

Statement for the Record

On behalf of

Fifth Third Bank

for the

Joint Committee Hearing with Senate Financial Institutions Committee, Senate Executive Committee and Senate Commerce and Economic Development Committee

Subject matter on:

“Racial Equity in Lending and Homeownership”

October 15, 2020

Fifth Third Bank appreciates the opportunity to submit a statement for the record for the joint hearing on “Racial Equity in Lending and Homeownership” to be held on October 15, 2020.

About Fifth Third Bank

Fifth Third Bancorp is a diversified financial services company headquartered in Cincinnati, Ohio and the indirect parent company of Fifth Third Bank, National Association, a federally chartered institution. As of June 30, 2020, Fifth Third had \$203 billion in assets and operated 1,122 full-service banking centers and 2,456 ATMs with Fifth Third branding in Ohio, Kentucky, Indiana, Michigan, Illinois, Florida, Tennessee, West Virginia, Georgia and North Carolina. In total, Fifth Third provides its customers with access to approximately 53,000 fee-free ATMs across the United States. Fifth Third operates four main businesses: Commercial Banking, Branch Banking, Consumer Lending and Wealth & Asset Management. Fifth Third is among the largest money managers in the Midwest and, as of June 30, 2020, had \$405 billion in assets under care, of which it managed \$49 billion for individuals, corporations and not-for-profit organizations through its Trust and Registered Investment Advisory businesses. Investor information and press releases can be viewed at www.53.com. Fifth Third’s common stock is traded on the Nasdaq® Global Select Market under the symbol “FITB.” Fifth Third Bank was established in 1858. Deposit and Credit products are offered by Fifth Third Bank, National Association. Member FDIC.

Commitment to the Community

Fifth Third Bank made a commitment of \$30 billion in January 2016 through a partnership with the National Community Reinvestment Coalition and in 2018, we increased our commitment to \$32 billion to reflect our expansion in Chicago. The additional \$2 billion is being invested entirely in Chicagoland and increased the Chicago-related commitment from \$3.6 billion to \$5.6 billion. The complete investment will be made within the timeframe of the original Community Commitment, which will end on Dec. 31, 2020.

The Community Commitment supports comprehensive and innovative solutions to challenges facing our communities. These challenges include the increasing costs of housing and declining homeownership rates, especially in low income communities and communities of color; diminished access to capital for small businesses seeking to start, grow and expand; and a gap in

financial education and workforce development. Our work to address these critical areas has been intentional. We have leveraged research, incubated ideas and scaled successful program models. Through compassionate and inclusive lending, investments and services, we are working to create healthy, vibrant and economically-diverse communities. For us, it is not about numbers or scores. It is about doing what is right for the people we serve.

Our Community Commitment includes product innovation to address community needs, and includes down payment assistance, support for housing counseling, and other activities, including affirmative marketing and outreach, evaluation and improvement of our Fair Housing/Lending program, and the continuation of its current policy of not imposing minimum loan amounts.

Moreover, the Community Commitment has a holistic focus on housing and includes our investment of over \$174 million in equity for affordable housing projects. This includes investing in loan pools with Neighborhood Housing Services of Chicago and Community Investment Corporation. As you know, they are the leaders of lending to communities of color in Chicagoland.

Closing Cost and Down Payment Assistance

Fifth Third Bank has examined the largest financial obstacles to home ownership, which include accumulating a down payment and paying closing costs. The Bank found that, while many potential home buyers could afford monthly payments and upkeep for a home, it was difficult to save enough for the initial buying expenses.

This is why, in May 2019, we announced a new type of mortgage product that provides an affordable option for low-income families and borrowers purchasing homes in low-to-moderate income communities. The Fifth Third Bank Community Mortgage helps pay certain closing costs and fees, up to \$1500 for qualified borrowers. The Fifth Third Community Mortgage requires a low down payment of about 3%. It discounts costs for financial services, and it does not require buyer-paid private mortgage insurance.

