



**FIFTH THIRD BANCORP
MARKET RISK DISCLOSURES**

For the quarter ended December 31, 2013

The Market Risk Rule

The Office of the Comptroller of the Currency (OCC), jointly with the Board of Governors of the Federal Reserve System (FRB), and the Federal Deposit Insurance Corporation (FDIC) issued the Market Risk Capital Rule (MRR) in June 2012. With more than \$1 billion in aggregate trading assets and liabilities, Fifth Third Bancorp (FITB) is subject to the MRR and operates in compliance with the revised risk-based capital guidelines for market risk. Our approach to measuring market risk, including internal models, was most recently approved by our primary U.S. banking regulators in December 2012.

The MRR establishes regulatory capital requirements and sets out certain key market risk measurement and management techniques, including the need for calculating Value-at-Risk (VaR) and Stressed VaR (SVaR) for each covered position, stress testing, back testing and independent market risk management. It requires that market risk on all covered positions be computed on a consistent basis to facilitate the aggregation and management of market risks across all trading businesses. To increase transparency and improve market discipline, quantitative and qualitative disclosures are published on a quarterly basis.

Covered Positions

FITB captures and aggregates all covered positions within a VaR framework. For this purpose, covered positions include all positions in the Bank's Trading account. Trading activities are primarily customer-driven and are materially comprised of commercial customer interest rate derivatives (IRD), foreign exchange contracts (FX), commodity contracts and Fifth Third Securities (FTS) trading inventory. Interest rate risk is the primary source of market risk for the Trading portfolio.

The derivatives discussed in this section include only those transacted with commercial customers, not those the Bank enters into to manage the interest rate or other risks in its balance sheet (non-trading activities). Commercial customers enter into IRD trades with the Bank to hedge the interest rate risk on loans or other exposures they may have. FITB typically enters into offsetting trades with approved counterparties to reduce or eliminate market risk. Foreign exchange and commodity price risk are also generally minimal, as trades with customers are most often offset with opposite trades executed with bank counterparties. Market risk can result when offsetting trades are not executed at the same time as the customer trades, or when there is a mismatch in the maturity structure. Another risk arises from the non-linear price characteristics of options positions and their sensitivity to the volatility of the underlying rates or prices. FTS originates, underwrites and distributes securities through its sales and trading staff. Although the typical hold period is very short term, this is our only "long" portfolio and the main driver of VaR and subsequently risk-weighted assets (RWA). Inventory primarily consists of corporate and municipal bonds, agencies, treasuries, mortgage backed securities, CDs and structured notes.

A documented, well-enforced program of trading limits prohibits certain potential covered-position exposures and helps reduce model complexity. Market risk limits are set independently but with the concurrence with the lines of business and are reviewed by senior management on at least an annual basis. Limits on quantitative risk measures, including VaR, are monitored on a daily basis and reported in dashboards along with limit exceptions significant positions, and profit and loss attribution.

Value-at-Risk

VaR is the market risk measurement technique used to estimate the maximum future loss on a portfolio that can be expected over a given time horizon at a specified level of certainty or probability. FITB uses Historical VaR methodology, which compares the actual volatility of risk factors such as rates, spreads and prices to the historical sensitivity of those factors. It captures empirical correlations within and across risk categories. FITB addresses all significant price risks within its VaR model, including basis risk as well as directional market risks.

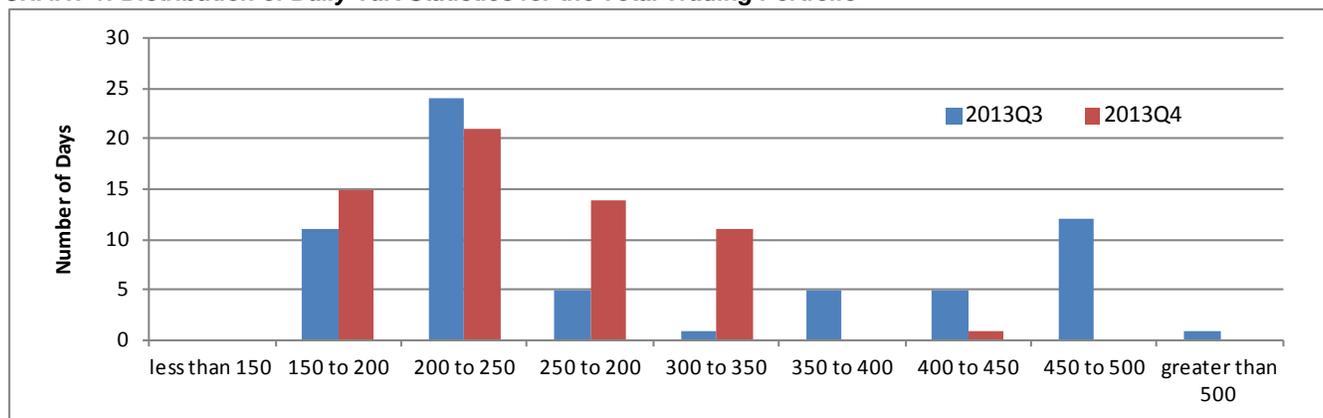
For each trading portfolio, VaR is calculated on a daily basis using a 99% one-tailed confidence level. The 10-day VaR is calculated using the actual 10-day historical changes in risk factors; we do not scale the 1-day VaR to calculate the 10-day VaR because scaling assumes that daily portfolio returns are independent and identically distributed. When this assumption is violated, the square root of time approximate is not appropriate. The model uses a rolling historical observation period of 750 business days and the market data is updated and validated on a daily basis.

