

U.S. Bancorp Intellisight Investor Presentation

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EVP, Treasurer

August 22, 2017

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. A reversal or slowing of the current economic recovery or another severe contraction could adversely affect U.S. Bancorp's revenues and the values of its assets and liabilities. Global financial markets could experience a recurrence of significant turbulence, which could reduce the availability of funding to certain financial institutions and lead to a tightening of credit, a reduction of business activity, and increased market 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 deterioration in general business and economic conditions; 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, 2016, 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.



Agenda

- U.S. Bank Overview
- Risk Management
- The Regulatory Environment
- Top Issues in the Banking Industry

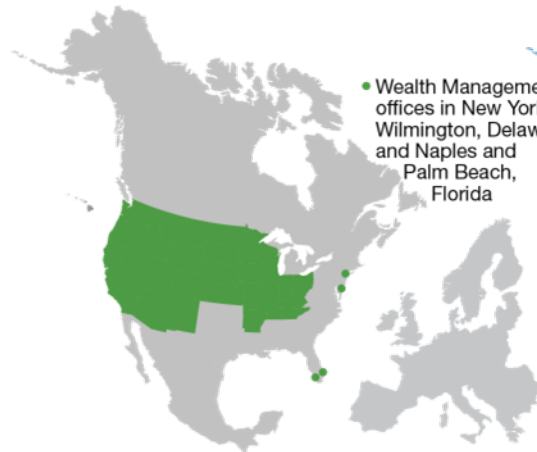


U.S. Bancorp 2Q17 Dimensions

NYSE Traded	USB	Branches	3,088	Assets	\$464B
Founded	1863	ATMs	4,826	Deposits	\$347B
Market Value	\$88B	Customers	18.7M	Loans	\$277B

Regional

**Consumer & Business Banking
and Wealth Management**



- Wealth Management offices in New York City, Wilmington, Delaware, and Naples and Palm Beach, Florida

National

**Wholesale Banking
and Wealth Management
& Securities Services**



International

Payments and Securities Services



- Corporate Trust and Fund Services offices in London and Dublin

Industry Position

Assets

U.S. Rank	Company	\$ in billions
1	J.P. Morgan	\$2,563
2	Bank of America	2,255
3	Wells Fargo	1,931
4	Citigroup	1,864
5	U.S. Bancorp	464
6	PNC	372
7	BB&T	221
8	SunTrust	207
9	Fifth Third	141
10	KeyCorp	136

Deposits

U.S. Rank	Company	\$ in billions
1	J.P. Morgan	\$1,439
2	Wells Fargo	1,306
3	Bank of America	1,263
4	Citigroup	959
5	U.S. Bancorp	347
6	PNC	259
7	SunTrust	160
8	BB&T	157
9	KeyCorp	103
10	Fifth Third	102

Market Value

U.S. Rank	Company	\$ in billions
1	J.P. Morgan	\$323
2	Wells Fargo	269
3	Bank of America	235
4	Citigroup	180
5	U.S. Bancorp	88
6	PNC	61
7	BB&T	37
8	SunTrust	27
9	KeyCorp	20
10	Fifth Third	19

Our Business Mix and Product Delivery

Consumer & Small Business Banking

- Branch Banking, Small Business Banking, Consumer Lending, Mortgage Banking and Omnichannel Delivery
- Provides a full suite of banking products and services to consumer and small business customers

Wholesale Banking

- Corporate Banking, Commercial Banking and Commercial Real Estate
- A lead contributor in providing products and services to 90% of the Fortune 500 and 88% of the Fortune 1,000

Payment Services

- Retail Payment Solutions, Global Merchant Acquiring and Corporate Payment Systems
- Provides a full suite of payment services to consumers, merchants, corporations and governments – a unique position versus other banks

