

# Barclays Global Financial Services Conference 2018

**Andy Cecere**

Chairman, President and CEO

**Terry Dolan**

Vice Chairman and CFO

September 13, 2018



# Forward-looking Statements and Additional Information

The following information appears in accordance with the Private Securities Litigation Reform Act of 1995:

Today's presentation contains forward-looking statements about U.S. Bancorp. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements and are based on the information available to, and assumptions and estimates made by, management as of the date hereof. These forward-looking statements cover, among other things, anticipated future revenue and expenses and the future plans and prospects of U.S. Bancorp. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated. Deterioration in general business and economic conditions or turbulence in domestic or global financial markets could adversely affect U.S. Bancorp's revenues and the values of its assets and liabilities, reduce the availability of funding to certain financial institutions, lead to a tightening of credit, and increase stock price volatility. Stress in the commercial real estate markets, as well as a downturn in the residential real estate markets, could cause credit losses and deterioration in asset values. In addition, changes to statutes, regulations, or regulatory policies or practices could affect U.S. Bancorp in substantial and unpredictable ways. U.S. Bancorp's results could also be adversely affected by changes in interest rates; deterioration in the credit quality of its loan portfolios or in the value of the collateral securing those loans; deterioration in the value of securities held in its investment securities portfolio; legal and regulatory developments; litigation; increased competition from both banks and non-banks; changes in customer behavior and preferences; breaches in data security; effects of mergers and acquisitions and related integration; effects of critical accounting policies and judgments; and management's ability to effectively manage credit risk, market risk, operational risk, compliance risk, strategic risk, interest rate risk, liquidity risk and reputational risk.

For discussion of these and other risks that may cause actual results to differ from expectations, refer to U.S. Bancorp's Annual Report on Form 10-K for the year ended December 31, 2017, on file with the Securities and Exchange Commission, including the sections entitled "Risk Factors" and "Corporate Risk Profile" contained in Exhibit 13, and all subsequent filings with the Securities and Exchange Commission under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934. However, factors other than these also could adversely affect U.S. Bancorp's results, and the reader should not consider these factors to be a complete set of all potential risks or uncertainties. Forward-looking statements speak only as of the date hereof, and U.S. Bancorp undertakes no obligation to update them in light of new information or future events.

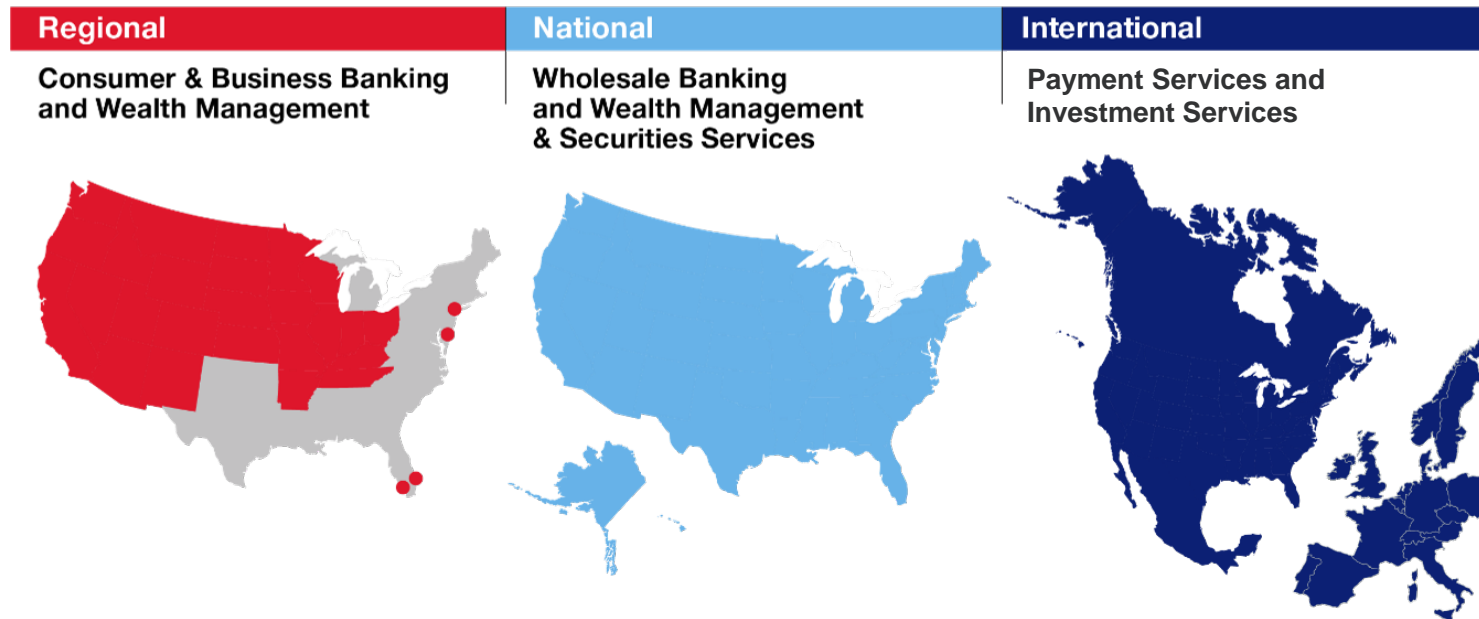
This presentation includes non-GAAP financial measures to describe U.S. Bancorp's performance. The calculations of these measures are provided in the Appendix. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.



