments for changes in policies or procedures in underwriting, monitoring or collections, lending and risk management personnel and results of internal audit and quality control reviews. In addition, the qualitative adjustment framework can be utilized to address specific idiosyncratic risks such as geopolitical events, natural disasters or changes in current economic conditions that are not reflected in the quantitative credit loss models, and their effects on regional borrowers and changes in product structures. Qualitative factors may also be used to address the impacts of unforeseen events on key inputs and assumptions within the Bancorp's expected credit loss models, such as the reasonable and supportable forecast period, changes to historical loss information or changes to the reversion period or methodology.

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 the provision for credit losses in the Condensed Consolidated Statements of Income.

For the commercial portfolio segment, the estimates for probability of default are primarily based on internal ratings assigned to each commercial borrower on a 13-point scale and historical observations of how those ratings migrate to a default over time in the context of macroeconomic conditions. For loans with available credit, the estimate of the expected balance at the time of default considers expected utilization rates, which are primarily based on macroeconomic conditions and the utilization history of similar borrowers under those economic conditions. The estimates for loss severity are primarily based on collateral type and coverage levels and the susceptibility of those characteristics to changes in macroeconomic conditions.

For collectively evaluated loans in the consumer and residential mortgage portfolio segments, the Bancorp's expected credit loss models primarily utilize the borrower's FICO score and delinquency history in combination with macroeconomic conditions when estimating the probability of default. The estimates for loss severity are primarily based on collateral type and coverage levels and the susceptibility of those characteristics to changes in macroeconomic conditions. The expected balance at the estimated date of default is also especially impactful in the expected credit loss models for portfolio classes which generally have longer terms (such as residential mortgage loans and home equity) and portfolio classes containing a high concentration of loans with revolving privileges (such as home equity). The estimate of the expected balance at the time of default considers expected prepayment and utilization rates where applicable, which are primarily based on macroeconomic conditions and the utilization history of similar borrowers under those economic conditions.

At both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Bancorp used three forward-looking economic scenarios during the reasonable and supportable forecast period in its expected credit loss models to address the inherent imprecision in macroeconomic forecasting. Each of the three scenarios was developed by a third party that is subject to the Bancorp's Third-Party Risk Management program including oversight by the Bancorp's independent model risk management group. The scenarios included a most likely outcome (Baseline) and two less probable scenarios with one being more favorable than the Baseline and the other being less favorable. The more favorable alternative scenario (Upside) depicted a stronger near-term growth outlook while the less favorable outlook (Downside) depicted a moderate recession.

The Baseline scenario was developed such that the expectation is that the economy will perform better than the projection 50% of the time and worse than the projection 50% of the time. The Upside scenario was developed such that there is a 10% probability that the economy will perform better than the projection and a 90% probability that it will perform worse. The Downside scenario was developed such that there is a 90% probability that the economy will perform better than the projection and a 10% probability that it will perform worse.

September 30, 2023 March 31, 2024 ACL

The ACL as of September 30, 2023 March 31, 2024 was impacted by several factors when compared to December 31, 2023, including decreases in specific reserves on individually evaluated commercial and industrial loans a more favorable macroeconomic forecast and lower period-end loan and lease balances, partially offset by deterioration in the economic forecast. increases to specific reserves on individually evaluated commercial loans. As of September 30, 2023 March 31, 2024, the Bancorp's economic macroeconomic scenarios included estimates of the expected impacts of the changes in economic conditions caused by inflationary and high expected interest rate pressures cuts and the ongoing Russia-Ukraine conflict. geopolitical risks. At September 30, 2023 March 31, 2024, the Bancorp assigned an 80% probability weighting to the Baseline scenario and 10% to each of the Upside and Downside scenarios.

The Baseline scenario assumed average annualized annual real GDP growth of 2.5% for 2023 at 2.0% 2024 with the forecast decreasing to 1.3% 1.5% in 2024 2025 and rebounding then increasing to 2.3% 1.9% in 2025. 2026.The Baseline scenario also assumed an average unemployment rate of 3.6% 3.9% for the remainder of 2023, 2024, increasing to an average of 4.0% for 2024 4.1% in 2025 and slightly decreasing to an average of 4.2% 4.0% in 2025. Relative 2026. Lastly, the Baseline scenario assumed cuts to the target federal funds rate the Baseline scenario assumed no further increases in 2023, with the target rate peaking at 5.3% starting in the third quarter of 2023. The Baseline scenario assumed 2024, with an average federal funds rate of 5.1% 5.2% in 2024 decreasing to 4.2% in 2025. Lastly, the Baseline scenario included a moderately cautious outlook for corporate profits, at an average percentage change from a year ago of (3.5%) for 2023, recovering that decreases to an average of 1.7% 4.3% and 2.3% 3.3% in 2024 2025 and 2025, 2026, respectively. The Upside scenario assumed that, on an average annual basis, the change in real GDP would be 2.2% in 2023, increasing to 3.2% is 3.3% in 2024, and slightly decreasing to an average of 2.5% 3.0% in 2025. 2025 and further decreasing to an average of 2.3% in 2026.The Upside scenario also assumed an average unemployment rate at an annual average of 3.5% 3.4%, 3.2% and 3.1% 3.4% in 2023 2024, 2025 and 2024, respectively, slightly increasing back to 3.5% in 2025. 2026, respectively.In the Upside scenario, the forecast for the federal funds rate cuts was generally consistent with the Baseline scenario. The Upside Downside scenario also included significant worsening of economic conditions, causing the U.S. economy to fall into a recession in the second quarter of 2024. The Downside scenario assumed a contraction in corporate profits that average annual real GDP growth declines to an average percentage change from a year ago of (3.2%) in 2023, the second quarter of 2024, modestly recovering to an average of 4.1% in 2024, and continuing to increase to an average of 5.1% in 2025. The Downside scenario assumed that the U.S. economy falls into a recession in the fourth quarter of 2023. The Downside scenario assumed average annualized real GDP growth for 2023 at 1.8%, declining to an average of (1.7% (0.6%) in 2024 2025 and further recovering to an average of 1.4% 2.4% in 2025. 2026. The Downside scenario assumed an average unemployment rate peaks at an average of 7.7% 5.8% in the fourth quarter of 2024, and decreases increasing to an average of 7.2% 7.5% in 2025. 2025 and decreasing to an average of 6.4% in 2026. In the Downside scenario, the forecast for the federal funds rate included a similar assumption as fewer rate cuts than the Baseline scenario, for 2023, followed by a decrease to with an average target rate of 3.8% 4.7% in 2024, and 1.4%

in 2025. Lastly, the Downside scenario assumed followed by a significant decrease in corporate profits at an average percentage change from a year ago series of (7.0%) for 2023, further contracting at a steeper rate of (20.0%) in 2024 and recovering cuts to an average of 7.1% 2.1% and 1.0% in 2025. 2025 and 2026, respectively.

The Bancorp's quantitative credit loss models are sensitive to changes in economic forecast assumptions over the reasonable and supportable forecast period. Applying a 100% probability weighting to the Downside scenario rather than using the probability-weighted three scenario approach would result in an increase in the quantitative ACL of approximately $2.4 billion $2.1 billion. This sensitivity calculation only reflects the impact of changing the probability weighting of the scenarios in the quantitative credit loss models and excludes any additional considerations associated with the qualitative component of the ACL that might be warranted if probability weights were adjusted.

The following table provides a rollforward of the Bancorp's ACL:

TABLE 48: Changes in Allowance for Credit Losses

			For the three months ended September 30,		For the nine months ended September 30,	
TABLE 51: Changes in Allowance for Credit Losses						
TABLE 51: Changes in Allowance for Credit Losses						
TABLE 51: Changes in Allowance for Credit Losses						
			For the three months ended March 31,			
			For the three months ended March 31,			
			For the three months ended March 31,			
($ in millions)						
($ in millions)						
($ in millions)	($ in millions)		**2023**	2022	**2023**	2022
ALLL:	ALLL:					
ALLL:						
ALLL:						
Balance, beginning of period	Balance, beginning of period	$	**2,327**	2,014	**2,194**	1,892
Impact of adoption of ASU 2022-02(b)			**—**	—	**(49)**	—
Balance, beginning of period						
Balance, beginning of period						
Losses charged-off(a)						
Losses charged-off(a)						
Losses charged-off(a)	Losses charged-off(a)		**(158)**	(104)	**(389)**	(259)
Recoveries of losses previously charged-off(a)	Recoveries of losses previously charged-off(a)		**34**	42	**97**	100
Recoveries of losses previously charged-off(a)						
Recoveries of losses previously charged-off(a)						
Provision for loan and lease losses	Provision for loan and lease losses		**137**	147	**487**	366
Provision for loan and lease losses						
Provision for loan and lease losses						
Impact of adoption of ASU 2022-02						
Impact of adoption of ASU 2022-02						
Impact of adoption of ASU 2022-02						
Balance, end of period						
Balance, end of period						
Balance, end of period	Balance, end of period	$	**2,340**	2,099	**2,340**	2,099
Reserve for unfunded commitments:	Reserve for unfunded commitments:					
Reserve for unfunded commitments:						
Reserve for unfunded commitments:						
Balance, beginning of period						

Balance, beginning of period						
Balance, beginning of period	Balance, beginning of period	$	**207**	188	**216**	182
(Benefit from) provision for the reserve for unfunded commitments	(Benefit from) provision for the reserve for unfunded commitments		**(18)**	11	**(27)**	17
(Benefit from) provision for the reserve for unfunded commitments						
(Benefit from) provision for the reserve for unfunded commitments						
Balance, end of period	Balance, end of period	$	**189**	199	**189**	199
Balance, end of period						
Balance, end of period						

(a) *The For the three months ended March 31, 2024 and 2023, the Bancorp recorded $8 and $26 $9, respectively, in both losses charged off charged-off and recoveries of losses previously charged off charged-off related to customer defaults on point-of-sale consumer loans for which the Bancorp obtained recoveries under third-party credit enhancements for the three and nine months ended September 30, 2023, respectively, compared to $8 and $23 for the three and nine months ended September 30, 2022, respectively. enhancements.*

(b) *Refer to Note 3 of the Notes to Condensed Consolidated Financial Statements for further information.*

The following table provides an attribution of the Bancorp's ALLL to portfolio loans and leases:

TABLE 49: Attribution of Allowance for Loan and Lease Losses to Portfolio Loans and Leases

TABLE 52: Attribution of Allowance for Loan and Lease Losses to Portfolio Loans and Leases

TABLE 52: Attribution of Allowance for Loan and Lease Losses to Portfolio Loans and Leases

As of ($ in millions)	As of ($ in millions)		**September 30, 2023**	December 31, 2022	As of ($ in millions)	**March 31, 2024**	December 31, 2023
Attributed ALLL:	Attributed ALLL:						
Commercial and industrial loans							
Commercial and industrial loans							
Commercial and industrial loans	Commercial and industrial loans	$	**828**	776			
Commercial mortgage loans	Commercial mortgage loans		**276**	246			
Commercial construction loans	Commercial construction loans		**67**	90			
Commercial leases	Commercial leases		**16**	15			
Residential mortgage loans	Residential mortgage loans		**155**	245			

Home equity	Home equity	**109**	133
Indirect secured consumer loans	Indirect secured consumer loans	**241**	187
Credit card	Credit card	**229**	254
Solar energy installation loans			
Other consumer loans	Other consumer loans	**419**	248
Total ALLL	Total ALLL	**$ 2,340**	2,194
Portfolio loans and leases:	Portfolio loans and leases:		
Commercial and industrial loans			
Commercial and industrial loans			
Commercial and industrial loans	Commercial and industrial loans	**$ 55,790**	57,232
Commercial mortgage loans	Commercial mortgage loans	**11,122**	11,020
Commercial construction loans	Commercial construction loans	**5,582**	5,433
Commercial leases	Commercial leases	**2,624**	2,704
Residential mortgage loans(a)	Residential mortgage loans(a)	**17,293**	17,628
Home equity	Home equity	**3,898**	4,039
Indirect secured consumer loans	Indirect secured consumer loans	**15,434**	16,552
Credit card	Credit card	**1,817**	1,874
Solar energy installation loans			
Other consumer loans	Other consumer loans	**6,528**	4,998
Total portfolio loans and leases	Total portfolio loans and leases	**$ 120,088**	121,480

Attributed ALLL as a percent of respective portfolio loans and leases:	Attributed ALLL as a percent of respective portfolio loans and leases:		
Commercial and industrial loans			
Commercial and industrial loans			
Commercial and industrial loans	Commercial and industrial loans	**1.48** %	1.36
Commercial mortgage loans	Commercial mortgage loans	**2.48**	2.23
Commercial construction loans	Commercial construction loans	**1.20**	1.66
Commercial leases	Commercial leases	**0.61**	0.55
Residential mortgage loans	Residential mortgage loans	**0.90**	1.39
Home equity	Home equity	**2.80**	3.29
Indirect secured consumer loans	Indirect secured consumer loans	**1.56**	1.13
Credit card	Credit card	**12.60**	13.55
Solar energy installation loans			
Other consumer loans	Other consumer loans	**6.42**	4.96
Total ALLL as a percent of portfolio loans and leases	Total ALLL as a percent of portfolio loans and leases	**1.95** %	1.81
Total ACL as a percent of portfolio loans and leases	Total ACL as a percent of portfolio loans and leases	**2.11**	1.98

(a) Includes residential mortgage loans measured at fair value of $113 at September 30, 2023 March 31, 2024 and $123 $116 at December 31, 2022 December 31, 2023.

The Bancorp's ALLL may vary significantly from period to period based on changes in economic conditions, economic forecasts and the composition and credit quality of the Bancorp's loan and lease portfolio. For additional information on the Bancorp's methodology for measuring the ALLL, refer to Note 3 of the Notes to Condensed Consolidated Financial Statements. For additional information on the Bancorp's methodology for measuring the reserve for unfunded commitments, ACL, refer to Note 1 of the Notes to Consolidated Financial Statements included in the Bancorp's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

INTEREST RATE AND PRICE RISK MANAGEMENT

Interest rate risk is the risk to earnings or capital arising from movement of interest rates. This risk primarily impacts the Bancorp's income categories through changes in interest income on earning assets and the cost of interest-bearing liabilities, and through fee items that are related to interest-sensitive activities such as mortgage origination and servicing income and through earnings credits earned on commercial deposits that offset commercial deposit fees. Price risk is the risk to earnings or capital arising from changes in the value of financial instruments and portfolios due to movements in interest rates, volatilities, foreign exchange rates, equity prices and commodity prices. Management considers interest rate risk a prominent market risk in terms of its potential impact on earnings. Interest rate risk may occur for any one or more of the following reasons:

- Assets and liabilities mature or reprice at different times;
- Short-term and long-term market interest rates change by different amounts; or
- The expected maturities of various assets or liabilities shorten or lengthen as interest rates change.

In addition to the direct impact of interest rate changes on NII and interest-sensitive fees, interest rates can impact earnings through their effect on loan and deposit demand, credit losses, mortgage origination volumes, the value of servicing rights and other sources of the Bancorp's earnings. Changes in interest rates and other market factors can impact earnings through changes in the value of portfolios, if not appropriately hedged. Stability of the Bancorp's net income is largely dependent upon the effective management of interest rate risk and to a lesser extent price risk.

Management continually reviews the Bancorp's on- and off-balance sheet composition, earnings flows, and hedging strategies and models interest rate risk and price risk exposures, and possible actions to manage these risks, given numerous possible future interest rate and market factor scenarios. A series of policy limits and key risk indicators are employed to ensure that risks are managed within the Bancorp's risk tolerance for interest rate risk and price risk.

The Commercial Banking and Wealth and Asset Management lines of business manage price risk for capital markets sales and trading activities related to their respective businesses. The Consumer and Small Business Banking line of business manages price risk for the origination and sale of conforming residential mortgage loans to government agencies and government-sponsored enterprises. The Bancorp's Treasury department manages interest rate risk and price risk for all other activities. Independent oversight is provided by ERM, and key risk indicators and Board-approved policy limits are used to ensure risks are managed within the Bancorp's risk tolerance.

The Bancorp's Market Risk Management Committee, which includes senior management representatives and reports to the Corporate Credit Committee (accountable to the ERMC), provides oversight and monitors price risk for the capital markets sales and trading activities. The Bancorp's ALCO, which includes senior management representatives and is accountable to the ERMC, provides oversight and monitors interest rate and price risks for Mortgage and Treasury activities.

Net Interest Income Sensitivity

The Bancorp employs 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 NII to changes in interest rates. The model is based on contractual and estimated cash flows and repricing characteristics for all of the Bancorp's assets, liabilities and off-balance sheet exposures and incorporates market-based assumptions regarding the effect of changing interest rates on the prepayment rates of certain assets and attrition rates of certain 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. The NII simulation model does not represent a forecast of the Bancorp's net interest income but is a tool utilized to assess the risk of the impact of changing market interest rates across a range of market interest rate environments. As a result, actual results will differ from simulated results for multiple reasons, which may include actual balance sheet composition differences, timing, magnitude and frequency of interest rate changes, deviations from projected customer behavioral assumptions as well as from changes in market conditions and management strategies.

As of September 30, 2023 March 31, 2024, the Bancorp's interest rate risk exposure is governed by a risk framework that utilizes the change in NII over 12-month and 24-month horizons under parallel and non-parallel ramped increases and decreases in interest rates. Policy limits are utilized for scenarios assuming a 200 bps increase and a 200 bps decrease in interest rates over twelve months. 12-month and 24-month horizons. The Bancorp routinely analyzes various potential and extreme scenarios, including parallel ramps and shocks as well as steepening and other non-parallel shifts in rates, to assess where risks to net interest income persist or develop as changes in the balance sheet and market rates evolve. evolve, and employs policy limits and/or key risk indicators to monitor and manage exposures under these types of scenarios. Additionally, the Bancorp routinely evaluates its exposures to changes in the bases between interest rates.

In order to recognize the risk of noninterest-bearing demand deposit balance migration or attrition in a rising interest rate environment, the Bancorp's NII sensitivity modeling assumes additional attrition of approximately $600 million $350 million of demand deposit balances over a period of 24 months for each 100 bps increase in short-term market interest rates. Similarly, the Bancorp's NII sensitivity modeling incorporates approximately $600 350 million of incremental growth in noninterest-bearing deposit balances over 24 months for each 100 bps decrease in short-term short-

term market interest rates. The incremental balance attrition and growth are modeled to flow into and out of funding products that reprice in conjunction with short-term market rate changes.

Another important deposit modeling assumption is the amount by which interest-bearing deposit rates will increase or decrease when market interest rates increase or decrease. This deposit repricing sensitivity is known as the beta, and it represents the expected amount by which the Bancorp's interest-bearing deposit rates will change for a given change in short-term market rates. The Bancorp utilizes dynamic deposit beta models to adjust assumed repricing sensitivity depending on market rate levels. The dynamic beta models were developed utilizing the Bancorp's performance during prior interest rate cycles. Since the beginning of the current tightening cycle, the Bancorp's actual cumulative interest-bearing deposit beta through September 30, 2023 March 31, 2024 was approximately slightly above 50% as repricing has been similar to what was experienced in prior interest rate cycles. Using the dynamic beta models, the Bancorp's NII sensitivity modeling assumes weighted-average rising-rate interest-bearing deposit betas at the end of the ramped parallel scenarios of 78% for both a 100 bps and 200 bps increase in rates. In the event of rate cuts, this approach assumes a weighted-average falling-rate interest-bearing deposit beta at the end of the ramped parallel scenarios of 68% and 67% for a 100 bps and 200 bps decrease in rates, respectively. In falling rate scenarios, deposit rate floors are utilized to ensure modeled deposit rates will not become negative. NII simulation modeling assumes no lag between the timing of changes in market rates and the timing of deposit repricing despite such timing lags having occurred in prior rate cycles. In addition, modeled and forecasted deposit migration from low-beta deposit products to more rate-sensitive deposit products results in the rising rate scenarios contribute an additional beta of 10%-20%, resulting approximately 5% in an effective the rising-rate scenarios, and a reduction in beta of 90+% approximately 5% in the falling-rate scenarios in the Bancorp's baseline NII sensitivity profile. Future actual performance will be dependent on market conditions, the level of competition for deposits and the magnitude of continued interest rate increases. The Bancorp provides sensitivity analysis in Tables 51 54 and 52 55 for key assumptions related to its deposit modeling, including beta and DDA demand deposit balance performance.

The Bancorp continually evaluates the sensitivity of its interest rate risk measures to these important deposit modeling assumptions. The Bancorp also regularly monitors the sensitivity of other important modeling assumptions, such as loan and security prepayments and early withdrawals on fixed-rate customer liabilities.

The following table shows the Bancorp's estimated NII sensitivity profile and ALCO policy limits as of:

TABLE 50: Estimated NII Sensitivity Profile and ALCO Policy Limits

Change in Interest Rates (bps)	Change in Interest Rates (bps)	**September 30, 2023** % Change in NII (FTE) 12 Months	13-24 Months	ALCO Policy Limit 12 Months	13-24 Months	September 30, 2022 % Change in NII (FTE) 12 Months	13-24 Months	ALCO Policy Limit 12 Months	13-24 Months
+200 Ramp over 12 months	+200 Ramp over 12 months	**(3.27) %**	**(4.73)**	**(4.00)**	**(6.00)**	(2.36)	(2.13)	(4.00)	(6.00)
+100 Ramp over 12 months	+100 Ramp over 12 months	**(1.62)**	**(2.25)**		**N/A**	(1.66)	(1.20)	N/A	N/A
-100 Ramp over 12 months	-100 Ramp over 12 months	**0.61**	**0.27**		**N/A**		N/A		N/A
-200 Ramp over 12 months	-200 Ramp over 12 months	**0.91**	**(0.18)**	**(8.00)**	**(12.00)**	(3.53)	(9.79)	(8.00)	(12.00)

TABLE 53: Estimated NII Sensitivity Profile and ALCO Policy Limits

March 31, 2024

% Change in NII (FTE)

TABLE 53: Estimated NII Sensitivity Profile and ALCO Policy Limits

Change in Interest Rates (bps)	**March 31, 2024** % Change in NII (FTE) 12 Months	13-24 Months			12 Months	13-24 Months	ALCO Policy Limit 12 Months	March 31 % Change in NII (FTE) 13-24 Months		12 Months	13-24 Months
+100 Ramp over 12 months	**(1.36)**	**(2.20)**	**(2.20)**	**N/A**	**N/A**	**N/A**	(1.46)	(2.30)	(2.30)	N/A	N/A
-100 Ramp over 12 months	**0.23**	**0.11**	**0.11**	**N/A**	**N/A**	**N/A**	0.44	0.17	0.17	N/A	N/A

Table 50 53 presents the change in estimated net interest income for 12 month and 13-24 month horizons for alternative interest rate scenarios relative to the net interest income projection for a static rate scenario for those same time horizons. As previously mentioned, these numbers do not represent a forecast, but are instead risk measures that are monitored to evaluate the consolidated interest rate risk position of the Bancorp. At September 30, 2023 March 31, 2024, the Bancorp's NII sensitivity in the rising-rate scenarios is negative in years one and two as interest expense is expected to increase more than interest income due to deposit repricing and balance migration estimates given the high interest rate environment. The Bancorp's NII simulation projects an increase in NII in year one and a decrease in NII in year two under the parallel 200 bps ramp decrease in interest rates. The NII increase in year one is driven by deposits repricing faster than earning assets. However, in year two, some deposits have reached their floors but assets continue to reprice down generating less NII. The changes in the estimated NII sensitivity profile compared to September 30, 2022 March 31, 2023 were primarily attributable to increased core deposit balances and fixed rate long-term debt funding largely offset by higher market interest rates driving higher expected betas combined with a shift in deposit mix to higher beta higher-beta products.

Tables 51 54 and 52 55 provide the sensitivity of the Bancorp's estimated NII profile at September 30, 2023 March 31, 2024 to changes to certain deposit balance and deposit repricing sensitivity (beta) assumptions.

The following table includes the Bancorp's estimated NII sensitivity profile with an immediate $1 billion decrease and an immediate $1 billion increase in demand deposit balances as of September 30, 2023 March 31, 2024:

TABLE 51: Estimated NII Sensitivity Profile at September 30, 2023 with a $1 Billion Change in Demand Deposit Assumption

TABLE 54: Estimated NII Sensitivity Profile at March 31, 2024 with a $1 Billion Change in Demand Deposit Assumption

TABLE 54: Estimated NII Sensitivity Profile at March 31, 2024 with a $1 Billion Change in Demand Deposit Assumption

		% Change in NII (FTE)			
		Immediate $1 Billion Balance Decrease		Immediate $1 Billion Balance Increase	
Change in Interest Rates (bps)	Change in Interest Rates (bps)	12 Months	13-24 Months	12 Months	13-24 Months
+200 Ramp over 12 months	+200 Ramp over 12 months	(4.38)%	(5.86)	(2.16)	(3.61)
+100 Ramp over 12 months	+100 Ramp over 12 months	(2.64)	(3.22)	(0.60)	(1.28)
-100 Ramp over 12 months	-100 Ramp over 12 months	(0.22)	(0.40)	1.45	0.94
-200 Ramp over 12 months	-200 Ramp over 12 months	0.17	(0.70)	1.65	0.34

	% Change in NII (FTE)			
	Immediate $1 Billion Balance Decrease		Immediate $1 Billion Balance Increase	
Change in Interest Rates (bps)	12 Months	13-24 Months	12 Months	13-24 Months

The following table includes the Bancorp's estimated NII sensitivity profile with a 10% increase and a 10% decrease to the corresponding deposit beta assumptions as of September 30, 2023 March 31, 2024:

TABLE 52: Estimated NII Sensitivity Profile at September 30, 2023 with Deposit Beta Assumptions Changes

	% Change in NII (FTE)	
	Betas 10% Higher(a)	Betas 10% Lower(a)

TABLE 55: Estimated NII Sensitivity Profile at March 31, 2024 with Deposit Beta Assumptions Changes

TABLE 55: Estimated NII Sensitivity Profile at March 31, 2024 with Deposit Beta Assumptions Changes

		% Change in NII (FTE)			
		Betas 10% Higher(a)		Betas 10% Lower(a)	
Change in Interest Rates (bps)	Change in Interest Rates (bps)	12 Months	13-24 Months	12 Months	13-24 Months
+200 Ramp over 12 months	+200 Ramp over 12 months	(4.33)%	(6.70)	(1.74)	(1.95)
+100 Ramp over 12 months	+100 Ramp over 12 months	(2.15)	(3.22)	(0.85)	(0.87)
-100 Ramp over 12 months	-100 Ramp over 12 months	1.10	1.15	(0.04)	(0.90)
-200 Ramp over 12 months	-200 Ramp over 12 months	1.88	1.55	(0.38)	(2.47)

Change in Interest Rates (bps)	% Change in NII (FTE) Betas 10% Higher(a) 12 Months	13-24 Months	Betas 10% Lower(a) 12 Months	13-24 Months

(a) Applies a +/- 10% multiple on assumed betas.

Economic Value of Equity Sensitivity

The Bancorp also uses EVE as a measurement tool to govern and manage its interest rate risk exposure. Policy The exposure is governed by a risk framework that uses policy limits are utilized for scenarios assuming an instantaneous 200 bps increase and a 200 bps decrease in interest rates. The Bancorp routinely analyzes exposures to other interest rate scenarios and employs policy limits and/or key risk indicators to monitor and manage exposures. Whereas the NII sensitivity analysis highlights the impact on forecasted NII on an FTE basis (non-GAAP) over one- and two-year time horizons, EVE is a point-in-time analysis of the economic sensitivity of current balance sheet and off-balance sheet positions that incorporates all cash flows over their estimated remaining lives. The EVE of the balance sheet is defined as the discounted present value of all asset and net derivative cash flows less the discounted value of all liability cash flows. Due to this longer horizon, 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 any assumptions related to continued production or renewal activities used in the NII sensitivity analysis. 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 indeterminate-lived deposits.

The following table shows the Bancorp's estimated EVE sensitivity profile as of:

TABLE 53: Estimated EVE Sensitivity Profile

TABLE 56: Estimated EVE Sensitivity Profile

TABLE 56: Estimated EVE Sensitivity Profile

TABLE 56: Estimated EVE Sensitivity Profile

		September 30, 2023		September 30, 2022	
		March 31, 2024		March 31, 2023	
Change in Interest Rates (bps)	Change in Interest Rates (bps)	% Change in EVE	ALCO Policy Limit	% Change in EVE	ALCO Policy Limit

Change in Interest Rates (bps)	% Change in EVE	ALCO Policy Limit	% Change in EVE	ALCO Policy Limit

+200 Shock	+200 Shock	**(5.92)%**	**(12.00)**	(7.97)	(12.00)							
+100 Shock	+100 Shock	**(2.39)**	**N/A**	(3.75)	N/A	+100 Shock	**(1.80)**	**N/A**	**N/A**	(2.11)	N/A	N/A
-100 Shock	-100 Shock	**1.88**	**N/A**		N/A	-100 Shock	**0.94**	**N/A**	**N/A**	1.02	N/A	N/A
-200 Shock	-200 Shock	**2.21**	**(12.00)**	0.58	(12.00)							

The EVE sensitivity is negative in a +200 bps rising-rate scenario and positive in a -200 bps falling-rate scenario at September 30, 2023 March 31, 2024. The changes in the estimated EVE sensitivity profile from September 30, 2022 March 31, 2023 were primarily related to higher modeled dynamic betas due to the increase in market interest rates both rising and falling rate scenarios, which was largely offset by the shortening of the investment portfolio duration and increased levels the reduction of cash and other short-term investments. received fixed-rate swaps.

While an instantaneous shift in spot 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 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

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time horizon (e.g., the current fiscal year). Further, EVE does not account for 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 actual changes in interest rates.

The Bancorp regularly evaluates its exposures to a static balance sheet forecast, basis risks relative to the Prime Rate and various SOFR terms, yield curve twist risks and embedded options risks. In addition, the impacts on NII on an FTE basis and EVE of extreme changes in interest rates are 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, forward starting interest rate swaps, options, swaptions and TBA securities.

Tables 54 57 and 55 58 show all swap and floor positions that are utilized for purposes of managing the Bancorp's exposures to the variability of interest rates. These positions are used to convert the contractual interest rate index of agreed-upon amounts of assets and liabilities (i.e., notional amounts) to another interest rate index, to hedge the exposure to changes in fair value of a recognized asset attributable to changes in the benchmark interest rate or to hedge forecasted transactions for the variability in cash flows attributable to the contractually specified interest rate. The volume, maturity and mix of portfolio swaps change frequently as the Bancorp adjusts its broader interest rate risk management objectives and the balance sheet positions to be hedged. For further information, refer to Note 14 13 of the Notes to Condensed Consolidated Financial Statements.

The following tables present additional information about the interest rate swaps and floors used in Fifth Third's asset and liability management activities:

TABLE 54: Weighted-Average Maturity, Receive Rate and Pay Rate on Qualifying Hedging Instruments

As of September 30, 2023 ($ in millions)	Notional Amount	Fair Value	Remaining (years)	Fixed Rate	Index

TABLE 57: Summary of Qualifying Hedging Instruments

TABLE 57: Summary of Qualifying Hedging Instruments

			Weighted-Average		
As of March 31, 2024 ($ in millions)					
As of March 31, 2024 ($ in millions)					

As of March 31, 2024 ($ in millions)								Notional Amount	Fair Value		Remaining Term (years)		Fixed Rate		Index	
Interest rate swaps related to C&I loans – cash flow – receive-fixed	Interest rate swaps related to C&I loans – cash flow – receive-fixed	$ 8,000	(5)	1.2	3.06 %	SOFR	Interest rate swaps related to C&I loans – cash flow – receive-fixed	$ 8,000	(2)	(2)	4.2	4.2	3.02	3.02 %	SOFR	
Interest rate swaps related to C&I loans – cash flow – receive-fixed – forward starting(a)	Interest rate swaps related to C&I loans – cash flow – receive-fixed – forward starting(a)	10,000	(2)	7.7	3.06	SOFR	Interest rate swaps related to C&I loans – cash flow – receive-fixed – forward starting(a)	6,000	2	2	7.6	7.6	3.11	3.11	SOFR	SOFR
Interest rate swaps related to commercial mortgage and commercial construction loans – cash flow – receive-fixed		4,000	2	1.3	0.99	SOFR										
Interest rate swaps related to commercial mortgage and commercial construction loans – cash flow – receive-fixed – forward starting(a)																
Interest rate swaps related to commercial mortgage and commercial construction loans – cash flow – receive-fixed – forward starting(a)																
Interest rate swaps related to commercial mortgage and commercial construction loans – cash flow – receive-fixed – forward starting(a)	Interest rate swaps related to commercial mortgage and commercial construction loans – cash flow – receive-fixed – forward starting(a)	4,000	(2)	8.3	2.25	SOFR		4,000	1	1	7.8	7.8	3.50	3.50	SOFR	SOFR
Interest rate swaps related to long-term debt – fair value – receive-fixed	Interest rate swaps related to long-term debt – fair value – receive-fixed	5,955	(63)	5.1	5.18	SOFR	Interest rate swaps related to long-term debt – fair value – receive-fixed	5,955	(35)	(35)	4.6	4.6	5.18	5.18	SOFR	SOFR
Total interest rate swaps	Total interest rate swaps	$ 31,955	(70)													

Total interest rate swaps

Total interest rate swaps

Interest rate floors related to C&I loans – cash flow – receive-fixed	Interest rate floors related to C&I loans – cash flow – receive-fixed	**$ 3,000**	**—**	**1.2**	**2.25**	**SOFR**

Interest rate floors related to C&I loans – cash flow – receive-fixed

Interest rate floors related to C&I loans – cash flow – receive-fixed	**$ 3,000**	**—**	**0.7**	**2.25**	**SOFR**

(a) Forward starting swaps will become effective on various dates between October 2023 June 2024 and February 2025.

TABLE 55: Weighted-Average Maturity, Receive Rate and Pay Rate on Qualifying Hedging Instruments

As of December 31, 2022 ($ in millions)		Notional Amount	Fair Value	Remaining (years)	Fixed Rate		Index
Interest rate swaps related to C&I loans – cash flow – receive-fixed	Interest rate swaps related to C&I loans – cash flow – receive-fixed	$ 8,000	(76)	1.0	3.02	%	1 ML
Interest rate swaps related to C&I loans – cash flow – receive-fixed – forward starting(a)	Interest rate swaps related to C&I loans – cash flow – receive-fixed – forward starting(a)	11,000	22	8.3	3.05		1 ML
Interest rate swaps related to commercial mortgage and commercial construction loans – cash flow – receive-fixed		4,000	(25)	2.1	0.99		1 ML

TABLE 58: Summary of Qualifying Hedging Instruments

TABLE 58: Summary of Qualifying Hedging Instruments

Weighted-Average

As of December 31, 2023 ($ in millions)

As of December 31, 2023 ($ in millions)

As of December 31, 2023 ($ in millions)	Notional Amount	Fair Value		Remaining Term (years)		Fixed Rate			Index	
Interest rate swaps related to C&I loans – cash flow – receive-fixed	$ 8,000	(9)	(9)	4.4	4.4	3.02	3.02	%	SOFR	
Interest rate swaps related to C&I loans – cash flow – receive-fixed – forward starting(a)	6,000	5	5	7.8	7.8	3.11	3.11		SOFR	SOFR

Interest rate swaps related to commercial mortgage and commercial construction loans – cash flow – receive-fixed – forward starting(a)															
Interest rate swaps related to commercial mortgage and commercial construction loans – cash flow – receive-fixed – forward starting(a)															
Interest rate swaps related to commercial mortgage and commercial construction loans – cash flow – receive-fixed – forward starting(a)	Interest rate swaps related to commercial mortgage and commercial construction loans – cash flow – receive-fixed – forward starting(a)	4,000	5	9.1	3.50	1 ML		4,000	—	—	8.1	8.1	3.50	SOFR	SOFR
Interest rate swaps related to long-term debt – fair value – receive-fixed	Interest rate swaps related to long-term debt – fair value – receive-fixed	5,955	(69)	5.9	5.18	1 ML / 3 ML / SOFR	Interest rate swaps related to long-term debt – fair value – receive-fixed	5,955	(32)	(32)	4.9	4.9	5.18	SOFR	SOFR
Total interest rate swaps	Total interest rate swaps	$ 32,955	(143)												
Interest rate floors related to C&I loans – cash flow – receive-fixed	Interest rate floors related to C&I loans – cash flow – receive-fixed	$ 3,000	4	2.0	2.25	1 ML									
Interest rate floors related to C&I loans – cash flow – receive-fixed															
Interest rate floors related to C&I loans – cash flow – receive-fixed								$ 3,000		1		1.0	2.25		SOFR

(a) Forward starting swaps will become effective on various dates between February 2023 June 2024 and February 2025.

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

Additionally, as part of its overall risk management strategy relative to its residential mortgage banking activities, the Bancorp enters into forward contracts accounted for as free-standing derivatives to economically hedge IRLCs that are also considered free-standing derivatives.

The Bancorp economically hedges its exposure to residential mortgage loans held for sale through the use of forward contracts and mortgage options as well. Refer to the Residential Mortgage Servicing Rights and Price Risk section for the discussion of the use of derivatives to economically hedge this exposure.

The Bancorp also enters into derivative contracts with major financial institutions to economically hedge market risks assumed in interest rate derivative contracts with commercial customers. Generally, these contracts have similar terms in order to protect the Bancorp from market volatility. Credit risk arises from the possible inability of the counterparties to meet the terms of their contracts, which the Bancorp minimizes through collateral arrangements, approvals, limits and monitoring procedures. The Bancorp has risk limits and 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 interest rate volatility and potential future exposure on these contracts and counterparty credit approvals performed by independent risk management. For further information, including the notional amount and fair values of these derivatives, refer to Note 14 13 of the Notes to Condensed Consolidated Financial Statements.

Residential Mortgage Servicing Rights and Price Risk

The fair value of the residential MSR portfolio was $1.8 billion and $1.7 billion at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. The value of servicing rights can fluctuate sharply depending on changes in interest rates and other factors. Generally, as interest 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. For further information on the significant drivers and components of the valuation adjustments on MSRs, refer to the Noninterest Income subsection of the Statements of Income Analysis section of MD&A. 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. The Bancorp may adjust its hedging strategy to reflect its assessment of the composition of its MSR portfolio, the cost of hedging and the anticipated effectiveness of the hedges given the economic environment. Refer to Note 13 12 of the Notes to Condensed Consolidated Financial Statements for more information on servicing rights and the instruments used to hedge price 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was $1.2 billion $923 million and $1.0 billion, respectively. The Bancorp also enters into foreign exchange contracts for the benefit of commercial customers to hedge their exposure to foreign currency fluctuations. Similar to the hedging of price risk from interest rate derivative contracts entered into with commercial customers, the Bancorp also enters into foreign exchange contracts with major financial institutions to economically hedge a substantial portion of the exposure from client driven foreign exchange activity. The Bancorp has risk limits and 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 potential future exposure on these contracts, counterparty credit approvals and country limits performed by independent risk management.

Commodity Risk

The Bancorp also enters into commodity contracts for the benefit of commercial customers to hedge their exposure to commodity price fluctuations. Similar to the hedging of foreign exchange and price risk from interest rate derivative contracts, the Bancorp also enters into commodity contracts with major financial institutions to economically hedge a substantial portion of the exposure from client driven commodity activity. The Bancorp may also offset this risk with exchange-traded commodity contracts. The Bancorp has risk limits and internal controls in place to help ensure excessive risk is not taken in providing this service to customers. These controls include an independent determination of commodity volatility and potential future exposure on these contracts and counterparty credit approvals performed by independent risk management.

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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 cash and 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 18 16 of the Notes to Condensed Consolidated Financial Statements.

The Bancorp’s Treasury department manages funding and liquidity based on point-in-time metrics as well as forward-looking projections, which incorporate different sources and uses of funds under base and stress scenarios. Liquidity risk is monitored and managed by the Treasury department with independent oversight provided by ERM, and a series of Policy Limits and Key Risk Indicators are established to ensure risks are managed within the Bancorp’s risk tolerance. The Bancorp maintains a contingency funding plan that provides for liquidity stress testing, which assesses the liquidity needs under varying market conditions, time horizons, asset growth rates and other events. 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. The contingency plan also outlines the Bancorp’s response to various levels of liquidity stress and actions that should be taken during various scenarios.

Liquidity risk is monitored and managed for both Fifth Third Bancorp and its subsidiaries. The Bancorp (parent company) receives substantially all of its liquidity from dividends from its subsidiaries, primarily Fifth Third Bank, National Association. Subsidiary dividends are supplemented with term debt to enable the Bancorp to maintain sufficient liquidity to meet its cash obligations, including debt service and scheduled maturities, common and preferred dividends, unfunded commitments to subsidiaries and other planned capital actions in the form of share repurchases. Liquidity resources are more limited at the Bancorp, making its liquidity position more susceptible to market disruptions. Bancorp liquidity is assessed using a cash coverage horizon, ensuring the entity maintains sufficient liquidity to withstand a period of sustained market disruption while meeting its anticipated obligations over an extended stressed horizon.

The Bancorp’s ALCO, which includes senior management representatives and is accountable to the ERMC, monitors and manages liquidity and funding risk within Board-approved policy limits. In addition to the risk management activities of ALCO, the Bancorp has a liquidity risk management function as part of ERM that provides independent oversight of liquidity risk management.

Sources of Funds

The Bancorp's primary sources of funds include revenue from noninterest income as well as 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.

Of the $50.3 billion $47.9 billion of securities in the Bancorp's available-for-sale debt and other securities portfolio and held-to-maturity securities portfolios at September 30, 2023 March 31, 2024, $4.2 billion $5.5 billion in principal and interest is expected to be received in the next 12 months and an additional $7.4 billion $8.4 billion is expected to be received in the next 13 to 24 months. For further information on the Bancorp's securities portfolio, refer to the Investment Securities subsection of the Balance Sheet Analysis section of MD&A.

Asset-driven liquidity is provided by the Bancorp's ability to pledge, sell or securitize loans and leases. 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 FNMA guidelines are sold for cash upon origination. Additional assets such as certain other residential mortgage loans, certain commercial loans and leases, home equity loans, automobile loans, solar energy installation loans and other consumer loans (including point-of-sale solar energy installation loans) are also capable of being securitized or sold. For the three and nine months ended September 30, 2023, March 31, 2024 and 2023, the Bancorp sold or securitized loans and leases totaling $3.3 billion $858 million and $5.9 billion, respectively, compared to $4.0 billion and $10.6 billion during the three and nine months ended September 30, 2022 $1.3 billion, respectively. For further information, refer to Note 13 12 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 average shareholders' equity funded 85% of its average total assets for both the three and nine months ended September 30, 2023 compared to 85% March 31, 2024 and 88% for the three and nine months ended September 30, 2022 2023, respectively. . 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. Management does not rely on any one source of liquidity and manages availability in response to changing balance sheet needs.

In June of 2023, the Board of Directors authorized $10.0 billion of debt or other securities for issuance, of which $8.75 billion $7.75 billion of debt or other securities were available for issuance as of September 30, 2023 March 31, 2024. The Bancorp is authorized to file any necessary registration statements with the SEC to permit ready access to the public securities markets; however, access to these markets may depend on market conditions.The Bancorp issued and sold fixed-rate/floating-rate senior notes of $1.25 billion $1.0 billion in July January of 2023 2024 as further discussed in Note 16 15 of the Notes to Condensed Consolidated Financial Statements.

As of September 30, 2023 March 31, 2024, the Bank's global bank note program had a borrowing capacity of $25.0 billion, of which $20.9 billion was available for issuance. Additionally, at September 30, 2023 March 31, 2024, the Bank had approximately $59.6 billion $65.3 billion of borrowing capacity available through secured borrowing sources, including the FRB (through the Bank Term Funding Program and the Discount Window) and the FHLB.

In a securitization transaction that occurred in August of 2023, the Bancorp transferred $1.74 billion in aggregate automobile loans to a bankruptcy remote trust which subsequently issued approximately $1.58 billion of asset-backed notes, of which approximately $79 million were retained by the Bancorp, resulting in approximately $1.5 billion of outstanding notes included in long-term debt in the Condensed Consolidated Balance Sheets as of September 30, 2023. The third-party holders of the asset-backed notes do not have recourse to the general assets of the Bancorp. Refer to Note 12 and Note 16 of the Notes to Condensed Consolidated Financial Statements for additional information.

Current Liquidity Position

The Bancorp maintains a strong liquidity profile driven by strong core deposit funding and over $100 billion in current available liquidity. Refer to the Deposits subsection of the Balance Sheet Analysis section of MD&A for more information regarding the Bancorp's deposit portfolio characteristics. The Bancorp is managing liquidity prudently in the current environment and maintains a liquidity profile focused on core deposit and stable long-term funding sources, while supplementing with a variety of secured and unsecured wholesale funding sources across the maturity spectrum, which allows for the effective management of concentration and rollover risk. The Bancorp's investment portfolio remains highly concentrated in liquid and readily marketable instruments and is a significant source of secured borrowing capacity. As part of its liquidity management activities, the Bancorp maintains collateral at its secured funding providers to ensure immediate availability of funding. Additionally, the Bancorp executes periodic test trades to assess the operational processes associated with its secured funding sources, including the Discount Window and the Bank Term Funding Program. sources.

As of September 30, 2023 March 31, 2024, the Bancorp (parent company) has had sufficient liquidity to meet contractual obligations and all preferred and common dividends without accessing the capital markets or receiving upstream dividends from the Bank subsidiary for 29 37 months.

Credit Ratings

The cost and availability of financing to the Bancorp and Bank are impacted by its credit ratings. A downgrade to the Bancorp's or Bank's credit ratings could affect its ability to access the credit markets and increase its borrowing costs, thereby adversely impacting the Bancorp's or Bank'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 and Bank's credit ratings are summarized in Table 56. 59. The ratings reflect the ratings agency's view on the Bancorp's and Bank'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 56: 59: Agency Ratings

As of November 7, 2023 May 7, 2024	Moody's	Standard and Poor's	Fitch	DBRS Morningstar
Fifth Third Bancorp:				
Short-term borrowings	No rating	A-2	F1	R-1L
Senior debt	Baa1	BBB+	A-	A
Subordinated debt	Baa1	BBB	BBB+	AL
Fifth Third Bank, National Association:				
Short-term borrowings	P-2	A-2	F1	R-1M
Short-term deposit	P-1	No rating	F1	No rating
Long-term deposit	A1	No rating	A	AH
Senior debt	A3	A-	A-	AH
Subordinated debt	A3	BBB+	BBB+	A
Rating Agency Outlook for Fifth Third Bancorp and Fifth Third Bank, National Association	Negative	Stable	Stable	Stable

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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 Committee which is responsible for making capital plan recommendations to management. These recommendations are reviewed by the ERMC and the annual capital plan is approved by the Board of Directors. The Capital Committee is responsible for execution and oversight of the capital actions of the capital plan.