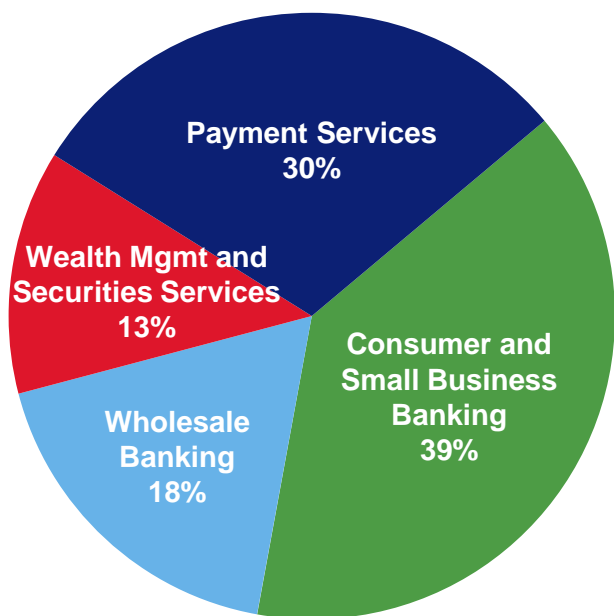
Wealth Management & Securities Services

- Wealth Management, Asset Management, Global Corporate Trust Services, Fund Services and Institutional Trust & Custody
- Delivers a full array of wealth management services through differentiated service delivery models to address the needs of a broad range of clients



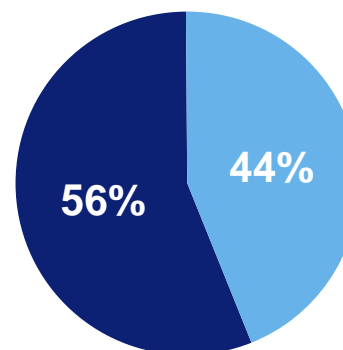
Revenue Diversification

Revenue Mix by Business Line



Diversification Advantages

- Balanced mix of fee revenue and balance sheet businesses
- High return/capital efficient businesses:
 - Payments
 - Wealth Management
- Consistent, predictable, repeatable revenue sources



■ Net Interest Income ■ Fee Income

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Critical Bank Treasury Responsibilities



Industry Enhancements in Capital Management

Banking Sector Enhancements:

- Comprehensive quantitative analysis of capital targets
- Consideration of stress results into risk/limit structure
- Capital largely defined as Common Equity Tier 1
- Three Lines of Defense central to appropriate challenge of results