# U.S. Bancorp

NYSE Traded    **USB**  
Founded         **1863**  
Market Value   **\$88B**

Assets            **\$461B**  
Deposits         **\$340B**  
Loans             **\$280B**



# Our Advantaged Position

## Assets

U.S. Rank	Company	\$ in billions
1	J.P. Morgan	\$2,590
2	Bank of America	2,292
3	Citigroup	1,912
4	Wells Fargo	1,880
<b>5</b>	<b>U.S. Bancorp</b>	<b>461</b>
6	PNC	381
7	BB&T	223
8	SunTrust	208
9	Fifth Third	141
10	KeyCorp	138

## Deposits

U.S. Rank	Company	\$ in billions
1	J.P. Morgan	\$1,452
2	Bank of America	1,310
3	Wells Fargo	1,269
4	Citigroup	997
<b>5</b>	<b>U.S. Bancorp</b>	<b>340</b>
6	PNC	265
7	SunTrust	161
8	BB&T	159
9	KeyCorp	105
10	Fifth Third	104

## Market Value

U.S. Rank	Company	\$ in billions
1	J.P. Morgan	\$384
2	Bank of America	308
3	Wells Fargo	276
4	Citigroup	175
<b>5</b>	<b>U.S. Bancorp</b>	<b>88</b>
6	PNC	66
7	BB&T	40
8	SunTrust	34
9	KeyCorp	22
10	Fifth Third	20

# Our Businesses

## Consumer & Business Banking, 40%

Branch banking, small business banking, consumer lending, mortgage banking and omnichannel delivery

## Corporate & Commercial Banking, 18%

Corporate banking, commercial banking and commercial real estate



## Payment Services, 28%

Retail payment solutions, global merchant acquiring and corporate payment systems

## Wealth Management & Investment Services, 14%

Wealth management, asset management, corporate trust, fund services and custody

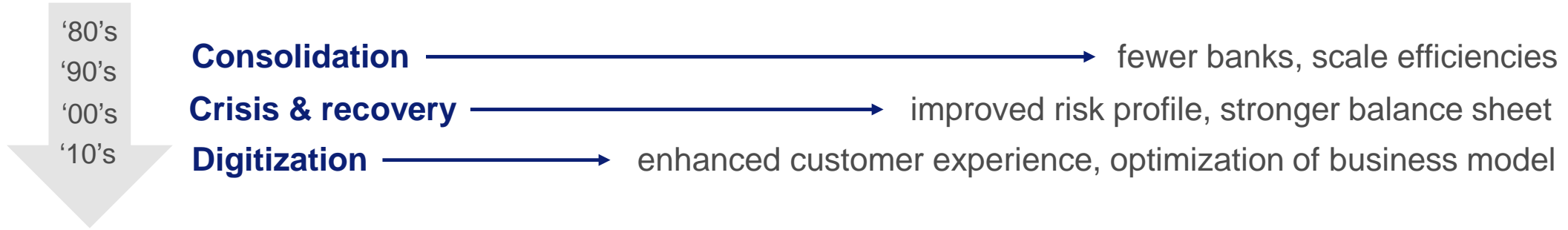
# Our Strategy

- Building on our ethical culture
- Safeguarding our customers' information
- Putting our customers at the center
  
