WYNN RESORTS LTD
Form 4
January 20, 2017

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
MADDOX MATT

(Last) (First) (Middle)

C/O WYNN RESORTS, LIMITED, 3131 LAS VEGAS BOULEVARD SOUTH

(Street)

LAS VEGAS, NV 89109

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
WYNN RESORTS LTD [WYNN]

3. Date of Earliest Transaction (Month/Day/Year)
01/19/2017

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock, par value $0.01 per share	01/19/2017		A		16,496	A	$ 0 (1)	101,815	D	
Common Stock, par value $0.01 per share	01/19/2017		F		6,920	D	$ 90.93	94,895	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MADDOX MATT C/O WYNN RESORTS, LIMITED 3131 LAS VEGAS BOULEVARD SOUTH LAS VEGAS, NV 89109			President	

Signatures

/s/ Kimmarie Sinatra, attorney-in-fact for Matt Maddox	01/20/2017
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Shares of common stock, par value $0.01 per share, of Wynn Resorts, Limited (the "Company") granted pursuant to the Company's 2014 Omnibus Incentive Plan, which shares vested immediately upon grant.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. a result of improved credit trends.

Noninterest income decreased $6 million for the three months ended March 31, 2014 compared to the same period of the prior year. The decrease was primarily driven by a $5 million decrease in other noninterest income compared to the first quarter in 2013 due primarily to a decline in mortgage origination fees and gains on loan sales and lower retail service fees.

Noninterest expense was flat from the three months ended March 31, 2013, primarily driven by a $5 million decrease in salaries, incentives and benefits offset by increases in other noninterest expense and net occupancy and equipment expense, which increased $4 million and $1 million, respectively. The decrease in salaries, incentives and benefits was primarily driven by lower compensation and bonus and incentives.

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

The increase in other noninterest expense for the three months ended March 31, 2014 was primarily driven by higher corporate overhead allocations partially offset by decreases in loan and lease expense and marketing expense.

Average consumer loans decreased $22 million for the first quarter of 2014 compared to the same period in the prior year primarily due to a decrease in average home equity loans of $620 million, as payoffs exceeded new loan production, and a decrease in average automobile loans of $48 million. The decrease in average home equity and automobile loans was partially offset by increases in average residential mortgage loans and average credit card loans of $490 million and $156 million, respectively. The increase in average residential mortgage portfolio loans was due to the continued retention of certain shorter term residential mortgage loans. Average credit card loans increased due to higher average balances per account and the acquisition of new customers.

Average core deposits increased by $1.3 billion for the three months ended March 31, 2014 compared to the same period in the prior year as the growth in transaction accounts due to excess customer liquidity and historically low interest rates outpaced the run-off of higher priced other time deposits.

Consumer Lending

Consumer Lending includes the Bancorp s mortgage, home equity, automobile and other indirect lending activities. Mortgage and home equity lending activities include the origination, retention and servicing of mortgage, automobile and home equity loans or lines of credit, sales and securitizations of those loans, pools of loans or lines of credit, and all associated hedging activities. Indirect lending activities include extending loans to consumers through mortgage brokers and automobile dealers.

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

TABLE 24: Consumer Lending

($ in millions)	For the three months ended March 31, **2014**	2013
Income Statement Data		
Net interest income	**$ 64**	85
Provision for loan and lease losses	**25**	29
Noninterest income:		
Mortgage banking net revenue	**108**	216
Other noninterest income	**10**	13
Noninterest expense:		
Salaries, incentives and benefits	**34**	63
Other noninterest expense	**132**	114
(Loss) income before taxes	**(9)**	108
Applicable income tax (benefit) expense	**(3)**	38
Net (loss) income	**$ (6)**	70
Average Balance Sheet Data		
Residential mortgage loans, including held for sale	**$ 8,819**	11,053
Home equity	**510**	595
Automobile loans, including held for sale	**11,452**	11,467

Other consumer loans and leases	**26**	9

Consumer Lending incurred a net loss of $6 million for the three months ended March 31, 2014 compared to net income of $70 million for the same period in the prior year. The net loss for the first quarter of 2014 was driven by decreases in noninterest income and net interest income partially offset by declines in noninterest expense and the provision for loan and lease losses.

Net interest income decreased $21 million for the three months ended March 31, 2014 compared to the three months ended March 31, 2013. The decrease was primarily driven by decreases in average residential mortgage loans and average home equity loans and lower yields on average residential mortgage loans and average automobile loans partially offset by a decrease in FTP charges on loans.

Provision for loan and lease losses decreased $4 million for the three months ended March 31, 2014 compared to the same period of the prior year, as delinquency metrics and underlying loss trends improved primarily in residential mortgage loans and home equity loans. Net charge-offs as a percent of average loans and leases decreased to 51 bps for the three months ended March 31, 2014 compared to 58 bps for the same period of the prior year.

Noninterest income decreased $111 million for the three months ended March 31, 2014 compared to the same period of the prior year primarily due to a decrease in mortgage banking net revenue of $108 million. The decrease was driven by a decrease in mortgage origination fees and gains on loan sales of $125 million partially offset by a $17 million increase in residential mortgage servicing revenue. Refer to the Noninterest Income section of MD&A for additional information on the fluctuations in mortgage banking net revenue.

Noninterest expense decreased $11 million for the three months ended March 31, 2014 compared to the same period of the prior year driven primarily by a decline of $29 million in salaries, incentives and benefits which decreased primarily as a result of lower mortgage loan originations. The decrease in salaries, incentive and benefits was partially offset by an increase of $18 million in other noninterest expense. Other noninterest expense increased due primarily to higher litigation expense partially offset by decreases in representation and warranty expense, loan and lease expense and corporate overhead allocations.

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

Average consumer loans and leases decreased $2.3 billion for the three months ended March 31, 2014 compared to the same period of the prior year. Average residential mortgage loans decreased $2.2 billion compared to the three months ended March 31, 2013 due primarily to a decline of $2.1 billion in average residential mortgage loans held for sale from reduced origination volumes driven by higher mortgage rates partially offset by the continued retention of certain shorter term residential mortgage loans.

Investment Advisors

Investment Advisors provides a full range of investment alternatives for individuals, companies and not-for-profit organizations. Investment Advisors is made up of four main businesses: FTS, an indirect wholly-owned subsidiary of the Bancorp; ClearArc Capital, Inc. (formerly Fifth Third Asset Management, Inc.), 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. ClearArc Capital, Inc. provides asset management services. Fifth Third Private Bank offers holistic strategies to affluent clients in wealth planning, investing, insurance and wealth protection. Fifth Third Institutional Services provides advisory services for institutional clients including states and municipalities.

The following table contains selected financial data for the Investment Advisors segment:

TABLE 25: Investment Advisors

($ in millions)	For the three months ended March 31, **2014**	2013
Income Statement Data		
Net interest income	**$ 32**	36
Provision for loan and lease losses		1
Noninterest income:		
Investment advisory revenue	**100**	98
Other noninterest income	**3**	10
Noninterest expense:		
Salaries, incentives and benefits	**43**	42
Other noninterest expense	**67**	73
Income before taxes	**25**	28
Applicable income tax expense	**8**	10
Net income	**$ 17**	18
Average Balance Sheet Data		
Loans and leases	**$ 2,209**	1,925
Core deposits	**9,557**	8,746

Net income was $17 million for the three months ended March 31, 2014 compared to net income of $18 million for the same period in the prior year. The decrease in net income included decreases in noninterest income and net interest income partially offset by decreases in noninterest expense and the provision for loan and lease losses. Net interest income decreased $4 million due to a decrease in FTP credits on interest checking deposits. Provision for loan and leases losses decreased $1 million for the three months ended March 31, 2014 compared with the same period in the prior year as a result of improved credit trends. Net charge-offs as a percent of average loans and leases decreased to 7 bps for the three months ended March 31, 2014 compared to 14 bps for the same period of the prior year.

Noninterest income decreased $5 million for the three months ended March 31, 2014, primarily driven by a $7 million decrease in other noninterest income partially offset by a $2 million increase in investment advisory revenue. The prior year period included a $7 million gain on the sale of certain advisory contracts which were sold in the first quarter of 2013. The increase in investment advisory revenue was due primarily to an increase in private client services revenue.

Noninterest expense decreased $5 million for the three months ended March 31, 2014 compared to the same period of the prior year, primarily driven by a decrease in other noninterest expense of $6 million due primarily to a decrease in corporate overhead allocations, partially offset by an increase in salaries, incentives and benefits of $1 million for the three months ended March 31, 2014.

Average loans and leases increased $284 million for the three months ended March 31, 2014 compared to the same period in 2013 primarily due to increases in residential mortgage, commercial mortgage, other consumer, and home equity loans. Average core deposits increased $811 million for the three months ended March 31, 2014 compared to the same period of the prior year, primarily due to growth in interest checking as customers have opted to maintain excess funds in liquid transaction accounts as a result of interest rates remaining near historic lows.

General Corporate and Other

General Corporate and Other includes the unallocated portion of the investment securities portfolio, securities gains and losses, certain non-core deposit funding, unassigned equity, provision expense in excess of net charge-offs or a benefit from the reduction of the ALLL, representation and warranty expense in excess of actual losses or a benefit from the reduction of representation and warranty reserves, the payment of preferred stock dividends and certain support activities and other items not attributed to the business segments.

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

Results for the three months ended March 31, 2014 and 2013 were impacted by a benefit of $98 million and $69 million, respectively, due to reductions in the ALLL. Net interest income for the three months ended March 31, 2014 was $8 million compared to $60 million in the same period in 2013 primarily due to a decrease in the benefit related to the FTP charges on loans, partially offset by an increase in interest income on taxable securities and decreases in interest expense on long-term debt and other short-term borrowings. Noninterest income for the first quarter of 2014 included a $36 million negative valuation adjustment on the Vantiv warrant and a $1 million positive valuation adjustment related to the valuation of the Visa total return swap compared with a $34 million positive valuation adjustment on the Vantiv warrant and a $7 million negative valuation adjustment on the Visa total return swap for the first quarter of 2013.

Noninterest expense for the three months ended March 31, 2014 was a benefit of $15 million compared to an expense of $32 million for the three months ended March 31, 2013 primarily due to an increase in the benefit from other noninterest expense driven by increased corporate overhead allocations from Generate Corporate and Other to the other business segments.

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

RISK MANAGEMENT OVERVIEW

Managing risk is an essential component of successfully operating a financial services company. The Bancorp s risk management approach includes processes for identifying, assessing, managing, monitoring and reporting risks. The ERM division and the Bancorp Credit division, led by the Bancorp s Chief Risk and Credit Officer, ensure the consistency and adequacy of the Bancorp s risk management approach within the structure of the Bancorp s affiliate operating model. In addition, the Internal Audit division provides an independent assessment of the Bancorp s internal control structure and related systems and processes.

The assumption of risk requires robust and active risk management practices that comprise an integrated and comprehensive set of activities, measures and strategies that apply to the entire organization. The Bancorp has established a Risk Appetite Framework, approved by the Board, that provides the foundations of corporate risk capacity, risk appetite and risk tolerances. The Bancorp s risk capacity is represented by its available financial resources. Risk capacity sets an absolute limit on risk-assumption in the Bancorp s annual and strategic plans. The Bancorp understands that not all financial resources may persist as viable loss buffers over time. Further, consideration must be given to planned or foreseeable events that would reduce risk capacity. Those factors take the form of capacity adjustments to arrive at an Operating Risk Capacity which represents the operating risk level the Bancorp can assume while maintaining its solvency standard. The Bancorp s policy currently discounts its Operating Risk Capacity by a minimum of five percent to provide a buffer; as a result, the Bancorp s risk appetite is limited by policy to, at most, 95% of its Operating Risk Capacity.

Economic capital is the amount of unencumbered financial resources required to support the Bancorp s risks. The Bancorp measures economic capital under the assumption that it expects to maintain debt ratings at strong investment grade levels over time. The Bancorp s capital policies require that the Operating Risk Capacity less the aforementioned buffer exceed the calculated economic capital required in its business.

Risk appetite is the aggregate amount of risk the Bancorp is willing to accept in pursuit of its strategic and financial objectives. By establishing boundaries around risk taking and business decisions, and by incorporating the needs and goals of its shareholders, regulators, rating agencies and customers, the Bancorp s risk appetite is aligned with its priorities and goals. Risk tolerance is the maximum amount of risk applicable to each of the eight specific risk categories included in its Enterprise Risk Management Framework. This is expressed primarily in qualitative terms. The Bancorp s risk appetite and risk tolerances are supported by risk targets and risk limits. Those limits are used to monitor the amount of risk assumed at a granular level. On a quarterly basis, the Risk and Compliance Committee of the Board reviews performance against key risk limits as well as current assessments of each of the eight risk types relative to the established tolerance. Any results over limits or outside of tolerance require the development of an action plan that describes actions to be taken to return the measure to within the limit or tolerance.

The risks faced by the Bancorp include, but are not limited to, credit, market, liquidity, operational, regulatory compliance, legal, reputational and strategic. Each of these risks is managed through the Bancorp s risk program which includes the following key functions:

- Enterprise Risk Management Programs is responsible for developing and overseeing the implementation of risk programs and reporting that facilitate a broad integrated view of risk. The department also leads the continual fostering of a strong risk management culture and the framework, policies and committees that support effective risk governance, including the oversight of Sarbanes-Oxley compliance;

- Commercial Credit Risk Management provides safety and soundness within an independent portfolio management framework that supports the Bancorp s commercial loan growth strategies and underwriting practices, ensuring portfolio optimization and appropriate risk controls;

- Risk Strategies and Reporting is responsible for quantitative analysis needed to support the commercial dual rating methodology, ALLL methodology and analytics needed to assess credit risk and develop mitigation strategies related to that risk. The department also provides oversight, reporting and monitoring of commercial underwriting and credit administration processes. The Risk Strategies and Reporting department is also responsible for the economic capital program;

Consumer Credit Risk Management provides safety and soundness within an independent management framework that supports the Bancorp s consumer loan growth strategies, ensuring portfolio optimization, appropriate risk controls and oversight, reporting, and monitoring of underwriting and credit administration processes;

Operational Risk Management works with affiliates and lines of business to maintain processes to monitor and manage all aspects of operational risk, including ensuring consistency in application of operational risk programs;

Bank Protection oversees and manages fraud prevention and detection and provides investigative and recovery services for the Bancorp;

Capital Markets Risk Management is responsible for instituting, monitoring, and reporting appropriate trading limits, monitoring liquidity, interest rate risk and risk tolerances within Treasury, Mortgage, and Capital Markets groups and utilizing a value at risk model for Bancorp market risk exposure;

Regulatory Compliance Risk Management ensures that processes are in place to monitor and comply with federal and state banking regulations, including processes related to fiduciary, community reinvestment act and fair lending compliance. The function also has the responsibility for maintenance of an enterprise-wide compliance framework; and

The ERM division creates and maintains other functions, committees or processes as are necessary to effectively manage risk throughout the Bancorp.

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

Risk management oversight and governance is provided by the Risk and Compliance Committee of the Board of Directors and through multiple management committees whose membership includes a broad cross-section of line-of-business, affiliate and support representatives. The Risk and Compliance Committee of the Board of Directors consists of five outside directors and has the responsibility for the oversight of risk management for the Bancorp, as well as for the Bancorp s overall aggregate risk profile. The Risk and Compliance Committee of the Board of Directors has approved the formation of key management governance committees that are responsible for evaluating risks and controls. The primary committee responsible for the oversight of risk management is the ERMC. Committees accountable to the ERMC, which support the core risk programs, are the Corporate Credit Committee, the Operational Risk Committee, the Management Compliance Committee, the Asset/Liability Committee and the Enterprise Marketing Committee. Other committees accountable to the ERMC oversee the ALLL, capital and community reinvestment act/fair lending functions. There are also new products and initiatives processes applicable to every line of business to ensure an appropriate standard readiness assessment is performed before launching a new product or initiative. Significant risk policies approved by the management governance committees are also reviewed and approved by the Risk and Compliance Committee of the Board of Directors.

Credit Risk Review is an independent function responsible for evaluating the sufficiency of underwriting, documentation and approval processes for consumer and commercial credits, the accuracy of risk grades assigned to commercial credit exposure, nonaccrual status, specific reserves and monitoring for charge-offs. Credit Risk Review reports directly to the Risk and Compliance Committee of the Board of Directors and administratively to the Chief Auditor.

There have been significant changes within the mortgage industry over the past several years; as such the Bancorp conducts regular reviews of the industries we serve based on the changing competitive and regulatory environment. Based on our recent review, the Bancorp exited the Residential Wholesale Loan Broker business during the first quarter of 2014.

CREDIT RISK MANAGEMENT

The objective of the Bancorp s credit risk management strategy is to quantify and manage credit risk on an aggregate portfolio basis, as well as to limit the risk of loss resulting from 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. These practices include conservative exposure and counterparty limits and conservative underwriting, documentation and collection standards. The Bancorp s credit risk management strategy also emphasizes diversification on a geographic, industry and customer level as well as 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 amounts, the utilization of which is closely monitored. Underwriting activities are centrally managed, and ERM manages the policy and the authority delegation process directly. The Credit Risk Review function provides objective assessments of the quality of underwriting and documentation, the accuracy of risk grades and the charge-off, nonaccrual and reserve analysis process. The Bancorp s credit review process and overall assessment of the adequacy of the allowance for credit losses is based on quarterly assessments of the probable estimated losses inherent in the loan and lease portfolio. The Bancorp uses these assessments to promptly identify potential problem loans or leases within the portfolio, maintain an adequate reserve and take any necessary charge-offs. The Bancorp defines potential problem loans as those rated substandard that do not meet the definition of a nonperforming asset or a restructured loan. See Note 6 of the Notes to the Condensed Consolidated Financial Statements for further information on the Bancorp s credit grade categories, which are derived from standard regulatory rating definitions.

The following tables provide a summary of potential problem loans:

TABLE 26: Potential Problem Loans

As of March 31, 2014 ($ in millions)	Carrying Value	Unpaid Principal Balance	Exposure
Commercial and industrial	**$ 960**	**962**	**1,294**

Commercial mortgage	**429**	**430**	**429**
Commercial construction	**34**	**34**	**37**
Commercial leases	**26**	**26**	**26**
Total	**$ 1,449**	**1,452**	**1,786**

TABLE 27: Potential Problem Loans

As of December 31, 2013 ($ in millions)	Carrying Value	Unpaid Principal Balance	Exposure
Commercial and industrial	$ 1,032	1,034	1,323
Commercial mortgage	517	520	520
Commercial construction	44	44	50
Commercial leases	18	18	18
Total	$ 1,611	1,616	1,911

In addition to the individual review of larger commercial loans that exhibit probable or observed credit weaknesses, the commercial credit review process includes the use of two risk grading systems. The risk grading system currently utilized for reserve analysis purposes encompasses ten categories. The Bancorp also maintains a dual risk rating system for credit approval and pricing, portfolio monitoring and

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

capital allocation that includes a through-the-cycle rating philosophy for modeling expected losses. The dual risk rating system includes thirteen probabilities of default grade categories and an additional six grade categories for estimating losses given an event of default. The probability of default and loss given default evaluations are not separated in the ten-category risk rating system. The Bancorp has completed significant validation and testing of the dual risk rating system as a commercial credit risk management tool. The Bancorp is assessing the necessary modifications to the dual risk rating system outputs to develop a U.S. GAAP compliant ALLL model and will make a decision on the use of modified dual risk ratings for purposes of determining the Bancorp s ALLL once the FASB has issued a final standard regarding proposed methodology changes to the determination of credit impairment as outlined in the FASB s Proposed Accounting Standard Update-Financial Instruments-Credit Losses (Subtopic 825-15) issued on December 20, 2012. Scoring systems, various analytical tools and portfolio performance monitoring are used to assess the credit risk in the Bancorp s homogenous consumer and small business loan portfolios.

Overview

Economic growth in the first quarter of 2014 was sluggish, due in part to severe weather conditions. However, GDP is expected to rise as the year progresses. The job market is slowly but steadily improving and the economy continues to trend modestly upward. Economic risks include how the Federal Reserve handles the end of quantitative easing and an increase in interest rates. Housing prices have largely stabilized and are increasing in many markets, but overall current economic conditions are causing weaker than desired qualified loan demand and a relatively low interest rate environment, which directly impacts the Bancorp s growth and profitability.

Among consumer portfolios, residential mortgage and brokered home equity portfolios exhibited the most stress. Management suspended homebuilder and developer lending in 2007 and new commercial non-owner occupied real estate lending in 2008, discontinued the origination of brokered home equity products at the end of 2007 and tightened underwriting standards across both the commercial and consumer loan product offerings. As of March 31, 2014, consumer real estate loans originated from 2005 through 2008 represent approximately 29% of the consumer real estate portfolio and approximately 56% of total losses in 2014. Loss rates continue to improve as newer vintages are performing within expectations. With the stabilization of certain real estate markets, the Bancorp began to selectively originate new homebuilder and developer lending and non-owner occupied commercial lending real estate in the third quarter of 2011. However, the level of new fundings is below the amortization and pay-off of the current portfolio. The Bancorp continues to aggressively engage in other loss mitigation strategies such as reducing credit commitments, restructuring certain commercial and consumer loans, as well as utilizing commercial and consumer loan workout teams. For commercial and consumer loans owned by the Bancorp, loan modification strategies are developed that are workable for both the borrower and the Bancorp when the borrower displays a willingness to cooperate. These strategies typically involve either a reduction of the stated interest rate of the loan, an extension of the loan s maturity date(s) with a stated rate lower than the current market rate for a new loan with similar risk, or in limited circumstances, a reduction of the principal balance of the loan or the loan s accrued interest. For residential mortgage loans serviced for FHLMC and FNMA, the Bancorp participates in the HAMP and HARP 2.0 programs. For loans refinanced under the HARP 2.0 program, the Bancorp strictly adheres to the underwriting requirements of the program and promptly sells the refinanced loan back to the agencies. Loan restructuring under the HAMP program is performed on behalf of FHLMC or FNMA and the Bancorp does not take possession of these loans during the modification process. Therefore, participation in these programs does not significantly impact the Bancorp s credit quality statistics. The Bancorp participates in trial modifications in conjunction with the HAMP program for loans it services for FHLMC and FNMA. As these trial modifications relate to loans serviced for others, they are not included in the Bancorp s troubled debt restructurings as they are not assets of the Bancorp. In the event there is a representation and warranty violation on loans sold through the programs, the Bancorp may be required to repurchase the sold loan. As of March 31, 2014, repurchased loans restructured or refinanced under these programs were immaterial to the Bancorp s Condensed Consolidated Financial Statements. Additionally, as of March 31, 2014, $54 million of loans refinanced under HARP 2.0 were included in loans held for sale in the Bancorp s Condensed Consolidated Balance Sheets. For the three months ended March 31, 2014, the Bancorp recognized $5 million of noninterest income in mortgage banking net revenue in the Bancorp s Condensed Consolidated Statements of Income related to the sale of loans restructured or refinanced under the HAMP and HARP 2.0 programs.

In the financial services industry, there has been heightened focus on foreclosure activity and processes. The Bancorp actively works with borrowers experiencing difficulties and has regularly modified or provided forbearance to borrowers where a workable solution could be found. Foreclosure is a last resort, and the Bancorp undertakes foreclosures only when it believes they are necessary and appropriate and is careful to ensure that customer and loan data are accurate.

During the fourth quarter of 2013, the Bancorp settled certain repurchase claims related to mortgage loans originated and sold to FHLMC prior to January 1, 2009 for $25 million, after paid claim credits and other adjustments. The settlement removes the Bancorp s responsibility to repurchase or indemnify FHLMC for representation and warranty violations on any loan sold prior to January 1, 2009 except in limited circumstances.

Commercial Portfolio

The Bancorp s credit risk management strategy includes minimizing concentrations of risk through diversification. The Bancorp has commercial loan concentration limits based on industry, lines of business within the commercial segment, geography and credit product type.

The risk within the commercial loan and lease portfolio is managed and monitored through an underwriting process utilizing detailed origination policies, continuous loan level reviews, monitoring of industry concentration and product type limits and continuous portfolio risk management reporting. The origination policies for commercial real estate outline the risks and underwriting requirements for owner and non-owner occupied and construction lending. Included in the policies are maturity and amortization terms, maximum LTVs, minimum debt service coverage ratios, construction loan monitoring procedures, appraisal requirements, pre-leasing requirements (as applicable) and sensitivity and pro-forma analysis requirements. The Bancorp requires a valuation of real estate collateral, which may include third-party appraisals, be performed at the time of origination and renewal in accordance with regulatory requirements and on an as needed basis when market conditions justify. Although the Bancorp does not back test these collateral value assumptions, the Bancorp maintains an appraisal review department to order and review third-party appraisals in accordance with regulatory requirements. Collateral values on criticized

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

assets with relationships exceeding $1 million are reviewed quarterly to assess the appropriateness of the value ascribed in the assessment of charge-offs and specific reserves. In addition, the Bancorp applies incremental valuation haircuts to older appraisals that relate to collateral dependent loans, which can currently be up to 20-30% of the appraised value based on the type of collateral. These incremental valuation haircuts generally reflect the age of the most recent appraisal as well as collateral type. Trends in collateral values, such as home price indices and recent asset dispositions, are monitored in order to determine whether adjustments to the appraisal haircuts are warranted. Other factors such as local market conditions or location may also be considered as necessary.

The Bancorp assesses all real estate and non-real estate collateral securing a loan and considers all cross collateralized loans in the calculation of the LTV ratio. The following table provides detail on the most recent LTV ratios for commercial mortgage loans greater than $1 million, excluding impaired commercial mortgage loans individually evaluated. The Bancorp does not typically aggregate the LTV ratios for commercial mortgage loans less than $1 million.