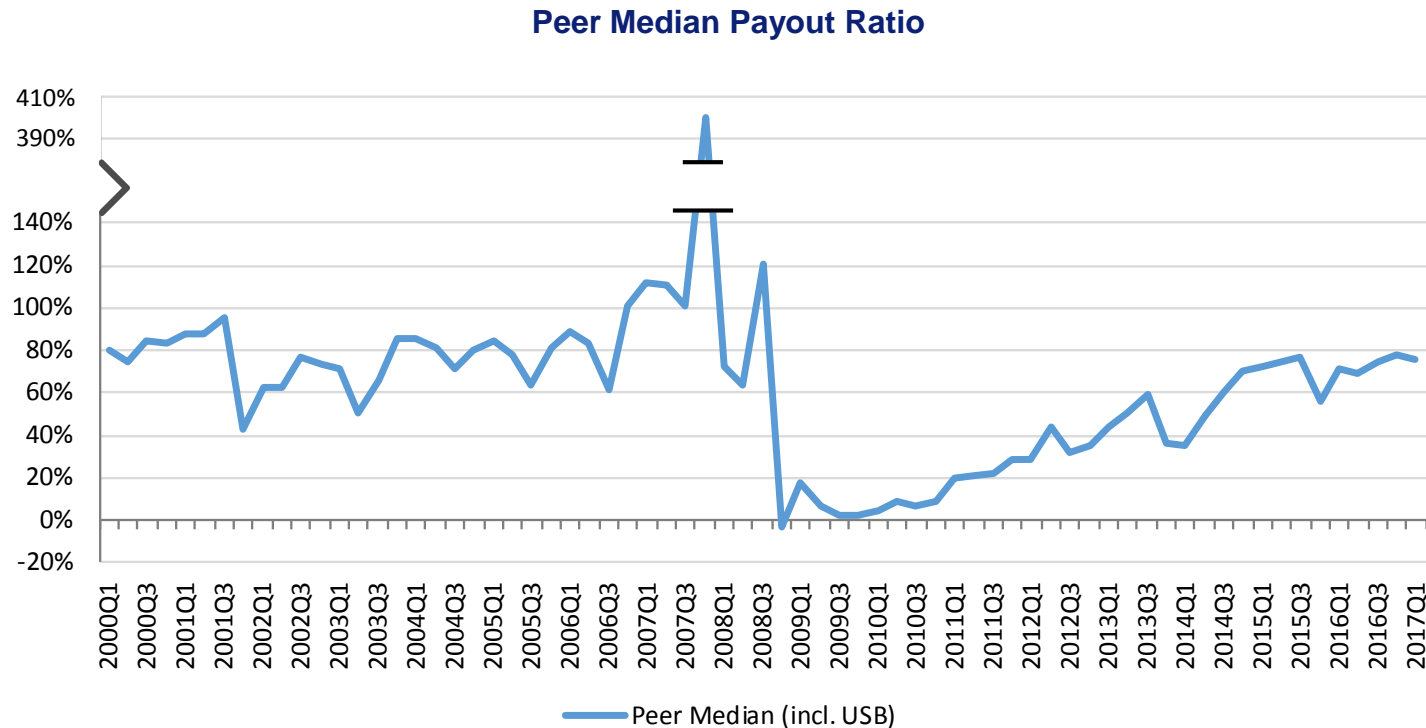
Regulatory Focus:

- Stress testing and rigorous qualitative exam as part of capital planning review



Industry Changes in Capital Management

Payout ratios declined significantly post-crisis, and have yet to return to pre-crisis levels