Regulatory Capital Ratios

The Basel III Final Rule sets minimum regulatory capital ratios as well as defines the measure of "well-capitalized" for insured depository institutions.

TABLE 57: Prescribed Capital Ratios

TABLE 60: Prescribed Capital Ratios

TABLE 60: Prescribed Capital Ratios

	Minimum		Well-Capitalized
CET1 capital:			
Fifth Third Bancorp			
Fifth Third Bancorp			
Fifth Third Bancorp	4.50	%	N/A
Fifth Third Bancorp	4.50	%	N/A
Fifth Third Bank, National Association	4.50		6.50
Tier 1 risk-based capital:			
Fifth Third Bancorp	6.00		6.00
Fifth Third Bancorp			
Fifth Third Bancorp			
Fifth Third Bank, National Association	6.00		8.00
Total risk-based capital:			
Fifth Third Bancorp			
Fifth Third Bancorp			
Fifth Third Bancorp	8.00		10.00
Fifth Third Bank, National Association	8.00		10.00
Leverage:			
Fifth Third Bancorp	4.00		N/A

Fifth Third Bancorp					
Fifth Third Bancorp				4.00	N/A
Fifth Third Bank, National Association	Fifth Third Bank, National Association	4.00	5.00		

The Bancorp is subject to the stress capital buffer requirement and must maintain capital ratios above its buffered minimum (regulatory minimum plus stress capital buffer) in order to avoid certain limitations on capital distributions and discretionary bonuses to executive officers. The FRB uses the supervisory stress test to determine the Bancorp's stress capital buffer, subject to a floor of 2.5%. The Bancorp's stress capital buffer requirement has been 2.5% since the introduction of this framework and was most recently affirmed as part of Fifth Third's 2023 Capital Plan submission with an effective date of October 1, 2023. The Bancorp's capital ratios have exceeded the stress capital buffer requirement for all periods presented.

The Bancorp adopted ASU 2016-13 on January 1, 2020 and elected the five-year transition phase-in option for the impact of CECL on regulatory capital with its regulatory filings as of March 31, 2020. The Bancorp's modified CECL transition amount became subject to the phase-out provisions of the final rule began phasing out on January 1, 2022, and will be fully phased-out by January 1, 2025. The impact of the modified CECL transition amount on the Bancorp's regulatory capital at September 30, 2023 March 31, 2024 was an increase in capital of approximately approximatel $249 million y $124 million. . On a fully phased-in basis, the Bancorp's CET1 capital ratio would be reduced by 13 7 bps as of September 30, 2023 March 31, 2024.

On July 27, 2023, the U.S. banking agencies released a notice of proposed rulemaking to revise the Basel III Capital Rules, which would replace modify its existing risk-based capital framework for large banks with and introduce a new framework that implements international capital standards. The proposed rulemaking would increase capital requirements applicable to banking organizations with total assets of $100 billion or more, including Fifth Third, and would align the calculation of regulatory capital and the calculation of risk-weighted assets across large banking organizations. As proposed, the rules would be effective for the Bancorp on July 1, 2025 and phased in over a three-year transition period. The Bancorp is in the process of evaluating this proposed rulemaking and assessing its potential impact.

On August 29, 2023, the U.S. banking agencies issued a notice of proposed rulemaking to require that certain banking organizations with $100 billion or more in consolidated assets, including Fifth Third, comply with certain long-term debt requirements at the holding company and insured depository institution levels. These proposed requirements are intended to absorb losses and recapitalize the insured depository institution in the event of the failure of a banking organization. As proposed, the rules would be phased in over a three-year period after their effective date. The Bancorp is in the process of evaluating this proposed rulemaking and assessing its potential impact. impact, which is dependent on the finalization of the aforementioned proposed capital rule.

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

The following table summarizes the Bancorp's capital ratios as of:

TABLE 58: Capital Ratios

TABLE 61: Capital Ratios

TABLE 61: Capital Ratios

($ in millions)	($ in millions)	**September 30, 2023**	December 31, 2022	($ in millions)	**March 31, 2024**	December 31, 2023
Quarterly average total Bancorp shareholders' equity as a percent of average assets	Quarterly average total Bancorp shareholders' equity as a percent of average assets	**8.30 %**	8.18			
Tangible equity as a percent of tangible assets(a)(b)	Tangible equity as a percent of tangible assets(a)(b)	**8.46**	8.31			
Tangible common equity as a percent of tangible assets(a)(b)	Tangible common equity as a percent of tangible assets(a)(b)	**7.49**	7.30			

Regulatory capital:*(c)*	**Regulatory capital:***(c)*			
CET1 capital	CET1 capital	**$ 16,510**		15,670
CET1 capital				
CET1 capital				
Tier 1 capital	Tier 1 capital	**18,626**		17,786
Total regulatory capital	Total regulatory capital	**22,111**		21,606
Risk-weighted assets	Risk-weighted assets	**168,433**		168,909
Regulatory capital ratios:*(c)*	**Regulatory capital ratios:***(c)*			
CET1 capital	CET1 capital	**9.80**	**%**	9.28
CET1 capital				
CET1 capital				
Tier 1 risk-based capital	Tier 1 risk-based capital	**11.06**		10.53
Total risk-based capital	Total risk-based capital	**13.13**		12.79
Leverage	Leverage	**8.85**		8.56

(a) These are non-GAAP measures. For further information, refer to the Non-GAAP Financial Measures section of MD&A.

(b) Excludes AOCI.

(c) Regulatory capital ratios as of both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 are calculated pursuant to the five-year transition provision option to phase in the effects of CECL on regulatory capital.

Capital Planning

In 2011, the FRB adopted the capital plan rule, which requires BHCs with consolidated assets of $50 billion or more to submit annual capital plans to the FRB for review. Under the rule, these capital plans must include detailed descriptions of the following: the BHC's internal processes for assessing capital adequacy; the policies governing capital actions such as common stock issuances, dividends and share repurchases; and all planned capital actions over a nine-quarter planning horizon. Furthermore, each BHC must report to the FRB the results of stress tests conducted by the BHC under a number of scenarios that assess the sources and uses of capital under baseline and stressed economic conditions.

Under the Enhanced Prudential Standards tailoring rules, the Bancorp is subject to Category IV standards, under which the Bancorp is no longer required to file semi-annual, company-run stress tests with the FRB and publicly disclose the results. However, the Bancorp is required to develop and maintain a capital plan approved by the Board of Directors on an annual basis. As an institution subject to Category IV standards, the Bancorp is subject to the FRB's supervisory stress tests every two years, the Board capital plan rule and certain FR Y-14 reporting requirements. The supervisory stress tests are forward-looking quantitative evaluations of the impact of stressful economic and financial market conditions on the Bancorp's capital. The Bancorp became subject to Category IV standards on December 31, 2019, and the requirements outlined above apply to the stress test cycle that started on January 1, 2020. The Bancorp was not subject to the 2023 2024 supervisory stress test conducted by the FRB but and submitted the Board-approved capital plan and information contained in Schedule C - Regulatory Capital Instruments as required by the April 5, 2023 April 5, 2024 deadline.

The Bancorp maintains a comprehensive process for managing capital that considers the current and forward-looking macroeconomic and regulatory environments and makes capital distributions that are consistent with the requirements in the FRB's capital plan rule, inclusive of the Bancorp's stress capital buffer requirement.

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 and 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 $0.35 and $0.33 for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $1.01 and $0.93 for the nine months ended September 30, 2023 and 2022, 2023, respectively. Pursuant to the Bancorp's Board-approved capital plan, during the first quarter of 2023, the Bancorp entered into and settled an accelerated share repurchase transaction in the amount of $200 million. Refer to Note 17 of the Notes to Condensed Consolidated Financial Statements for additional information on share repurchase activity. The Bancorp did not enter into an ASR transaction during the third quarter of 2023. The Bancorp does not currently expect to repurchase any common stock, except pursuant to employee compensation plans, during the fourth quarter of 2023.

The following table summarizes the monthly share repurchase activity for the three months ended September 30, 2023 March 31, 2024:

TABLE 59: Share Repurchases

Period	Total Number of Shares Purchased(a)		Average Price Paid per Share	Total Number of Shares Purchased as a Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased under the Plans or Programs(b)
July 1 - July 31, 2023	17,204	$	26.71	—	32,115,811
August 1 - August 31, 2023	55,538		28.03	—	32,115,811
September 1 - September 30, 2023	1,401		26.88	—	32,115,811
Total	74,143	$	27.70	—	32,115,811

TABLE 62: Share Repurchases

Period	Total Number of Shares Purchased(a)		Average Price Paid per Share	Total Number of Shares Purchased as a Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased under the Plans or Programs(b)
January 1 - January 31, 2024	46,045	$	34.99	—	32,115,811
February 1 - February 29, 2024	1,147,154		33.84	—	32,115,811
March 1 - March 31, 2024	101,677		35.81	—	32,115,811
Total	1,294,876	$	34.04	—	32,115,811

(a) Shares repurchased during the periods presented were in connection with various employee compensation plans. These purchases do not count against the maximum number of shares that may yet be purchased under the Board of Directors' authorization.

(b) On June 18, 2019, 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 party transactions. This authorization did not include specific targets or an expiration date.

Quantitative and Qualitative Disclosures about Market Risk (Item 3)

Information presented in the Interest Rate and Price Risk Management subsection of the Risk Management section of Management's Discussion and Analysis of Financial Condition and Results of Operations is incorporated herein by reference. This information contains certain statements that the Bancorp believes are forward-looking statements. Refer to page 1 for cautionary information regarding forward-looking statements.

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 of 1934). 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 Securities Exchange Act of 1934 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 In the first quarter of 2024, the Bancorp implemented a new general ledger accounting system. The new general ledger accounting system was implemented in order to standardize processes, improve efficiency and enhance management reporting and analysis, and was subject to thorough testing and review both before and after final implementation. This implementation has been no such change during not materially affected, and the period covered by this report. Bancorp does not expect it to materially affect, its internal control over financial reporting.

CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)	**CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)**	
		As of

		September 30,	December 31,			
		As of				
		As of				
		As of				
	March 31,				**March 31,**	December 31,
($ in millions, except share data)	($ in millions, except share data)	**2023**	2022	($ in millions, except share data)	**2024**	2023
Assets	**Assets**					
Cash and due from banks						
Cash and due from banks						
Cash and due from banks	Cash and due from banks	**$ 2,837**	3,466			
Other short-term investments(a)	Other short-term investments(a)	**18,923**	8,351			
Available-for-sale debt and other securities(b)	Available-for-sale debt and other securities(b)	**47,893**	51,503			
Held-to-maturity securities(c)	Held-to-maturity securities(c)	**2**	5			
Trading debt securities	Trading debt securities	**1,222**	414			
Equity securities	Equity securities	**250**	317			
Loans and leases held for sale(d)	Loans and leases held for sale(d)	**614**	1,007			
Portfolio loans and leases(a)(e)	Portfolio loans and leases(a)(e)	**120,088**	121,480			
Allowance for loan and lease losses(a)	Allowance for loan and lease losses(a)	**(2,340)**	(2,194)			
Portfolio loans and leases, net	Portfolio loans and leases, net	**117,748**	119,286			
Bank premises and equipment(f)	Bank premises and equipment(f)	**2,303**	2,187			
Operating lease equipment	Operating lease equipment	**480**	627			
Goodwill	Goodwill	**4,919**	4,915			
Intangible assets	Intangible assets	**136**	169			
Servicing rights	Servicing rights	**1,822**	1,746			
Other assets(a)	Other assets(a)	**13,818**	13,459			
Total Assets	**Total Assets**	**$ 212,967**	207,452			
Liabilities	**Liabilities**					
Deposits:	Deposits:					
Deposits:						
Deposits:						
Noninterest-bearing deposits						
Noninterest-bearing deposits						
Noninterest-bearing deposits	Noninterest-bearing deposits	**$ 43,844**	53,125			
Interest-bearing deposits	Interest-bearing deposits	**123,828**	110,565			
Total deposits	Total deposits	**167,672**	163,690			

Federal funds purchased	Federal funds purchased	**205**	180
Other short-term borrowings	Other short-term borrowings	**4,594**	4,838
Accrued taxes, interest and expenses	Accrued taxes, interest and expenses	**1,834**	1,822
Other liabilities(a)	Other liabilities(a)	**5,808**	5,881
Long-term debt(a)	Long-term debt(a)	**16,310**	13,714
Total Liabilities	**Total Liabilities**	**$ 196,423**	190,125
Equity	**Equity**		
Common stock(g)	Common stock(g)	**$ 2,051**	2,051
Common stock(g)			
Common stock(g)			
Preferred stock(h)	Preferred stock(h)	**2,116**	2,116
Capital surplus	Capital surplus	**3,733**	3,684
Retained earnings	Retained earnings	**22,747**	21,689
Accumulated other comprehensive loss	Accumulated other comprehensive loss	**(6,839)**	(5,110)
Treasury stock(g)	Treasury stock(g)	**(7,264)**	(7,103)
Total Equity	**Total Equity**	**$ 16,544**	17,327
Total Liabilities and Equity	**Total Liabilities and Equity**	**$ 212,967**	207,452

(a) *Includes $59 $48 and $17 $55 of other short-term investments, $1,728 $1,420 and $185 $1,573 of portfolio loans and leases, $(27) $(26) and $(2) $(28) of ALLL, $11 $29 and $2 $10 of other assets, $15 $25 and $9 $14 of other liabilities and $1,553 $1,274 and $118 $1,409 of long-term debt from consolidated VIEs that are included in their respective captions above at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. For further information, refer to Note 12. 11.*

(b) *Amortized cost of $55,557 $43,400 and $57,530 $55,789 at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.*

(c) *Fair value of $11,341 and $2 at March 31, 2024 and $5 at September 30, 2023 and December 31, 2022 December 31, 2023, respectively.*

(d) *Includes $497 $307 and $600 $334 of residential mortgage loans held for sale measured at fair value at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.*

(e) *Includes $113 and $123 $116 of residential mortgage loans measured at fair value at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.*

(f) *Includes $22 $16 and $24 $19 of bank premises and equipment held for sale at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.*

(g) *Common shares: Stated value $2.22 $2.22 per share; authorized 2,000,000,000; outstanding at September 30, 2023 March 31, 2024 – 680,989,701 683,812,363 (excludes 242,902,880 240,080,218 treasury shares), December 31, 2022 December 31, 2023 – 683,385,880 681,124,810 (excludes 240,506,701 242,767,771 treasury shares).*

(h) *500,000 shares of no par value preferred stock were authorized at both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. There were 422,000 unissued shares of undesignated no par value preferred stock at both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. Each issued share of no par value preferred stock has a liquidation preference of $25,000. 500,000 shares of no par value Class B preferred stock were authorized at both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. There were 300,000 unissued shares of undesignated no par value Class B preferred stock at both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. Each issued share of no par value Class B preferred stock has a liquidation preference of $1,000.*

Refer to the Notes to Condensed Consolidated Financial Statements.

Fifth Third Bancorp and Subsidiaries
Condensed Consolidated Financial Statements and Notes (continued)

Fifth Third Bancorp and Subsidiaries
Condensed Consolidated Financial Statements and Notes (continued)

Fifth Third Bancorp and Subsidiaries
Condensed Consolidated Financial Statements and Notes (continued)

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (unaudited)	**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (unaudited)**				
		For the three months ended September 30,		For the nine months ended September 30,	
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (unaudited)					
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (unaudited)					
		For the three months ended March 31,			
		For the three months ended March 31,			
		For the three months ended March 31,			
($ in millions, except share data)					
($ in millions, except share data)					
($ in millions, except share data)	($ in millions, except share data)	**2023**	2022	**2023**	2022
Interest Income	**Interest Income**				
Interest Income					
Interest Income					
Interest and fees on loans and leases					
Interest and fees on loans and leases					
Interest and fees on loans and leases	Interest and fees on loans and leases	**$ 1,899**	1,315	**5,445**	3,377
Interest on securities	Interest on securities	**444**	414	**1,320**	1,077
Interest on securities					
Interest on securities					
Interest on other short-term investments					
Interest on other short-term investments					
Interest on other short-term investments	Interest on other short-term investments	**186**	31	**348**	58
Total interest income	Total interest income	**2,529**	1,760	**7,113**	4,512
Total interest income					
Total interest income					
Interest Expense					
Interest Expense					
Interest Expense	**Interest Expense**				
Interest on deposits	Interest on deposits	**844**	112	**1,977**	147
Interest on deposits					
Interest on deposits					
Interest on federal funds purchased					
Interest on federal funds purchased					
Interest on federal funds purchased	Interest on federal funds purchased	**2**	3	**13**	4
Interest on other short-term borrowings	Interest on other short-term borrowings	**52**	43	**198**	56
Interest on other short-term borrowings					
Interest on other short-term borrowings					
Interest on long-term debt					
Interest on long-term debt					
Interest on long-term debt	Interest on long-term debt	**193**	104	**514**	273
Total interest expense	Total interest expense	**1,091**	262	**2,702**	480

Total interest expense					
Total interest expense					
Net Interest Income					
Net Interest Income					
Net Interest Income	**Net Interest Income**	**1,438**	1,498	**4,411**	4,032
Provision for credit losses	Provision for credit losses	**119**	158	**460**	383
Provision for credit losses					
Provision for credit losses					
Net Interest Income After Provision for Credit Losses					
Net Interest Income After Provision for Credit Losses					
Net Interest Income After Provision for Credit Losses	**Net Interest Income After Provision for Credit Losses**	**1,319**	1,340	**3,951**	3,649
Noninterest Income	**Noninterest Income**				
Commercial banking revenue		**154**	134	**461**	406
Noninterest Income					
Noninterest Income					
Wealth and asset management revenue					
Wealth and asset management revenue					
Wealth and asset management revenue	Wealth and asset management revenue	**145**	141	**434**	430
Service charges on deposits	Service charges on deposits	**149**	143	**431**	449
Service charges on deposits					
Service charges on deposits					
Commercial banking revenue					
Commercial banking revenue					
Commercial banking revenue					
Card and processing revenue					
Card and processing revenue					
Card and processing revenue	Card and processing revenue	**104**	105	**310**	306
Mortgage banking net revenue	Mortgage banking net revenue	**57**	69	**184**	152
Mortgage banking net revenue					
Mortgage banking net revenue					
Leasing business revenue					
Leasing business revenue					
Leasing business revenue	Leasing business revenue	**58**	60	**162**	179
Other noninterest income	Other noninterest income	**55**	59	**152**	195
Securities gains (losses), net		**(7)**	(38)	**3**	(84)
Securities losses, net – non-qualifying hedges on mortgage servicing rights		**—**	(1)	**—**	(2)
Other noninterest income					
Other noninterest income					
Securities gains, net					
Securities gains, net					
Securities gains, net					
Securities gains, net – non-qualifying hedges on mortgage servicing rights					

Securities gains, net — non-qualifying hedges on mortgage servicing rights					
Securities gains, net — non-qualifying hedges on mortgage servicing rights					
Total noninterest income					
Total noninterest income					
Total noninterest income	Total noninterest income	**715**	672	**2,137**	2,031
Noninterest Expense	**Noninterest Expense**				
Noninterest Expense					
Noninterest Expense					
Compensation and benefits					
Compensation and benefits					
Compensation and benefits	Compensation and benefits	**629**	605	**2,036**	1,900
Technology and communications	Technology and communications	**115**	106	**347**	306
Technology and communications					
Technology and communications					
Net occupancy expense					
Net occupancy expense					
Net occupancy expense	Net occupancy expense	**84**	74	**248**	225
Equipment expense	Equipment expense	**37**	36	**110**	108
Equipment expense					
Equipment expense					
Marketing expense					
Marketing expense					
Marketing expense	Marketing expense	**35**	35	**96**	87
Leasing business expense	Leasing business expense	**29**	33	**94**	95
Leasing business expense					
Leasing business expense					
Card and processing expense					
Card and processing expense					
Card and processing expense	Card and processing expense	**21**	21	**63**	59
Other noninterest expense	Other noninterest expense	**238**	257	**756**	721
Other noninterest expense					
Other noninterest expense					
Total noninterest expense					
Total noninterest expense					
Total noninterest expense	Total noninterest expense	**1,188**	1,167	**3,750**	3,501
Income Before Income Taxes	**Income Before Income Taxes**	**846**	845	**2,338**	2,179
Income Before Income Taxes					
Income Before Income Taxes					
Applicable income tax expense					
Applicable income tax expense					
Applicable income tax expense	Applicable income tax expense	**186**	192	**519**	470
Net Income	**Net Income**	**660**	653	**1,819**	1,709
Net Income					

Net Income						
Dividends on preferred stock						
Dividends on preferred stock						
Dividends on preferred stock	Dividends on preferred stock		**37**	22	**100**	78
Net Income Available to Common Shareholders	**Net Income Available to Common Shareholders**	**$**	**623**	631	**1,719**	1,631
Net Income Available to Common Shareholders						
Net Income Available to Common Shareholders						
Earnings per share - basic						
Earnings per share - basic						
Earnings per share - basic	**Earnings per share - basic**	**$**	**0.91**	0.91	**2.51**	2.37
Earnings per share - diluted	**Earnings per share - diluted**	**$**	**0.91**	0.91	**2.50**	2.34
Earnings per share - diluted						
Earnings per share - diluted						
Average common shares outstanding - basic						
Average common shares outstanding - basic						
Average common shares outstanding - basic	**Average common shares outstanding - basic**		**684,224,277**	689,278,078	**684,090,872**	688,617,910
Average common shares outstanding - diluted	**Average common shares outstanding - diluted**		**687,059,147**	694,592,855	**687,661,319**	695,207,279
Average common shares outstanding - diluted						
Average common shares outstanding - diluted						

Refer to the Notes to Condensed Consolidated Financial Statements.

Fifth Third Bancorp and Subsidiaries
Condensed Consolidated Financial Statements and Notes (continued)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

		For the three months ended September 30,		For the nine months ended September 30,	
($ in millions)		**2023**	2022	**2023**	2022
Net Income	**$**	**660**	653	**1,819**	1,709
Other Comprehensive (Loss) Income, Net of Tax:					
Net unrealized losses on available-for-sale debt securities:					
Unrealized holding losses arising during period		**(1,218)**	(2,129)	**(1,252)**	(5,564)
Reclassification adjustment for net losses (gains) included in net income		**—**	—	**1**	(2)
Net unrealized losses on cash flow hedge derivatives:					
Unrealized holding losses arising during period		**(527)**	(530)	**(664)**	(840)
Reclassification adjustment for net losses (gains) included in net income		**72**	(3)	**185**	(109)
Defined benefit pension plans, net:					
Net actuarial loss arising during the year		**—**	(1)	**—**	(2)
Reclassification of amounts to net periodic benefit costs		**—**	1	**1**	4
Other comprehensive loss, net of tax		**(1,673)**	(2,662)	**(1,729)**	(6,513)
Comprehensive Income (Loss)	**$**	**(1,013)**	(2,009)	**90**	(4,804)

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, 2024	2023
Net Income	**$ 520**	558
Other Comprehensive (Loss) Income, Net of Tax:		
Net unrealized losses on available-for-sale debt securities:		
Unrealized holding (losses) gains arising during period	**(182)**	600
Unrealized losses on available-for-sale debt securities transferred to held-to-maturity securities	**785**	—
Reclassification adjustment for net losses included in net income	**3**	—
Net unrealized losses on available-for-sale debt securities transferred to held-to-maturity securities:		
Unrealized losses on available-for-sale debt securities transferred to held-to-maturity securities	**(785)**	—
Amortization of unrealized losses on available-for-sale debt securities transferred to held-to-maturity securities	**25**	—
Net unrealized losses on cash flow hedge derivatives:		
Unrealized holding (losses) gains arising during period	**(316)**	215
Reclassification adjustment for net losses included in net income	**69**	50
Other comprehensive (loss) income, net of tax	**(401)**	865
Comprehensive Income	**$ 119**	1,423

Refer to the Notes to Condensed Consolidated Financial Statements.

Fifth Third Bancorp and Subsidiaries
Condensed Consolidated Financial Statements and Notes (continued)

CONDENSED CONSOLIDATI STATEMENTS OF CHANGES EQUITY (unaudited)

($ in millions, except per share data)	Common Stock	Preferred Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Equity
Balance at June 30, 2022	$ 2,051	2,116	3,636	20,818	(2,644)	(7,007)	18,970
Balance at December 31, 2022							
Impact of cumulative effect of change in accounting principle							
Balance at January 1, 2023							
Net income				653			653
Other comprehensive loss, net of tax					(2,662)		(2,662)

Other comprehensive income, net of tax			
Cash dividends declared:	Cash dividends declared:		
Common stock ($0.33 per share)			
Common stock ($0.33 per share)			
Common stock ($0.33 per share)	Common stock ($0.33 per share)	(230)	(230)
Preferred stock:	Preferred stock:		
Series I ($414.06 per share)	Series I ($414.06 per share)	(8)	(8)
Series J ($343.62 per share)		(4)	(4)
Series I ($414.06 per share)			
Series I ($414.06 per share)			
Series J ($492.75 per share)			
Series K ($309.38 per share)			
Series L ($281.25 per share)			
Class B, Series A ($15.00 per share)			
Shares acquired for treasury			
Impact of stock transactions under stock compensation plans, net			
Balance at March 31, 2023			
Balance at March 31, 2023			
Balance at March 31, 2023			
Balance at December 31, 2023			
Impact of cumulative effect of change in accounting principle(a)			
Balance at January 1, 2024			
Net income			
Other comprehensive loss, net of tax			

Cash dividends declared:								
Common stock ($0.35 per share)								
Common stock ($0.35 per share)								
Common stock ($0.35 per share)								
Preferred stock:								
Series H ($545.09 per share)								
Series H ($545.09 per share)								
Series H ($545.09 per share)								
Series I ($587.86 per share)								
Series J ($551.01 per share)								
Series K ($309.38 per share)	Series K ($309.38 per share)				(3)			(3)
Series L ($281.25 per share)	Series L ($281.25 per share)				(4)			(4)
Class B, Series A ($15.00 per share)	Class B, Series A ($15.00 per share)				(3)			(3)
Impact of stock transactions under stock compensation plans, net	Impact of stock transactions under stock compensation plans, net			24			3	27
Balance at September 30, 2022		$ 2,051	2,116	3,660	21,219	(5,306)	(7,004)	16,736
Balance at June 30, 2023		**$ 2,051**	**2,116**	**3,708**	**22,366**	**(5,166)**	**(7,266)**	**17,809**
Net income					**660**			**660**
Other comprehensive loss, net of tax						**(1,673)**		**(1,673)**
Cash dividends declared:								
Common stock ($0.35 per share)					**(242)**			**(242)**
Preferred stock:								
Series H ($547.63 per share)					**(13)**			**(13)**
Series I ($414.06 per share)					**(7)**			**(7)**
Series J ($553.61 per share)					**(7)**			**(7)**
Series K ($309.38 per share)					**(3)**			**(3)**
Series L ($281.25 per share)					**(4)**			**(4)**
Class B, Series A ($15.00 per share)					**(3)**			**(3)**
Impact of stock transactions under stock compensation plans, net								
Impact of stock transactions under stock compensation plans, net	Impact of stock transactions under stock compensation plans, net			**25**			**2**	**27**
Balance at September 30, 2023		**$ 2,051**	**2,116**	**3,733**	**22,747**	**(6,839)**	**(7,264)**	**16,544**

Balance at March 31, 2024	
Balance at March 31, 2024	
Balance at March 31, 2024	

(a) Related to the adoption of ASU 2023-02 as of January 1, 2024. Refer to Note 3 for additional information.

Refer to the Notes to Condensed Consolidated Financial Statements.

Fifth Third Bancorp and Subsidiaries
Condensed Consolidated Financial Statements and Notes (continued)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (unaudited)

($ in millions, except per share data)		Common Stock	Preferred Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Total Equity
Balance at December 31, 2021	$	2,051	2,116	3,624	20,236	1,207	(7,024)	22,210
Net income					1,709			1,709
Other comprehensive loss, net of tax						(6,513)		(6,513)
Cash dividends declared:								
Common stock ($0.93 per share)					(648)			(648)
Preferred stock:								
Series H ($637.50 per share)					(15)			(15)
Series I ($1,242.18 per share)					(23)			(23)
Series J ($814.49 per share)					(10)			(10)
Series K ($928.13 per share)					(9)			(9)
Series L ($843.75 per share)					(12)			(12)
Class B, Series A ($45.00 per share)					(9)			(9)
Impact of stock transactions under stock compensation plans, net				36			20	56
Balance at September 30, 2022	$	2,051	2,116	3,660	21,219	(5,306)	(7,004)	16,736
Balance at December 31, 2022	**$**	**2,051**	**2,116**	**3,684**	**21,689**	**(5,110)**	**(7,103)**	**17,327**
Impact of cumulative effect of change in accounting principle(a)					**37**			**37**
Balance at January 1, 2023	**$**	**2,051**	**2,116**	**3,684**	**21,726**	**(5,110)**	**(7,103)**	**17,364**
Net income					**1,819**			**1,819**
Other comprehensive loss, net of tax						**(1,729)**		**(1,729)**
Cash dividends declared:								
Common stock ($1.01 per share)					**(698)**			**(698)**
Preferred stock:								
Series H ($1,185.13 per share)					**(29)**			**(29)**
Series I ($1,242.18 per share)					**(22)**			**(22)**
Series J ($1,570.07 per share)					**(19)**			**(19)**
Series K ($928.13 per share)					**(9)**			**(9)**
Series L ($843.75 per share)					**(12)**			**(12)**
Class B, Series A ($45.00 per share)					**(9)**			**(9)**
Shares acquired for treasury							**(201)**	**(201)**
Impact of stock transactions under stock compensation plans, net				**49**			**40**	**89**
Balance at September 30, 2023	**$**	**2,051**	**2,116**	**3,733**	**22,747**	**(6,839)**	**(7,264)**	**16,544**

(a) Related to the adoption of ASU 2022-02 as of January 1, 2023. Refer to Note 3 for additional information.

Refer to the Notes to Condensed Consolidated Financial Statements.

Fifth Third Bancorp and Subsidiaries
Condensed Consolidated Financial Statements and Notes (continued)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

		For the nine months ended September 30,				
	For the three months ended March 31,				For the three months ended March 31,	
($ in millions)	($ in millions)	**2023**	2022	($ in millions)	**2024**	2023
Operating Activities	**Operating Activities**					
Net income	Net income	**$ 1,819**	1,709			
Net income						
Net income						
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:					
Provision for credit losses						
Provision for credit losses						
Provision for credit losses	Provision for credit losses	**460**	383			
Depreciation, amortization and accretion	Depreciation, amortization and accretion	**347**	324			
Stock-based compensation expense	Stock-based compensation expense	**141**	137			
Benefit from deferred income taxes	Benefit from deferred income taxes	**(117)**	(19)			
Securities (gains) losses, net		**(6)**	90			
Securities gains, net						
MSR fair value adjustment	MSR fair value adjustment	**6**	(217)			
Net gains on sales of loans and fair value adjustments on loans held for sale	Net gains on sales of loans and fair value adjustments on loans held for sale	**(20)**	(77)			
Net gains on disposition and impairment of bank premises and equipment and operating lease equipment	Net gains on disposition and impairment of bank premises and equipment and operating lease equipment	**(4)**	(6)			
Proceeds from sales of loans held for sale	Proceeds from sales of loans held for sale	**3,934**	10,328			

Loans originated or purchased for sale, net of repayments	Loans originated or purchased for sale, net of repayments	**(3,464)**	(8,380)
Dividends representing return on equity investments		**35**	32
Dividends representing return on equity method investments			
Net change in:	Net change in:		
Equity and trading debt securities			
Equity and trading debt securities			
Equity and trading debt securities	Equity and trading debt securities	**(129)**	66
Other assets	Other assets	**(577)**	507
Accrued taxes, interest and expenses and other liabilities	Accrued taxes, interest and expenses and other liabilities	**12**	(522)
Net Cash Provided by Operating Activities	**Net Cash Provided by Operating Activities**	**2,437**	4,355
Investing Activities	**Investing Activities**		
Proceeds from sales:	Proceeds from sales:		
Proceeds from sales:			
Proceeds from sales:			
AFS securities and other investments			
AFS securities and other investments			
AFS securities and other investments	AFS securities and other investments	**2,718**	4,242
Loans and leases	Loans and leases	**197**	155
Bank premises and equipment	Bank premises and equipment	**3**	1
Proceeds from repayments / maturities of AFS and HTM securities and other investments	Proceeds from repayments / maturities of AFS and HTM securities and other investments	**3,214**	3,770
Purchases:	Purchases:		
AFS securities and other investments		**(4,795)**	(28,521)
AFS securities, equity method investments and other investments			
AFS securities, equity method investments and other investments			
AFS securities, equity method investments and other investments			
Bank premises and equipment	Bank premises and equipment	**(365)**	(240)
MSRs	MSRs	**(25)**	(208)

Proceeds from settlement of BOLI	Proceeds from settlement of BOLI	**12**	37
Proceeds from sales and dividends representing return of equity investments		**64**	61
Proceeds from sales and dividends representing return of equity method investments			
Net cash received for divestitures	Net cash received for divestitures	**—**	46
Net cash paid on acquisitions		**—**	(917)
Net change in:	Net change in:		
Net change in:			
Net change in:			
Other short-term investments			
Other short-term investments			
Other short-term investments	Other short-term investments	**(10,572)**	27,981
Portfolio loans and leases	Portfolio loans and leases	**829**	(7,425)
Operating lease equipment	Operating lease equipment	**65**	(79)
Net Cash Used in Investing Activities	**Net Cash Used in Investing Activities**	**(8,655)**	(1,097)
Financing Activities	**Financing Activities**		
Net change in deposits			
Net change in deposits			
Net change in deposits	Net change in deposits	**3,982**	(8,033)
Net change in other short-term borrowings and federal funds purchased	Net change in other short-term borrowings and federal funds purchased	**(133)**	5,329
Dividends paid on common and preferred stock	Dividends paid on common and preferred stock	**(784)**	(700)
Proceeds from long-term debt issuances/advances	Proceeds from long-term debt issuances/advances	**4,283**	2,003
Repayment of long-term debt	Repayment of long-term debt	**(1,507)**	(1,702)
Repurchases of treasury stock and related forward contract	Repurchases of treasury stock and related forward contract	**(200)**	—
Other	Other	**(52)**	(81)
Net Cash Provided by (Used in) Financing Activities		**5,589**	(3,184)
(Decrease) Increase in Cash and Due from Banks		**(629)**	74
Other			
Other			

Net Cash (Used in) Provided by Financing Activities			
Decrease in Cash and Due from Banks			
Cash and Due from Banks at Beginning of Period	**Cash and Due from Banks at Beginning of Period**	**3,466**	2,994
Cash and Due from Banks at End of Period	**Cash and Due from Banks at End of Period**	**$ 2,837**	3,068

Refer to the Notes to Condensed Consolidated Financial Statements. Note 2 contains cash payments related to interest and income taxes in addition to non-cash 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. The investments in those entities in which the Bancorp does not have the ability to exercise significant influence are generally carried at fair value unless the investment does not have a readily determinable fair value. The Bancorp accounts for equity investments without a readily determinable fair value using the measurement alternative to fair value, representing the cost of the investment minus any impairment recorded and plus or minus changes resulting from observable price changes in orderly transactions for an identical or a similar investment of the same issuer. Intercompany transactions and balances among consolidated entities 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 results for the periods presented. 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 Bancorp's Annual Report on Form 10-K. The results of operations, comprehensive income, cash flows and changes in equity for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 and the cash flows for the nine months ended September 30, 2023 and 2022 2023 are not necessarily indicative of the results to be expected for the full year. Financial information as of December 31, 2022 December 31, 2023 has been derived from the Bancorp's Annual Report on Form 10-K.

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 non-cash investing and financing activities are presented in the following table for the nine three months ended September 30: March 31:

($ in millions)	($ in millions)	2023	2022	($ in millions)	2024	2023
Cash Payments:	**Cash Payments:**					
Interest	Interest	**$ 2,554**	487			
Interest						
Interest						
Income taxes	Income taxes	**496**	124			
Transfers:	**Transfers:**					
Transfers:						
Transfers:						
Portfolio loans and leases to loans and leases held for sale						
Portfolio loans and leases to loans and leases held for sale						

Portfolio loans and leases to loans and leases held for sale	Portfolio loans and leases to loans and leases held for sale	$	**281**	105
Loans and leases held for sale to portfolio loans and leases	Loans and leases held for sale to portfolio loans and leases		**5**	406
Portfolio loans and leases to OREO	Portfolio loans and leases to OREO		**9**	5
Bank premises and equipment to OREO	Bank premises and equipment to OREO		**29**	22
Bank premises and equipment to OREO				
Bank premises and equipment to OREO				
Available-for-sale debt securities to held-to-maturity securities(a)				
Supplemental Disclosures:	**Supplemental Disclosures:**			
Supplemental Disclosures:				
Supplemental Disclosures:				
Net additions to lease liabilities under operating leases	Net additions to lease liabilities under operating leases	$	**56**	102
Net (reductions) additions to lease liabilities under finance leases			**(6)**	29
Net additions to lease liabilities under operating leases				
Net additions to lease liabilities under operating leases				
Net additions to lease liabilities under finance leases				

(a) Represents the fair value of the securities on the date of transfer. Refer to Note 4 for additional information.

Fifth Third Bancorp and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)

3. Accounting and Reporting Developments

Standards Adopted in 2023 2024

The Bancorp adopted the following new accounting standards during the nine three months ended September 30, 2023:

ASU 2021-08 – Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers

In October 2021, the FASB issued ASU 2021-08, which provides guidance on the accounting for revenue contracts with customers which are acquired in a business combination. The amendments generally state that an acquirer accounts for an acquired revenue contract with a customer as if it had originated the contract. The amendments also provide certain practical expedients for acquirers when recognizing and measuring acquired contract assets and liabilities. The Bancorp adopted the amended guidance on January 1, 2023 on a prospective basis and will apply the amendments for business combinations occurring on or after the adoption date. The adoption of the amended guidance did not have a material impact on the Bancorp's Condensed Consolidated Financial Statements.

ASU 2022-01 – Derivatives and Hedging (Topic 815): Fair Value Hedging-Portfolio Layer Method

In March 2022, the FASB issued ASU 2022-01, which clarifies the guidance in ASC 815 on fair value hedge accounting of interest rate risk for portfolios of financial assets and renames the last-of-layer method the portfolio layer method. Under previous guidance, the last-of-layer method enabled an entity to apply fair value hedging to a stated amount of a closed portfolio of prepayable financial assets without having to consider prepayment risk or credit risk when measuring those assets. ASU 2022-01 expands the scope of this guidance to allow entities to apply the portfolio layer method to portfolios of all financial assets, including both prepayable and nonprepayable financial assets. It allows entities to designate multiple layers within a single closed portfolio as individual hedged items. Further, ASU 2022-01 clarifies that the fair value basis adjustments should be adjusted at the portfolio level and should not be allocated to individual assets within the portfolio. The Bancorp adopted the amended guidance on January 1, 2023 on a prospective basis, except for the amendments related to fair value basis adjustments that, if applicable, were required to be applied on a modified retrospective basis. The adoption of the amended guidance did not have a material impact on the Bancorp's Condensed Consolidated Financial Statements.

ASU 2022-02 – Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures

In March 2022, the FASB issued ASU 2022-02, which eliminates the accounting guidance on troubled debt restructurings for creditors in ASC 310-40, amends the guidance on calculating the allowance for credit losses for restructured financing receivables and requires entities to evaluate all receivable modifications under ASC 310-20 to determine whether a modification made to a borrower results in a new loan or the continuation of an existing loan. The amended guidance adds enhanced disclosures for creditors with respect to loan refinancings and restructurings for borrowers experiencing financial difficulty. The amended guidance also requires disclosure of current period gross charge-offs by year of origination within the vintage disclosures required by ASC 326. The Bancorp adopted the amended guidance on January 1, 2023 on a prospective basis, except for the amendments impacting the measurement of the ACL for TDRs and reasonably expected TDRs, which were adopted on a modified retrospective basis. Upon adoption, the Bancorp recorded a decrease to the ACL of $49 million and a cumulative-effect adjustment to retained earnings of $37 million, net of tax. This adjustment was primarily attributable to the removal of the requirement to use a discounted cash flow approach to measure the impact of certain concessions granted as part of a TDR and the removal of the requirement to consider the impacts of reasonably expected TDRs when estimating expected credit losses. The required disclosures are included in Note 6.

ASU 2022-04 – Liabilities-Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations

In September 2022, the FASB issued ASU 2022-04, which provides guidance on the disclosure requirements for supplier finance programs. The amendments require that a buyer in a supplier finance program disclose sufficient qualitative and quantitative information about the program to allow a user of financial statements to understand the program's nature, activity during the period, changes from period to period, and potential magnitude. The Bancorp adopted the amended guidance on January 1, 2023 on a retrospective basis, except for the amendments related to disclosure of rollforward information, which are required to be adopted on January 1, 2024 on a prospective basis. The adoption of the amended guidance did not have a material impact on the Bancorp's Condensed Consolidated Financial Statements.

Significant Accounting Standards Issued but Not Yet Adopted

The following significant accounting standards were issued but not yet adopted by the Bancorp as of September 30, 2023 March 31, 2024:

ASU 2022-03 – Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions

In June 2022, the FASB issued ASU 2022-03, which clarifies the guidance in ASC 820 on the fair value measurement of an equity security that is subject to contractual sale restrictions, stating that such restrictions are not considered part of the unit of account of the security and therefore are not considered in measuring fair value. The amended guidance also requires disclosure of the fair value of equity securities subject to contractual sale restrictions and certain additional information about those restrictions. The Bancorp adopted the amended guidance is effective for on January 1, 2024 on a prospective basis. The adoption did not have a material impact on the Bancorp on January 1, 2024, with early adoption permitted, and is to be applied prospectively. Bancorp's Condensed Consolidated Financial Statements.

ASU 2023-02 – Investments – - Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method

In March 2023, the FASB issued ASU 2023-02, which expands the permitted usage of the proportional amortization method to include additional tax credit investment programs beyond qualifying LIHTC structures if certain conditions are met. The amended guidance permits entities to make elections to apply the proportional amortization method on a program-by-program basis for qualifying programs and also makes certain amendments to measurement and disclosure guidance. The amended disclosure guidance applies to all investments within programs where the proportional amortization method has been elected, including investments within those programs which do not meet the criteria to permit application of the proportional amortization method. The Bancorp adopted the amended guidance on January 1, 2024 on a modified retrospective basis, except for certain provisions which the Bancorp adopted on a prospective basis, as permitted. Upon adoption, the Bancorp recorded a cumulative-effect adjustment to decrease retained earnings by $10 million, net of tax.

ASU 2023-07 – Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued ASU 2023-07, which amends the disclosure requirements for reportable segments. The amendments include new requirements to disclose certain significant segment expenses and other items, the title and position of the chief operating decision maker and information about how the reported measures of segment profit or loss are used in assessing segment performance. The amendments also make certain annual disclosure requirements applicable to interim periods and permit the reporting of multiple measures of segment profit or loss if appropriate. The amended guidance is effective for the Bancorp for the year ending December 31, 2024 and subsequent interim reporting periods beginning in 2025, with early adoption permitted. Upon adoption, the amendments will be applied retrospectively to all prior periods presented. Consistent with this implementation guidance, the Bancorp will provide the amended disclosures within its Annual Report on Form 10-K for the year ended December 31, 2024.

Significant Accounting Standard Issued but Not Yet Adopted

The following significant accounting standard was issued but not yet adopted by the Bancorp as of March 31, 2024:

ASU 2023-09 – Income Taxes (Topic 740): Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09, which amends the disclosure requirements for income taxes. The amendments primarily include new requirements to disclose additional information as part of the reconciliation of the effective tax rate to statutory tax rates, provide the amount of income taxes paid, net of refunds received, and income tax expense disaggregated between federal, state and foreign jurisdictions and provide income before income taxes disaggregated between domestic and foreign jurisdictions. The amendments also discontinue certain other disclosure requirements. The amended guidance is effective for the Bancorp on January 1, 2024 January 1, 2025, with early adoption permitted, and is to be applied on a modified prospectively, with retrospective or retrospective basis, except for certain provisions affecting the measurement of existing LIHTC investments which may be applied prospectively. application permitted. The Bancorp plans to adopt is in the process of evaluating the impact of the amended guidance on January 1, 2024 on a modified retrospective basis and does not expect the adoption of the proportional amortization method to have a material impact on its Condensed Consolidated Financial Statements.

Reference Rate Reform and LIBOR Transition

In March 2020, the FASB issued ASU 2020-04, which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments in the ASU apply only to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. In January 2021, the FASB issued ASU 2021-01, which clarified that the optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting also apply to derivatives that are affected by the discounting transition. The expedients and exceptions provided by the amendments did not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022 for which an entity had elected certain optional expedients. Subsequently, in December 2022, the FASB issued ASU 2022-06 which deferred the sunset date of Topic 848 from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848. The amendments in ASU 2020-04 (as amended) are effective for the Bancorp as of March 12, 2020 and may be applied through December 31, 2024. The Bancorp has utilized the optional expedients and exceptions in accounting for certain eligible contract modifications, existing hedging relationships and new hedging relationships as part of its LIBOR transition activities.