- Breaking down silos
- Taking a holistic view of the customer
- Creating a seamless customer experience

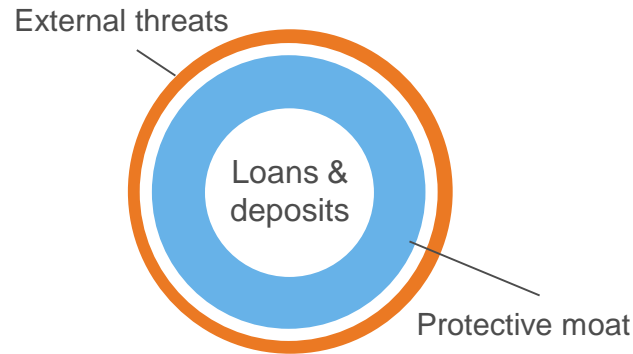


- Adapting to meet customer expectations
- Embracing change
- Leveraging technology and innovation
  
- Creating a nimble and agile environment
- Making it easy to do business with us
- Optimizing everything

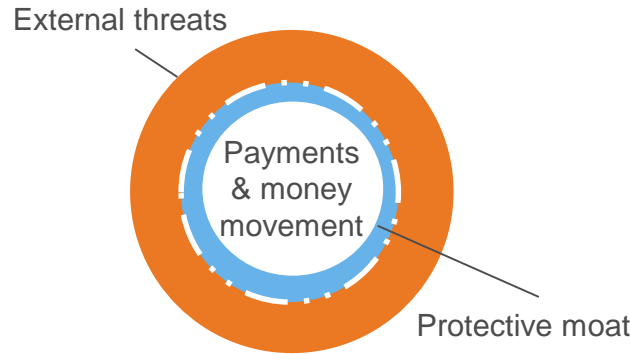
# Banking is Evolving



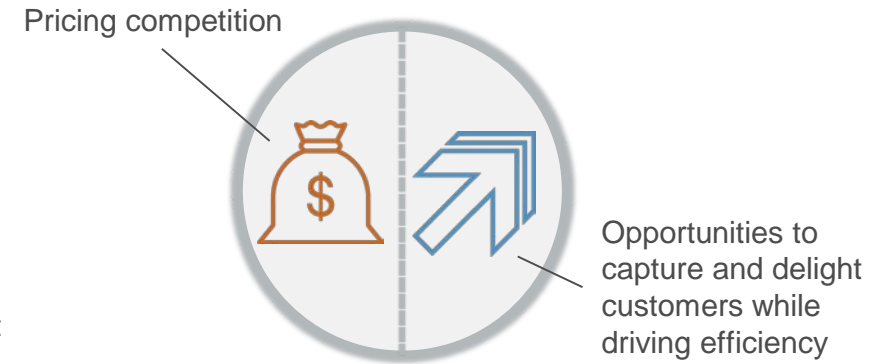
## As money movement takes center stage...



The moat around lending and deposit-taking **remains intact**



Lower barriers to entry within payments result in competition from non-banks



Digital capabilities create both **challenges and opportunities**

# Thriving in This New Paradigm

As banking continues to evolve, we are **focused on the opportunities.**



**Becoming central to the lives of our customers**, powering their financial success with data, insights and actionable advice