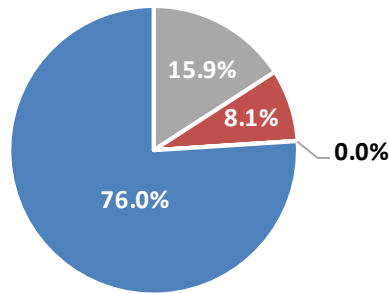


Industry Changes in Capital Management

Quality and quantity within the capital stack has improved

Peer Median Capital Composition

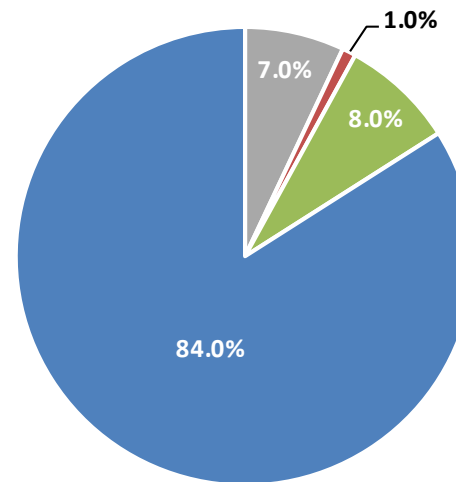
Q1 2007



- Sub Debt
- Trust Preferred
- Preferred Equity
- Common Equity

Total Capital: \$398B

Q1 2017

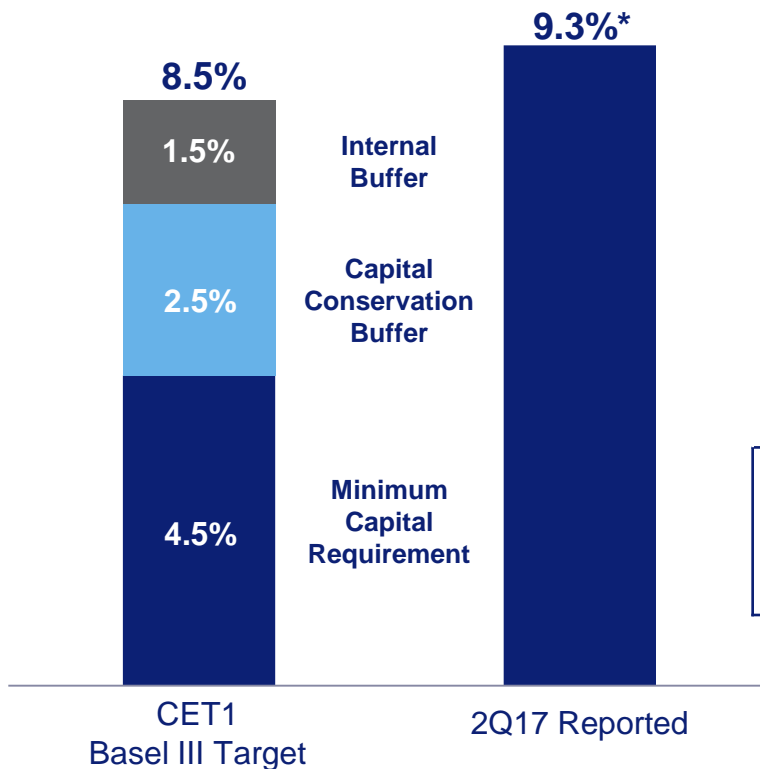


- Sub Debt
- Trust Preferred
- Preferred Equity
- Common Equity

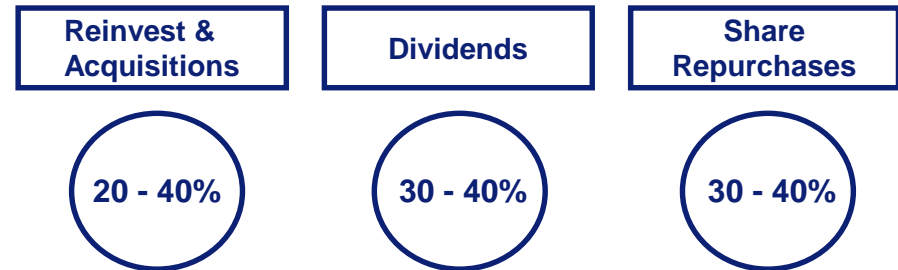
Total Capital: \$836B

U.S. Bank Capital Management

USB's earnings distribution model has endured throughout the years



Earnings Distribution Target:



Hypothetical Earnings Distribution Example

Dividends	30%	Reinvestment	30%
Share Repurchases	<u>40%</u>	Assumed ROTCE	<u>20%</u>
Discretionary Distributions	70%	Balance Sheet Growth	6%

Industry Enhancements in Liquidity Management

Banking Sector Focus:

- Robust liquidity stress scenarios
- Quality and quantity of high-quality liquid assets dramatically increase
- Additional data required to monitor liquidity profile in real time
- Three Lines of Defense central to appropriate challenge of results

Regulatory Focus:

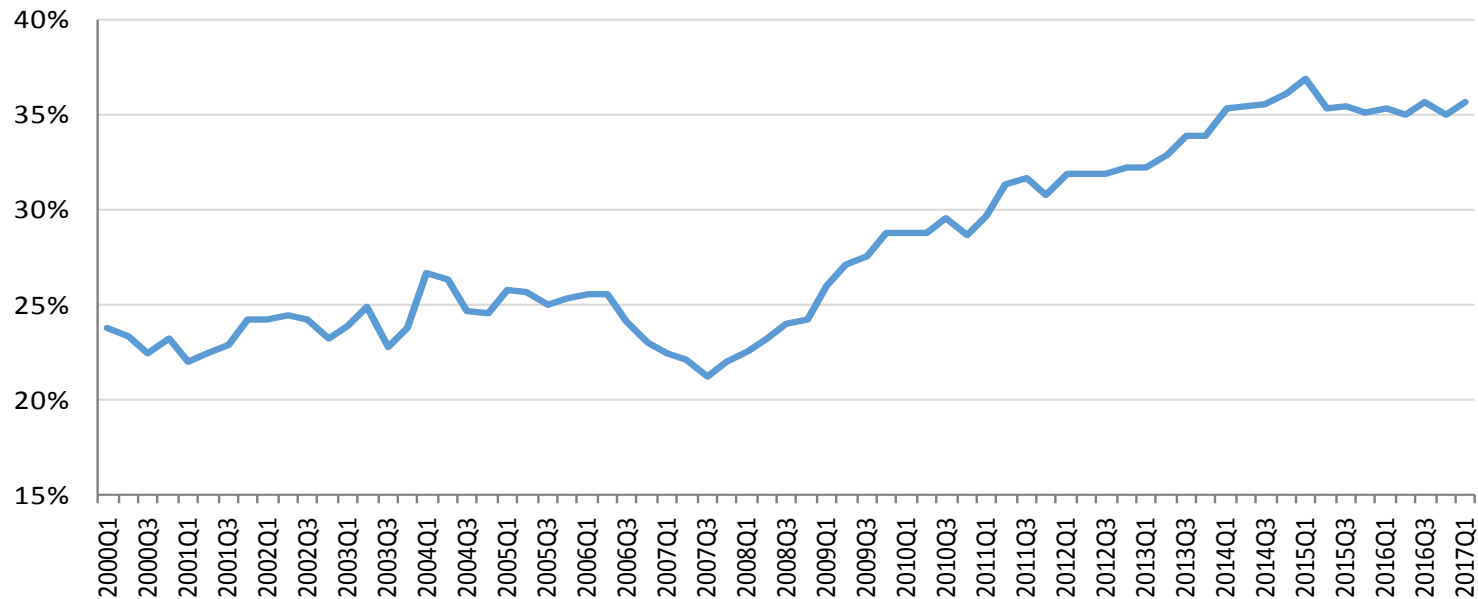
- Developed standards: LCR, NSFR, resolution and recovery planning
- Liquidity required to be maintained on each bank's balance sheet



Industry Changes in Liquidity Management

Since 2007, total on-balance sheet liquidity as a percentage of total assets has increased from 22% to 36%, largely driven by new regulatory requirements

**Peer Median On-Balance Sheet
Liquidity as a % of Total Assets**

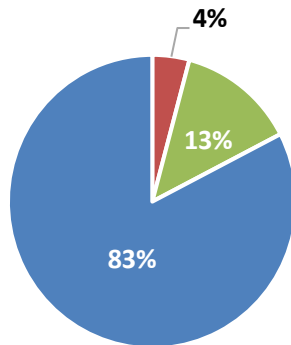


Industry Changes in Liquidity Management

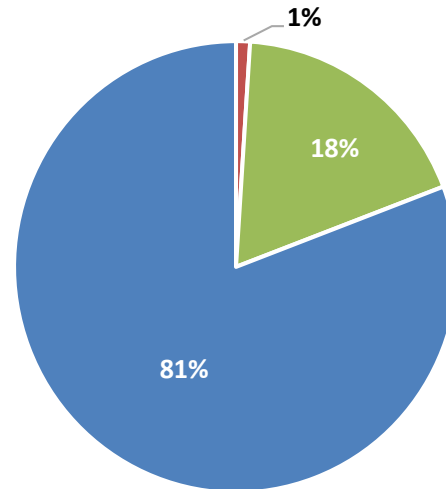
Quality and quantity of liquidity has improved