In March 2022, the Adjustable Interest Rate (LIBOR) Act (the "LIBOR Act") was signed into law. The LIBOR Act offers a federal solution for transitioning legacy instruments that lack sufficient provisions addressing LIBOR's cessation by outlining a uniform process to govern the transition from LIBOR to a replacement rate. The FRB issued final regulations to carry out the terms of the LIBOR Act, which became effective on February 27, 2023. Under the LIBOR Act and the related regulations, three-month CME Term SOFR plus a tenor spread adjustment of 0.26161% was designated as the replacement reference rate for instruments that previously referenced three-month U.S. dollar LIBOR. As of September 30, 2023, substantially all contracts have transitioned to alternative reference rates, either under existing contract terms or under the provisions of the LIBOR Act. Additionally, all remaining LIBOR-based exposures, including derivative contracts, loans, preferred stock and long-term debt, will transition to appropriate alternative reference rates at the time of the next repricing event. Refer to Note 16 and Note 17 for additional information about certain exposures which were transitioned to an alternative reference rate.

Updates to Significant Accounting and Reporting Policies

In conjunction with the adoption of ASU 2022-02 on January 1, 2023, the Bancorp has updated its accounting and reporting policies for nonaccrual loans and leases, loan modifications and the ALLL as described below. Refer to Note 1 of the Notes to Consolidated Financial Statements in the Bancorp's Annual Report on Form 10-K for the year ended December 31, 2022 for discussion of these accounting and reporting policies for periods prior to January 1, 2023.

Portfolio loans and leases - nonaccrual loans and leases

The Bancorp places loans and leases on nonaccrual status when full repayment of principal and interest is not expected, unless the loan or lease is well-secured and in the process of collection. When a loan is placed on nonaccrual status, the accrual of interest, amortization of loan premium, accretion of loan discount and amortization/accretion of deferred net direct loan origination fees or costs are discontinued and all previously accrued and unpaid interest is reversed against income. The Bancorp utilizes the following policies to determine when full repayment of principal and interest on a loan or lease is not expected:

- Commercial loans are placed on nonaccrual status when there is a clear indication that the borrower's cash flows may not be sufficient to meet payments as they become due. Commercial loans where the principal or interest has been in default for a period of 90 days or more are generally maintained on nonaccrual status unless the loan is fully or partially guaranteed by a government agency or otherwise considered to be well-secured and in the process of collection.
- Residential mortgage loans are placed on nonaccrual status when principal and interest payments become past due 150 days or more, unless repayment of the loan is fully or partially guaranteed by a government agency. Residential mortgage loans may stay on nonaccrual status for an extended time as the foreclosure process typically lasts longer than 180 days. The Bancorp maintains a reserve for the portion of accrued interest receivable that it estimates will be uncollectible, at the portfolio level, for residential mortgage loans which are past due 90 days or more and on accrual status. This reserve is recorded as a component of other assets on the Bancorp's Condensed Consolidated Balance Sheets, consistent with the classification of the related accrued interest receivable.

- Home equity loans and lines of credit are placed on nonaccrual status if principal or interest has been in default for 90 days or more. Home equity loans and lines of credit that have been in default for 60 days or more are also placed on nonaccrual status if the senior lien has been in default 120 days or more.
- Credit card loans that have been modified for a borrower experiencing financial difficulty are placed on nonaccrual status at the time of the modification. Subsequent to the modification, accounts are placed on nonaccrual status when required payments become past due 90 days or more in accordance with the modified terms.
- Indirect secured consumer loans and other consumer loans are generally placed on nonaccrual status when principal or interest becomes past due 90 days or more.
- Loans discharged in a Chapter 7 bankruptcy and not reaffirmed by the borrower are placed on nonaccrual status and considered collateral-dependent loans at the time of discharge, regardless of the borrower's payment history or capacity to repay in the future.

Well-secured loans are collateralized by perfected security interests in real and/or personal property for which the Bancorp estimates proceeds from the 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 in the near future.

Nonaccrual loans and leases may be returned to accrual status when all delinquent principal and interest payments become current in accordance with the loan agreement and the remaining principal and interest payments are reasonably assured of repayment in accordance with the contractual terms of the loan agreement, or when the loan is both well-secured and in the process of collection. Nonaccrual loans that have been modified for a borrower experiencing financial difficulty may not be returned to accrual status unless such loans have sustained repayment performance of six months or more and are reasonably assured of repayment in accordance with the modified terms. Loans discharged in a Chapter 7 bankruptcy and not reaffirmed by the borrower may be returned to accrual status twelve months or more after discharge provided there is a sustained payment history after bankruptcy and collectability is reasonably assured for all remaining contractual payments.

Except for loans discharged in a Chapter 7 bankruptcy that are not reaffirmed by the borrower, accruing residential mortgage loans, home equity loans and lines of credit, indirect secured consumer loans and other consumer loans modified for borrowers experiencing financial difficulty are maintained on accrual status, provided there is reasonable assurance of repayment and of performance according to the modified terms based upon a current, well-documented credit evaluation. Accruing commercial loans modified for borrowers experiencing financial difficulty are maintained on accrual status provided there is a sustained payment history of six months or more prior to the modification and collectability is reasonably assured for all remaining contractual payments under the modified terms. Modifications of commercial loans and credit card loans for borrowers experiencing financial difficulty that do not have a sustained payment history of six months or more in accordance with their modified terms remain on nonaccrual status until a six-month payment history is sustained.

Nonaccrual loans and leases are generally accounted for on the cost recovery method due to the existence of doubt as to the collectability of the remaining amortized cost basis of nonaccrual assets. Under the cost recovery method, any payments received are applied to reduce principal. Once the entire amortized cost basis is collected, additional payments received are treated as recoveries of amounts previously charged-off until recovered in full, and any subsequent payments are treated as interest income. In certain circumstances when the remaining amortized cost basis of a nonaccrual loan or lease is deemed to be fully collectible, the Bancorp may utilize the cash basis method to account for interest payments received on a nonaccrual loan or lease. Under the cash basis method, interest income is recognized when cash is received, to the extent such income would have been accrued on the loan's remaining balance at the contractual rate.

The Bancorp records a charge-off to the ALLL when all or a portion of a loan or lease is deemed to be uncollectible, after considering the net realizable value of any underlying collateral. Commercial loans and leases on nonaccrual status and criticized commercial loans with aggregate borrower relationships exceeding $1 million are subject to an individual review to identify charge-offs. The Bancorp does not have an established delinquency threshold for partially or fully charging off commercial loans and leases. The Bancorp records charge-offs on consumer loans in accordance with applicable regulatory guidelines, which are primarily based on a loan's delinquency status.

Portfolio loans and leases - loan modifications

In circumstances where an existing loan is modified (including a restructuring, refinancing, or other changes in terms which affect the loan's contractual cash flows), the Bancorp evaluates whether the modification results in a continuation of the existing loan or the origination of a new loan. The Bancorp accounts for a modification as a new loan if the terms of the modified loan are at least as favorable to the Bancorp as the terms for comparable loans to other borrowers with similar collection risks who are obtaining new loans, or if the modification of terms is considered more than minor. If neither of these conditions are met, then the Bancorp will account for the loan as a continuation of the existing loan. When a modification is accounted for as a new loan, any unamortized net deferred fees or costs from the original loan are recognized in interest income when the new loan is originated. When a modification is accounted for as a continuation of the existing loan, the unamortized net deferred fees or costs from the original loan and any additional incremental direct fees and costs are carried forward and deferred as part of the amortized cost basis of the modified loan.

ALLL

The Bancorp disaggregates its portfolio loans and leases into portfolio segments for purposes of determining the ALLL. The Bancorp's portfolio segments include commercial, residential mortgage and consumer. The Bancorp further disaggregates its portfolio segments into classes for purposes of monitoring and assessing credit quality based on certain risk characteristics. Classes within the commercial portfolio segment include commercial and industrial, commercial mortgage owner-occupied, commercial mortgage nonowner-occupied, commercial construction and commercial leasing. The residential mortgage portfolio segment is also considered a class. Classes within the consumer portfolio segment include home equity, indirect secured consumer, credit card and other consumer loans.

The Bancorp maintains the ALLL to absorb the amount of credit losses that are expected to be incurred over the remaining contractual terms of the related loans and leases. Contractual terms are adjusted for expected prepayments but are not extended for expected extensions, renewals or modifications except in circumstances where extension or renewal options are embedded in the original contract and not unconditionally cancellable by the Bancorp. Accrued interest receivable on loans is presented in the Condensed Consolidated Financial Statements as a component of other assets. When accrued interest is deemed to be uncollectible (typically when a loan is placed on nonaccrual status), interest income is reversed. The Bancorp follows established policies for placing loans on nonaccrual status, so uncollectible accrued interest receivable is reversed in a timely manner. As a result, the Bancorp has elected not to measure a reserve for accrued interest receivable as part of its ALLL. However, the Bancorp does record a reserve for the portion of accrued interest receivable that it expects to be uncollectible.

Credit losses are charged and recoveries are credited to the ALLL. The ALLL is maintained at a level the Bancorp considers to be adequate and is based on ongoing quarterly assessments and evaluations of the collectability of loans and leases, including historical credit loss experience, current and forecasted market and economic conditions and consideration of various qualitative factors that, in management's judgment, deserve consideration in estimating expected credit losses. Provisions for credit losses are recorded for the amounts necessary to adjust the ALLL to the Bancorp's current estimate of expected credit losses on portfolio loans and leases.

The Bancorp's methodology for determining the ALLL includes an estimate of expected credit losses on a collective basis for groups of loans and leases with similar risk characteristics and specific allowances for loans and leases which are individually evaluated.

Larger commercial loans and leases included within aggregate borrower relationship balances exceeding $1 million on nonaccrual status are individually evaluated for an ALLL. The Bancorp considers the current value of collateral, credit quality of any guarantees, the guarantor's liquidity and willingness to cooperate, the loan or lease structure (including modifications, if any) and other factors when determining the amount of the ALLL. Other factors may include the borrower's susceptibility to risks presented by the forecasted macroeconomic environment, the industry and geographic region 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. When loans and leases are individually evaluated, allowances are determined based on management's estimate of the borrower's ability to repay the loan or lease given the availability of collateral and other sources of cash flow, as well as an evaluation of legal options available to the Bancorp. Allowances for individually evaluated loans and leases that are collateral-dependent are measured based on the fair value of the underlying collateral, less expected costs to sell where applicable. Individually evaluated loans and leases that are not collateral-dependent are measured based on the observable market value of the loan or lease or the present value of expected cash flows, discounted at the loan's effective interest rate. Specific allowances on individually evaluated commercial loans and leases are reviewed quarterly and adjusted as necessary based on changing borrower and/or collateral conditions and actual collection and charge-off experience.

The Bancorp considers loans to be collateral-dependent when it becomes probable that repayment of the loan will be provided through the sale or operation of the collateral instead of from payments made by the borrower. The expected credit losses for these loans are typically estimated based on the fair value of the underlying collateral, less expected costs to sell where applicable. Specific allowances on individually evaluated consumer and residential mortgage loans are reviewed quarterly and adjusted as necessary based on changing borrower and/or collateral conditions and actual collection and charge-off experience.

Expected credit losses are estimated on a collective basis for loans and leases that are not individually evaluated. For collectively evaluated loans and leases, the Bancorp uses models to forecast expected credit losses based on the probability of a loan or lease defaulting, the expected balance at the estimated date of default and the expected loss percentage given a default. The estimate of the expected balance at the time of default considers prepayments and, for loans with available credit, expected utilization rates. The Bancorp's expected credit loss models were developed based on historical credit loss experience and observations of migration patterns for various credit risk characteristics (such as internal credit risk ratings, external credit ratings or scores, delinquency status, loan-to-value trends, etc.) over time, with those observations evaluated in the context of concurrent macroeconomic conditions. The Bancorp developed its models from historical observations capturing a full economic cycle when possible.

The Bancorp's expected credit loss models consider historical credit loss experience, current market and economic conditions, and forecasted changes in market and economic conditions if such forecasts are considered reasonable and supportable. Generally, the Bancorp considers its forecasts to be reasonable and supportable for a period of up to three years from the estimation date. For periods beyond the reasonable and supportable forecast period, expected credit losses are estimated by reverting to historical loss information without adjustment for changes in

economic conditions. This reversion is phased in over a two-year period. The Bancorp evaluates the length of its reasonable and supportable forecast period, its reversion period and reversion methodology at least annually, or more often if warranted by economic conditions or other circumstances.

The Bancorp also considers qualitative factors in determining the ALLL. Qualitative factors are used to capture characteristics in the portfolio that impact expected credit losses but are not fully captured within the Bancorp's expected credit loss models. These include adjustments for changes in policies or procedures in underwriting, monitoring or collections, lending and risk management personnel and results of internal audit and quality control reviews. These may also include adjustments, when deemed necessary, for specific idiosyncratic risks such as geopolitical events, natural disasters and their effects on regional borrowers, and changes in product structures. Qualitative factors may also be used to address the impacts of unforeseen events on key inputs and assumptions within the Bancorp's expected credit loss models, such as the reasonable and supportable forecast period, changes to historical loss information or changes to the reversion period or methodology. When evaluating the adequacy of allowances, consideration is also given to regional geographic concentrations and the closely associated effect that changing economic conditions may have on the Bancorp's customers.

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4. Investment Securities

The following tables provide the amortized cost, unrealized gains and losses and fair value for the major categories of the available-for-sale debt and other securities and held-to-maturity securities portfolios as of:

September 30, 2023 ($ in millions)		Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale debt and other securities:					
U.S. Treasury and federal agencies securities	$	3,680	1	(219)	3,462
Obligations of states and political subdivisions securities		2	—	—	2

March 31, 2024 ($ in millions)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale debt and other securities:				
U.S. Treasury and federal agencies securities				
U.S. Treasury and federal agencies securities				

Mortgage-backed securities:	Mortgage-backed securities:				
Agency residential mortgage-backed securities					
Agency residential mortgage-backed securities					
Agency residential mortgage-backed securities	Agency residential mortgage-backed securities	**11,743**	**—**	**(1,867)**	**9,876**
Agency commercial mortgage-backed securities	Agency commercial mortgage-backed securities	**29,055**	**—**	**(4,594)**	**24,461**
Non-agency commercial mortgage-backed securities	Non-agency commercial mortgage-backed securities	**4,922**	**—**	**(597)**	**4,325**
Asset-backed securities and other debt securities	Asset-backed securities and other debt securities	**5,378**	**3**	**(391)**	**4,990**
Other securities(a)	Other securities(a)	**777**	**—**	**—**	**777**
Total available-for-sale debt and other securities	Total available-for-sale debt and other securities	**$ 55,557**	**4**	**(7,668)**	**47,893**
Held-to-maturity securities:					
Held-to-maturity securities:(b)					
U.S. Treasury and federal agencies securities					
U.S. Treasury and federal agencies securities					
U.S. Treasury and federal agencies securities					
Mortgage-backed securities:					
Agency residential mortgage-backed securities					
Agency residential mortgage-backed securities					
Agency residential mortgage-backed securities					
Agency commercial mortgage-backed securities					

Asset-backed securities and other debt securities	Asset-backed securities and other debt securities	$ 2	—	—	2
Total held-to-maturity securities	Total held-to-maturity securities	$ 2	—	—	2

(a) *Other securities consist of FHLB, FRB and DTCC restricted stock holdings of $281, $494 of $301, $496 and $2, respectively, $3, respectively, at September 30, 2023 March 31, 2024, that are carried at cost.*

(b) *The amortized cost basis of held-to-maturity securities includes a discount of $962 at March 31, 2024 pertaining to the unamortized portion of unrealized losses on securities.*

December 31, 2022 ($ in millions)		Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
December 31, 2023 ($ in millions)	December 31, 2023 ($ in millions)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale debt and other securities:	Available-for-sale debt and other securities:				
U.S. Treasury and federal agencies securities	U.S. Treasury and federal agencies securities				
U.S. Treasury and federal agencies securities	U.S. Treasury and federal agencies securities	$ 2,683	—	(188)	2,495
Obligations of states and political subdivisions securities	Obligations of states and political subdivisions securities	18	—	—	18
Mortgage-backed securities:	Mortgage-backed securities:				
Agency residential mortgage-backed securities	Agency residential mortgage-backed securities				
Agency residential mortgage-backed securities	Agency residential mortgage-backed securities	12,604	5	(1,372)	11,237
Agency commercial mortgage-backed securities	Agency commercial mortgage-backed securities	29,824	11	(3,513)	26,322
Non-agency commercial mortgage-backed securities	Non-agency commercial mortgage-backed securities	5,235	—	(520)	4,715
Asset-backed securities and other debt securities	Asset-backed securities and other debt securities	6,292	3	(453)	5,842

Other securities(a)	Other securities(a)	874	—	—	874
Total available-for-sale debt and other securities	Total available-for-sale debt and other securities	$ 57,530	19	(6,046)	51,503
Held-to-maturity securities:	Held-to-maturity securities:				
Obligations of states and political subdivisions securities		$ 3	—	—	3
Asset-backed securities and other debt securities					
Asset-backed securities and other debt securities					
Asset-backed securities and other debt securities	Asset-backed securities and other debt securities	2	—	—	2
Total held-to-maturity securities	Total held-to-maturity securities	$ 5	—	—	5

(a) Other securities consist of FHLB, FRB and DTCC restricted stock holdings of $381, $491 $224, $496 and $2, respectively, at December 31, 2022 December 31, 2023, that are carried at cost.

The following table provides the fair value of trading debt securities and equity securities as of:

($ in millions)	($ in millions)	**September 30, 2023**	December 31, 2022	($ in millions)	**March 31, 2024**	December 31, 2023
Trading debt securities	Trading debt securities **$**	**1,222**	414			
Equity securities	Equity securities	**250**	317			

The amounts reported in the preceding tables exclude accrued interest receivable on investment securities of $150 162 million and $131 million $146 million at September 30, 2023 March 31, 2024 and December 31, 2022, 2023, respectively, which is presented as a component of other assets in the Condensed Consolidated Balance Sheets.

In January 2024, the Bancorp transferred $12.6 billion (amortized cost basis) of securities from available-for-sale to held-to-maturity to reflect the Bancorp's change in intent to hold these securities to maturity in order to reduce potential capital volatility associated with investment security market price fluctuations. AOCI included pretax unrealized losses of $994 million on these securities at the date of transfer. The unrealized losses that existed on the date of transfer will continue to be reported as a component of AOCI and will be amortized

into income over the remaining life of the securities as an adjustment to yield, offsetting the amortization of the discount resulting from the transfer recorded at fair value. The amortized cost basis of held-to-maturity securities included a discount of $962 million at March 31, 2024 pertaining to the unamortized portion of unrealized losses on securities, which are offset in AOCI.

The Bancorp uses investment securities as a means of managing interest rate risk, providing collateral for pledging purposes and for liquidity risk management. As part of managing interest rate risk, the Bancorp acquires securities as a component of its MSR non-qualifying hedging strategy, with net gains or losses recorded in securities losses, gains, net – non-qualifying hedges on mortgage servicing rights in the Condensed Consolidated Statements of Income.

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The following table presents the components of net securities gains and losses recognized in the Condensed Consolidated Statements of Income, including those recognized related to the Bancorp's non-qualifying hedging strategy for MSRs:

For the three months ended March 31,
For the three months ended March 31,

For the three months ended March 31,

($ in millions)
($ in millions)
($ in millions)

Available-for-sale debt and other securities:
Available-for-sale debt and other securities:
Available-for-sale debt and other securities:

Realized gains
Realized gains
Realized gains

Realized losses
Realized losses
Realized losses

Impairment losses
Impairment losses
Impairment losses

Net losses on available-for-sale debt and other securities
Net losses on available-for-sale debt and other securities
Net losses on available-for-sale debt and other securities

	For the three months ended September 30,		For the nine months ended September 30,	
($ in millions)	**2023**	2022	**2023**	2022
Available-for-sale debt and other securities:				
Realized gains	$ **1**	3	**34**	15
Realized losses	**—**	(3)	**(30)**	(12)
Impairment losses	**(1)**	—	**(5)**	—
Net realized (losses) gains on available-for-sale debt and other securities	$ **—**	—	**(1)**	3
Trading debt securities:				
Net realized losses	**—**	(1)	**—**	(2)
Net unrealized gains	**—**	—	**2**	11
Net trading debt securities gains (losses)	$ **—**	(1)	**2**	9
Equity securities: Equity securities:				
Net realized gains Net realized gains	**2**	1	**3**	1
Net unrealized losses	**(9)**	(39)	**(1)**	(99)
Net equity securities gains (losses)	$ **(7)**	(38)	**2**	(98)
Total gains (losses) recognized in income from available-for-sale debt and other securities, trading debt securities and equity securities(a)	$ **(7)**	(39)	**3**	(86)

Equity securities:
Equity securities:

Net realized gains
Net realized gains

Net unrealized gains
Net unrealized gains
Net unrealized gains

Net equity securities gains
Net equity securities gains

Net equity securities gains
Total gains recognized in income from available-for-sale debt and other securities, trading debt securities and equity securities(a)
Total gains recognized in income from available-for-sale debt and other securities, trading debt securities and equity securities(a)
Total gains recognized in income from available-for-sale debt and other securities, trading debt securities and equity securities(a)

(a) *Excludes Excludes $2 and $3 $1 of net securities gains for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and $1 and $4 of net securities losses for the three and nine months ended September 30, 2022, 2023, respectively, related to securities held by FTS to facilitate the timely execution of customer transactions. These gains and losses are included in commercial banking revenue and wealth and asset management revenue in the Condensed Consolidated Statements of Income.*

The Bancorp recognized impairment losses on available-for-sale debt and other securities of $1 million and $5 million during the three and nine months ended September 30, 2023, respectively. March 31, 2024. These losses were included in securities gains, (losses), net, in the Condensed Consolidated Statements of Income. These losses related to certain securities in unrealized loss positions where the Bancorp has had determined that it no longer intends intended to hold the securities until the recovery of their amortized cost bases. The Bancorp did not recognize impairment losses on its available-for-sale debt and other securities for both the three and nine months ended September 30, 2022 March 31, 2023.

At both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Bancorp completed its evaluation of the available-for-sale debt and other securities in an unrealized loss position and did not recognize an allowance for credit losses. losses for its investment securities. The Bancorp also did not recognize a provision expense related to available-for-sale debt and other for credit losses for investment securities in an unrealized loss position during during both the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023.

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, investment securities with a fair value of $23.8 billion $31.9 billion and $11.0 billion $25.2 billion, respectively, were pledged to secure borrowing capacity, public deposits, trust funds, derivative contracts and for other purposes as required or permitted by law.

The expected maturity distribution of the Bancorp's mortgage-backed securities and the contractual maturity distribution of the remainder of the Bancorp's available-for-sale debt and other securities and held-to-maturity securities as of September 30, 2023 March 31, 2024 are shown in the following table:

		Available-for-Sale Debt and Other		Held-to-Maturity			Available-for-Sale Debt and Other		Held-to-Maturity	
($ in millions)	($ in millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value	($ in millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Debt securities:(a)	Debt securities:(a)									
Due in 1 year or less										
Due in 1 year or less										
Due in 1 year or less	Due in 1 year or less	$ 170	166	—	—					
Due after 1 year through 5 years	Due after 1 year through 5 years	15,597	14,333	—	—					
Due after 5 years through 10 years	Due after 5 years through 10 years	28,864	24,235	—	—					
Due after 10 years	Due after 10 years	10,149	8,382	2	2					
Other securities	Other securities	777	777	—	—					
Total	Total	$ 55,557	47,893	2	2					

(a) *Actual maturities may differ from contractual maturities when a right to call or prepay obligations exists with or without call or prepayment penalties.*

The following table provides the fair value and gross unrealized losses on available-for-sale debt and other 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	
		Less than 12 months					
($ in millions)	($ in millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
September 30, 2023							
March 31, 2024							
U.S. Treasury and federal agencies securities							
U.S. Treasury and federal agencies securities							
U.S. Treasury and federal agencies securities	U.S. Treasury and federal agencies securities	**$ 735**	**(7)**	**2,077**	**(212)**	**2,812**	**(219)**
Agency residential mortgage-backed securities							
Agency residential mortgage-backed securities							
Agency residential mortgage-backed securities	Agency residential mortgage-backed securities	**154**	**(15)**	**9,721**	**(1,852)**	**9,875**	**(1,867)**
Agency commercial mortgage-backed securities	Agency commercial mortgage-backed securities	**5,392**	**(787)**	**19,069**	**(3,807)**	**24,461**	**(4,594)**
Non-agency commercial mortgage-backed securities	Non-agency commercial mortgage-backed securities	**134**	**(9)**	**4,134**	**(588)**	**4,268**	**(597)**
Asset-backed securities and other debt securities	Asset-backed securities and other debt securities	**367**	**(23)**	**4,219**	**(368)**	**4,586**	**(391)**
Total	Total	**$ 6,782**	**(841)**	**39,220**	**(6,827)**	**46,002**	**(7,668)**
December 31, 2022							
December 31, 2023							

	Less than 12 months		12 months or more		Total	
($ in millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses

U.S. Treasury and federal agencies securities	U.S. Treasury and federal agencies securities	$ 2,400	(188)	—	—	2,400	(188)
Obligations of states and political subdivisions securities		—	—	1	—	1	—
U.S. Treasury and federal agencies securities							
U.S. Treasury and federal agencies securities							
Agency residential mortgage-backed securities	Agency residential mortgage-backed securities	10,078	(1,170)	938	(202)	11,016	(1,372)
Agency commercial mortgage-backed securities	Agency commercial mortgage-backed securities	22,083	(2,487)	3,697	(1,026)	25,780	(3,513)
Non-agency commercial mortgage-backed securities	Non-agency commercial mortgage-backed securities	3,621	(272)	1,059	(248)	4,680	(520)
Asset-backed securities and other debt securities	Asset-backed securities and other debt securities	3,164	(178)	2,495	(275)	5,659	(453)
Total	Total	$ 41,346	(4,295)	8,190	(1,751)	49,536	(6,046)

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, $46 million $36 million and $42 million $45 million, respectively, of unrealized losses in the available-for-sale debt and other securities portfolio were related to non-rated securities.

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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. The Bancorp's commercial loan and lease 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 that are expected to be incurred over the remaining contractual terms of the related loans and leases. For further information on credit quality and the ALLL, refer to Note 6.

The following table provides a summary of commercial loans and leases classified by primary purpose and consumer loans classified based upon product or collateral as of:

($ in millions)	($ in millions)	**September 30, 2023**	December 31, 2022	($ in millions)	**March 31, 2024**	December 31, 2023
Loans and leases held for sale:	Loans and leases held for sale:					

Commercial and industrial loans	Commercial and industrial loans	$	**29**	73
Commercial and industrial loans				
Commercial and industrial loans				
Commercial construction loans			**52**	—
Commercial leases				
Commercial leases				
Commercial leases				
Residential mortgage loans	Residential mortgage loans		**533**	934
Total loans and leases held for sale	Total loans and leases held for sale	$	**614**	1,007
Portfolio loans and leases:	Portfolio loans and leases:			
Commercial and industrial loans				
Commercial and industrial loans				
Commercial and industrial loans	Commercial and industrial loans	$	**55,790**	57,232
Commercial mortgage loans	Commercial mortgage loans		**11,122**	11,020
Commercial construction loans	Commercial construction loans		**5,582**	5,433
Commercial leases	Commercial leases		**2,624**	2,704
Total commercial loans and leases	Total commercial loans and leases	$	**75,118**	76,389
Residential mortgage loans	Residential mortgage loans	$	**17,293**	17,628
Home equity	Home equity		**3,898**	4,039
Indirect secured consumer loans	Indirect secured consumer loans		**15,434**	16,552
Credit card	Credit card		**1,817**	1,874
Solar energy installation loans				

Other consumer loans	Other consumer loans	**6,528**	4,998
Total consumer loans	Total consumer loans	**$ 44,970**	45,091
Total portfolio loans and leases	Total portfolio loans and leases	**$ 120,088**	121,480

Portfolio loans and leases are recorded net of unearned income, which totaled $276 million $275 million and $238 million $272 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. The amortized cost basis of loans and leases excludes accrued interest receivable of $595 million and $593 million at March 31, 2024 and December 31, 2023, respectively, which is presented as a component of other assets in the Condensed Consolidated Balance Sheets. Additionally, portfolio loans and leases are recorded net of unamortized premiums and discounts, deferred direct loan origination fees and costs and valuation adjustments associated with loans measured at fair value adjustments (associated with acquired loans or loans designated as fair value upon origination) which value. These items totaled a net discount of $339 million and net premium of $146 million $375 million as of September 30, 2023 March 31, 2024 and December 31, 2022 $395 million as of December 31, 2023, respectively. The amortized cost basis of which $875 million and $865 million of net discount was related to solar energy installation loans, and leases excludes accrued interest receivable of $584 million and $518 million at September 30, 2023 and December 31, 2022, respectively, which is presented as a component of other assets in the Condensed Consolidated Balance Sheets. respectively.

The Bancorp's FHLB and FRB borrowings are primarily secured by loans. The Bancorp had loans of $14.8 billion $14.4 billion and $15.9 billion $14.5 billion as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, pledged to the FHLB, and loans of $51.5 billion $49.3 billion at both March 31, 2024 and $57.1 billion at September 30, 2023 and December 31, 2022, respectively, December 31, 2023 pledged to the FRB.

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

		Carrying Value		90 Days Past Due and Still Accruing(a)	
($ in millions)	($ in millions)	**September 30, 2023**	December 31, 2022	**September 30, 2023**	December 31, 2022
Commercial and industrial loans	Commercial and industrial loans	**$ 55,819**	57,305	**3**	11
Commercial mortgage loans	Commercial mortgage loans	**11,122**	11,020	**—**	—
Commercial construction loans	Commercial construction loans	**5,634**	5,433	**—**	—
Commercial leases	Commercial leases	**2,624**	2,704	**—**	2
Residential mortgage loans	Residential mortgage loans	**17,826**	18,562	**6**	7
Home equity	Home equity	**3,898**	4,039	**—**	1
Indirect secured consumer loans	Indirect secured consumer loans	**15,434**	16,552	**—**	—
Credit card	Credit card	**1,817**	1,874	**20**	18

	Carrying Value		90 Days Past Due and Still Accruing(a)	
($ in millions)	**March 31, 2024**	December 31, 2023	**March 31, 2024**	December 31, 2023

Solar energy installation loans					
Other consumer loans	Other consumer loans	**6,528**	4,998	**—**	1
Total loans and leases	Total loans and leases	**$ 120,702**	122,487	**29**	40
Less: Loans and leases held for sale	Less: Loans and leases held for sale	**614**	1,007		
Total portfolio loans and leases	Total portfolio loans and leases	**$ 120,088**	121,480		
Total portfolio loans and leases					
Total portfolio loans and leases					

(a) Excludes government guaranteed residential mortgage loans.

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

	For the three months ended March 31,			
	For the three months ended March 31,			
	For the three months ended March 31,			
($ in millions)				
($ in millions)				
($ in millions)				
Commercial and industrial loans				
Commercial and industrial loans				
Commercial and industrial loans				
Commercial construction loans				
Commercial construction loans				
Commercial construction loans				
	For the three months ended September 30,		For the nine months ended September 30,	
($ in millions)	**2023**	2022	**2023**	2022
Commercial and industrial loans	**$ 65**	34	**127**	76
Commercial mortgage loans	**—**	—	**—**	(1)
Commercial construction loans	**—**	(1)	**1**	2
Commercial leases	**(1)**	(1)	**(1)**	(1)
Residential mortgage loans	**—**	(1)	**—**	(2)
Home equity	**—**	(1)	**1**	(2)
Indirect secured consumer loans				
Indirect secured consumer loans				
Indirect secured consumer loans / Indirect secured consumer loans	**19**	10	**48**	23
Credit card / Credit card	**15**	12	**46**	39

Credit card						
Credit card						
Solar energy installation loans						
Solar energy installation loans						
Solar energy installation loans						
Other consumer loans						
Other consumer loans						
Other consumer loans	Other consumer loans		**26**	10	**70**	25
Total net charge-offs	Total net charge-offs	$	**124**	62	**292**	159
Total net charge-offs						
Total net charge-offs						

The following table presents the components of the net investment in portfolio leases as of:

($ in millions)(a)	($ in millions)(a)		**September 30, 2023**	December 31, 2022	($ in millions)(a)	**March 31, 2024**	December 31, 2023
Net investment in direct financing leases:	Net investment in direct financing leases:						
Lease payment receivable (present value)	Lease payment receivable (present value)	$	**591**	570			
Lease payment receivable (present value)							
Lease payment receivable (present value)							
Unguaranteed residual assets (present value)	Unguaranteed residual assets (present value)		**99**	107			
Net investment in sales-type leases:	Net investment in sales-type leases:						
Net investment in sales-type leases:							
Net investment in sales-type leases:							
Lease payment receivable (present value)							
Lease payment receivable (present value)							
Lease payment receivable (present value)	Lease payment receivable (present value)		**1,605**	1,704			
Unguaranteed residual assets (present value)	Unguaranteed residual assets (present value)		**81**	76			

(a) Excludes $248 $244 and $247 $249 of leveraged leases at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Interest income recognized in the Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2023 March 31, 2024 and 2023 was $7 million $9 million and $20 million $6 million, respectively, for direct financing leases and $16 million $18 million and $47 million, respectively, for sales-type leases. For the three and nine months ended September 30, 2022, interest income recognized was $7 million and $22 million, respectively, for direct financing leases and $13 million and $36 million $15 million, respectively, for sales-type leases.

The following table presents undiscounted cash flows for both direct financing and sales-type leases for the remainder of 2023 2024 through 2028 2029 and thereafter as well as a reconciliation of the undiscounted cash flows to the total lease receivables as follows:

As of September 30, 2023 ($ in millions)			Direct Financing Leases	Sales-Type Leases
Remainder of 2023		$	65	130
2024			170	501
As of March 31, 2024 ($ in millions)	As of March 31, 2024 ($ in millions)		Direct Financing Leases	Sales-Type Leases
Remainder of 2024				
2025	2025		137	438
2026	2026		116	261
2027	2027		73	199
2028	2028		32	126
2029				
Thereafter	Thereafter		48	96
Total undiscounted cash flows	Total undiscounted cash flows	$	641	1,751
Less: Difference between undiscounted cash flows and discounted cash flows	Less: Difference between undiscounted cash flows and discounted cash flows		50	146
Present value of lease payments (recognized as lease receivables)	Present value of lease payments (recognized as lease receivables)	$	591	1,605

The lease residual value represents the present value of the estimated fair value of the leased equipment at the end of the lease. The Bancorp performs quarterly reviews of residual values associated with its leasing portfolio considering factors such as the subject equipment, structure of the transaction, industry, prior experience with the lessee and other factors that impact the residual value to assess for impairment. The Bancorp maintained an allowance of $16 million $15 million and $15 million $13 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, to cover the losses that are expected to be incurred over the remaining contractual terms of the related leases, including the potential losses related to the lease residual value. Refer to Note 6 for additional information on credit quality and the ALLL.

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.

Allowance for Loan and Lease Losses

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

For the three months ended September 30, 2023 ($ in millions)		Commercial	Residential Mortgage	Consumer	Total
For the three months ended March 31, 2024 ($ in millions)		Commercial	Residential Mortgage	Consumer	Total
Balance, beginning of period	**$**	**1,199**	**173**	**955**	**2,327**
Losses charged off(a)					
Losses charged off(a)					
Losses charged off(a)		**(70)**	**(1)**	**(87)**	**(158)**
Recoveries of losses previously charged off(a)		**6**	**1**	**27**	**34**
Provision for (benefit from) loan and lease losses		**52**	**(18)**	**103**	**137**
Balance, end of period	**$**	**1,187**	**155**	**998**	**2,340**

(a) The Bancorp recorded $8 in both losses charged off charged-off and recoveries of losses previously charged off charged-off related to customer defaults on point-of-sale consumer loans for which the Bancorp obtained recoveries under third-party credit enhancements.

For the three months ended September 30, 2022 ($ in millions)		Commercial	Residential Mortgage	Consumer	Total
For the three months ended March 31, 2023 ($ in millions)		Commercial	Residential Mortgage	Consumer	Total
Balance, beginning of period	$	1,165	248	601	2,014
Impact of adoption of ASU 2022-02					
Losses charged off(a)		(47)	(1)	(56)	(104)

Recoveries of losses previously charged off(a)	Recoveries of losses previously charged off(a)		15	2	25	42
Provision for loan and lease losses			25	5	117	147
Provision for (benefit from) loan and lease losses						
Balance, end of period	Balance, end of period	$	1,158	254	687	2,099

(a) *The Bancorp recorded $8 $9 in both losses charged off charged-off and recoveries of losses previously charged off charged-off related to customer defaults on point-of-sale consumer loans for which the Bancorp obtained recoveries under third-party credit enhancements.*

For the nine months ended September 30, 2023 ($ in millions)		Commercial	Residential Mortgage	Consumer	Total
Balance, beginning of period	**$**	**1,127**	**245**	**822**	**2,194**
Impact of adoption of ASU 2022-02		**4**	**(36)**	**(17)**	**(49)**
Losses charged off(a)		**(140)**	**(3)**	**(246)**	**(389)**
Recoveries of losses previously charged off(a)		**13**	**3**	**81**	**97**
Provision for (benefit from) loan and lease losses		**183**	**(54)**	**358**	**487**
Balance, end of period	**$**	**1,187**	**155**	**998**	**2,340**

(a) *The Bancorp recorded $26 in both losses charged off and recoveries of losses previously charged off related to customer defaults on point-of-sale consumer loans for which the Bancorp obtained recoveries under third-party credit enhancements.*

For the nine months ended September 30, 2022 ($ in millions)		Commercial	Residential Mortgage	Consumer	Total
Balance, beginning of period	$	1,102	235	555	1,892
Losses charged off(a)		(95)	(2)	(162)	(259)
Recoveries of losses previously charged off(a)		19	4	77	100
Provision for loan and lease losses		132	17	217	366
Balance, end of period	$	1,158	254	687	2,099

(a) *The Bancorp recorded $23 in both losses charged off and recoveries of losses previously charged off related to customer defaults on point-of-sale consumer loans for which the Bancorp obtained recoveries under third-party credit enhancements.*

Fifth Third Bancorp and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

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

As of September 30, 2023 ($ in millions)			Commercial	Residential Mortgage	Consumer	Total
As of March 31, 2024 ($ in millions)	**As of March 31, 2024 ($ in millions)**		Commercial	Residential Mortgage	Consumer	Total
ALLL:(a)	ALLL:(a)					
Individually evaluated						
Individually evaluated						
Individually evaluated	Individually evaluated	**$**	**70**	**1**	**6**	**77**
Collectively evaluated	Collectively evaluated		**1,117**	**154**	**992**	**2,263**

Total ALLL	Total ALLL	$	**1,187**	**155**	**998**	**2,340**
Portfolio loans and leases:(b)	Portfolio loans and leases:(b)					
Individually evaluated	Individually evaluated	**$**	**247**	**125**	**69**	**441**
Individually evaluated						
Individually evaluated						
Collectively evaluated	Collectively evaluated		**74,871**	**17,055**	**27,608**	**119,534**
Total portfolio loans and leases	Total portfolio loans and leases	**$**	**75,118**	**17,180**	**27,677**	**119,975**

(a) *Includes $2 related to commercial leveraged leases at September 30, 2023 March 31, 2024.*

(b) *Excludes $113 of residential mortgage loans measured at fair value and includes $248 $244 of commercial leveraged leases, net of unearned income, at September 30, 2023 March 31, 2024.*

As of December 31, 2022 ($ in millions)			Commercial	Residential Mortgage	Consumer	Total
As of December 31, 2023 ($ in millions)	As of December 31, 2023 ($ in millions)		Commercial	Residential Mortgage	Consumer	Total
ALLL:(a)	ALLL:(a)					
Individually evaluated						
Individually evaluated						
Individually evaluated	Individually evaluated	$	30	47	45	122
Collectively evaluated	Collectively evaluated		1,097	198	777	2,072
Total ALLL	Total ALLL	$	1,127	245	822	2,194
Portfolio loans and leases:(b)	Portfolio loans and leases:(b)					
Individually evaluated	Individually evaluated	$	531	560	297	1,388
Individually evaluated						
Individually evaluated						
Collectively evaluated	Collectively evaluated		75,858	16,945	27,166	119,969
Total portfolio loans and leases	Total portfolio loans and leases	$	76,389	17,505	27,463	121,357
Total portfolio loans and leases						
Total portfolio loans and leases						

(a) *Includes $2 related to commercial leveraged leases at December 31, 2022 December 31, 2023.*

(b) *Excludes $123 $116 of residential mortgage loans measured at fair value and includes $247 $249 of commercial leveraged leases, net of unearned income, at December 31, 2022 December 31, 2023.*

Fifth Third Bancorp and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

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 nonowner-occupied, commercial construction and commercial leases.

To facilitate the monitoring of credit quality within the commercial portfolio segment, the Bancorp utilizes the following categories of credit ratings: pass, special mention, substandard, doubtful and 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 at least annually 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 with this rating 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 off, they are not included in the following tables.

For loans and leases that are collectively evaluated for an ACL, the Bancorp utilizes models to forecast expected credit losses over a reasonable and supportable forecast period based on the probability of a loan or lease defaulting, the expected balance at the estimated date of default and the expected loss percentage given a default. For the commercial portfolio segment, the estimates for probability of default are primarily based on internal ratings assigned to each commercial borrower on a 13-point scale and historical observations of how those ratings migrate to a default over time in the context of macroeconomic conditions. For loans with available credit, the estimate of the expected balance at the time of default considers expected utilization rates, which are primarily based on macroeconomic conditions and the utilization history of similar borrowers under those economic conditions. The estimates for loss severity are primarily based on collateral type and coverage levels and the susceptibility of those characteristics to changes in macroeconomic conditions. For more information about the Bancorp's processes for developing these models, estimating credit losses for periods beyond the reasonable and supportable forecast period and for estimating credit losses for individually evaluated loans, refer to Note 3. 1 of the Notes to Consolidated Financial Statements included in the Bancorp's Annual Report on Form 10-K for the year ended December 31, 2023.