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

As of March 31, 2014 ($ in millions)	LTV > 100%	LTV 80-100%	LTV < 80%
Commercial mortgage owner occupied loans	**$ 223**	**303**	**2,152**
Commercial mortgage non-owner occupied loans	**225**	**352**	**1,873**
Total	**$ 448**	**655**	**4,025**

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

As of December 31, 2013 ($ in millions)	LTV > 100%	LTV 80-100%	LTV < 80%
Commercial mortgage owner occupied loans	$ 240	345	2,152
Commercial mortgage non-owner occupied loans	274	353	1,798
Total	$ 514	698	3,950

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The following table provides detail on commercial loans and leases by industry classification (as defined by the North American Industry Classification System), by loan size and by state, illustrating the diversity and granularity of the Bancorp s commercial loans and leases:

TABLE 30: Commercial Loan and Lease Portfolio (excluding loans held for sale)

	March 31, 2014			December 31, 2013		
(S in millions)	Outstanding	Exposure	Nonaccrual	Outstanding	Exposure	Nonaccrual
By industry:						
Manufacturing	**$ 10,746**	**20,091**	**81**	$ 10,299	19,955	55
Financial services and insurance	**6,247**	**14,194**	**21**	5,998	14,010	25
Real estate	**5,124**	**7,665**	**70**	5,027	7,302	70
Business services	**4,855**	**7,335**	**73**	4,910	7,411	55
Wholesale trade	**4,443**	**8,188**	**23**	4,407	8,406	35
Healthcare	**4,139**	**6,240**	**27**	4,038	6,220	26
Retail trade	**3,367**	**6,727**	**26**	3,301	6,673	18
Transportation and warehousing	**3,098**	**4,416**	**1**	3,134	4,416	1
Communication and information	**2,086**	**3,782**	**2**	1,801	3,295	2
Construction	**1,973**	**3,300**	**37**	1,865	3,196	36
Accommodation and food	**1,668**	**2,691**	**10**	1,668	2,556	12
Mining	**1,637**	**3,123**	**38**	1,580	3,206	55
Entertainment and recreation	**1,134**	**1,995**	**12**	1,149	1,955	12
Other services	**982**	**1,314**	**13**	1,013	1,362	24
Utilities	**777**	**2,352**		773	2,332	
Public administration	**527**	**729**		541	734	
Agribusiness	**351**	**493**	**25**	356	504	26
Individuals	**180**	**225**	**5**	174	218	6
Other	**10**	**15**		12	12	
Total	**$ 53,344**	**94,875**	**464**	$ 52,046	93,763	458
By loan size:						
Less than $200,000	**1 %**	**1**	**7**	1 %	1	8
$200,000 to $1 million	**5**	**4**	**18**	5	4	18
$1 million to $5 million	**12**	**10**	**23**	13	10	23
$5 million to $10 million	**9**	**8**	**13**	10	8	10
$10 million to $25 million	**27**	**23**	**32**	27	23	34
Greater than $25 million	**46**	**54**	**7**	44	54	7
Total	**100 %**	**100**	**100**	100 %	100	100
By state:						
Ohio	**18 %**	**21**	**14**	19 %	22	16
Michigan	**10**	**8**	**12**	10	8	11
Illinois	**7**	**8**	**7**	7	7	8
Florida	**7**	**6**	**16**	7	6	19
Indiana	**5**	**5**	**8**	5	5	9
Kentucky	**3**	**3**	**2**	3	3	2
North Carolina	**3**	**3**	**1**	3	3	1

Tennessee	**3**	**3**	**1**	3	3	1
Pennsylvania	**3**	**2**	**6**	3	3	7
All other states	**41**	**41**	**33**	40	40	26
Total	**100 %**	**100**	**100**	100 %	100	100

The Bancorp has identified certain categories of loans which it believes represent a higher level of risk compared to the rest of the Bancorp s loan portfolio, due to economic or market conditions within the Bancorp s key lending areas. The following tables provide analysis of each of the categories of loans (excluding loans held for sale) by state as of and for the three months ended March 31, 2014 and 2013:

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

As of March 31, 2014 ($ in millions)				**For the three months ended March 31, 2014**	
By State:	Outstanding	Exposure	90 Days Past Due	Nonaccrual	Net Charge-offs
Ohio	**$ 1,081**	**1,457**		**14**	**1**
Michigan	**814**	**906**		**24**	
Florida	**516**	**649**		**6**	
Illinois	**438**	**731**		**6**	
North Carolina	**284**	**459**		**3**	
Indiana	**168**	**266**		**3**	
All other states	**1,362**	**2,372**		**5**	
Total	**$ 4,663**	**6,840**		**61**	**1**

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

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TABLE 32: Non-Owner Occupied Commercial Real Estate[a]

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

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

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Consumer Portfolio

The Bancorp s consumer portfolio is materially comprised of three categories of loans: residential mortgage, home equity, and automobile. The Bancorp has identified certain categories within these loan types which it believes represent a higher level of risk compared to the rest of the consumer loan portfolio due to high loan amount to collateral value. The Bancorp does not update LTV ratios for the consumer portfolio subsequent to origination except as part of the charge-off process for real estate secured loans.

Residential Mortgage Portfolio

The Bancorp manages credit risk in the residential mortgage portfolio through conservative underwriting and documentation standards and geographic and product diversification. The Bancorp may also package and sell loans in the portfolio.

The Bancorp does not originate mortgage loans that permit customers to defer principal payments or make payments that are less than the accruing interest. The Bancorp originates both fixed and adjustable rate residential mortgage loans. Resets of rates on adjustable rate mortgages are not expected to have a material impact on credit costs in the current interest rate environment, as approximately $950 million of adjustable rate residential mortgage loans will have rate resets during the next twelve months, with less than one percent of those resets expected to experience an increase in monthly payments in comparison to the monthly payment at the time of origination.

Certain residential mortgage products have contractual features that may increase credit exposure to the Bancorp in the event of a decline in housing values. These types of mortgage products offered by the Bancorp include loans with high LTV ratios, multiple loans on the same collateral that when combined result in an LTV greater than 80% and interest-only loans. The Bancorp has deemed residential mortgage loans with greater than 80% LTV ratios 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:

TABLE 33: Residential Mortgage Portfolio Loans by LTV at Origination

	March 31, 2014		December 31, 2013	
($ in millions)	Outstanding	Weighted Average LTV	Outstanding	Weighted Average LTV
LTV £ 80%	**$ 9,429**	**65.3 %**	$ 9,507	65.2 %
LTV > 80%, with mortgage insurance	**1,253**	**93.7**	1,242	93.7
LTV > 80%, no mortgage insurance	**1,944**	**95.9**	1,931	95.9
Total	**$ 12,626**	**72.9 %**	$ 12,680	72.7 %

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

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

As of March 31, 2014 ($ in millions)

For the three

By State:	Outstanding	90 Days Past Due	Nonaccrual	months ended March 31, 2014 Net Charge-offs
Ohio	$ 577	2	18	2
Michigan	307	1	7	1
Florida	258	1	8	1
Illinois	243	1	5	1
Indiana	122	1	4	
North Carolina	95		2	
Kentucky	82		2	
All other states	260	1	2	1
Total	$ 1,944	7	48	6

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

As of March 31, 2013 ($ in millions)				For the three months ended March 31, 2013
By State:	Outstanding	90 Days Past Due	Nonaccrual	Net Charge-offs
Ohio	$ 588	2	23	3
Michigan	305	1	9	2
Florida	259	1	17	1
Illinois	197	1	4	1
Indiana	116	1	5	
North Carolina	104		3	
Kentucky	87	2	3	
All other states	183	1	3	
Total	$ 1,839	9	67	7

Home Equity Portfolio

The Bancorp s home equity portfolio is primarily comprised of home equity lines of credit. Beginning in the first quarter of 2013, the Bancorp s newly originated home equity lines of credit have a 10-year interest only draw period followed by a 20-year amortization period. The home equity line of credit previously offered by the Bancorp was a revolving facility with a 20-year term, minimum payments of interest only and a balloon payment of principal at maturity.

The ALLL provides coverage for probable and estimable losses in the home equity portfolio. The allowance attributable to the portion of the home equity portfolio that has not been restructured in a TDR is calculated on a pooled basis with senior lien and junior-lien categories segmented in the determination of the probable credit losses in the home equity portfolio. The modeled loss factor for the home equity portfolio is based on the trailing twelve month historical loss rate for each category, as adjusted for certain prescriptive loss rate factors and certain qualitative adjustment factors to reflect risks associated with current conditions and trends. The prescriptive loss rate factors include adjustments for delinquency trends, LTV trends, refreshed FICO score trends and product mix. The qualitative factors include adjustments for credit administration and portfolio management, credit policy and underwriting and the national and local economy. The Bancorp considers home price index trends when determining the national and local economy qualitative factor.

The home equity portfolio is managed in two primary groups: loans outstanding with a LTV greater than 80% and those loans with a LTV 80% or less based upon appraisals at origination. The carrying value of the greater than 80% LTV home equity loans and 80% or less LTV home equity loans were $3.1 billion and $6.0 billion, respectively, as of March 31, 2014. Of the total $9.1 billion of outstanding home equity loans:

83% reside within the Bancorp s Midwest footprint of Ohio, Michigan, Kentucky, Indiana and Illinois;

34% are in senior lien positions and 66% are in junior lien positions at March 31, 2014;

Over 80% of non-delinquent borrowers made at least one payment greater than the minimum payment during the three months ended March 31, 2014; and

The portfolio had an average refreshed FICO score of 737 at March 31, 2014 and 736 at December 31, 2013.

The Bancorp actively manages lines of credit and makes reductions in lending limits when it believes it is necessary based on FICO score deterioration and property devaluation. The Bancorp does not routinely obtain appraisals on performing loans to update LTV ratios after origination. However, the Bancorp monitors the local housing markets by reviewing various home price indices and incorporates the impact of the changing market conditions in its 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, unless it is well-secured and in the process of collection. Refer to the Analysis of Nonperforming Assets section of the MD&A for more information.

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

TABLE 36: Home Equity Loans Outstanding by Refreshed FICO Score

	March 31, 2014		December 31, 2013	
($ in millions)	Outstanding	% of Total	Outstanding	% of Total
Senior Liens:				
FICO < 620	$ 195	2 %	$ 201	2 %
FICO 621-719	632	7	638	7
FICO > 720	2,240	25	2,253	24
Total Senior Liens	3,067	34	3,092	33
Junior Liens:				
FICO < 620	553	6	565	6
FICO 621-719	1,619	18	1,662	18
FICO > 720	3,886	42	3,927	43
Total Junior Liens	6,058	66	6,154	67
Total	$ 9,125	100 %	$ 9,246	100 %

The Bancorp believes that home equity loans with a greater than 80% combined LTV ratio present a higher level of risk. The following table provides an analysis of the home equity loans outstanding in a senior and junior lien position by LTV at origination:

TABLE 37: Home Equity Loans Outstanding by LTV at Origination

	March 31, 2014		December 31, 2013	
($ in millions)	Outstanding	Weighted Average LTV	Outstanding	Weighted Average LTV
Senior Liens:				
LTV £ 80%	$ 2,629	55.1 %	$ 2,645	54.9 %
LTV > 80%	438	89.2	447	89.2
Total Senior Liens	3,067	60.1	3,092	60.1
Junior Liens:				
LTV £ 80%	3,325	67.4	3,353	67.3
LTV > 80%	2,733	91.3	2,801	91.4
Total Junior Liens	6,058	80.1	6,154	80.2
Total	$ 9,125	72.8 %	$ 9,246	72.9 %

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

TABLE 38: Home Equity Loans Outstanding with LTV Greater than 80%

As of March 31, 2014 ($ in millions)					**For the three months ended March 31, 2014**
By State:	Outstanding	Exposure	90 Days Past Due and Accruing	Nonaccrual(a)	Net Charge-offs(b)
Ohio	**$ 1,146**	**1,863**		**9**	**2**
Michigan	**677**	**966**		**7**	**2**
Illinois	**371**	**543**		**5**	**2**
Indiana	**287**	**444**		**3**	**1**
Kentucky	**270**	**426**		**3**	**1**
Florida	**113**	**154**		**3**	**1**
All other states	**307**	**416**		**5**	**1**
Total	**$ 3,171**	**4,812**		**35**	**10**

(a) During the fourth quarter of 2013, the Bancorp modified its nonaccrual policy for home equity loans and lines of credit. For further information, refer to Note 1 in the Bancorp s Form 10-K for the year ended December 31, 2013.

(b) During the fourth quarter of 2013, the Bancorp modified its charge-off policy for home equity loans and lines of credit. For further information, refer to Note 1 in the Bancorp s Form 10-K for the year ended December 31, 2013.

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

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

Automobile Portfolio

The automobile portfolio is characterized by direct and indirect lending products to consumers. As of March 31, 2014, 51% of the automobile loan portfolio is comprised of loans collateralized by new automobiles. It is a common practice to advance on automobile loans an amount in excess of the automobile value due to the inclusion of taxes, title, and other fees paid at closing. The Bancorp monitors its exposure to these higher risk loans.

The following table provides an analysis of automobile loans outstanding by LTV at origination:

TABLE 40: Automobile Loans Outstanding with LTV at Origination

	March 31, 2014		December 31, 2013	
($ in millions)	Outstanding	Weighted Average LTV	Outstanding	Weighted Average LTV
LTV £ 100%	**$ 8,384**	**81.4 %**	$ 8,306	81.4 %
LTV > 100%	**3,704**	**110.7**	3,678	110.7
Total	**$ 12,088**	**90.7 %**	$ 11,984	90.7 %

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

TABLE 41: Automobile Loans Outstanding with LTV Greater than 100%

As of March 31, 2014 ($ in millions)

By State:	Outstanding	90 Days Past Due and Accruing	Nonaccrual	For the three months ended March 31, 2014 Net Charge-offs
Texas	**$ 410**			**1**
Ohio	**367**			**1**
Illinois	**194**			
Florida	**192**			
Michigan	**176**			
Tennessee	**171**			
All other states	**2,194**	**4**	**1**	**3**
Total	**$ 3,704**	**4**	**1**	**5**

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

As of March 31, 2013 ($ in millions) By State:	Outstanding	90 Days Past Due and Accruing	Nonaccrual	For the three months ended March 31, 2013 Net Charge-offs
Texas	$ 412			
Ohio	393			
Illinois	221			
Florida	194			
Michigan	212			
Tennessee	175			
All other states	2,179	4	1	3
Total	$ 3,786	4	1	3

European Exposure

The Bancorp has no direct sovereign exposure to any European nation as of March 31, 2014. In providing services to our customers, the Bancorp routinely enters into financial transactions with foreign domiciled and U.S. subsidiaries of foreign businesses as well as foreign financial institutions. These financial transactions are in the form of loans, loan commitments, letters of credit, derivatives and securities. The Bancorp s risk appetite for foreign country exposure is managed by having established country exposure limits. The Bancorp s total exposure to European domiciled or owned businesses and European financial institutions was $3.6 billion and funded exposure was $2.0 billion as of March 31, 2014. Additionally, the Bancorp was within its established country exposure limits for all European countries.

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Certain European countries have been experiencing increased levels of stress throughout 2013 and during the three months ended March 31, 2014 including Greece, Ireland, Italy, Portugal and Spain. The Bancorp s total exposure to businesses domiciled or owned by companies and financial institutions in these countries was approximately $210 million and funded exposure was $108 million as of March 31, 2014.

The following table provides detail about the Bancorp s exposure to all European domiciled and owned businesses and financial institutions as of March 31, 2014:

TABLE 43: European Exposure

	Sovereigns		Financial Institutions		Non-Financial Institutions		Total	
($ in millions)	Total Exposure	Funded Exposure	Total Exposure	Funded Exposure	Total Exposure	Funded Exposure	Total Exposure[a]	Funded Exposure
Peripheral Europe[b]	$		10		200	108	210	108
Other Eurozone[c]			72	28	2,294	1,381	2,366	1,409
Total Eurozone			82	28	2,494	1,489	2,576	1,517
Other Europe[d]			80	19	952	500	1,032	519
Total Europe	$		162	47	3,446	1,989	3,608[e]	2,036

(a) *Total exposure includes funded exposure and unfunded commitments, reported net of collateral.*
(b) *Peripheral Europe includes Greece, Ireland, Italy, Portugal and Spain.*
(c) *Eurozone includes countries participating in the European common currency (Euro).*
(d) *Other Europe includes European countries not part of the Euro (primarily the United Kingdom and Switzerland).*
(e) *Includes $1,482 related to U.S. based customers owned by European entities.*

Analysis of Nonperforming Assets

Nonperforming assets include nonaccrual loans and leases for which ultimate collectability of the full amount of the principal and/or interest is uncertain; restructured commercial and credit card loans which have not yet met the requirements to be classified as a performing asset; restructured consumer loans which are 90 days past due based on the restructured terms unless the loan is both well-secured and in the process of collection; and certain other assets, including OREO and other repossessed property. A summary of nonperforming assets is included in Table 44. Refer to the nonaccrual section of Note 1 in the Bancorp s Form 10-K for the year ended December 31, 2013 for additional delinquency and nonperforming information.

Total nonperforming assets, including loans held for sale, were $949 million at March 31, 2014 compared to $986 million at December 31, 2013. At March 31, 2014, $3 million of nonaccrual loans, consisting primarily of real estate secured loans, were held for sale, compared to $6 million at December 31, 2013.

Nonperforming assets as a percentage of total loans, leases and other assets, including OREO and nonaccrual loans held for sale as of March 31, 2014 were 1.05%, compared to 1.10% as of December 31, 2013. The composition of nonaccrual loans and leases continues to be concentrated in real estate as 57% of nonaccrual loans and leases were secured by real estate as of March 31, 2014 compared with 60% as of December 31, 2013.

Commercial nonperforming loans and leases were $467 million at March 31, 2014, an increase of $3 million from December 31, 2013. Excluding commercial nonperforming loans and leases held for sale, commercial nonperforming loans and leases at March 31, 2014 increased $6 million compared to December 31, 2013 as new nonaccruals slightly outpaced loan paydowns/payoffs and charge-offs.

Consumer nonperforming loans and leases were $269 million at March 31, 2014, a decrease of $24 million from December 31, 2013. The decrease is primarily due to residential mortgage loan transfers to performing and OREO which outpaced paydowns/payoffs of on new residential mortgage nonaccrual loans. Geographical market conditions continue to be a large driver of nonaccrual activity as Florida properties represent approximately 13% and 8% of residential mortgage and home equity balances, respectively, but represent 37% and 15% of nonaccrual loans for each category. Refer to Table 45 for a rollforward of the nonperforming loans and leases.

OREO and other repossessed property was $213 million at March 31, 2014 compared to $229 million at December 31, 2013. The Bancorp recognized $13 million and $22 million in losses on the sale or write-down of OREO properties for the three months ended March 31, 2014 and 2013, respectively. The decrease from the first quarter of 2013 was primarily due to a modest improvement in general economic conditions partially offset by a $6 million write-down on one commercial OREO property recognized in the first quarter of 2014.

For the three months ended March 31, 2014 and 2013, approximately $13 million and $20 million, respectively, of interest income would have been recognized if the nonaccrual and renegotiated loans and leases on nonaccrual status had been current in accordance with their original terms. Although these values help demonstrate the costs of carrying nonaccrual credits, the Bancorp does not expect to recover the full amount of interest as nonaccrual loans and leases are generally carried below their principal balance.

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TABLE 44: Summary of Nonperforming Assets and Delinquent Loans

($ in millions)	March 31, 2014	December 31, 2013
Nonaccrual loans and leases:		
Commercial and industrial loans	**$ 153**	127
Commercial mortgage loans	**96**	90
Commercial construction loans	**3**	10
Commercial leases	**3**	3
Residential mortgage loans	**68**	83
Home equity	**75**	74
Restructured loans and leases:		
Commercial and industrial loans	144	154
Commercial mortgage loans(e)	**50**	53
Commercial construction loans	**14**	19
Commercial leases	**1**	2
Residential mortgage loans	**73**	83
Home equity	**19**	19
Automobile loans	**1**	1
Credit card	**33**	33
Total nonperforming loans and leases(d)	**733**	751
OREO and other repossessed property(c)	**213**	229
Total nonperforming assets	**946**	980
Nonaccrual loans held for sale	**3**	6
Total nonperforming assets including loans held for sale	**$ 949**	986
Loans and leases 90 days past due and accruing		
Commercial and industrial loans	**$ 1**	
Residential mortgage loans(b)	**56**	66
Automobile loans	**7**	8
Credit card	**30**	29
Total loans and leases 90 days past due and accruing	**$ 94**	103
Nonperforming assets as a percent of portfolio loans, leases and other assets, including OREO(a)	**1.05%**	1.10
Allowance for loan and lease losses as a percent of nonperforming assets(a)	**157**	161

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

(b) *Information for all periods presented excludes loans whose repayments are insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs. These loans were **$347** as of **March 31, 2014** and $378 as of December 31, 2013. The Bancorp recognized **$5** and immaterial credit losses for the three months ended **March 31, 2014** and March 31, 2013, respectively.*

(c) *Excludes **$85** and $77 of OREO related to government insured loans at **March 31, 2014** and December 31, 2013, respectively.*

(d) *Includes **$9** and $10 of nonaccrual government insured commercial loans whose repayments are insured by the SBA at **March 31, 2014** and December 31, 2013, respectively, and **$2** of restructured nonaccrual government insured commercial loans at **March 31, 2014** and December 31, 2013, respectively.*

(e) *Excludes **$21** of restructured nonaccrual loans at both **March 31, 2014** and December 31, 2013, associated with a consolidated variable interest entity in which the Bancorp has no continuing credit risk due to the risk being assumed by a third party.*

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The following table provides a rollforward of portfolio nonperforming loans and leases, by portfolio segment:

TABLE 45: Rollforward of Portfolio Nonperforming Loans and Leases

For the three months ended March 31, 2014 ($ in millions)	Commercial	Residential Mortgage	Consumer	Total
Beginning Balance	$ 458	166	127	751
Transfers to nonperforming	164	36	57	257
Transfers to performing	(2)	(10)	(18)	(30)
Transfers to performing (restructured)	(1)	(10)	(12)	(23)
Loans sold from portfolio	(2)			(2)
Loan paydowns/payoffs	(43)	(30)	1	(72)
Transfers to other real estate owned	(7)	(20)	(4)	(31)
(Charge-offs) recoveries	(105)	9	(24)	(120)
Draws/other extensions of credit	2		1	3
Ending Balance	$ 464	141	128	733
For the three months ended March 31, 2013 ($ in millions)				
Beginning Balance	$ 697	237	95	1,029
Transfers to nonperforming	80	51	73	204
Transfers to performing	(1)	(9)	(17)	(27)
Transfers to performing (restructured)	(4)	(11)	(18)	(33)
Transfers to held for sale	(1)			(1)
Loans sold from portfolio	(3)			(3)
Loan paydowns/payoffs	(53)	(23)	(4)	(80)
Transfers to other real estate owned	(27)	(17)		(44)
Charge-offs	(54)	(7)	(39)	(100)
Draws/other extensions of credit	5		1	6
Ending Balance	$ 639	221	91	951

Troubled Debt Restructurings

If a borrower is experiencing financial difficulty, the Bancorp may consider, in certain circumstances, modifying the terms of their loan to maximize collection of amounts due. Typically, these modifications reduce the loan interest rate, extend the loan term, reduce the accrued interest or in limited circumstances, reduce the principal balance of the loan. These modifications are classified as TDRs.

At the time of modification, the Bancorp maintains certain consumer loan TDRs (including residential mortgage loans, home equity loans, and other consumer loans) on accrual status, provided there is reasonable assurance of repayment and performance according to the modified terms based upon a current, well-documented credit evaluation. Commercial loans modified as part of a TDR are maintained on accrual status provided there is a sustained payment history of six months or greater prior to the modification in accordance with the modified terms and all remaining contractual payments under the modified terms are reasonably assured of collection. TDRs of commercial loans and credit card loans that do not have a sustained payment history of six months or greater in accordance with the modified terms remain on nonaccrual status until a six-month payment history is sustained.

Consumer restructured loans on accrual status totaled $1.7 billion at March 31, 2014 and December 31, 2013. As of March 31, 2014, the percentage of restructured residential mortgage loans, home equity loans, and credit card loans that are past due 30 days or more were 19%, 11% and 18%, respectively.

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

TABLE 46: Performing and Nonperforming TDRs

	Performing				
As of March 31, 2014 ($ in millions)	Current	30-89 Days Past Due	90 Days or More Past Due	Nonaccrual	Total
Commercial[(b)(c)]	**$ 847**			**209**	**1,056**
Residential mortgages[(a)]	**1,059**	**75**	**103**	**73**	**1,310**
Home equity	**357**	**26**		**19**	**402**
Credit card	**24**			**33**	**57**
Automobile and other consumer loans and leases	**22**	**1**		**1**	**24**
Total	**$ 2,309**	**102**	**103**	**335**	**2,849**

(a) *Information includes loans whose repayments are insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs. As of* **March 31**, **2014**, *these loans represented* **$179** *of current loans,* **$30** *of 30-89 days past due loans and* **$81** *of 90 days or more past due loans.*

(b) *Excludes* **$7** *of restructured accruing loans and* **$21** *of restructured nonaccrual loans associated with a consolidated variable interest entity in which the Bancorp has no continuing credit risk due to the risk being assumed by a third party.*

(c) *Excludes restructured nonaccrual loans held for sale.*

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

(a) Information includes loans whose repayments are insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs. As of March 31, 2013, these loans represented $127 of current loans, $25 of 30-89 days past due loans and $84 of 90 days or more past due loans.

(b) Excludes $8 of restructured accruing loans and $22 of restructured nonaccrual loans associated with a consolidated variable interest entity in which the Bancorp has no continuing credit risk due to the risk being assumed by a third party.

(c) Excludes restructured nonaccrual loans held for sale.

Analysis of Net Loan Charge-offs

Net charge-offs were 76 bps and 63 bps of average portfolio loans and leases for the three months ended March 31, 2014 and 2013, respectively. Table 47 provides a summary of credit loss experience and net charge-offs as a percentage of average portfolio loans and leases outstanding by loan category.

The ratio of commercial loan and lease net charge-offs to average portfolio commercial loans and leases increased to 79 bps during the three months ended March 31, 2014 compared to 44 bps during the three months ended March 31, 2013. The increase is a result of increases in net charge-offs of $51 million for the three months ended March 31, 2014 from the same period in the prior year partially offset by an increase in the average portfolio commercial loan and lease balance of $3.5 billion. Increases in net charge-offs were realized on commercial and industrial loans and were primarily due to three large credits which experienced combined charge-offs of $60 million during the first quarter of 2014. The increase in commercial and industrial loan net charge-offs was partially offset by decreases in commercial mortgage net charge-offs primarily due to improvements in general economic conditions and previous actions taken by the Bancorp to address problem loans. Among several actions taken by the Bancorp were suspending homebuilder and developer lending in 2007 and non-owner occupied commercial real estate lending in 2008 and tightened underwriting standards across all commercial loan product offerings. The Bancorp resumed homebuilder and developer lending and non-owner occupied commercial real estate lending in the third quarter of 2011. Net charge-offs for the three months ended March 31, 2014 related to non-owner occupied commercial real estate were $1 million compared to $16 million for the three months ended March 31, 2013. Net charge-offs related to non-owner occupied commercial real estate are recorded in the commercial mortgage loans and commercial construction loans captions in Table 47. Net charge-offs on these loans represented 1% and 30% of total commercial loan and lease net charge-offs for the three months ended March 31, 2014 and 2013, respectively.

The ratio of consumer loan and lease net charge-offs to average portfolio consumer loans and leases decreased to 72 bps during the three months ended March 31, 2014 compared to 89 bps during the three months ended March 31, 2013. Residential mortgage loan net charge-offs, which typically involve partial charge-offs based upon appraised values of underlying collateral, decreased $5 million for the three months ended March 31, 2014 compared to the same period from the prior year as a result of improvements in delinquencies and a decrease in the average loss recorded per charge-off. The Bancorp s combined Florida and Michigan markets accounted for 25% and 52% of net charge-offs on residential mortgage loans in the portfolio during the three months ended March 31, 2014 and 2013, respectively. The Bancorp expects the composition of the residential mortgage portfolio to improve as it continues to retain high quality, shorter duration residential mortgage loans that are originated through its branch network as a low-cost, refinance product of conforming residential mortgage loans.

Home equity net charge-offs decreased $14 million compared to the three months ended March 31, 2013, primarily due to improvements in loss severities and delinquencies. In addition, management actively manages lines of credit and makes reductions in lending limits when it believes it is necessary based on FICO score deterioration or property devaluation.

Credit card and other consumer loan net charge-offs remained relatively flat compared to the same period in the prior year. The Bancorp utilizes a risk-adjusted pricing methodology to ensure adequate compensation is received for those products that have higher credit costs.

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

TABLE 47: Summary of Credit Loss Experience

($ in millions)	For the three months ended March 31, 2014	2013
Losses charged off:		
Commercial and industrial loans	**$ (100)**	(35)
Commercial mortgage loans	**(5)**	(29)
Commercial construction loans	**(5)**	(4)
Residential mortgage loans	**(19)**	(22)
Home equity	**(20)**	(34)
Automobile loans	**(12)**	(12)
Credit card	**(22)**	(23)
Other consumer loans and leases	**(7)**	(9)
Total losses	**(190)**	(168)
Recoveries of losses previously charged off:		
Commercial and industrial loans	**3**	10
Commercial mortgage loans	**2**	3
Commercial construction loans		1
Residential mortgage loans	**4**	2
Home equity	**4**	4
Automobile loans	**4**	8
Credit card	**3**	3
Other consumer loans and leases	**2**	4
Total recoveries	**22**	35
Net losses charged off:		
Commercial and industrial loans	**(97)**	(25)
Commercial mortgage loans	**(3)**	(26)
Commercial construction loans	**(5)**	(3)
Residential mortgage loans	**(15)**	(20)
Home equity	**(16)**	(30)
Automobile loans	**(8)**	(4)
Credit card	**(19)**	(20)
Other consumer loans and leases	**(5)**	(5)
Total net losses charged off	**$ (168)**	(133)
Net charge-offs as a percent of average loans and leases (excluding held for sale):		
Commercial and industrial loans	**0.97 %**	0.28
Commercial mortgage loans	**0.16**	1.18
Commercial construction loans	**1.66**	1.44
Commercial leases	**(0.03)**	0.03
Total commercial loans	**0.79**	0.44

Residential mortgage loans	**0.49**	0.69
Home equity	**0.72**	1.23
Automobile loans	**0.29**	0.16
Credit card	**3.41**	3.82
Other consumer loans and leases	**6.58**	6.61
Total consumer loans and leases	**0.72**	0.89
Total net losses charged off	**0.76 %**	0.63

Allowance for Credit Losses

The allowance for credit losses is comprised of the ALLL and the reserve for unfunded commitments. The ALLL provides coverage for probable and estimable losses in the loan and lease portfolio. The Bancorp evaluates the ALLL each quarter to determine its adequacy to cover inherent losses. Several factors are taken into consideration in the determination of the overall ALLL, including an unallocated component. These factors include, but are not limited to, the overall risk profile of the loan and lease portfolios, net charge-off experience, the extent of impaired loans and leases, the level of nonaccrual loans and leases, the level of 90 days past due loans and leases and the overall percentage level of the ALLL. The Bancorp also considers overall asset quality trends, credit administration and portfolio management practices, risk identification practices, credit policy and underwriting practices, overall portfolio growth, portfolio concentrations and current national and local economic conditions that might impact the portfolio. More information on the ALLL can be found in Management s Discussion and Analysis Critical Accounting Policies in the Bancorp s Annual Report on Form 10-K for the year ended December 31, 2013.