TABLE 1: VaR-Based Metrics

Quarter Ended Dec 31, 2013 (\$ in thousands)	FTS	FX	Commodity	IRD	DC	Aggregate ¹
Low VaR ¹	289	171	21	1	4	631
High VaR	1,265	336	146	2	4	1,591
Mean VaR	642	240	68	1	4	956
Period End VaR	436	213	21	1	4	676
Low SVaR	596	344	20	2	10	1,188
High SVaR	1,613	785	122	2	11	2,304
Mean SVaR	1,002	523	60	2	11	1,597
Period End SVaR	777	485	26	2	11	1,303

¹ 99% confidence, 10-day hold period

² Because low and high VaR may occur on different days for different trading areas, low and high for the aggregate portfolio will not equal the sum of the individual components

CHART 1: Distribution of Daily VaR Statistics for the Total Trading Portfolio

The decrease in VaR compared to the quarter ended September 30, 2013 was primarily driven by less volatility in interest rates and lower inventory levels.

Stressed VaR

FITB uses the same internal VaR models to calculate a stressed VaR-based measure (SVaR), subject to the same confidence level and holding period, but with model inputs calibrated to historical data from a continuous 12-month period that reflects a period of significant financial stress. The SVaR supplements the VaR metric by mitigating the pro-cyclicality of the minimum capital requirements for market risk. The same time frame is used to calculate SVaR for each sub-portfolio and aggregate SVaR must be no less than the aggregate VaR.

The stress period selected is directly linked to the composition and directional basis of the current trading portfolio. FITB reviews the appropriateness of the 12-month stress period on a regular basis, considering changes in trading exposure, product offerings, business model, risk appetite, hedging strategy, etc. Market Risk Management maintains policies and procedures that describe how the stress period is calibrated, including empirical support for the current period.

Specific Risk Measures

Specific risk is the risk of loss on a position that could result from factors other than broad market movements such as event risk, credit/default risk and idiosyncratic risk. FITB calculates the standard specific risk charge using the standardized measurement method, which measures specific risk pursuant to fixed risk weights as prescribed by the MRR.

The following table summarizes the minimum capital requirement and RWA for market risk as of December 31, 2013, calculated in accordance with the final rule. Per policy, correlation trading is not allowed and during the

fourth quarter Fifth Third's covered positions did not contain any securitization positions as defined by the MRR. As such the calculation does not include incremental or comprehensive risk charges.

TABLE 2: Market Risk Capital and Risk Weighted Assets

As of Dec 31, 2013 (\$ in thousands)	VaR ¹	SVaR ²	Specific Risk	Capital Charge	RWA
FTS Inventory	1,929	2,987	795	5,711	71,386
FX Contracts	724	1,578	-	2,301	28,766
Commodity Contracts	199	176	-	375	4,693
Commercial Customer IRDs	4	5	-	9	115
Deferred Compensation (mutual funds)	12	33	18	63	790
Grand Total	2,868	4,779	813	8,459	105,750