Fifth Third Bancorp and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)

The following tables present the amortized cost basis of the Bancorp's commercial portfolio segment, by class and vintage, disaggregated by credit risk rating:

As of September 30, 2023 ($ in millions)	Term Loans and Leases by Origination Year 2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
As of March 31, 2024 ($ in millions)									
As of March 31, 2024 ($ in millions)									
2024									
2024	2023	2022	2021	2020		Prior			Total
Commercial and industrial loans:									
Commercial and industrial loans:									
Pass									
Pass									
Pass									
Pass	$1,881	3,875	2,050	705	315	412	42,533	—	51,771

Special mention	14	90	40	14	16	107	1,465	—	1,746
Substandard	123	101	47	184	50	95	1,673	—	2,273
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial and industrial loans	$ 2,018	4,066	2,137	903	381	614	45,671	—	55,790
Commercial mortgage owner-occupied loans:									
Pass	$ 695	1,004	685	390	205	265	1,693	—	4,937
Special mention	29	10	24	—	—	1	74	—	138
Substandard	39	22	12	17	51	12	123	—	276
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial mortgage owner- occupied loans	$ 763	1,036	721	407	256	278	1,890	—	5,351
Total commercial mortgage owner-occupied loans									
Commercial mortgage nonowner-occupied loans:									
Pass	$ 602	908	323	404	312	314	2,617	—	5,480
Special mention	103	15	24	—	—	7	27	—	176
Substandard	23	22	8	5	—	3	54	—	115
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial mortgage nonowner-occupied loans	$ 728	945	355	409	312	324	2,698	—	5,771
Commercial construction loans:									
Pass	$ 150	30	35	42	71	6	4,800	—	5,134
Special mention	—	—	—	—	—	—	190	—	190
Substandard	63	—	33	—	—	—	162	—	258
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial construction loans	$ 213	30	68	42	71	6	5,152	—	5,582
Commercial leases:									

Commercial mortgage owner-occupied loans:
Commercial mortgage nonowner-occupied loans:
Commercial construction loans:
Commercial leases:

Pass	Pass	**$ 435**	**427**	**525**	**230**	**161**	**754**	**—**	**—**	**2,532**
Special mention	Special mention	**—**	**5**	**6**	**3**	**3**	**8**	**—**	**—**	**25**
Substandard	Substandard	**11**	**7**	**12**	**3**	**4**	**30**	**—**	**—**	**67**
Doubtful	Doubtful	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total commercial leases	Total commercial leases	**$ 446**	**439**	**543**	**236**	**168**	**792**	**—**	**—**	**2,624**
Total commercial loans and leases:	Total commercial loans and leases:									
Pass	Pass	**$ 3,763**	**6,244**	**3,618**	**1,771**	**1,064**	**1,751**	**51,643**	**—**	**69,854**
Pass										
Pass										
Special mention	Special mention	**146**	**120**	**94**	**17**	**19**	**123**	**1,756**	**—**	**2,275**
Substandard	Substandard	**259**	**152**	**112**	**209**	**105**	**140**	**2,012**	**—**	**2,989**
Doubtful	Doubtful	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total commercial loans and leases	Total commercial loans and leases	**$ 4,168**	**6,516**	**3,824**	**1,997**	**1,188**	**2,014**	**55,411**	**—**	**75,118**

Fifth Third Bancorp and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)

As of December 31, 2022 ($ in millions)		Term Loans and Leases by Origination Year 2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
As of December 31, 2023 ($ in millions)										
As of December 31, 2023 ($ in millions)										
2023										
2023		2022	2021	2020	2019		Prior			Total
Commercial and industrial loans:	Commercial and industrial loans:									
Pass										
Pass										
Pass	Pass	$ 3,825	3,098	994	445	269	488	44,521	—	53,640
Special mention	Special mention	65	24	15	36	10	24	1,221	—	1,395
Substandard	Substandard	150	77	233	26	7	107	1,597	—	2,197
Doubtful	Doubtful	—	—	—	—	—	—	—	—	—
Total commercial and industrial loans	Total commercial and industrial loans	$ 4,040	3,199	1,242	507	286	619	47,339	—	57,232

Commercial mortgage owner-occupied loans:	Commercial mortgage owner-occupied loans:									
Pass	Pass	$1,177	826	522	257	160	264	1,624	—	4,830
Pass										
Pass										
Special mention	Special mention	17	15	13	12	13	2	56	—	128
Substandard	Substandard	51	14	20	73	11	25	106	—	300
Doubtful	Doubtful	—	—	—	—	—	—	—	—	—
Total commercial mortgage owner-occupied loans	Total commercial mortgage owner-occupied loans	$1,245	855	555	342	184	291	1,786	—	5,258
Commercial mortgage nonowner-occupied loans:	Commercial mortgage nonowner-occupied loans:									
Pass										
Pass										
Pass	Pass	$1,127	462	490	397	220	170	2,453	—	5,319
Special mention	Special mention	1	84	26	—	—	23	88	—	222
Substandard	Substandard	65	19	18	1	1	17	100	—	221
Doubtful	Doubtful	—	—	—	—	—	—	—	—	—
Total commercial mortgage nonowner-occupied loans	Total commercial mortgage nonowner-occupied loans	$1,193	565	534	398	221	210	2,641	—	5,762
Commercial construction loans:	Commercial construction loans:									
Pass	Pass	$ 82	31	93	8	35	7	4,684	—	4,940
Pass										
Pass										
Special mention	Special mention	—	—	—	—	—	—	293	—	293
Substandard	Substandard	53	—	—	—	—	2	145	—	200
Doubtful	Doubtful	—	—	—	—	—	—	—	—	—
Total commercial construction loans	Total commercial construction loans	$ 135	31	93	8	35	9	5,122	—	5,433
Commercial leases:	Commercial leases:									
Pass										
Pass										
Pass	Pass	$ 584	664	306	192	146	696	—	—	2,588

Special mention	Special mention	—	4	2	4	7	19	—	—	36
Substandard	Substandard	1	20	2	4	21	32	—	—	80
Doubtful	Doubtful	—	—	—	—	—	—	—	—	—
Total commercial leases	Total commercial leases	$ 585	688	310	200	174	747	—	—	2,704
Total commercial loans and leases:	Total commercial loans and leases:									
Pass	Pass	$ 6,795	5,081	2,405	1,299	830	1,625	53,282	—	71,317
Pass										
Pass										
Special mention	Special mention	83	127	56	52	30	68	1,658	—	2,074
Substandard	Substandard	320	130	273	104	40	183	1,948	—	2,998
Doubtful	Doubtful	—	—	—	—	—	—	—	—	—
Total commercial loans and leases	Total commercial loans and leases	$ 7,198	5,338	2,734	1,455	900	1,876	56,888	—	76,389

The following table summarizes tables summarize the Bancorp's gross charge-offs within the commercial portfolio segment, by class and vintage:

For the nine months ended September 30, 2023 ($ in millions)		Term Loans and Leases by Origination Year						Revolving Loans	Revolving Loans Converted to Term Loans	Total
		2023	2022	2021	2020	2019	Prior			
For the three months ended March 31, 2024 ($ in millions)										
For the three months ended March 31, 2024 ($ in millions)										
2024										
2024		2023	2022	2021	2020		Prior			Total
Commercial loans and leases:	Commercial loans and leases:									
Commercial and industrial loans	Commercial and industrial loans	$ 24	6	12	1	—	5	90	—	138
Commercial mortgage owner-occupied loans		—	—	—	—	—	—	1	—	1
Commercial and industrial loans										
Commercial and industrial loans										
Commercial construction loans										
Commercial construction loans										
Commercial construction loans	Commercial construction loans	—	—	—	—	—	—	1	—	1

Total commercial loans and leases	Total commercial loans and leases	$ 24	6	12	1	—	5	92	—	140
Total commercial loans and leases										
Total commercial loans and leases										

For the three months ended March 31, 2023 ($ in millions)		Term Loans and Leases by Origination Year						Revolving	
		2023	2022	2021	2020	2019	Prior	Loans	Total
Commercial loans and leases:									
Commercial and industrial loans	$	—	1	11	—	—	—	20	32
Commercial construction loans		—	—	—	—	—	—	1	1
Total commercial loans and leases	$	—	1	11	—	—	—	21	33

Fifth Third Bancorp and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)

Age Analysis of Past Due Commercial Loans and Leases

The following tables summarize the Bancorp's amortized cost basis in portfolio commercial loans and leases, by age and class:

As of September 30, 2023 ($ in millions)		Current Loans and Leases(a)	Past Due 30-89 Days(a)	Past Due 90 Days or More(a)	Total Past Due	Total Loans and Leases	90 Days Past Due and Still Accruing
Commercial loans and leases:	Commercial loans and leases:						
Commercial and industrial loans	Commercial and industrial loans	$ 55,697	48	45	93	55,790	3
Commercial mortgage owner-occupied loans	Commercial mortgage owner-occupied loans	5,346	2	3	5	5,351	—
Commercial mortgage nonowner-occupied loans	Commercial mortgage nonowner-occupied loans	5,771	—	—	—	5,771	—

As of March 31, 2024 ($ in millions)	Current Loans and Leases(a)	As of March 31, 2024 ($ in millions)	Current Loans and Leases(a)	Past Due 30-89 Days(a)	Past Due 90 Days or More(a)	Total Past Due	Total Loans and Leases	90 Days Past Due and Still Accruing
Commercial and industrial loans								
Commercial and industrial loans								

Commercial construction loans	Commercial construction loans	**5,576**	**6**	**—**	**6**	**5,582**	**—**
Commercial leases	Commercial leases	**2,601**	**23**	**—**	**23**	**2,624**	**—**
Total portfolio commercial loans and leases	Total portfolio commercial loans and leases	**$ 74,991**	**79**	**48**	**127**	**75,118**	**3**

(a) Includes accrual and nonaccrual loans and leases.

As of December 31, 2022 ($ in millions)		Current Loans and Leases(a)	Past Due 30-89 Days(a)	Past Due 90 Days or More(a)	Past Due Total Past Due	Total Loans and Leases	90 Days Past Due and Still Accruing
As of December 31, 2023 ($ in millions)	As of December 31, 2023 ($ in millions)	Current Loans and Leases(a)	Past Due 30-89 Days(a)	Past Due 90 Days or More(a)	Past Due Total Past Due	Total Loans and Leases	90 Days Past Due and Still Accruing
Commercial loans and leases:	Commercial loans and leases:						
Commercial and industrial loans	Commercial and industrial loans						
Commercial and industrial loans	Commercial and industrial loans	$ 57,092	98	42	140	57,232	11
Commercial mortgage owner-occupied loans	Commercial mortgage owner-occupied loans	5,241	14	3	17	5,258	—
Commercial mortgage nonowner-occupied loans	Commercial mortgage nonowner-occupied loans	5,756	6	—	6	5,762	—
Commercial construction loans	Commercial construction loans	5,424	7	2	9	5,433	—
Commercial leases	Commercial leases	2,698	4	2	6	2,704	2
Total portfolio commercial loans and leases	Total portfolio commercial loans and leases	$ 76,211	129	49	178	76,389	13

(a) Includes accrual and nonaccrual loans and leases.

Residential Mortgage and Consumer Portfolio Segments

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, indirect secured consumer loans, credit card, solar energy installation loansand other consumer loans. 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 and the performing versus nonperforming status are presented in the following tables.

For collectively evaluated loans in the consumer and residential mortgage portfolio segments, the Bancorp's expected credit loss models primarily utilize the borrower's FICO score and delinquency history in combination with macroeconomic conditions when estimating the probability of default. The estimates for loss severity are primarily based on collateral type and coverage levels and the susceptibility of those characteristics to changes in macroeconomic conditions. The expected balance at the estimated date of default is also especially impactful in the expected credit loss models for portfolio classes which generally have longer terms (such as residential mortgage loans and home equity) and portfolio classes containing a high concentration of loans with revolving privileges (such as home equity). The estimate of the expected balance at the time of default considers expected prepayment and utilization rates where applicable, which are primarily based on macroeconomic conditions and the utilization history of similar borrowers under those economic conditions. Refer to Note 31 of the Notes to Consolidated Financial Statements included in the Bancorp's Annual Report on Form 10-K for the year ended December 31, 2023 for additional information about the Bancorp's process for developing these models and its process for estimating credit losses for periods beyond the reasonable and supportable forecast period.

The following tables present the amortized cost basis of the Bancorp's residential mortgage and consumer portfolio segments, by class and vintage, disaggregated by both age and performing versus nonperforming status:

		Term Loans by Origination Year								
As of September 30, 2023 ($ in millions)		2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
Residential mortgage loans:										
Performing:										
Current(a)	$	**889**	**3,171**	**5,103**	**2,768**	**968**	**4,129**	**—**	**—**	**17,028**
30-89 days past due		**—**	**1**	**5**	**1**	**1**	**13**	**—**	**—**	**21**
90 days or more past due		**—**	**2**	**1**	**—**	**—**	**3**	**—**	**—**	**6**
Total performing		**889**	**3,174**	**5,109**	**2,769**	**969**	**4,145**	**—**	**—**	**17,055**
Nonperforming		**—**	**5**	**5**	**5**	**4**	**106**	**—**	**—**	**125**
Total residential mortgage loans(b)	$	**889**	**3,179**	**5,114**	**2,774**	**973**	**4,251**	**—**	**—**	**17,180**
Home equity:										
Performing:										
Current	$	**58**	**43**	**3**	**6**	**12**	**97**	**3,561**	**32**	**3,812**
30-89 days past due		**—**	**—**	**—**	**—**	**—**	**2**	**23**	**3**	**28**
90 days or more past due		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total performing		**58**	**43**	**3**	**6**	**12**	**99**	**3,584**	**35**	**3,840**
Nonperforming		**—**	**—**	**—**	**—**	**—**	**6**	**51**	**1**	**58**
Total home equity	$	**58**	**43**	**3**	**6**	**12**	**105**	**3,635**	**36**	**3,898**
Indirect secured consumer loans:										
Performing:										
Current	$	**3,392**	**4,685**	**4,363**	**1,761**	**727**	**337**	**—**	**—**	**15,265**
30-89 days past due		**16**	**44**	**38**	**19**	**12**	**9**	**—**	**—**	**138**
90 days or more past due		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total performing		**3,408**	**4,729**	**4,401**	**1,780**	**739**	**346**	**—**	**—**	**15,403**
Nonperforming		**2**	**9**	**8**	**6**	**3**	**3**	**—**	**—**	**31**
Total indirect secured consumer loans	$	**3,410**	**4,738**	**4,409**	**1,786**	**742**	**349**	**—**	**—**	**15,434**
Credit card:										
Performing:										
Current	$	**—**	**—**	**—**	**—**	**—**	**—**	**1,744**	**—**	**1,744**
30-89 days past due		**—**	**—**	**—**	**—**	**—**	**—**	**21**	**—**	**21**
90 days or more past due		**—**	**—**	**—**	**—**	**—**	**—**	**20**	**—**	**20**
Total performing		**—**	**—**	**—**	**—**	**—**	**—**	**1,785**	**—**	**1,785**
Nonperforming		**—**	**—**	**—**	**—**	**—**	**—**	**32**	**—**	**32**
Total credit card	$	**—**	**—**	**—**	**—**	**—**	**—**	**1,817**	**—**	**1,817**
Other consumer loans:										

Performing:									
Current	$ 2,071	2,773	340	173	92	117	847	40	6,453
30-89 days past due	5	16	4	2	2	1	3	1	34
90 days or more past due	—	—	—	—	—	—	—	—	—
Total performing	2,076	2,789	344	175	94	118	850	41	6,487
Nonperforming	4	30	4	1	1	1	—	—	41
Total other consumer loans	$ 2,080	2,819	348	176	95	119	850	41	6,528
Total residential mortgage and consumer loans:									
Performing:									
Current	$ 6,410	10,672	9,809	4,708	1,799	4,680	6,152	72	44,302
30-89 days past due	21	61	47	22	15	25	47	4	242
90 days or more past due	—	2	1	—	—	3	20	—	26
Total performing	6,431	10,735	9,857	4,730	1,814	4,708	6,219	76	44,570
Nonperforming	6	44	17	12	8	116	83	1	287
Total residential mortgage and consumer loans(b)	$ 6,437	10,779	9,874	4,742	1,822	4,824	6,302	77	44,857

	Term Loans by Origination Year								
As of March 31, 2024 ($ in millions)	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
Residential mortgage loans:									
Performing:									
Current(a)	$ 285	1,013	3,104	4,905	2,652	4,760	—	—	16,719
30-89 days past due	—	1	4	6	1	11	—	—	23
90 days or more past due	—	—	1	1	—	3	—	—	5
Nonperforming	—	—	7	8	8	112	—	—	135
Total residential mortgage loans(b)	$ 285	1,014	3,116	4,920	2,661	4,886	—	—	16,882
Home equity:									
Performing:									
Current	$ 23	80	40	2	5	99	3,498	51	3,798
30-89 days past due	—	—	—	—	—	2	23	—	25
90 days or more past due	—	—	—	—	—	—	—	—	—
Nonperforming	—	—	—	—	—	7	52	1	60
Total home equity	$ 23	80	40	2	5	108	3,573	52	3,883
Indirect secured consumer loans:									
Performing:									
Current	$ 1,895	3,737	4,000	3,509	1,308	699	—	—	15,148
30-89 days past due	2	23	40	32	14	15	—	—	126
90 days or more past due	—	—	—	—	—	—	—	—	—
Nonperforming	—	4	11	8	4	5	—	—	32
Total indirect secured consumer loans	$ 1,897	3,764	4,051	3,549	1,326	719	—	—	15,306
Credit card:									
Performing:									
Current	$ —	—	—	—	—	—	1,667	—	1,667
30-89 days past due	—	—	—	—	—	—	19	—	19
90 days or more past due	—	—	—	—	—	—	19	—	19
Nonperforming	—	—	—	—	—	—	32	—	32
Total credit card	$ —	—	—	—	—	—	1,737	—	1,737

Solar energy installation loans:										
Performing:										
Current	$	251	2,336	1,166	2	—	37	—	—	3,792
30-89 days past due		—	9	5	—	—	—	—	—	14
90 days or more past due		—	—	—	—	—	—	—	—	—
Nonperforming		—	34	30	—	—	1	—	—	65
Total solar energy installation loans	$	251	2,379	1,201	2	—	38	—	—	3,871
Other consumer loans:										
Performing:										
Current	$	64	483	651	298	224	203	774	45	2,742
30-89 days past due		—	4	10	4	2	3	1	1	25
90 days or more past due		—	—	—	—	—	—	—	—	—
Nonperforming		—	2	5	1	—	1	—	1	10
Total other consumer loans	$	64	489	666	303	226	207	775	47	2,777
Total residential mortgage and consumer loans:										
Performing:										
Current	$	2,518	7,649	8,961	8,716	4,189	5,798	5,939	96	43,866
30-89 days past due		2	37	59	42	17	31	43	1	232
90 days or more past due		—	—	1	1	—	3	19	—	24
Nonperforming		—	40	53	17	12	126	84	2	334
Total residential mortgage and consumer loans(b)	$	2,520	7,726	9,074	8,776	4,218	5,958	6,085	99	44,456

(a) *Information includes advances made pursuant to servicing agreements for GNMA mortgage pools whose repayments are insured by the FHA or guaranteed by the VA. As of September 30, 2023 March 31, 2024, $84 $69 of these loans were 30-89 days past due and $143 $127 were 90 days or more past due. The Bancorp recognized $1 and $2 an immaterial amount of losses during the three and nine months ended September 30, 2023, respectively, March 31, 2024 due to claim denials and curtailments associated with these insured or guaranteed loans.*

(b) *Excludes $113 of residential mortgage loans measured at fair value at September 30, 2023 March 31, 2024, including $1 of 30-89 days past due loans and $2 of nonperforming loans.*

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As of December 31, 2022 ($ in millions)		Term Loans by Origination Year 2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
As of December 31, 2023 ($ in millions)										
2023										
2023		2022	2021	2020	2019	Prior	Total			
Residential mortgage loans:	Residential mortgage loans:									
Performing:	Performing:									
Performing:										
Performing:										
Current(a)										
Current(a)										
Current(a)	Current(a)	$ 3,195	5,440	2,981	1,051	344	4,336	—	—	17,347
30-89 days past due	30-89 days past due	4	4	3	1	2	15	—	—	29
90 days or more past due	90 days or more past due	—	—	1	—	1	5	—	—	7

Total performing			3,199	5,444	2,985	1,052	347	4,356	—	—	17,383
Nonperforming											
Nonperforming											
Nonperforming	Nonperforming		—	3	4	4	7	104	—	—	122
Total residential mortgage loans(b)	Total residential mortgage loans(b)	$	3,199	5,447	2,989	1,056	354	4,460	—	—	17,505
Home equity:	Home equity:										
Performing:	Performing:										
Performing:											
Performing:											
Current											
Current											
Current	Current	$	46	3	7	15	17	94	3,741	18	3,941
30-89 days past due	30-89 days past due		—	—	—	—	—	2	28	—	30
90 days or more past due	90 days or more past due		—	—	—	—	—	1	—	—	1
Total performing			46	3	7	15	17	97	3,769	18	3,972
Nonperforming											
Nonperforming											
Nonperforming	Nonperforming		—	—	—	—	—	8	58	1	67
Total home equity	Total home equity	$	46	3	7	15	17	105	3,827	19	4,039
Indirect secured consumer loans:	Indirect secured consumer loans:										
Performing:	Performing:										
Performing:											
Performing:											
Current											
Current											
Current	Current	$	6,034	5,875	2,600	1,217	416	239	—	—	16,381
30-89 days past due	30-89 days past due		34	42	28	22	11	5	—	—	142
90 days or more past due	90 days or more past due		—	—	—	—	—	—	—	—	—
Total performing			6,068	5,917	2,628	1,239	427	244	—	—	16,523
Nonperforming											
Nonperforming											
Nonperforming	Nonperforming		4	6	7	6	4	2	—	—	29
Total indirect secured consumer loans	Total indirect secured consumer loans	$	6,072	5,923	2,635	1,245	431	246	—	—	16,552
Credit card:	Credit card:										
Performing:	Performing:										
Performing:											
Performing:											
Current											
Current											
Current	Current	$	—	—	—	—	—	—	1,808	—	1,808
30-89 days past due	30-89 days past due		—	—	—	—	—	—	21	—	21

90 days or more past due	90 days or more past due		—	—	—	—	—	—	18	—	18	
Total performing			—	—	—	—	—	—	1,847	—	1,847	
Nonperforming												
Nonperforming												
Nonperforming	Nonperforming		—	—	—	—	—	—	27	—	27	
Total credit card	Total credit card	$	—	—	—	—	—	—	1,874	—	1,874	
Other consumer loans:												
Solar energy installation loans:												Solar energy installation loans:
Performing:	Performing:											
Current												
Current												
Current	Current	$	2,704	540	355	169	112	146	908	26	4,960	
30-89 days past due	30-89 days past due		14	6	3	2	2	2	3	—	32	
90 days or more past due	90 days or more past due		—	—	—	—	—	—	1	—	1	
Total performing			2,718	546	358	171	114	148	912	26	4,993	
Nonperforming												
Nonperforming												
Nonperforming												
Total solar energy installation loans												
Other consumer loans:												
Performing:												
Performing:												
Performing:												
Current												
Current												
Current												
30-89 days past due												
90 days or more past due												
Nonperforming												
Nonperforming												
Nonperforming	Nonperforming		2	1	—	—	—	1	1	—	5	
Total other consumer loans	Total other consumer loans	$	2,720	547	358	171	114	149	913	26	4,998	
Total residential mortgage and consumer loans:	Total residential mortgage and consumer loans:											
Performing:	Performing:											
Performing:												
Performing:												
Current												

Current										
Current	Current	$ 11,979	11,858	5,943	2,452	889	4,815	6,457	44	44,437
30-89 days past due	30-89 days past due	52	52	34	25	15	24	52	—	254
90 days or more past due	90 days or more past due	—	—	1	—	1	6	19	—	27
Total performing		12,031	11,910	5,978	2,477	905	4,845	6,528	44	44,718
Nonperforming										
Nonperforming										
Nonperforming	Nonperforming	6	10	11	10	11	115	86	1	250
Total residential mortgage and consumer loans(b)	Total residential mortgage and consumer loans(b)	$ 12,037	11,920	5,989	2,487	916	4,960	6,614	45	44,968

(a) Information includes advances made pursuant to servicing agreements for GNMA mortgage pools whose repayments are insured by the FHA or guaranteed by the VA. As of December 31, 2022 December 31, 2023, $81 $79 of these loans were 30-89 days past due and $147 $141 were 90 days or more past due. The Bancorp recognized an immaterial amount and $2 of losses during the three and nine months ended September 30, 2022 March 31, 2023, respectively, due to claim denials and curtailments associated with these insured or guaranteed loans.

(b) Excludes $123 $116 of residential mortgage loans measured at fair value at December 31, 2022 December 31, 2023, including $1 of 30-89 days past due loans and $2 of nonperforming loans.

The following table summarizes tables summarize the Bancorp's gross charge-offs within the residential mortgage and consumer portfolio segments, by class and vintage:

For the nine months ended September 30, 2023 ($ in millions)		Term Loans by Origination Year 2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
For the three months ended March 31, 2024 ($ in millions)										
2024										
2024		2023	2022	2021	2020	Prior	Total			
Residential mortgage loans	Residential mortgage loans	$ —	—	—	—	—	3	—	—	3
Consumer loans:	Consumer loans:									
Home equity	Home equity	—	—	—	—	—	1	5	—	6
Home equity										
Home equity										
Indirect secured consumer loans	Indirect secured consumer loans	4	28	20	10	7	6	—	—	75
Credit cards		—	—	—	—	—	—	59	—	59
Credit card										

		2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
Solar energy installation loans										
Other consumer loans	Other consumer loans	6	39	12	9	6	8	25	1	106
Total residential mortgage and consumer loans	Total residential mortgage and consumer loans	$ 10	67	32	19	13	18	89	1	249

For the three months ended March 31, 2023 ($ in millions)		Term Loans by Origination Year 2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
Residential mortgage loans	$	—	—	—	—	—	1	—	—	1
Consumer loans:										
Home equity		—	—	—	—	—	—	1	—	1
Indirect secured consumer loans		—	8	6	4	3	2	—	—	23
Credit card		—	—	—	—	—	20	—	—	20
Solar energy installation loans		—	2	1	—	—	—	—	—	3
Other consumer loans		—	8	4	3	2	3	8	1	29
Total residential mortgage and consumer loans	$	—	18	11	7	5	26	9	1	77

Collateral-Dependent Loans and Leases

The Bancorp considers a loan or lease to be collateral-dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. When a loan or lease is collateral-dependent, its fair value is generally based on the fair value less cost to sell of the underlying collateral.

The following table presents the amortized cost basis of the Bancorp's collateral-dependent loans and leases, by portfolio class, as of:

($ in millions)	($ in millions)	**September 30, 2023**	December 31, 2022	($ in millions)	**March 31, 2024**	December 31, 2023
Commercial loans and leases:	Commercial loans and leases:					
Commercial and industrial loans	Commercial and industrial loans	**$ 228**	433			
Commercial and industrial loans						
Commercial and industrial loans						
Commercial mortgage owner-occupied loans	Commercial mortgage owner-occupied loans	**6**	14			
Commercial mortgage nonowner-occupied loans	Commercial mortgage nonowner-occupied loans	**3**	27			
Commercial construction loans	Commercial construction loans	**—**	56			

Commercial leases			—	1
Total commercial loans and leases				
Total commercial loans and leases				
Total commercial loans and leases	Total commercial loans and leases	$	**237**	531
Residential mortgage loans	Residential mortgage loans		**125**	57
Consumer loans:	Consumer loans:			
Home equity	Home equity		**55**	46
Home equity				
Home equity				
Indirect secured consumer loans	Indirect secured consumer loans		**14**	6
Total consumer loans	Total consumer loans	$	**69**	52
Total consumer loans				
Total consumer loans				
Total portfolio loans and leases	Total portfolio loans and leases	$	**431**	640

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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 and certain other assets, including OREO and other repossessed property.

The following table presents the amortized cost basis of the Bancorp's nonaccrual loans and leases, by class, and OREO and other repossessed property as of:

		September 30, 2023			December 31, 2022									
March 31, 2024									**March 31, 2024**			December 31, 2023		
($ in millions)	($ in millions)	With an ALLL	No Related ALLL	Total	With an ALLL	No Related ALLL	Total	($ in millions)	With an ALLL	No Related ALLL	Total	With an ALLL	No Related ALLL	Total
Commercial loans and leases:	Commercial loans and leases:													
Commercial and industrial loans														
Commercial and industrial loans														

Commercial and industrial loans	Commercial and industrial loans	**$ 225**	**37**	**262**	114	101	215
Commercial mortgage owner-occupied loans	Commercial mortgage owner-occupied loans	**10**	**6**	**16**	9	7	16
Commercial mortgage nonowner-occupied loans	Commercial mortgage nonowner-occupied loans	**—**	**2**	**2**	20	4	24
Commercial construction loans	Commercial construction loans	**—**	**—**	**—**	6	2	8
Commercial leases	Commercial leases	**—**	**1**	**1**	—	—	—
Total nonaccrual portfolio commercial loans and leases	Total nonaccrual portfolio commercial loans and leases	**$ 235**	**46**	**281**	149	114	263
Residential mortgage loans	Residential mortgage loans	**39**	**88**	**127**	81	43	124
Consumer loans:	Consumer loans:						
Home equity	Home equity	**23**	**35**	**58**	45	22	67
Home equity							
Home equity							
Indirect secured consumer loans	Indirect secured consumer loans	**28**	**3**	**31**	26	3	29
Credit card	Credit card	**32**	**—**	**32**	27	—	27
Solar energy installation loans							
Other consumer loans	Other consumer loans	**41**	**—**	**41**	5	—	5
Total nonaccrual portfolio consumer loans	Total nonaccrual portfolio consumer loans	**$ 124**	**38**	**162**	103	25	128
Total nonaccrual portfolio loans and leases(a)(b)	Total nonaccrual portfolio loans and leases(a)(b)	**$ 398**	**172**	**570**	333	182	515

OREO and other repossessed property	OREO and other repossessed property	—	42	42	—	24	24
Total nonperforming portfolio assets(a)(b)	Total nonperforming portfolio assets(a)(b)	$ 398	214	612	333	206	539

(a) *Excludes $6 $5 and an immaterial amount $1 of nonaccrual loans held for sale as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.*

(b) *Includes $17 $20 and $15 $19 of nonaccrual government insured government-insured commercial loans whose repayments are insured by the SBA as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.*

The Bancorp recognized an immaterial amount of interest income on nonaccrual loans and leases for both the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023.

The Bancorp's amortized cost basis of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process according to local requirements of the applicable jurisdiction was $125 million $108 million and $154 million $107 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Modifications to Borrowers Experiencing Financial Difficulty

On January 1, 2023, the Bancorp adopted ASU 2022-02, which eliminated the recognition and measurement guidance for TDRs. The amended accounting and disclosure requirements are applicable to loan modifications to borrowers experiencing financial difficulty which are completed on or after the adoption date. For further information on the adoption of ASU 2022-02, refer to Note 3.

In the course of servicing its loans, the Bancorp works with borrowers who are experiencing financial difficulty to identify solutions that are mutually beneficial to both parties with the objective of mitigating the risk of losses on the loan. These efforts often result in modifications to the payment terms of the loan. The types of modifications offered to borrowers vary by type of loan and may include term extensions, interest rate reductions, payment delays (other than those that are insignificant) or combinations thereof. The Bancorp typically does not provide principal forgiveness except in circumstances where the loan has already been fully or partially charged off.

The Bancorp applies its expected credit loss models consistently to both modified and non-modified loans when estimating the ALLL. For loans which are modified for borrowers experiencing financial difficulty, there is generally not a significant change to the ALLL upon modification because the Bancorp's ALLL estimation methodologies already consider those borrowers' financial difficulties and the resulting effects of potential modifications when estimating expected credit losses.

As of September 30, 2023, portfolio Portfolio loans with an amortized cost basis of $171 million $207 million and $484 million $202 million as of March 31, 2024 and 2023, respectively, were modified during the three and nine months ended September 30, 2023, March 31, 2024 and 2023, respectively, for borrowers experiencing financial difficulty, as further discussed in the following sections. These modifications for the three and nine months ended September 30, 2023 March 31, 2024 and 2023 represented 0.14% 0.18% and 0.40% 0.16%, respectively, of total portfolio loans and leases as of September 30, 2023. March 31, 2024 and 2023, respectively. These amounts excluded $6 million $8 million and $24 million $13 million for the three and nine months ended September 30, 2023, March 31, 2024 and 2023, respectively, of consumer and residential mortgage loans which have been granted a concession under provisions of the Federal Bankruptcy Act and are monitored separately from loans modified under the Bancorp's loan modification programs. As of March 31, 2024 and December 31, 2023, the Bancorp had commitments of $107 million and $130 million,

September 30, 2023, the Bancorp had commitments of $156 million respectively, to lend additional funds to borrowers experiencing financial difficulty whose terms have been modified during the nine twelve months ended September 30, 2023. March 31, 2024 and December 31, 2023, respectively.

Commercial portfolio segment

Commercial loan modifications are individually negotiated and may vary depending on the borrower's financial situation, but the Bancorp most commonly utilizes term extensions for periods of 3 to 12 months. In less common situations and when specifically warranted by the borrower's situation, the Bancorp may also consider offering commercial borrowers interest rate reductions or payment deferrals, delays, which may be combined with a term extension.

The following tables present the amortized cost basis as of March 31, 2024 and 2023, respectively, of the Bancorp's commercial portfolio loans that were modified for borrowers experiencing financial difficulty, by portfolio class and type of modification:

For the three months ended September 30, 2023 ($ in millions)	Term Extension	Term Extension and Interest Rate Reduction	Term Extension and Payment Deferral	Total	% of Total Class
For the three months ended March 31, 2024 ($ in millions)					

For the three months ended March 31, 2024 ($ in millions)

For the three months ended March 31, 2024 ($ in millions)

Commercial and industrial loans	Commercial and industrial loans	$ 92	1	8	101	0.18 %
Commercial mortgage owner-occupied loans	Commercial mortgage owner-occupied loans	3	—	—	3	0.06
Commercial mortgage nonowner-occupied loans	Commercial mortgage nonowner-occupied loans	1	—	—	1	0.02
Commercial construction loans	Commercial construction loans	19	—	—	19	0.34
Total commercial portfolio loans	Total commercial portfolio loans	$ 115	1	8	124	0.17 %

		Term Extension		Payment Delay		Other		Total		% of Total Class	
Commercial and industrial loans	**$ 99**	**53**		**53**		**1**	**1**	**153**	**153**	**0.29**	**0.29 %**
Total commercial portfolio loans	**$ 116**	**53**		**53**		**1**	**1**	**170**	**170**	**0.24**	**0.24 %**

For the nine months ended September 30, 2023 ($ in millions)		Term Extension	Interest Rate Reduction	Term Extension and Interest Rate Reduction	Term Extension and Payment Deferral	Payment Deferral	Total	% of Total Class
Commercial and industrial loans	Commercial and industrial loans	$ 176	1	1	8	5	191	0.34 %
Commercial mortgage owner-occupied loans	Commercial mortgage owner-occupied loans	24	—	—	—	—	24	0.45
Commercial mortgage nonowner-occupied loans	Commercial mortgage nonowner-occupied loans	21	—	3	—	—	24	0.42
Commercial construction loans	Commercial construction loans	116	—	—	—	—	116	2.08

For the three months ended March 31, 2023 ($ in millions)

For the three months ended March 31, 2023 ($ in millions)

For the three months ended March 31, 2023 ($ in millions)

		Term Extension	Payment Delay	Other		Total		% of Total Class	
Commercial and industrial loans	$	105	—	—	1	1	106	106	0.18	0.18 %

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Total commercial portfolio loans	Total commercial portfolio loans	$	337	1	4	8	5	355	0.47 %	Total commercial portfolio loans	$	159	—	—	4	4	163	163	0.21	0.21 %

Residential mortgage portfolio segment

The Bancorp has established residential mortgage loan modification programs which define the type of modifications available as well as the eligibility criteria for borrowers. The designs of the Bancorp's modification programs for residential mortgage loans are similar to those utilized by the various GSEs. The most common modification program utilized for residential mortgage loans is a term extension for up to 480 months from the modification date, combined with a change in interest rate to a fixed rate (which may be an increase or decrease from the rate in the original loan). As part of these modifications, the Bancorp may capitalize delinquent amounts due at the time of the modification into the principal balance of the loan when determining its modified payment structure. For loans where the modification results in a new monthly payment amount, borrowers may be required to complete a trial period of three to four months before the loan is permanently modified. The Bancorp also offers payment delay modifications to qualified borrowers which allow either the deferral delay of repayment for delinquent amounts due until maturity or capitalization of delinquent amounts due into the principal balance of the loan. The number of monthly payments delayed varies by borrower but is most commonly within a range of 6 to 12 months.

The following tables present the amortized cost basis as of March 31, 2024 and 2023, respectively, of the Bancorp's residential mortgage portfolio loans that were modified for borrowers experiencing financial difficulty, by type of modification:

For the three months ended September 30, 2023 ($ in millions)		Total	% of Total Class					
For the three months ended March 31, 2024 ($ in millions)				**For the three months ended March 31, 2024 ($ in millions)**		Total		% of Total Class
Payment delay								
Payment delay								
Payment delay	Payment delay	$ 3	0.02 %	**$**	**2**	**0.01**	**0.01**	**%**
Term extension and payment delay	Term extension and payment delay	27	0.15					
Term extension, interest rate reduction and payment delay	Term extension, interest rate reduction and payment delay	1	0.01					
Term extension, interest rate reduction and payment delay								
Term extension, interest rate reduction and payment delay								
Total residential mortgage portfolio loans	Total residential mortgage portfolio loans	$31	0.18 %	Total residential mortgage portfolio loans	**$**	**26**	**0.15**	**0.15 %**

For the nine months ended September 30, 2023 ($ in millions)	Total	% of Total Class

For the three months ended March 31, 2023 ($ in millions)				For the three months ended March 31, 2023 ($ in millions)		Total		% of Total Class	
Payment delay									
Payment delay									
Payment delay	Payment delay	$16	0.09 %	$	8	0.05	0.05		%
Term extension and payment delay	Term extension and payment delay	69	0.40						
Term extension, interest rate reduction and payment delay	Term extension, interest rate reduction and payment delay	4	0.02						
Term extension, interest rate reduction and payment delay									
Term extension, interest rate reduction and payment delay									
Total residential mortgage portfolio loans	Total residential mortgage portfolio loans	$89	0.51 %	Total residential mortgage portfolio loans	$	24	0.14	0.14	%

The Bancorp had $7 $1 million and $18 million of in-process modifications to residential mortgage loans outstanding as of September 30, 2023 March 31, 2024 and 2023, respectively, which are excluded from the completed modification activity in the tables above. These in-process modifications will be reported as completed

reported as completed modifications once the borrower satisfies the applicable contingencies in the modification agreement and the loan is contractually modified to make the modified terms permanent.

Consumer portfolio segment
The Bancorp's modification programs for consumer loans vary based on type of loan. The most common modification program for home equity is a term extension for up to 360 months combined with a deferral delay in repayment of delinquent amounts due until maturity, which may also be combined with an interest rate reduction. Modification programs for credit card typically involve an interest rate reduction and an increase to the minimum monthly payment in order to repay a larger portion of outstanding balances. Modifications for indirect secured consumer loans, solar energy installation loans and other consumer loans are less commonly utilized as part of the Bancorp's loss mitigation activities and programs vary by specific product type.

The following tables present the amortized cost basis as of March 31, 2024 and 2023, respectively, of the Bancorp's consumer portfolio loans that were modified for borrowers experiencing financial difficulty, by portfolio class and type of modification:

For the three months ended September 30, 2023 ($ in millions)	Interest Rate Reduction	Payment Deferral	Term Extension and Payment Deferral	Term Extension, Interest Rate Reduction and Payment Deferral	Total	% of Total Class
Home equity	$ 2	—	1	2	5	0.13 %
Credit card	9	—	—	—	9	0.50
Other consumer loans	—	2	—	—	2	0.03
Total consumer portfolio loans	$ 11	2	1	2	16	0.06 %

For the three months ended March 31, 2024 ($ in millions)	Interest Rate Reduction	Payment Delay	Term Extension and Payment Delay	Term Extension, Interest Rate Reduction and Payment Delay	Total	% of Total Class
Home equity	**$ 1**	**— —**	**— —**	**2 2**	**3 3**	**0.08 0.08 %**
Total consumer portfolio loans	**$ 8**	**1 1**	**— —**	**2 2**	**11 11**	**0.04 0.04 %**

Other consumer loans

Other consumer loans

For the nine months ended September 30, 2023 ($ in millions)	Interest Rate Reduction	Payment Deferral	Term Extension and Payment Deferral	Term Extension, Interest Rate Reduction and Payment Deferral	Total	% of Total Class
Home equity	$ 3	—	2	7	12	0.31 %
Credit card	23	—	—	—	23	1.27
Other consumer loans	—	5	—	—	5	0.08

For the three months ended March 31, 2023 ($ in millions)	Interest Rate Reduction	Payment Delay	Term Extension and Payment Delay	Term Extension, Interest Rate Reduction and Payment Delay	Total	% of Total Class
Home equity	$ —	— —	1 1	3 3	4 4	0.10 0.10 %

Other consumer loans

Other consumer loans

Total consumer portfolio loans	Total consumer portfolio loans	$	26	5	2	7	40	0.14 %	Total consumer portfolio loans	$	10	1	1	1	1	3	3	15	15	0.05	0.05 %

Financial effects of loan modifications

The following tables present the financial effects of the Bancorp's significant types of portfolio loan modifications to borrowers experiencing financial difficulty, by portfolio class:

For the three months ended September 30, 2023	Financial Effects
Commercial loans:	
Commercial and industrial loans	Weighted-average length of term extensions was 7 months and the amount of payment delays represented approximately 13% of the related loan balances.
Commercial mortgage owner-occupied loans	Weighted-average length of term extensions was 3 months.
Commercial mortgage nonowner-occupied loans	Weighted-average length of term extensions was 12 months.
Commercial construction loans	Weighted-average length of term extensions was 12 months.
Residential mortgage loans	Weighted-average length of term extensions was 171 months and the amount of payment delays represented approximately 17% of the related loan balances.
Consumer loans:	
Home equity	Weighted-average length of term extensions was 24.5 years, the weighted-average interest rate reduction was from 9.0% to 7.2% and the amount of payment deferrals represented approximately 6% of the related loan balances.
Credit card	Weighted-average interest rate reduction was from 23.9% to 3.9%.
Other consumer loans	Amount of payment deferrals represented approximately 5% of the related loan balances.

		For the three months ended March 31,	
	Financial Effects	**2024**	2023
Commercial loans:			
Commercial and industrial loans	Weighted-average length of term extensions	**5 months**	5 months
	Approximate amount of payment delays as a percentage of the related loan balances	**26%**	N/A
Commercial mortgage owner-occupied loans	Weighted-average length of term extensions	**3 months**	4 months
Commercial mortgage nonowner-occupied loans	Weighted-average length of term extensions	**6 months**	8 months
Commercial construction loans	Weighted-average length of term extensions	**N/A**	12 months
Residential mortgage loans	Weighted-average length of term extensions	**10.9 years**	10.9 years
	Approximate amount of payment delays as a percentage of the related loan balances	**12%**	16%
Consumer loans:			
Home equity	Weighted-average length of term extensions	**27.1 years**	24.8 years
	Weighted-average interest rate reduction	**From 9.1% to 7.3%**	From 8.0% to 6.5%
	Approximate amount of payment delays as a percentage of the related loan balances	**4%**	6%
Credit card	Weighted-average interest rate reduction	**From 24.1% to 4.2%**	From 23.2% to 3.9%
Other consumer loans	Approximate amount of payment delays as a percentage of the related loan balances	**12%**	6%

For the nine months ended September 30, 2023	Financial Effects
Commercial loans:	
Commercial and industrial loans	Weighted-average length of term extensions was 6 months and the amount of payment delays represented approximately 13% of the related loan balances.
Commercial mortgage owner-occupied loans	Weighted-average length of term extensions was 18 months.
Commercial mortgage nonowner-occupied loans	Weighted-average length of term extensions was 8 months and the weighted-average interest rate reduction was from 9.1% to 8.9%.
Commercial construction loans	Weighted-average length of term extensions was 12 months.
Residential mortgage loans	Weighted-average length of term extensions was 150 months and the amount of payment delays represented approximately 16% of the related loan balances.
Consumer loans:	
Home equity	Weighted-average length of term extensions was 24.8 years, the weighted-average interest rate reduction was from 8.6% to 6.9% and the amount of payment deferrals represented approximately 5% of the related loan balances.
Credit card	Weighted-average interest rate reduction was from 23.6% to 3.8%.
Other consumer loans	Amount of payment deferrals represented approximately 5% of the related loan balances.

Credit quality of modified loans

The Bancorp closely monitors the performance of loans that are modified to for borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts.

The following tables present table presents the amortized cost basis as of March 31, 2024 for the Bancorp's portfolio loans that were modified to during the twelve months then ended for borrowers experiencing financial difficulty, by age and portfolio class:

For the three months ended September 30, 2023 ($ in millions)	Current	Past Due 30-89 Days	Past Due 90 Days or More	Total
Commercial loans:				
Commercial and industrial loans	$ 101	—	—	101
Commercial mortgage owner-occupied loans	3	—	—	3
Commercial mortgage nonowner-occupied loans	1	—	—	1
Commercial construction loans	19	—	—	19
Residential mortgage loans	27	4	—	31
Consumer loans:				
Home equity	5	—	—	5
Credit card(a)	5	3	1	9
Other consumer loans	2	—	—	2
Total portfolio loans	$ 163	7	1	171

(a) *Credit card loans continue to be reported as delinquent after modification as they are not returned to current status until the borrower demonstrates a willingness and ability to repay the loan according to its modified terms.*

For the nine months ended September 30, 2023 ($ in millions)	Current	Past Due 30-89 Days	Past Due 90 Days or More	Total
($ in millions)	Current Current	30-89 Days	90 Days or More	Total
Commercial loans: Commercial loans:				
Commercial and industrial loans				
Commercial and industrial loans				
Commercial and industrial loans Commercial and industrial loans	$ 191	—	—	191

Commercial mortgage owner-occupied loans	Commercial mortgage owner-occupied loans	23	1	—	24
Commercial mortgage nonowner-occupied loans	Commercial mortgage nonowner-occupied loans	24	—	—	24
Commercial construction loans	Commercial construction loans	116	—	—	116
Residential mortgage loans	Residential mortgage loans	74	12	3	89
Consumer loans:	Consumer loans:				
Home equity	Home equity	12	—	—	12
Home equity					
Home equity					
Credit card(a)	Credit card(a)	16	4	3	23
Credit card(a)					
Credit card(a)					
Solar energy installation loans					
Other consumer loans	Other consumer loans	5	—	—	5
Total portfolio loans	Total portfolio loans	$ 461	17	6	484

(a) Credit card loans continue to be reported as delinquent after modification as they are not returned to current status until the borrower demonstrates a willingness and ability to repay the loan according to its modified terms.

The following table presents the amortized cost basis as of March 31, 2023 for the Bancorp's portfolio loans that were modified since January 1, 2023 to borrowers experiencing financial difficulty, by age and portfolio class:

($ in millions)	Current	Past Due 30-89 Days	Past Due 90 Days or More	Total
Commercial loans:				
Commercial and industrial loans	$ 106	—	—	106
Commercial mortgage owner-occupied loans	1	—	—	1
Commercial mortgage nonowner-occupied loans	25	—	—	25
Commercial construction loans	31	—	—	31
Residential mortgage loans	23	1	—	24
Consumer loans:				
Home equity	4	—	—	4
Credit card(a)	6	3	1	10
Solar energy installation loans	—	—	—	—
Other consumer loans	1	—	—	1
Total portfolio loans	$ 197	4	1	202

(a) Credit card loans continue to be reported as delinquent after modification as they are not returned to current status until the borrower demonstrates a willingness and ability to repay the loan according to its modified terms.

The Bancorp considers modifications to borrowers experiencing financial difficulty that subsequently become 90 days or more past due under the modified terms as subsequently defaulted.

Fifth Third Bancorp and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)

Troubled Debt Restructurings

Prior to the adoption of ASU 2022-02 on January 1, 2023, loans were accounted for as TDRs if the Bancorp, for economic or legal reasons related to the borrower's financial difficulties, granted a concession to the borrower that it would not otherwise consider. Refer to Note 1 and Note 6 of the Notes to Consolidated Financial Statements included in the Bancorp's Annual Report on Form 10-K for the year ended December 31, 2022 for additional information on the Bancorp's accounting policies for the identification and measurement of TDRs and the related impact on the ALLL.

The Bancorp had commitments to lend additional funds to borrowers whose terms have been modified in a TDR, consisting of line of credit and letter of credit commitments of $130 million and $60 million, respectively, as of December 31, 2022.

The following table provides a summary presents the amortized cost basis of portfolio loans, by class, modified in a TDR by the Bancorp modifications for borrowers experiencing financial difficulty that subsequently defaulted during the three months ended: ended March 31, 2024 and were within twelve months of the modification date:

September 30, 2022 ($ in millions)	Number of Loans Modified in a TDR During the Period(a)		Amortized Cost Basis in Loans Modified in a TDR During the Period	Increase (Decrease) to ALLL Upon Modification	Charge-offs Recognized Upon Modification
Commercial loans:					
Commercial and industrial loans	19	$	31	—	—
Commercial mortgage owner-occupied loans	2		1	—	—
Residential mortgage loans	190		28	—	—
Consumer loans:					
Home equity	54		3	(1)	—
Indirect secured consumer loans	448		7	—	—
Credit card	1,380		7	3	—
Total portfolio loans	2,093	$	77	2	—

(a) Represents number of loans post-modification and excludes loans previously modified in a TDR.

