FIFTH THIRD BANK

LIBOR TO SOFR TRANSITION

The "Why" to the change

U.S. Banks are required to stop offering new LIBOR-based products by December 31, 2021. That date is the end date – banks can go no later than the end of this year. Regulators and other government agencies have stated the move away from LIBOR must occur at a balanced and measured pace, and that this transition needs to begin before the required end date.

What is SOFR? What is LIBOR?

SOFR	LIBOR	Base Rate (e.g., Prime Rate)
Risk Free Rate (no credit risk component)	Bank to Bank lending Rate (includes credit risk component)	Bank Prime lending rate (correlated historically to Fed Funds)
Secured with US Treasuries	Unsecured	Unsecured
Transaction based	Based on Bank submissions and expert judgement	Bank determined

Why is Fifth Third using SOFR as its Preferred Alternative Rate?

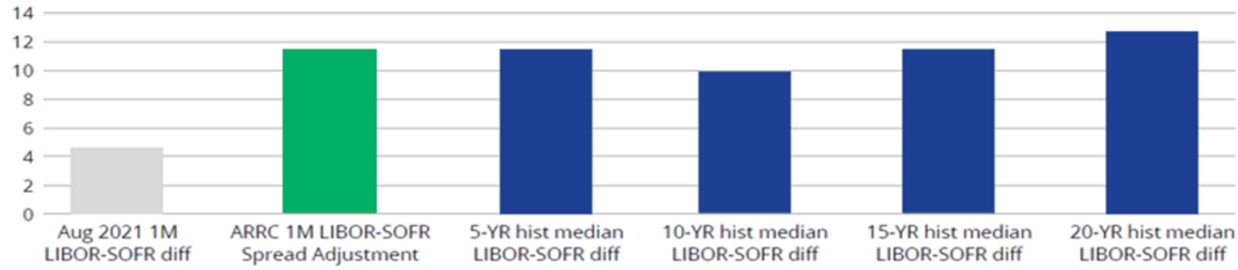
The Commercial bank at Fifth Third will use either Term SOFR or Daily SOFR as the primary lending rate on new credit facilities. Prime will continue to serve and operate as the Base Rate alternative. Term SOFR utilizes a 1-month or 3-month term rate, which sets in advance and pays in arrears, similar to current LIBOR agreements. Daily SOFR resets daily and is paid at the end of the 1-Month or 3-Month interest period, with a 5-day lookback provision. Both Term and Daily SOFR are viable and recommended alternative reference rates to LIBOR by the ARRC* and each has a few advantages and disadvantages. Term SOFR has the simplicity of a single 1-month or 3-month rate setting but is based on futures contracts of Daily SOFR for the same period. Term SOFR may ultimately price higher or lower than the actual daily rates. Daily SOFR will more properly reflect the actual daily rate settings in the market; however, the rate of interest for the billing period is not fully known until 5 business days prior to the end of the billing period (due to the 5-day lookback). Daily SOFR is also more fully supported in the derivatives market as a tradeable index rate at this time, as is Prime. It is anticipated Term SOFR will become supported in the derivatives market but likely not until 2022.

*The Federal Reserve created the Alternative Reference Rates Committee (ARRC) (www.newyorkfed.com/arrc) to select an alternative interest rate to replace LIBOR.

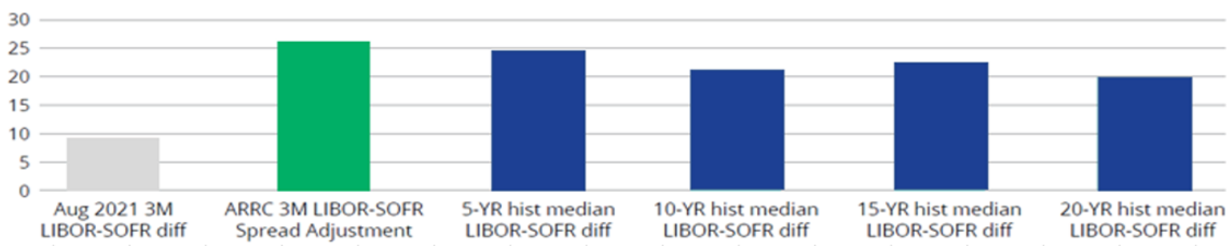
LIBOR vs. SOFR vs. Base Rate Loan Pricing