¹ 10-day hold, 99% confidence regulatory VaR-based Capital Charge

² 10-day hold, 99% confidence regulatory Stressed VaR-based Capital Charge

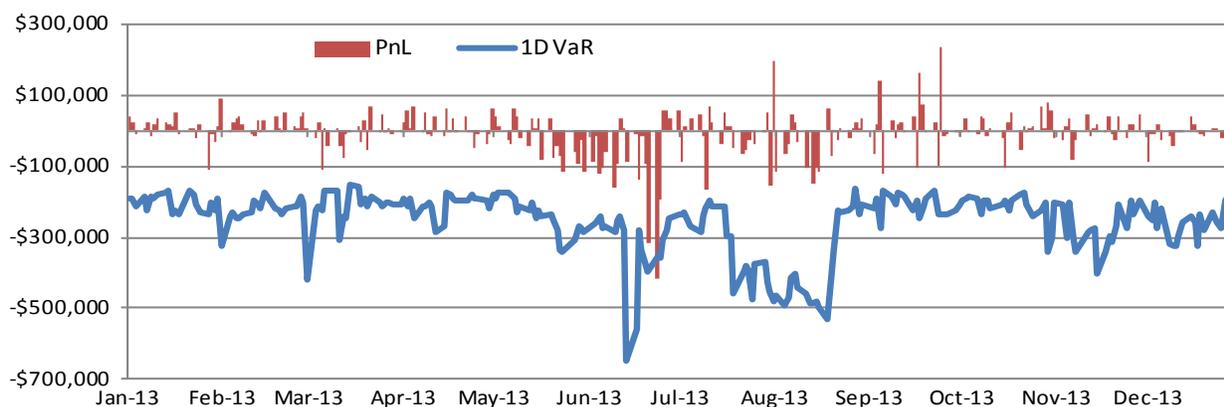
In January 2013 the aggregate SVaR was 2.42x the VaR, primarily driven by the FTS portfolio. In the second quarter Treasury yields increased steadily, sometimes sharply, resulting in higher securities inventory and a spike in the 10-day VaR in June 2013. However, the analysis on the Stressed VaR time period continues to indicate that no change is needed. Consequently the ratio between SVaR and VaR has declined reaching a low point of 1.50 in September.

Back Testing Results

FITB back tests the internal VaR models against the subsequent hypothetical or clean P&L on a daily basis using 99% confidence level non-scaled one-day hold VaR. Clean P&L assumes that end-of-day positions remain constant over the next business day (therefore excluding fees, commissions, reserves, net interest income and intraday trading), and also reflects changes in instrument liquidity and reduced marketability of unique positions. FITB also calculates the p-value of the gain or loss each day, that is the probability of observing a profit less than or a loss greater than the clean P&L calculation based on the internal VaR model. The p-value statistic provides information regarding the appropriateness of the entire P&L distribution and adds an explanatory power to the VaR metric.

Each quarter, FITB identifies the number of exceptions that have occurred over the last 250 business days, where the actual daily loss exceeded the corresponding daily VaR measurement. With a 99% confidence interval, it is expected that actual losses would exceed VaR one out of 100 trading days, or two to three times per year, on average. The following graph shows a comparison of the 99% 1-day VaR calculation to the daily clean P&L for the same positions. During the fourth quarter of 2013, there were no backtesting exceptions for the overall portfolio of covered positions.

CHART 2: Total Trading Portfolio 1-Day Regulatory VaR versus Clean P&L



Stress Testing

Since VaR cannot incorporate all possible risk outcomes and can understate the risk associated with severe events, stress testing helps capture sudden and dramatic changes in a portfolio's value given abnormal market conditions. On at least a monthly basis, FITB estimates the maximum loss for each trading portfolio by hypothesizing the portfolio's return given the recurrence of historical events or the occurrence of forward looking hypothetical scenarios. All covered positions are captured in stress test models. Current positions and risk exposures are combined with the historical and hypothetical factor returns, taking into account historical correlations and volatilities among asset classes and risk factors. The model captures significant non-linearity within covered positions and explicitly considers instrument-level liquidity stresses.

We attempt to identify reasonably feasible but severe market scenarios, considering the composition of covered positions and the nature of business strategies. For example, the Fifth Third Securities portfolio is most vulnerable to rising interest rates and periods of illiquidity. To stress this book we apply various shocks to yield curves and credit spread curves. In FX and Commodities we stress spot rates, forward curves and volatility surfaces. The minimal IRD exposure we have is most at risk in bear flattener scenarios in which short term interest rates rise more rapidly than long term rates. FITB uses stress test results to actively monitor market risk in its trading portfolios; results are communicated to senior management and limit violations are escalated. The model does not capture how management would respond to sudden, significant changes in market conditions.

Stress testing for the trading portfolio is also incorporated in firm-wide stress testing. The risk factors are the same in both models but the values used in the firm-wide scenarios are updated to align with internal and regulatory guidance. In the individual trading portfolio stress tests, hypothetical shocks are instantaneous and current positions are held constant. The firm-wide analysis requires a forecast over a longer time horizon and may include certain assumptions about growth and changes in trading strategy.

Model Validation

It is the policy of FITB to have financial and quantitative models reviewed and validated by internal or external resources that are independent of development, implementation and operation of the model. The Model Validation Subcommittee (MVS), or its designee, evaluates the conceptual framework used by the VaR and the SVaR models, the assumptions underlying the models and the sufficiency and completeness of the risk factors and historical market data used in the models. MVS also performs independent validation of results when new models are implemented or existing methodology is changed. In addition, at least annually, an internal audit function independent of business line management assesses the effectiveness of the controls supporting market risk measurement systems, processes and management activities.

Independent model validation was most recently performed on internal 1-day VaR, 10-day VaR and SVaR as of 9/30/13 with a report date of December 23, 2013.