($ in millions)		Term Extension	Interest Rate Reduction	Payment Delay	Term Extension and Payment Delay	Term Extension and Interest Rate Reduction	Total
Commercial loans:							
Commercial and industrial loans	$	8	—	—	—	1	9
Residential mortgage loans		—	—	1	8	—	9
Consumer loans:							
Home equity		—	—	—	1	—	1
Credit card		—	4	—	—	—	4
Total portfolio loans	$	8	4	1	9	1	23

The following table provides a summary of portfolio loans, by class, modified in a TDR by the Bancorp during the nine months ended:

September 30, 2022 ($ in millions)(a)	Number of Loans Modified in a TDR During the Period(a)		Amortized Cost Basis in Loans Modified in a TDR During the Period	Increase (Decrease) to ALLL Upon Modification	Charge-offs Recognized Upon Modification
Commercial loans:					
Commercial and industrial loans	69	$	196	13	—
Commercial mortgage owner-occupied loans	8		5	(1)	—

Commercial mortgage nonowner-occupied loans	3	23	—	—
Commercial construction loans	2	4	(3)	—
Residential mortgage loans	928	143	7	—
Consumer loans:				
Home equity	178	13	(3)	—
Indirect secured consumer loans	2,499	48	1	—
Credit card	3,694	19	8	—
Total portfolio loans	7,381 $	451	22	—

(a) Represents number of loans post-modification There were no modifications to borrowers experiencing financial difficulty completed between January 1, 2023 and excludes loans previously modified in a TDR.

Fifth Third Bancorp and Subsidiaries
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The Bancorp considered TDRs March 31, 2023 that became had become 90 days or more past due under the modified terms as subsequently defaulted. The following table provides a summary of TDRs that subsequently defaulted during the three months ended September 30, 2022 and were within 12 months of the restructuring date:

September 30, 2022 ($ in millions)(a)	Number of Contracts	Amortized Cost Basis
Commercial loans:		
Commercial and industrial loans	1 $	—
Residential mortgage loans	70	11
Consumer loans:		
Home equity	6	—
Indirect secured consumer loans	43	—
Credit card	83	—
Total portfolio loans	203 $	11

(a) Excludes all loans held for sale and loans acquired with deteriorated credit quality which were accounted for within a pool.

The following table provides a summary of TDRs that subsequently defaulted during the nine months ended September 30, 2022 and were within 12 months of the restructuring date:

September 30, 2022 ($ in millions)(a)	Number of Contracts	Amortized Cost Basis
Commercial loans:		
Commercial and industrial loans	8 $	—
Commercial construction loans	1	2
Residential mortgage loans	176	24
Consumer loans:		
Home equity	21	1
Indirect secured consumer loans	102	1
Credit card	255	1
Total portfolio loans	563 $	29

(a) Excludes all loans held for sale and loans acquired with deteriorated credit quality which were accounted for within a pool. March 31, 2023.

Fifth Third Bancorp and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)

7. Bank Premises and Equipment
The following table provides a summary of bank premises and equipment as of:

($ in millions)	($ in millions)	**September 30, 2023**	December 31, 2022	($ in millions)	**March 31, 2024**	December 31, 2023
Equipment	Equipment	**$ 2,538**	2,492			

Buildings(a)	Buildings(a)	**1,729**	1,699
Leasehold improvements	Leasehold improvements	**632**	568
Land and improvements(a)	Land and improvements(a)	**619**	640
Construction in progress(a)	Construction in progress(a)	**179**	124
Bank premises and equipment held for sale:	Bank premises and equipment held for sale:		
Land and improvements	Land and improvements	**16**	17
Land and improvements			
Land and improvements			
Buildings	Buildings	**6**	7
Accumulated depreciation and amortization	Accumulated depreciation and amortization	**(3,416)**	(3,360)
Accumulated depreciation and amortization			
Accumulated depreciation and amortization			
Total bank premises and equipment	Total bank premises and equipment	**$ 2,303**	2,187

(a) *Buildings, land and improvements and construction in progress included $7 and $27$9 associated with parcels of undeveloped land intended for future branch expansion at September 30, 2023 both March 31, 2024 and December 31, 2022, respectively. December 31, 2023.*

The Bancorp monitors changing customer preferences associated with the channels it uses for banking transactions to evaluate the efficiency, competitiveness and quality of the customer service experience in its consumer distribution network. As part of this ongoing assessment, the Bancorp may determine that it is no longer fully committed to maintaining full-service banking centers at certain locations. Similarly, the Bancorp may also determine that it is no longer fully committed to building banking centers on certain parcels of land which had previously been held for future branch expansion. As a result, the Bancorp transferred certain parcels of land with a carrying value of $18 million and $23 million to OREO during the three and nine months ended September 30, 2023, respectively. Impairment losses of $7 million and $8 million were recorded for the three and nine months ended September 30, 2023, respectively, upon transfer to OREO. Additionally, the The Bancorp closed a total of 28 20 banking centers throughout its footprint during the nine three months ended September 30, 2023 March 31, 2024.

The Bancorp performs assessments of the recoverability of long-lived assets when events or changes in circumstances indicate that their carrying values may not be recoverable. Impairment losses associated with such assessments and lower of cost or market adjustments were immaterial and $1 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $2 million for both the nine months ended September 30, 2023 and 2022. 2023, respectively. The recognized impairment losses were recorded in other noninterest income in the Condensed Consolidated Statements of Income.

8. Operating Lease Equipment

Operating lease equipment was $480 million $427 million and $627 million $459 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, net of accumulated depreciation of $348 million $361 million and $338 million $355 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. The Bancorp recorded lease income of $33 million $28 million and $36 million $37 million relating to lease payments for operating leases in leasing business revenue in the Condensed Consolidated Statements of Income during the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $105 million and $108 million during the nine months ended September 30, 2023 and 2022, 2023, respectively. Depreciation expense related to operating lease equipment was $26 million $23 million and $30 million $31 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $86 million and $89 million for the nine months ended September 30, 2023 and 2022, 2023, respectively. The Bancorp received payments of $109 $27 million and $41 million related to operating leases during both the nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023, respectively.

The Bancorp performs assessments of the recoverability of long-lived assets when events or changes in circumstances indicate that their carrying values may not be recoverable. As a result of these recoverability assessments, the Bancorp recognized an immaterial amount of impairment losses during the three months ended March 31, 2024 and did not recognize any impairment losses during both the three months ended September 30, 2023 and 2022 and recognized an immaterial amount and $2 million of impairment losses during the nine months ended September 30, 2023 and 2022, respectively, March 31, 2023 associated with operating lease assets. The recognized impairment losses were recorded in leasing business revenue in the Condensed Consolidated Statements of Income.

The following table presents future lease payments receivable from operating leases for the remainder of 2024 through 2029 and thereafter:

As of March 31, 2024 ($ in millions)	Undiscounted Cash Flows
Remainder of 2024	$ 76

2025	78
2026	51
2027	26
2028	11
2029	6
Thereafter	9
Total operating lease payments	$ 257

Fifth Third Bancorp and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)

The following table presents future lease payments receivable from operating leases for the remainder of 2023 through 2028 and thereafter:

As of September 30, 2023 ($ in millions)	Undiscounted Cash Flows
Remainder of 2023	$ 31
2024	102
2025	77
2026	50
2027	25
2028	10
Thereafter	15
Total operating lease payments	$ 310

9. Lease Obligations – Lessee

The Bancorp leases certain banking centers, ATM sites, land for owned buildings and equipment. The Bancorp's lease agreements typically do not contain any residual value guarantees or any material restrictive covenants. For more information on the accounting for lease obligations, refer to Note 1 of the Notes to Consolidated Financial Statements included in the Bancorp's Annual Report on Form 10-K for the year ended December 31, 2022.

The following table provides a summary of lease assets and lease liabilities as of:

($ in millions)	($ in millions)	Condensed Consolidated Balance Sheets Caption	**September 30, 2023**	December 31, 2022	($ in millions)	Condensed Consolidated Balance Sheets Caption	**March 31, 2024**	December 31, 2023
Assets	**Assets**							
Operating lease right-of-use assets								
Operating lease right-of-use assets								
Operating lease right-of-use assets	Operating lease right-of-use assets	Other assets	$ **513**	508				
Finance lease right-of-use assets	Finance lease right-of-use assets	Bank premises and equipment	**130**	150				
Total right-of-use assets(a)	Total right-of-use assets(a)		$ **643**	658				
Liabilities	**Liabilities**							

Operating lease liabilities	Operating lease liabilities	Accrued taxes, interest and expenses	$	**604**	599
Operating lease liabilities					
Operating lease liabilities					
Finance lease liabilities	Finance lease liabilities	Long-term debt		**138**	156
Total lease liabilities	Total lease liabilities		$	**742**	755

(a) *Operating and finance lease right-of-use assets are recorded net of accumulated amortization of $279 $304 and $72, $48, respectively, as of September 30, 2023 March 31, 2024, and $255 $292 and $66, $77, respectively, as of December 31, 2022 December 31, 2023.*

The following table presents the components of lease costs:

		Condensed Consolidated Statements of Income	For the three months ended September 30,			For the nine months ended September 30,	
($ in millions)	($ in millions)	Caption		**2023**	2022	**2023**	2022
($ in millions)							
2024							
2024							
Lease costs:							
Lease costs:							
Lease costs:	Lease costs:						
Amortization of ROU assets	Amortization of ROU assets	Net occupancy and equipment expense	$	**5**	5	**15**	14
Amortization of ROU assets							
Amortization of ROU assets							
Interest on lease liabilities							
Interest on lease liabilities							
Interest on lease liabilities	Interest on lease liabilities	Interest on long-term debt		**1**	1	**3**	4
Total finance lease costs	Total finance lease costs		$	**6**	6	**18**	18
Total finance lease costs							
Total finance lease costs							
Operating lease cost							
Operating lease cost							
Operating lease cost	Operating lease cost	Net occupancy expense	$	**22**	21	**65**	62
Short-term lease cost	Short-term lease cost	Net occupancy expense		**1**	—	**2**	1
Short-term lease cost							
Short-term lease cost							
Variable lease cost							
Variable lease cost							
Variable lease cost	Variable lease cost	Net occupancy expense		**7**	8	**22**	21
Sublease income	Sublease income	Net occupancy expense		**(1)**	(1)	**(2)**	(2)
Sublease income							
Sublease income							

Total operating lease costs						
Total operating lease costs						
Total operating lease costs	Total operating lease costs	$	**29**	28	**87**	82
Total lease costs	Total lease costs	$	**35**	34	**105**	100
Total lease costs						
Total lease costs						

The Bancorp performs impairment assessments for ROU assets when events or changes in circumstances indicate that their carrying values may not be recoverable. In addition to the lease costs disclosed in the table above, the Bancorp recognized $1 million and an immaterial amount and $1 million of impairment losses and termination charges for the ROU assets related to certain operating leases during the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $2 million during both the nine months ended September 30, 2023 and 2022. 2023, respectively. The recognized losses were recorded in net occupancy expense in the Condensed Consolidated Statements of Income.

The following table presents undiscounted cash flows for both operating leases and finance leases for the remainder of 2024 through 2029 and thereafter as well as a reconciliation of the undiscounted cash flows to the total lease liabilities:

As of March 31, 2024 ($ in millions)		Operating Leases	Finance Leases	Total
Remainder of 2024	$	70	18	88
2025		88	23	111
2026		79	22	101
2027		71	21	92
2028		63	21	84
2029		54	11	65
Thereafter		326	105	431
Total undiscounted cash flows	$	751	221	972
Less: Difference between undiscounted cash flows and discounted cash flows		155	45	200
Present value of lease liabilities	$	596	176	772

Fifth Third Bancorp and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)

The following table presents undiscounted cash flows for both operating leases and finance leases for the remainder of 2023 through 2028 and thereafter as well as a reconciliation of the undiscounted cash flows to the total lease liabilities:

As of September 30, 2023 ($ in millions)		Operating Leases	Finance Leases	Total
Remainder of 2023	$	23	5	28
2024		92	20	112
2025		84	14	98
2026		76	9	85
2027		68	8	76
2028		59	8	67
Thereafter		352	113	465
Total undiscounted cash flows	$	754	177	931
Less: Difference between undiscounted cash flows and discounted cash flows		150	39	189
Present value of lease liabilities	$	604	138	742

The following table presents the weighted-average remaining lease term and weighted-average discount rate as of:

	September 30, 2023	December 31, 2022		
March 31, 2024			**March 31, 2024**	December 31, 2023

Weighted-average remaining lease term (years):	Weighted-average remaining lease term (years):					
Operating leases						
Operating leases						
Operating leases	Operating leases	**11.00**	10.80		**11.06**	11.07
Finance leases	Finance leases	**15.17**	15.31	Finance leases	**12.84**	15.21
Weighted-average discount rate:	Weighted-average discount rate:					
Operating leases	Operating leases	**3.66 %**	3.35			
Operating leases						
Operating leases						
Finance leases	Finance leases	**2.98**	2.94			

The following table presents information related to lease transactions for the nine three months ended September 30: March 31:

($ in millions)	($ in millions)	**2023**	2022	($ in millions)	**2024**	2023
Cash paid for amounts included in the measurement of lease liabilities:(a)	Cash paid for amounts included in the measurement of lease liabilities:(a)					
Operating cash flows from operating leases						
Operating cash flows from operating leases						
Operating cash flows from operating leases	Operating cash flows from operating leases	**$ 68**	67			
Operating cash flows from finance leases	Operating cash flows from finance leases	**3**	4			
Financing cash flows from finance leases	Financing cash flows from finance leases	**12**	13			
Gains on sale-leaseback transactions	Gains on sale-leaseback transactions	**1**	4			
Gains on sale-leaseback transactions						

Gains on sale-leaseback transactions

(a) *The cash flows related to the short-term and variable lease payments are not included in the amounts in the table presented as they were not included in the measurement of lease liabilities.*

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10. Goodwill

Business combinations entered into by the Bancorp typically result in the recognition of goodwill. Acquisition activity includes acquisitions in the respective period in addition to purchase accounting adjustments related to previous acquisitions.

The Bancorp completed its annual goodwill impairment test as of September 30, 2023 and the estimated fair values of the Commercial Banking, Consumer and Small Business Banking and Wealth and Asset Management reporting units exceeded their carrying values, including goodwill.

Changes in the net carrying amount of goodwill, by reporting unit, for the nine months ended September 30, 2023 and the year ended December 31, 2022 were as follows:

($ in millions)		Commercial Banking	Consumer and Small Business Banking	Wealth and Asset Management	General Corporate and Other	Total
Goodwill	$	2,730	2,518	231	—	5,479
Accumulated impairment losses		(750)	(215)	—	—	(965)
Net carrying value as of December 31, 2021	$	1,980	2,303	231	—	4,514
Acquisition activity		—	440	—	—	440
Reallocation of goodwill		378	(378)	—	—	—
Sale of businesses		(34)	—	(5)	—	(39)
Net carrying value as of December 31, 2022		**2,324**	**2,365**	**226**	**—**	**4,915**
Acquisition activity		**—**	**4**	**—**	**—**	**4**
Net carrying value as of September 30, 2023	**$**	**2,324**	**2,369**	**226**	**—**	**4,919**

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11. Intangible Assets

Intangible assets consist of core deposit intangibles, developed technology, customer relationships and other intangible assets which include trade names, backlog, operating leases and non-compete agreements. Intangible assets are amortized on either a straight-line or an accelerated basis over their estimated useful lives and, based on the type of intangible asset, the amortization expense may be recorded in either leasing business revenue or other noninterest expense in the Condensed Consolidated Statements of Income.

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

($ in millions)	($ in millions)		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	($ in millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
As of September 30, 2023									
As of March 31, 2024									
Core deposit intangibles									
Core deposit intangibles									
Core deposit intangibles	Core deposit intangibles	**$**	**209**	**(179)**	**30**				
Developed technology	Developed technology		**106**	**(29)**	**77**				
Customer relationships	Customer relationships		**30**	**(9)**	**21**				
Other	Other		**17**	**(9)**	**8**				
Total intangible assets	Total intangible assets	**$**	**362**	**(226)**	**136**				

As of December 31, 2022						
As of December 31, 2023						As of December 31, 2023
Core deposit intangibles	Core deposit intangibles	$	229	(182)	47	
Developed technology	Developed technology		106	(17)	89	
Customer relationships	Customer relationships		30	(7)	23	
Other	Other		20	(10)	10	
Total intangible assets	Total intangible assets	$	385	(216)	169	

As of September 30, 2023 March 31, 2024, all of the Bancorp's intangible assets were being amortized. Amortization expense recognized on intangible assets was $10 million and $13$12 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $33 million and $36 million for the nine months ended September 30, 2023 and 2022, 2023, respectively. The Bancorp's projections of amortization expense shown in the following table are based on existing asset balances as of September 30, 2023 March 31, 2024. Future amortization expense may vary from these projections.

Estimated amortization expense for the remainder of 2023 2024 through 2027 2028 is as follows:

($ in millions)	($ in millions)	Total	($ in millions)	Total
Remainder of 2023		$11		
2024		35		
Remainder of 2024				
2025	2025	28		
2026	2026	22		
2027	2027	14		
2028				

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12. 11. Variable Interest Entities

The Bancorp, in the normal course of business, engages in a variety of activities that involve VIEs, which are legal entities that lack sufficient equity at risk to finance their activities without additional subordinated financial support or the equity investors of the entities as a group lack any of the characteristics of a controlling interest. The Bancorp evaluates its interest in certain entities to determine if these entities meet the definition of a VIE and whether the Bancorp is the primary beneficiary and should consolidate the entity based on the variable interests it held both at inception and when there is a change in circumstances that requires a reconsideration. If the Bancorp is determined to be the primary beneficiary of a VIE, it must account for the VIE as a consolidated subsidiary. If the Bancorp is determined not to be the primary beneficiary of a VIE but holds a variable interest in the entity, such variable interests are accounted for under the equity method of accounting or other accounting standards as appropriate.

Consolidated VIEs

The Bancorp has consolidated VIEs related to automobile loan securitizations and a solar loan securitization where it has determined that it is the primary beneficiary. The following table provides a summary of assets and liabilities carried on the Condensed Consolidated Balance Sheets for the consolidated VIEs as of:

($ in millions)	($ in millions)		**September 30, 2023**	December 31, 2022	($ in millions)	**March 31, 2024**	December 31, 2023
Assets:	Assets:						
Other short-term investments	Other short-term investments	**$**	**59**	17			
Other short-term investments							
Other short-term investments							

Indirect secured consumer loans	Indirect secured consumer loans		**1,689**	141
Other consumer loans			**39**	44
Solar energy installation loans				
ALLL	ALLL		**(27)**	(2)
Other assets	Other assets		**11**	2
Total assets	Total assets	**$**	**1,771**	202
Liabilities:	Liabilities:			
Other liabilities	Other liabilities	**$**	**15**	9
Other liabilities				
Other liabilities				
Long-term debt	Long-term debt		**1,553**	118
Total liabilities	Total liabilities	**$**	**1,568**	127

In a securitization transaction that occurred in August of 2023, the Bancorp transferred $1.74 billion in aggregate automobile loans to a bankruptcy remote trust which was deemed to be a VIE. This trust then issued approximately $1.58 billion of asset-backed notes, of which approximately $79 million were retained by the Bancorp. Refer to Note 16 for more information. The Bancorp had previously completed a securitization transaction in which the Bancorp transferred certain consumer automobile loans to a bankruptcy remote trust which was also deemed to be a VIE. In the first quarter of 2023, the Bancorp exercised its cleanup call option on this automobile securitization that was outstanding Additionally, as of December 31, 2022. The Bancorp acquired all remaining automobile loans plus accrued interest, and those proceeds were used by the trust to repay the outstanding securitized debt.

As a result of a previous business acquisition, in the second quarter of 2022, the Bancorp acquired interests in a previously completed securitization transaction in which solar energy installation loans were transferred to a bankruptcy remote trust which was deemed to be a VIE.

In each of these securitization transactions, the primary purposes of the VIEs were to issue asset-backed securities with varying levels of credit subordination and payment priority, as well as residual interests, and to provide access to liquidity for originated loans. The Bancorp retained residual interests in the VIEs and, therefore, has an obligation to absorb losses and a right to receive benefits from the VIEs that could potentially be significant to the VIEs. In addition, the Bancorp retained servicing rights for the underlying loans and, therefore, holds the power to direct the activities of the VIEs that most significantly impact the economic performance of the VIEs. As a result, the Bancorp concluded that it is the primary beneficiary of the VIEs and has consolidated these VIEs. The assets of the VIEs are restricted to the settlement of the asset-backed securities and other obligations of the VIEs. The third-party holders of the asset-backed notes do not have recourse to the general assets of the Bancorp.

The economic performance of the VIEs is most significantly impacted by the performance of the underlying loans. The principal risks to which the VIEs are exposed include credit risk and prepayment risk. The credit and prepayment risks are managed through credit enhancements in the form of reserve accounts, over-collateralization, excess interest on the loans and the subordination of certain classes of asset-backed securities to other classes.

Non-consolidated VIEs

The following tables provide a summary of assets and liabilities carried on the Condensed Consolidated Balance Sheets related to non-consolidated VIEs for which the Bancorp holds an interest, but is not the primary beneficiary of the VIE, as well as the Bancorp's maximum exposure to losses associated with its interests in the entities as of:

September 30, 2023 ($ in millions)		Total Assets	Total Liabilities	Maximum Exposure
March 31, 2024 ($ in millions)	**March 31, 2024 ($ in millions)**	Total Assets	Total Liabilities	Maximum Exposure
CDC investments	CDC investments	**$ 1,953**	**667**	**1,953**
Private equity investments	Private equity investments	**222**	**—**	**393**

Loans provided to VIEs	Loans provided to VIEs	**4,011**	**—**	**5,953**
Lease pool entities	Lease pool entities	**47**	**—**	**47**
Solar loan securitizations	Solar loan securitizations	**9**	**—**	**9**

	December 31, 2022 ($ in millions)	Total Assets	Total Liabilities	Maximum Exposure
December 31, 2023 ($ in millions)	December 31, 2023 ($ in millions)	Total Assets	Total Liabilities	Maximum Exposure
CDC investments	CDC investments	$ 1,856	653	1,856
Private equity investments	Private equity investments	186	—	349
Loans provided to VIEs	Loans provided to VIEs	4,374	—	6,438
Lease pool entities	Lease pool entities	61	—	61
Solar loan securitizations	Solar loan securitizations	10	—	10

CDC investments

CDC invests in projects to create affordable housing and revitalize business and residential areas. CDC generally co-invests with other unrelated companies and/or individuals and typically makes investments in a separate legal entity that owns the property under development. The entities are usually formed as limited partnerships and LLCs and CDC typically invests as a limited partner/investor member in the form of equity contributions. The economic performance of the VIEs is driven by the performance of their underlying investment projects as well as the VIEs' ability to operate in compliance with the rules and regulations necessary for the qualification of tax credits generated by equity investments. The Bancorp has determined that it is not the primary beneficiary of these VIEs because it lacks the power to direct the activities that most significantly impact the economic performance of the underlying project or the VIEs' ability to operate in compliance with the rules and regulations necessary for the qualification of tax credits generated by equity investments. This power is held by the managing members who exercise full and exclusive control of the operations of the VIEs. For information regarding the Bancorp's accounting for these investments, refer to Note 1 of the Notes to Consolidated Financial Statements included in the Bancorp's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

The Bancorp's funding requirements are limited to its invested capital and any additional unfunded commitments for future equity contributions. The Bancorp's maximum exposure to loss as a result of its involvement with the VIEs is limited to the carrying amounts of the investments, including the unfunded commitments. The carrying amounts of these investments, which are included in other assets in the Condensed Consolidated Balance Sheets, and the liabilities related to the unfunded commitments, which are included in other liabilities in the Condensed Consolidated Balance Sheets, are included in the previous tables for all periods presented. Certain CDC investments include undrawn liquidity and lending commitments which are included in the maximum exposure amount but not included in the Condensed Consolidated Balance Sheets as these commitments are contingent on future events. The Bancorp has no other liquidity arrangements or obligations to purchase assets of the VIEs that would expose the Bancorp to a loss. In certain arrangements, the general partner/managing member of the VIE has guaranteed a level of projected tax credits to be received by the limited partners/investor members, thereby minimizing a portion of the Bancorp's risk.

The Bancorp utilizes the proportional amortization method to account for its qualifying investments in projects that are related to certain income tax credit programs. Effective with the adoption of ASU 2023-02 on January 1, 2024, these tax credit programs include the LIHTC program established under Section 42 of the IRC, the New Markets Tax Credit program established under Section 45D of the IRC and the Rehabilitation Investment Tax Credit program established under Section 47 of the IRC. Prior to the adoption of ASU 2023-02 on January 1, 2024, the Bancorp utilized the proportional amortization method for its LIHTC investments but other tax credit program investments were accounted for under the equity method.

At both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Bancorp's CDC investments included $1.8 billion and $1.6 billion, respectively, of investments in affordable housing tax credits recognized in other assets in credit programs for which the Condensed Consolidated Balance Sheets. Bancorp had elected to apply the proportional amortization method. The unfunded commitments related to these investments were $661 million $665 million and $643 million $684 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. The unfunded commitments as of September 30, 2023 March 31, 2024 are expected to be funded from 2023 2024 to 2040.

The Bancorp has accounted for all of its qualifying LIHTC investments using the proportional amortization method of accounting.

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The following table summarizes the impact impacts to the Condensed Consolidated Statements of Income related to these investments:

	Condensed Consolidated	For the three months ended September 30,	For the nine months ended September 30,

	Statements of Income Caption(a)	Condensed Consolidated Statements of Income Caption(a)
($ in millions)	Condensed Consolidated Statements of Income Caption(a)	Condensed Consolidated Statements of Income Caption(a)
($ in millions)		

($ in millions)	($ in millions)	Condensed Consolidated		**2023**	2022	**2023**	2022
Proportional amortization	Proportional amortization	Statements of Income Caption(a)	$	**47**	53	**148**	130
Tax credits and other benefits		Applicable income tax expense		**(60)**	(58)	**(178)**	(149)

Proportional amortization

Proportional amortization

Tax credits and other benefits(b)

Tax credits and other benefits(b)

Tax credits and other benefits(b)

Changes in carrying amounts of equity method investments(c)

Changes in carrying amounts of equity method investments(c)

Changes in carrying amounts of equity method investments(c)

(a) *The Bancorp did not recognize impairment losses resulting from the forfeiture or ineligibility of tax credits or other circumstances during both the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023.*

(b) *The related cash flows are classified as operating activities in the Condensed Consolidated Statements of Cash Flows primarily in net change in other assets.*

(c) *These amounts pertain to tax credit program investments which were accounted for under the equity method as they did not meet the qualification criteria for the proportional amortization method.*

Private equity investments

The Bancorp invests as a limited partner in private equity investments investment funds which provide the Bancorp an opportunity to obtain higher rates of return on invested capital, while also providing strategic opportunities in certain cases. Each of the limited partnerships has an unrelated third-party general partner responsible for appointing the fund manager. The Bancorp has not been appointed fund manager for any of these private equity investments. The funds finance primarily all of their activities from the partners' capital contributions and investment returns. The Bancorp has determined that it is not the primary beneficiary of the funds because it does not have the obligation to absorb the funds' expected losses or the right to receive the funds' expected residual returns that could potentially be significant to the funds and lacks the power to direct the activities that most significantly impact the economic performance of the funds. The Bancorp, as a limited partner, does not have substantive participating or substantive kick-out rights over the general partner. Therefore, the Bancorp accounts for its investments in these limited partnerships under the equity method of accounting.

The Bancorp is exposed to losses arising from the negative performance of the underlying investments in the private equity investments. investment funds. As a limited partner, the Bancorp's maximum exposure to loss is limited to the carrying amounts of the investments plus unfunded commitments. The carrying amounts of these investments, which are included in other assets in the Condensed Consolidated Balance Sheets, are presented in previous tables. Also, at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Bancorp's unfunded commitment amounts to the private equity funds were $171 million $166 million and $163 million $170 million, respectively. As part of previous commitments, the Bancorp made capital contributions to private equity investments of $15 million $14 million and $7 million $12 million during the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $36 million and $28 million during the nine months ended September 30, 2023 and 2022, 2023, respectively.

Loans provided to VIEs

The Bancorp has provided funding to certain unconsolidated VIEs sponsored by third parties. These VIEs are generally established to finance certain consumer and small business loans originated by third parties. The entities are primarily funded through the issuance of a loan from the Bancorp or a syndication through which the Bancorp is involved. The sponsor/administrator of the entities is responsible for servicing the underlying assets in the VIEs. Because the sponsor/administrator, not the Bancorp, holds the servicing responsibilities, which include the establishment and employment of default mitigation policies and procedures, the Bancorp does not hold the power to direct the activities that most significantly impact the economic performance of the entity and, therefore, is not the primary beneficiary.

The principal risk to which these entities are exposed is credit risk related to the underlying assets. The Bancorp's maximum exposure to loss is equal to the carrying amounts of the loans and unfunded commitments to the VIEs. The Bancorp's outstanding loans to these VIEs are included in commercial loans in Note 5. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Bancorp's unfunded commitments to these entities were $1.9 billion $2.3 billion and $2.1 billion, respectively. The loans and unfunded commitments to these VIEs are included in the Bancorp's overall analysis of the ALLL and reserve for unfunded commitments, respectively. The Bancorp does not provide any implicit or explicit liquidity guarantees or principal value guarantees to these VIEs.

Lease pool entities

The Bancorp is a co-investor with other unrelated leasing companies in three LLCs designed for the purpose of purchasing pools of residual interests in leases which have been originated or purchased by the other investing member. For each LLC, the leasing company is the managing member and has full authority over the day-to-day operations of the entity. While the Bancorp holds more than 50% of the equity interests in each LLC, the operating agreements require both members to consent to significant corporate actions, such as liquidating the entity or removing the manager. In addition, the Bancorp has a preference with regards to distributions such that all of the Bancorp's equity contribution for each pool must be distributed, plus a pre-defined rate of return, before the other member may receive distributions. The leasing company is also entitled to the return of its investment plus a pre-defined rate of return before any residual profits are distributed to the members.

The lease pool entities are primarily subject to risk of losses on the lease residuals purchased. The Bancorp's maximum exposure to loss is equal to the carrying amount of the investments. The Bancorp has determined that it is not the primary beneficiary of these VIEs because it

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does not have the power to direct the activities that most significantly impact the economic performance of the entities. This power is held by the leasing company, who as managing member controls the servicing of the leases and collection of the proceeds on the residual interests.

Solar loan securitizations

As a result of a previous business acquisition, in the second quarter of 2022, the Bancorp acquired interests in previously completed securitization transactions in which solar energy installation loans were transferred to bankruptcy remote trusts which were deemed to be VIEs. In each of these securitization transactions, the primary purposes of the VIEs were to issue asset-backed securities with varying levels of credit subordination and payment priority, as well as residual interests, and to provide access to liquidity for originated loans. The Bancorp retained certain risk retention interests in the classes of securities issued by the VIEs and retained servicing rights for the underlying loans. The Bancorp's maximum exposure to loss is equal to the carrying amount of the investments. The Bancorp has determined that it is not the primary beneficiary of the VIEs because it does not have the obligation to absorb the VIEs expected losses or the right to receive the VIEs expected residual returns that could potentially be significant to the VIEs. The risk retention interests held by the Bancorp were included in available-for-sale debt and other securities in the Condensed Consolidated Balance Sheets.

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13. 12. Sales of Receivables and Servicing Rights

Residential Mortgage Loan Sales

The Bancorp sold fixed and adjustable-rate residential mortgage loans during the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023. In those sales, the Bancorp obtained servicing responsibilities and provided certain standard representations and warranties; however, the investors have no recourse to the Bancorp's other assets for failure of debtors to pay when due. The Bancorp receives servicing fees based on a percentage of the outstanding balance. The Bancorp identifies classes of servicing assets based on financial asset type and interest rates.

Information related to residential mortgage loan sales and the Bancorp's mortgage banking activity, which is included in mortgage banking net revenue in the Condensed Consolidated Statements of Income, is as follows:

			For the three months ended September 30,		For the nine months ended September 30,	
			For the three months ended March 31,			
			For the three months ended March 31,			
			For the three months ended March 31,			
($ in millions)	($ in millions)		**2023**	2022	**2023**	2022
($ in millions)						
($ in millions)						
Residential mortgage loan sales(a)						
Residential mortgage loan sales(a)						
Residential mortgage loan sales(a)	Residential mortgage loan sales(a)	$	**1,374**	3,943	**3,882**	10,445
Origination fees and gains on loan sales	Origination fees and gains on loan sales		**19**	24	**59**	73
Origination fees and gains on loan sales						
Origination fees and gains on loan sales						

Gross mortgage servicing fees	Gross mortgage servicing fees	**79**	81	**241**	230
Gross mortgage servicing fees					
Gross mortgage servicing fees					

(a) Represents the unpaid principal balance at the time of the sale.

Servicing Rights

The Bancorp measures all of its mortgage servicing rights at fair value with changes in fair value reported in mortgage banking net revenue in the Condensed Consolidated Statements of Income.

The following table presents changes in the servicing rights related to residential mortgage loans for the nine three months ended September 30: March 31:

($ in millions)	($ in millions)	2023	2022	($ in millions)	2024	2023
Balance, beginning of period	Balance, beginning of period	**$ 1,746**	1,121			
Servicing rights originated	Servicing rights originated	**57**	186			
Servicing rights purchased	Servicing rights purchased	**25**	208			
Changes in fair value:	Changes in fair value:					
Due to changes in inputs or assumptions(a)	Due to changes in inputs or assumptions(a)	**107**	358			
Due to changes in inputs or assumptions(a)						
Due to changes in inputs or assumptions(a)						
Other changes in fair value(b)	Other changes in fair value(b)	**(113)**	(141)			
Balance, end of period	Balance, end of period	**$ 1,822**	1,732			

(a) Primarily reflects changes in prepayment speed and OAS assumptions which are updated based on market interest rates.

(b) Primarily reflects changes due to realized cash flows and the passage of time.

The Bancorp maintains a non-qualifying hedging strategy to manage a portion of the risk associated with changes in the value of the MSR portfolio. This strategy may include the purchase of free-standing derivatives and various available-for-sale debt and trading debt securities. The interest income, mark-to-market adjustments and gain or loss from sale activities associated with these portfolios are expected to economically hedge a portion of the change in value of the MSR portfolio caused by fluctuating OAS, earnings rates and prepayment speeds. The fair value of the servicing asset is based on the present value of expected future cash flows.

The following table presents activity related to valuations of the MSR portfolio and the impact of the non-qualifying hedging strategy:

		For the three months ended September 30,		For the nine months ended September 30,	
		For the three months ended March 31,			
		For the three months ended March 31,			
		For the three months ended March 31,			
($ in millions)	($ in millions)	**2023**	2022	**2023**	2022
Securities losses, net – non-qualifying hedges on mortgage servicing rights		**$ —**	(1)	**—**	(2)
($ in millions)					
($ in millions)					

Securities gains, net – non-qualifying hedges on mortgage servicing rights					
Securities gains, net – non-qualifying hedges on mortgage servicing rights					
Securities gains, net – non-qualifying hedges on mortgage servicing rights					
Changes in fair value and settlement of free-standing derivatives purchased to economically hedge the MSR portfolio(a)					
Changes in fair value and settlement of free-standing derivatives purchased to economically hedge the MSR portfolio(a)					
Changes in fair value and settlement of free-standing derivatives purchased to economically hedge the MSR portfolio(a)	Changes in fair value and settlement of free-standing derivatives purchased to economically hedge the MSR portfolio(a)	**(75)**	(84)	**(110)**	(368)
MSR fair value adjustment due to changes in inputs or assumptions(a)	MSR fair value adjustment due to changes in inputs or assumptions(a)	**73**	83	**107**	358
MSR fair value adjustment due to changes in inputs or assumptions(a)					
MSR fair value adjustment due to changes in inputs or assumptions(a)					

(a) *Included in mortgage banking net revenue in the Condensed Consolidated Statements of Income.*

The key economic assumptions used in measuring the servicing rights related to residential mortgage loans that continued to be held by the Bancorp at the date of sale, securitization or purchase resulting from transactions completed during the three months ended September 30, 2023 March 31, 2024 and 2022 2023 were as follows:

		September 30, 2023				September 30, 2022													
		Weighted-Average Life (in years)	Prepayment Speed (annual)		OAS (bps)	Weighted-Average Life (in years)	Prepayment Speed (annual)		OAS (bps)										
	March 31, 2024												**March 31, 2024**						March 31, 2023
	Weighted-Average Life (in years)										Weighted-Average Life (in years)	Prepayment Speed (annual)		OAS (bps)	Weighted-Average Life (in years)	Prepayment Speed (annual)			OAS (bps)
Fixed-rate	Fixed-rate	**6.6**	**12.2**	**%**	**575**	6.9	11.3	%	760	Fixed-rate	**5.9**	**14.3**	**%**	**503**	6.7	12.4	%		621
Adjustable-rate	Adjustable-rate	—	—		—	2.2	35.1		803	Adjustable-rate	—	— —	—	—	3.0	27.9		774	774

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Bancorp serviced $101.9 billion $99.6 billion and $103.2 billion, $100.8 billion, respectively, of residential mortgage loans for other investors. The value of MSRs that continue to be held by the Bancorp is subject to credit, prepayment and interest rate risks on the sold financial assets. The weighted-average coupon of the MSR portfolio was 3.69% 3.74%and 3.59% 3.72% at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

At September 30, 2023 March 31, 2024, the sensitivity of the current fair value of residual cash flows to immediate 10%, 20% and 50% adverse changes in prepayment speed assumptions and immediate 10% and 20% adverse changes in OAS for servicing rights related to residential mortgage loans are as follows:

($ in millions)(a)	($ in millions)(a)	Prepayment Speed Assumption	OAS Assumption	($ in millions)(a)	Prepayment Speed Assumption		OAS Assumption

		Fair Value	Weighted-Average Life (in years)	Rate	Impact of Adverse Change on Fair Value 10%	20%	50%	OAS (bps)	Impact of Adverse Change on Fair Value 10%	20%
Fixed-rate	Fixed-rate	$ 1,817	9.1	5.0 %	$ (39)	(74)	(166)	582	$ (45)	(88)
Adjustable-rate	Adjustable-rate	5	5.7	20.3	(1)	(1)	(2)	1,204	—	—

Fair Value	Weighted-Average Life (in years)	Rate 10%	Impact of Adverse Change on Fair Value 20%	50%	10%	OAS (bps)	Impact of Adverse Change on Fair Value 20%

(a) The impact of the weighted-average default rate on the current fair value of residual cash flows for all scenarios is immaterial.

These sensitivities are hypothetical and should be used with caution. As the figures indicate, changes in fair value based on these variations in the assumptions typically cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. The Bancorp believes that variations of these levels are reasonably possible; however, there is the potential that adverse changes in key assumptions could be even greater. Also, in the previous table, the effect of a variation in a particular assumption on the fair value of the interests that continue to be held by the Bancorp is calculated without changing any other assumption; in reality, changes in one factor may result in changes in another (for example, increases in market interest rates may result in lower prepayments), which might magnify or counteract these sensitivities.

14. 13. Derivative Financial Instruments

The Bancorp maintains an overall risk management strategy that incorporates the use of derivative instruments to reduce certain risks related to interest rate, prepayment and foreign currency volatility. Additionally, the Bancorp holds derivative instruments for the benefit of its commercial customers and for other business purposes. The Bancorp does not enter into unhedged speculative derivative positions.

The Bancorp's interest rate risk management strategy involves modifying the repricing characteristics of certain financial instruments so that changes in interest rates do not adversely affect the Bancorp's net interest margin and cash flows. 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, forward starting interest rate swaps, options, swaptions and TBA securities. Interest rate swap contracts are exchanges of interest payments, such as fixed-rate payments for floating-rate payments, based on a stated notional amount and maturity date. Interest rate floors protect against declining rates, while interest rate caps protect against rising interest rates. Forward contracts are contracts in which the buyer agrees to purchase, and the seller agrees to make delivery of, a specific financial instrument at a predetermined price or yield. Options provide the purchaser with the right, but not the obligation, to purchase or sell a contracted item during a specified period at an agreed-upon agreed upon price. Swaptions are financial instruments granting the owner the right, but not the obligation, to enter into or cancel a swap.

Prepayment volatility arises mostly from changes in fair value of the largely fixed-rate MSR portfolio, mortgage loans and mortgage-backed securities. The Bancorp may enter into various free-standing derivatives (principal-only swaps, interest rate swaptions, interest rate floors, mortgage options, TBA securities and interest rate swaps) to economically hedge prepayment volatility. Principal-only swaps are total return swaps based on changes in the value of the underlying mortgage principal-only trust. TBA securities are a forward purchase agreement for a mortgage-backed securities trade whereby the terms of the security are undefined at the time the trade is made.

Foreign currency volatility occurs as the Bancorp enters into certain loans denominated in foreign currencies. Derivative instruments that the Bancorp may use to economically hedge these foreign denominated loans include foreign exchange swaps and forward contracts.

The Bancorp also enters into derivative contracts (including foreign exchange contracts, commodity contracts and interest rate contracts) for the benefit of commercial customers and other business purposes. The Bancorp economically hedges significant exposures related to these free-standing derivatives by entering into offsetting third-party contracts with approved, reputable and independent counterparties with substantially matching terms and currencies. Credit risk arises from the possible inability of counterparties to meet the terms of their contracts. The Bancorp's exposure is limited to the replacement value of the contracts rather than the notional, principal or contract amounts. Credit risk is minimized through credit approvals, limits, counterparty collateral and monitoring procedures.

The fair value of derivative instruments is presented on a gross basis, even when the derivative instruments are subject to master netting arrangements. Derivative instruments with a positive fair value are reported in other assets in the Condensed Consolidated Balance Sheets while derivative instruments with a negative fair value are reported in other liabilities in the Condensed Consolidated Balance Sheets. Cash collateral payables and receivables associated with the derivative instruments are not added to or netted against the fair value amounts with the exception of certain variation margin payments that are considered legal settlements of the derivative contracts. For derivative contracts cleared through certain central clearing parties who have modified their rules to treat variation margin payments as settlements, the variation margin payments are applied to net the fair value of the respective derivative contracts.

The Bancorp's derivative assets contracts include certain contractual features in which either the Bancorp requires or the counterparties may be required to provide collateral, typically in the form of cash or securities, as initial margin and to offset changes in the fair value of the derivatives, including changes in the fair value due to credit risk, either of the Bancorp or the counterparty. In measuring the fair value of its derivative contracts, the Bancorp considers its own credit risk, taking into consideration collateral maintenance requirements of certain derivative counterparties and the duration of instruments with counterparties that do not require collateral maintenance.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the balance of collateral held by the Bancorp for derivative assets was $1.7 billion $1.6 billion and $1.3 billion, respectively. For derivative contracts cleared through certain central clearing parties whose rules treat variation margin payments as settlements of the derivative contract, the payments for variation margin of $698 million $576 million and $1.0 billion $587 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, were applied to reduce the respective derivative contracts and were also not included in the total amount of collateral held. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the credit component negatively impacting the fair value of derivative assets associated with customer accommodation contracts was $4 million $3 million and $9 million $7 million, respectively.

In measuring the fair value of derivative liabilities, the Bancorp considers its own credit risk, taking into consideration collateral maintenance requirements of certain derivative counterparties and the duration of instruments with counterparties that do not require collateral maintenance. When necessary, the Bancorp posts collateral, primarily in the form of cash or securities, to offset changes in fair value of the derivatives, including changes in fair value due to the Bancorp's credit risk. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the balance of collateral posted by the Bancorp, for as either initial margin or due to changes in fair value of the related derivative liabilities contracts was $982 million $1.2 billion and $913 million $1.1 billion, respectively. Additionally, as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, $1.9 billion $1.1 billion and $1.0 billion, $721 million, respectively, of variation margin payments were applied to the respective derivative contracts to reduce the Bancorp's derivative liabilities and were also not included in the total amount of collateral posted. Certain of the Bancorp's derivative liabilities contain credit risk-related contingent features that could result in the requirement to post additional collateral upon the occurrence of specified events. As of both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the fair value of the additional collateral that could be required to be posted as a result of the credit risk-related contingent features being triggered was immaterial to the Bancorp's Condensed Consolidated Financial Statements. The posting of collateral has been determined to remove the need for further consideration of

consideration of credit risk. As a result, the Bancorp determined that the impact of the Bancorp's credit risk to the valuation of its derivative liabilities was immaterial to the Bancorp's Condensed Consolidated Financial Statements.

The Bancorp holds certain derivative instruments that qualify for hedge accounting treatment and are designated as either fair value hedges or cash flow hedges. Derivative instruments that do not qualify for hedge accounting treatment, or for which hedge accounting is not established, are held as free-standing derivatives. All customer accommodation derivatives are held as free-standing derivatives.