Additionally, the Fifth Third Bank Community Mortgage can be combined with another successful program the Bank operates, our Down Payment Assistance program (DPA). The DPA is a grant program and currently offers up to \$7500 for qualified buyers to help with a down payment when purchasing a home. That assistance does not need to be paid back and is part of our Community Commitment referenced above.

During the timeframe of our Community Commitment, we have so far provided over \$1.5 billion to low-to-moderate income borrowers and to borrowers in low-to-moderate income communities through affordable mortgage lending in Illinois.

Financial Empowerment Mobile

Fifth Third Bank understands that a flourishing economy depends on thriving, successful neighborhoods and informed financial partners for people at all income levels. That's why the Financial Empowerment Mobile was created. The Financial Empowerment Mobile is a 40-foot mobile vehicle that provides access to financial products and services directly to communities across Fifth Third Bank's footprint.

The professionals on board are available to field questions and provide a number of services, including:

- Explore paths to homeownership,
- Access and review credit reports and debt reduction strategies,
- File income taxes,
- Prepare for small business ownership, or
- Open a checking account.

Since the COVID-19 pandemic first began in March, we have pivoted with our nonprofit partners to provide virtual education and coaching.

COVID-19 Response

In addition to the Community Commitment, we recently made an \$8.75 million philanthropic commitment to support the needs of our community members who have been affected by the pandemic. It is our responsibility and commitment to work with community partners and nonprofit organizations to help see our communities through the on going stages of relief, recovery and resiliency. The \$8.75 million commitment is being funded by the Fifth Third Foundation and the Fifth Third Chicagoland Foundation. Among the areas funded are \$3.25 million for COVID-19 response needs in the regions served by the Bank and \$5.5 million in Strengthening our Communities Fund grants to support the long-term sustainability of our economy. This includes funding to support small businesses, affordable housing and homeownership, and economic development. In Chicago specifically, the bank provided a \$1 million grant in support of Mayor Lightfoot's City of Chicago Small Business Resiliency Fund. Throughout the COVID-19 pandemic, Fifth Third has sought to assist all borrowers in maintaining home ownership when possible by offering mortgage forbearances for up to a full year for all mortgage customers and not just those covered under the Federal CARES Act.

Additionally, along with NextJob, we have partnered to offer the NextJob toolkit, an educational resource for those looking to enter the job market or secure a different job opportunity, which had previously been exclusively offered to our customers. As a result of the COVID-19 pandemic, we are now offering the toolkit to the public. We are also expanding the toolkit to include offerings to help community partners and their job seekers through job coaching scholarships and virtual workshops covering topics such as job search strategies during hard economic times.

Fair and Responsible Banking

Fifth Third Bank is committed to serving and investing in all the communities in which it does business and is committed to fair and responsible banking by treating all individuals equitably wherever it conducts business. As required by the Home Mortgage Disclosure Act (HMDA), Fifth Third annually publishes specific detailed information about its mortgage lending activities in the areas where it does business. This HMDA data includes the type of loan, whether there was a co-applicant, whether the loan was approved or denied, and the race, ethnicity, gender and income of the applicant(s). The publicly reported data does not, however, include significant information at an individual loan-level concerning credit-related attributes that a lender would use to determine whether to approve an application (including an applicant's credit history, credit score, property appraisal and so on).

Examining denial rates across different race, ethnicity, and gender groups as reflected in HMDA data does little to explain why potential differences in those rates exist. However, examining differences in numbers of applications and in loan denial rates can still be valuable to lenders in evaluating their lending operations. To that end, Fifth Third is committed to regularly examining its data to ensure that credit decisions are being made based on credit characteristics as specified in its underwriting criteria, and not on race, ethnicity, or gender. Moreover, Fifth Third Bank maintains its long-standing programs, including fair lending training, to ensure that its underwriting criteria are applied fairly and consistently to all applicants.

Conclusion

Fifth Third Bank supports the goal of providing inclusive financial services to all people equally. We are determined to increase access to financial services and help close the income gap through innovative delivery of financial empowerment tools. In sharing this common goal, we look forward to working with you in the future.