

FIFTH THIRD BANCORP  
Form 10-Q  
August 08, 2018  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**FORM 10-Q**  
**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF**  
**THE SECURITIES EXCHANGE ACT OF 1934**  
**For the Quarterly Period Ended June 30, 2018**  
**Commission File Number 001-33653**

(Exact name of Registrant as specified in its charter)

<b>Ohio</b> (State or other jurisdiction of incorporation or organization)	<b>31-0854434</b> (I.R.S. Employer Identification Number)
<b>Fifth Third Center</b> <b>Cincinnati, Ohio 45263</b>	

(Address of principal executive offices)

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

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

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer

Accelerated filer

(Do not check if a smaller reporting

Non-accelerated filer company)

Smaller reporting company

Emerging growth company

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

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

There were 668,092,149 shares of the Registrant's common stock, without par value, outstanding as of July 31, 2018.

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**FORWARD-LOOKING STATEMENTS**

This report contains statements that we believe are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Rule 175 promulgated thereunder, and Section 21E of the Securities Exchange Act of 1934, as amended, and Rule 3b-6 promulgated thereunder. These statements relate to our financial condition, results of operations, plans, objectives, future performance or business. They usually can be identified by the use of forward-looking language such as will likely result, may, are expected to, is anticipated, potential, forecast, projected, intends to, or may include other similar words or phrases such as believes, plans, trend, continue, remain, or similar expressions, or future or conditional verbs such as will, would, should, could,

or similar verbs. You should not place undue reliance on these statements, as they are subject to risks and uncertainties, including but not limited to the risk factors set forth in the Risk Factors section in Item 1A in our most recent Annual Report on Form 10-K as updated by our Quarterly Reports on Form 10-Q . When considering these forward-looking statements, you should keep in mind these risks and uncertainties, as well as any cautionary statements we may make. Moreover, you should treat these statements as speaking only as of the date they are made and based only on information then actually known to us. There are a number of important factors that could cause future results to differ materially from historical performance and these forward-looking statements. Factors that might cause such a difference include, but are not limited to: (1) deteriorating credit quality; (2) loan concentration by location or industry of borrowers or collateral; (3) problems encountered by other financial institutions; (4) inadequate sources of funding or liquidity; (5) unfavorable actions of rating agencies; (6) inability to maintain or grow deposits; (7) limitations on the ability to receive dividends from subsidiaries; (8) cyber-security risks; (9) Fifth Third's ability to secure confidential information and deliver products and services through the use of computer systems and telecommunications networks; (10) failures by third-party service providers; (11) inability to manage strategic initiatives and/or organizational changes; (12) inability to implement technology system enhancements; (13) failure of internal controls and other risk management systems; (14) losses related to fraud, theft or violence; (15) inability to attract and retain skilled personnel; (16) adverse impacts of government regulation; (17) governmental or regulatory changes or other actions; (18) failures to meet applicable capital requirements; (19) regulatory objections to Fifth Third's capital plan; (20) regulation of Fifth Third's derivatives activities; (21) regulatory objections to Fifth Third's resolution plan; (22) deposit insurance premiums; (23) assessments for the orderly liquidation fund; (24) changes in LIBOR; (25) weakness in the national or local economies; (26) global political and economic uncertainty or negative actions; (27) changes in interest rates; (28) changes and trends in capital markets; (29) fluctuation of Fifth Third's stock price; (30) volatility in mortgage banking revenue; (31) litigation, investigations, and enforcement proceedings by governmental authorities; (32) breaches of contractual covenants, representations and warranties; (33) competition and changes in the financial services industry; (34) changing retail distribution strategies, customer preferences and behavior; (35) risks relating to the potential merger with MB Financial, Inc. and Fifth Third's ability to realize the anticipated benefits of the merger; (36) difficulties in identifying, acquiring or integrating suitable strategic partnerships, investments or acquisitions; (37) potential dilution from future acquisitions; (38) loss of income and/or difficulties encountered in the sale and separation of businesses, investments or other assets; (39) results of Vantiv Holding, LLC, a subsidiary of Worldpay, Inc. or other investments or acquired entities; (40) difficulties from or changes in Fifth Third's investment in, relationship with, and nature of the operations of Vantiv Holding, LLC, a subsidiary of Worldpay, Inc.; (41) changes in accounting standards or interpretation or declines in the value of Fifth Third's goodwill or other intangible assets; (42) inaccuracies or other failures from the use of models; (43) effects of critical accounting policies and judgments or the use of inaccurate estimates; (44) weather related events or other natural disasters; and (45) the impact of reputational risk created by these or other developments on such matters as business generation and retention, funding and liquidity.

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**Glossary of Abbreviations and Acronyms**

Fifth Third Bancorp provides the following list of abbreviations and acronyms as a tool for the reader that are used in Management's Discussion and Analysis of Financial Condition and Results of Operations, the Condensed Consolidated Financial Statements and the Notes to Condensed Consolidated Financial Statements.