**Leveraging digital to optimize** customer acquisition, product delivery and back-office processes

**USB is well positioned** to succeed in the digital era.



**Extensive** payments and digital money movement **capabilities**

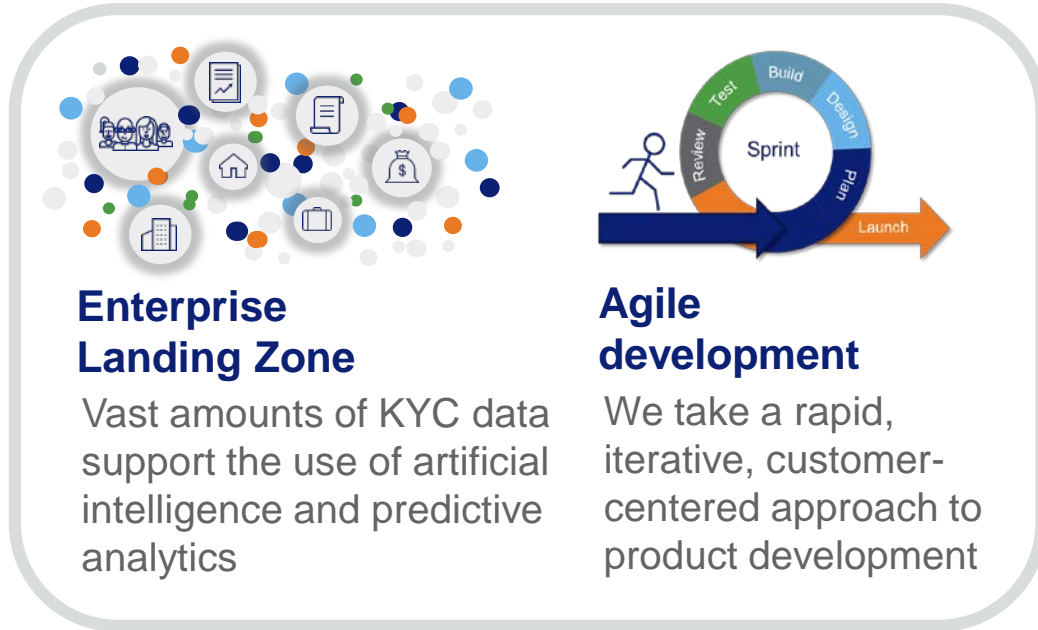


**Targeted investments** to be first-to-market where there is a business case to do so



# Digital Everywhere

Our strategic investments and agile approach enable us to deliver **better products, faster.**



## New and enhanced products



### Mobile app

Our redesigned mobile app will feature a seamless onboarding experience, robust functionality and personalized insights



### Small Business lending app

Our internally developed, end-to-end digital lending solution is among the first products from our agile Experience Studios to go to market



### Mortgage portal

71% of customers apply for their mortgages through our Loan Portal

Faster time-to-closing provides an advantage in a competitive market



“U.S. Bancorp announces creation of **Chief Digital Officer** role.”

# Optimization of Our Distribution Model

We have a **unique branch distribution model.**



Metro



Community

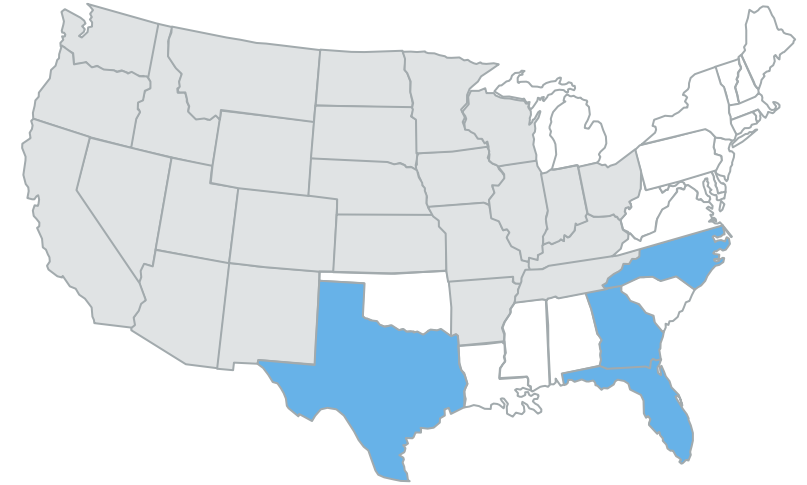


In-store/  
On-site

We are **further optimizing** the number, location, size and staffing of our branches.



We are **bringing the best of the bank to all of our customers**, regardless of where they live.



