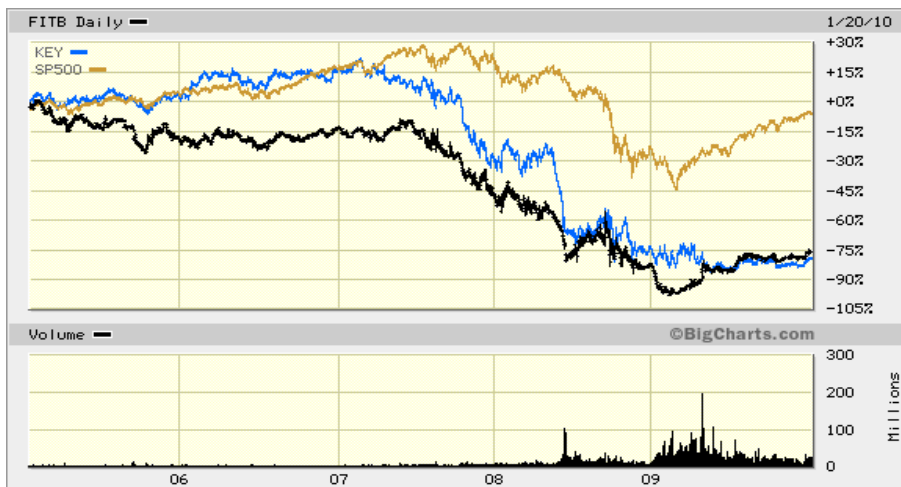


## Fifth Third Bancorp (FITB) 1/20/10

FITB operates as a commercial bank, of which it is one of the twenty or so largest in the U.S. The company is segmented into the following divisions with following percentage of 2006 revenues; Branch Banking 36%, Commercial Banking 31%, Consumer Lending 11%, Investment Advisory 9%, and Payment Processing 14%. FITB operates around 1,300 branch offices throughout 12 states in the Midwest and Southern U.S. FITB is headquartered in Cincinnati, Ohio and was founded in 1862.

Current Price	\$11.31
52 Week High	\$11.67
52 Week Low	\$11.20
One Yr Target	\$12.00
Market Cap (in billions)	\$9.00
P/E (Trailing)	n/a
P/E(1 Yr Forward)	n/a
P/E/G	5.93
ROA	-0.15%
ROE	-15.37%
EPS	-\$0.20
Beta	2.20
Annualized Dividend	\$0.04
Dividend Yield	0.35%
Analyst Consensus	2.60
Debt to Equity	7.09



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**Annual EPS**

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2006	\$2.79	
2007	\$2.14	-23.39%
2008	\$2.02	-5.42%
2009	-\$3.66	-281.17%
ttm	-\$0.20	94.53%

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**Annual Revenue (in millions)**

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2006	\$8,472.00	
2007	\$8,494.00	0.26%
2008	\$8,640.00	1.72%
2009	n/a	n/a

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**Annual Net Income (in millions)**

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2006	\$1,549.00	
2007	\$1,188.00	-23.31%
2008	\$1,076.00	-9.43%
2009	-\$2,113.00	-296.38%

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**Free Cash Flows (in millions)**

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2006	\$328.00	
2007	\$1,011.00	208.23%
2008	-\$1,145.00	-213.25%
2009	\$2,694.00	335.28%

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**Required Rate of Return**

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17.95%

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**Dividend Growth Model**

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Present Value of 2015 Price	\$0.32
Holding Period Return (5 years)	-32.38%

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**Expected Annualized Return Model**

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Present Value of 2015 Price	-\$2.31
Holding Period Return (5 years)	n/a

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**Residual Income Model**

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Intrinsic Stock Price	\$23.88
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# Analysis

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## Positives

## Negatives

High PEG ratio and negative ROA and ROE suggest an expensive stock price

FITB has a high Required Rate of Return, negatively affecting the valuation models

## Financial Statements

Income Statement growth trends have been poor but expected to increase per ttm EPS

Balance Sheet: most all accounts are good except for recent issues of Preferred Stock

Cash Flows have great rise in Operating Cash but also an increase in Debt and Equity issues

## Industry Analysis

Banking industry is believed to have passed the worst of its losses/defaults, and should rebound

FITB's financial ratios are average compared with other banking competitors

## Summary

FITB is a solid regional bank with a good regard around the Street. Its financial ratios looks very poor and financial statements are simply average, which are to be expected from most banks through the past couple of years. FITB is good on Debt, has the highest level of Reserve/Loan positions compared to main competitors, and 13.2% Tier 1 ratio. FITB is able to be doing so well in these areas because it wasn't exposed to a lot of the bad loans and risky assets as larger banks were. Management's main goal for driving future profits is by increasing consumer deposits and extending its branch locations. FITB is a good bank and operates well, but it would be nice to see some increased aggressiveness with its solid financial position. Overall FITB is a nice bank with a solid financial position and a good outlook, but it seems to be pretty conservative and in that strategy a bank such as HCBK looks to be a better buy.