During the three months ended March 31, 2014, the Bancorp did not substantively change any material aspect of its overall approach in the determination of the ALLL and there have been no material changes in assumptions or estimation techniques as compared to prior periods that impacted the determination of the current period allowance. In addition to the ALLL, the Bancorp maintains a reserve for unfunded commitments recorded in other liabilities in the Condensed Consolidated Balance Sheets. The methodology used to determine the adequacy of this reserve is similar to the Bancorp s methodology for determining the ALLL. The provision for unfunded commitments is included in other noninterest expense in the Condensed Consolidated Statements of Income.

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The ALLL attributable to the portion of the residential mortgage and consumer loan and lease portfolio that has not been restructured is determined on a pooled basis with the segmentation being based on the similarity of credit risk characteristics. Loss factors for real estate backed consumer loans are developed for each pool based on the trailing twelve month historical loss rate, as adjusted for certain prescriptive loss rate factors and certain qualitative adjustment factors. The prescriptive loss rate factors and qualitative adjustments are designed to reflect risks associated with current conditions and trends which are not believed to be fully reflected in the trailing twelve month historical loss rate. For real estate backed consumer loans, the prescriptive loss rate factors include adjustments for delinquency trends, LTV trends, refreshed FICO score trends and product mix, and the qualitative factors include adjustments for credit administration and portfolio management practices, credit policy and underwriting practices and the national and local economy. The Bancorp considers home price index trends in its footprint when determining the national and local economy qualitative factor. The Bancorp also considers the volatility of collateral valuation trends when determining the unallocated component of the ALLL.

The Bancorp s determination of the ALLL for commercial loans is sensitive to the risk grades it assigns to these loans. In the event that 10% of commercial loans in each risk category would experience a downgrade of one risk category, the allowance for commercial loans would increase by approximately $158 million at March 31, 2014. In addition, the Bancorp s determination of the allowance for residential and consumer loans is sensitive to changes in estimated loss rates. In the event that estimated loss rates would increase by 10%, the allowance for residential and consumer loans would increase by approximately $40 million at March 31, 2014. As several qualitative and quantitative factors are considered in determining the ALLL, these sensitivity analyses do not necessarily reflect the nature and extent of future changes in the ALLL. They are intended to provide insights into the impact of adverse changes to risk grades and estimated loss rates and do not imply any expectation of future deterioration in the risk ratings or loss rates. Given current processes employed by the Bancorp, management believes the risk grades and estimated loss rates currently assigned are appropriate.

TABLE 48: Changes in Allowance for Credit Losses

	For the three months ended March 31,	
($ in millions)	**2014**	2013
ALLL:		
Balance, beginning of period	**$ 1,582**	1,854
Losses charged off	**(190)**	(168)
Recoveries of losses previously charged off	**22**	35
Provision for loan and lease losses	**69**	62
Balance, end of period	**$ 1,483**	1,783
Reserve for unfunded commitments:		
Balance, beginning of period	**$ 162**	179
Benefit for unfunded commitments	**(9)**	(11)
Balance, end of period	**$ 153**	168

Certain inherent but unconfirmed losses are probable within the loan and lease portfolio. The Bancorp s current methodology for determining the level of losses is based on historical loss rates, current credit grades, specific allocation on impaired commercial credits above specified thresholds and restructured residential mortgage and consumer loans and other qualitative adjustments. Due to the heavy reliance on realized historical losses and the credit grade rating process, the model-derived estimate of ALLL tends to slightly lag behind the deterioration in the portfolio in a stable or deteriorating credit environment, and tend not to be as responsive when improved conditions have presented themselves. Given these model limitations, the qualitative adjustment factors may be incremental or decremental to the quantitative model results.

An unallocated component to the ALLL is maintained to recognize the imprecision in estimating and measuring loss. The unallocated allowance as a percent of total portfolio loans and leases was 0.12% at both March 31, 2014 and December 31, 2013. The unallocated allowance was seven percent of the total allowance as of both March 31, 2014 and December 31, 2013.

As shown in Table 49, the ALLL as a percent of portfolio loan and leases was 1.65% at March 31, 2014 compared to 1.79% at December 31, 2013. The ALLL was $1.5 billion as of March 31, 2014 compared to $1.6 billion as of December 31, 2013. The decrease from December 31, 2013 is reflective of decreases in nonperforming loans and leases and improved delinquency metrics in commercial and consumer loans and leases.

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

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

($ in millions)	March 31, 2014	December 31, 2013
Allowance attributed to:		
Commercial and industrial loans	$ 719	767
Commercial mortgage loans	191	212
Commercial construction loans	23	26
Commercial leases	48	53
Residential mortgage loans	180	189
Home equity	86	94
Automobile loans	28	23
Credit card	90	92
Other consumer loans and leases	13	16
Unallocated	105	110
Total ALLL	$ 1,483	1,582
Portfolio loans and leases:		
Commercial and industrial loans	$ 40,591	39,316
Commercial mortgage loans	7,958	8,066
Commercial construction loans	1,218	1,039
Commercial leases	3,577	3,625
Residential mortgage loans	12,626	12,680
Home equity	9,125	9,246
Automobile loans	12,088	11,984
Credit card	2,177	2,294
Other consumer loans and leases	345	364
Total portfolio loans and leases	$ 89,705	88,614
Attributed allowance as a percent of respective portfolio loans and leases:		
Commercial and industrial loans	1.77 %	1.95
Commercial mortgage loans	2.40	2.63
Commercial construction loans	1.89	2.50
Commercial leases	1.34	1.46
Residential mortgage loans	1.43	1.49
Home equity	0.94	1.02
Automobile loans	0.23	0.19
Credit card	4.13	4.01
Other consumer loans and leases	3.77	4.40
Unallocated (as a percent of total portfolio loans and leases)	0.12	0.12
Attributed allowance as a percent of total portfolio loans and leases	1.65 %	1.79

MARKET RISK MANAGEMENT

Market risk arises from the potential for market fluctuations in interest rates, foreign exchange rates and equity prices that may result in potential reductions in net income. Interest rate risk, a component of market risk, is the exposure to adverse changes in net interest income or financial position due to changes in interest rates. Management considers interest rate risk a prominent market risk in terms of its potential impact on earnings. Interest rate risk can occur for any one or more of the following reasons:

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

In addition to the direct impact of interest rate changes on net interest income, interest rates can indirectly impact earnings through their effect on loan demand, credit losses, mortgage originations, the value of servicing rights and other sources of the Bancorp s earnings. Stability of the Bancorp s net income is largely dependent upon the effective management of interest rate risk. Management continually reviews the Bancorp s balance sheet composition and earnings flows and models the interest rate risk, and possible actions to reduce this risk, given numerous possible future interest rate scenarios.

Interest Rate Risk Management Oversight

The Bancorp s Executive ALCO, which includes senior management representatives and is accountable to the ERM Committee, monitors and manages interest rate risk within Board approved policy limits. In addition to the risk management activities of ALCO, the Bancorp has a Market Risk Management function as part of ERM that provides independent oversight of market risk activities.

Net Interest Income Sensitivity

The Bancorp utilizes a variety of measurement techniques to identify and manage its interest rate risk, including the use of an NII simulation model to analyze the sensitivity of net interest income to changing interest rates. The model is based on contractual and assumed cash flows and repricing characteristics for all of the Bancorp s 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 for 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. Actual results may differ from these simulated results due to timing, magnitude and frequency of interest rate changes as well as changes in market conditions and management strategies.

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The Bancorp s interest rate risk exposure is currently evaluated by measuring the anticipated change in net interest income over 12-month and 24-month horizons assuming 100 bps and 200 bps parallel ramped increases in interest rates. The analysis would typically include 100 bps and 200 bps parallel ramped decreases in interest rates; however, this analysis is currently omitted due to the current low levels of short-term interest rates. Applying the ramps would result in certain short-term interest rates becoming negative in the parallel ramped decrease scenarios. In accordance with the current policy, the rate movements are assumed to occur over one year and are sustained thereafter.

The following table shows the Bancorp s estimated net interest income sensitivity profile and ALCO policy limits as of:

TABLE 50: Estimated NII Sensitivity Profile

	March 31, 2014				March 31, 2013			
	% Change in NII (FTE)		ALCO Policy Limits		% Change in NII (FTE)		ALCO Policy Limits	
Change in Interest Rates (bps)	12 Months	13 to 24 Months	12 Months	13 to 24 Months	12 Months	13 to 24 Months	12 Months	13 to 24 Months
+ 200	**2.01 %**	**7.21**	**(4.00)**	**(6.00)**	2.30 %	8.23	(4.00)	(6.00)
+ 100	**0.99**	**4.07**			1.19	4.20		

At March 31, 2014, the Bancorp s net interest income would benefit in year one and year two due to these parallel ramp increases. The benefit is attributable to the combination of floating-rate assets, including the predominantly floating-rate commercial loan portfolio, and certain intermediate-term fixed rate liabilities. The benefit is down modestly when compared to March 31, 2013. The lower net interest income benefit is attributable to an increase in fixed-rate securities balances and the realization of slower prepayments on the available-for-sale security portfolio over the past year. At March 31, 2013, prepayments speeds on certain available-for-sale securities were projected to slow in a rising rate environment, which provided a benefit to net interest income sensitivity at that time. In 2013, these slowing prepayments were realized as a result of an increase in the level of market interest rates and mortgage rates. Further increases in interest rates will not have the same impact on net interest income, which results in a modest reduction in the benefit. The impacts of the slowing prepayments and the increase in the fixed-rate securities portfolio were partly offset by an increase in core deposit balances and an increase in actual and projected fixed-rate borrowings and shareholders equity.

Economic Value of Equity Sensitivity

The Bancorp also utilizes EVE as a measurement tool in managing interest rate risk. Whereas the net interest income sensitivity analysis highlights the impact on forecasted NII over 1- and 2-year time horizons, the EVE analysis is a point in time analysis of the current positions and incorporates all cash flows over their estimated remaining lives. The EVE of the balance sheet is defined as the discounted present value of all remaining asset and net derivative cash flows less the discounted value of all remaining 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 the growth assumptions 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 transaction deposits.

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

TABLE 51: Estimated EVE Sensitivity Profile

	March 31, 2014		March 31, 2013	
Change in Interest Rates (bps)	Change in EVE	ALCO Policy Limit	Change in EVE	ALCO Policy Limit
+ 200	**(3.72)%**	**(12.00)**	0.21 %	(12.00)

+ 100	**(1.72)**	0.64
+ 25	**(0.37)**	0.30
- 25	**0.39**	(0.50)

At March 31, 2014, the EVE sensitivity is modestly negative, compared to a neutral position at March 31, 2013. The primary factors contributing to the change are an increase in the average life of mortgage loans and securities positions as a result of slowing prepayments due to increases in the levels of market interest rates and mortgage rates, growth in fixed-rate securities balances, and a decreased benefit related to MSRs. At March 31, 2013, the MSR valuation was projected to benefit from slowing prepayments that would occur with rising interest rates. Slowing prepayments were realized during 2013 due to increased market rates, and consequently, future increases in interest rates will have a smaller benefit to the MSR valuation.

While an instantaneous shift in interest rates is used in this analysis to provide an estimate of exposure, the Bancorp believes that a gradual shift in interest rates would have a much more modest impact. Since EVE measures the discounted present value of cash flows over the estimated lives of instruments, the change in EVE does not directly correlate to the degree that earnings would be impacted over a shorter time horizon (e.g., the current fiscal year). Further, EVE does not take into account factors such as future balance sheet growth, changes in product mix, changes in yield curve relationships and changing product spreads that could mitigate or exacerbate the impact of changes in interest rates. The NII simulations and EVE analyses do not necessarily include certain actions that management may undertake to manage risk in response to anticipated changes in interest rates.

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The Bancorp regularly evaluates its exposures to LIBOR and Prime basis risks, nonparallel shifts in the yield curve and embedded options risk. In addition, the impact on NII and EVE of extreme changes in interest rates is modeled, wherein the Bancorp employs the use of yield curve shocks and environment-specific scenarios.

Use of Derivatives to Manage Interest Rate Risk

An integral component of the Bancorp s interest rate risk management strategy is its use of derivative instruments to minimize significant fluctuations in earnings caused by changes in market interest rates. Examples of derivative instruments that the Bancorp may use as part of its interest rate risk management strategy include interest rate swaps, interest rate floors, interest rate caps, forward contracts, options, swaptions and TBA securities.

As part of its overall risk management strategy relative to its mortgage banking activity, the Bancorp enters into forward contracts accounted for as free-standing derivatives to economically hedge interest rate lock commitments that are also considered free-standing derivatives. Additionally, the Bancorp economically hedges its exposure to mortgage loans held for sale through the use of forward contracts and mortgage options.

The Bancorp also establishes derivative contracts with major financial institutions to economically hedge significant exposures assumed in commercial customer accommodation derivative contracts. Generally, these contracts have similar terms in order to protect the Bancorp from market volatility. Credit risk arises from the possible inability of counterparties to meet the terms of their contracts, which the Bancorp minimizes through collateral arrangements, approvals, limits and monitoring procedures. For further information including the notional amount and fair values of these derivatives, see Note 10 of the Notes to Condensed Consolidated Financial Statements.

Portfolio Loans and Leases and Interest Rate Risk

Although the Bancorp s portfolio loans and leases contain both fixed and floating/adjustable rate products, the rates of interest earned by the Bancorp on the outstanding balances are generally established for a period of time. The interest rate sensitivity of loans and leases is directly related to the length of time the rate earned is established. The following table summarizes the expected cash flows of the carrying value of the Bancorp s portfolio loans and leases as of March 31, 2014:

TABLE 52: Portfolio Loan and Lease Expected Maturities

($ in millions)	Less than 1 year	1-5 years	Over 5 years	Total
Commercial and industrial loans	$ 18,716	20,884	991	40,591
Commercial mortgage loans	3,557	3,940	461	7,958
Commercial construction loans	535	655	28	1,218
Commercial leases	675	1,583	1,319	3,577
Subtotal - commercial loans and leases	23,483	27,062	2,799	53,344
Residential mortgage loans	2,268	4,818	5,540	12,626
Home equity	1,172	3,389	4,564	9,125
Automobile loans	5,211	6,758	119	12,088
Credit card	628	1,549		2,177
Other consumer loans and leases	331	13	1	345
Subtotal - consumer loans and leases	9,610	16,527	10,224	36,361

Total	$	33,093	43,589	13,023	89,705

Additionally, the following table displays a summary of expected cash flows, excluding interest receivable, occurring after one year for both fixed and floating/adjustable rate loans and leases as of March 31, 2014:

TABLE 53: Portfolio Loan and Lease Cash Flows Occurring After One Year

	Interest Rate	
($ in millions)	Fixed	Floating or Adjustable
Commercial and industrial loans	$ 2,598	19,277
Commercial mortgage loans	1,173	3,228
Commercial construction loans	26	657
Commercial leases	2,902	
Subtotal - commercial loans and leases	6,699	23,162
Residential mortgage loans	7,964	2,394
Home equity	840	7,113
Automobile loans	6,837	40
Credit card	604	945
Other consumer loans and leases	1	13
Subtotal - consumer loans and leases	16,246	10,505
Total	$ 22,945	33,667

Residential Mortgage Servicing Rights and Interest Rate Risk

The net carrying amount of the residential MSR portfolio was $972 million and $967 million as of March 31, 2014 and December 31, 2013, 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. 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.

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Actual prepayments on the servicing portfolio continued to decline during the three months ended March 31, 2014 from the three months ended March 31, 2013. This caused modeled prepayment speeds to slow, which led to a recovery of $4 million of temporary impairment on servicing rights during the three months ended March 31, 2014. Mortgage rates increased slightly during the first quarter of 2013 causing modeled prepayment speeds to slow, which led to a recovery of $49 million of temporary impairment on servicing rights during the three months ended March 31, 2013. Servicing rights are deemed temporarily impaired when a borrower s loan rate is distinctly higher than prevailing rates. Temporary impairment on servicing rights is reversed when the prevailing rates return to a level commensurate with the borrower s loan rate. In addition to the mortgage servicing rights valuation, the Bancorp recognized net gains of $24 million on its non-qualifying hedging strategy for the three months ended March 31, 2014, compared to net losses of $4 million for the three months ended March 31, 2013. These amounts include net gains on securities related to the Bancorp s non-qualifying hedging strategy which were zero in the first quarter of 2014 and $2 million in the first quarter of 2013. 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. See Note 9 of the Notes to Condensed Consolidated Financial Statements for further discussion on servicing rights and the instruments used to hedge interest rate risk on MSRs.

Foreign Currency Risk

The Bancorp may enter into foreign exchange derivative contracts to economically hedge certain foreign denominated loans. The derivatives are classified as free-standing instruments with the revaluation gain or loss being recorded in other noninterest income in the Condensed Consolidated Statements of Income. The balance of the Bancorp s foreign denominated loans at March 31, 2014 and December 31, 2013 was $631 million and $581 million, respectively. The Bancorp also enters into foreign exchange contracts for the benefit of commercial customers involved in international trade to hedge their exposure to foreign currency fluctuations. The Bancorp has internal controls in place to help ensure excessive risk is not being taken in providing this service to customers. These controls include an independent determination of currency volatility and credit equivalent exposure on these contracts, counterparty credit approvals and country limits.

LIQUIDITY RISK MANAGEMENT

The goal of liquidity management is to provide adequate funds to meet changes in loan and lease demand, unexpected levels of deposit withdrawals and other contractual obligations. Mitigating liquidity risk is accomplished by maintaining liquid assets in the form of investment securities, maintaining sufficient unused borrowing capacity in the debt markets and delivering consistent growth in core deposits. A summary of certain obligations and commitments to make future payments under contracts is included in Note 14 of the Notes to Condensed Consolidated Financial Statements.

The Bancorp maintains a contingency funding plan that assesses the liquidity needs under various scenarios of market conditions, asset growth and credit rating downgrades. The plan includes liquidity stress testing which measures various sources and uses of funds under the different scenarios. The contingency plan provides for ongoing monitoring of unused borrowing capacity and available sources of contingent liquidity to prepare for unexpected liquidity needs and to cover unanticipated events that could affect liquidity.

Sources of Funds

The Bancorp s primary sources of funds relate to cash flows from loan and lease repayments, payments from securities related to sales and maturities, the sale or securitization of loans and leases and funds generated by core deposits, in addition to the use of public and private debt offerings.

Projected contractual maturities from loan and lease repayments are included in Table 52 of the Market Risk Management section of MD&A. Of the $20.7 billion of securities in the Bancorp s available-for-sale and other portfolio at March 31, 2014, $3.0 billion in principal and interest is expected to be received in the next 12 months and an additional $2.4 billion is expected to be received in the next 13 to 24 months. For further information on the Bancorp s securities portfolio, see the Investment Securities section of MD&A.

Asset-driven liquidity is provided by the Bancorp s ability to sell or securitize loan and lease assets. In order to reduce the exposure to interest rate fluctuations and to manage liquidity, the Bancorp has developed securitization and sale procedures for several types of interest-sensitive assets. A majority of the long-term, fixed-rate single-family residential mortgage loans underwritten according to FHLMC or FNMA guidelines are sold for cash upon origination. Additional assets such as residential mortgages, certain commercial loans, home equity loans, automobile loans and other consumer loans are also capable of being securitized or sold. For the three months ended March 31, 2014 and 2013, the Bancorp sold or securitized loans totaling $2.9 billion and $7.4 billion, respectively. For further information on the transfer of financial assets, see Note 9 of the Notes to Condensed Consolidated Financial Statements.

Core deposits have historically provided the Bancorp with a sizeable source of relatively stable and low cost funds. The Bancorp s average core deposits and shareholders equity funded 83% of its average total assets for the first quarter of 2014 and 81% for the first quarter of 2013. In addition to core deposit funding, the Bancorp also accesses a variety of other short-term and long-term funding sources, which include the use of the FHLB system. Certificates of deposit carrying a balance of $100,000 or more and deposits in the Bancorp s foreign branch located in the Cayman Islands are wholesale funding tools utilized to fund asset growth. Management does not rely on any one source of liquidity and manages availability in response to changing balance sheet needs.

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

As of March 31, 2014, $3.3 billion of debt or other securities were available for issuance under the current Bancorp s Board of Directors authorizations and 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. On February 25, 2014, the Bancorp issued and sold $500 million of 2.30% unsecured senior fixed rate notes. Additionally, the Bancorp has approximately $39.1 billion of borrowing capacity available through secured borrowing sources including the FHLB and FRB.

In 2013, the Bancorp s banking subsidiary updated and amended its existing global bank note program to increase the capacity from $20 billion to $25 billion. The Bancorp has $21.5 billion of funding available for issuance under the global bank note program as of March 31, 2014.

Liquidity Coverage Ratio and Net Stable Funding Ratio

The BCBS key reform within the Basel III framework to strengthen international liquidity standards was the introduction of the LCR and NSFR. On January 7, 2013, the BCBS issued a final standard for the LCR applicable to large internationally active banking organizations. The BCBS plans on introducing the NSFR final standard in the next two years.

The BCBS LCR would promote the short-term resilience of a bank s liquidity profile by ensuring an adequate level of unencumbered high-quality liquid assets that can be converted into cash easily and immediately in private markets to meet its liquidity needs within 30 calendar days. Financial institutions subject to the LCR generally would be expected to hold unencumbered high-quality assets of at least 100% of net cash flows over the next 30 calendar days upon full implementation in 2019.

The BCBS NSFR is intended to promote medium and long-term funding of the assets and activities of financial institutions. This ratio would establish a minimum acceptable amount of stable funding based on the liquidity characteristics of a financial institution s assets and activities over a one year horizon. Management is currently monitoring the progress of the BCBS work on the NSFR.

Section 165 of the Dodd-Frank Act requires the FRB to establish enhanced liquidity standards for BHCs with total assets of $50 billion or greater. On October 24, 2013, the U.S. Banking Agencies issued a NPR that would implement a LCR requirement that is generally consistent with the international LCR standards published by the BCBS for large internationally active banking organizations, generally those with $250 billion or more in total consolidated assets or $10 billion or more in on-balance sheet foreign exposure. Additionally, a Modified LCR requirement was proposed for BHC s with total consolidated assets of at least $50 billion that are not large internationally active banking organizations, like Fifth Third. The Modified LCR requirement incorporates a shorter (21-calendar days) stress scenario for calculating total net cash outflows than the LCR s 30 calendar day requirement. Therefore, the estimated net cash outflows for the Modified LCR generally would be 70% of the LCR s estimated net cash outflows. The NPR s transition period will begin on January 1, 2015 whereby LCR and Modified LCR entities must comply with a minimum ratio of 80%. On January 1, 2016 and 2017, the minimum ratio would increase to 90% and 100%, respectively. The NPR was open for public comment until January 31, 2014. Management is currently reviewing the NPR and evaluating its impact upon the Bancorp s Condensed Consolidated Financial Statements.

Credit Ratings

The cost and availability of financing to the Bancorp are impacted by its credit ratings. A downgrade to the Bancorp s credit ratings could affect its ability to access the credit markets and increase its borrowing costs, thereby adversely impacting the Bancorp s financial condition and liquidity. Key factors in maintaining high credit ratings include a stable and diverse earnings stream, strong credit quality, strong capital ratios and diverse funding sources, in addition to disciplined liquidity monitoring procedures.

The Bancorp s credit ratings are summarized in Table 54. The ratings reflect the ratings agencies view on the Bancorp s capacity to meet financial commitments. *

** As an investor, you should be aware that a security rating is not a recommendation to buy, sell or hold securities, that it may be subject to revision or withdrawal at any time by the assigning rating organization and that each rating should be evaluated independently of any other rating. Additional information on the credit rating ranking within the overall classification system is located on the website of each credit rating* *agency.*

TABLE 54: Agency Ratings

As of May 8, 2014	Moody s	Standard and Poor s	Fitch	DBRS
Fifth Third Bancorp:				
Short-term	No rating	A-2	F1	R-1L
Senior debt	Baa1	BBB+	A	AL
Subordinated debt	Baa2	BBB	A-	BBBH
Fifth Third Bank:				
Short-term	P-2	A-2	F1	R-1L
Long-term deposit	A3	No rating	A+	A
Senior debt	A3	A-	A	A
Subordinated debt	Baa1	BBB+	A-	AL

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 ERM Committee and the capital plan is approved by the board. The Capital Committee is responsible for execution oversight of the capital actions of the capital plan.

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

Capital Ratios

The U.S banking agencies established quantitative measures that assign risk weightings to assets and off-balance sheet items and also define and set minimum regulatory capital requirements. The U.S. banking agencies define well capitalized ratios for Tier I and total risk-based capital as 6% and 10%, respectively. The Bancorp exceeded these well-capitalized ratios for all periods presented.

The Basel II advanced approach framework was finalized by U.S. banking agencies in 2007. Core banks, defined as those with consolidated total assets in excess of $250 billion or on-balance sheet foreign exposures of $10 billion were required to adopt the advanced approach effective April 1, 2008. The Bancorp does not meet these thresholds and, therefore, is not subject to the requirements of Basel II.

The Dodd-Frank Act requires more stringent prudential standards, including capital and liquidity requirements, for larger institutions. It also addresses the quality of capital components by limiting the degree to which certain hybrid instruments can be included. The Dodd-Frank Act will phase out the inclusion of certain TruPS as a component of Tier I risk-based capital when the Bancorp implements the revised regulatory capital rules known as Basel III.

In December of 2010 and revised in June of 2011, the BCBS issued Basel III, a global regulatory framework, to enhance international capital standards. In June of 2012, U.S. banking regulators proposed enhancements to the regulatory capital requirements for U.S. banks, which implement aspects of Basel III, such as re-defining the regulatory capital elements and minimum capital ratios, introducing regulatory capital buffers above those minimums, revising the agencies rules for calculating risk-weighted assets and introducing a new Tier I common equity ratio. In July of 2013, U.S. banking regulators approved final enhanced regulatory capital requirements (Basel III Final Rule), which included modifications to the proposed rules. The Basel III Final Rule provided for certain banks, including the Bancorp, to opt out of including AOCI in Tier 1 capital and also retained the treatment of residential mortgage exposures consistent with the current Basel I capital rules. The Basel III Final Rule will phase out the inclusion of certain TruPS as a component of Tier I capital. Under these provisions, these TruPS would qualify as a component of Tier II capital. At March 31, 2014, the Bancorp s Tier I capital included $60 million of TruPS representing approximately 5 bps of risk weighted assets. The Basel III Final Rule is effective for the Bancorp on January 1, 2015, subject to phase-in periods for certain of its components and other provisions. The Bancorp is in the process of evaluating the Basel III Final Rule and its potential impact. The Bancorp s current estimate of the pro-forma fully phased in Tier I common equity ratio at March 31, 2014 under the Basel III Final Rule is approximately 9.12% compared with 9.51% as calculated under the existing Basel I capital framework. The primary drivers of the change from the existing Basel I capital framework to the Basel III Final Rule are an increase in Tier I common equity of approximately 89 bps (primarily from the elimination of the current 10% deduction of mortgage servicing rights from capital), which would be more than offset by the impact of increases in risk-weighted assets (primarily from the treatment of securitization exposures, mortgage servicing rights and commitments with an original maturity of one year or less). If the Bancorp were to elect to include AOCI components in capital, the March 31, 2014 pro forma Basel III Final Rule Tier 1 common ratio would be increased by approximately 16 bps. The pro-forma Tier I common equity ratio exceeds the proposed minimum Tier I common equity ratio of 7% comprised of a minimum ratio of 4.5% plus a capital conservation buffer of 2.5%. The pro-forma Tier I common equity ratio does not include the effect of any mitigating actions the Bancorp may undertake to offset the impact of the proposed capital enhancements. Additionally, pursuant to the Basel III Final Rule, the minimum capital ratios as of January 1, 2015 will be 6% for the Tier I capital ratio, 8% for the total risk-based capital ratio and 4% for the Tier I capital to average consolidated assets (leverage ratio). For further discussion on the Basel I and Basel III Tier I common equity ratios, see the Non-GAAP Financial Measures section of MD&A.

