

Capital Ratios

The Federal Reserve Board established quantitative measures that assign risk weightings to assets and off-balance sheet items and also define and set minimum regulatory capital requirements (risk-based capital ratios). Additionally, the guidelines define "well-capitalized" ratios for Tier I and total risk-based capital as 6% and 10%, respectively. The Bancorp exceeded these "well-capitalized" ratios for all periods presented. Additionally, although the assessed companies under SCAP were only required to demonstrate that they met the 4% Tier I common equity ratio requirement for the period evaluated in the SCAP, it is reasonable to assume the supervisory agencies expect the 19 large bank holding companies assessed under the SCAP stress tests to maintain their Tier I common equity ratio above 4%, although no formal requirement exists.

On November 17, 2010, the Federal Reserve issued a revised temporary addendum to Supervision and Regulation letter 09-4, "Dividend Increases and Other Capital Distributions for the 19 Supervisory Capital Assessment Program Firms." This letter requires the 19 financial institutions including the Bancorp, to undergo a review of their capital planning processes and plans regarding capital redistribution and absorption activity. As part of this review, the Bancorp was required to submit a comprehensive capital plan by January 7, 2011, that demonstrated its ability to withstand losses under "adverse" economic conditions over the next two years. The Bancorp submitted all of its documents according to the regulatory timeline. The results of this assessment process are not expected to be made public.

Current provisions of the recently enacted Dodd-Frank Act will phase out the inclusion of certain trust preferred securities as a component of Tier I capital beginning January 1, 2013. At December 31, 2010, the Bancorp's Tier I capital included \$2.8 billion of trust preferred securities representing approximately 276 bp of risk-weighted assets.

The Bancorp manages the adequacy of its capital, including Tier I common equity, by conducting ongoing internal stress tests and ensuring the results are properly considered in capital planning. It is the intent of the Bancorp's capital planning process to ensure that the Bancorp's capital positions remain in excess of

well-capitalized minimums as defined by the Board of Governors of the Federal Reserve System in the "Capital Adequacy Guidelines for Bank Holding Companies," and any other regulatory requirements. The Bancorp's Tier I common equity ratio was 7.50% as of December 31, 2010.

Dividend Policy and Stock Repurchase Program

The Bancorp's common stock dividend policy and stock repurchase program reflect its earnings outlook, desired payout ratios, the need to maintain adequate capital levels, alternative investment opportunities and the need to comply with safe and sound banking practices as well as meet regulatory expectations. In each of the years ended December 31, 2010 and 2009, the Bancorp paid dividends per common share of \$0.04.

The Bancorp issued \$3.4 billion in senior preferred stock (Series F) and related warrants to the U.S. Treasury as part of the CPP. Upon issuance, the Bancorp agreed to limit dividends to common stock holders to the quarterly dividend rate paid prior to October 14, 2008, which was \$0.15. This restriction was in effect until the earlier of December 31, 2011 or the date upon which the Series F senior preferred shares were redeemed in whole or transferred to an unaffiliated third party. On February 2, 2011, the Bancorp repurchased all \$3.4 billion of its Series F Preferred Stock held by the U.S. Treasury.

The Bancorp's repurchase of common stock is shown in Table 48. The Bancorp's Board of Directors had previously authorized management to purchase 30 million shares of the Bancorp's common stock through the open market or in any private transaction. The authorization does not include specific price targets or an expiration date. Under the agreement with the U.S. Treasury, as part of the CPP, the Bancorp is restricted in its repurchases of its common stock. This restriction was in effect until the earlier of December 31, 2011 or the date upon which the Series F senior preferred shares were redeemed in whole or transferred to an unaffiliated third party. On February 2, 2011, the Bancorp repurchased all \$3.4 billion of its Series F Preferred Stock held by the U.S. Treasury.

TABLE 48: SHARE REPURCHASES

For the years ended December 31	2010	2009	2008
Shares authorized for repurchase at January 1	19,201,518	19,201,518	19,201,518
Additional authorizations	-	-	-
Shares repurchases (a)	-	-	-
Shares authorized for repurchase at December 31	19,201,518	19,201,518	19,201,518
Average price paid per share	N/A	N/A	N/A

(a) Excludes 333,808, 265,802 and 63,270 shares repurchased during 2010, 2009 and 2008, respectively, in connection with various employee compensation plans. These repurchases are not included in the calculation for average price paid and do not count against the maximum number of shares that may yet be repurchased under the Board of Directors' authorization.