The following tables reflect the notional amounts and fair values for all derivative instruments included in the Condensed Consolidated Balance Sheets as of:

September 30, 2023 ($ in millions)	Notional Amount	Fair Value Derivative Assets	Fair Value Derivative Liabilities
Derivatives Designated as Qualifying Hedging Instruments:			
Fair value hedges:			
Interest rate swaps related to long-term debt	**$ 5,955**	—	**63**
Total fair value hedges		—	**63**
Cash flow hedges:			

March 31, 2024 ($ in millions)	Notional Amount	Fair Value Derivative Assets	Fair Value Derivative Liabilities
Derivatives Designated as Qualifying Hedging Instruments:			
Fair value hedges:			
Fair value hedges:			
Fair value hedges:			
Interest rate swaps related to long-term debt			
Interest rate swaps related to long-term debt			
Interest rate swaps related to long-term debt			
Total fair value hedges			
Total fair value hedges			
Total fair value hedges			
Cash flow hedges:			
Interest rate floors related to C&I loans			
Interest rate floors related to C&I loans			

Interest rate floors related to C&I loans	Interest rate floors related to C&I loans	**3,000**	**—**	**—**
Interest rate swaps related to C&I loans	Interest rate swaps related to C&I loans	**8,000**	**1**	**6**
Interest rate swaps related to C&I loans - forward starting(a)	Interest rate swaps related to C&I loans - forward starting(a)	**10,000**	**—**	**2**
Interest rate swaps related to commercial mortgage and commercial construction loans		**4,000**	**2**	**—**
Interest rate swaps related to commercial mortgage and commercial construction loans - forward starting(a)				
Interest rate swaps related to commercial mortgage and commercial construction loans - forward starting(a)				
Interest rate swaps related to commercial mortgage and commercial construction loans - forward starting(a)	Interest rate swaps related to commercial mortgage and commercial construction loans - forward starting(a)	**4,000**	**—**	**2**
Total cash flow hedges	Total cash flow hedges		**3**	**10**
Total derivatives designated as qualifying hedging instruments	Total derivatives designated as qualifying hedging instruments		**3**	**73**
Derivatives Not Designated as Qualifying Hedging Instruments:	**Derivatives Not Designated as Qualifying Hedging Instruments:**			
Free-standing derivatives – risk management and other business purposes:	Free-standing derivatives – risk management and other business purposes:			
Free-standing derivatives – risk management and other business purposes:				
Free-standing derivatives – risk management and other business purposes:				
Interest rate contracts related to MSR portfolio	Interest rate contracts related to MSR portfolio	**2,550**	**73**	**10**

Forward contracts related to residential mortgage loans held for sale(b)		869	12	1
Interest rate contracts related to MSR portfolio				
Interest rate contracts related to MSR portfolio				
Forward contracts related to residential mortgage loans measured at fair value(b)				
Swap associated with the sale of Visa, Inc. Class B Shares	Swap associated with the sale of Visa, Inc. Class B Shares	3,691	—	172
Foreign exchange contracts	Foreign exchange contracts	200	—	—
Interest-only strips	Interest-only strips	42	1	—
Interest rate contracts for collateral management	Interest rate contracts for collateral management	12,000	1	1
Interest rate contracts for LIBOR transition	Interest rate contracts for LIBOR transition	597	—	—
Interest rate contracts for LIBOR transition				
Interest rate contracts for LIBOR transition				
Other	Other	14	—	—
Total free-standing derivatives – risk management and other business purposes	Total free-standing derivatives – risk management and other business purposes		87	184
Free-standing derivatives – customer accommodation:	Free-standing derivatives – customer accommodation:			
Interest rate contracts(c)(d)				
Interest rate contracts(c)(d)				
Interest rate contracts(c)(d)	Interest rate contracts(c)(d)	90,848	1,392	1,826
Interest rate lock commitments	Interest rate lock commitments	355	4	—
Commodity contracts	Commodity contracts	18,417	1,115	1,045

TBA securities	TBA securities	**60**	**—**	**—**
Foreign exchange contracts	Foreign exchange contracts	**32,998**	**706**	**644**
Total free-standing derivatives – customer accommodation	Total free-standing derivatives – customer accommodation		**3,217**	**3,515**
Total derivatives not designated as qualifying hedging instruments	Total derivatives not designated as qualifying hedging instruments		**3,304**	**3,699**
Total	Total		**$ 3,307**	**3,772**

(a) Forward starting swaps will become effective on various dates between October 2023 June 2024 and February 2025.

(b) Includes forward sale and forward purchase contracts which are utilized to manage market risk on residential mortgage loans held for sale and the related interest rate lock commitments. commitments in addition to certain portfolio residential mortgage loans measured at fair value.

(c) Derivative assets and liabilities are presented net of variation margin of $528 $371 and $96, $67, respectively.

(d) Includes replacement contracts with a notional amount of approximately $1.3 billion $675 million which were the result of certain central clearing parties replacing existing LIBOR-based contracts with multiple separate contracts as part of the LIBOR transition.

December 31, 2022 ($ in millions)	Notional Amount	Fair Value Derivative Assets	Fair Value Derivative Liabilities

December 31, 2023 ($ in millions)	December 31, 2023 ($ in millions)	Notional Amount	Fair Value Derivative Assets	Fair Value Derivative Liabilities
Derivatives Designated as Qualifying Hedging Instruments:	**Derivatives Designated as Qualifying Hedging Instruments:**			
Fair value hedges:	Fair value hedges:			
Fair value hedges:				
Fair value hedges:				
Interest rate swaps related to long-term debt				
Interest rate swaps related to long-term debt				
Interest rate swaps related to long-term debt	Interest rate swaps related to long-term debt	$ 5,955	126	195
Total fair value hedges	Total fair value hedges		126	195
Total fair value hedges				
Total fair value hedges				
Cash flow hedges:	Cash flow hedges:			
Interest rate floors related to C&I loans				

Interest rate floors related to C&I loans				
Interest rate floors related to C&I loans	Interest rate floors related to C&I loans	3,000	4	—
Interest rate swaps related to C&I loans	Interest rate swaps related to C&I loans	8,000	—	76
Interest rate swaps related to C&I loans - forward starting(a)	Interest rate swaps related to C&I loans - forward starting(a)	11,000	22	—
Interest rate swaps related to commercial mortgage and commercial construction loans		4,000	—	25
Interest rate swaps related to commercial mortgage and commercial construction loans - forward starting(a)				
Interest rate swaps related to commercial mortgage and commercial construction loans - forward starting(a)				
Interest rate swaps related to commercial mortgage and commercial construction loans - forward starting(a)	Interest rate swaps related to commercial mortgage and commercial construction loans - forward starting(a)	4,000	5	—
Total cash flow hedges	Total cash flow hedges		31	101
Total derivatives designated as qualifying hedging instruments	Total derivatives designated as qualifying hedging instruments		157	296
Derivatives Not Designated as Qualifying Hedging Instruments:	**Derivatives Not Designated as Qualifying Hedging Instruments:**			
Free-standing derivatives – risk management and other business purposes:	Free-standing derivatives – risk management and other business purposes:			
Free-standing derivatives – risk management and other business purposes:				
Free-standing derivatives – risk management and other business purposes:				
Interest rate contracts related to MSR portfolio	Interest rate contracts related to MSR portfolio	2,975	62	17

Forward contracts related to residential mortgage loans held for sale(b)		1,869	9	7
Interest rate contracts related to MSR portfolio				
Interest rate contracts related to MSR portfolio				
Forward contracts related to residential mortgage loans measured at fair value(b)				
Swap associated with the sale of Visa, Inc. Class B Shares	Swap associated with the sale of Visa, Inc. Class B Shares	3,358	—	195
Foreign exchange contracts	Foreign exchange contracts	156	1	—
Interest-only strips	Interest-only strips	58	4	—
Interest rate contracts for collateral management	Interest rate contracts for collateral management	12,000	9	1
Interest rate contracts for LIBOR transition	Interest rate contracts for LIBOR transition	597	—	—
Other				
Total free-standing derivatives – risk management and other business purposes	Total free-standing derivatives – risk management and other business purposes		85	220
Free-standing derivatives – customer accommodation:	Free-standing derivatives – customer accommodation:			
Interest rate contracts(c)		83,605	998	1,663
Interest rate contracts(c)(d)				
Interest rate contracts(c)(d)				
Interest rate contracts(c)(d)				
Interest rate lock commitments	Interest rate lock commitments	216	2	1
Commodity contracts	Commodity contracts	16,122	1,478	1,350
TBA securities	TBA securities	62	—	—
Foreign exchange contracts	Foreign exchange contracts	25,322	453	422
Total free-standing derivatives – customer accommodation	Total free-standing derivatives – customer accommodation		2,931	3,436

Total derivatives not designated as qualifying hedging instruments	Total derivatives not designated as qualifying hedging instruments	3,016	3,656
Total	Total	$ 3,173	3,952

(a) *Forward starting swaps will become effective on various dates between February 2023 June 2024 and February 2025.*

(b) *Includes forward sale and forward purchase contracts which are utilized to manage market risk on residential mortgage loans held for sale and the related interest rate lock commitments. commitments in addition to certain portfolio residential mortgage loans measured at fair value.*

(c) *Derivative assets and liabilities are presented net of variation margin of $694 $335 and $37, $58, respectively.*

(d) *Includes replacement contracts with a notional amount of approximately $675 million which were the result of certain central clearing parties replacing existing LIBOR-based contracts with multiple separate contracts as part of the LIBOR transition.*

Fair Value Hedges

The Bancorp may enter into interest rate swaps to convert its fixed-rate funding to floating-rate or to hedge the exposure to changes in fair value of a recognized asset attributable to changes in the benchmark interest rate. Decisions to enter into these interest rate swaps are made primarily through consideration of the asset/liability mix of the Bancorp, the desired asset/liability sensitivity and interest rate levels. As of September 30, 2023 March 31, 2024, certain interest rate swaps met the criteria required to qualify for the shortcut method of accounting that permits the assumption of perfect offset. For all designated fair value hedges of interest rate risk as of September 30, 2023 March 31, 2024 that were not accounted for under the shortcut method of accounting, the Bancorp performed an assessment of hedge effectiveness using regression analysis with changes in the fair value of the derivative instrument and changes in the fair value of the hedged asset or liability attributable to the hedged risk recorded in the same income statement line in current period net income.

The following table reflects the changes in fair value of interest rate contracts, designated as fair value hedges and the changes in fair value of the related hedged items attributable to the risk being hedged, as well as the line items in the Condensed Consolidated Statements of Income in which the corresponding gains or losses are recorded:

	Condensed Consolidated Statements of Income Caption	Condensed Consolidated Statements of Income Caption
($ in millions) ($ in millions) ($ in millions)	Condensed Consolidated Statements of Income Caption	
Long-term debt:		
Long-term debt:		
Long-term debt:		
Change in fair value of interest rate swaps hedging long-term debt		
Change in fair value of interest rate swaps hedging long-term debt		
Change in fair value of interest rate swaps hedging long-term debt		
Change in fair value of hedged long-term debt attributable to the risk being hedged		
Change in fair value of hedged long-term debt attributable to the risk being hedged		
Change in fair value of hedged long-term debt attributable to the risk being hedged		

($ in millions)	Condensed Consolidated Statements of Income Caption	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Long-term debt:					
Change in fair value of interest rate swaps hedging long-term debt	Interest on long-term debt	$ **(147)**	(230)	**(186)**	(493)
Change in fair value of hedged long-term debt attributable to the risk being hedged	Interest on long-term debt	**146**	230	**188**	493
Available-for-sale debt and other securities:					
Change in fair value of interest rate swaps hedging available-for-sale debt and other securities	Interest on securities	**—**	—	**—**	8
Change in fair value of hedged available-for-sale debt and other securities attributable to the risk being hedged	Interest on securities	**—**	—	**—**	(8)

The following amounts were recorded in the Condensed Consolidated Balance Sheets related to cumulative basis adjustments for fair value hedges as of:

($ in millions)	($ in millions)	Condensed Consolidated Balance Sheets Caption	**September 30, 2023**	December 31, 2022	($ in millions)	Condensed Consolidated Balance Sheets Caption	**March 31, 2024**	December 31, 2023
Long-term debt:	Long-term debt:							
Carrying amount of the hedged items	Carrying amount of the hedged items	Long-term debt	$ **5,681**	5,865				
Carrying amount of the hedged items								
Carrying amount of the hedged items								
Cumulative amount of fair value hedging adjustments included in the carrying amount of the hedged items	Cumulative amount of fair value hedging adjustments included in the carrying amount of the hedged items	Long-term debt	**(252)**	(64)				
Available-for-sale debt and other securities:	Available-for-sale debt and other securities:							

Cumulative amount of fair value hedging adjustments remaining for hedged items for which hedge accounting has been discontinued	Cumulative amount of fair value hedging adjustments remaining for hedged items for which hedge accounting has been discontinued	Available-for-sale debt and other securities	**(12)**	(14)
Cumulative amount of fair value hedging adjustments remaining for hedged items for which hedge accounting has been discontinued				
Cumulative amount of fair value hedging adjustments remaining for hedged items for which hedge accounting has been discontinued				

Cash Flow Hedges

The Bancorp may enter into interest rate swaps to convert floating-rate assets and liabilities to fixed rates or to hedge certain forecasted transactions for the variability in cash flows attributable to the contractually specified interest rate. The assets or liabilities may be grouped in circumstances where they share the same risk exposure that the Bancorp desires to hedge. The Bancorp may also enter into interest rate caps and floors to limit cash flow variability of floating-rate assets and liabilities. As of September 30, 2023 March 31, 2024, all hedges designated as cash flow hedges were assessed for effectiveness using regression analysis. The entire change in the fair value of the interest rate swap included in the assessment of hedge effectiveness is recorded in AOCI and reclassified from AOCI to current period earnings when the hedged item affects earnings. As of September 30, 2023 March 31, 2024, the maximum length of time over which the Bancorp is hedging its exposure to the variability in future cash flows is 100 94 months.

Reclassified gains and losses on interest rate contracts related to commercial loans are recorded within interest income in the Condensed Consolidated Statements of Income. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, $977 million $619 million and $498 million $372 million of net deferred losses, net of tax, on cash flow hedges were recorded in AOCI in the Condensed Consolidated Balance Sheets. As of September 30, 2023 March 31, 2024, $309 million $291 million in net unrealized losses, net of tax, recorded in AOCI are expected to be reclassified into earnings during the next 12 months. This amount could differ from amounts actually recognized due to changes in interest rates, hedge de-designations or the addition of other hedges subsequent to September 30, 2023 March 31, 2024.

During both the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, there were no gains or losses reclassified from AOCI into earnings associated with the discontinuance of cash flow hedges because it was probable that the original forecasted transaction would no longer occur by the end of the originally specified time period or within the additional period of time as defined by U.S. GAAP.

The following table presents the pre-tax net (losses) gains recorded in the Condensed Consolidated Statements of Income and in the Condensed Consolidated Statements of Comprehensive Income relating to derivative instruments designated as cash flow hedges:

($ in millions)		For the three months ended September 30, 2023	2022	For the nine months ended September 30, 2023	2022
Amount of pre-tax net losses recognized in OCI	$	**(687)**	(688)	**(864)**	(1,092)
Amount of pre-tax net (losses) gains reclassified from OCI into net income		**(94)**	4	**(240)**	140

($ in millions)		For the three months ended March 31, 2024	2023
Amount of pre-tax net (losses) gains recognized in OCI	$	**(413)**	278
Amount of pre-tax net losses reclassified from OCI into net income		**(89)**	(65)

Free-Standing Derivative Instruments – Risk Management and Other Business Purposes

As part of its overall risk management strategy relative to its mortgage banking activity, the Bancorp may enter into various free-standing derivatives (principal-only swaps, interest rate swaptions, interest rate floors, mortgage options, TBA securities and interest rate swaps) to economically hedge changes in fair value of its largely fixed-rate MSR portfolio. Principal-only swaps hedge the spread between mortgage rates and LIBOR benchmark rates because these swaps appreciate in value as a result of tightening spreads. Principal-only swaps also provide prepayment protection by increasing in value when prepayment speeds increase, as opposed to MSRs that lose value in a faster prepayment

environment. Receive fixed/pay floating Receive-fixed/pay-floating interest rate swaps and swaptions increase in value when interest rates do not increase as quickly as expected.

The Bancorp enters into forward contracts and mortgage options to economically hedge the change in fair value of certain residential mortgage loans held for sale, and certain residential mortgage portfolio loans measured at fair value, due to changes in interest rates. These contracts generally settle within one year or less. IRLCs issued on residential mortgage loan commitments that will be held for sale are also considered free-standing derivative instruments and the interest rate exposure on these commitments is economically hedged primarily with forward contracts. Revaluation gains and losses from free-standing derivatives related to mortgage banking activity are recorded as a component of mortgage banking net revenue in the Condensed Consolidated Statements of Income.

In conjunction with the sale of Visa, Inc. Class B Shares in 2009, the Bancorp entered into a total return swap in which the Bancorp will make or receive payments based on subsequent changes in the conversion rate of the Class B Shares into Class A Shares. This total return swap is accounted for as a free-standing derivative. Refer to Note 23 21 for more information about significant inputs and assumptions used in the valuation of this instrument.

The Bancorp entered into certain interest rate swap contracts for the purpose of managing its collateral positions across two central clearing parties. These interest rate swaps were perfectly offsetting positions that allowed the Bancorp to lower the cash posted as required initial margin at the clearing parties, which reduced its credit exposure to the clearing parties. Given that all relevant terms for these interest rate swaps are offsetting, these trades create no additional market risk for the Bancorp.

As part of the LIBOR to SOFR transition, the Bancorp received certain interest rate swap contracts from the two central clearing parties that are moving have moved from an Effective Federal Funds Rate discounting curve to a SOFR discounting curve. The purpose of these interest rate swaps was to neutralize the impact on collateral requirements due to the change in discounting curves implemented by the central clearing parties.

The net (losses) gains recorded in the Condensed Consolidated Statements of Income relating to free-standing derivative instruments used for risk management and other business purposes are summarized in the following table:

		Condensed Consolidated Statements of Income Caption		For the three months ended September 30,		For the nine months ended September 30,	
		Condensed Consolidated Statements of Income Caption		Condensed Consolidated Statements of Income Caption			
($ in millions)				Condensed Consolidated Statements of Income Caption			
($ in millions)							
($ in millions)	($ in millions)	Condensed Consolidated Statements of Income Caption		**2023**	2022	**2023**	2022
Interest rate contracts:	Interest rate contracts:						
Interest rate contracts:							
Interest rate contracts:							
Interest rate contracts related to MSR portfolio	Interest rate contracts related to MSR portfolio	Mortgage banking net revenue	$	**(75)**	(84)	**(110)**	(368)
Forward contracts related to residential mortgage loans held for sale		Mortgage banking net revenue		**6**	59	**9**	61
Interest-only strips		Other noninterest income		**—**	—	**(3)**	—
Interest rate contracts related to MSR portfolio							
Interest rate contracts related to MSR portfolio							

Forward contracts related to residential mortgage loans measured at fair value						
Forward contracts related to residential mortgage loans measured at fair value						
Forward contracts related to residential mortgage loans measured at fair value						
Foreign exchange contracts:						
Foreign exchange contracts:						
Foreign exchange contracts:	Foreign exchange contracts:					
Foreign exchange contracts for risk management purposes	Foreign exchange contracts for risk management purposes	Other noninterest income	**5**	11	**1**	14
Foreign exchange contracts for risk management purposes						
Foreign exchange contracts for risk management purposes						
Equity contracts:						
Equity contracts:						
Equity contracts:	Equity contracts:					
Swap associated with sale of Visa, Inc. Class B Shares	Swap associated with sale of Visa, Inc. Class B Shares	Other noninterest income	**(10)**	(17)	**(72)**	(46)
Swap associated with sale of Visa, Inc. Class B Shares						
Swap associated with sale of Visa, Inc. Class B Shares						

Free-Standing Derivative Instruments – Customer Accommodation

The majority of the free-standing derivative instruments the Bancorp enters into are for the benefit of its commercial customers. These derivative contracts are not designated against specific assets or liabilities on the Condensed Consolidated Balance Sheets or to forecasted

transactions and, therefore, do not qualify for hedge accounting. These instruments include foreign exchange derivative contracts entered into for the benefit of commercial customers involved in international trade to hedge their exposure to foreign currency fluctuations, commodity contracts to hedge such items as natural gas and various other derivative contracts. The Bancorp may economically hedge significant exposures related to these derivative contracts entered into for the benefit of customers by entering into offsetting contracts with approved, reputable, independent counterparties with substantially matching terms. The Bancorp hedges its interest rate exposure on commercial customer transactions by executing offsetting swap agreements with primary dealers. Revaluation gains and losses on interest rate, foreign exchange, commodity and other commercial customer derivative contracts are recorded as a component of commercial banking revenue or other noninterest income in the Condensed Consolidated Statements of Income.

The Bancorp enters into risk participation agreements, under which the Bancorp assumes credit exposure relating to certain underlying interest rate derivative contracts. The Bancorp typically only enters into these risk participation agreements in instances in which the Bancorp has participated in the loan that the underlying interest rate derivative contract was designed to hedge. The Bancorp will make payments under these agreements if a customer defaults on its obligation to perform under the terms of the underlying interest rate derivative contract. The total notional amount of the risk participation agreements was $3.9 billion $3.5 billion and $3.7 billion $3.6 billion at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and the fair value was a liability of $7 million $6 million at both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, which is included in other liabilities in the Condensed Consolidated Balance Sheets. As of September 30, 2023 March 31, 2024, the risk participation agreements had a weighted-average remaining life of 3.0 2.6 years.

Fifth Third Bancorp and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

The Bancorp's maximum exposure in the risk participation agreements is contingent on the fair value of the underlying interest rate derivative contracts in an asset position at the time of default. The Bancorp monitors the credit risk associated with the underlying customers in the risk participation agreements through the same risk grading system currently utilized for establishing loss reserves in its loan and lease portfolio.

Risk ratings of the notional amount of risk participation agreements under this risk rating system are summarized in the following table as of:

($ in millions)		**September 30, 2023**	December 31, 2022
Pass	$	**3,539**	3,597
Special mention		**286**	81
Substandard		**72**	32
Total	$	**3,897**	3,710

($ in millions)	**March 31, 2024**	December 31, 2023

The net gains (losses) recorded in the Condensed Consolidated Statements of Income relating to free-standing derivative instruments used for customer accommodation are summarized in the following table:

	Condensed Consolidated Statements of Income Caption		For the three months ended September 30,		For the nine months ended September 30,	
($ in millions)			**2023**	2022	**2023**	2022
Interest rate contracts:						
Interest rate contracts for customers (contract revenue)	Commercial banking revenue	$	**5**	12	**26**	37
Interest rate contracts for customers (credit portion of fair value adjustment)	Other noninterest expense		**4**	2	**2**	11
Interest rate lock commitments	Mortgage banking net revenue		**7**	(6)	**33**	5
Commodity contracts:						
Commodity contracts for customers (contract revenue)	Commercial banking revenue		**9**	11	**30**	30

Commodity contracts for customers (credit portion of fair value adjustment)	Commodity contracts for customers (credit portion of fair value adjustment)	Other noninterest expense	**1**	1	**—**	(1)
Commodity contracts for customers (credit portion of fair value adjustment)						
Commodity contracts for customers (credit portion of fair value adjustment)						
Foreign exchange contracts:						
Foreign exchange contracts:						
Foreign exchange contracts:	Foreign exchange contracts:					
Foreign exchange contracts for customers (contract revenue)	Foreign exchange contracts for customers (contract revenue)	Commercial banking revenue	**24**	15	**67**	52
Foreign exchange contracts for customers (contract revenue)	Foreign exchange contracts for customers (contract revenue)	Other noninterest income	**7**	12	**—**	22
Foreign exchange contracts for customers (contract revenue)						
Foreign exchange contracts for customers (contract revenue)						
Foreign exchange contracts for customers (contract revenue)						
Foreign exchange contracts for customers (contract revenue)						
Foreign exchange contracts for customers (credit portion of fair value adjustment)	Foreign exchange contracts for customers (credit portion of fair value adjustment)	Other noninterest expense	**1**	(1)	**3**	(3)
Foreign exchange contracts for customers (credit portion of fair value adjustment)						
Foreign exchange contracts for customers (credit portion of fair value adjustment)						

Fifth Third Bancorp and Subsidiaries
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Offsetting Derivative Financial Instruments

The Bancorp's derivative transactions are generally governed by ISDA Master Agreements and similar arrangements, which include provisions governing the setoff of assets and liabilities between the parties. When the Bancorp has more than one outstanding derivative transaction with a single counterparty, the setoff provisions contained within these agreements generally allow the non-defaulting party the right to reduce its liability to the defaulting party by amounts eligible for setoff, including the collateral received as well as eligible offsetting transactions with that counterparty, irrespective of the currency, place of payment or booking office. The Bancorp's policy is to present its derivative assets and derivative liabilities on the Condensed Consolidated Balance Sheets on a gross basis, even when provisions allowing for setoff are in place. However, for derivative contracts cleared through certain central clearing parties who have modified their rules to treat variation margin payments as settlements, the fair value of the respective derivative contracts is reported net of the variation margin payments.

Collateral amounts included in the tables below consist primarily of cash and highly rated government-backed securities and do not include variation margin payments for derivative contracts with legal rights of setoff for both periods shown.

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The following table provides a summary of offsetting derivative financial instruments:

	Gross Amount Recognized in the Condensed Consolidated	Gross Amounts Not Offset in the Condensed Consolidated Balance Sheets

		Gross Amount Recognized in the Condensed Consolidated Balance Sheets(a)	Derivatives	Collateral(b)	Net Amount
As of September 30, 2023					
As of March 31, 2024					
Derivative assets	Derivative assets	**$ 3,303**	**(1,214)**	**(1,289)**	**800**
Derivative liabilities	Derivative liabilities	**3,772**	**(1,214)**	**(221)**	**2,337**
As of December 31, 2022					
As of December 31, 2023					
Derivative assets	Derivative assets	$ 3,171	(1,405)	(887)	879
Derivative liabilities	Derivative liabilities	3,951	(1,405)	(406)	2,140

(a) Amount does not include IRLCs because these instruments are not subject to master netting or similar arrangements.

(b) Amount of collateral received as an offset to asset positions or pledged as an offset to liability positions. Collateral values in excess of related derivative amounts recognized in the Condensed Consolidated Balance Sheets were excluded from this table.

15. 14. Other Short-Term Borrowings

Borrowings with original maturities of one year or less are classified as short-term. The following table presents a summary of the Bancorp's other short-term borrowings as of:

($ in millions)	($ in millions)	September 30, 2023	December 31, 2022	($ in millions)	March 31, 2024	December 31, 2023
FHLB advances	FHLB advances	**$ 4,250**	4,300			
Securities sold under repurchase agreements	Securities sold under repurchase agreements	**320**	388			
Derivative collateral	Derivative collateral	**—**	124			
Other borrowed money	Other borrowed money	**24**	26			

Total other short-term borrowings	Total other short-term borrowings	$	4,594	4,838

The Bancorp's securities sold under repurchase agreements are accounted for as secured borrowings and are collateralized by securities included in available-for-sale debt and other securities and held-to-maturity securities in the Condensed Consolidated Balance Sheets. These securities are subject to changes in market value and, therefore, the Bancorp may increase or decrease the level of securities pledged as collateral based upon these movements in market value. As of both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, all securities sold under repurchase agreements were secured by agency residential mortgage-backed securities and the repurchase agreements had an overnight remaining contractual maturity.

The Bancorp's other borrowed money at September 30, 2023 March 31, 2024 primarily included obligations recognized by the Bancorp under ASC Topic 860 related to certain loans sold to GNMA and serviced by the Bancorp. Under ASC Topic 860, once the Bancorp has the unilateral right to repurchase the GNMA loans due to the borrower missing three consecutive payments, the Bancorp is considered to have regained effective control over the loan. As such, the Bancorp is required to recognize both the loan and the repurchase liability, regardless of the intent to repurchase the loans.

16. 15. Long-Term Debt

In June 2023, the Bancorp announced that the outstanding floating-rate capital securities issued by First Charter Capital Trust I and II that use three-month U.S. dollar LIBOR as the reference rate would transition to a replacement reference rate after June 30, 2023. The replacement reference rate is three-month CME Term SOFR plus a tenor spread adjustment of 0.26161%. Dividends and interest began accruing based on the replacement reference rate on September 15, 2023 with the first payment date of SOFR-based interest occurring on December 15, 2023. First Charter Capital Trust I and II hold junior subordinated floating-rate debentures that are the obligation of the Bancorp's direct nonbank subsidiary holding company. Likewise, those junior subordinated floating-rate debentures have undergone the same transition as the floating rate capital securities issued by First Charter Capital Trust I and II. Refer to Note 3 for additional information regarding this transition.

On July 27, 2023, January 29, 2024, the Bancorp issued and sold $1.25 $1.0 billion of fixed-rate/floating-rate senior notes which will mature on July 27, 2029 January 29, 2032. The senior notes will bear interest at a rate of 6.339% 5.631% per annum to, but excluding, July 27, 2028 January 29, 2031. From, and including July 27, 2028 January 29, 2031 until, but excluding July 27, 2029 January 29, 2032, the senior notes will bear interest at a rate of compounded SOFR plus 2.340% 1.840%. The senior notes are redeemable in whole at par plus accrued and unpaid interest one year prior to their maturity date, or may be wholly in whole or partially redeemed on or after in part beginning 30 60 days prior to maturity. maturity, at par plus accrued and unpaid interest. Additionally, the senior notes are redeemable at the Bancorp's option, in whole or in part, beginning 180 days after the issue date and prior to July 27, 2028 January 29, 2031, at the greater of: (a) the aggregate principal amount of the senior notes being redeemed, plus accrued and unpaid interest, or (b) the discounted present value of the remaining scheduled payments of principal and interest that would be due if the senior notes being redeemed matured on July 27, 2028. interest.

In a securitization transaction that occurred in August of 2023, the Bancorp transferred $1.74 billion in aggregate automobile loans to a bankruptcy remote trust which subsequently issued approximately $1.58 billion of asset-backed notes, of which approximately $79 million were retained by the Bancorp, resulting in approximately $1.5 billion of outstanding notes included in long-term debt in the Condensed Consolidated Balance Sheets. As discussed in Note 12, the bankruptcy remote trust was deemed to be a VIE and the Bancorp, as the primary beneficiary, consolidated the VIE. The third-party holders of the asset-backed notes do not have recourse to the general assets of the Bancorp.

17. Capital Actions

Changes in Terms of Preferred Stock Outstanding

In June 2023, the Bancorp announced that certain outstanding floating-rate or fixed-to-floating rate preferred stock represented by depositary shares (as well as the underlying preferred shares) issued by the Bancorp that use three-month U.S. dollar LIBOR as its reference rate would transition to a replacement reference rate after June 30, 2023. The replacement reference rate is three-month CME Term SOFR plus a tenor spread adjustment of 0.26161%. Refer to Note 3 for additional information regarding this transition.

The following table presents a summary of dividend and interest accrual and payment dates based on the replacement reference rate used after June 30, 2023:

Security Type	Date SOFR Rate Dividends/Interest Begins to Accrue(a)	First Payment Date of SOFR Rate Dividends/Interest
Depositary Shares Representing a 1/25th Ownership Interest in a Share of 5.10% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series H	September 30, 2023	December 31, 2023
Depositary Shares Representing a 1/1000th Ownership Interest in a Share of 6.625% Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series I	December 31, 2023	March 31, 2024
Depositary Shares Representing a 1/25th Ownership Interest in a Share of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series J	September 30, 2023	December 31, 2023

(a) Using the SOFR rate in effect two business days prior.

Accelerated Share Repurchase Transaction

During the nine months ended September 30, 2023, the Bancorp entered into and settled an accelerated share repurchase transaction. As part of the transaction, the Bancorp entered into a forward contract in which the final number of shares delivered at settlement was 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 repurchase of treasury shares on the repurchase date and (ii) a forward contract indexed to the Bancorp's common stock.

The following table presents a summary of the Bancorp's accelerated share repurchase transaction that was entered into and settled during the nine months ended September 30, 2023:

Repurchase Date		Amount ($ in millions)	Shares Repurchased on Repurchase Date	Shares Received from Forward Contract Settlement	Total Shares Repurchased	Final Settlement Date
January 24, 2023	$	200	4,911,875	678,121	5,589,996	March 6, 2023

Fifth Third Bancorp and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

18. 16. Commitments, Contingent Liabilities and Guarantees

The Bancorp, in the normal course of business, enters into financial instruments and various agreements to meet the financing needs of its customers. The Bancorp also enters into certain transactions and agreements to manage its interest rate and prepayment risks, provide funding, equipment and locations for its operations and invest in its communities. These instruments and agreements involve, to varying degrees, elements of credit risk, counterparty risk and market risk in excess of the amounts recognized in the Condensed Consolidated Balance Sheets. The creditworthiness of counterparties for all instruments and agreements is evaluated on a case-by-case basis in accordance with the Bancorp's credit policies. The Bancorp's significant commitments, contingent liabilities and guarantees in excess of the amounts recognized in the Condensed Consolidated Balance Sheets are discussed in the following sections.

Commitments

The Bancorp has certain commitments to make future payments under contracts. The following table reflects a summary of significant commitments as of:

($ in millions)	($ in millions)		**September 30, 2023**	December 31, 2022	($ in millions)	**March 31, 2024**	December 31, 2023
Commitments to extend credit	Commitments to extend credit	**$**	**84,505**	83,437			
Letters of credit	Letters of credit		**2,137**	2,009			
Forward contracts related to residential mortgage loans held for sale			**869**	1,869			
Forward contracts related to residential mortgage loans measured at fair value							
Capital commitments for private equity investments	Capital commitments for private equity investments		**171**	163			
Capital expenditures	Capital expenditures		**85**	94			
Purchase obligations	Purchase obligations		**80**	113			

Commitments to extend credit

Commitments to extend credit are agreements to lend, typically having fixed expiration dates or other termination clauses that may require payment of a fee. Since many of the commitments to extend credit may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash flow requirements. The Bancorp is exposed to credit risk in the event of nonperformance by the counterparty for the amount of the contract. Fixed-rate commitments are also subject to market risk resulting from fluctuations in interest rates and the Bancorp's exposure is limited to the replacement value of those commitments. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Bancorp had a reserve for unfunded commitments, including letters of credit, totaling $189 million $154 million and $216 million $166 million, respectively, included in other liabilities in the Condensed Consolidated Balance Sheets. The Bancorp monitors the credit risk associated with commitments to extend credit using the same standard regulatory risk rating systems utilized for its loan and lease portfolio.

Risk ratings of outstanding commitments to extend credit under this risk rating system are summarized in the following table as of:

($ in millions)	($ in millions)		**September 30, 2023**	December 31, 2022	($ in millions)	**March 31, 2024**	December 31, 2023
Pass	Pass	**$**	**82,292**	81,345			
Special mention	Special mention		**1,017**	976			
Substandard	Substandard		**1,196**	1,116			
Doubtful							
Total commitments to extend credit	Total commitments to extend credit	**$**	**84,505**	83,437			

Letters of credit

Standby and commercial letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party and expire as summarized in the following table as of September 30, 2023 March 31, 2024:

($ in millions)		
Less than 1 year*(a)*	$	1,058 1,003
1 - 5 years*(a)*		1,073 1,010
Over 5 years		6 4
Total letters of credit	$	2,137 2,017

(a) Includes $8 $7 and $3 issued on behalf of commercial customers to facilitate trade payments in U.S. dollars and foreign currencies which expire in less than 1 year and between 1 - 5 years, respectively.

Standby letters of credit accounted for approximately 99% of total letters of credit at both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 and are considered guarantees in accordance with U.S. GAAP. Approximately 70% and 67% 72% of the total standby letters of credit were collateralized as of September 30, 2023 both March 31, 2024 and December 31, 2022, respectively. December 31, 2023. In the event of nonperformance by the customers, the Bancorp has rights to the underlying collateral, which can include commercial real estate, physical plant and property, inventory, receivables, cash and marketable securities. The reserve related to these standby letters of credit, which was included in the total reserve for unfunded commitments, was $22 million $20 million at both September 30, 2023

March 31, 2024 and December 31, 2022 December 31, 2023. The Bancorp monitors the credit risk associated with letters of credit using the same standard regulatory risk rating systems utilized for its loan and lease portfolio.

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Risk ratings of outstanding letters of credit under this risk rating system are summarized in the following table as of:

($ in millions)	($ in millions)		**September 30, 2023**	December 31, 2022	($ in millions)	**March 31, 2024**	December 31, 2023
Pass	Pass	**$**	**1,967**	1,827			
Special mention	Special mention		**48**	47			
Substandard	Substandard		**122**	135			
Doubtful							
Total letters of credit	Total letters of credit	**$**	**2,137**	2,009			

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Bancorp had outstanding letters of credit that were supporting certain securities issued as VRDNs. The Bancorp facilitates financing for its commercial customers, which consist of companies and municipalities, by marketing the VRDNs to investors. The VRDNs pay interest to holders at a rate of interest that fluctuates based upon market demand. The VRDNs generally have long-term maturity dates, but can be tendered by the holder for purchase at par value upon proper advance notice. When the VRDNs are tendered, a remarketing agent generally finds another investor to purchase the VRDNs to keep the securities outstanding in the market. As of

September 30, 2023 At both March 31, 2024 and December 31, 2022 December 31, 2023, total VRDNs, of which FTS was the remarketing agent for all, were $457 million and $423 million, respectively. $400 million. As remarketing agent, FTS is responsible for actively remarketing VRDNs to other investors when they have been tendered. If another investor is not identified, FTS may choose to purchase the VRDNs into inventory at its discretion while it continues to remarket them. If FTS purchases the VRDNs into inventory, it can subsequently tender back the VRDNs to the issuer's trustee with proper advance notice. The Bancorp issued letters of credit, as a credit enhancement, to $91 million $82 million and $102 million $83 million of the VRDNs remarketed by FTS at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. These letters of credit are included in the total letters of credit balance provided in the previous tables. The Bancorp held $16 million an immaterial amount and $3 million $6 million of these VRDNs in its portfolio and classified them as trading debt securities at September 30, 2023 March 31, 2024 and December 31, 2022, 2023, respectively.

Forward contracts related to residential mortgage loans held for sale measured at fair value
The Bancorp enters into forward contracts and mortgage options to economically hedge the change in fair value of certain residential mortgage loans held for sale, and certain residential mortgage portfolio loans measured at fair value, due to changes in interest rates. The outstanding notional amounts of these forward contracts are included in the summary of significant commitments table for all periods presented.

Other commitments
The Bancorp has entered into a limited number of agreements for work related to banking center construction and to purchase goods or services.

Contingent Liabilities
Legal claims
There are legal claims pending against the Bancorp and its subsidiaries that have arisen in the normal course of business. Refer to Note 19 17 for additional information regarding these proceedings.

Guarantees
The Bancorp has performance obligations upon the occurrence of certain events under financial guarantees provided in certain contractual arrangements as discussed in the following sections.

Residential mortgage loans sold with representation and warranty provisions
Conforming residential mortgage loans sold to unrelated third parties are generally sold with representation and warranty provisions. A contractual liability arises only in the event of a breach of these representations and warranties and, in general, only when a loss results from the breach. The Bancorp may be required to repurchase any previously sold loan, or indemnify or make whole the investor or insurer for which the representation or warranty of the Bancorp proves to be inaccurate, incomplete or misleading. For more information on how the Bancorp establishes the residential mortgage repurchase reserve, refer to Note 1 of the Notes to Consolidated Financial Statements included in the Bancorp's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

As of September 30, 2023 At both March 31, 2024 and December 31, 2022 December 31, 2023, the Bancorp maintained reserves related to loans sold with representation and warranty provisions totaling $8 million and $9 million, respectively, $7 million included in other liabilities in the Condensed Consolidated Balance Sheets.

The Bancorp uses the best information available when estimating its mortgage representation and warranty reserve; however, the estimation process is inherently uncertain and imprecise and, accordingly, losses in excess of the amounts reserved as of September 30, 2023 March 31, 2024 are reasonably possible. The Bancorp currently estimates that it is reasonably possible that it could incur losses related to mortgage representation and

warranty provisions in an amount up to approximately $11 8 million in excess of amounts reserved. This estimate was derived by modifying the key assumptions to reflect management's judgment regarding reasonably possible adverse changes to those assumptions. The actual repurchase losses could vary significantly from the recorded mortgage representation and warranty reserve or this estimate of reasonably possible losses, depending on the outcome of various factors, including those previously discussed.

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During both the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Bancorp paid an immaterial amount in the form of make-whole payments and repurchased $13 million $11 million and $16 million, respectively, in outstanding principal of loans to satisfy investor demands. For both the nine months ended September 30, 2023 and 2022, the Bancorp paid an immaterial amount in the form of make-whole payments and repurchased $46 million and $44 million $18 million, respectively, in outstanding principal of loans to satisfy investor demands. Total repurchase demand requests during the three months ended September 30, 2023 March 31, 2024 and 2022 2023 were $16 million and $28 million, respectively. Total repurchase demand requests during the nine months ended September 30, 2023 and 2022 were $76 million and $72 million $36 million, respectively. Total outstanding repurchase demand inventory was $10 million $5 million and $25 million $8 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Margin accounts
FTS, an indirect wholly-owned subsidiary of the Bancorp, guarantees the collection of all margin account balances held by its brokerage clearing agent for the benefit of its customers. FTS is responsible for payment to its brokerage clearing agent for any loss, liability, damage, cost or expense incurred as a result of customers failing to comply with margin or margin maintenance calls on all margin accounts. The margin account balances held by the brokerage clearing agent were $7 million $6 million at both March 31, 2024 and $14 million at September 30, 2023 and December 31, 2022, respectively. December 31, 2023. In the event of customer default, FTS has rights to the underlying collateral provided. Given the existence of the underlying collateral provided and negligible historical credit losses, the Bancorp does not maintain a loss reserve related to the margin accounts.

Long-term borrowing obligations

The Bancorp had certain fully and unconditionally guaranteed long-term borrowing obligations issued by wholly-owned issuing trust entities of $62 million at both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

Visa litigation

The Bancorp, as a member bank of Visa prior to Visa's reorganization and IPO (the "IPO") of its Class A common shares (the "Class A Shares") in 2008, had certain indemnification obligations pursuant to Visa's certificate of incorporation and bylaws and in accordance with its membership agreements. In accordance with Visa's bylaws prior to the IPO, the Bancorp could have been required to indemnify Visa for the Bancorp's proportional share of losses based on the pre-IPO membership interests. As part of its reorganization and IPO, the Bancorp's indemnification obligation was modified to include only certain known or anticipated litigation (the "Covered Litigation") as of the date of the restructuring. This modification triggered a requirement for the Bancorp to recognize a liability equal to the fair value of the indemnification liability.

In conjunction with the IPO, the Bancorp received 10.1 million of Visa's Class B common shares (the "Class B Shares") based on the Bancorp's membership percentage in Visa prior to the IPO. The Class B Shares are were not transferable (other than to another member bank) until the later of the third anniversary of the IPO closing or the date on which the Covered Litigation has been resolved; therefore, the Bancorp's Class B Shares were classified in other assets and accounted for at their carryover basis of $0. Visa deposited $3 billion of the proceeds from the IPO into a litigation escrow account, established for the purpose of funding judgments in, or settlements of, the Covered Litigation. Since then, when Visa's litigation committee determined that the escrow account was insufficient, Visa issued additional Class A Shares and deposited the proceeds from the sale of the Class A Shares into the litigation escrow account. When Visa funded the litigation escrow account, the Class B Shares were subjected to dilution through an adjustment in the conversion rate of Class B Shares into Class A Shares. On January 23, 2024, Visa announced shareholder approval of changes to its articles of incorporation that would release certain transfer restrictions on portions of Class B Shares. The program will allow holders of Class B Shares to liquidate some of their shares subject to assurances that other Visa stockholders will retain existing protection from exposure to the Covered Litigation.

In 2009, the Bancorp completed the sale of Visa, Inc. Class B Shares and entered into a total return swap in which the Bancorp will make or receive payments based on subsequent changes in the conversion rate of the Class B Shares into Class A Shares. The swap terminates on the later of the third anniversary of Visa's IPO or the date on which the Covered Litigation is settled. Refer to Note 23 21 for additional information on the valuation of the swap. The counterparty to the swap as a result of its ownership of the Class B Shares will be impacted by dilutive adjustments to the conversion rate of the Class B Shares into Class A Shares caused by any Covered Litigation losses in excess of the litigation escrow account. If actual judgments in, or settlements of, the Covered Litigation significantly exceed current expectations, then additional funding by Visa of the litigation escrow account and the resulting dilution of the Class B Shares could result in a scenario where the Bancorp's ultimate exposure associated with the Covered Litigation (the "Visa Litigation Exposure") exceeds the value of the Class B Shares owned by the swap counterparty (the "Class B Value"). In the event the Bancorp concludes that it is probable that the Visa Litigation Exposure exceeds the Class B Value, the Bancorp would record a litigation reserve liability and a corresponding amount of other noninterest expense for the amount of the excess. Any such litigation reserve liability would be separate and distinct from the fair value derivative liability associated with the total return swap.

As of the date of the Bancorp's sale of the Visa Class B Shares and through September 30, 2023 March 31, 2024, the Bancorp has concluded that it is not probable that the Visa Litigation Exposure will exceed the Class B value. Based on this determination, upon the sale of Class B Shares, the Bancorp reversed its net Visa litigation reserve liability and recognized a free-standing derivative liability associated with the total return swap. The fair value of the swap liability was $172 million at September 30, 2023 and $195 million at December 31, 2022. Refer to Note 14 and Note 23 for further information.

fair value of the swap liability was $162 million at March 31, 2024 and $168 million at December 31, 2023. Refer to Note 13 and Note 21 for further information.

After the Bancorp's sale of the Class B Shares, Visa has funded additional amounts into the litigation escrow account which have resulted in further dilutive adjustments to the conversion of Class B Shares into Class A Shares, and along with other terms of the total return swap, required the Bancorp to make cash payments in varying amounts to the swap counterparty as follows:

Period ($ in millions)	Visa Funding Amount	Bancorp Cash Payment Amount
Q2 2010	$ 500	20
Q4 2010	800	35
Q2 2011	400	19
Q1 2012	1,565	75
Q3 2012	150	6
Q3 2014	450	18
Q2 2018	600	26
Q3 2019	300	12
Q4 2021	250	11
Q2 2022	600	25
Q4 2022	350	15
Q2 2023	500	21
Q3 2023	150	*(a)*

(a) The Bancorp made a cash payment of $6 million to the swap counterparty on October 11, 2023 as a result of the Visa escrow funding in the third quarter of 2023.