TABLE 55: Capital Ratios

($ in millions)		**March 31, 2014**	December 31, 2013
Average equity as a percent of average assets		**11.53 %**	11.51
Tangible equity as a percent of tangible assets[(a)]		**9.61**	9.44
Tangible common equity as a percent of tangible assets[(a)]		**8.79**	8.63
Tier I capital	**$**	**12,182**	12,094
Total risk-based capital		**16,356**	16,441

Risk-weighted assets[(b)]	**116,622**	116,736
Regulatory capital ratios:		
Tier I risk-based capital	**10.45 %**	10.36
Total risk-based capital	**14.02**	14.08
Tier I leverage	**9.65**	9.64
Tier I common equity[(a)]	**9.51**	9.39

(a) For further information on these ratios, see the Non-GAAP Financial Measures section of MD&A.
(b) Under the banking agencies risk-based capital guidelines, assets and credit equivalent amounts of derivatives and off-balance sheet exposures are assigned to broad risk categories. The aggregate dollar amount in each risk category is multiplied by the associated risk weight of the category. The resulting weighted values are added together resulting in the Bancorp s total risk-weighted assets.

Stress Tests and CCAR

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 included 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. Further, each BHC must also 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 scenarios. The FRB launched the 2014 stress testing program and CCAR on November 1, 2013, with firm submissions of stress test results and capital plans to the FRB due on January 6, 2014, which the Bancorp submitted as required.

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

The FRB s review of the capital plan assessed the comprehensiveness of the capital plan, the reasonableness of the assumptions and the analysis underlying the capital plan. Additionally, the FRB reviewed the robustness of the capital adequacy process, the capital policy and the Bancorp s ability to maintain capital above the minimum regulatory capital ratios and above a Tier I common ratio of five percent on a pro forma basis under expected and stressful conditions throughout the planning horizon. The FRB assessed the Bancorp s strategies for addressing proposed revisions to the regulatory capital framework agreed upon by the BCBS and requirements arising from the Dodd-Frank Act.

On March 26, 2014 the FRB announced it had completed the 2014 CCAR. For BHCs that proposed capital distributions in their plans, the FRB either objected to the plan or provided a non-objection whereby the FRB permitted the proposed 2014 capital distributions. The FRB indicated to the Bancorp that it did not object to the following proposed capital actions for the period beginning April 1, 2014 and ending March 31, 2015:

- The potential increase in the quarterly common stock dividend to $0.13 per share;
- The potential repurchase of common shares in an amount up to $669 million; and
- The additional ability to repurchase shares in the amount of any after-tax gains from the sale of Vantiv, Inc. common stock.

The above potential capital actions are subject to Board approval and other factors including regulatory developments and market conditions.

Additionally, as a CCAR institution, the Bancorp is required to disclose the results of its company-run stress test under the supervisory severely adverse scenario, and to provide information related to the types of risk included in its stress testing; a general description of the methodologies used; estimates of certain financial results and pro forma capital ratios; and an explanation of the most significant causes of changes in regulatory capital ratios. On March 26, 2014 the Bancorp publicly disclosed the results of its company-run stress test as required by the Dodd-Frank Act stress testing rules, in a Form 8-K.

The BHCs that participated in the 2014 CCAR, including the Bancorp, are required to conduct mid-cycle company-run stress tests using data as of March 31, 2014. The stress tests must be based on three BHC defined scenarios baseline, adverse and severely adverse. The BHCs must report the mid-cycle stress test results to the FRB by July 7, 2014. In addition, between September 15 and September 30, 2014, the BHCs must publicly disclose a summary of the results under the severely adverse scenario.

Dividend Policy and Stock Repurchase Program

The Bancorp s common stock dividend policy and stock repurchase program reflect its earnings outlook, desired payout ratios, the need to maintain adequate capital levels, the ability of its subsidiaries to pay dividends, the need to comply with safe and sound banking practices as well as meet regulatory requirements and expectations. The Bancorp declared dividends per common share of $0.12 and $0.11 for the three months ended March 31, 2014 and 2013, respectively. The Bancorp entered into a number of accelerated share repurchase transactions during 2013 and the three months ended March 31, 2014. Refer to Note 13 of the Notes to Condensed Consolidated Financial Statements for additional information on the accelerated share repurchases.

TABLE 56: Share Repurchases

Period	Total Number of Shares Purchased[(a)]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
January 1, 2014 - January 31, 2014	3,950,705	$ 21.74	3,950,705	39,120,908
February 1, 2014 - February 28, 2014				39,120,908
March 1, 2014 - March 31, 2014[(c)]	4,029,536[(b)]	21.21	4,029,536	100,000,000

Total	7,980,241	$ 21.47	7,980,241	100,000,000

(a) The Bancorp repurchased 411,355 shares during the first quarter of 2014 in connection with various employee compensation plans. These purchases are not included in the calculation for average price paid per share and do not count against the maximum number of shares that may yet be purchased under the Board of Directors authorization.

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

(c) In March of 2014, 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. The authorization does not include specific price targets or an expiration date. All shares settled during the first quarter of 2014 were included under the previous 100 million share repurchase program.

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

OFF-BALANCE SHEET ARRANGEMENTS

In the ordinary course of business, the Bancorp enters into financial transactions that are considered off-balance sheet arrangements as they involve varying elements of market, credit and liquidity risk in excess of the amounts recognized in the Bancorp s Condensed Consolidated Balance Sheets. The Bancorp s off-balance sheet arrangements include commitments, contingent liabilities, guarantees, and transactions with non-consolidated VIEs. A brief discussion of these transactions is as follows:

Commitments

The Bancorp has certain commitments to make future payments under contracts, including commitments to extend credit, letters of credit, forward contracts related to held for sale mortgage loans, noncancelable lease obligations, capital commitments for private equity investments and purchase obligations. Refer to Note 14 of the Notes to Condensed Consolidated Financial Statements for additional information on commitments.

Guarantees and Contingent Liabilities

The Bancorp has performance obligations upon the occurrence of certain events provided in certain contractual arrangements, including residential mortgage loans sold with representation and warranty provisions or credit recourse. Refer to Note 14 of the Notes to Condensed Consolidated Financial Statements for additional information on guarantees and contingent liabilities.

Transactions with Non-consolidated VIEs

The Bancorp engages in a variety of activities that involve VIEs, which are legal entities that lack sufficient equity to finance their activities, or the equity investors of the entities as a group lack any of the characteristics of a controlling interest. The investments in those entities in which the Bancorp was determined not to be the primary beneficiary but holds a variable interest in the entity are accounted for under the equity method of accounting or other accounting standards as appropriate and not consolidated. Refer to Note 8 of the Notes to Condensed Consolidated Financial Statements for additional information on non-consolidated VIEs.

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Quantitative and Qualitative Disclosure about Market Risk (Item 3)

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

Controls and Procedures (Item 4)

The Bancorp conducted an evaluation, under the supervision and with the participation of the Bancorp s management, including the Bancorp s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Bancorp s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act). Based on the foregoing, as of the end of the period covered by this report, the Bancorp s Chief Executive Officer and Chief Financial Officer concluded that the Bancorp s disclosure controls and procedures were effective, in all material respects, to ensure that information required to be disclosed in the reports the Bancorp files and submits under the Exchange Act is recorded, processed, summarized and reported as and when required and information is accumulated and communicated to the Bancorp s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. The Bancorp s management also conducted an evaluation of internal control over financial reporting to determine whether any changes occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Bancorp s internal control over financial reporting. Based on this evaluation, there has been no such change during the period covered by this report.

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Fifth Third Bancorp and Subsidiaries

Condensed Consolidated Financial Statements and Notes (Item 1)

CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

	As of	
($ in millions, except share data)	**March 31, 2014**	December 31, 2013
Assets		
Cash and due from banks[(a)]	**$ 3,153**	3,178
Available-for-sale and other securities[(b)]	**20,749**	18,597
Held-to-maturity securities[(c)]	**195**	208
Trading securities	**347**	343
Other short-term investments[(a)]	**2,202**	5,116
Loans held for sale[(d)]	**780**	944
Portfolio loans and leases:		
Commercial and industrial loans	**40,591**	39,316
Commercial mortgage loans[(a)]	**7,958**	8,066
Commercial construction loans	**1,218**	1,039
Commercial leases	**3,577**	3,625
Residential mortgage loans[(e)]	**12,626**	12,680
Home equity	**9,125**	9,246
Automobile loans[(a)]	**12,088**	11,984
Credit card	**2,177**	2,294
Other consumer loans and leases	**345**	364
Portfolio loans and leases	**89,705**	88,614
Allowance for loan and lease losses[(a)]	**(1,483)**	(1,582)
Portfolio loans and leases, net	**88,222**	87,032
Bank premises and equipment	**2,528**	2,531
Operating lease equipment	**714**	730
Goodwill	**2,416**	2,416
Intangible assets	**18**	19
Servicing rights	**975**	971
Other assets[(a)]	**7,355**	8,358
Total Assets	**$ 129,654**	130,443
Liabilities		
Deposits:		
Demand	**$ 31,234**	32,634
Interest checking	**25,472**	25,875
Savings	**16,867**	17,045
Money market	**13,208**	11,644
Other time	**3,660**	3,530
Certificates - $100,000 and over	**4,511**	6,571
Foreign office and other	**1,922**	1,976
Total deposits	**96,874**	99,275
Federal funds purchased	**268**	284

Other short-term borrowings	**2,717**	1,380
Accrued taxes, interest and expenses	**1,669**	1,758
Other liabilities[(a)]	**2,029**	3,487
Long-term debt[(a)]	**11,233**	9,633
Total Liabilities	**114,790**	115,817
Equity		
Common stock[(f)]	**2,051**	2,051
Preferred stock[(g)]	**1,034**	1,034
Capital surplus	**2,674**	2,561
Retained earnings	**10,363**	10,156
Accumulated other comprehensive income	**196**	82
Treasury stock[(f)]	**(1,492)**	(1,295)
Total Bancorp shareholders equity	**14,826**	14,589
Noncontrolling interests	**38**	37
Total Equity	**14,864**	14,626
Total Liabilities and Equity	**$ 129,654**	130,443

(a) *Includes **$102** and $49 of cash and due from banks, **$7** and $0 of other short-term investments, **$48** and $48 of commercial mortgage loans, **$2,031** and $1,010 of automobile loans, **$(18)** and $(15) of ALLL, **$23** and $13 of other assets, **$3** and $1 of other liabilities, and **$2,119** and $1,048 of long-term debt from consolidated VIEs that are included in their respective captions above at **March 31, 2014** and December 31, 2013, respectively. See Note 8.*

(b) *Amortized cost of **$20,393** and $18,409 at **March 31, 2014** and December 31, 2013, respectively.*

(c) *Fair value of **$195** and $208 at **March 31, 2014** and December 31, 2013, respectively.*

(d) *Includes **$649** and $890 of residential mortgage loans held for sale measured at fair value at **March 31, 2014** and December 31, 2013, respectively.*

(e) *Includes **$103** and $92 of residential mortgage loans measured at fair value at **March 31, 2014** and December 31, 2013, respectively.*

(f) *Common shares: Stated value $2.22 per share; authorized 2,000,000,000; outstanding at **March 31, 2014** **847,568,728** (excludes **76,323,853** treasury shares), December 31, 2013 855,305,745 (excludes 68,586,836 treasury shares).*

(g) *458,000 shares of undesignated no par value preferred stock are authorized and unissued at **March 31, 2014** and December 31, 2013; fixed-to-floating rate non-cumulative Series H perpetual preferred stock with a $25,000 liquidation preference: **24,000** authorized shares, issued and outstanding at **March 31, 2014** and December 31, 2013 and fixed-to-floating rate non-cumulative Series I perpetual preferred stock with a $25,000 liquidation preference; **18,000** authorized shares, issued and outstanding at **March 31, 2014** and December 31, 2013.*

See Notes to Condensed Consolidated Financial Statements.

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Fifth Third Bancorp and Subsidiaries

Condensed Consolidated Financial Statements and Notes (continued)

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (unaudited)

	For the three months ended March 31,		
($ in millions, except share data)		**2014**	2013
Interest Income			
Interest and fees on loans and leases	$	**823**	882
Interest on securities		**168**	112
Interest on other short-term investments		**2**	1
Total interest income		**993**	995
Interest Expense			
Interest on deposits		**48**	50
Interest on other short-term borrowings		**1**	3
Interest on long-term debt		**51**	54
Total interest expense		**100**	107
Net Interest Income		**893**	888
Provision for loan and lease losses		**69**	62
Net Interest Income After Provision for Loan and Lease Losses		**824**	826
Noninterest Income			
Service charges on deposits		**133**	131
Mortgage banking net revenue		**109**	220
Corporate banking revenue		**104**	99
Investment advisory revenue		**102**	100
Card and processing revenue		**68**	65
Other noninterest income		**41**	109
Securities gains, net		**7**	17
Securities gains, net - non-qualifying hedges on mortgage servicing rights			2
Total noninterest income		**564**	743
Noninterest Expense			
Salaries, wages and incentives		**359**	399
Employee benefits		**101**	114
Net occupancy expense		**80**	79
Technology and communications		**53**	49
Card and processing expense		**31**	31
Equipment expense		**30**	28
Other noninterest expense		**296**	278
Total noninterest expense		**950**	978

Income Before Income Taxes		**438**	591
Applicable income tax expense		**119**	179
Net Income		**319**	412
Less: Net income attributable to noncontrolling interests		**1**	(10)
Net Income Attributable to Bancorp		**318**	422
Dividends on preferred stock		**9**	9
Net Income Available to Common Shareholders	**$**	**309**	413
Earnings Per Share	**$**	**0.36**	0.47
Earnings Per Diluted Share	**$**	**0.36**	0.46
Average common shares - basic		**845,860,065**	870,923,074
Average common shares - diluted		**857,923,596**	913,163,262
Cash dividends declared per common share	**$**	**0.12**	0.11

See Notes to Condensed Consolidated Financial Statements.

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Fifth Third Bancorp and Subsidiaries

Condensed Consolidated Financial Statements and Notes (continued)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

($ in millions)	For the three months ended March 31, 2014	2013
Net income	**$ 319**	412
Other comprehensive income (loss), net of tax:		
Unrealized gains on available-for-sale securities:		
Unrealized holding gains (losses) on available-for-sale securities arising during period	**113**	(36)
Reclassification adjustment for net (gains) losses included in net income	**(3)**	5
Unrealized gains on cash flow hedge derivatives:		
Unrealized holding gains on cash flow hedge derivatives arising during period	**10**	1
Reclassification adjustment for net gains included in net income	**(7)**	(14)
Defined benefit pension plans:		
Reclassification of amounts to net periodic benefit costs	**1**	2
Other comprehensive income (loss)	**114**	(42)
Comprehensive income	**433**	370
Less: Comprehensive income attributable to noncontrolling interests	**1**	(10)
Comprehensive income attributable to Bancorp	**$ 432**	380

See Notes to Condensed Consolidated Financial Statements.

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Fifth Third Bancorp and Subsidiaries

Condensed Consolidated Financial Statements and Notes (continued)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (unaudited)

	Bancorp Shareholders Equity									
($ in millions, except per share data)	Common Stock	Preferred Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total Bancorp Shareholders Equity	Non-Controlling Interests	Total Equity
Balance at December 31, 2012	$ 2,051	398	2,758	8,768	375	(634)	13,716	48	13,764
Net income				422			422	(10)	412
Other comprehensive loss					(42)		(42)		(42)
Cash dividends declared:									
Common stock at $0.11 per share				(96)			(96)		(96)
Preferred stock				(9)			(9)		(9)
Shares acquired for treasury			10			(135)	(125)		(125)
Impact of stock transactions under stock compensation plans, net			14			3	17		17
Other				(1)			(1)		(1)
Balance at March 31, 2013	2,051	398	2,782	9,084	333	(766)	13,882	38	13,920
Balance at December 31, 2013	2,051	1,034	2,561	10,156	82	(1,295)	14,589	37	14,626
Net income				**318**			**318**	**1**	**319**
Other comprehensive income					**114**		**114**		**114**
Cash dividends declared:									
Common stock at $0.12 per share				**(102)**			**(102)**		**(102)**
Preferred stock				**(9)**			**(9)**		**(9)**
Shares acquired for treasury			**100**			**(199)**	**(99)**		**(99)**
Impact of stock transactions under stock compensation plans, net			**13**			**2**	**15**		**15**
Balance at March 31, 2014	**$ 2,051**	**1,034**	**2,674**	**10,363**	**196**	**(1,492)**	**14,826**	**38**	**14,864**

See Notes to Condensed Consolidated Financial Statements.

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Fifth Third Bancorp and Subsidiaries

Condensed Consolidated Financial Statements and Notes (continued)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

($ in millions)	For the three months ended March 31, 2014	2013
Operating Activities		
Net income	**$ 319**	412
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan and lease losses	**69**	62
Depreciation, amortization and accretion	**98**	137
Stock-based compensation expense	**17**	17
Provision for deferred income taxes	**37**	37
Securities gains, net	**(7)**	(17)
Securities gains, net non-qualifying hedges on mortgage servicing rights		(2)
Recovery of MSR impairment	**(4)**	(49)
Net gains on sales of loans and fair value adjustments on loans held for sale	**(3)**	(141)
Capitalized servicing rights	**(23)**	(79)
Proceeds from sales of loans held for sale	**1,674**	7,097
Loans originated for sale, net of repayments	**(1,419)**	(6,078)
Dividends representing return on equity method investments	**1**	4
Net change in:		
Trading securities	**(4)**	(9)
Other assets	**432**	(533)
Accrued taxes, interest and expenses	**(185)**	(120)
Other liabilities	**(662)**	487
Net Cash Provided by Operating Activities	**340**	1,225
Investing Activities		
Sales:		
Available-for-sale securities	**2,069**	2,215
Loans	**36**	552
Disposal of bank premises and equipment	**2**	3
Repayments / maturities:		
Available-for-sale securities	**561**	910
Held-to-maturity securities	**13**	
Purchases:		
Available-for-sale securities	**(4,806)**	(2,906)
Bank premises and equipment	**(61)**	(61)
Proceeds from sales and dividends representing return of equity method investments	**29**	74
Net change in:		
Other short-term investments	**2,914**	135
Loans and leases	**(1,388)**	(1,208)
Operating lease equipment	**(1)**	(30)

Net Cash Used in Investing Activities	**(632)**	(316)
Financing Activities		
Net change in:		
Core deposits	**(340)**	(2)
Certificates - $100,000 and over, including other foreign office	**(2,061)**	2,109
Federal funds purchased	**(15)**	(515)
Other short-term borrowings	**1,337**	(3,841)
Dividends paid on common shares	**(103)**	(88)
Dividends paid on preferred shares	**(9)**	
Proceeds from issuance of long-term debt	**1,745**	1,300
Repayment of long-term debt	**(186)**	(2)
Repurchase of treasury shares and related forward contract	**(99)**	(125)
Other	**(2)**	
Net Cash Provided by (Used in) Financing Activities	**267**	(1,164)
Decrease in Cash and Due from Banks	**(25)**	(255)
Cash and Due from Banks at Beginning of Period	**3,178**	2,441
Cash and Due from Banks at End of Period	**$ 3,153**	2,186

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

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Fifth Third Bancorp and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

1. Basis of Presentation

The Condensed Consolidated Financial Statements include the accounts of the Bancorp and its majority-owned subsidiaries and VIEs in which the Bancorp has been determined to be the primary beneficiary. Other entities, including certain joint ventures, in which the Bancorp has the ability to exercise significant influence over operating and financial policies of the investee, but upon which the Bancorp does not possess control, are accounted for by the equity method and not consolidated. Those entities in which the Bancorp does not have the ability to exercise significant influence are generally carried at the lower of cost or fair value. Intercompany transactions and balances have been eliminated.

In the opinion of management, the unaudited Condensed Consolidated Financial Statements include all adjustments, which consist of normal recurring accruals, necessary to present fairly the 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 latest annual financial statements. The results of operations and comprehensive income for the three months ended March 31, 2014 and 2013 and the cash flows and changes in equity for the three months ended March 31, 2014 and 2013 are not necessarily indicative of the results to be expected for the full year. Financial information as of December 31, 2013 has been derived from the annual audited Consolidated Financial Statements of the Bancorp.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Supplemental Cash Flow Information

Cash payments related to interest and income taxes in addition to noncash investing and financing activities are presented in the following table for the three months ended March 31:

($ in millions)	**2014**	2013
Cash payments:		
Interest	**$ 133**	122
Income taxes	**21**	34
Transfers:		
Portfolio loans to loans held for sale	**73**	590
Loans held for sale to portfolio loans	**12**	12
Portfolio loans to OREO	**37**	64
Loans held for sale to OREO	**2**	3

3. Accounting and Reporting Developments

Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation is Fixed at the Reporting Date

In February 2013, the FASB issued amended guidance relating to the measurement of obligations resulting from joint and several liability arrangements for which the total amount under the arrangement is fixed at the reporting date. For the total amount of an obligation under an arrangement to be considered fixed at the reporting date, there can be no measurement uncertainty relating to the total amount of the obligation. The obligation resulting from joint and several liability arrangements is measured initially as the sum of 1) the amount the Bancorp has agreed to pay on the basis of its arrangement among its co-obligors and 2) any additional amount the Bancorp expects to pay on behalf of its co-obligors. The amended guidance also requires the Bancorp to disclose the nature and amount of the obligation as well as information about the risks that such obligations pose to future cash flows. The amended guidance was effective for reporting periods beginning after December 15, 2013 and is applied retrospectively to all prior periods presented for those obligations resulting from joint and several liability arrangements that exist at the beginning of the fiscal year of adoption. The Bancorp adopted the amended guidance on January 1, 2014 and the adoption did not have a material impact on the Bancorp s Condensed Consolidated Financial Statements.

Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists

In July 2013, the FASB issued amended guidance to clarify that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except as follows. To the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The assessment of whether a deferred tax asset is available is based on the unrecognized tax benefit and deferred tax asset that exist at the reporting date and should be made presuming disallowance of the tax position at the reporting date. The amended guidance was effective for fiscal years, and interim periods within those years, beginning after December 15, 2013, with early adoption permitted. The Bancorp adopted the amended guidance on January 1, 2014 and the adoption of the amended guidance did not have a material impact on the Bancorp s Condensed Consolidated Financial Statements.

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Fifth Third Bancorp and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

Accounting for Investments in Qualified Affordable Housing Projects

In January 2014, the FASB issued amended guidance that permits the Bancorp to make an accounting policy election to account for its investments in qualified affordable housing projects using a proportional amortization method if certain conditions are met. Under the proportional amortization method, the Bancorp would amortize the initial cost of the investment in proportion to the tax credits and other tax benefits received and recognize the net investment performance in the income statement as a component of income tax expense (benefit). The amended guidance requires disclosure of the nature of the Bancorp s investments in qualified affordable housing projects, and the effect of the measurement of the investments in qualified affordable housing projects and the related tax credits on the Bancorp s financial position and results of operation. The amended guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2014, with early adoption permitted. The Bancorp is currently in the process of evaluating whether it will make a policy election to account for its investments in qualified affordable housing projects using the proportional amortization method if applicable, and if this policy election is made, whether to early adopt the amended guidance.

Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure

In January 2014, the FASB issued amended guidance that clarifies when a creditor should be considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan such that the loan receivable should be derecognized and the real estate property recognized. The amended guidance clarifies that an in substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either (1) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure or (2) the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. In addition, the amended guidance requires interim and annual disclosures of both (1) the amount of foreclosed residential real estate property held by the creditor and (2) the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure according to local requirements of the applicable jurisdiction. The amended guidance may be applied prospectively or through a modified retrospective approach and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2014, with early adoption permitted. The adoption of the amended guidance is not expected to have a material impact on the Bancorp s Condensed Consolidated Financial Statements.

Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity

In April 2014, the FASB issued amended guidance that changes the criteria for reporting discontinued operations. The amended guidance requires a disposal of a component of an entity or a group of components of an entity to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity s operations and financial results when any of the following occurs: 1) the component of an entity or group of components of an entity meets the criteria to be classified as held for sale; 2) The component of an entity or group of components of an entity is disposed of by sale; or 3) The component of an entity or group of components of an entity is disposed of other than by sale (for example, by abandonment or in a distribution to owners in a spinoff). The amended guidance requires an entity to present, for each comparative period, the assets and liabilities of a disposal group that includes a discontinued operation separately in the asset and liability sections, respectively, of the statement of financial position, as well as additional disclosures about discontinued operations. The amended guidance is to be applied prospectively for 1) all disposals (or classifications as held for sale) of components of an entity that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years; and 2) all businesses or nonprofit activities that, on acquisition, are classified as held for sale that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued. The adoption of the amended guidance is not expected to have a material impact on the Bancorp s Condensed Consolidated Financial Statements.

4. Securities

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

March 31, 2014 ($ in millions)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale and other:				
U.S. Treasury and government agencies	**$ 26**			**26**
U.S. Government sponsored agencies	**1,522**	**113**		**1,635**
Obligations of states and political subdivisions	**186**	**8**		**194**
Agency mortgage-backed securities[(a)]	**14,029**	**220**	**(64)**	**14,185**
Other bonds, notes and debentures	**3,917**	**81**	**(7)**	**3,991**
Other securities[(b)]	**713**	**6**	**(1)**	**718**
Total	**$ 20,393**	**428**	**(72)**	**20,749**
Held-to-maturity:				
Obligations of states and political subdivisions	**$ 194**			**194**
Other debt securities	**1**			**1**
Total	**$ 195**			**195**

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Fifth Third Bancorp and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

December 31, 2013 ($ in millions)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale and other:				
U.S. Treasury and government agencies	$ 26			26
U.S. Government sponsored agencies	1,523	121		1,644
Obligations of states and political subdivisions	187	5		192
Agency mortgage-backed securities[(a)]	12,294	140	(150)	12,284
Other bonds, notes and debentures	3,514	76	(8)	3,582
Other securities[(b)]	865	5	(1)	869
Total	$ 18,409	347	(159)	18,597
Held-to-maturity:				
Obligations of states and political subdivisions	$ 207			207
Other debt securities	1			1
Total	$ 208			208

(a) *Includes interest-only mortgage backed securities of **$217** and $262 as of **March 31, 2014** and December 31, 2013, respectively, recorded at fair value with fair value changes recorded in securities gains, net and securities gains, net-non-qualifying hedges on mortgage servicing rights in the Condensed Consolidated Statements of Income.*

(b) *Other securities consist of FHLB and FRB restricted stock holdings of **$249** and **$350**, respectively, at **March 31, 2014** and $402 and $349, respectively, at December 31, 2013, that are carried at cost, and certain mutual fund and equity security holdings.*

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

($ in millions)	For the three months ended March 31, **2014**	2013
Realized gains	**$ 27**	18
Realized losses	**(5)**	(25)
OTTI	**(17)**	
Net realized gains (losses)[(a)]	**$ 5**	(7)

(a) *Excludes net gains on interest-only mortgage-backed securities of $**1** and $24 for the three months ended **March 31, 2014** and 2013, respectively.*

Trading securities totaled $347 million as of March 31, 2014, compared to $343 million at December 31, 2013. Gross realized gains and gross realized losses on trading securities were immaterial to the Bancorp for the three months ended March 31, 2014 and 2013. Net unrealized gains on trading securities were $1 million and $2 million at March 31, 2014 and 2013, respectively.