<b>ALCO:</b> Asset Liability Management Committee	<b>HQLA:</b> High Quality Liquid Assets
<b>ALLL:</b> Allowance for Loan and Lease Losses	<b>IPO:</b> Initial Public Offering
<b>AOCI:</b> Accumulated Other Comprehensive Income (Loss)	<b>IRC:</b> Internal Revenue Code
<b>APR:</b> Annual Percentage Rate	<b>IRLC:</b> Interest Rate Lock Commitment
<b>ARM:</b> Adjustable Rate Mortgage	<b>ISDA:</b> International Swaps and Derivatives Association, Inc.
<b>ASF:</b> Available Stable Funding	<b>LCR:</b> Liquidity Coverage Ratio
<b>ASU:</b> Accounting Standards Update	<b>LIBOR:</b> London Interbank Offered Rate
<b>ATM:</b> Automated Teller Machine	<b>LLC:</b> Limited Liability Company
<b>BCBS:</b> Basel Committee on Banking Supervision	<b>LTV:</b> Loan-to-Value
<b>BHC:</b> Bank Holding Company	<b>MD&amp;A:</b> Management's Discussion and Analysis of Financial Condition and Results of Operations
<b>BOLI:</b> Bank Owned Life Insurance	<b>MSR:</b> Mortgage Servicing Right
<b>BPO:</b> Broker Price Opinion	<b>N/A:</b> Not Applicable
<b>bps:</b> Basis Points	<b>NII:</b> Net Interest Income
<b>CCAR:</b> Comprehensive Capital Analysis and Review	<b>NM:</b> Not Meaningful
<b>CDC:</b> Fifth Third Community Development Corporation	<b>NSFR:</b> Net Stable Funding Ratio
<b>CET1:</b> Common Equity Tier 1	<b>OAS:</b> Option-Adjusted Spread
<b>CFPB:</b> Consumer Financial Protection Bureau	<b>OCI:</b> Other Comprehensive Income (Loss)
<b>C&amp;I:</b> Commercial and Industrial	

<b>DCF:</b> Discounted Cash Flow	<b>OREO:</b> Other Real Estate Owned
<b>DFA:</b> Dodd-Frank Wall Street Reform & Consumer Protection Act	<b>OTTI:</b> Other-Than-Temporary Impairment
<b>DTCC:</b> Depository Trust & Clearing Corporation	<b>PCA:</b> Prompt Corrective Action
<b>ERM:</b> Enterprise Risk Management	<b>RCC:</b> Risk Compliance Committee
<b>ERMC:</b> Enterprise Risk Management Committee	<b>RSF:</b> Required Stable Funding
<b>EVE:</b> Economic Value of Equity	<b>SAR:</b> Stock Appreciation Right
<b>FASB:</b> Financial Accounting Standards Board	<b>SBA:</b> Small Business Administration
<b>FDIC:</b> Federal Deposit Insurance Corporation	<b>SCB:</b> Stress Capital Buffer
<b>FHA:</b> Federal Housing Administration	<b>SEC:</b> United States Securities and Exchange Commission
<b>FHLB:</b> Federal Home Loan Bank	<b>SLB:</b> Stress Leverage Buffer
<b>FHLMC:</b> Federal Home Loan Mortgage Corporation	<b>TBA:</b> To Be Announced
<b>FICO:</b> Fair Isaac Corporation (credit rating)	<b>TCJA:</b> Tax Cuts and Jobs Act
<b>FINRA:</b> Financial Industry Regulatory Authority	<b>TDR:</b> Troubled Debt Restructuring
<b>FNMA:</b> Federal National Mortgage Association	<b>TILA:</b> Truth in Lending Act
<b>FOMC:</b> Federal Open Market Committee	<b>TRA:</b> Tax Receivable Agreement
<b>FRB:</b> Federal Reserve Bank	<b>U.S.:</b> United States of America
<b>FTE:</b> Fully Taxable Equivalent	<b>U.S. GAAP:</b> United States Generally Accepted Accounting Principles
<b>FTP:</b> Funds Transfer Pricing	<b>VA:</b> United States Department of Veteran Affairs
<b>FTS:</b> Fifth Third Securities	<b>VIE:</b> Variable Interest Entity
<b>GDP:</b> Gross Domestic Product	<b>VRDN:</b> Variable Rate Demand Note
<b>GNMA:</b> Government National Mortgage Association	
<b>GSE:</b> United States Government Sponsored Enterprise	

**Table of Contents****Management's Discussion and Analysis of Financial Condition and Results of Operations (Item 2)**

The following is Management's Discussion and Analysis of Financial Condition and Results of Operations of certain significant factors that have affected Fifth Third Bancorp's (the Bancorp or Fifth Third) financial condition and results of operations during the periods included in the Condensed Consolidated Financial Statements, which are a part of this filing. Reference to the Bancorp incorporates the parent holding company and all consolidated subsidiaries. The Bancorp's banking subsidiary is referred to as the Bank.

**TABLE 1: Selected Financial Data**

(\$ in millions, except for per share data)	For the three months ended June 30,			For the six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
<b>Income Statement Data</b>						
Net interest income (U.S. GAAP)	\$ 1,020	939	9	\$ 2,016	1,872	8
Net interest income (FTE) <sup>(a)(b)</sup>	1,024	945	8	2,023	1,884	7
Noninterest income	743	564	32	1,652	1,087	52
Total revenue <sup>(a)</sup>	1,767	1,509	17	3,675	2,971	24
Provision for loan and lease losses	33	52	(37)	56	126	(56)
Noninterest expense	1,037	957	8	2,083	1,943	7
Net income attributable to Bancorp	586	367	60	1,290	672	92
Net income available to common shareholders	563	&				