Period ($ in millions)	Visa Funding Amount	Bancorp Cash Payment Amount
Q2 2010	$ 500	20
Q4 2010	800	35
Q2 2011	400	19
Q1 2012	1,565	75
Q3 2012	150	6
Q3 2014	450	18
Q2 2018	600	26
Q3 2019	300	12
Q4 2021	250	11
Q2 2022	600	25
Q4 2022	350	15
Q2 2023	500	21
Q3 2023	150	6

19. 17. Legal and Regulatory Proceedings

Litigation

Visa/MasterCard Merchant Interchange Litigation

In April 2006, the Bancorp was added as a defendant in a consolidated antitrust class action lawsuit originally filed against Visa®, MasterCard® and several other major financial institutions in the United States District Court for the Eastern District of New York (In re: Payment Card Interchange Fee and Merchant Discount Antitrust Litigation, Case No. 5-MD-1720). The plaintiffs, merchants operating commercial businesses throughout the U.S. and trade associations, claimed that the interchange fees charged by card-issuing banks were unreasonable and sought injunctive relief and unspecified damages. In addition to being a named defendant, the Bancorp is currently also subject to a possible indemnification obligation of Visa as discussed in Note 18 16 and has also entered into judgment and loss sharing agreements with Visa, MasterCard and certain other named defendants. In October 2012, the parties to the litigation entered into a settlement agreement that was initially approved by the trial court but reversed by the U.S. Second Circuit Court of Appeals and remanded to the district court for further proceedings. More than 500 of the merchants who requested exclusion from the class filed separate federal lawsuits against Visa, MasterCard and certain other defendants alleging similar antitrust violations. These individual federal lawsuits were transferred to the United States District Court for the Eastern District of New York. While the Bancorp is only named as a defendant in one of the individual federal lawsuits, it may have obligations pursuant to indemnification arrangements and/or the judgment or loss sharing agreements noted above. On September 17, 2018, the defendants in the consolidated class action signed a second settlement agreement (the “Amended Settlement Agreement”) resolving the claims seeking monetary damages by the proposed plaintiffs’ class (the “Plaintiff Damages Class”) and superseding the original settlement agreement entered into in October 2012. The Amended Settlement Agreement included, among other terms, a release from participating class members for liability for claims that accrue no later than five years after the Amended Settlement Agreement becomes final. The Amended Settlement Agreement provided for a total payment by all defendants of approximately $6.24 billion, composed of approximately $5.34 billion held in escrow plus an additional $900 million in new funds. Pursuant to the terms of the Settlement Agreement, $700 million of the additional $900 million has been returned to the defendants due to the level of opt-outs from the class. The Bancorp’s allocated share of the settlement is within existing reserves, including funds maintained in escrow. On December 13, 2019, the Court entered an order granting final approval for the settlement, and on March 15, 2023, the Second Circuit affirmed that order. The settlement does not resolve the claims of the separate proposed plaintiffs’ class seeking injunctive relief or the claims of merchants who have opted out of the proposed class settlement and are pursuing, or may in the future decide to pursue, private lawsuits. On September 27, 2021, the Court entered an order certifying a class of merchants pursuing claims for injunctive relief. On March 26, 2024, Plaintiffs filed a motion seeking preliminary approval of a settlement that would resolve class claims for injunctive relief. The ultimate outcome in this matter, including the timing of resolution, remains uncertain. Refer to Note 18 16 for further information.

Klopfenstein v. Fifth Third Bank

On August 3, 2012, William Klopfenstein and Adam McKinney filed a lawsuit against Fifth Third Bank in the United States District Court for the Northern District of Ohio (Klopfenstein et al. v. Fifth Third Bank), alleging that the 120% APR that Fifth Third disclosed on its Early Access program was misleading. Early Access is a deposit advance deposit-advance program offered to eligible customers with checking accounts. The plaintiffs sought to represent a nationwide class of customers who used the Early Access program and repaid their cash advances within 30 days. On October 31, 2012, the case was transferred to the United States District Court for the Southern District of Ohio. In 2013, four similar putative class action lawsuits were filed against Fifth Third Bank in federal courts throughout the country (Lori and Danielle Laskaris v. Fifth Third Bank, Janet Fyock v. Fifth Third Bank, Jesse McQuillen v. Fifth Third Bank, and Brian Harrison v. Fifth Third Bank). Those four lawsuits were transferred to the Southern District of Ohio and consolidated with the original lawsuit as In re: Fifth Third Early Access Cash Advance Litigation (Case No. 1:12-CV-851). On behalf of a putative class, the plaintiffs sought unspecified monetary and statutory damages, injunctive relief, punitive damages, attorneys’ fees, and pre- and post-judgment interest. On March 30, 2015, the court dismissed all claims alleged in the consolidated lawsuit except a claim under the TILA. On May 28, 2019, the Sixth Circuit Court of Appeals reversed the dismissal of plaintiffs’ breach of contract claim and remanded for further proceedings. The plaintiffs’ claimed damages for the alleged breach of contract claim exceed $440 million, plus prejudgment interest. On March 26, 2021, the trial court granted plaintiffs’ motion for class certification. On March 29, 2023, the trial court issued an order granting summary judgement on plaintiffs’ TILA claim, with statutory damages capped at $2 million plus costs and attorney fees. Plaintiffs’ claim for breach of contract proceeded to trial beginning on April 17, 2023. On April 27, 2023, the jury returned a verdict in favor of the Bank, finding a breach of contract, but that the voluntary payment doctrine is a complete defense to the breach of contract claim. Both parties have filed post-trial motions related to the jury verdict, which are currently pending before the trial court.

Bureau of Consumer Financial Protection v. Fifth Third Bank, National Association

On March 9, 2020, the CFPB filed a lawsuit against Fifth Third in the United States District Court for the Northern District of Illinois entitled CFPB v. Fifth Third Bank, National Association, Case No. 1:20-CV-1683, alleging violations of the Consumer Financial Protection Act, TILA, and Truth in Savings Act related to Fifth Third’s alleged opening of unspecified numbers of allegedly unauthorized credit card, savings, checking, online banking and early access accounts from 2010 through 2016. The CFPB seeks unspecified amounts of civil monetary penalties as well as unspecified customer remediation. On February 12, 2021, the court granted Fifth Third's motion to transfer venue to the United States District Court for the Southern District of Ohio. On September 26, 2023, the trial court entered an order on Fifth Third's motion to dismiss, holding certain constitutional questions in abeyance pending determination by the United States Supreme Court,

and granting Fifth Third's motion to the extent it argued that the CFPB could not pursue Consumer Protection Act violations occurring prior to July 21, 2011. The court denied Fifth Third's motion as to all other issues, and the case is currently in discovery. No trial date has been set.

Fifth Third Bancorp and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)

Shareholder Litigation

On July 31, 2020, a putative shareholder class action lawsuit captioned Dr. Steven Fox, individually and on behalf of all others similarly situated v. Fifth Third Bancorp, et al., Case No. 2020CH05219 was filed on behalf of former shareholders of MB Financial, Inc. in the Cook County, Illinois Circuit Court. The suit brought claims for violation of Sections 11 and 12(a)(2) of the Securities Act of 1933, alleging that the Bancorp and certain of its officers and directors made material misstatements and omissions regarding an alleged improper cross-selling strategy in filings made in connection with the Bancorp's merger with MB Financial, Inc. On September 14, 2023, the trial court granted final approval of the parties' class settlement in the amount of $5.5 million. The litigation is now concluded.

In addition, shareholder derivative lawsuits have been filed seeking monetary damages on behalf of the Bancorp alleging certain claims against various officers and directors relating to an alleged improper cross-selling strategy. Five lawsuits were consolidated into a single action pending in the U.S. District Court for the Northern District of Illinois captioned In re Fifth Third Bancorp Derivative Litigation, Case No. 1:20-cv-04115. On March 8, 2023, the district court granted the defendants' motion to dismiss the amended complaint with prejudice. There was no appeal, so the case is terminated. Also separately filed in the Hamilton County, Ohio Court of Common Pleas is Sandys v. Carmichael, et al., Case No. A2004539 (filed December 28, 2020) and The City of Miami Firefighters' and Police Officers' Retirement Trust v. Carmichael, et al., Case No. A2200330 (filed January 27, 2022). On April 18, 2022, the Sandys shareholder voluntarily dismissed the lawsuit without prejudice. On August 29, 2023, the trial court granted defendants' motion to dismiss the case brought by The City of Miami Firefighters' and Police Officers' Retirement Trust. That case is now on appeal.

The Bancorp has also received several shareholder demands under Ohio Rev. Code § 1701.37(c) and lawsuits have been filed arising out of the same. Finally, the Bancorp has received shareholder demands that the Bancorp's Board of Directors investigate and commence a civil action for failure to detect and/or prevent the alleged illegal cross-selling strategy.

Howards v. Fifth Third Bank

On March 8, 2018, Plaintiff Troy Howards filed a putative class action against Fifth Third Bank in the United States District Court for the Central District of California (Case No. 1:18-CV-869, S.D. OH 2018), alleging that Fifth Third improperly charged certain fees related to insufficient funds, customer overdrafts, and out-of-network ATM use. Venue was subsequently transferred to the United States District Court for the Southern District of Ohio. Plaintiff filed claims for breach of contract, breach of the implied covenant of good faith and fair dealing, for violation of the California Unfair Competition Law (Ca. Bus. & Prof. Code sec. 17200, et seq.), and the California Consumer Legal Remedies Act (Cal. Civ. Code sec. 1750 et seq.). Plaintiff seeks to represent putative nationwide classes and California classes of consumers allegedly charged improper repeated insufficient funds fees, improper overdraft fees, and fees for out-of-network ATM use from the beginning of the applicable statute of limitations to present. Plaintiff seeks damages of restitution and disgorgement in the amount of the allegedly unlawfully charged fees, damages proved at trial together with interest as allowed by applicable law. Fifth Third filed a motion to dismiss all claims. On February 6, 2023, the trial court issued an order dismissing the Plaintiff's breach of contract claim with respect to out-of-network ATM fees and dismissing the two claims for violations of California consumer protection statutes. The Court denied Fifth Third's motion to dismiss as it relates to the claims for breach of contract and breach of the implied covenant of good faith and fair dealing for certain customer overdrafts and insufficient funds fees. The case is in discovery, and no trial date has been set.

Other litigation

The Bancorp and its subsidiaries are not parties to any other material litigation at this time. However, there are other litigation matters that arise in the normal course of business, which include, or may include, claims related to product features, pricing and other lending practices. While it is impossible to ascertain the ultimate resolution or range of financial liability with respect to these contingent matters, management believes that the resulting liability, if any, from these other actions would not have a material effect upon the Bancorp's consolidated financial position, results of operations or cash flows. However, it is possible that the ultimate resolution of a matter, if unfavorable, may be material to the Bancorp's consolidated financial position, results of operations or cash flows.

Record-Keeping Investigations

On September 29, 2023, Fifth Third Securities, Inc. entered The Commodity Futures Trading Commission is conducting an investigation into a resolution with the SEC to resolve the SEC's investigation regarding Bancorp's registered swap dealer concerning compliance with certain record-keeping requirements for business-related electronic communications on unapproved channels. Under this resolution, FTS agreed to pay a penalty of $8 million to the SEC along with other prospective relief. The Commodity Futures Trading Commission is conducting a similar investigation into the Bancorp's registered swap dealer.

Other litigation

The Bancorp and its subsidiaries are not parties to any other material litigation. However, there are other litigation matters that arise in the normal course of business. While it is impossible to ascertain the ultimate resolution or range of financial liability with respect to these contingent matters, management believes that the resulting liability, if any, from these other actions would not have a material effect upon the Bancorp's consolidated financial position, results of operations or cash flows. communications.

Governmental Investigations and Proceedings

The Bancorp and/or its affiliates are or may become involved in information-gathering requests, reviews, investigations and proceedings (both formal and informal) by various governmental regulatory agencies and law enforcement authorities, including but not limited to the FRB, OCC, CFPB, SEC, FINRA, U.S. Department of Justice, etc., as well as state and other governmental authorities and self-regulatory bodies regarding their respective businesses. For example, Fifth Third Bank, National Association is currently cooperating with investigations related to several civil investigative demands by a number of state attorneys general regarding the residential solar installation industry and lending practices and installer relationships of credit providers to this market, which includes Dividend Solar Finance, LLC, which the Bank acquired in May 2022. Among these is a civil investigative demand are investigations related to multiple lenders by a coalition of 17 state attorneys general relating to the Chapter 7 bankruptcy filing of one such installer, Power Home Solar, LLC, dba Pink Energy. Dividend Solar Finance, LLC financed installations of Power Home Solar, LLC customers in 11 of the 17 states represented by the coalition. Additional matters will likely arise from time to time. Any of these matters may result in material adverse consequences or reputational harm to the Bancorp, its affiliates and/or their respective directors, officers and other personnel, including adverse judgments, findings, settlements, fines,

penalties, orders, injunctions or other actions, amendments and/or restatements of the Bancorp's SEC filings and/or financial statements, as applicable, and/or determinations of material weaknesses in our disclosure controls and procedures. Investigations by regulatory authorities may from time to time result in civil or criminal referrals to law enforcement. Additionally, in some cases, regulatory authorities may take supervisory actions that are considered to be confidential supervisory information which may not be publicly disclosed.

Reasonably Possible Losses in Excess of Accruals

The Bancorp and its subsidiaries are parties to numerous claims and lawsuits as well as threatened or potential actions or claims concerning matters arising from the conduct of its business activities. The outcome of claims or litigation and the timing of ultimate resolution are inherently difficult to predict. The following factors, among others, contribute to this lack of predictability: claims often include significant legal uncertainties, damages alleged by plaintiffs are often unspecified or overstated, discovery may not have started or may not be complete and material facts may be disputed or unsubstantiated. As a result of these factors, the Bancorp is not always able to provide an estimate of the range of reasonably possible outcomes for each claim. An accrual for a potential litigation loss is established when information related to the loss contingency indicates both that a loss is probable and that the amount of loss can be reasonably estimated. Any such accrual is adjusted from time to time thereafter as appropriate to reflect changes in circumstances. The Bancorp also determines, when possible (due to the uncertainties described above), estimates of reasonably possible losses or ranges of reasonably possible losses, in excess of amounts accrued. Under U.S. GAAP, an event is "reasonably possible" if "the chance of the future event or events occurring is more than remote but less than likely" and an event is "remote" if "the chance of the future event or events occurring is slight." Thus, references to the upper end of the range of reasonably possible loss for cases in which the Bancorp is able to estimate a range of reasonably possible loss mean the upper

end of the range of loss for cases for which the Bancorp believes the risk of loss is more than slight. For matters where the Bancorp is able to estimate such possible losses or ranges of possible losses, the Bancorp currently estimates that it is reasonably possible that it could incur losses related to legal and regulatory proceedings in an aggregate amount up to approximately $96 $102 million in excess of amounts accrued, with it also being reasonably possible that no losses will be incurred in these matters. The estimates included in this amount are based on the Bancorp's analysis of currently available information, and as new information is obtained the Bancorp may change its estimates.

For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established accrual that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established accruals, the Bancorp believes that the eventual outcome of the actions against the Bancorp and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on the Bancorp's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to the Bancorp's results of operations for any particular period, depending, in part, upon the size of the loss or liability imposed and the operating results for the applicable period.

20. 18. Income Taxes

The applicable income tax expense was $186 million $138 million and $192 million $160 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $519 million and $470 million for the nine months ended September 30, 2023 and 2022, 2023, respectively. The effective tax rates for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 were 22.0% 21.1% and 22.7% 22.3%, respectively, and 22.2% and 21.6% for the nine months ended September 30, 2023 and 2022, respectively.

While it is reasonably possible that the amount of the unrecognized tax benefits with respect to certain of the Bancorp's uncertain tax positions could increase or decrease during the next twelve months, the Bancorp believes it is unlikely that its unrecognized tax benefits will change by a material amount during the next twelve months.

21. 19. Accumulated Other Comprehensive Income

The tables below present the activity of the components of OCI and AOCI for the three months ended:

Total OCI		Total OCI						Total AOCI
March 31, 2024 ($ in millions)	**March 31, 2024 ($ in millions)**	Pre-tax Activity	Tax Effect	Net Activity	Beginning Balance	Net Activity	Ending Balance	

Unrealized holding losses on available-for-sale debt securities arising during period
Unrealized losses on available-for-sale debt securities transferred to held-to-maturity securities
Unrealized losses on available-for-sale debt securities transferred to held-to-maturity securities
Unrealized losses on available-for-sale debt securities transferred to held-to-maturity securities
Reclassification adjustment for net losses on available-for-sale debt securities included in net income
Reclassification adjustment for net losses on available-for-sale debt securities included in net income
Reclassification adjustment for net losses on available-for-sale debt securities included in net income
Net unrealized losses on available-for-sale debt securities
Net unrealized losses on available-for-sale debt securities
Net unrealized losses on available-for-sale debt securities
Unrealized losses on available-for-sale debt securities transferred to held-to-maturity securities
Unrealized losses on available-for-sale debt securities transferred to held-to-maturity securities
Unrealized losses on available-for-sale debt securities transferred to held-to-maturity securities
Amortization of unrealized losses on available-for-sale debt securities transferred to held-to-maturity securities included in net income

Amortization of unrealized losses on available-for-sale debt securities transferred to held-to-maturity securities included in net income
Amortization of unrealized losses on available-for-sale debt securities transferred to held-to-maturity securities included in net income
Net unrealized losses on available-for-sale debt securities transferred to held-to-maturity securities
Net unrealized losses on available-for-sale debt securities transferred to held-to-maturity securities
Net unrealized losses on available-for-sale debt securities transferred to held-to-maturity securities
Unrealized holding losses on cash flow hedge derivatives arising during period
Unrealized holding losses on cash flow hedge derivatives arising during period
Unrealized holding losses on cash flow hedge derivatives arising during period
Reclassification adjustment for net losses on cash flow hedge derivatives included in net income
Reclassification adjustment for net losses on cash flow hedge derivatives included in net income
Reclassification adjustment for net losses on cash flow hedge derivatives included in net income
Net unrealized losses on cash flow hedge derivatives
Net unrealized losses on cash flow hedge derivatives
Net unrealized losses on cash flow hedge derivatives

	Total OCI			Total AOCI		
September 30, 2023 ($ in millions)	Pre-tax Activity	Tax Effect	Net Activity	Beginning Balance	Net Activity	Ending Balance
Unrealized holding losses on available-for-sale debt securities arising during period	**$ (1,594)**	**376**	**(1,218)**			

Reclassification adjustment for net losses on available-for-sale debt securities included in net income	—	—	—			
Net unrealized losses on available-for-sale debt securities	(1,594)	376	(1,218)	(4,622)	(1,218)	(5,840)
Reclassification of amounts to net periodic benefit costs						
Unrealized holding losses on cash flow hedge derivatives arising during period	(687)	160	(527)			
Reclassification adjustment for net losses on cash flow hedge derivatives included in net income	94	(22)	72			
Net unrealized losses on cash flow hedge derivatives	(593)	138	(455)	(522)	(455)	(977)
Reclassification of amounts to net periodic benefit costs						
Net actuarial loss arising during the year	—	—	—			
Reclassification of amounts to net periodic benefit costs Reclassification of amounts to net periodic benefit costs	—	—	—			
Defined benefit pension plans, net						
Defined benefit pension plans, net						
Defined benefit pension plans, net Defined benefit pension plans, net	—	—	—	(18)	—	(18)
Other Other	—	—	—	(4)	—	(4)
Other						
Other						
Total Total	$ (2,187)	514	(1,673)	(5,166)	(1,673)	(6,839)

	Total OCI			Total OCI		Total AOCI
March 31, 2023 ($ in millions) March 31, 2023 ($ in millions)	Pre-tax Activity	Tax Effect	Net Activity	Beginning Balance	Net Activity	Ending Balance
Unrealized holding gains on available-for-sale debt securities arising during period						
Reclassification adjustment for net gains on available-for-sale debt securities included in net income						
Reclassification adjustment for net gains on available-for-sale debt securities included in net income						

Reclassification adjustment for net gains on available-for-sale debt securities included in net income
Net unrealized losses on available-for-sale debt securities
Net unrealized losses on available-for-sale debt securities
Net unrealized losses on available-for-sale debt securities
Unrealized holding gains on cash flow hedge derivatives arising during period
Unrealized holding gains on cash flow hedge derivatives arising during period
Unrealized holding gains on cash flow hedge derivatives arising during period
Reclassification adjustment for net losses on cash flow hedge derivatives included in net income
Reclassification adjustment for net losses on cash flow hedge derivatives included in net income
Reclassification adjustment for net losses on cash flow hedge derivatives included in net income
Net unrealized losses on cash flow hedge derivatives
Net unrealized losses on cash flow hedge derivatives
Net unrealized losses on cash flow hedge derivatives

	Total OCI			Total AOCI		
September 30, 2022 ($ in millions)	Pre-tax Activity	Tax Effect	Net Activity	Beginning Balance	Net Activity	Ending Balance
Unrealized holding losses on available-for-sale debt securities arising during period	$ (2,780)	651	(2,129)			
Reclassification adjustment for net gains on available-for-sale debt securities included in net income	—	—	—			
Net unrealized losses on available-for-sale debt securities	(2,780)	651	(2,129)	(2,546)	(2,129)	(4,675)
Reclassification of amounts to net periodic benefit costs						

Unrealized holding losses on cash flow hedge derivatives arising during period		(688)	158	(530)			
Reclassification adjustment for net gains on cash flow hedge derivatives included in net income		(4)	1	(3)			
Net unrealized losses on cash flow hedge derivatives		(692)	159	(533)	(63)	(533)	(596)
Reclassification of amounts to net periodic benefit costs							
Net actuarial loss arising during the year		(1)	—	(1)			
Reclassification of amounts to net periodic benefit costs	Reclassification of amounts to net periodic benefit costs	1	—	1			
Defined benefit pension plans, net							
Defined benefit pension plans, net							
Defined benefit pension plans, net	Defined benefit pension plans, net	—	—	—	(31)	—	(31)
Other	Other	—	—	—	(4)	—	(4)
Other							
Other							
Total	Total	$ (3,472)	810	(2,662)	(2,644)	(2,662)	(5,306)

Fifth Third Bancorp and Subsidiaries
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The tables below present the activity of the components of OCI and AOCI for the nine months ended:

	Total OCI			Total AOCI		
September 30, 2023 ($ in millions)	Pre-tax Activity	Tax Effect	Net Activity	Beginning Balance	Net Activity	Ending Balance
Unrealized holding losses on available-for-sale debt securities arising during period	**$ (1,638)**	**386**	**(1,252)**			
Reclassification adjustment for net losses on available-for-sale debt securities included in net income	**1**	**—**	**1**			
Net unrealized losses on available-for-sale debt securities	**(1,637)**	**386**	**(1,251)**	**(4,589)**	**(1,251)**	**(5,840)**
Unrealized holding losses on cash flow hedge derivatives arising during period	**(864)**	**200**	**(664)**			
Reclassification adjustment for net losses on cash flow hedge derivatives included in net income	**240**	**(55)**	**185**			
Net unrealized losses on cash flow hedge derivatives	**(624)**	**145**	**(479)**	**(498)**	**(479)**	**(977)**
Net actuarial loss arising during the year	**—**	**—**	**—**			
Reclassification of amounts to net periodic benefit costs	**1**	**—**	**1**			
Defined benefit pension plans, net	**1**	**—**	**1**	**(19)**	**1**	**(18)**
Other	**—**	**—**	**—**	**(4)**	**—**	**(4)**
Total	**$ (2,260)**	**531**	**(1,729)**	**(5,110)**	**(1,729)**	**(6,839)**

	Total OCI	Total AOCI

September 30, 2022 ($ in millions)		Pre-tax Activity	Tax Effect	Net Activity	Beginning Balance	Net Activity	Ending Balance
Unrealized holding losses on available-for-sale debt securities arising during period	$	(7,249)	1,685	(5,564)			
Reclassification adjustment for net gains on available-for-sale debt securities included in net income		(3)	1	(2)			
Net unrealized losses on available-for-sale debt securities		(7,252)	1,686	(5,566)	891	(5,566)	(4,675)
Unrealized holding losses on cash flow hedge derivatives arising during period		(1,092)	252	(840)			
Reclassification adjustment for net gains on cash flow hedge derivatives included in net income		(140)	31	(109)			
Net unrealized losses on cash flow hedge derivatives		(1,232)	283	(949)	353	(949)	(596)
Net actuarial loss arising during the year		(2)	—	(2)			
Reclassification of amounts to net periodic benefit costs		5	(1)	4			
Defined benefit pension plans, net		3	(1)	2	(33)	2	(31)
Other		—	—	—	(4)	—	(4)
Total	$	(8,481)	1,968	(6,513)	1,207	(6,513)	(5,306)

Fifth Third Bancorp and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)

The table below presents reclassifications out of AOCI:

	Condensed Consolidated Statements of Income Caption		For the three months ended September 30,		For the nine months ended September 30,	
	Condensed Consolidated Statements of Income Caption		Condensed Consolidated Statements of Income Caption			
($ in millions)			Condensed Consolidated Statements of Income Caption			
($ in millions)						
($ in millions) ($ in millions)	Condensed Consolidated Statements of Income Caption		**2023**	2022	**2023**	2022
Net unrealized losses on available-for-sale debt securities:(a) Net unrealized losses on available-for-sale debt securities:(a)						
Net (losses) gains included in net income	Securities gains (losses), net	**$**	**—**	—	**(1)**	3
Net unrealized losses on available-for-sale debt securities:(a)						
Net unrealized losses on available-for-sale debt securities:(a)						
Net losses included in net income						
Net losses included in net income						
Net losses included in net income						
	Income before income taxes					
	Income before income taxes					
	Income before income taxes					
	Applicable income tax expense					
	Applicable income tax					

	Applicable income tax expense
	Applicable income tax expense
	Net income
	Net income
	Net income
Net unrealized losses on available-for-sale debt securities transferred to held-to-maturity securities:(a)	
Net unrealized losses on available-for-sale debt securities transferred to held-to-maturity securities:(a)	
Net unrealized losses on available-for-sale debt securities transferred to held-to-maturity securities:(a)	
Net losses included in net income	
Net losses included in net income	
Net losses included in net income	
	Income before income taxes
	Income before income taxes
	Income before income taxes
	Applicable income tax expense
	Applicable income tax expense
	Applicable income tax expense
	Net income
	Net income
	Net income
Net unrealized losses on cash flow hedge derivatives:(a)	
Net unrealized losses on cash flow hedge derivatives:(a)	
Net unrealized losses on cash flow hedge derivatives:(a)	
Interest rate contracts related to C&I, commercial mortgage and commercial construction loans	
Interest rate contracts related to C&I, commercial mortgage and commercial construction loans	
Interest rate contracts related to C&I, commercial mortgage and commercial construction loans	
	Income before income taxes
	Income before income taxes
	Income before income taxes
	Applicable income tax expense
	Applicable income tax expense

		Applicable income tax expense				
		Net income				
		Net income				
		Net income				
		Income before income taxes	**—**	—	**(1)**	3
		Applicable income tax expense	**—**	—	**—**	(1)
		Net income	**—**	—	**(1)**	2
Net unrealized losses on cash flow hedge derivatives:(a)						
Interest rate contracts related to C&I, commercial mortgage and commercial construction loans		Interest and fees on loans and leases	**(94)**	4	**(240)**	140
		Income before income taxes	**(94)**	4	**(240)**	140
		Applicable income tax expense	**22**	(1)	**55**	(31)
		Net income	**(72)**	3	**(185)**	109
Net periodic benefit costs:(a)						
Amortization of net actuarial loss		Compensation and benefits(b)	**—**	(1)	**(2)**	(3)
Settlements		Compensation and benefits(b)	**—**	—	**—**	(2)
		Income before income taxes	**—**	(1)	**(1)**	(5)
		Applicable income tax expense	**—**	—	**—**	1
		Net income	**—**	(1)	**(1)**	(4)
Total reclassifications for the period	Total reclassifications for the period	Net income	**(72)**	2	**(187)**	107
Total reclassifications for the period						
Total reclassifications for the period						

(a) Amounts in parentheses indicate reductions to net income.

(b) This AOCI component is included in the computation of net periodic benefit cost. Refer to Note 22 of the Notes to Consolidated Financial Statements included in the Bancorp's Annual Report on Form 10-K for the year ended December 31, 2022 for further information.

22. 20. Earnings Per Share

The following tables provide table provides the calculation of earnings per share and the reconciliation of earnings per share and earnings per diluted share:

For the three months ended September 30, (in millions, except per share data)	2023 Income	2023 Average Shares	2023 Per Share Amount	2022 Income	2022 Average Shares	2022 Per Share Amount
Earnings Per Share:						
Net income available to common shareholders	**$ 623**			$ 631		
Less: Income allocated to participating securities	**—**			—		
Net income allocated to common shareholders	**$ 623**	**684**	**$ 0.91**	$ 631	689	$ 0.91
Earnings Per Diluted Share:						
Net income available to common shareholders	**$ 623**			$ 631		

Effect of dilutive securities:						
Stock-based awards	—	3		—	6	
Net income available to common shareholders plus assumed conversions	$ 623			$ 631		
Less: Income allocated to participating securities	—			—		
Net income allocated to common shareholders plus assumed conversions	$ 623	687	$ 0.91	$ 631	695	$ 0.91

	For the three months ended March 31,	
($ in millions, except per share data)	**2024**	2023
Net income available to common shareholders	**$ 480**	535
Average common shares outstanding - basic	**686**	684
Effect of dilutive stock-based awards	**5**	6
Average common shares outstanding - diluted	**$ 691**	690
Earnings per share - basic	**$ 0.70**	0.78
Earnings per share - diluted	**0.70**	0.78
Anti-dilutive stock-based awards excluded from diluted shares	**3**	4

For the nine months ended September 30, (in millions, except per share data)	**2023** Income	**2023** Average Shares	**2023** Per Share Amount	2022 Income	2022 Average Shares	2022 Per Share Amount
Earnings Per Share:						
Net income available to common shareholders	**$ 1,719**			$ 1,631		
Less: Income allocated to participating securities	**—**			1		
Net income allocated to common shareholders	**$ 1,719**	**684**	**$ 2.51**	$ 1,630	689	$ 2.37
Earnings Per Diluted Share:						
Net income available to common shareholders	**$ 1,719**			$ 1,631		
Effect of dilutive securities:						
Stock-based awards	**—**	**4**		—	6	
Net income available to common shareholders plus assumed conversions	**$ 1,719**			$ 1,631		
Less: Income allocated to participating securities	**—**			1		
Net income allocated to common shareholders plus assumed conversions	**$ 1,719**	**688**	**$ 2.50**	$ 1,630	695	$ 2.34

Shares are excluded from the computation of earnings per diluted share when their inclusion has an anti-dilutive effect on earnings per share. The diluted earnings per share computation for both the three and nine months ended September 30, 2023 excludes 6 million shares of stock-based awards because their inclusion would have been anti-dilutive. The diluted earnings per share computation for both the three and nine months ended September 30, 2022 excludes 3 million shares of stock-based awards because their inclusion would have been anti-dilutive.

23. 21. Fair Value Measurements

The Bancorp measures certain financial assets and liabilities at fair value in accordance with U.S. GAAP, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP also establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the instrument's fair value measurement. For more information regarding the fair value hierarchy, refer to Note 1 of the Notes to Consolidated Financial Statements included in the Bancorp's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables summarize assets and liabilities measured at fair value on a recurring basis as of:

Fair Value Measurements Using

September 30, 2023 ($ in millions)		Level 1	Level 2	Level 3	Total Fair Value
Fair Value Measurements Using					
March 31, 2024 ($ in millions)					
March 31, 2024 ($ in millions)					
March 31, 2024 ($ in millions)		Level 1	Level 2	Level 3	Total Fair Value
Assets:	Assets:				
Available-for-sale debt and other securities:	Available-for-sale debt and other securities:				
Available-for-sale debt and other securities:					
Available-for-sale debt and other securities:					
U.S. Treasury and federal agencies securities					
U.S. Treasury and federal agencies securities					
U.S. Treasury and federal agencies securities	U.S. Treasury and federal agencies securities	**$ 3,462**	**—**	**—**	**3,462**
Obligations of states and political subdivisions securities	Obligations of states and political subdivisions securities	**—**	**2**	**—**	**2**
Mortgage-backed securities:	Mortgage-backed securities:				
Agency residential mortgage-backed securities					
Agency residential mortgage-backed securities					
Agency residential mortgage-backed securities	Agency residential mortgage-backed securities	**—**	**9,876**	**—**	**9,876**
Agency commercial mortgage-backed securities	Agency commercial mortgage-backed securities	**—**	**24,461**	**—**	**24,461**
Non-agency commercial mortgage-backed securities	Non-agency commercial mortgage-backed securities	**—**	**4,325**	**—**	**4,325**
Asset-backed securities and other debt securities	Asset-backed securities and other debt securities	**—**	**4,990**	**—**	**4,990**

Available-for-sale debt and other securities[a]	Available-for-sale debt and other securities[a]	3,462	43,654	—	47,116
Trading debt securities:	Trading debt securities:				
U.S. Treasury and federal agencies securities					
U.S. Treasury and federal agencies securities					
U.S. Treasury and federal agencies securities	U.S. Treasury and federal agencies securities	610	31	—	641
Obligations of states and political subdivisions securities	Obligations of states and political subdivisions securities	—	43	—	43
Agency residential mortgage-backed securities	Agency residential mortgage-backed securities	—	7	—	7
Asset-backed securities and other debt securities	Asset-backed securities and other debt securities	—	531	—	531
Trading debt securities	Trading debt securities	610	612	—	1,222
Equity securities	Equity securities	238	12	—	250
Residential mortgage loans held for sale	Residential mortgage loans held for sale	—	497	—	497
Residential mortgage loans[b]	Residential mortgage loans[b]	—	—	113	113
Servicing rights	Servicing rights	—	—	1,822	1,822
Derivative assets:	Derivative assets:				
Interest rate contracts	Interest rate contracts	14	1,467	5	1,486
Interest rate contracts					
Interest rate contracts					
Foreign exchange contracts	Foreign exchange contracts	—	706	—	706
Commodity contracts	Commodity contracts	89	1,026	—	1,115
Derivative assets[c]	Derivative assets[c]	103	3,199	5	3,307
Total assets	Total assets	$ 4,413	47,974	1,940	54,327
Liabilities:	Liabilities:				
Derivative liabilities:	Derivative liabilities:				

Derivative liabilities:						
Derivative liabilities:						
Interest rate contracts						
Interest rate contracts						
Interest rate contracts	Interest rate contracts	$	1	1,903	7	1,911
Foreign exchange contracts	Foreign exchange contracts		—	644	—	644
Equity contracts	Equity contracts		—	—	172	172
Commodity contracts	Commodity contracts		141	904	—	1,045
Derivative liabilities(d)	Derivative liabilities(d)		142	3,451	179	3,772
Short positions:	Short positions:					
U.S. Treasury and federal agencies securities	U.S. Treasury and federal agencies securities		108	—	—	108
U.S. Treasury and federal agencies securities						
U.S. Treasury and federal agencies securities						
Asset-backed securities and other debt securities	Asset-backed securities and other debt securities		—	155	—	155
Short positions(d)	Short positions(d)		108	155	—	263
Total liabilities	Total liabilities	$	250	3,606	179	4,035

(a) Excludes FHLB, FRB and DTCC restricted stock holdings totaling $281, $494 $301, $496 and $2, $3, respectively, at September 30, 2023 March 31, 2024.

(b) Includes residential mortgage loans originated as held for sale and subsequently transferred to held for investment.

(c) Included in other assets in the Condensed Consolidated Balance Sheets.

(d) Included in other liabilities in the Condensed Consolidated Balance Sheets.

		Fair Value Measurements Using			
December 31, 2022 ($ in millions)		Level 1	Level 2	Level 3	Total Fair Value
Fair Value Measurements Using					
December 31, 2023 ($ in millions)					
December 31, 2023 ($ in millions)					
December 31, 2023 ($ in millions)		Level 1	Level 2	Level 3	Total Fair Value
Assets:	Assets:				
Available-for-sale debt and other securities:	Available-for-sale debt and other securities:				
Available-for-sale debt and other securities:					

Available-for-sale debt and other securities:					
U.S. Treasury and federal agencies securities					
U.S. Treasury and federal agencies securities					
U.S. Treasury and federal agencies securities	U.S. Treasury and federal agencies securities	$ 2,495	—	—	2,495
Obligations of states and political subdivisions securities	Obligations of states and political subdivisions securities	—	18	—	18
Mortgage-backed securities:	Mortgage-backed securities:				
Agency residential mortgage-backed securities					
Agency residential mortgage-backed securities					
Agency residential mortgage-backed securities	Agency residential mortgage-backed securities	—	11,237	—	11,237
Agency commercial mortgage-backed securities	Agency commercial mortgage-backed securities	—	26,322	—	26,322
Non-agency commercial mortgage-backed securities	Non-agency commercial mortgage-backed securities	—	4,715	—	4,715
Asset-backed securities and other debt securities	Asset-backed securities and other debt securities	—	5,842	—	5,842
Available-for-sale debt and other securities(a)	Available-for-sale debt and other securities(a)	2,495	48,134	—	50,629
Trading debt securities:	Trading debt securities:				
U.S. Treasury and federal agencies securities					
U.S. Treasury and federal agencies securities					
U.S. Treasury and federal agencies securities	U.S. Treasury and federal agencies securities	23	22	—	45

Obligations of states and political subdivisions securities	Obligations of states and political subdivisions securities	—	14	—	14
Agency residential mortgage-backed securities	Agency residential mortgage-backed securities	—	8	—	8
Asset-backed securities and other debt securities	Asset-backed securities and other debt securities	—	347	—	347
Trading debt securities	Trading debt securities	23	391	—	414
Equity securities	Equity securities	306	11	—	317
Residential mortgage loans held for sale	Residential mortgage loans held for sale	—	600	—	600
Residential mortgage loans(b)	Residential mortgage loans(b)	—	—	123	123
Servicing rights	Servicing rights	—	—	1,746	1,746
Derivative assets:	Derivative assets:				
Interest rate contracts	Interest rate contracts	12	1,222	7	1,241
Interest rate contracts					
Interest rate contracts					
Foreign exchange contracts	Foreign exchange contracts	—	454	—	454
Commodity contracts	Commodity contracts	56	1,422	—	1,478
Derivative assets(c)	Derivative assets(c)	68	3,098	7	3,173
Total assets	Total assets	$ 2,892	52,234	1,876	57,002
Liabilities:	Liabilities:				
Derivative liabilities:	Derivative liabilities:				
Derivative liabilities:					
Derivative liabilities:					
Interest rate contracts					
Interest rate contracts					
Interest rate contracts	Interest rate contracts	$ 7	1,970	8	1,985
Foreign exchange contracts	Foreign exchange contracts	—	422	—	422
Equity contracts	Equity contracts	—	—	195	195
Commodity contracts	Commodity contracts	92	1,258	—	1,350

Derivative liabilities(d)	Derivative liabilities(d)	99	3,650	203	3,952
Short positions:	Short positions:				
U.S. Treasury and federal agencies securities	U.S. Treasury and federal agencies securities	66	—	—	66
U.S. Treasury and federal agencies securities					
U.S. Treasury and federal agencies securities					
Asset-backed securities and other debt securities	Asset-backed securities and other debt securities	—	112	—	112
Short positions(d)	Short positions(d)	66	112	—	178
Total liabilities	Total liabilities	$ 165	3,762	203	4,130

(a) Excludes FHLB, FRB and DTCC restricted stock holdings totaling $381, $491 $224, $496 and $2, respectively, at December 31, 2022 December 31, 2023.

(b) Includes residential mortgage loans originated as held for sale and subsequently transferred to held for investment.

(c) Included in other assets in the Condensed Consolidated Balance Sheets.

(d) Included in other liabilities in the Condensed Consolidated Balance Sheets.

The following is a description of the valuation methodologies used for significant instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Available-for-sale debt and other securities, trading debt securities and equity securities

Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include U.S. Treasury securities and equity securities. If quoted market prices are not available, then fair values are estimated using pricing models which primarily utilize quoted prices of securities with similar characteristics. Level 2 securities may include federal agencies securities, obligations of states and political subdivisions securities, agency residential mortgage-backed securities, agency and non-agency commercial mortgage-backed securities, asset-backed securities and other debt securities and equity securities. These securities are generally valued using a market approach based on observable prices of securities with similar characteristics.

Residential mortgage loans held for sale

For residential mortgage loans held for sale for which the fair value election has been made, fair value is estimated based upon mortgage-backed securities prices and spreads to those prices or, for certain ARM loans, DCF models that may incorporate the anticipated portfolio composition, credit spreads of asset-backed securities with similar collateral and market conditions. The anticipated portfolio composition includes the effect of interest rate spreads and discount rates due to loan characteristics such as the state in which the loan was originated, the loan amount and the ARM margin. Residential mortgage loans held for sale that are valued based on mortgage-backed securities prices are classified within Level 2 of the valuation hierarchy as the valuation is based on external pricing for similar instruments. ARM loans classified as held for sale are also classified within Level 2 of the valuation hierarchy due to the use of observable inputs in the DCF model. These observable inputs include interest rate spreads from agency mortgage-backed securities market rates and observable discount rates.

Residential mortgage loans

For residential mortgage loans for which the fair value election has been made, and that are reclassified from held for sale to held for investment, the fair value estimation is based on mortgage-backed securities prices, interest rate risk and an internally developed credit component. Therefore, these loans are transferred from Level 2 to Level 3 of the valuation hierarchy. An adverse change in the loss rate or severity assumption would result in a decrease in fair value of the related loans.

Servicing rights

MSRs do not trade in an active, open market with readily observable prices. While sales of MSRs do occur, the precise terms and conditions typically are not readily available. Accordingly, the Bancorp estimates the fair value of MSRs using internal OAS models with certain unobservable inputs, primarily prepayment speed assumptions, OAS and weighted-average lives, resulting in a classification within Level 3 of the valuation hierarchy. Refer to Note 13 12 for further information on the assumptions used in the valuation of the Bancorp's MSRs.

Derivatives

Exchange-traded derivatives valued using quoted prices and certain over-the-counter derivatives valued using active bids are classified within Level 1 of the valuation hierarchy. Most of the Bancorp's derivative contracts are valued using DCF or other models that incorporate current market interest rates, credit spreads assigned to the derivative counterparties and other market parameters and, therefore, are classified within Level 2 of the valuation hierarchy. Such derivatives include basic and structured interest rate, foreign exchange and commodity swaps and options. Derivatives that are valued based upon models with significant unobservable market parameters are classified within Level 3 of the valuation hierarchy. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, derivatives classified as Level 3, which are valued using models containing unobservable inputs, consisted primarily of a total return swap associated with the Bancorp's sale of Visa, Inc. Class B Shares as well as IRLCs, which utilize internally generated loan closing rate assumptions as a significant unobservable input in the valuation process.

Under the terms of the total return swap, the Bancorp will make or receive payments based on subsequent changes in the conversion rate of the Visa, Inc. Class B Shares into Class A Shares. Additionally, the Bancorp will make a quarterly payment based on Visa's stock price and the conversion rate of the Visa, Inc. Class B Shares into Class A Shares until the date on which the Covered Litigation is settled. The fair value of the total return swap was calculated using a DCF model based on unobservable inputs consisting of management's estimate of the probability of certain litigation scenarios, the timing of the resolution of the Covered Litigation and Visa litigation loss estimates in excess, or shortfall, of the Bancorp's proportional share of escrow funds.

An increase in the loss estimate or a delay in the resolution of the Covered Litigation would result in an increase in the fair value of the derivative liability; conversely, a decrease in the loss estimate or an acceleration of the resolution of the Covered Litigation would result in a decrease in the fair value of the derivative liability. Refer to Note 18 16 for additional information on the Covered Litigation.

The net asset fair value of the Bancorp's IRLCs at September 30, 2023 March 31, 2024 was $4 million. $5 million. Immediate decreases in current interest rates of 25 bps and 50 bps would result in increases in the fair value of the IRLCs of approximately $2 million $1 million and $5 million, $3 million, respectively. Immediate increases in current interest rates of 25 bps and 50 bps would result in decreases in the fair value of the IRLCs of approximately $3 million $2 million and $6 million, $4 million, respectively. An immediate 10% or 20% change in loan closing rates, either adverse or favorable, would not have a material impact on the fair value of IRLCs as of September 30, 2023 March 31, 2024. These sensitivities are hypothetical and should be used with caution, as changes in fair value based on a variation in assumptions typically cannot be extrapolated because the relationship of the change in assumptions to the change in fair value may not be linear.

Short positions
Where quoted prices are available in an active market, short positions are classified within Level 1 of the valuation hierarchy. Level 1 securities include U.S. Treasury securities. If quoted market prices are not available, then fair values are estimated using pricing models which primarily utilize quoted prices of securities with similar characteristics and therefore are classified within Level 2 of the valuation hierarchy. Level 2 securities include asset-backed and other debt securities.

The following tables are a reconciliation of assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

			Fair Value Measurements Using Significant Unobservable Inputs (Level 3)				
For the three months ended September 30, 2023 ($ in millions)			Residential Mortgage Loans	Servicing Rights	Interest Rate Derivatives, Net(a)	Equity Derivatives	Total Fair Value
For the three months ended March 31, 2024 ($ in millions)	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)						
For the three months ended March 31, 2024 ($ in millions)			Residential Mortgage Loans	Servicing Rights	Interest Rate Derivatives, Net(a)	Equity Derivatives	Total Fair Value
Balance, beginning of period	Balance, beginning of period	$	124	1,764	2	(204)	1,686
Total gains (losses) (realized/unrealized):(b)							
Total (losses) gains (realized/unrealized):(b)							
Included in earnings							
Included in earnings							
Included in earnings	Included in earnings		(7)	34	7	(10)	24
Purchases/originations	Purchases/originations		—	24	—	—	24
Settlements	Settlements		(5)	—	(11)	42	26
Transfers into Level 3(c)	Transfers into Level 3(c)		1	—	—	—	1
Balance, end of period	Balance, end of period	$	113	1,822	(2)	(172)	1,761
The amount of total gains (losses) for the period included in earnings attributable to the change in unrealized gains or losses relating to instruments still held at September 30, 2023		$	(7)	56	3	(10)	42

The amount of total gains (losses) for the period included in earnings attributable to the change in unrealized gains or losses relating to instruments still held at March 31, 2024	

(a) Net interest rate derivatives include $6 for both derivative assets and liabilities of $5 and $7, respectively, as of September 30, 2023 March 31, 2024.

(b) There were no unrealized gains or losses for the period included in other comprehensive income for instruments still held at September 30, 2023 March 31, 2024.

(c) Includes certain residential mortgage loans originated as held for sale that were transferred to held for investment.

For the three months ended March 31, 2023 ($ in millions)	For the three months ended September 30, 2022 ($ in millions)		Fair Value Measurements Using Significant Unobservable Inputs (Level 3)				
For the three months ended March 31, 2023 ($ in millions)			Residential Mortgage Loans	Servicing Rights	Interest Rate Derivatives, Net(a)	Equity Derivatives	Total Fair Value
Balance, beginning of period	Balance, beginning of period	$	133	1,582	8	(199)	1,524
Total gains (losses) (realized/unrealized):(b)							
Total (losses) gains (realized/unrealized):(b)							
Included in earnings							
Included in earnings							
Included in earnings	Included in earnings		(7)	48	(5)	(17)	19
Purchases/originations	Purchases/originations		—	102	(1)	—	101
Settlements	Settlements		(4)	—	(9)	42	29
Transfers into Level 3(c)	Transfers into Level 3(c)		3	—	—	—	3
Balance, end of period	Balance, end of period	$	125	1,732	(7)	(174)	1,676
	The amount of total gains (losses) for the period included in earnings attributable to the change in unrealized gains or losses relating to instruments still held at September 30, 2022	$	(7)	80	(2)	(17)	54
The amount of total (losses) gains for the period included in earnings attributable to the change in unrealized gains or losses relating to instruments still held at March 31, 2023							

(a) Net interest rate derivatives include derivative assets and liabilities of $7 $11 and $14, $8, respectively, as of September 30, 2022 March 31, 2023.