At March 31, 2014 and December 31, 2013, securities with a fair value of $10.6 billion and $11.6 billion, respectively, were pledged to secure borrowings, public deposits, trust funds, derivative contracts and for other purposes as required or permitted by law.

The expected maturity distribution of the Bancorp s agency mortgage-backed securities and the contractual maturity distribution of the remainder of the Bancorp s available-for-sale and other and held-to-maturity securities as of March 31, 2014 are shown in the following table:

	Available-for-Sale & Other		Held-to-Maturity	
($ in millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Debt securities:[(a)]				
Under 1 year	$ 92	95	16	16
1-5 years	3,626	3,814	160	160
5-10 years	12,430	12,507	17	17
Over 10 years	3,532	3,615	2	2
Other securities	713	718		
Total	$ 20,393	20,749	195	195

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

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Fifth Third Bancorp and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

The following table provides the fair value and gross unrealized losses on available-for-sale 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	
($ in millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
March 31, 2014						
Agency mortgage-backed securities	**5,323**	**(64)**			**5,323**	**(64)**
Other bonds, notes and debentures	**942**	**(5)**	**156**	**(2)**	**1,098**	**(7)**
Other securities	**33**	**(1)**	**4**		**37**	**(1)**
Total	**$ 6,298**	**(70)**	**160**	**(2)**	**6,458**	**(72)**
December 31, 2013						
Agency mortgage-backed securities	$ 7,221	(150)	1		7,222	(150)
Other bonds, notes and debentures	595	(5)	132	(3)	727	(8)
Other securities	33	(1)	4		37	(1)
Total	$ 7,849	(156)	137	(3)	7,986	(159)

Other-Than-Temporary Impairments

The Bancorp recognized $17 million of OTTI, included in securities gains, net, in the Bancorp s Condensed Consolidated Statements of Income, on its available-for sale and other debt securities during the three months ended March 31, 2014 and did not recognize any OTTI on its available-for sale and other debt securities during the three months ended March 31, 2013. The Bancorp did not recognize OTTI on any of its available-for-sale equity securities or its held-to-maturity debt securities during the three months ended March 31, 2014 and 2013. Less than one percent of unrealized losses in the available-for-sale securities portfolio were represented by non-rated securities at March 31, 2014 and December 31, 2013.

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Fifth Third Bancorp and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

5. Loans and Leases

The Bancorp diversifies its loan and lease portfolio by offering a variety of loan and lease products with various payment terms and rate structures. Lending activities are concentrated within those states in which the Bancorp has banking centers and are primarily located in the Midwestern and Southeastern regions of the United States. The Bancorp s commercial loan portfolio consists of lending to various industry types. Management periodically reviews the performance of its loan and lease products to evaluate whether they are performing within acceptable interest rate and credit risk levels and changes are made to underwriting policies and procedures as needed. The Bancorp maintains an allowance to absorb loan and lease losses inherent in the portfolio. For further information on credit quality and the ALLL, see Note 6.

The following table provides a summary of the total loans and leases classified by primary purpose as of:

($ in millions)	**March 31, 2014**	December 31, 2013
Loans and leases held for sale:		
Commercial and industrial loans	**$ 101**	31
Commercial mortgage loans	**1**	3
Commercial construction loans	**2**	2
Commercial leases		1
Residential mortgage loans	**649**	890
Other consumer loans and leases	**27**	17
Total loans and leases held for sale	**$ 780**	944
Portfolio loans and leases:		
Commercial and industrial loans	**$ 40,591**	39,316
Commercial mortgage loans	**7,958**	8,066
Commercial construction loans	**1,218**	1,039
Commercial leases	**3,577**	3,625
Total commercial loans and leases	**53,344**	52,046
Residential mortgage loans	**12,626**	12,680
Home equity	**9,125**	9,246
Automobile loans	**12,088**	11,984
Credit card	**2,177**	2,294
Other consumer loans and leases	**345**	364
Total consumer loans and leases	**36,361**	36,568
Total portfolio loans and leases	**$ 89,705**	88,614

Total portfolio loans and leases are recorded net of unearned income, which totaled $680 million as of March 31, 2014 and $700 million as of December 31, 2013. Additionally, portfolio loans and leases are recorded net of unamortized premiums and discounts, deferred loan fees and costs, and fair value adjustments (associated with acquired loans or loans designated at fair value upon origination) which totaled a net premium of $125 million and $111 million as of March 31, 2014 and December 31, 2013, respectively.

The Bancorp s FHLB and FRB advances are generally secured by loans. The Bancorp had loans of $10.6 billion and $10.9 billion at March 31, 2014 and December 31, 2013, respectively, pledged at the FHLB, and loans of $34.1 billion and $33.5 billion at March 31, 2014 and December 31, 2013, respectively, pledged at the FRB.

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Fifth Third Bancorp and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

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

($ in millions)	Balance March 31, 2014	Balance December 31, 2013	90 Days Past Due and Still Accruing March 31, 2014	90 Days Past Due and Still Accruing December 31, 2013
Commercial and industrial loans	**$ 40,692**	39,347	**$ 1**	
Commercial mortgage loans	**7,959**	8,069		
Commercial construction loans	**1,220**	1,041		
Commercial leases	**3,577**	3,626		
Residential mortgage loans	**13,275**	13,570	**56**	66
Home equity	**9,125**	9,246		
Automobile loans	**12,088**	11,984	**7**	8
Credit card	**2,177**	2,294	**30**	29
Other consumer loans and leases	**372**	381		
Total loans and leases	**$ 90,485**	89,558	**$ 94**	103
Less: Loans held for sale	**$ 780**	944		
Total portfolio loans and leases	**$ 89,705**	88,614		

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

($ in millions)	For the three months ended March 31, 2014	2013
Commercial and industrial loans	**$ 97**	25
Commercial mortgage loans	**3**	26
Commercial construction loans	**5**	3
Residential mortgage loans	**15**	20
Home equity	**16**	30
Automobile loans	**8**	4
Credit card	**19**	20
Other consumer loans and leases	**5**	5
Total	**$ 168**	133

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Fifth Third Bancorp and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

6. Credit Quality and the Allowance for Loan and Lease Losses

The Bancorp disaggregates ALLL balances and transactions in the ALLL by portfolio segment. Credit quality related disclosures for loans and leases are further disaggregated by class.

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

For the three months ended March 31, 2014

($ in millions)	Commercial	Residential Mortgage	Consumer	Unallocated	Total
Transactions in the ALLL:					
Balance, beginning of period	**$ 1,058**	**189**	**225**	**110**	**1,582**
Losses charged off	**(110)**	**(19)**	**(61)**		**(190)**
Recoveries of losses previously charged off	**5**	**4**	**13**		**22**
Provision for loan and lease losses	**28**	**6**	**40**	**(5)**	**69**
Balance, end of period	**$ 981**	**180**	**217**	**105**	**1,483**

For the three months ended March 31, 2013

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

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

As of March 31, 2014 ($ in millions)	Commercial	Residential Mortgage	Consumer	Unallocated	Total
ALLL:(a)					
Individually evaluated for impairment	**$ 182** (c)	**140**	**51**		**373**
Collectively evaluated for impairment	**799**	**40**	**166**		**1,005**
Unallocated				**105**	**105**
Total ALLL	**$ 981**	**180**	**217**	**105**	**1,483**

Loans and leases:(b)

Individually evaluated for impairment	**$ 1,306** [c]	**1,310**	**483**		**3,099**
Collectively evaluated for impairment	**52,038**	**11,209**	**23,252**		**86,499**
Loans acquired with deteriorated credit quality		**4**			**4**
Total portfolio loans and leases	**$ 53,344**	**12,523**	**23,735**		**89,602**

*(a) Includes **$8** related to leveraged leases.*
*(b) Excludes **$103** of residential mortgage loans measured at fair value, and includes **$878** of leveraged leases, net of unearned income.*
*(c) Includes five restructured loans at **March 31, 2014** associated with a consolidated VIE in which the Bancorp has no continuing credit risk due to the risk being assumed by a third party, with a recorded investment of **$28** and an allowance of **$11**.*

As of December 31, 2013 ($ in millions)	Commercial	Residential Mortgage	Consumer	Unallocated	Total
ALLL:[a]					
Individually evaluated for impairment	$ 186 [c]	139	53		378
Collectively evaluated for impairment	872	50	172		1,094
Unallocated				110	110
Total ALLL	$ 1,058	189	225	110	1,582
Loans and leases:[b]					
Individually evaluated for impairment	$ 1,560 [c]	1,325	496		3,381
Collectively evaluated for impairment	50,486	11,259	23,392		85,137
Loans acquired with deteriorated credit quality		4			4
Total portfolio loans and leases	$ 52,046	12,588	23,888		88,522

(a) Includes $9 related to leveraged leases.
(b) Excludes $92 of residential mortgage loans measured at fair value, and includes $881 of leveraged leases, net of unearned income.
(c) Includes five restructured loans at December 31, 2013 associated with a consolidated VIE in which the Bancorp has no continuing credit risk due to the risk being assumed by a third party, with a recorded investment of $28 and an allowance of $11.

CREDIT RISK PROFILE

Commercial Portfolio Segment

For purposes of monitoring the credit quality and risk characteristics of its commercial portfolio segment, the Bancorp disaggregates the segment into the following classes: commercial and industrial, commercial mortgage owner-occupied, commercial mortgage non-owner occupied, commercial construction and commercial leasing.

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Notes to Condensed Consolidated Financial Statements (unaudited)

To facilitate the monitoring of credit quality within the commercial portfolio segment, and for purposes of analyzing historical loss rates used in the determination of the ALLL for the commercial portfolio segment, the Bancorp utilizes the following categories of credit grades: pass, special mention, substandard, doubtful or loss. The five categories, which are derived from standard regulatory rating definitions, are assigned upon initial approval of credit to borrowers and updated periodically thereafter. Pass ratings, which are assigned to those borrowers that do not have identified potential or well defined weaknesses and for which there is a high likelihood of orderly repayment, are updated periodically based on the size and credit characteristics of the borrower. All other categories are updated on a quarterly basis during the month preceding the end of the calendar quarter.

The Bancorp assigns a special mention rating to loans and leases that have potential weaknesses that deserve management s close attention. If left uncorrected, these potential weaknesses may, at some future date, result in the deterioration of the repayment prospects for the loan or lease or the Bancorp s credit position.

The Bancorp assigns a substandard rating to loans and leases that are inadequately protected by the current sound worth and paying capacity of the borrower or of the collateral pledged. Substandard loans and leases have well defined weaknesses or weaknesses that could jeopardize the orderly repayment of the debt. Loans and leases in this grade also are characterized by the distinct possibility that the Bancorp will sustain some loss if the deficiencies noted are not addressed and corrected.

The Bancorp assigns a doubtful rating to loans and leases that have all the attributes of a substandard rating with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonable specific pending factors that may work to the advantage of and strengthen the credit quality of the loan or lease, its classification as an estimated loss is deferred until its more exact status may be determined. Pending factors may include a proposed merger or acquisition, liquidation proceeding, capital injection, perfecting liens on additional collateral or refinancing plans.

Loans and leases classified as loss are considered uncollectible and are charged off in the period in which they are determined to be uncollectible. Because loans and leases in this category are fully charged down, they are not included in the following tables.

The following table summarizes the credit risk profile of the Bancorp s commercial portfolio segment, by class:

As of March 31, 2014 ($ in millions)	Pass	Special Mention	Substandard	Doubtful	Total
Commercial and industrial loans	**$ 38,061**	**1,175**	**1,313**	**42**	**40,591**
Commercial mortgage owner occupied loans	**3,825**	**196**	**375**	**2**	**4,398**
Commercial mortgage non-owner occupied loans	**2,913**	**242**	**405**		**3,560**
Commercial construction loans	**1,078**	**37**	**103**		**1,218**
Commercial leases	**3,500**	**47**	**30**		**3,577**
Total	**$ 49,377**	**1,697**	**2,226**	**44**	**53,344**

As of December 31, 2013 ($ in millions)	Pass	Special Mention	Substandard	Doubtful	Total
Commercial and industrial loans	$ 36,776	1,118	1,419	3	39,316
Commercial mortgage owner occupied loans	3,866	209	415	17	4,507

Commercial mortgage non-owner occupied loans	2,879	248	431	1	3,559
Commercial construction loans	855	32	152		1,039
Commercial leases	3,546	56	23		3,625
Total	$ 47,922	1,663	2,440	21	52,046

Consumer Portfolio Segment

For purposes of monitoring the credit quality and risk characteristics of its consumer portfolio segment, the Bancorp disaggregates the segment into the following classes: home equity, automobile loans, credit card, and other consumer loans and leases. The Bancorp s residential mortgage portfolio segment is also a separate class.

The Bancorp considers repayment performance as the best indicator of credit quality for residential mortgage and consumer loans, which includes both the delinquency status and performing versus nonperforming status of the loans. The delinquency status of all residential mortgage and consumer loans is presented by class in the age analysis section below while the performing versus nonperforming status is presented in the table below. Refer to the nonaccrual section of Note 1 in the Bancorp s Form 10-K for the year ended December 31, 2013 for additional delinquency and nonperforming information.

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The following table presents a summary of the Bancorp s residential mortgage and consumer portfolio segments disaggregated into performing versus nonperforming status as of:

	March 31, 2014		December 31, 2013	
($ in millions)	Performing	Nonperforming	Performing	Nonperforming
Residential mortgage loans[(a)]	**$ 12,382**	**141**	12,423	165
Home equity	**9,031**	**94**	9,153	93
Automobile loans	**12,087**	**1**	11,982	2
Credit card	**2,144**	**33**	2,261	33
Other consumer loans and leases	**345**		364	
Total	**$ 35,989**	**269**	36,183	293

*(a) Excludes **$103** and $92 of loans measured at fair value at **March 31, 2014** and December 31, 2013, respectively.*

Age Analysis of Past Due Loans and Leases

The following tables summarize the Bancorp s recorded investment in portfolio loans and leases by age and class:

As of March 31, 2014		Past Due				
($ in millions)	Current Loans and Leases*(c)*	30-89 Days*(c)*	90 Days and Greater*(c)*	Total Past Due	Total Loans and Leases	90 Days Past Due and Still Accruing
Commercial:						
Commercial and industrial loans	**$ 40,402**	**35**	**154**	**189**	**40,591**	**1**
Commercial mortgage owner occupied loans	**4,321**	**10**	**67**	**77**	**4,398**	
Commercial mortgage non-owner occupied loans	**3,524**	**4**	**32**	**36**	**3,560**	
Commercial construction loans	**1,199**	**15**	**4**	**19**	**1,218**	
Commercial leases	**3,573**	**2**	**2**	**4**	**3,577**	
Residential mortgage loans[(a) (b)]	**12,255**	**71**	**197**	**268**	**12,523**	**56**
Consumer:						
Home equity	**8,947**	**99**	**79**	**178**	**9,125**	
Automobile loans	**12,037**	**42**	**9**	**51**	**12,088**	**7**
Credit card	**2,111**	**31**	**35**	**66**	**2,177**	**30**
Other consumer loans and leases	**344**	**1**		**1**	**345**	
Total portfolio loans and leases[(a)]	**$ 88,713**	**310**	**579**	**889**	**89,602**	**94**

*(a) Excludes **$103** of loans measured at fair value.*

*(b) Information for current residential mortgage loans includes loans whose repayments are insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs. As of **March 31, 2014**, **$75** of these loans were 30-89 days past due and **$347** were 90 days or more past due. The Bancorp recognized **$5** of losses during the three months ended **March 31, 2014** due to claim denials and curtailments associated with these loans.*

(c) Includes accrual and nonaccrual loans and leases.

As of December 31, 2013 ($ in millions)	Current Loans and Leases*(c)*	Past Due 30-89 Days*(c)*	Past Due 90 Days and Greater*(c)*	Total Past Due	Total Loans and Leases	90 Days Past Due and Still Accruing
Commercial:						
Commercial and industrial loans	$ 39,118	53	145	198	39,316	
Commercial mortgage owner occupied loans	4,423	15	69	84	4,507	
Commercial mortgage non-owner occupied loans	3,515	9	35	44	3,559	
Commercial construction loans	1,010		29	29	1,039	
Commercial leases	3,620		5	5	3,625	
Residential mortgage loans[(a) (b)]	12,284	73	231	304	12,588	66
Consumer:						
Home equity	9,058	102	86	188	9,246	
Automobile loans	11,919	55	10	65	11,984	8
Credit card	2,225	36	33	69	2,294	29
Other consumer loans and leases	362	2		2	364	
Total portfolio loans and leases[(a)]	$ 87,534	345	643	988	88,522	103

(a) Excludes $92 of loans measured at fair value.

(b) Information for current residential mortgage loans includes loans whose repayments are insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs. As of December 31, 2013, $81 of these loans were 30-89 days past due and $378 were 90 days or more past due. The Bancorp recognized $5 of losses for the year ended December 31, 2013 due to claim denials and curtailments associated with these loans.

(c) Includes accrual and nonaccrual loans and leases.

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Impaired Loans and Leases

Larger commercial loans and leases included within aggregate borrower relationship balances exceeding $1 million that exhibit probable or observed credit weaknesses are subject to individual review for impairment. The Bancorp also performs an individual review on loans and leases that are restructured in a troubled debt restructuring. The Bancorp considers the current value of collateral, credit quality of any guarantees, the loan structure, and other factors when evaluating whether an individual loan or lease is impaired. Other factors may include the geography and industry of the borrower, size and financial condition of the borrower, cash flow and leverage of the borrower, and the Bancorp s evaluation of the borrower s management. Smaller-balance homogenous loans or leases that are collectively evaluated for impairment are not included in the following tables.

The following tables summarize the Bancorp s impaired loans and leases (by class) that were subject to individual review, which includes all loans and leases restructured in a troubled debt restructuring:

As of March 31, 2014

($ in millions)	Unpaid Principal Balance	Recorded Investment	Allowance
With a related allowance recorded:			
Commercial:			
Commercial and industrial loans	**$ 663**	**531**	**140**
Commercial mortgage owner occupied loans[(b)]	**85**	**71**	**11**
Commercial mortgage non-owner occupied loans	**105**	**82**	**12**
Commercial construction loans	**76**	**60**	**5**
Commercial leases	**3**	**3**	**3**
Restructured residential mortgage loans	**1,074**	**1,044**	**140**
Restructured consumer:			
Home equity	**366**	**363**	**36**
Automobile loans	**22**	**21**	**3**
Credit card	**57**	**57**	**12**
Total impaired loans and leases with a related allowance	**$ 2,451**	**2,232**	**362**
With no related allowance recorded:			
Commercial:			
Commercial and industrial loans	**$ 242**	**198**	
Commercial mortgage owner occupied loans	**90**	**82**	
Commercial mortgage non-owner occupied loans	**191**	**185**	
Commercial construction loans	**64**	**52**	
Commercial leases	**14**	**14**	
Restructured residential mortgage loans	**300**	**266**	
Restructured consumer:			
Home equity	**43**	**39**	
Automobile loans	**3**	**3**	
Total impaired loans and leases with no related allowance	**947**	**839**	

Total impaired loans and leases	**$ 3,398**	**3,071** [(a)]	**362**

(a) *Includes **$847**, **$1,237** and **$430**, respectively, of commercial, residential mortgage and consumer TDRs on accrual status; **$209**, **$73** and **$53**, respectively, of commercial, residential mortgage and consumer TDRs on nonaccrual status.*

(b) *Excludes five restructured loans at **March 31, 2014** associated with a consolidated VIE in which the Bancorp has no continuing credit risk due to the risk being assumed by a third party, with an unpaid principal balance of **$28**, a recorded investment of **$28**, and an allowance of **$11**.*

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As of December 31, 2013 ($ in millions)	Unpaid Principal Balance	Recorded Investment	Allowance
With a related allowance recorded:			
Commercial:			
Commercial and industrial loans	$ 870	759	145
Commercial mortgage owner occupied loans(b)	85	74	11
Commercial mortgage non-owner occupied loans	154	134	14
Commercial construction loans	68	54	5
Commercial leases	12	12	
Restructured residential mortgage loans	1,081	1,052	139
Restructured consumer:			
Home equity	377	373	39
Automobile loans	23	23	3
Credit card	59	58	11
Total impaired loans and leases with a related allowance	$ 2,729	2,539	367
With no related allowance recorded:			
Commercial:			
Commercial and industrial loans	$ 181	177	
Commercial mortgage owner occupied loans	106	98	
Commercial mortgage non-owner occupied loans	154	147	
Commercial construction loans	77	63	
Commercial leases	14	14	
Restructured residential mortgage loans	313	273	
Restructured consumer:			
Home equity	43	39	
Automobile loans	3	3	
Total impaired loans and leases with no related allowance	891	814	
Total impaired loans and leases	$ 3,620	3,353 (a)	367

(a) Includes $869, $1,241 and $444, respectively, of commercial, residential mortgage and consumer TDRs on accrual status; $228, $84 and $52, respectively, of commercial, residential mortgage and consumer TDRs on nonaccrual status.

(b) Excludes five restructured loans at December 31, 2013 associated with a consolidated VIE in which the Bancorp has no continuing credit risk due to the risk being assumed by a third party, with an unpaid principal balance of $28, a recorded investment of $28, and an allowance of $11.

The following table summarizes the Bancorp s average impaired loans and leases and interest income by class:

($ in millions)	**For the three months ended March 31, 2014**		For the three months ended March 31, 2013	
	Average Recorded	Interest Income	Average Recorded	Interest Income

	Investment	Recognized	Investment	Recognized
Commercial:				
Commercial and industrial loans	**$ 832**	**5**	$ 339	2
Commercial mortgage owner occupied loans[(a)]	**162**	**1**	140	1
Commercial mortgage non-owner occupied loans	**273**	**2**	341	2
Commercial construction loans	**114**		110	1
Commercial leases	**22**		11	
Restructured residential mortgage loans	**1,312**	**13**	1,306	13
Restructured consumer:				
Home equity	**406**	**5**	439	6
Automobile loans	**24**		32	
Credit card	**57**	**1**	73	1
Other consumer loans and leases			2	
Total impaired loans and leases	**$ 3,202**	**27**	$ 2,793	26

(a) *Excludes five restructured loans associated with a consolidated variable interest entity in which the Bancorp has no continuing credit risk due to the risk being assumed by a third party, with an average recorded investment of* ***$28*** *and $30 at* ***March 31, 2014*** *and 2013, respectively.*

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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; restructured commercial and credit card loans which have not yet met the requirements to be classified as a performing asset; restructured consumer loans which are 90 days past due based on the restructured terms unless the loan is both well-secured and in the process of collection; and certain other assets, including OREO and other repossessed property. The following table summarizes the Bancorp s nonperforming loans and leases, by class, as of:

($ in millions)	**March 31, 2014**	December 31, 2013
Commercial:		
Commercial and industrial loans	**$ 297**	281
Commercial mortgage owner occupied loans[(a)]	**87**	95
Commercial mortgage non-owner occupied loans	**59**	48
Commercial construction loans	**17**	29
Commercial leases	**4**	5
Total commercial loans and leases	**464**	458
Residential mortgage loans	**141**	166
Consumer:		
Home equity	**94**	93
Automobile loans	**1**	1
Credit card	**33**	33
Total consumer loans and leases	**128**	127
Total nonperforming loans and leases[(b) (c)]	**$ 733**	751
OREO and other repossessed property[(d)]	**213**	229

(a) *Excludes **$21** of restructured nonaccrual loans at both **March 31, 2014** and December 31, 2013 associated with a consolidated VIE in which the Bancorp has no continuing credit risk due to the risk being assumed by a third party.*

(b) *Excludes **$3*** and *$6 of nonaccrual loans held for sale at **March 31, 2014** and December 31, 2013, respectively.*

(c) *Includes **$9** and $10 of nonaccrual government insured commercial loans whose repayments are insured by the SBA at **March 31, 2014** and December 31, 2013, respectively, and **$2** of restructured nonaccrual government insured commercial loans at both **March 31, 2014** and December 31, 2013, respectively.*

(d) *Excludes **$85** and $77 of OREO related to government insured loans at **March 31, 2014** and December 31, 2013, respectively.*

Troubled Debt Restructurings

If a borrower is experiencing financial difficulty, the Bancorp may consider, in certain circumstances, modifying the terms of their loan to maximize collection of amounts due. Within each of the Bancorp s loan classes, TDRs typically involve either a reduction of the stated interest rate of the loan, an extension of the loan s maturity date(s) with a stated rate lower than the current market rate for a new loan with similar risk, or in limited circumstances, a reduction of the principal balance of the loan or the loan s accrued interest. Modifying the terms of loans may result in an increase or decrease to the ALLL depending upon the terms modified, the method used to measure the ALLL for a loan prior to modification, and whether any charge-offs were recorded on the loan before or at the time of modification. Refer to the ALLL section of Note 1 in the Bancorp s Form 10-K for the year ended December 31, 2013 for information on the Bancorp s ALLL methodology. Upon modification of a loan, the Bancorp measures the related impairment as the difference between the estimated future cash flows, discounted at the original effective yield of the loan, expected to be collected on the modified loan and the carrying value of the loan. The resulting measurement may result in the need for minimal or no valuation allowance because it is probable that all cash flows will be collected under the modified terms of the loan. In addition, if the stated interest rate was increased in a TDR, the cash flows on the modified loan, using the pre-modification interest rate as the discount rate, often exceed the recorded investment of the loan. Conversely, the Bancorp often recognizes an impairment loss as an increase to the ALLL upon a modification that reduces the stated interest rate on a loan.

If a TDR involves a reduction of the principal balance of the loan or the loan s accrued interest, that amount is charged off to the ALLL. As of March 31, 2014 and December 31, 2013, the Bancorp had $49 million and $46 million in line of credit commitments and $37 million and $40 million in letter of credit commitments, respectively, to lend additional funds to borrowers whose terms have been modified in a TDR.

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

March 31, 2014 ($ in millions)[(a)]	Number of loans modified in a TDR during the period[(b)]	Recorded investment in loans modified in a TDR during the period	Increase (Decrease) to ALLL upon modification	Charge-offs recognized upon modification
Commercial:				
Commercial and industrial loans	**22**	**$ 19**	**(4)**	
Commercial mortgage owner occupied loans	**16**	**12**	**(1)**	
Commercial mortgage non-owner occupied loans	**7**	**6**	**(1)**	
Residential mortgage loans	**310**	**45**	**3**	
Consumer:				
Home equity	**35**	**1**		
Automobile loans	**116**	**2**		
Credit card	**1,951**	**12**	**2**	
Total portfolio loans and leases	**2,457**	**$ 97**	**(1)**	

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

(a) *Excludes all loans and leases held for sale and loans acquired with deteriorated credit quality.*
(b) *Represents number of loans post-modification.*
(c) *Excludes five loans modified in a TDR during the three months ended March 31, 2013 associated with a consolidated VIE in which the Bancorp has no continuing credit risk due to the risk being assumed by a third party. The TDR had a recorded investment of $29, ALLL increased $7 upon modification, and*

a charge-off of $2 was recognized upon modification.

The Bancorp considers TDRs that become 90 days or more past due under the modified terms as subsequently defaulted. For commercial loans not subject to individual review for impairment, the historical loss rates that are applied to such commercial loans for purposes of determining the allowance include historical losses associated with subsequent defaults on loans previously modified in a TDR. For consumer loans, the Bancorp performs a qualitative assessment of the adequacy of the consumer ALLL by comparing the consumer ALLL to forecasted consumer losses over the projected loss emergence period (the forecasted losses include the impact of subsequent defaults of consumer TDRs). When a residential mortgage, home equity, auto or other consumer loan that has been modified in a TDR subsequently defaults, the present value of expected cash flows used in the measurement of the potential impairment loss is generally limited to the expected net proceeds from the sale of the loan s underlying collateral and any resulting impairment loss is reflected as a charge-off or an increase in ALLL. When a credit card loan that has been modified in a TDR subsequently defaults, the calculation of the impairment loss is consistent with the Bancorp s calculation for other credit card loans that have become 90 days or more past due.