A detailed analysis completed by the ARRC in March 2021 indicated that LIBOR priced approximately 12 basis points (bps) higher than SOFR on average for the prior 5-year period. Accordingly, to facilitate the transition from an unsecured reference rate (LIBOR) to a secured rate (SOFR), the industry expects loan pricing for spread adjustments over the index rate to increase to compensate for the lower computed index rate (e.g., an increase of approximately 0.12bps in the loan spread could be expected for a 1-month index interest billing period and 0.26bps for 3-month period). Base rate funding is generally not expected to be directly impacted by this transition.

1M LIBOR-SOFR SPREAD DIFFERENTIALS OVER TIME (BPS)



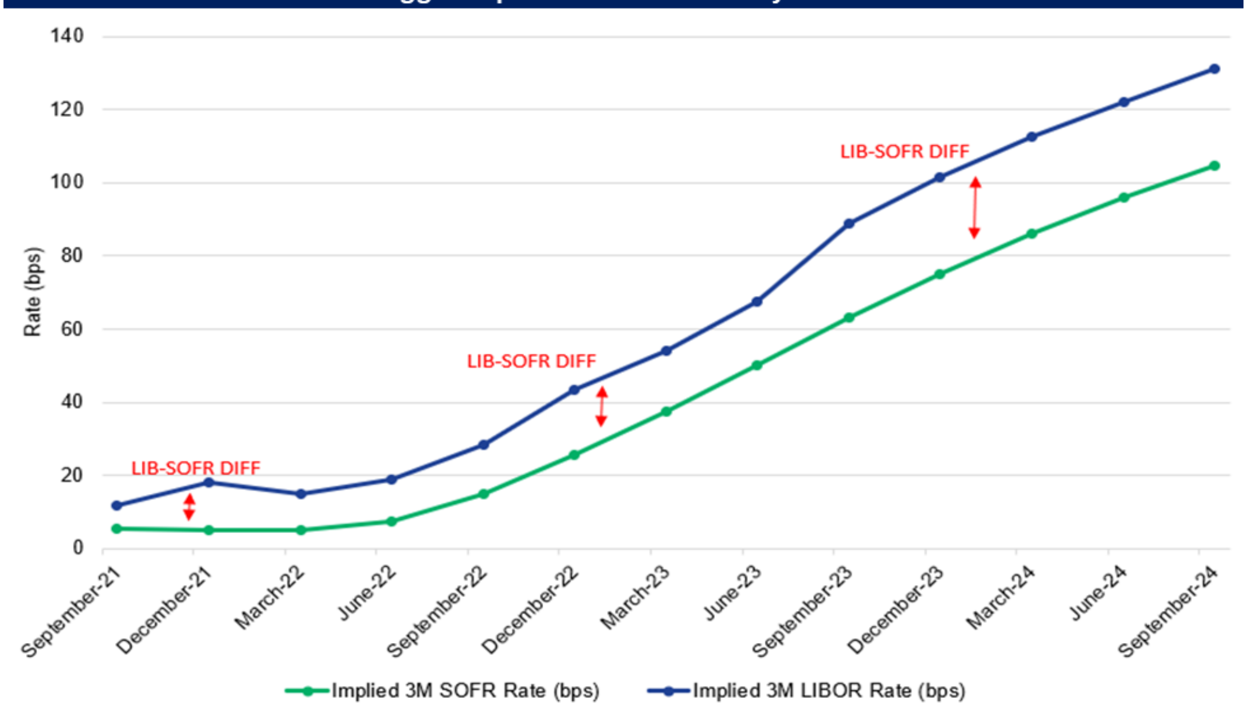
3M LIBOR-SOFR SPREAD DIFFERENTIALS OVER TIME (BPS)