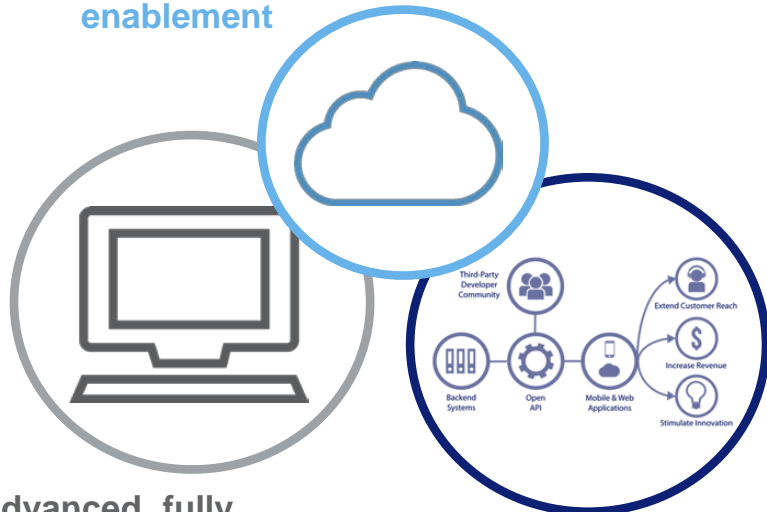
# Optimization of Business Processes

We are breaking down silos and optimizing everywhere to **drive efficiency.**

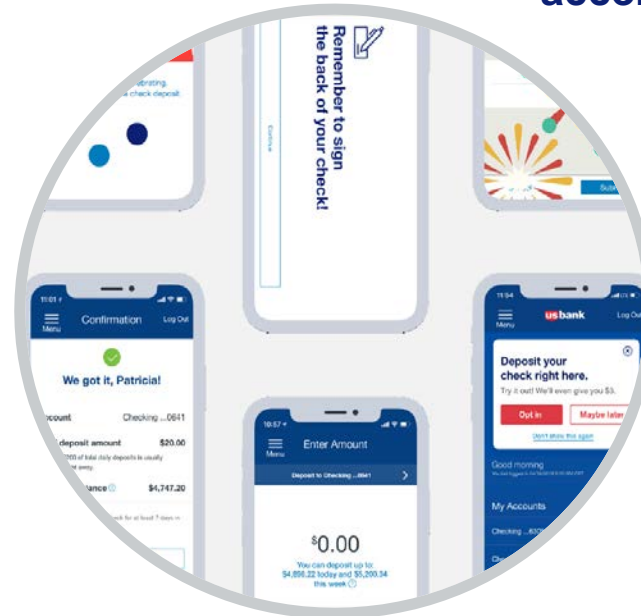
We are leveraging technology to **modernize our platforms** and **automate processes.**

We are adopting agile across all of our businesses to **transform the customer experience** and **accelerate time-to-impact.**

Virtualization and cloud enablement



API integration



Cross-functional teams work together in our **Experience Studios** to rapidly deliver new and enhanced products.

# Measuring Success in the Digital Banking Era

Leveraging digital to...



Serve our customers when, where and how they prefer



Make it easy to do business with us



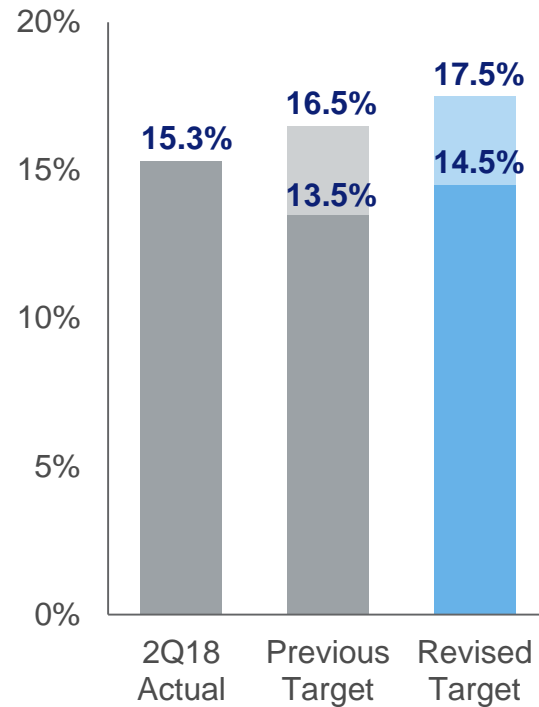
Become central to the lives of our customers

...results in **loyal customers, deeper relationships** and **bigger share of the market.**