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The following table provides a summary of subsequent defaults of TDRs that occurred during the three months ended March 31, 2014 and 2013 and within 12 months of the restructuring date:

March 31, 2014 ($ in millions)[(a)]	Number of Contracts	Recorded Investment
Commercial:		
Commercial and industrial loans	**6**	**$ 14**
Commercial mortgage owner-occupied loans	**2**	**3**
Residential mortgage loans	**41**	**6**
Consumer:		
Home equity	**10**	
Automobile loans	**2**	
Credit card	**507**	**3**
Total portfolio loans and leases	**568**	**$ 26**

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

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

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7. Intangible Assets

Intangible assets consist of core deposit intangibles, customer lists, non-compete agreements and cardholder relationships. Intangible assets are amortized on either a straight-line or an accelerated basis over their estimated useful lives. Intangible assets have an estimated remaining weighted-average life at March 31, 2014 of 4.3 years.

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

($ in millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
As of March 31, 2014			
Core deposit intangibles	**$ 122**	**(109)**	**13**
Other	**45**	**(40)**	**5**
Total intangible assets	**$ 167**	**(149)**	**18**
As of December 31, 2013			
Core deposit intangibles	$ 154	(141)	13
Other	45	(39)	6
Total intangible assets	$ 199	(180)	19

As of March 31, 2014, all of the Bancorp s intangible assets were being amortized. Amortization expense recognized on intangible assets for the three months ended March 31, 2014 and 2013 was $1 million and $2 million, respectively.

The Bancorp s projections of amortization expense shown below are based on existing asset balances as of March 31, 2014. Future amortization expense may vary from these projections. Estimated amortization expense for the remainder of 2014 through 2018 is as follows:

($ in millions)	Total
Remainder of 2014	$ 3
2015	2
2016	2
2017	2
2018	2

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8. 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 to finance their activities, or the equity investors of the entities as a group lack any of the characteristics of a controlling interest. The primary beneficiary of a VIE is generally the enterprise that has both the power to direct the activities most significant to the economic performance of the VIE and the obligation to absorb losses or receive benefits that could potentially be significant to the VIE. For certain investment funds, the primary beneficiary is the enterprise that will absorb a majority of the fund s expected losses or receive a majority of the fund s expected residual returns. 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 following table provides a summary of the classifications of consolidated VIE assets, liabilities and noncontrolling interests included in the Bancorp s Condensed Consolidated Balance Sheets as of:

March 31, 2014 ($ in millions)	Automobile Loan Securitizations	CDC Investments	Total
Assets:			
Cash and due from banks	$ **102**		**102**
Other short-term investments	**7**		**7**
Commercial mortgage loans		**48**	**48**
Automobile loans[(a)]	**2,031**		**2,031**
ALLL	**(5)**	**(13)**	**(18)**
Other assets	**20**	**3**	**23**
Total assets	**2,155**	**38**	**2,193**
Liabilities:			
Other liabilities	$ **3**		**3**
Long-term debt	**2,119**		**2,119**
Total liabilities	$ **2,122**		**2,122**
Noncontrolling interests		**38**	**38**

December 31, 2013 ($ in millions)	Automobile Loan Securitization	CDC Investments	Total
Assets:			

Cash and due from banks	$	49		49
Commercial mortgage loans			48	48
Automobile loans[(a)]		1,010		1,010
ALLL		(2)	(13)	(15)
Other assets		11	2	13
Total assets	$	1,068	37	1,105
Liabilities				
Other liabilities	$	1		1
Long-term debt		1,048		1,048
Total liabilities	$	1,049		1,049
Noncontrolling interests			37	37

*(a) Net of $**98** and $52 of unamortized fees and discounts at **March 31, 2014** and December 31, 2013, respectively.*

Automobile Loan Securitizations

In securitizations that occurred in August of 2013 and February of 2014, the Bancorp transferred an aggregate amount of $2.5 billion in fixed-rate consumer automobile loans to bankruptcy remote trusts which were deemed to be VIEs. The primary purposes for which the VIEs were created was to issue asset-backed securities with varying levels of credit subordination and payment priority, as well as residual interests, and to provide the Bancorp with access to liquidity for its 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, therefore, has consolidated these VIEs. The assets of the VIEs are restricted to the settlement of the notes and other obligations of the VIEs. Third-party holders of the 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, overcollateralization, excess interest on the loans and the subordination of certain classes of asset-backed securities to other classes.

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CDC Investments

CDC, a wholly-owned indirect subsidiary of the Bancorp, was created to invest in projects to create affordable housing, revitalize business and residential areas, and preserve historic landmarks. 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. Typically, the general partner or managing member will be the party that has the right to make decisions that will most significantly impact the economic performance of the entity. The Bancorp s subsidiaries serve as the managing member of certain LLCs invested in business revitalization projects. The Bancorp has provided an indemnification guarantee to the investor member of these LLCs related to the qualification of tax credits generated by the investor member s investment. Accordingly, the Bancorp concluded that it is the primary beneficiary and, therefore, has consolidated these VIEs. As a result, the investor members interests in these VIEs are presented as noncontrolling interests in the Bancorp s Condensed Consolidated Financial Statements. This presentation includes reporting separately the equity attributable to the noncontrolling interests in the Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Changes in Equity and reporting separately the comprehensive income attributable to the noncontrolling interests in the Condensed Consolidated Statements of Comprehensive Income and the net income attributable to the noncontrolling interests in the Condensed Consolidated Statements of Income. The Bancorp s maximum exposure related to these indemnifications at March 31, 2014 and December 31, 2013 was $21 million, which is based on an amount required to meet the investor member s defined target rate of return.

Non-consolidated VIEs

The following tables provide a summary of assets and liabilities carried on the Bancorp s 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 March 31, 2014 ($ in millions)	Total Assets	Total Liabilities	Maximum Exposure
CDC investments	**$ 1,418**	**369**	**1,418**
Private equity investments	**209**		**304**
Loans provided to VIEs	**1,843**		**2,807**
Automobile loan securitization	**3**		**3**

As of December 31, 2013 ($ in millions)	Total Assets	Total Liabilities	Maximum Exposure
CDC investments	$ 1,436	407	1,436
Private equity investments	204		294
Loans provided to VIEs	1,830		2,792
Automobile loan securitization	4		4
Restructured loans	1		1

CDC Investments

As noted previously, CDC typically invests in VIEs as a limited partner or investor member in the form of equity contributions. 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 general partners/managing members who exercise full and exclusive control of the operations of the VIEs. Accordingly, the Bancorp accounts for these investments under the equity method of accounting.

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. 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.

Private Equity Investments

The Bancorp invests as a limited partner in private equity funds which provide the Bancorp an opportunity to obtain higher rates of return on invested capital, while also creating cross-selling opportunities for the Bancorp s commercial products. 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 funds. The funds finance primarily all of their activities from the partners capital contributions and investment returns. Under the VIE consolidation guidance still applicable to the funds, the Bancorp has determined that it is not the primary beneficiary of the funds because it does not absorb a majority of the funds expected losses or receive a majority of the funds expected residual returns. Therefore, the Bancorp accounts for its investments in these limited partnerships under the equity method of accounting.

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The Bancorp is exposed to losses arising from the negative performance of the underlying investments in the private equity 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 included in the previous tables. Also, as of March 31, 2014 and December 31, 2013, the unfunded commitment amounts to the funds were $95 million and $90 million, respectively. The Bancorp made capital contributions of $7 million and $3 million, respectively, to private equity funds during the three months ended March 31, 2014 and 2013.

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 most significant to 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, included in commercial loans in the Condensed Consolidated Balance Sheets, are included in the previous tables for all periods presented. Also, as of March 31, 2014 and December 31, 2013, the Bancorp s unfunded commitments to these entities were $964 million and $962 million, 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.

Automobile Loan Securitization

In March of 2013, the Bancorp recognized an immaterial loss on the securitization and sale of certain automobile loans with a carrying amount of approximately $509 million. The securitization and the resulting sale of all underlying securities qualified for sale accounting. The Bancorp has concluded that it is not the primary beneficiary of the trust because it has neither the obligation to absorb losses of the entity that could potentially be significant to the VIE nor the right to receive benefits from the entity that could potentially be significant to the VIE. The Bancorp is not required and does not currently intend to provide any additional financial support to the trust. Investors and creditors only have recourse to the assets held by the trust. The interest the Bancorp holds in the VIE relates to servicing rights which are included in the Bancorp s Condensed Consolidated Balance Sheets. The maximum exposure to loss is equal to the carrying value of the servicing asset.

Restructured Loans

As part of loan restructuring efforts, the Bancorp received equity capital from certain borrowers to facilitate the restructuring of the borrower s debt. These borrowers met the definition of a VIE because the Bancorp was involved in their refinancing and because their equity capital was insufficient to fund ongoing operations. The Bancorp accounted for its equity investments in these VIEs under the equity method or cost method based on its percentage of ownership and ability to exercise significant influence.

The Bancorp s maximum exposure to loss as a result of its involvement with these VIEs was limited to the equity investments, the principal and accrued interest on the outstanding loans, and any unfunded commitments. The Bancorp had outstanding loans to these VIEs, included in commercial loans in the Condensed Consolidated Balance Sheets. The Bancorp had no unfunded loan commitments to these VIEs as of March 31, 2014 and December 31, 2013. The loans to these VIEs are included in the Bancorp s overall analysis of the ALLL. The Bancorp does not provide any implicit or explicit liquidity guarantees or principal value guarantees to these VIEs.

9. Sales of Receivables and Servicing Rights

Automobile Loan Securitization

In March of 2013, the Bancorp recognized an immaterial loss on the securitization and sale of certain automobile loans with a carrying amount of approximately $509 million. The Bancorp utilized a securitization trust to facilitate the securitization process. The trust issued asset-backed securities in the form of notes and equity certificates, with varying levels of credit subordination and payment priority. The Bancorp does not hold any of the notes or equity certificates issued by the trust, and the investors in these securities have no credit recourse to the Bancorp s assets for failure of debtors to pay when due. As part of the sale, the Bancorp obtained servicing responsibilities and recognized a servicing asset with an initial fair value of $6 million.

Residential Mortgage Loan Sales

The Bancorp sold fixed and adjustable rate residential mortgage loans during the three months ended March 31, 2014 and 2013. In those sales, the Bancorp obtained servicing responsibilities and the investors have no recourse to the Bancorp s other assets for failure of debtors to pay when due. The Bancorp receives annual 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.

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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 March 31,	
($ in millions)	**2014**	2013
Residential mortgage loan sales	**$ 1,672**	6,888
Origination fees and gains on loan sales	**41**	169
Gross mortgage servicing fees	**62**	61

Servicing Rights

The following table presents changes in the servicing rights related to residential mortgage and automobile loans for the three months ended March 31:

($ in millions)	**2014**	2013
Carrying amount before valuation allowance as of the beginning of the period	**$ 1,440**	1,358
Servicing rights that result from the transfer of residential mortgage loans	**23**	73
Servicing rights that result from the transfer of automobile loans		6
Amortization	**(23)**	(53)
Carrying amount before valuation allowance	**1,440**	1,384
Valuation allowance for servicing rights:		
Beginning balance	**(469)**	(661)
Recovery of MSR impairment	**4**	49
Ending balance	**(465)**	(612)
Carrying amount as of the end of the period	**$ 975**	772

The Bancorp s projections of amortization expense shown below are based on existing asset balances as of March 31, 2014. Future amortization expense may vary from these projections. Estimated amortization expense for the remainder of 2014 through 2018 is as follows:

($ in millions)	Total
Remainder of 2014	$ 71
2015	89
2016	82
2017	77
2018	72

Temporary impairment or impairment recovery, affected through a change in the MSR valuation allowance, is captured as a component of mortgage banking net revenue in the Condensed Consolidated Statements of Income. 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 includes the purchase of free-standing derivatives and various available-for-sale 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 discount rates, 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 displays the beginning and ending fair value of the servicing assets for the three months ended March 31:

($ in millions)	**2014**	2013
Fixed rate residential mortgage loans:		
Beginning balance	**$ 929**	664
Ending balance	**935**	731
Adjustable rate residential mortgage loans:		
Beginning balance	**38**	33
Ending balance	**37**	35
Fixed rate automobile loans:		
Beginning balance	**4**	
Ending balance	**3**	6

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The following table presents activity related to valuations of the MSR portfolio and the impact of the non-qualifying hedging strategy, which is included in the Condensed Consolidated Statements of Income:

($ in millions)	For the three months ended March 31, **2014**	2013
Securities gains, net - non-qualifying hedges on MSRs	**$**	2
Changes in fair value and settlement of free-standing derivatives purchased to economically hedge the MSR portfolio (Mortgage banking net revenue)	**24**	(6)
Recovery of MSR impairment (Mortgage banking net revenue)	**4**	49

As of March 31, 2014 and 2013, the key economic assumptions used in measuring the interests in residential mortgage loans that continued to be held by the Bancorp at the date of sale or securitization resulting from transactions completed during the three months ended were as follows:

		March 31, 2014				March 31, 2013			
	Rate	Weighted-Average Life (in years)	Prepayment Speed (annual)	Discount Rate (annual)	Weighted-Average Default rate	Weighted-Average Life (in years)	Prepayment Speed (annual)	Discount Rate (annual)	Weighted-Average Default rate
Residential mortgage loans:									
Servicing assets	Fixed	**6.7**	**10.8 %**	**10.0 %**	**N/A**	7.3	8.8 %	10.0 %	N/A
Servicing assets	Adjustable	**3.7**	**22.5**	**11.7**	**N/A**	3.5	23.4	11.4	N/A

Based on historical credit experience, expected credit losses for residential mortgage loan servicing assets have been deemed immaterial, as the Bancorp sold the majority of the underlying loans without recourse. At March 31, 2014 and December 31, 2013, the Bancorp serviced $68.9 billion and $69.2 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.

At March 31, 2014, 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 other assumptions are as follows:

				Prepayment Speed Assumption				Residual Servicing Cash Flows		
					Impact of Adverse Change on Fair Value				Impact of Adverse Change on Fair Value	
($ in millions)[(a)]	Rate	Fair Value	Weighted-Average Life (in years)	Rate	10%	20%	50%	Discount Rate	10%	20%
Residential mortgage loans:										
Servicing assets	Fixed	$ 935	6.6	10.6 %	$ (37)	(72)	(163)	9.9 %	$ (36)	(69)
Servicing assets	Adjustable	37	3.1	26.1	(2)	(3)	(7)	11.8	(1)	(2)

(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 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.

Fifth Third Bancorp and Subsidiaries

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10. 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, options and swaptions. 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 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, TBAs 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. TBAs 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 may economically hedge significant exposures related to these free-standing derivatives by entering into offsetting third-party contracts with approved, reputable 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 Bancorp s derivative assets include certain contractual features in which the Bancorp requires the counterparties to provide collateral in the form of cash and securities to offset changes in the fair value of the derivatives, including changes in the fair value due to credit risk of the counterparty. As of March 31, 2014 and December 31, 2013, the balance of collateral held by the Bancorp for derivative assets was $528 million and $514 million, respectively. The credit component negatively impacting the fair value of derivative assets associated with customer accommodation contracts as of March 31, 2014 and December 31, 2013 was $10 million and $12 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 and securities to offset changes in fair value of the derivatives, including changes in fair value due to the Bancorp s credit risk. As of March 31, 2014 and December 31, 2013, the balance of collateral posted by the Bancorp for derivative liabilities was $543 million and $559 million, respectively. 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 March 31, 2014, 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 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 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. For further information on offsetting derivatives, see Note 11 of the Notes to Condensed Consolidated Financial Statements.

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The following tables reflect the notional amounts and fair values for all derivative instruments included in the Condensed Consolidated Balance Sheets as of:

		Fair Value	
March 31, 2014 ($ in millions)	Notional Amount	Derivative Assets	Derivative Liabilities
Qualifying hedging instruments			
Fair value hedges:			
Interest rate swaps related to long-term debt	**$ 3,205**	**325**	**11**
Total fair value hedges		**325**	**11**
Cash flow hedges:			
Interest rate swaps related to C&I loans	**2,200**	**36**	**12**
Total cash flow hedges		**36**	**12**
Total derivatives designated as qualifying hedging instruments		**361**	**23**
Derivatives not designated as qualifying hedging instruments			
Free-standing derivatives - risk management and other business purposes			
Interest rate contracts related to MSRs	**5,277**	**151**	**9**
Forward contracts related to held for sale mortgage loans	**1,844**	**2**	**1**
Stock warrant associated with Vantiv Holding, LLC	**616**	**348**	
Swap associated with the sale of Visa, Inc. Class B shares	**918**		**43**
Total free-standing derivatives - risk management and other business purposes		**501**	**53**
Free-standing derivatives - customer accommodation:			
Interest rate contracts for customers	**27,418**	**306**	**315**
Interest rate lock commitments	**994**	**16**	
Commodity contracts	**3,179**	**66**	**68**
Foreign exchange contracts	**20,020**	**204**	**164**
Total free-standing derivatives - customer accommodation		**592**	**547**
Total derivatives not designated as qualifying hedging instruments		**1,093**	**600**
Total		**$ 1,454**	**623**

		Fair Value	
	Notional	Derivative	Derivative

December 31, 2013 ($ in millions)	Amount	Assets	Liabilities
Qualifying hedging instruments			
Fair value hedges:			
Interest rate swaps related to long-term debt	$ 3,205	292	13
Total fair value hedges		292	13
Cash flow hedges:			
Interest rate swaps related to C&I loans	2,200	40	21
Total cash flow hedges		40	21
Total derivatives designated as qualifying hedging instruments		332	34
Derivatives not designated as qualifying hedging instruments			
Free-standing derivatives - risk management and other business purposes			
Interest rate contracts related to MSRs	4,092	141	14
Forward contracts related to held for sale mortgage loans	1,448	13	1
Stock warrant associated with Vantiv Holding, LLC	664	384	
Swap associated with the sale of Visa, Inc. Class B shares	947		48
Total free-standing derivatives - risk management and other business purposes		538	63
Free-standing derivatives - customer accommodation:			
Interest rate contracts for customers	28,112	329	339
Interest rate lock commitments	924	12	1
Commodity contracts	3,300	66	65
Foreign exchange contracts	19,688	276	252
Total free-standing derivatives - customer accommodation		683	657
Total derivatives not designated as qualifying hedging instruments		1,221	720
Total		$ 1,553	754

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Fair Value Hedges

The Bancorp may enter into interest rate swaps to convert its fixed-rate funding to floating-rate. Decisions to convert fixed-rate funding to floating are made primarily through consideration of the asset/liability mix of the Bancorp, the desired asset/liability sensitivity and interest rate levels. As of March 31, 2014 and December 31, 2013, certain interest rate swaps met the criteria required to qualify for the shortcut method of accounting. Based on this shortcut method of accounting treatment, no ineffectiveness is assumed. For interest rate swaps that do not meet the shortcut requirements, an assessment of hedge effectiveness using regression analysis was performed and such swaps were accounted for using the long-haul method. The long-haul method requires a quarterly assessment of hedge effectiveness and measurement of ineffectiveness. For interest rate swaps accounted for as a fair value hedge using the long-haul method, ineffectiveness is the difference between the changes in the fair value of the interest rate swap and changes in fair value of the related hedged item attributable to the risk being hedged. The ineffectiveness on interest rate swaps hedging fixed-rate funding is reported within interest expense in the Condensed Consolidated Statements of Income.

The following table reflects the change in fair value of interest rate contracts, designated as fair value hedges, as well as the change in fair value of the related hedged items attributable to the risk being hedged, included in the Condensed Consolidated Statements of Income:

($ in millions)	Condensed Consolidated Statements of Income Caption	For the three months ended March 31, 2014	2013
Interest rate contracts:			
Change in fair value of interest rate swaps hedging long-term debt	Interest on long-term debt	**$ 35**	(67)
Change in fair value of hedged long-term debt attributable to the risk being hedged	Interest on long-term debt	**(37)**	66

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. The assets or liabilities may be grouped in circumstances where they share the same risk exposure for which 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 March 31, 2014, all hedges designated as cash flow hedges were assessed for effectiveness using regression analysis. Ineffectiveness is generally measured as the amount by which the cumulative change in the fair value of the hedging instrument exceeds the present value of the cumulative change in the hedged item s expected cash flows attributable to the risk being hedged. Ineffectiveness is reported within other noninterest income in the Condensed Consolidated Statements of Income. The effective portion of the cumulative gains or losses on cash flow hedges are reported within accumulated other comprehensive income and are reclassified from accumulated other comprehensive income to current period earnings when the forecasted transaction affects earnings. As of March 31, 2014, the maximum length of time over which the Bancorp is hedging its exposure to the variability in future cash flows is 69 months.

Reclassified gains and losses on interest rate contracts related to commercial and industrial loans are recorded within interest income while reclassified gains and losses on interest rate contracts related to long-term debt are recorded within interest expense in the Condensed Consolidated Statements of Income. As of March 31, 2014 and December 31, 2013, $16 million and $13 million, respectively, of deferred gains, net of tax, on cash flow hedges were recorded in accumulated other comprehensive income in the Condensed Consolidated Balance Sheets. As of March 31, 2014, approximately $26 million of net deferred gains, net of tax, recorded in accumulated other comprehensive income are expected to be reclassified into earnings during the next twelve months. This amount could differ from amounts actually recognized due to changes in interest rates, hedge de-designations, and the addition of other hedges subsequent to March 31, 2014.

During the three months ended March 31, 2014 and 2013, there were no gains or losses reclassified from accumulated other comprehensive income into earnings associated with the discontinuance of cash flow hedges because it was probable that the original forecasted transaction would not 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 net 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 March 31, 2014	2013
Amount of net gain recognized in OCI	**$ 15**	1
Amount of net gain reclassified from OCI into net income	**10**	21

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, TBAs and interest rate swaps) to economically hedge changes in fair value of its largely fixed-rate MSR portfolio. Principal-only swaps hedge the mortgage-LIBOR spread 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 interest rate swaps and swaptions increase in value when interest rates do not increase as quickly as expected.

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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 due to changes in interest rates. Interest rate lock commitments 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.

Additionally, as part of the Bancorp s overall risk management strategy with respect to minimizing significant fluctuations in earnings and cash flows caused by interest rate and prepayment volatility, the Bancorp may enter into free-standing derivative instruments (options, swaptions and interest rate swaps). The gains and losses on these derivative contracts are recorded within other noninterest income in the Condensed Consolidated Statements of Income.

In conjunction with the initial sale of the Bancorp s 51% interest in Vantiv Holding, LLC, the Bancorp received a warrant which is accounted for as a free-standing derivative. Refer to Note 19 for further discussion of significant inputs and assumptions used in the valuation of the warrant.

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. See Note 19 for further discussion of significant inputs and assumptions used in the valuation of this instrument.

The net gains (losses) 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:

($ in millions)	Condensed Consolidated Statements of Income Caption	For the three months ended March 31, 2014	2013
Interest rate contracts:			
Forward contracts related to mortgage loans held for sale	Mortgage banking net revenue	**$ (12)**	(3)
Interest rate contracts related to MSR portfolio	Mortgage banking net revenue	**24**	(6)
Foreign exchange contracts:			
Foreign exchange contracts for risk management purposes	Other noninterest income	**4**	2
Equity contracts:			
Stock warrant associated with Vantiv Holding, LLC	Other noninterest income	**(36)**	34
Swap associated with sale of Visa, Inc. Class B shares	Other noninterest income	**1**	(7)

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 Bancorp s 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 and 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 corporate banking revenue 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 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. As of March 31, 2014 and December 31, 2013, the total notional amount of the risk participation agreements was $1.2 billion, and the fair value was a liability of $3 million at March 31, 2014 and December 31, 2013, which is included in interest rate contracts for customers. As of March 31, 2014, the risk participation agreements had an average remaining life of 2.9 years.

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.

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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)	**March 31, 2014**	December 31, 2013
Pass	**$ 1,118**	1,153
Special mention	**2**	38
Substandard	**50**	12
Total	**$ 1,170**	1,203

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:

($ in millions)	Condensed Consolidated Statements of Income Caption	For the three months ended March 31, **2014**	2013
Interest rate contracts:			
Interest rate contracts for customers (contract revenue)	Corporate banking revenue	**$ 4**	5
Interest rate contracts for customers (credit losses)	Other noninterest expense		(1)
Interest rate contracts for customers (credit portion of fair value adjustment)	Other noninterest expense	**1**	1
Interest rate lock commitments	Mortgage banking net revenue	**36**	56
Commodity contracts:			
Commodity contracts for customers (contract revenue)	Corporate banking revenue	**1**	2
Foreign exchange contracts:			
Foreign exchange contracts - customers (contract revenue)	Corporate banking revenue	**15**	18
Foreign exchange contracts - customers (credit portion of fair value adjustment)	Other noninterest expense	**2**	

11. 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.

Collateral amounts included in the table below consist primarily of cash and highly-rated government-backed securities.

	Gross Amount Recognized in the	Gross Amounts Not Offset in the Condensed Consolidated Balance Sheet

March 31, 2014 ($ in millions)	Condensed Consolidated Balance Sheet[(a)]	Derivatives	Collateral[(b)]	Net Amount
Assets				
Derivatives	**$ 1,090**	**(236)**	**(443)**	**$ 411**
Total assets	**1,090**	**(236)**	**(443)**	**411**
Liabilities				
Derivatives	**623**	**(236)**	**(291)**	**96**
Total liabilities	**$ 623**	**(236)**	**(291)**	**$ 96**

	Gross Amount Recognized in the Condensed Consolidated Balance Sheet[(a)]	Gross Amounts Not Offset in the Condensed Consolidated Balance Sheet		
December 31, 2013 ($ in millions)		Derivatives	Collateral[(b)]	Net Amount
Assets				
Derivatives	$ 1,157	(321)	(390)	$ 446
Total assets	1,157	(321)	(390)	446
Liabilities				
Derivatives	753	(321)	(302)	130
Total liabilities	$ 753	(321)	(302)	$ 130

(a) Amount does not include the stock warrant associated with Vantiv Holding, LLC and 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.

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Notes to Condensed Consolidated Financial Statements (unaudited)

12. Long-Term Debt

On February 28, 2014, the Bancorp issued and sold $500 million of 2.30% unsecured senior fixed rate notes, with a maturity of five years, due on March 1, 2019. These notes will be redeemable by the Bancorp, in whole or in part, on or after the date that is 30 days prior to the maturity date at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest up to, but excluding, the redemption date.

As previously discussed in Note 8, a consolidated VIE of the Bancorp issued $1.3 billion of asset-backed securities related to an automobile loan securitization in the first quarter of 2014. Third-party holders of the debt associated with this transaction do not have recourse to the general assets of the Bancorp.

For further information on subsequent events related to long-term debt refer to Note 21.

13. Capital Actions

On March 18, 2014, the Bancorp s Board of Directors authorized the Bancorp to repurchase up to 100 million shares of its outstanding common stock in the open market or in privately negotiated transactions, and to utilize any derivative or similar instrument to effect share repurchase transactions (including without limitation, accelerated share repurchase contracts, equity forward transactions, equity option transactions, equity swap transactions, cap transactions, collar transactions, floor transactions or other similar transactions or any combination of the foregoing transactions). This share repurchase authorization replaced the Board s previous authorization from March of 2013.

During 2013 and the three months ended March 31, 2014, the Bancorp entered into a number of accelerated share repurchase transactions. As part of these transactions, the Bancorp entered into forward contracts 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 these repurchase agreements. The accelerated share repurchases were treated as two separate transactions (i) the acquisition of treasury shares on the acquisition date and (ii) a forward contract indexed to the Bancorp s stock.

For further information on subsequent events related to capital actions refer to Note 21.