(b) There were no unrealized gains or losses for the period included in other comprehensive income for instruments still held at September 30, 2022.

(c) Includes certain residential mortgage loans originated as held for sale that were transferred to held for investment.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

For the nine months ended September 30, 2023 ($ in millions)		Residential Mortgage Loans	Servicing Rights	Interest Rate Derivatives, Net(a)	Equity Derivatives	Total Fair Value
Balance, beginning of period	$	123	1,746	(1)	(195)	1,673
Total (losses) gains (realized/unrealized):(b)						
Included in earnings		(4)	(6)	32	(72)	(50)
Purchases/originations		—	82	(2)	—	80
Settlements		(11)	—	(31)	95	53
Transfers into Level 3(c)		5	—	—	—	5
Balance, end of period	$	113	1,822	(2)	(172)	1,761
The amount of total (losses) gains for the period included in earnings attributable to the change in unrealized gains or losses relating to instruments still held at September 30, 2023	$	(4)	53	3	(72)	(20)

(a) *Net interest rate derivatives include derivative assets and liabilities of $5 and $7, respectively, as of September 30, 2023.*

(b) *There were no unrealized gains or losses for the period included in other comprehensive income for instruments still held at September 30, 2023.*

(c) *Includes certain residential mortgage loans originated as held for sale that were transferred to held for investment.*

Fifth Third Bancorp and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

		Fair Value Measurements Using Significant Unobservable Inputs (Level 3)				
For the nine months ended September 30, 2022 ($ in millions)		Residential Mortgage Loans	Servicing Rights	Interest Rate Derivatives, Net(a)	Equity Derivatives	Total Fair Value
Balance, beginning of period	$	154	1,121	4	(214)	1,065
Total gains (losses) (realized/unrealized):(b)						
Included in earnings		(20)	217	8	(46)	159
Purchases/originations/acquisitions		—	394	1	—	395
Settlements		(19)	—	(20)	86	47
Transfers into Level 3(c)		10	—	—	—	10
Balance, end of period	$	125	1,732	(7)	(174)	1,676
The amount of total gains (losses) for the period included in earnings attributable to the change in unrealized gains or losses relating to instruments still held at September 30, 2022	$	(20)	338	1	(46)	273

(a) *Net interest rate derivatives include derivative assets and liabilities of $7 and $14, respectively, as of September 30, 2022.*

(b) *There were no unrealized gains or losses for the period included in other comprehensive income for instruments still held at September 30, 2022 March 31, 2023.*

(c) *Includes certain residential mortgage loans originated as held for sale that were transferred to held for investment.*

The total losses and gains included in earnings for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) were recorded in the Condensed Consolidated Statements of Income as follows:

			For the three months ended September 30,		For the nine months ended September 30,	
			For the three months ended March 31,			
			For the three months ended March 31,			
			For the three months ended March 31,			
($ in millions)						
($ in millions)						
($ in millions)	($ in millions)		**2023**	2022	**2023**	2022
Mortgage banking net revenue	Mortgage banking net revenue	$	33	35	19	202
Mortgage banking net revenue						

Mortgage banking net revenue						
Commercial banking revenue						
Commercial banking revenue						
Commercial banking revenue	Commercial banking revenue		**1**	1	**3**	3
Other noninterest income	Other noninterest income		**(10)**	(17)	**(72)**	(46)
Total (losses) gains		$	**24**	19	**(50)**	159
Other noninterest income						
Other noninterest income						
Total losses						
Total losses						
Total losses						

The total losses gains and gains losses included in earnings attributable to changes in unrealized gains and losses related to Level 3 assets and liabilities still held at September 30, 2023 March 31, 2024 and 2022 2023 were recorded in the Condensed Consolidated Statements of Income as follows:

			For the three months ended September 30,		For the nine months ended September 30,	
			For the three months ended March 31,			
			For the three months ended March 31,			
			For the three months ended March 31,			
($ in millions)						
($ in millions)						
($ in millions)	($ in millions)		**2023**	2022	**2023**	2022
Mortgage banking net revenue	Mortgage banking net revenue	$	**51**	70	**49**	316
Mortgage banking net revenue						
Mortgage banking net revenue						
Commercial banking revenue						
Commercial banking revenue						
Commercial banking revenue	Commercial banking revenue		**1**	1	**3**	3
Other noninterest income	Other noninterest income		**(10)**	(17)	**(72)**	(46)
Total (losses) gains		$	**42**	54	**(20)**	273
Other noninterest income						
Other noninterest income						
Total gains (losses)						
Total gains (losses)						
Total gains (losses)						

The following tables present information as of September 30, 2023 March 31, 2024 and 2022 2023 about significant unobservable inputs related to the Bancorp's material categories of Level 3 financial assets and liabilities measured at fair value on a recurring basis:

	As of September 30, 2023 ($ in millions)
As of March 31, 2024 ($ in millions)	**As of March 31, 2024 ($ in millions)**

Financial Instrument	Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range of Inputs	Weighted-Average							
Residential mortgage loans	Residential mortgage loans	$ 113	Loss rate model	Interest rate risk factor	**(28.7) - 4.0%**	**(16.9)%** [(a)]							
				Credit risk factor	**— - 0.6%**	**0.2 %** [(a)]							
						(Fixed) **5.0 %** [(b)]							
Residential mortgage loans													
Residential mortgage loans								**$ 113**	Loss rate model		Interest rate risk factor	**(25.2) - 3.7%**	**(13.4)%** [(a)]
				Credit risk factor							Credit risk factor	**— - 0.6%**	
Servicing rights	Servicing rights	**1,822**	DCF	Prepayment speed	**— - 100.0%**	(Adjustable) **20.3 %** [(b)]	Servicing rights	**1,756**	DCF	DCF	Prepayment speed	**— - - 100.0%**	(Fixed) **5.8 %** [(b)]
						(Fixed) **582** [(b)]							
				OAS (bps)	**477 - 1,447**	(Adjustable) **1,204** [(b)]							
						(Adjustable)							
				OAS (bps)							OAS (bps)	**448 - 1,833**	
						(Adjustable)							
IRLCs, net	IRLCs, net	**4**	DCF	Loan closing rates	**33.2 - 97.5%**	**82.3 %** [(c)]	IRLCs, net	**5**	DCF	DCF	Loan closing rates	**20.0 - - 96.0%**	**79.4 %** [(c)]
Swap associated with the sale of Visa, Inc. Class B Shares	Swap associated with the sale of Visa, Inc. Class B Shares	**(172)**	DCF	Timing of the resolution of the Covered Litigation	**Q3 2024 - Q1 2027**	**Q4 2025** [(d)]	Swap associated with the sale of Visa, Inc. Class B Shares	**(162)**	DCF	DCF	Timing of the resolution of the Covered Litigation	**Q2 2026 - Q1 2028**	**Q4 2026** [(d)]

(a) *Unobservable inputs were weighted by the relative carrying value of the instruments.*

(b) *Unobservable inputs were weighted by the relative unpaid principal balance of the instruments.*

(c) *Unobservable inputs were weighted by the relative notional amount of the instruments.*

(d) *Unobservable inputs were weighted by the probability of the final funding date of the instruments.*

As of September 30, 2022 ($ in millions)

As of March 31, 2023 ($ in millions)

As of March 31, 2023 ($ in millions)

Financial Instrument	Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range of Inputs	Weighted-Average					
Residential mortgage loans	Residential mortgage loans	$ 125	Loss rate model	Interest rate risk factor	(24.6) - 2.6 %	(13.1)% [(a)]					
				Credit risk factor	— - 23.1 %	0.4 % [(a)]					
						(Fixed) 5.2 % [(b)]					
Residential mortgage loans											
Residential mortgage loans							$ 128	Loss rate model	Interest rate risk factor	(22.2) - 5.7 %	(10.3)% [(a)]

			Credit risk factor								Credit risk factor	— -	23.2 %	
Servicing rights	Servicing rights	1,732 DCF	Prepayment speed	100.0 — - %	(Adjustable) 20.3 % [(b)]	Servicing rights	1,725	DCF	DCF	Prepayment speed	— - -	100.0 %	(Fixed) 5.6 % [(b)]	
					(Fixed) 723 [(b)]									
			OAS (bps)	615 - 1,513	(Adjustable) 1,204 [(b)]									
				(Adjustable)										
			OAS (bps)								OAS (bps)	477 -	1,447 (Fixe	
				(Adjustable)										
IRLCs, net	IRLCs, net	(3) DCF	Loan closing rates	98.6 48.9 - %	90.1 % [(c)]	IRLCs, net	7	DCF	DCF	Loan closing rates	22.3 - -	97.5 %	82.5 % [(c)]	
Swap associated with the sale of Visa, Inc. Class B Shares	Swap associated with the sale of Visa, Inc. Class B Shares	(174) DCF	Timing of the resolution of the Covered Litigation	Q4 - Q3 2023 2026	Q1 2025 [(d)]	Swap associated with the sale of Visa, Inc. Class B Shares	(192)	DCF	DCF	Timing of the resolution of the Covered Litigation	Q1 - Q1 2024 2027		Q2 2025 [(d)]	

(a) *Unobservable inputs were weighted by the relative carrying value of the instruments.*

(b) *Unobservable inputs were weighted by the relative unpaid principal balance of the instruments.*

(c) *Unobservable inputs were weighted by the relative notional amount of the instruments.*

(d) *Unobservable inputs were weighted by the probability of the final funding date of the instruments.*

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain assets and liabilities are measured at fair value on a nonrecurring basis. These assets and liabilities are not measured at fair value on an ongoing basis; however, they are subject to fair value adjustments in certain circumstances, such as when there is evidence of impairment.

The following tables provide the fair value hierarchy and carrying amount of all assets that were held as of September 30, 2023 March 31, 2024 and 2022, 2023, and for which a nonrecurring fair value adjustment was recorded during the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, and the related gains and losses from fair value adjustments on assets sold during the period as well as assets still held as of the end of the period.

As of September 30, 2023 ($ in millions)	Level 1	Level 2	Level 3	Total	**For the three months ended September 30, 2023**	**For the nine months ended September 30, 2023**
	Fair Value Measurements Using				Total Losses	
	Fair Value Measurements Using					
	Fair Value Measurements Using					
	Fair Value Measurements Using				Total (Losses) Gains	
As of March 31, 2024 ($ in millions)						
Commercial loans held for sale						
Commercial loans held for sale						

Commercial loans held for sale							
Commercial loans and leases							
Commercial loans and leases							
Commercial loans and leases	Commercial loans and leases	**$ —**	**—**	**154**	**154**	**(21)**	**(118)**
Consumer and residential mortgage loans	Consumer and residential mortgage loans	**—**	**—**	**188**	**188**	**(2)**	**(10)**
Consumer and residential mortgage loans							
Consumer and residential mortgage loans							
OREO	OREO	**—**	**—**	**18**	**18**	**(7)**	**(8)**
OREO							
OREO							
Bank premises and equipment							
Bank premises and equipment							
Bank premises and equipment	Bank premises and equipment	**—**	**—**	**4**	**4**	**—**	**(2)**
Private equity investments	Private equity investments	**—**	**—**	**—**	**—**	**—**	**(2)**
Private equity investments							
Private equity investments							
Total	Total	**$ —**	**—**	**364**	**364**	**(30)**	**(140)**
Total							
Total							

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	Fair Value Measurements Using				Total Losses	
As of September 30, 2022 ($ in millions)	Level 1	Level 2	Level 3	Total	For the three months ended September 30, 2022	For the nine months ended September 30, 2022

Fair Value Measurements Using
Fair Value Measurements Using
Commercial loans held for sale
Commercial loans held for sale
Commercial loans held for sale
Commercial loans and leases
Commercial loans and leases
Consumer and residential mortgage loans
Consumer and residential mortgage loans
OREO
OREO
Bank premises and equipment
Bank premises and equipment
Private equity investments
Private equity investments

As of March 31, 2023 ($ in millions)		Fair Value Measurements Using				Total Losses	
Commercial loans and leases	Commercial loans and leases	$ —	—	161	161	(42)	(89)
Consumer and residential mortgage loans	Consumer and residential mortgage loans	—	—	120	120	—	—
OREO	OREO	—	—	3	3	—	—
Bank premises and equipment	Bank premises and equipment	—	—	3	3	(1)	(2)
Operating lease equipment		—	—	2	2	—	(2)
Private equity investments	Private equity investments	—	9	1	10	(1)	(8)

Total	Total	$ —	9	290	299	(44)	(101)
Total							
Total							

The following tables present information as of September 30, 2023 March 31, 2024 and 2022 2023 about significant unobservable inputs related to the Bancorp's material categories of Level 3 financial assets and liabilities measured on a nonrecurring basis:

As of September 30, 2023 March 31, 2024 ($ in millions)

Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Ranges of Inputs	Weighted-Average
Commercial loans held for sale	**$ 25**	Comparable company analysis	Market comparable transactions	**NM**	**NM**
Commercial loans and leases	**$154 130**	Appraised value	Collateral value	**NM**	**NM**
Consumer and residential mortgage loans	**188 197**	Appraised value	Collateral value	**NM**	**NM**
OREO	**18 1**	Appraised value	Appraised value	**NM**	**NM**
Bank premises and equipment	**4 1**	Appraised value	Appraised value	**NM**	**NM**
Private equity investments	**—**	Comparable company analysis	Market comparable transactions	**NM**	**NM**

As of September 30, 2022 March 31, 2023 ($ in millions)

Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Ranges of Inputs	Weighted-Average
Commercial loans held for sale	$ 21	Comparable company analysis	Market comparable transactions	NM	NM
Commercial loans and leases	$ 160 161	Appraised value	Collateral value	NM	NM
Consumer and residential mortgage loans	120 138	Appraised value	Collateral value	NM	NM
OREO	3 2	Appraised value	Appraised value	NM	NM
Bank premises and equipment	3 5	Appraised value	Appraised value	NM	NM
NM					
Private equity investments	1 2	Comparable company analysis	Market comparable transactions	NM	NM

Commercial loans held for sale

The Bancorp estimated the fair value of certain commercial loans held for sale during the three months ended March 31, 2024 and 2023. These valuations were based on appraisals of the underlying collateral or by applying unobservable inputs such as an estimated market discount to the unpaid principal balance of the loans or the appraised values of the assets (Level 3 of the valuation hierarchy).

Portfolio loans and leases

During the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Bancorp recorded nonrecurring adjustments to certain collateral-dependent portfolio loans and leases. When a loan is collateral-dependent, the fair value of the loan is generally based on the fair value less cost to sell of the underlying collateral supporting the loan and therefore these loans were classified within Level 3 of the valuation hierarchy. In cases where the amortized cost basis of the loan or lease exceeds the estimated net realizable value of the collateral, then an ALLL is recognized, or a charge-off once the remaining amount is considered uncollectible.

OREO

During the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Bancorp recorded an immaterial amount of nonrecurring adjustments to certain commercial and residential real estate properties and branch-related real estate no longer intended to be used for banking purposes classified as OREO and measured at the lower of carrying amount or fair value. These nonrecurring losses were primarily due to declines in real estate values of the properties recorded in OREO. These losses include an immaterial amount in losses recorded as charge-offs on new OREO properties transferred from loans during the three and nine months ended September 30, 2023 and 2022. These losses also included $7 million and $8 million recorded as negative fair value adjustments for the three and nine months ended September 30, 2023, respectively and immaterial amounts recorded as fair value adjustments for both the three and nine months ended September 30, 2022 recorded upon the transfer, or subsequent to the transfer, of properties to OREO. The fair value amounts are generally based on appraisals of the property values, resulting in a classification within Level 3 of the valuation hierarchy. In cases where the carrying amount exceeds the fair value, less costs to sell, an impairment loss is recognized. The previous tables reflect the fair value measurements of the properties before deducting the estimated costs to sell.

Bank premises and equipment

The Bancorp performs assessments of the recoverability of long-lived assets when events or changes in circumstances indicate that their carrying values may not be recoverable. These properties were written down to their lower of cost or market values. At least annually thereafter, the Bancorp will review these properties for market fluctuations. The fair value amounts were generally based on appraisals of the property values, resulting in a classification within Level 3 of the valuation hierarchy. For further information on bank premises and equipment, refer to Note 7.

Operating lease equipment

The Bancorp performs assessments of the recoverability of long-lived assets when events or changes in circumstances indicate that their carrying values may not be recoverable. When evaluating whether an individual asset is impaired, the Bancorp considers the current fair value of the asset, the changes in overall market demand for the asset and the rate of change in advancements associated with technological improvements that impact the demand for the specific asset under review. As part of this ongoing assessment, the Bancorp determined that the carrying values of certain operating lease equipment were not recoverable and, as a result, the Bancorp recorded an impairment loss equal to the amount by which the carrying value of the assets exceeded the fair value. The fair value amounts were generally based on appraised values of the assets, resulting in a classification within Level 3 of the valuation hierarchy.

Private equity investments

The Bancorp accounts for its private equity investments using the measurement alternative to fair value, except for those accounted for under the equity method of accounting. Under the measurement alternative, the Bancorp carries each investment at its cost basis minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer. The Bancorp recognized gains of$9 millionduring the three months ended March 31, 2024 and did not recognize gains during the three and nine months ended September 30, 2023 and recognizedgains of an immaterial amount and $4 million during the three and nine months ended September 30, 2022 March 31, 2023, respectively, resulting from observable price changes. The carrying value of the Bancorp's private equity investments still held as of September 30, 2023 March 31, 2024 includes a cumulative $40 $18million of positive adjustments as a result of observable price changes since January 1, 2018. Because these adjustments are based on observable transactions in inactive markets, they are classified in Level 2 of the fair value hierarchy.

For private equity investments which are accounted for using the measurement alternative to fair value, the Bancorp qualitatively evaluates each investment quarterly to determine if impairment may exist. If necessary, the Bancorp then measures impairment by estimating the value of its investment and comparing that to the investment's carrying value, whether or not the Bancorp considers the impairment to be temporary. These valuations are typically developed using a DCF method, but other methods may be used if more appropriate for the circumstances. These valuations are based on unobservable inputs and therefore are classified in Level 3 of the fair value hierarchy. The Bancorp did not recognize impairment charges during the three months ended March 31, 2024 and recognized $2 million in $1 million of impairment charges for during the three and nine months ended September 30, 2023, respectively, and $1 million and $12 million for the three and nine months ended September 30, 2022, respectively.March 31, 2023. The carrying value of the Bancorp's private equity investments still held as of September 30, 2023 March 31, 2024 includes a cumulative $31 $15 million of impairment charges recognized since adoption of the measurement alternative to fair value on January 1, 2018.

Fair Value Option

The Bancorp elected to measure certain residential mortgage loans held for sale under the fair value option as allowed under U.S. GAAP. Electing to measure residential mortgage loans held for sale at fair value reduces certain timing differences and better matches changes in the value of these assets with changes in the value of derivatives used as economic hedges for these assets. Management's intent to sell residential mortgage loans classified as held for sale may change over time due to such factors as changes in the overall liquidity in markets or changes in characteristics specific to certain loans held for sale. Consequently, these loans may be reclassified to loans held for investment and maintained in the Bancorp's loan portfolio. In such cases, the loans will continue to be measured at fair value.

Fair value changes recognized in earnings for residential mortgage loans held at September 30, 2023 March 31, 2024 and 2022 2023 for which the fair value option was elected, as well as the changes in fair value of the underlying IRLCs, included losses of $24 $11 million and $49 $8 million, respectively. These losses are reported in mortgage banking net revenue in the Condensed Consolidated Statements of Income.

Valuation adjustments related to instrument-specific credit risk for residential mortgage loans measured at fair value negatively impacted the fair value of those loans byan immaterial amount at both March 31, 2024 and $1 million at September 30, 2023 and December 31, 2022, respectively. December 31, 2023. Interest on loans measured at fair value is accrued as it is earned using the effective interest method and is reported as interest income in the Condensed Consolidated Statements of Income.

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The following table summarizes the difference between the fair value and the unpaid principal balance for residential mortgage loans measured at fair value as of:

September 30, 2023 ($ in millions)	Aggregate Fair Value	Aggregate Unpaid Principal Balance	Difference
Residential mortgage loans measured at fair value	**$ 610**	**634**	**(24)**
Nonaccrual loans	**2**	**2**	**—**
December 31, 2022			

March 31, 2024 ($ in millions)	**March 31, 2024 ($ in millions)**	Aggregate Fair Value	Aggregate Unpaid Principal Balance	Difference

Residential mortgage loans measured at fair value	Residential mortgage loans measured at fair value	$ 723	733	(10)
Past due loans of 30-89 days	Past due loans of 30-89 days	1	1	—
Nonaccrual loans	Nonaccrual loans	2	2	—

December 31, 2023	December 31, 2023
Residential mortgage loans measured at fair value	
Past due loans of 30-89 days	
Nonaccrual loans	

The Bancorp may invest in certain hybrid financial instruments with embedded derivatives that are not clearly and closely related to the host contracts. The Bancorp elected to measure the entire instrument at fair value with changes in fair value recognized in earnings. The Bancorp did not hold these investments as of September 30, 2023 and December 31, 2022. Fair value changes recognized in earnings included gains of zero for both the three and nine months ended September 30, 2023 and gains of zero and $11 million for the three and nine months ended September 30, 2022, respectively, reported in securities gains (losses), net in the Condensed Consolidated Statements of Income.

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Fair Value of Certain Financial Instruments
The following tables summarize the carrying amounts and estimated fair values for certain financial instruments, excluding financial instruments measured at fair value on a recurring basis:

			Fair Value Measurements Using			
As of September 30, 2023 ($ in millions)		Net Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Financial assets:	Financial assets:					
Cash and due from banks	Cash and due from banks	$ 2,837	2,837	—	—	2,837
Other short-term investments	Other short-term investments	18,923	18,923	—	—	18,923
Other securities	Other securities	777	—	777	—	777
Held-to-maturity securities	Held-to-maturity securities	2	—	—	2	2
Loans and leases held for sale	Loans and leases held for sale	117	—	—	117	117

As of March 31, 2024 ($ in millions)	Net Carrying Amount	**As of March 31, 2024 ($ in millions)**	Net Carrying Amount Level 1	Level 2	Level 3	Total Fair Value
Cash and due from banks						
Cash and due from banks						

Portfolio loans and leases:					
Commercial loans and leases	73,931	—	—	73,820	73,820
Commercial loans and leases					
Commercial loans and leases					
Consumer and residential mortgage loans	43,704	—	—	39,539	39,539
Total portfolio loans and leases, net	$ 117,635	—	—	113,359	113,359
Financial liabilities:					
Deposits	$ 167,672	—	167,610	—	167,610
Deposits					
Deposits					
Federal funds purchased	205	205	—	—	205
Other short-term borrowings	4,594	—	4,600	—	4,600
Long-term debt	16,562	14,038	1,904	—	15,942

As of December 31, 2022 ($ in millions)	Net Carrying Amount	Fair Value Measurements Using Level 1	Level 2	Level 3	Total Fair Value
As of December 31, 2023 ($ in millions)	Net Carrying Amount	Fair Value Measurements Using Level 1	Level 2	Level 3	Total Fair Value
Financial assets:					
Cash and due from banks					
Cash and due from banks					
Cash and due from banks	$ 3,466	3,466	—	—	3,466
Other short-term investments	8,351	8,351	—	—	8,351
Other securities	874	—	874	—	874

Held-to-maturity securities	Held-to-maturity securities	5	—	—	5	5
Loans and leases held for sale	Loans and leases held for sale	407	—	—	414	414
Portfolio loans and leases:	Portfolio loans and leases:					
Commercial loans and leases	Commercial loans and leases	75,262	—	—	75,104	75,104
Commercial loans and leases						
Commercial loans and leases						
Consumer and residential mortgage loans	Consumer and residential mortgage loans	43,901	—	—	42,193	42,193
Total portfolio loans and leases, net	Total portfolio loans and leases, net	$119,163	—	—	117,297	117,297
Financial liabilities:	Financial liabilities:					
Deposits	Deposits	$163,690	—	163,634	—	163,634
Deposits						
Deposits						
Federal funds purchased	Federal funds purchased	180	180	—	—	180
Other short-term borrowings	Other short-term borrowings	4,838	—	4,829	—	4,829
Long-term debt	Long-term debt	13,778	13,218	411	—	13,629

24. 22. Business Segments

The Bancorp reports on three business segments: Commercial Banking, Consumer & and Small Business Banking and Wealth and Asset Management. 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 and businesses change.

During the first quarter of 2024, the Bancorp eliminated certain revenue sharing agreements between Wealth and Asset Management and Consumer and Small Business Banking. As a result, the results of operations for the Wealth and Asset Management segment for the three months ended March 31, 2023 were adjusted to reflect the impact of the elimination of these revenue sharing agreements between Wealth and Asset Management and Consumer and Small Business Banking. The impact of the elimination of these revenue sharing agreements for the years ended December 31, 2023, 2022 and 2021 resulted in a decrease in wealth and asset management revenue and an offsetting decrease in other noninterest expense within the Wealth and Asset Management segment of $186 million, $177 million and $180 million, respectively.

The Bancorp manages interest rate risk centrally at the corporate level. By employing an FTP methodology, the business segments are insulated from most benchmark interest rate volatility, enabling them to focus on serving customers through the origination of loans and acceptance of deposits. The FTP methodology assigns charge and credit rates to classes of assets and liabilities, respectively, based on the estimated amount and timing of the cash flows for each transaction. Assigning the FTP rate based on matching the duration of cash flows allocates interest income and interest expense to each business segment so its resulting net interest income is insulated from future changes in benchmark interest rates. The Bancorp's FTP methodology also allocates the contribution to net interest income of the asset-generating and deposit-providing businesses on a duration-adjusted basis to better attribute the driver of the performance. As the asset and liability durations are not perfectly matched, the residual impact of the FTP methodology is captured in General Corporate and Other. The charge and credit rates are determined using the FTP rate curve, which is based on an estimate of Fifth Third's marginal borrowing cost in the wholesale funding markets. The FTP curve is constructed using the U.S. swap curve, brokered CD pricing and unsecured debt pricing.

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 behavioral assumptions, such as prepayment rates on interest-earning assets and the estimated durations for indeterminate-lived deposits. Key assumptions, including the credit rates provided for deposit accounts, are reviewed annually. Credit rates for deposit products and charge rates for loan products may be reset more frequently in response to changes in market conditions.

The Bancorp's methodology for allocating provision for credit losses to the business segments includes charges or benefits associated with changes in criticized commercial loan levels in addition to actual net charge-offs experienced by the loans and leases owned by each business segment. Provision for credit losses attributable to loan and lease growth and changes in ALLL factors is captured in General Corporate and Other. The financial results of the business segments include allocations for shared services and headquarters expenses. Additionally, the business segments form synergies by taking advantage of relationship depth opportunities and funding operations by accessing the capital markets as a collective unit.

The following is a description of each of the Bancorp's business segments and the products and services they provide to their respective client bases.

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.

Consumer and Small Business Banking provides a full range of deposit and loan products to individuals and small businesses through a network of full-service banking centers and relationships with indirect and correspondent loan originators in addition to providing products designed to meet the specific needs of small businesses, including cash management services. Consumer and Small Business Banking includes the Bancorp's residential mortgage, home equity loans and lines of credit, credit cards, automobile and other indirect lending, solar energy installation and other consumer lending activities. Residential mortgage activities include the origination, retention and servicing of residential mortgage loans, sales and securitizations of those loans and all associated hedging activities. Indirect lending activities include extending loans to consumers through automobile dealers, motorcycle dealers, powersport dealers, recreational vehicle dealers and marine dealers. Other consumer lending activities include home improvement and solar Solar energy installation loans and certain other consumer loans are originated through a network of contractors and installers.

Wealth and Asset Management provides a full range of wealth management services solutions for individuals, companies and not-for-profit organizations. Wealth and Asset Management is made up of three main businesses: FTS, 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. Fifth Third Private Bank offers wealth management strategies to high net worth and ultra-high net worth clients through organizations, including wealth planning, investment management, banking, insurance, trust and estate services. Fifth Third Institutional Services provides These offerings include retail brokerage services for individual clients, advisory services for institutional clients including middle market businesses, non-profits, states and municipalities. municipalities, and wealth management strategies and products for high net worth and ultra-high net worth clients.

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The following tables present the results of operations and assets by business segment for the three months ended:

September 30, 2023 ($ in millions)		Commercial Banking	Consumer and Small Business Banking	Wealth and Asset Management	General Corporate and Other	Eliminations	Total
March 31, 2024 ($ in millions)							
Net interest income	Net interest income	$ 1,007	1,390	98	(1,057)	—	1,438
Provision for credit losses		—	105	1	13	—	119
Net interest income after provision for credit losses		$ 1,007	1,285	97	(1,070)	—	1,319
Provision for (benefit from) credit losses							
Net interest income after provision for (benefit from) credit losses							
Noninterest income:	Noninterest income:						

March 31, 2024 ($ in millions)	Commercial Banking	Consumer and Small Business Banking	Wealth and Asset Management	General Corporate and Other	Total
Noninterest income:					

Commercial banking revenue		$	154	1	—	(1)	—	154
Wealth and asset management revenue	Wealth and asset management revenue		—	53	137	—	(45) [(a)]	145
Service charges on deposits	Service charges on deposits		95	55	—	(1)	—	149
Commercial banking revenue								
Card and processing revenue	Card and processing revenue		23	78	—	3	—	104
Mortgage banking net revenue	Mortgage banking net revenue		—	57	—	—	—	57
Leasing business revenue	Leasing business revenue		58	—	—	—	—	58
Other noninterest income	Other noninterest income		24	30	2	(1)	—	55
Securities losses, net			(1)	—	—	(6)	—	(7)
Securities losses, net — non-qualifying hedges on MSRs			—	—	—	—	—	—
Securities gains, net								
Securities gains, net — non-qualifying hedges on MSRs								
Total noninterest income	Total noninterest income	$	353	274	139	(6)	(45)	715
Noninterest expense:	Noninterest expense:							Noninterest expense:
Compensation and benefits	Compensation and benefits	$	156	217	53	203	—	629
Technology and communications	Technology and communications		4	7	—	104	—	115
Net occupancy expense[(c)]			12	52	3	17	—	84
Net occupancy expense								
Equipment expense	Equipment expense		7	11	—	19	—	37
Marketing expense	Marketing expense		1	17	—	17	—	35
Leasing business expense	Leasing business expense		29	—	—	—	—	29
Card and processing expense	Card and processing expense		3	19	—	(1)	—	21
Other noninterest expense	Other noninterest expense		266	301	79	(363)	(45)	238

Total noninterest expense	Total noninterest expense	$	478	624	135	(4)	(45)	1,188
Income (loss) before income taxes	Income (loss) before income taxes	$	882	935	101	(1,072)	—	846
Applicable income tax expense (benefit)	Applicable income tax expense (benefit)		164	196	22	(196)	—	186
Net income (loss)	Net income (loss)	$	718	739	79	(876)	—	660
Total goodwill	Total goodwill	$	2,324	2,369	226	—	—	4,919
Total assets	Total assets	$	82,829	88,230	10,538	31,370 [(b)]	—	212,967

(a) Revenue sharing agreements between Wealth Includes bank premises and Asset Management equipment of $16 classified as held for sale. For more information, refer to Note 7.

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March 31, 2023 ($ in millions)		Commercial Banking	Consumer and Small Business Banking	Wealth and Asset Management	General Corporate and Other	Total
Net interest income	$	977	1,257	101	(818)	1,517
Provision for credit losses		46	51	—	67	164
Net interest income after provision for credit losses	$	931	1,206	101	(885)	1,353
Noninterest income:						
Wealth and asset management revenue	$	1	53	92	—	146
Service charges on deposits		87	51	—	(1)	137
Commercial banking revenue		160	1	—	—	161
Card and processing revenue		22	74	1	3	100
Mortgage banking net revenue		—	69	—	—	69
Leasing business revenue		57	—	—	—	57
Other noninterest income(a)		16	25	(1)	(18)	22
Securities gains (losses), net		(7)	—	—	11	4
Securities losses, net – non-qualifying hedges on MSRs		—	—	—	—	—
Total noninterest income	$	336	273	92	(5)	696
Noninterest expense:						
Compensation and benefits	$	190	224	61	282	757
Technology and communications		2	7	—	109	118
Net occupancy expense(c)		11	51	3	16	81
Equipment expense		7	11	—	19	37
Marketing expense		—	17	—	12	29
Leasing business expense		34	—	—	—	34
Card and processing expense		3	20	—	(1)	22
Other noninterest expense		304	315	36	(402)	253
Total noninterest expense	$	551	645	100	35	1,331
Income (loss) before income taxes	$	716	834	93	(925)	718
Applicable income tax expense (benefit)		136	175	19	(170)	160
Net income (loss)	$	580	659	74	(755)	558
Total goodwill	$	2,324	2,365	226	—	4,915
Total assets	$	83,545	85,296	11,707	28,109 [(b)]	208,657

(a) Includes impairment charges of $1 for bank premises and equipment recorded in Consumer and Small Business Banking are eliminated and an immaterial amount recorded in the Condensed Consolidated Statements of Income. General Corporate and Other. For more information, refer to Note 7 and Note 21.

(b) Includes bank premises and equipment of $22$22 classified as held for sale. For more information, refer to Note 7.

(c) Includes impairment losses and termination charges of $1 for ROU assets related to certain operating leases. For more information, refer to Note 9.

September 30, 2022 ($ in millions)		Commercial Banking	Consumer and Small Business Banking	Wealth and Asset Management	General Corporate and Other	Eliminations	Total
Net interest income	$	594	833	79	(8)	—	1,498
Provision for (benefit from) credit losses		(2)	34	—	126	—	158
Net interest income after provision for (benefit from) credit losses	$	596	799	79	(134)	—	1,340
Noninterest income:							
Commercial banking revenue	$	133	1	1	(1)	—	134
Wealth and asset management revenue		1	52	132	—	(44) (a)	141
Service charges on deposits		90	53	—	—	—	143
Card and processing revenue		22	79	1	3	—	105
Mortgage banking net revenue		—	69	—	—	—	69
Leasing business revenue		60	—	—	—	—	60
Other noninterest income(b)		24	33	—	2	—	59
Securities losses, net		(32)	—	—	(6)	—	(38)
Securities losses, net – non-qualifying hedges on MSRs		—	(1)	—	—	—	(1)
Total noninterest income	$	298	286	134	(2)	(44)	672
Noninterest expense:							
Compensation and benefits	$	147	207	54	197	—	605
Technology and communications		2	6	—	98	—	106
Net occupancy expense		10	49	3	12	—	74
Equipment expense		7	9	—	20	—	36
Marketing expense		1	20	—	14	—	35
Leasing business expense		33	—	—	—	—	33
Card and processing expense		3	19	—	(1)	—	21
Other noninterest expense		237	298	85	(319)	(44)	257
Total noninterest expense	$	440	608	142	21	(44)	1,167
Income (loss) before income taxes	$	454	477	71	(157)	—	845
Applicable income tax expense (benefit)		85	100	15	(8)	—	192
Net income (loss)	$	369	377	56	(149)	—	653
Total goodwill	$	2,324	2,375	226	—	—	4,925
Total assets	$	83,798	84,653	12,232	24,780 (c)	—	205,463

(a) Revenue sharing agreements between Wealth and Asset Management and Consumer and Small Business Banking are eliminated in the Condensed Consolidated Statements of Income.

(b) Includes $1 of impairment charges for bank premises and equipment recorded in Consumer and Small Business Banking. For more information, refer to Note 7 and Note 23.

(c) Includes bank premises and equipment of$24 classified as held for sale. For more information, refer to Note 7.

The following tables present the results of operations and assets by business segment for the nine months ended:

September 30, 2023 ($ in millions)		Commercial Banking	Consumer and Small Business Banking	Wealth and Asset Management	General Corporate and Other	Eliminations	Total
Net interest income	**$**	**3,006**	**4,016**	**294**	**(2,905)**	**—**	**4,411**

Provision for credit losses		**37**	**221**	**1**	**201**	**—**	**460**
Net interest income after provision for credit losses	**$**	**2,969**	**3,795**	**293**	**(3,106)**	**—**	**3,951**
Noninterest income:							
Commercial banking revenue	**$**	**459**	**3**	**1**	**(2)**	**—**	**461**
Wealth and asset management revenue		**2**	**159**	**410**	**—**	**(137)** [a]	**434**
Service charges on deposits		**275**	**159**	**—**	**(3)**	**—**	**431**
Card and processing revenue		**69**	**231**	**2**	**8**	**—**	**310**
Mortgage banking net revenue		**—**	**184**	**—**	**—**	**—**	**184**
Leasing business revenue		**162**	**—**	**—**	**—**	**—**	**162**
Other noninterest income[b]		**68**	**83**	**2**	**(1)**	**—**	**152**
Securities gains (losses), net		**(9)**	**—**	**—**	**12**	**—**	**3**
Securities losses, net – non-qualifying hedges on MSRs		**—**	**—**	**—**	**—**	**—**	**—**
Total noninterest income	**$**	**1,026**	**819**	**415**	**14**	**(137)**	**2,137**
Noninterest expense:							
Compensation and benefits	**$**	**499**	**663**	**169**	**705**	**—**	**2,036**
Technology and communications		**10**	**20**	**1**	**316**	**—**	**347**
Net occupancy expense[d]		**32**	**156**	**9**	**51**	**—**	**248**
Equipment expense		**22**	**32**	**—**	**56**	**—**	**110**
Marketing expense		**2**	**52**	**1**	**41**	**—**	**96**
Leasing business expense		**94**	**—**	**—**	**—**	**—**	**94**
Card and processing expense		**8**	**57**	**1**	**(3)**	**—**	**63**
Other noninterest expense		**849**	**920**	**242**	**(1,118)**	**(137)**	**756**
Total noninterest expense	**$**	**1,516**	**1,900**	**423**	**48**	**(137)**	**3,750**
Income (loss) before income taxes	**$**	**2,479**	**2,714**	**285**	**(3,140)**	**—**	**2,338**
Applicable income tax expense (benefit)		**470**	**569**	**59**	**(579)**	**—**	**519**
Net income (loss)	**$**	**2,009**	**2,145**	**226**	**(2,561)**	**—**	**1,819**
Total goodwill	**$**	**2,324**	**2,369**	**226**	**—**	**—**	**4,919**
Total assets	**$**	**82,829**	**88,230**	**10,538**	**31,370** [c]	**—**	**212,967**

(a) *Revenue sharing agreements between Wealth and Asset Management and Consumer and Small Business Banking are eliminated in the Condensed Consolidated Statements of Income.*

(b) *Includes impairment charges of$1 for bank premises and equipment recorded in both Consumer and Small Business Banking and General Corporate and Other. For more information, refer to Note 7 and Note 23.*

(c) *Includes bank premises and equipment of $22 classified as held for sale. For more information, refer to Note 7.*

(d) *Includes impairment losses and termination charges of $2 for ROU assets related to certain operating leases. For more information, refer to Note 9.*

Fifth Third Bancorp and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)

September 30, 2022 ($ in millions)		Commercial Banking	Consumer and Small Business Banking	Wealth and Asset Management	General Corporate and Other	Eliminations	Total
Net interest income	$	1,669	1,981	167	215	—	4,032
Provision for credit losses		44	93	—	246	—	383
Net interest income after provision for credit losses	$	1,625	1,888	167	(31)	—	3,649
Noninterest income:							
Commercial banking revenue	$	405	2	1	(2)	—	406
Wealth and asset management revenue		2	154	407	—	(133) [a]	430
Service charges on deposits		285	164	1	(1)	—	449
Card and processing revenue		65	231	2	8	—	306
Mortgage banking net revenue		—	151	1	—	—	152
Leasing business revenue		179 [c]	—	—	—	—	179
Other noninterest income[b]		88	86	—	21	—	195
Securities losses, net		(32)	—	—	(52)	—	(84)

Securities losses, net – non-qualifying hedges on MSRs		—	(2)	—	—	—	(2)
Total noninterest income	$	992	786	412	(26)	(133)	2,031
Noninterest expense:							
Compensation and benefits	$	483	630	166	621	—	1,900
Technology and communications		9	15	1	281	—	306
Net occupancy expense[e]		30	147	9	39	—	225
Equipment expense		21	28	—	59	—	108
Marketing expense		3	44	1	39	—	87
Leasing business expense		95	—	—	—	—	95
Card and processing expense		8	54	—	(3)	—	59
Other noninterest expense		712	871	244	(973)	(133)	721
Total noninterest expense	$	1,361	1,789	421	63	(133)	3,501
Income (loss) before income taxes	$	1,256	885	158	(120)	—	2,179
Applicable income tax expense		230	186	33	21	—	470
Net income (loss)	$	1,026	699	125	(141)	—	1,709
Total goodwill	$	2,324	2,375	226	—	—	4,925
Total assets	$	83,798	84,653	12,232	24,780 [d]	—	205,463

(a) Revenue sharing agreements between Wealth and Asset Management and Consumer and Small Business Banking are eliminated in the Condensed Consolidated Statements of Income.

(b) Includes $2 of impairment charges for bank premises and equipment recorded in Consumer and Small Business Banking. For more information, refer to Note 7 and Note 23.

(c) Includes impairment charges of $2for operating lease equipment. For more information, refer to Note 8 and Note 23.

(d) Includes bank premises and equipment of $24 classified as held for sale. For more information, refer to Note 7.

(e) Includes $2 of impairment losses and termination charges for ROU assets related to certain operating leases. For more information, refer to Note 9.

PART II. OTHER INFORMATION

Legal Proceedings (Item 1)

Refer to Note 19 17 of the Notes to Condensed Consolidated Financial Statements in Part I, Item 1 for information regarding legal proceedings.

Risk Factors (Item 1A)

There have been no material changes made during the third first quarter of 2023 2024 to any of the risk factors as previously disclosed in the Bancorp's Annual Report on Form 10-K for the year ended December 31, 2022, as updated by the Bancorp's subsequent Quarterly Reports on Form 10-Q. December 31, 2023.

Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities (Item 2)

Refer to the "Capital Management" section within Management's Discussion and Analysis in Part I, Item 2 for information regarding purchases and sales of equity securities by the Bancorp during the third first quarter of 2023. 2024.

Defaults Upon Senior Securities (Item 3)

None.

Mine Safety Disclosures (Item 4)

Not applicable.

Other Information (Item 5)

None.

Exhibits (Item 6)

3.1	Amended Articles of Incorporation of Fifth Third Bancorp. Incorporated by reference to Exhibit 3.1 of the Registrant's Quarterly Report on Form 10-Q filed on May 7, 2021.
3.2	Code of Regulations of Fifth Third Bancorp, as Amended as of April 12, 2022December 12, 2023. Incorporated by reference to Exhibit 3.2 of the Registrant's Quarterly Current Report on Form 10-Q8-K filed on May 9, 2022December18, 2023.
4.1	Fifteenth Sixteenth Supplemental Indenture dated as of July 27, 2023 January 29, 2024 between Fifth Third Bancorp and Wilmington Trust Company, as Trustee, to the Indenture for Senior Debt Securities dated as of April 30, 2008 between Fifth Third Bancorp and the Trustee, as amended by Article 4 of the Twelfth Supplemental Indenture dated April 25, 2022 between Fifth Third Bancorp and the Trustee. Incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed on July 27, 2023 January 29, 2024.
4.2	Form of 6.339%5.631% Fixed Rate/Floating Rate Senior Notes due 2029. 2032. Incorporated by reference to Exhibit 4.2 of the Registrant's Current Report on Form 8-K filed on July 27, 2023 January 29, 2024.
10.1	Form of 2024 Restricted Stock Unit Retention Agreement. Incorporated by reference to Exhibit 10.76 of the Registrant's Annual Report on Form 10-K filed on February 27, 2024.
10.2	Form of 2024 Restricted Stock Unit Retention Agreement subject to additional covenant. Incorporated by reference to Exhibit 10.77 of the Registrant's Annual Report on Form 10-K filed on February 27, 2024.
31(i)	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer.
31(ii)	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer.
32(i)	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer.
32(ii)	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer.
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase.
101.DEF	Inline XBRL Taxonomy Definition Linkbase.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Fifth Third Bancorp

Registrant

Date: November 7, 2023 May 7, 2024

/s/ James C. Leonard Bryan D. Preston

James C. Leonard Bryan D. Preston

Executive Vice President and

Chief Financial Officer

(Duly Authorized Officer & Principal Financial Officer)

Exhibit 31(i)

CERTIFICATION PURSUANT
TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Timothy N. Spence, certify that:

1. I have reviewed this report on Form 10-Q of Fifth Third Bancorp (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ Timothy N. Spence

Timothy N. Spence
President and Chairman, Chief Executive Officer and President
November May 7, 2023 2024

Exhibit 31(ii)

CERTIFICATION PURSUANT
TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, James C. Leonard, Bryan D. Preston, certify that:

1. I have reviewed this report on Form 10-Q of Fifth Third Bancorp (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ James C. Leonard Bryan D. Preston

James C. Leonard Bryan D. Preston

Executive Vice President and

Chief Financial Officer

November May 7, 2023 2024

Exhibit 32(i)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Fifth Third Bancorp (the "Registrant") on Form 10-Q for the period ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Timothy N. Spence, President and Chairman, Chief Executive Officer and President of the Registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Timothy N. Spence

Timothy N. Spence

President and Chairman, Chief Executive Officer and President

November May 7, 2023 2024

Exhibit 32(ii)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Fifth Third Bancorp (the "Registrant") on Form 10-Q for the period ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James C. Leonard, Bryan D. Preston, Executive Vice President and Chief Financial Officer of the Registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ James C. Leonard Bryan D. Preston

James C. Leonard Bryan D. Preston
Executive Vice President and
Chief Financial Officer
November May 7, 2023 2024

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