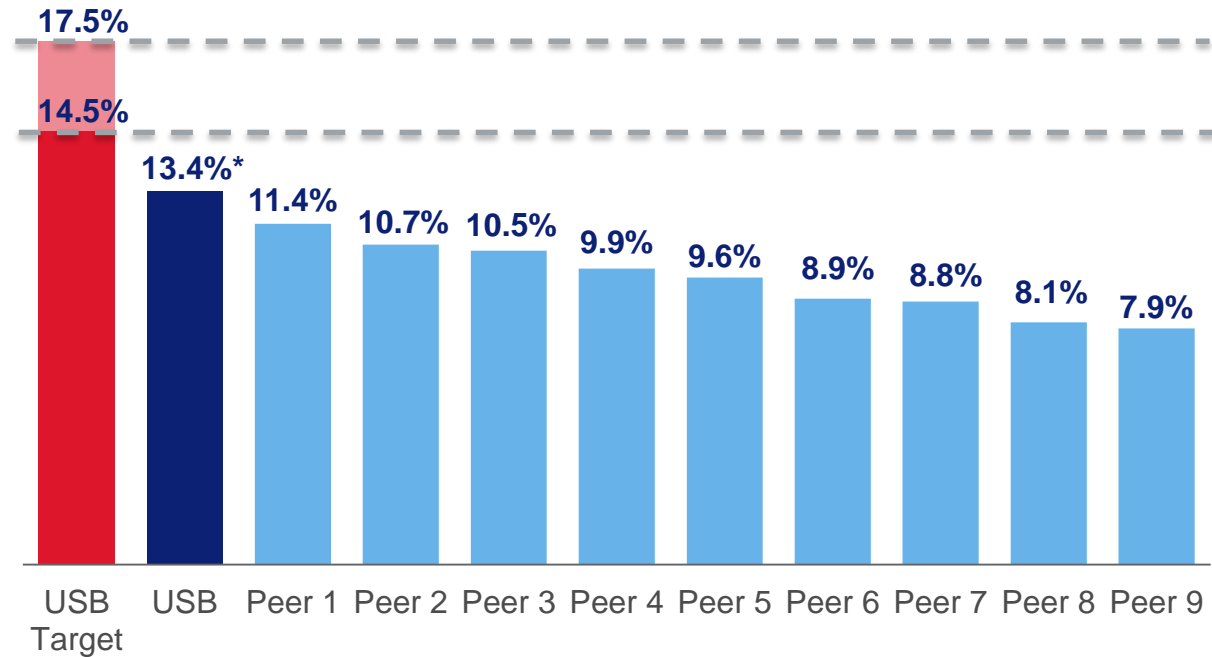


# Financial Update

Revised Target\*\*  
Return on Average Common Equity



Industry-leading Returns  
2017 ROACE vs Peers



\*\* ROACE target revised to reflect the impact of tax reform

Full-year 2017 ROACE excludes notable items

\* Non-GAAP, see slide 17 for calculation

Source: company reports; peers include: BAC, BBT, FITB, JPM, KEY, PNC, RF, STI and WFC

# 3Q18 Guidance

- Net interest income
- Noninterest income
- Operating leverage
- Credit quality
- Tax rate





# Appendix

# Non-GAAP Financial Measures

(\$ in millions)	Net Revenue *
<b>Line of Business Financial Performance</b>	2Q18 YTD
Corporate and Commercial Banking	\$ 1,878
Consumer and Business Banking	4,229
Wealth Management and Investment Services	1,433
Payment Services	2,953
Treasury and Corporate Support	616
<b>Total Company</b>	<b>11,109</b>
Less Treasury and Corporate Support	616
<b>Total Company excl. Treasury and Corporate Support</b>	<b>\$ 10,493</b>

<b>Percent of Total Company</b>	
Corporate and Commercial Banking	17%
Consumer and Business Banking	38%
Wealth Management and Investment Services	13%
Payment Services	27%
Treasury and Corporate Support	5%
<b>Total</b>	<b>100%</b>

<b>Percent of Total Company excl. Treasury and Corporate Support</b>	
Corporate and Commercial Banking	18%
Consumer and Business Banking	40%
Wealth Management and Investment Services	14%
Payment Services	28%
<b>Total Company excl. Treasury and Corporate Support</b>	<b>100%</b>

\* Includes net interest income on a taxable-equivalent basis





# Non-GAAP Financial Measures

(Dollars in millions, Unaudited)	Year ended December 31, 2017
Net income applicable to U.S. Bancorp common shareholders	\$5,913
Less: Notable items (1)	<u>150</u>
Net income applicable to U.S. Bancorp common shareholders, excluding notable items (a)	5,763
 Average common equity (b)	 42,976
 <u>Return on average common equity, excluding notable items (a)/(b)</u>	 <u>13.4 %</u>

(1) Notable items include: \$910 million reduction in income tax expense due to tax reform legislation, \$608 million legal and regulatory accrual, \$105 million (after-tax) contribution to the U.S. Bank Foundation and \$47 million (after-tax) one-time bonus to certain eligible employees.