The following table presents a summary of the Bancorp s accelerated share repurchase transactions that were entered into or settled during the three months ended March 31, 2014:

Repurchase Date	Amount ($ in millions)	Shares Repurchased	Shares Received from Forward Contract Settlement	Total Shares Repurchased	Settlement Date
November 18, 2013	$ 200	8,538,423	1,132,495	9,670,918	March 5, 2014
December 13, 2013	456	19,084,195	2,294,932	21,379,127	March 31, 2014
January 31, 2014	99	3,950,705	602,109	4,552,814	March 31, 2014

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Notes to Condensed Consolidated Financial Statements (unaudited)

14. 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 Bancorp s 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 further detail below:

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)	**March 31, 2014**	December 31, 2013
Commitments to extend credit	**$ 63,021**	62,050
Letters of credit	**4,194**	4,129
Forward contracts to sell mortgage loans	**1,844**	1,448
Noncancelable lease obligations	**729**	746
Capital commitments for private equity investments	**95**	90
Purchase obligations	**80**	84
Capital expenditures	**29**	33
Capital lease obligations	**17**	19

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 March 31, 2014 and December 31, 2013, the Bancorp had a reserve for unfunded commitments, including letters of credit, totaling $153 million and $162 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 risk rating system utilized within its loan and lease portfolio.

Risk ratings under this risk rating system are summarized in the following table as of:

($ in millions)	**March 31, 2014**	December 31, 2013
Pass	**$ 62,301**	61,364
Special mention	**382**	369

Substandard	**338**	316
Doubtful		1
Total	**$ 63,021**	62,050

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:

($ in millions)	March 31, 2014
Less than 1 year[(a)]	$ 1,849
1 - 5 years[(a)]	2,302
Over 5 years	43
Total	$ 4,194

(a) *Includes $69 and $3 issued on behalf of commercial customers to facilitate trade payments in U.S. dollars and foreign currencies which expire less than one year and between one and five years, respectively.*

Standby letters of credit accounted for 98% of total letters of credit at March 31, 2014 compared to 97% at December 31, 2013 and are considered guarantees in accordance with U.S. GAAP. Approximately 48% of the total standby letters of credit were fully secured as of March 31, 2014 and December 31, 2013, respectively. 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 $2 million at both March 31, 2014 and December 31, 2013. The Bancorp monitors the credit risk associated with letters of credit using the same risk rating system utilized within its loan and lease portfolio.

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Risk ratings under this risk rating system are summarized in the following table as of:

($ in millions)	March 31, 2014	December 31, 2013
Pass	$ 3,755	3,651
Special mention	109	99
Substandard	301	355
Doubtful	29	24
Total	$ 4,194	4,129

At March 31, 2014 and December 31, 2013, 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 March 31, 2014 and December 31, 2013, total VRDNs in which the Bancorp was the remarketing agent or were supported by a Bancorp letter of credit were $2.0 billion and $2.1 billion of which FTS acted as the remarketing agent to issuers on $1.7 billion and $1.8 billion, respectively. As remarketing agent, FTS is responsible for finding purchasers for VRDNs that are put by investors. The Bancorp issued letters of credit, as a credit enhancement, on $1.4 billion and $1.5 billion to the VRDNs remarketed by FTS, in addition to $277 million and $300 million in VRDNs remarketed by third parties at March 31, 2014 and December 31, 2013, respectively. These letters of credit are included in the total letters of credit balance provided in the previous table.

Forward contracts to sell mortgage loans

The Bancorp enters into forward contracts to economically hedge the change in fair value of certain residential mortgage loans held for sale due to changes in interest rates. The outstanding notional amounts of these forward contracts are included in the summary of significant commitments table above for all periods presented.

Noncancelable lease obligations and other commitments

The Bancorp s subsidiaries have entered into a number of noncancelable lease agreements. The minimum rental commitments under noncancelable lease agreements are shown in the summary of significant commitments table. The Bancorp has also entered into a limited number of agreements for work related to banking center construction and to purchase goods or services.

Contingent Liabilities

Private mortgage reinsurance

For certain mortgage loans originated by the Bancorp, borrowers may be required to obtain PMI provided by third-party insurers. In some instances, these insurers cede a portion of the PMI premiums to the Bancorp, and the Bancorp provides reinsurance coverage within a specified range of the total PMI coverage. The Bancorp s reinsurance coverage typically ranges from 5% to 10% of the total PMI coverage. The Bancorp s maximum exposure in the event of nonperformance by the underlying borrowers is equivalent to the Bancorp s total outstanding reinsurance coverage, which was $33 million at March 31, 2014 and $37 million at December 31, 2013. As of March 31, 2014 and December 31, 2013, the Bancorp maintained a reserve of $7 million and $10 million, respectively, related to exposures within the reinsurance portfolio which was included in other liabilities in the Condensed Consolidated Balance Sheets. During 2009, the Bancorp suspended the practice of providing reinsurance of private mortgage insurance for newly originated mortgage loans.

Legal claims

There are legal claims pending against the Bancorp and its subsidiaries that have arisen in the normal course of business. See Note 15 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 (make whole) the investor or insurer for which the representation or warranty of the Bancorp proves to be inaccurate, incomplete or misleading.

The Bancorp establishes a residential mortgage repurchase reserve related to various representations and warranties that reflects management s estimate of losses based on a combination of factors. The Bancorp s estimation process requires management to make subjective and complex judgments about matters that are inherently uncertain, such as, future demand expectations, economic factors and the specific characteristics of the loans subject to repurchase. Such factors incorporate historical investor audit and repurchase demand rates, appeals success rates, historical loss severity, and any additional information obtained from the GSEs regarding future mortgage repurchase and file request criteria. At the time of a loan sale, the Bancorp records a representation and warranty reserve at the estimated fair value of the Bancorp s guarantee and continually updates the reserve during the life of the loan as losses in excess of the reserve become probable and reasonably estimable. The provision for the estimated fair value of the representation and warranty guarantee arising from the loan sales is recorded as an adjustment to the gain on sale, which is included in noninterest income at the time of sale. Updates to the reserve are recorded in other noninterest expense.

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During the fourth quarter of 2013, the Bancorp settled certain repurchase claims related to mortgage loans originated and sold to FHLMC prior to January 1, 2009 for $25 million, after paid claim credits and other adjustments. The settlement removes the Bancorp s responsibility to repurchase or indemnify FHLMC for representation and warranty violations on any loan sold prior to January 1, 2009 except in limited circumstances.

The Bancorp maintained reserves related to these loans sold with representation and warranty provisions, which were included in other liabilities on the Condensed Consolidated Balance Sheets, totaling $38 million and $44 million as of March 31, 2014 and December 31, 2013, respectively.

The Bancorp uses the best information available to it in 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 March 31, 2014, 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 $50 million in excess of amounts reserved. This estimate was derived by modifying the key assumptions discussed above 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 possibly losses, depending on the outcome of various factors, including those noted above.

For the three months ended March 31, 2014 and 2013, the Bancorp paid $7 million and $13 million, respectively, in the form of make whole payments and repurchased $23 million and $30 million, respectively, in outstanding principal of loans to satisfy investor demands. Total repurchase demand requests during the three months ended March 31, 2014 and 2013 were $35 million and $67 million, respectively. Total outstanding repurchase demand inventory was $21 million at March 31, 2014 compared to $46 million at December 31, 2013.

The following table summarizes activity in the reserve for representation and warranty provisions:

($ in millions)	For the three months ended March 31, 2014	2013
Balance, beginning of period	**$ 44**	110
Net additions to the reserve	**2**	19
Losses charged against the reserve	**(8)**	(17)
Balance, end of period	**$ 38**	112

The following table provides a rollforward of unresolved demands by claimant type for the three months ended March 31, 2014:

	GSE		Private Label	
($ in millions)	Units	Dollars	Units	Dollars
Balance, beginning of period	**264**	**$ 41**	**33**	**$ 5**
New demands	**230**	**34**	**10**	**1**
Loan paydowns/payoffs	**(16)**	**(1)**	**(2)**	**(1)**
Resolved demands	**(375)**	**(55)**	**(31)**	**(3)**
Balance, end of period	**103**	**$ 19**	**10**	**$ 2**

The following table provides a rollforward of unresolved demands by claimant type for the three months ended March 31, 2013:

	GSE		Private Label	
($ in millions)	Units	Dollars	Units	Dollars
Balance, beginning of period	294	$ 48	124	$ 19
New demands	458	66	76	1
Loan paydowns/payoffs	(5)	(1)	(4)	(1)
Resolved demands	(484)	(71)	(163)	(14)
Balance, end of period	263	$ 42	33	$ 5

Residential mortgage loans sold with credit recourse

The Bancorp sold certain residential mortgage loans in the secondary market with credit recourse. In the event of any customer default, pursuant to the credit recourse provided, the Bancorp is required to reimburse the third party. The maximum amount of credit risk in the event of nonperformance by the underlying borrowers is equivalent to the total outstanding balance. In the event of nonperformance, the Bancorp has rights to the underlying collateral value securing the loan. The outstanding balances on these loans sold with credit recourse were $563 million and $579 million at March 31, 2014 and December 31, 2013, respectively, and the delinquency rates were 3.6% and 4.4% at March 31, 2014 and December 31, 2013, respectively. The Bancorp maintained an estimated credit loss reserve on these loans sold with credit recourse of $15 million and $16 million at March 31, 2014 and December 31, 2013, respectively, recorded in other liabilities in the Condensed Consolidated Balance Sheets. To determine the credit loss reserve, the Bancorp used an approach that is consistent with its overall approach in estimating credit losses for various categories of residential mortgage loans held in its loan portfolio.

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Margin accounts

FTS, a 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 balance held by the brokerage clearing agent was $16 million and $12 million at March 31, 2014 and December 31, 2013, respectively. In the event of any 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 March 31, 2014.

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 in 2008, had certain indemnification obligations pursuant to Visa s certificate of incorporation and by-laws and in accordance with their membership agreements. In accordance with Visa s by-laws 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 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 shares based on the Bancorp s membership percentage in Visa prior to the IPO. The Class B shares are not transferable (other than to another member bank) until the later of the third anniversary of the IPO closing or the date 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. If Visa s litigation committee determines that the escrow account is insufficient, then Visa will issue additional Class A shares and deposit the proceeds from the sale of the shares into the litigation escrow account. When Visa funds the litigation escrow account, the Class B shares are subject to dilution through an adjustment in the conversion rate of Class B shares into Class A shares.

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. See Note 19 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 Visa Class B shares and through March 31, 2014, 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 $43 million and $48 million at March 31, 2014 and December 31, 2013, respectively. Refer to Note 15 for further information.

After the Bancorp s sale of Visa Class B shares, Visa has funded additional amounts into the litigation escrow account which have resulted in further dilution in 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 to the swap counterparty as follows:

($ in millions)

Period	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

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15. Legal and Regulatory Proceedings

During 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. 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 also subject to a possible indemnification obligation of Visa as discussed in Note 14 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. The court entered a Class Settlement Preliminary Approval Order in November 2012. Pursuant to the terms of the settlement agreement, the Bancorp paid $46 million into a class settlement escrow account. Previously, the Bancorp paid an additional $4 million in another settlement escrow in connection with the settlement of claims from plaintiffs not included in the class action. More than 7,900 merchants have requested exclusion from the class settlement. Pursuant to the terms of the settlement agreement, 25% of the funds paid into the class settlement escrow account have been returned to the control of the defendants through Class Exclusion Takedown Payments. Approximately 460 of the merchants who requested exclusion from the class have filed separate federal lawsuits against Visa, MasterCard and certain other defendants alleging similar antitrust violations. The federal lawsuits have been transferred to the United States District Court for the Eastern District of New York. The Bancorp was not named as a defendant in any of the federal lawsuits, but may have obligations pursuant to indemnification arrangements and/or the judgment or loss sharing agreements noted above. In addition, one merchant filed a separate state court lawsuit against Visa, MasterCard and certain other defendants, including the Bancorp, alleging similar antitrust violations. On January 14, 2014, the court entered a final order approving the class settlement. A number of merchants have filed appeals from that approval. Refer to Note 14 for further information.

In 2008, two cases were filed in the United States District Court for the Southern District of Ohio against the Bancorp and certain officers styled *Dudenhoeffer v Fifth Third Bancorp et al. Case No. 1:08-cv-538.* The complaints alleged violations of ERISA based on allegations similar to those set forth in the previously reported securities class action cases. The ERISA actions were dismissed by the trial court, but the Sixth Circuit Court of Appeals reversed the trial court decision. The Bancorp petitioned the United States Supreme Court to review and reverse the Sixth Circuit decision and sought a stay of proceedings in the trial court pending appeal. On March 25, 2013 the Supreme Court issued an order directing the Solicitor General to file a brief stating the views of the United States on the issues raised in the Bancorp petition and this brief was filed on November 12, 2013. On December 13, 2013 the Supreme Court granted certiorari and agreed to hear the appeal. Oral argument was held on April 2, 2014 and a decision is expected in June of 2014.

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 any resulting liability from these other actions would not have a material effect upon the Bancorp s consolidated financial position, results of operations or cash flows.

The Bancorp and/or its affiliates are involved in information-gathering requests, reviews, investigations and proceedings (both formal and informal) by various governmental regulatory agencies and law enforcement authorities, as well as self-regulatory bodies regarding their respective businesses. Additional matters will likely arise from time to time. Any of these matters may result in material adverse consequences 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 authorities such as the Department of Justice or a United States Attorney. Among other matters, the Bancorp has been cooperating with the Department of Justice and the Office of the Inspector General for the Department of Housing and Urban Development in a civil investigation regarding compliance with requirements relating to certain Federal Housing Agency-insured loans originated by affiliates of the Bancorp. The investigation could lead to a demand under the federal False Claims Act and the federal Financial Institutions Reform, Recovery and Enforcement Act of 1989, which allow up to treble and other special damages substantially in excess of actual losses. Additionally, the Bancorp is also cooperating with an investigation by the Department of Justice to determine whether the Bank engaged in any discriminatory practices in connection with the Bank s indirect automobile loan portfolio. Any claim resulting from this investigation could include direct and indirect damages and civil money penalties.

The Bancorp is party 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: plaintiff 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. A reserve 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 reserve 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 reserved. 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 proceedings including the matters discussed above in an aggregate amount up to approximately $117 million in excess of amounts reserved, 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.

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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 reserve that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, 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.

16. Income Taxes

The Bancorp s provision for income taxes was $119 million and $179 million for the three months ended March 31, 2014 and 2013, respectively. The effective tax rates for the three months ended March 31, 2014 and 2013 were 27.3% and 30.4%, respectively. The decrease in the effective tax rate for the three months ended March 31, 2014 compared to the same period in the prior year was primarily due to a non-cash charge recorded in 2013 related to previously recognized tax benefits associated with stock-based awards that were not realized.

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 12 months, the Bancorp believes it is unlikely that its unrecognized tax benefits will change by a material amount during the next 12 months.

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17. Accumulated Other Comprehensive Income

The activity of the components of other comprehensive income and accumulated other comprehensive income for the three months ended March 31, 2014 and 2013 was as follows:

	Total Other Comprehensive Income			Total Accumulated Other Comprehensive Income		
($ in millions)	Pretax Activity	Tax Effect	Net Activity	Beginning Balance	Net Activity	Ending Balance
March 31, 2014						
Unrealized holding gains on available-for-sale securities arising during period	**$ 173**	**(60)**	**113**			
Reclassification adjustment for net gains included in net income	**(5)**	**2**	**(3)**			
Net unrealized gains on available-for-sale securities	**168**	**(58)**	**110**	**121**	**110**	**231**
Unrealized holding gains on cash flow hedge derivatives arising during period	**15**	**(5)**	**10**			
Reclassification adjustment for net gains on cash flow hedge derivatives included in net income	**(10)**	**3**	**(7)**			
Net unrealized gains on cash flow hedge derivatives	**5**	**(2)**	**3**	**13**	**3**	**16**
Reclassification of amounts to net periodic benefit costs	**2**	**(1)**	**1**			
Defined benefit plans, net	**2**	**(1)**	**1**	**(52)**	**1**	**(51)**
Total	**$ 175**	**(61)**	**114**	**82**	**114**	**196**

	Total Other Comprehensive Income			Total Accumulated Other Comprehensive Income		
($ in millions)	Pretax Activity	Tax Effect	Net Activity	Beginning Balance	Net Activity	Ending Balance
March 31, 2013						
Unrealized holding losses on available-for-sale securities arising during period	$ (56)	20	(36)			
Reclassification adjustment for net losses included in net income	7	(2)	5			
Net unrealized gains on available-for-sale securities	(49)	18	(31)	412	(31)	381
Unrealized holding gains on cash flow hedge derivatives arising during period	1		1			
Reclassification adjustment for net gains on cash flow hedge derivatives included in net income	(21)	7	(14)			
Net unrealized gains on cash flow hedge derivatives	(20)	7	(13)	50	(13)	37
Reclassification of amounts to net periodic benefit costs	3	(1)	2			
Defined benefit plans, net	3	(1)	2	(87)	2	(85)
Total	$ (66)	24	(42)	375	(42)	333

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The table below presents reclassifications out of accumulated other comprehensive income for the three months ended March 31, 2014:

Components of AOCI: ($ in millions)	Amount Reclassified from AOCI*(b)*		Affected Line Item in the Condensed Consolidated Statements of Income
Net unrealized gains on available-for-sale securities			
Net gains included in net income	**$**	**5**	Securities gains, net
		5	Income before income taxes
		(2)	Applicable income tax expense
		3	Net income
Net unrealized gains on cash flow hedge derivatives			
Interest rate contracts related to C&I loans		**10**	Interest and fees on loans and leases
		10	Income before income taxes
		(3)	Applicable income tax expense
		7	Net income
Net periodic benefit costs			
Amortization of net actuarial loss		**(2)**	Employee benefits expense *(a)*
		(2)	Income before income taxes
		1	Applicable income tax expense
		(1)	Net income
Total reclassifications for the period	**$**	**9**	Net income

The table below presents reclassifications out of accumulated other comprehensive income for the three months ended March 31, 2013:

Components of AOCI: ($ in millions)	Amount Reclassified from AOCI*(b)*		Affected Line Item in the Condensed Consolidated Statements of Income
Net unrealized gains on available-for-sale securities			
Net losses included in net income	$	(7)	Securities gains, net
		(7)	Income before income taxes
		2	Applicable income tax expense

		(5)	Net income
Net unrealized gains on cash flow hedge derivatives			
Interest rate contracts related to C&I loans		22	Interest and fees on loans and leases
Interest rate contracts related to long-term debt		(1)	Interest on long-term debt
		21	Income before income taxes
		(7)	Applicable income tax expense
		14	Net income
Net periodic benefit costs			
Amortization of net actuarial loss		(3)	Employee benefits expense *(a)*
		(3)	Income before income taxes
		1	Applicable income tax expense
		(2)	Net income
Total reclassifications for the period	$	7	Net income

(a) This AOCI component is included in the computation of net periodic benefit cost. Refer to Note 21 in the Bancorp s Annual Report on Form 10-K for the year ended December 31, 2013 for information on the computation of net periodic benefit cost.

(b) Amounts in parentheses indicate reductions to net income.

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18. Earnings Per Share

The calculation of earnings per share and the reconciliation of earnings per share and earnings per diluted share were as follows:

For the three months ended March 31,	**2014**			2013		
(in millions, except per share data)	Income	Average Shares	Per Share Amount	Income	Average Shares	Per Share Amount
Earnings per share:						
Net income attributable to Bancorp	**$ 318**			422		
Dividends on preferred stock	**9**			9		
Net income available to common shareholders	**309**			413		
Less: Income allocated to participating securities	**3**			3		
Net income allocated to common shareholders	**$ 306**	**846**	**0.36**	410	871	0.47
Earnings per diluted share:						
Net income available to common shareholders	**$ 309**			413		
Effect of dilutive securities:						
Stock-based awards		**12**			6	
Series G convertible preferred stock				9	36	
Net income available to common shareholders plus assumed conversions	**309**			422		
Less: Income allocated to participating securities	**3**			3		
Net income allocated to common shareholders plus assumed conversions	**$ 306**	**858**	**0.36**	419	913	0.46

Shares are excluded from the computation of net income per diluted share when their inclusion has an anti-dilutive effect on earnings per share. The diluted earnings per share computation for the three months ended March 31, 2014 excludes 11 million of stock appreciation rights and an immaterial amount of stock options. The diluted earnings per share computation for the three months ended March 31, 2013 excludes 27 million of stock appreciation rights and 3 million of stock options.

The diluted earnings per share computation for the three months ended March 31, 2013 excludes the impact of the forward contract related to the January 28, 2013 accelerated share repurchase transaction. Based upon the average daily volume weighted average price of the Bancorp s common stock during the first quarter of 2013, the counterparty to the transaction would have been required to deliver approximately 1 million shares as of March 31, 2013, and thus the impact of the accelerated share repurchase transaction would have been anti-dilutive to earnings per share.

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19. 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, see Note 1 in the Bancorp s Form 10-K for the year ended December 31, 2013.

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, including residential mortgage loans held for sale for which the Bancorp has elected the fair value option as of:

	Fair Value Measurements Using			
March 31, 2014 ($ in millions)	Level 1*(c)*	Level 2*(c)*	Level 3	Total Fair Value
Assets:				
Available-for-sale securities:				
U.S. Treasury and government agencies	**$ 26**			**26**
U.S. Government sponsored agencies		**1,635**		**1,635**
Obligations of states and political subdivisions		**194**		**194**
Agency mortgage-backed securities		**14,185**		**14,185**
Other bonds, notes and debentures		**3,991**		**3,991**
Other securities*(a)*	**85**	**34**		**119**
Available-for-sale securities*(a)*	**111**	**20,039**		**20,150**
Trading securities:				
U.S. Government sponsored agencies		**5**		**5**
Obligations of states and political subdivisions		**14**	**1**	**15**
Agency mortgage-backed securities		**3**		**3**
Other bonds, notes and debentures		**10**		**10**
Other securities	**314**			**314**
Trading securities	**314**	**32**	**1**	**347**
Residential mortgage loans held for sale		**649**		**649**
Residential mortgage loans*(b)*			**103**	**103**
Derivative assets:				
Interest rate contracts	**2**	**818**	**16**	**836**
Foreign exchange contracts		**204**		**204**
Equity contracts			**348**	**348**
Commodity contracts	**10**	**56**		**66**
Derivative assets	**12**	**1,078**	**364**	**1,454**

Total assets	$ 437	21,798	468	22,703
Liabilities:				
Derivative liabilities:				
Interest rate contracts	$ 1	344	3	348
Foreign exchange contracts		164		164
Equity contracts			43	43
Commodity contracts	17	51		68
Derivative liabilities	18	559	46	623
Short positions	9	2		11
Total liabilities	$ 27	561	46	634

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	Fair Value Measurements Using			
December 31, 2013 ($ in millions)	Level 1*(c)*	Level 2*(c)*	Level 3	Total Fair Value
Assets:				
Available-for-sale securities:				
U.S. Treasury and Government agencies	$ 26			26
U.S. Government sponsored agencies		1,644		1,644
Obligations of states and political subdivisions		192		192
Agency mortgage-backed securities		12,284		12,284
Other bonds, notes and debentures		3,582		3,582
Other securities[(a)]	89	29		118
Available-for-sale securities[(a)]	115	17,731		17,846
Trading securities:				
U.S. Treasury and Government agencies	1			1
U.S. Government sponsored agencies		4		4
Obligations of states and political subdivisions		12	1	13
Agency mortgage-backed securities		3		3
Other bonds, notes and debentures		7		7
Other securities	315			315
Trading securities	316	26	1	343
Residential mortgage loans held for sale		890		890
Residential mortgage loans[(b)]			92	92
Derivative assets:				
Interest rate contracts	13	802	12	827
Foreign exchange contracts		276		276
Equity contracts			384	384
Commodity contracts	18	48		66
Derivative assets	31	1,126	396	1,553
Total assets	$ 462	19,773	489	20,724
Liabilities:				
Derivative liabilities:				
Interest rate contracts	$ 1	384	4	389
Foreign exchange contracts		252		252
Equity contracts			48	48
Commodity contracts	9	56		65
Derivative liabilities	10	692	52	754
Short positions	4	4		8
Total liabilities	$ 14	696	52	762

(a) Excludes FHLB and FRB restricted stock totaling ***$249*** *and* ***$350****, respectively, at* ***March 31, 2014*** *and $402 and $349 at December 31, 2013, respectively.*
(b) Includes residential mortgage loans originated as held for sale and subsequently transferred to held for investment.
(c) During the three months ended March 31, 2014 and the year ended December 31, 2013, no assets or liabilities were transferred between Level 1 and Level 2.

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 and trading securities

Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include government bonds and exchange traded equities. If quoted market prices are not available, then fair values are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Examples of such instruments, which are classified within Level 2 of the valuation hierarchy, include agency and non-agency mortgage-backed securities, other asset-backed securities, obligations of U.S. Government sponsored agencies, and corporate and municipal bonds. Corporate bonds are included in other bonds, notes and debentures in the previous table. Agency mortgage-backed securities, obligations of U.S. Government sponsored agencies, and corporate and municipal bonds 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, 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.

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Residential mortgage loans

Residential mortgage loans held for sale that are reclassified to held for investment are transferred from Level 2 to Level 3 of the fair value hierarchy. It is the Bancorp s policy to value any transfers between levels of the fair value hierarchy based on end of period fair values.

For residential mortgage loans 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 classified within 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 loan. The Secondary Marketing Department, which reports to the Bancorp s Chief Operating Officer, in conjunction with the Consumer Credit Risk Department, which reports to the Bancorp s Chief Risk and Credit Officer, are responsible for determining the valuation methodology for residential mortgage loans held for investment. The Secondary Marketing Department reviews loss severity assumptions quarterly to determine if adjustments are necessary based on decreases in observable housing market data. This group also reviews trades in comparable benchmark securities and adjusts the values of loans as necessary. Consumer Credit Risk is responsible for the credit component of the fair value which is based on internally developed loss rate models that take into account historical loss rates and loss severities based on underlying collateral values.

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 discounted cash flow 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 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 March 31, 2014 and December 31, 2013, derivatives classified as Level 3, which are valued using models containing unobservable inputs, consisted primarily of a warrant associated with the initial sale of the Bancorp s 51% interest in Vantiv Holding, LLC to Advent International and a total return swap associated with the Bancorp s sale of Visa, Inc. Class B shares. Level 3 derivatives also include interest rate lock commitments, which utilize internally generated loan closing rate assumptions as a significant unobservable input in the valuation process.

The warrant allows the Bancorp to purchase approximately 20 million incremental nonvoting units in Vantiv Holding, LLC under certain defined conditions involving change of control. The fair value of the warrant is calculated in conjunction with a third party valuation provider by applying Black-Scholes option valuation models using probability weighted scenarios which contain the following inputs: Vantiv, Inc. stock price, strike price per the Warrant Agreement and several unobservable inputs, such as expected term, expected volatility and expected dividend rate.

For the warrant, an increase in the expected term (years) and the expected volatility assumptions would result in an increase in the fair value; correspondingly, a decrease in these assumptions would result in a decrease in the fair value. The Accounting and Treasury Departments, both of which report to the Bancorp s Chief Financial Officer, determined the valuation methodology for the warrant. Accounting and Treasury review changes in fair value on a quarterly basis for reasonableness based on changes in historical and implied volatilities, expected terms, probability weightings of the related scenarios, and other assumptions.

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 discounted cash flow 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 fair value; correspondingly, a decrease in the loss estimate or an acceleration of the resolution of the Covered Litigation would result in a decrease in fair value. The Accounting and Treasury Departments determined the valuation methodology for the total return swap. Accounting and Treasury review the changes in fair value on a quarterly basis for reasonableness based on Visa stock price changes, litigation contingencies, and escrow funding.

The net fair value asset of the interest rate lock commitments at March 31, 2014 was $16 million. Immediate decreases in current interest rates of 25 bps and 50 bps would result in increases in the fair value of the interest rate lock commitments of approximately $9 million and $16 million, respectively. Immediate increases of current interest rates of 25 bps and 50 bps would result in decreases in the fair value of the interest rate lock commitments of approximately $9 million and $19 million, respectively. The decrease in fair value of interest rate lock commitments due to immediate 10% and 20% adverse changes in the assumed loan closing rates would be approximately $2 million and $3 million, respectively, and the increase in fair value due to immediate 10% and 20% favorable changes in the assumed loan closing rates would be approximately $2 million and $3 million, respectively. 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.