<u>Futures Implied LIBOR v SOFR Spreads</u>

Looking forward, interest rate futures contracts indicate that the market is anticipating that both LIBOR and SOFR rates will increase over the next several years. If, as anticipated, rates move away from zero, the spread difference would likely widen and be closer to the ARRC recommended 11.448 bps and 26.161 bps spread for the 1M and 3M tenors, consistent with historical correlation.

LIBOR & SOFR Futures *Suggest* Spread Differentials May Move *Toward* Historical Levels



Are Other Index Rates Available?

As the market transitions other market indices have emerged to fill the void left by the discontinuance of LIBOR in June of 2023. However, none of the other alternatives have received the recommendation from the ARRC, and in fact, some of the other indices being market tested have negatively attracted the attention of certain US regulatory bodies. Fifth Third Bank will continue to actively monitor market conditions and respond appropriately should other alternative reference rates become better or more viable long-term solutions for our borrowers.

Governing Name	Bloomberg Short Term Bank Yield Index	Secured Overnight Financing Rate	TERM Secured Overnight Financing Rate	Bank Prime Loan Rate
Acronym	BSBY	SOFR	Term SOFR	Prime
Availability to Market	Available	Available	Available	Available
Tenors	O/N, 1m, 3m, 6m, 12m	O/N	1m, 3m, 6m	O/N
Credit Sensitivity	Unsecured	Secured - U.S. Treasuries	Secured - U.S. Treasuries	Unsecured
Underlying Daily Transaction Volume	~$60Bln per day / Calculation Period = 3days	~$750Bln - $1 Trln Daily	~$750Bln - $1 Trln Daily	U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks
Determination of cost	Commercial Paper, Executable Quotes, Secondary Bond Trades, Certificates of Deposit	Repurchase (Repo) Agreements (Tri-Party, GCF & other Repo activities)	Repurchase (Repo) Agreements (Tri-Party, GCF & other Repo activities)	Target = Federal Funds Rate + 300 basis points
Contributors to the cost	~30 Global Banks	Banks, Central Banks and Money Market funds	Banks, Central Banks and Money Market funds	Federal Reserve Bank and other banks

Where Can I Get More Information on this Topic?

53.com/libor-transition

Capital Markets Disclosures

About Fifth Third Capital Markets
Fifth Third Capital Markets is the marketing name under which Fifth Third Bank, National Association, and/or its subsidiaries, H2C Securities Inc. and Fifth Third Securities, Inc., provide certain securities and investment banking products and services. Fifth Third Capital Markets offers investment banking++, debt capital markets+, bond capital markets++, equity capital markets++, financial risk management+, and fixed income sales and trading++. Fifth Third Bank, National Association provides access to investments and investment services through various subsidiaries, including Fifth Third Securities. Coker Capital is a division of Fifth Third Securities. Fifth Third Securities is the trade name used by Fifth Third Securities, Inc., member **FINRA**/**SIPC**, a registered broker-dealer and registered investment advisor registered with the U.S. Securities and Exchange Commission (**SEC**). Registration does not imply a certain level of skill or training. H2C Securities Inc., member **FINRA**/**SIPC**, a registered broker-dealer and an indirect subsidiary of Fifth Third Bank, National Association.

Securities and investments offered through Fifth Third Securities, Inc.:

- **Are Not FDIC Insured**
- **Offer No Bank Guarantee**
- **May Lose Value**
- **Are Not Insured By Any Federal Government Agency**
- **Are Not A Deposit**

+ Services and activities offered through Fifth Third Bank, National Association.
++ Services and activities offered through Fifth Third Securities, Inc.

For more information, visit: 53.com/capitalmarkets

Credit products are offered by Fifth Third Bank, National Association.