The Secondary Marketing Department and the Consumer Line of Business Finance Department, which reports to the Bancorp s Chief Financial Officer, are responsible for determining the valuation methodology for IRLCs. Secondary Marketing, in conjunction with a third party valuation provider, periodically review loan closing rate assumptions and recent loan sales to determine if adjustments are needed for current market conditions not reflected in historical data.

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The following tables are a reconciliation of assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

For the three months ended March 31, 2014 ($ in millions)	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Trading Securities	Residential Mortgage Loans	Interest Rate Derivatives, Net[(a)]	Equity Derivatives, Net[(a)]	Total Fair Value
Beginning balance	$ 1	92	8	336	437
Total gains or losses (realized/unrealized):					
Included in earnings		**1**	**37**	**(35)**	**3**
Settlements		**(2)**	**(32)**	**4**	**(30)**
Transfers into Level 3[(b)]		**12**			**12**
Ending balance	**$ 1**	**103**	**13**	**305**	**422**
The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at March 31, 2014[(c)]	**$**	**1**	**16**	**(35)**	**(18)**

For the three months ended March 31, 2013 ($ in millions)	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Trading Securities	Residential Mortgage Loans	Interest Rate Derivatives, Net[(a)]	Equity Derivatives, Net[(a)]	Total Fair Value
Beginning balance	$ 1	76	57	144	278
Total gains or losses (realized/unrealized):					
Included in earnings		1	56	27	84
Settlements		(4)	(65)	3	(66)
Transfers into Level 3[(b)]		8			8
Ending balance	$ 1	81	48	174	304
The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at March 31, 2013[(c)]	$	1	51	27	79

*(a) Net interest rate derivatives include derivative assets and liabilities of **$16** and **$3**, respectively, as of **March 31, 2014** and $51 and $3, respectively, as of March 31, 2013. Net equity derivatives include derivative assets and liabilities of **$348** and **$43**, respectively, as of **March 31, 2014**, and $211 and $37, respectively, as of March 31, 2013.*

(b) Includes residential mortgage loans held for sale that were transferred to held for investment.

(c) Includes interest income and expense.

The total gains and losses 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:

($ in millions)	For the three months ended March 31, 2014	2013
Mortgage banking net revenue	**$ 38**	57
Other noninterest income	**(35)**	27
Total gains	**$ 3**	84

The total gains and losses included in earnings attributable to changes in unrealized gains and losses related to Level 3 assets and liabilities still held at March 31, 2014 and 2013 were recorded in the Condensed Consolidated Statements of Income as follows:

($ in millions)	For the three months ended March 31, 2014	2013
Mortgage banking net revenue	**$ 17**	52
Other noninterest income	**(35)**	27
Total (losses) gains	**$ (18)**	79

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The following tables present information as of March 31, 2014 and 2013 about significant unobservable inputs related to the Bancorp s material categories of Level 3 financial assets and liabilities measured on a recurring basis:

As of March 31, 2014 ($ in millions)

Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Ranges of Inputs	Weighted-Average
Residential mortgage loans			Interest rate risk factor	**(21.8) - 20.1%**	**3.0%**
	$ 103	Loss rate model	Credit risk factor	**0 - 62.4%**	**2.0%**
IRLCs, net	**16**	Discounted cash flow	Loan closing rates	**7.3 - 95.0%**	**67.6%**
Stock warrant associated with Vantiv Holding, LLC			Expected term (years)	**2.00 - 15.25**	**6.0**
		Black-Scholes	Expected volatility[a]	**25.0 - 32.7%**	**28.1%**
	348	option valuation model	Expected dividend rate		
Swap associated with the sale of Visa, Inc. Class B shares			Timing of the resolution	**12/31/2014 -**	
	(43)	Discounted cash flow	of the Covered Litigation	**12/31/2019**	**NM**

As of March 31, 2013 ($ in millions)

Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Ranges of Inputs	Weighted-Average
Residential mortgage loans			Interest rate risk factor	(91.0) - 49.0%	6.0%
	$ 81	Loss rate model	Credit risk factor	0 - 68.4%	3.4%
IRLCs, net	50	Discounted cash flow	Loan closing rates	9.9 - 95.0%	65.8%
Stock warrant associated with Vantiv Holding, LLC			Expected term (years)	2.00 - 16.50	5.1
			Expected volatility[a]	23.6 - 35.0%	28.9%
	211	Black-Scholes option valuation model	Expected dividend rate		
Swap associated with the sale of Visa, Inc. Class B shares			Timing of the resolution	3/31/2014 -	
	(37)	Discounted cash flow	of the Covered Litigation	3/31/2017	NM

(a) Based on historical and implied volatilities of Vantiv, Inc. and comparable companies assuming similar expected terms.

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 represent those assets that were subject to fair value adjustments during the quarters ended March 31, 2014 and 2013 and still held as of the end of the period, and the related losses from fair value adjustments on assets sold during the period as well as assets still held as of the end of the period:

	Fair Value Measurements Using				Total Losses
As of March 31, 2014 ($ in millions)	Level 1	Level 2	Level 3	Total	**For the three months ended March 31, 2014**
Commercial loans held for sale[(a)]	**$**				
Commercial and industrial loans			**22**	**22**	**(41)**
Commercial mortgage loans			**31**	**31**	**(11)**
Commercial construction loans			**2**	**2**	
MSRs			**972**	**972**	**4**
OREO			**95**	**95**	**(13)**
Total	**$**		**1,122**	**1,122**	**(61)**

	Fair Value Measurements Using				Total Losses
As of March 31, 2013 ($ in millions)	Level 1	Level 2	Level 3	Total	For the three months ended March 31, 2013
Commercial loans held for sale[(a)]	$		4	4	(4)
Commercial and industrial loans			20	20	(6)
Commercial mortgage loans			34	34	(17)
Commercial construction loans			7	7	
MSRs			766	766	49
OREO			120	120	(22)
Total	$		951	951	

(a) Includes commercial nonaccrual loans held for sale.

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The following tables present information as of March 31, 2014 and 2013 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 March 31, 2014 ($ in millions)

Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Ranges of Inputs	Weighted-Average
Commercial loans held for sale	**$**	Appraised value	Appraised value	**NM**	**NM**
			Cost to sell	**NM**	**10.0%**
Commercial and industrial loans	**22**	Appraised value	Collateral value	**NM**	**NM**
Commercial mortgage loans	**31**	Appraised value	Collateral value	**NM**	**NM**
Commercial construction loans	**2**	Appraised value	Collateral value	**NM**	**NM**
MSRs	**972**				**(Fixed) 10.6%**
		Discounted cash flow	Prepayment speed	**0 - 100%**	**(Adjustable) 26.1%**
					(Fixed) 9.9%
			Discount rates	**9.6 - 13.2%**	**(Adjustable) 11.8%**
OREO	**95**	Appraised value	Appraised value	**NM**	**NM**

As of March 31, 2013 ($ in millions)

Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Ranges of Inputs	Weighted-Average
Commercial loans held for sale	$ 4	Appraised value	Appraised value	NM	NM
			Cost to sell	NM	10.0%
Commercial and industrial loans	20	Appraised value	Default rates	100%	NM
			Collateral value	NM	NM
Commercial mortgage loans	34	Appraised value	Default rates	100%	NM
			Collateral value	NM	NM
Commercial construction loans	7	Appraised value	Default rates	100%	NM
			Collateral value	NM	NM
MSRs					(Fixed) 14.0%
	766	Discounted cash flow	Prepayment speed	0 - 100%	(Adjustable) 26.8%

					(Fixed) 10.5%
			Discount rates	9.4 - 18.0%	(Adjustable) 11.7%
OREO	120	Appraised value	Appraised value	NM	NM

Commercial loans held for sale

During the first quarter of 2014, the Bancorp did not transfer any commercial loans from the portfolio to loans held for sale that upon transfer were measured at fair value. During the first quarter of 2013, the Bancorp transferred $3 million of commercial loans from the portfolio to loans held for sale that upon transfer were measured at fair value using significant unobservable inputs. There were no fair value adjustments for the three months ended March 31, 2014 and $3 million of fair value adjustments for the three months ended March 31, 2013 that were generally based on appraisals of the underlying collateral and were therefore, classified within Level 3 of the valuation hierarchy. Additionally, there were immaterial fair value adjustments on existing commercial loans held for sale for the three months ended March 31, 2014 and $1 million for the three months ended March 31, 2013. The fair value adjustments are also based on appraisals of the underlying collateral and were therefore classified within Level 3 of the valuation hierarchy. An adverse change in the fair value of the underlying collateral would result in a decrease in the fair value measurement. The Accounting Department determines the procedures for valuation of commercial held for sale loans which may include a comparison to recently executed transactions of similar type loans. A monthly review of the portfolio is performed for reasonableness. Quarterly, appraisals approaching a year-old are updated and the Real Estate Valuation group, which reports to the Chief Risk and Credit Officer, in conjunction with the Commercial Line of Business review the third party appraisals for reasonableness. Additionally, the Commercial Line of Business Finance Department, which reports to the Bancorp Chief Financial Officer, in conjunction with Accounting review all loan appraisal values, carrying values and vintages.

Commercial loans held for investment

During the three months ended March 31, 2014 and 2013, the Bancorp recorded nonrecurring impairment adjustments to certain commercial and industrial, commercial mortgage and commercial construction loans held for investment. Larger commercial loans included within aggregate borrower relationship balances exceeding $1 million that exhibit probable or observed credit weaknesses are subject to individual review for impairment. The Bancorp considers the current value of collateral, credit quality of any guarantees, the guarantor s liquidity and willingness to cooperate, the loan structure and other factors when evaluating whether an individual loan is impaired. When the loan is collateral dependent, the fair value of the loan is generally based on the fair value of the underlying collateral supporting the loan and therefore these loans were classified within Level 3 of the valuation hierarchy. In cases where the carrying value exceeds the fair value, an impairment loss is recognized.

An adverse change in the fair value of the underlying collateral would result in a decrease in the fair value measurement. The fair values and recognized impairment losses are reflected in the previous table. Commercial Credit Risk, which reports to the Chief Risk and Credit Officer, is responsible for preparing and reviewing the fair value estimates for commercial loans held for investment.

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Fifth Third Bancorp and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

Mortgage 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 discounted cash flow models with certain unobservable inputs, primarily prepayment speed assumptions, discount rates and weighted average lives, resulting in a classification within Level 3 of the valuation hierarchy. Refer to Note 9 for further information on the assumptions used in the valuation of the Bancorp s MSRs. The Secondary Marketing Department and Treasury Department are responsible for determining the valuation methodology for MSRs. Representatives from Secondary Marketing, Treasury, Accounting and Risk Management are responsible for reviewing key assumptions used in the internal discounted cash flow model. Two external valuations of the MSR portfolio are obtained from third parties that use valuation models in order to assess the reasonableness of the internal discounted cash flow model. Additionally, the Bancorp participates in peer surveys that provide additional confirmation of the reasonableness of key assumptions utilized in the MSR valuation process and the resulting MSR prices.

OREO

During the three months ended March 31, 2014, the Bancorp recorded nonrecurring adjustments to certain commercial and residential real estate properties classified as OREO and measured at the lower of carrying amount or fair value. These nonrecurring losses are primarily due to declines in real estate values of the properties recorded in OREO. These losses include $3 million and $12 million in losses, recorded as charge-offs, on new OREO properties transferred from loans during the three months ended March 31, 2014 and 2013, respectively, and $10 million in losses for the three months ended March 31, 2014 and 2013, recorded as negative fair value adjustments on OREO in other noninterest income subsequent to their transfer from loans. As discussed in the following paragraphs, 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.

The Real Estate Valuation department, which reports to the Chief Risk and Credit Officer, is solely responsible for managing the appraisal process and evaluating the appraisal for all commercial properties transferred to OREO. All appraisals on commercial OREO properties are updated on at least an annual basis.

The Real Estate Valuation department reviews the BPO data and internal market information to determine the initial charge-off on residential real estate loans transferred to OREO. Once the foreclosure process is completed, the Bancorp performs an interior inspection to update the initial fair value of the property. These properties are reviewed at least every 30 days after the initial interior inspections are completed. The Asset Manager receives a monthly status report for each property which includes the number of showings, recently sold properties, current comparable listings and overall market conditions.

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 instruments held at March 31, 2014 and 2013 for which the fair value option was elected as well as the changes in fair value of the underlying IRLCs, included gains of $23 million and $114 million, respectively. These gains 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 by $2 million at March 31, 2014 and December 31, 2013. Interest on residential mortgage 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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Notes to Condensed Consolidated Financial Statements (unaudited)

The following table summarizes the difference between the fair value and the principal balance for residential mortgage loans measured at fair value as of:

($ in millions)	Aggregate Fair Value	Aggregate Unpaid Principal Balance	Difference
March 31, 2014			
Residential mortgage loans measured at fair value	**$ 752**	**729**	**23**
Past due loans of 90 days or more	**2**	**2**	
Nonaccrual loans	**3**	**3**	
December 31, 2013			
Residential mortgage loans measured at fair value	982	962	20
Past due loans of 90 days or more	1	2	(1)
Nonaccrual loans	2	2	

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 March 31, 2014 ($ in millions)	Net Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Financial assets:					
Cash and due from banks	**$ 3,153**	**3,153**			**3,153**
Other securities	**599**		**599**		**599**
Held-to-maturity securities	**195**			**195**	**195**
Other short-term investments	**2,202**	**2,202**			**2,202**
Loans held for sale	**131**			**131**	**131**
Portfolio loans and leases:					
Commercial and industrial loans	**39,872**			**41,192**	**41,192**
Commercial mortgage loans	**7,767**			**7,365**	**7,365**
Commercial construction loans	**1,195**			**1,015**	**1,015**
Commercial leases	**3,529**			**3,270**	**3,270**
Residential mortgage loans	**12,343**			**11,841**	**11,841**
Home equity	**9,039**			**9,081**	**9,081**
Automobile loans	**12,060**			**11,818**	**11,818**
Credit card	**2,087**			**2,263**	**2,263**
Other consumer loans and leases	**332**			**342**	**342**
Unallocated allowance for loan and lease losses	**(105)**				

Total portfolio loans and leases, net	$ 88,119			88,187	88,187
Financial liabilities:					
Deposits	96,874		96,893		96,893
Federal funds purchased	268	268			268
Other short-term borrowings	2,717		2,718		2,718
Long-term debt	11,233	11,257	606		11,863

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Notes to Condensed Consolidated Financial Statements (unaudited)

	Net Carrying	Fair Value Measurements Using			
As of December 31, 2013 ($ in millions)	Amount	Level 1	Level 2	Level 3	Fair Value
Financial assets:					
Cash and due from banks	$ 3,178	3,178			3,178
Other securities	751		751		751
Held-to-maturity securities	208			208	208
Other short-term investments	5,116	5,116			5,116
Loans held for sale	54			54	54
Portfolio loans and leases:					
Commercial and industrial loans	38,549			39,804	39,804
Commercial mortgage loans	7,854			7,430	7,430
Commercial construction loans	1,013			856	856
Commercial leases	3,572			3,261	3,261
Residential mortgage loans	12,399			11,541	11,541
Home equity	9,152			9,181	9,181
Automobile loans	11,961			11,748	11,748
Credit card	2,202			2,380	2,380
Other consumer loans and leases	348			361	361
Unallocated allowance for loan and lease losses	(110)				
Total portfolio loans and leases, net	$ 86,940			86,562	86,562
Financial liabilities:					
Deposits	99,275		99,288		99,288
Federal funds purchased	284	284			284
Other short-term borrowings	1,380		1,380		1,380
Long-term debt	9,633	9,645	577		10,222

Cash and due from banks, other securities, other short-term investments, deposits, federal funds purchased and other short-term borrowings

For financial instruments with a short-term or no stated maturity, prevailing market rates and limited credit risk, carrying amounts approximate fair value. Those financial instruments include cash and due from banks, FHLB and FRB restricted stock, other short-term investments, certain deposits (demand, interest checking, savings, money market and foreign office deposits), federal funds purchased, and other short-term borrowings excluding FHLB borrowings. Fair values for other time deposits, certificates of deposit $100,000 and over and FHLB borrowings were estimated using a discounted cash flow calculation that applies prevailing LIBOR/swap rates and a spread for new issuances with similar terms.

Held-to-maturity securities

The Bancorp s held-to-maturity securities are primarily composed of instruments that provide income tax credits as the economic return on the investment. The fair value of these instruments is estimated based on current U.S. Treasury tax credit rates.

Loans held for sale

Fair values for commercial loans held for sale were valued based on executable bids when available, or on discounted cash flow models incorporating appraisals of the underlying collateral, as well as assumptions about investor return requirements and amounts and timing of expected cash flows. Fair values for other consumer loans held for sale are based on contractual values upon which the loans may be sold to a third party, and approximate their carrying value.

Portfolio loans and leases, net

Fair values were estimated by discounting future cash flows using the current market rates of loans to borrowers with similar credit characteristics, similar remaining maturities, prepayment speeds, and loss severities.

Long-term debt

Fair value of long-term debt was based on quoted market prices, when available, or a discounted cash flow calculation using LIBOR/swap interest rates and, in some cases, Fifth Third credit and/or debt instrument spreads for new issuances with similar terms.

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Fifth Third Bancorp and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

20. Business Segments

The Bancorp reports on four business segments: Commercial Banking, Branch Banking, Consumer Lending and Investment Advisors. 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 are improved and businesses change.

The Bancorp manages interest rate risk centrally at the corporate level by employing an FTP methodology. This methodology insulates the business segments from interest rate volatility, enabling them to focus on serving customers through loan originations and deposit taking. The FTP system assigns charge rates and credit rates to classes of assets and liabilities, respectively, based on expected duration and the U.S. swap curve. Matching duration allocates interest income and interest expense to each segment so its resulting net interest income is insulated from interest rate risk. In a rising rate environment, the Bancorp benefits from the widening spread between deposit costs and wholesale funding costs. However, the Bancorp s FTP system credits this benefit to deposit-providing businesses, such as Branch Banking and Investment Advisors, on a duration-adjusted basis. The net impact of the FTP methodology is captured in General Corporate and Other.

The Bancorp adjusts the FTP charge and credit rates as dictated by changes in interest rates for various interest-earning assets and interest-bearing liabilities and by the review of the estimated durations for the indeterminate-lived deposits. The credit rate provided for demand deposit accounts is reviewed annually based upon the account type, its estimated duration and the corresponding fed funds, U.S. swap curve or swap rate. The credit rates for several deposit products were reset January 1, 2014 to reflect the current market rates and updated market assumptions. These rates were generally higher than those in place during 2013, thus net interest income for deposit providing businesses was positively impacted during 2014.

The business segments are charged provision expense based on the actual net charge-offs experienced by the loans and leases owned by each segment. Provision expense attributable to loan and leases growth and changes in ALLL factors are captured in General Corporate and Other. The financial results of the business segments include allocations for shared services and headquarters expenses. Even with these allocations, the financial results are not necessarily indicative of the business segments financial condition and results of operations as if they existed as independent entities. Additionally, the business segments form synergies by taking advantage of cross-sell opportunities and when funding operations, by accessing the capital markets as a collective unit.

The results of operations and financial position for the three months ended March 31, 2013 were restated to reflect the transfer of certain customers and Bancorp employees from Branch Banking to Commercial Banking, effective January 1, 2014. In addition, the prior year balances were restated to reflect a change in internal allocation methodology.

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.

Branch Banking provides a full range of deposit and loan and lease products to individuals and small businesses through 1,311 full-service Banking Centers. Branch Banking offers depository and loan products, such as checking and savings accounts, home equity loans and lines of credit, credit cards and loans for automobiles and other personal financing needs, as well as products designed to meet the specific needs of small businesses, including cash management services.

Consumer Lending includes the Bancorp s mortgage, home equity, automobile and other indirect lending activities. Mortgage and home equity lending activities include the origination, retention and servicing of mortgage, automobile and home equity loans or lines of credit, sales and securitizations of those loans, pools of loans or lines of credit, and all associated hedging activities. Indirect lending activities include extending loans to consumers through mortgage brokers and automobile dealers.

Investment Advisors provides a full range of investment alternatives for individuals, companies and not-for-profit organizations. Investment Advisors is made up of four main businesses: FTS, an indirect wholly-owned subsidiary of the Bancorp; ClearArc Capital, Inc., 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. ClearArc Capital, Inc. provides asset management services and previously advised the Bancorp s proprietary family of mutual funds. Fifth Third Private Bank offers holistic strategies to affluent clients in wealth planning, investing, insurance and wealth protection. Fifth Third Institutional Services provides advisory services for institutional clients including states and municipalities.

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Fifth Third Bancorp and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

Results of operations and assets by segment for the three months ended March 31, 2014 and 2013 are:

($ in millions)	Commercial Banking	Branch Banking	Consumer Lending	Investment Advisors	General Corporate and Other	Eliminations	Total
Three months ended March 31, 2014							
Net interest income	$ **404**	**385**	**64**	**32**	**8**		**893**
Provision for loan and lease losses	**97**	**45**	**25**		**(98)**		**69**
Net interest income after provision for loan and lease losses	**307**	**340**	**39**	**32**	**106**		**824**
Noninterest income:							
Service charges on deposits	**69**	**63**		**1**			**133**
Mortgage banking net revenue		**1**	**108**				**109**
Corporate banking revenue	**104**	**1**		**1**	**(2)**		**104**
Investment advisory revenue	**1**	**36**		**100**		**(35)**[(a)]	**102**
Card and processing revenue	**16**	**51**		**1**			**68**
Other noninterest income	**20**	**20**	**10**		**(9)**		**41**
Securities gains, net					**7**		**7**
Securities gains, net - non-qualifying hedges on mortgage servicing rights							
Total noninterest income	**210**	**172**	**118**	**103**	**(4)**	**(35)**	**564**
Noninterest expense:							
Salaries, wages and incentives	**64**	**105**	**25**	**34**	**131**		**359**
Employee benefits	**19**	**35**	**9**	**9**	**29**		**101**
Net occupancy expense	**6**	**46**	**2**	**2**	**24**		**80**
Technology and communications	**3**	**2**			**48**		**53**
Card and processing expense	**2**	**29**					**31**
Equipment expense	**2**	**15**			**13**		**30**
Other noninterest expense	**238**	**158**	**130**	**65**	**(260)**	**(35)**	**296**
Total noninterest expense	**334**	**390**	**166**	**110**	**(15)**	**(35)**	**950**
Income (loss) before income taxes	**183**	**122**	**(9)**	**25**	**117**		**438**
Applicable income tax expense (benefit)	**19**	**42**	**(3)**	**8**	**53**		**119**
Net income (loss)	**164**	**80**	**(6)**	**17**	**64**		**319**
Less: Net income attributable to noncontrolling interests					**1**		**1**
Net income (loss) attributable to Bancorp	**164**	**80**	**(6)**	**17**	**63**		**318**
Dividends on preferred stock					**9**		**9**

Net income (loss) available to common shareholders	$	**164**	**80**	**(6)**	**17**	**54**	**309**
Total goodwill	$	**613**	**1,655**		**148**		**2,416**
Total assets	$	**55,676**	**48,888**	**22,436**	**9,775**	**(7,121)**	**129,654**

(a) Revenue sharing agreements between Investment Advisors and Branch Banking are eliminated in the Condensed Consolidated Statements of Income.

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Notes to Condensed Consolidated Financial Statements (unaudited)

($ in millions)	Commercial Banking	Branch Banking	Consumer Lending	Investment Advisors	General Corporate and Other	Eliminations	Total
Three months ended March 31, 2013							
Net interest income	$ 384	323	85	36	60		888
Provision for loan and lease losses	44	57	29	1	(69)		62
Net interest income after provision for loan and lease losses	340	266	56	35	129		826
Noninterest income:							
Service charges on deposits	65	65		1			131
Mortgage banking net revenue		4	216				220
Corporate banking revenue	97	1		1			99
Investment advisory revenue	1	37		98		(36)[(a)]	100
Card and processing revenue	15	49		1			65
Other noninterest income	16	22	11	7	53		109
Securities gains, net					17		17
Securities gains, net - non-qualifying hedges on mortgage servicing rights			2				2
Total noninterest income	194	178	229	108	70	(36)	743
Noninterest expense:							
Salaries, wages and incentives	70	109	50	33	137		399
Employee benefits	20	36	13	9	36		114
Net occupancy expense	6	46	2	3	22		79
Technology and communications	3	1			45		49
Card and processing expense	1	29			1		31
Equipment expense	1	14			13		28
Other noninterest expense	199	155	112	70	(222)	(36)	278
Total noninterest expense	300	390	177	115	32	(36)	978
Income before income taxes	234	54	108	28	167		591
Applicable income tax expense	36	20	38	10	75		179
Net income	198	34	70	18	92		412
Less: Net income attributable to noncontrolling interests					(10)		(10)
Net income attributable to Bancorp	198	34	70	18	102		422
Dividends on preferred stock					9		9
Net income available to common shareholders	$ 198	34	70	18	93		413
Total goodwill	$ 613	1,655		148			2,416
Total assets	$ 52,117	47,527	24,026	9,114	(11,402)		121,382

(a) Revenue sharing agreements between Investment Advisors and Branch Banking are eliminated in the Condensed Consolidated Statements of Income.

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Notes to Condensed Consolidated Financial Statements (unaudited)

21. Subsequent Events

On April 25, 2014, the Bank issued and sold $1.5 billion in aggregate principal amount of unsecured senior bank notes. The bank notes consisted of: $850 million of 2.375% senior fixed rate notes, with a maturity of five years, due on April 25, 2019 and $650 million of 1.35% senior fixed rate notes with a maturity of three years, due on June 1, 2017. These bank notes will be redeemable by the Bank, in whole or in part, on or after the date that is 30 days prior to the maturity date at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest up to, but excluding, the redemption date.

On April 28, 2014, the Bancorp entered into an accelerated share repurchase transaction with a counterparty pursuant to which the Bancorp purchased 6,216,480 shares, or approximately $150 million, of its outstanding common stock on May 1, 2014. The Bancorp repurchased the shares of its common stock as part of its Board approved 100 million share repurchase program previously announced on March 18, 2014. The Bancorp expects the settlement of the transaction to occur on or before July 28, 2014.

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PART II. OTHER INFORMATION

Legal Proceedings (Item 1)

Refer to Note 15 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 first quarter of 2014 to any of the risk factors as previously disclosed in the Registrant s periodic securities filings.

Unregistered Sales of Equity Securities and Use of Proceeds (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 first quarter of 2014.

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, as amended. Incorporated by reference to the Registrant s Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

3.2 Code of Regulations of Fifth Third Bancorp as Amended as of September 18, 2012. Incorporated by reference to the Registrant s Current Report on Form 8-K filed with the Commission on September 21, 2012.

4.1 Third Supplemental Indenture dated as of February 28, 2014 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. Incorporated by reference to Exhibit 4.1 of the Registrant s Current Report on Form 8-K filed with the Commission on February 28, 2014.

4.2 Global Security dated as of February 28, 2014, representing Fifth Third Bancorp s $500,000,000 in principal amount of its 2.30% Senior Notes due 2019. Incorporated by reference to Exhibit 4.2 of the Registrant s Current Report on Form 8-K filed with the Commission on February 28, 2014.

10.1 Master Confirmation, as supplemented by a Supplemental Confirmation, for accelerated share repurchase transaction dated January 28, 2014 between Fifth Third Bancorp and Deutsche Bank AG, London Branch.*

10.2	Fifth Third Bancorp 2014 Incentive Compensation Plan. Incorporated by reference to the Registrant s Proxy Statement dated March 6, 2014.**
12.1	Computations of Consolidated Ratios of Earnings to Fixed Charges.
12.2	Computations of Consolidated Ratios of Earnings to Combined Fixed Charges and Preferred Stock Dividend Requirements.
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	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income, (iii) the Condensed Consolidated Statements of Comprehensive Income, (iv) the Condensed Consolidated Statements of Changes in Equity, (v) the Condensed Consolidated Statements of Cash Flows, and (vi) the Notes to Condensed Consolidated Financial Statements tagged as blocks of text and in detail.*

* An application for confidential treatment for selected portions of this exhibit has been filed with the Securities and Exchange Commission.

** Denotes management contract or compensatory plan or arrangement.

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Signatures

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: May 8, 2014	/s/ Tayfun Tuzun Tayfun Tuzun Executive Vice President and Chief Financial Officer