Peer Median Liquidity Composition

Q1 2007



Q1 2017



■ Fed Funds Sold & Rev. Repo ■ Cash & Due From ■ Securities

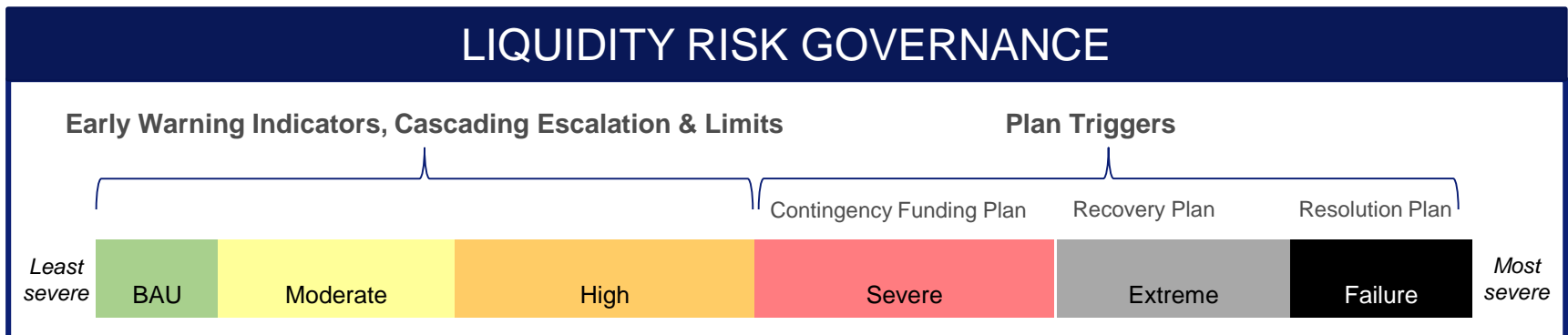
■ Fed Funds Sold & Rev. Repo ■ Cash & Due From ■ Securities

Total Liquidity Sources: \$1.0T

Total Liquidity Sources: \$3.0T

U.S. Bank's Integrated Liquidity Program

- Liquidity profile changes as the Company experiences more severe levels of liquidity stress
- Stress scenarios are integrated with contingency funding plan, recovery plan and resolution plan
 - Early Warning Indicators provide cascading escalation
 - Triggers linked to specific playbooks that define the decision making process



Interest Rate Risk

Current areas of focus:

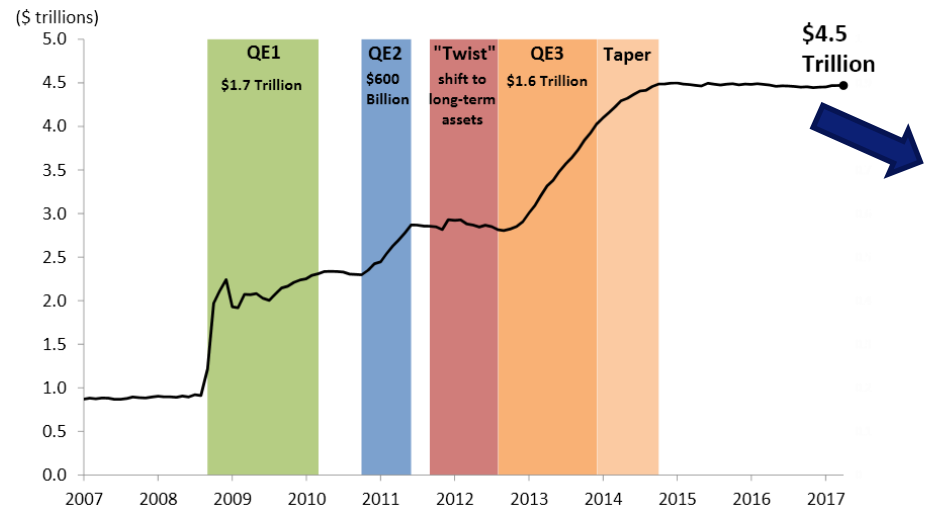
Deposit behavior post-prolonged low rate environment:

- Deposit pricing (i.e. betas)
- Balance outflow and rotation
- Potential impact of Fed's reduced balance sheet and rising interest rates

Enhancements of behavioral modeling:

- Deposit modeling for use in Net Interest Income and Market Value frameworks
- Mortgage-related prepayment modeling

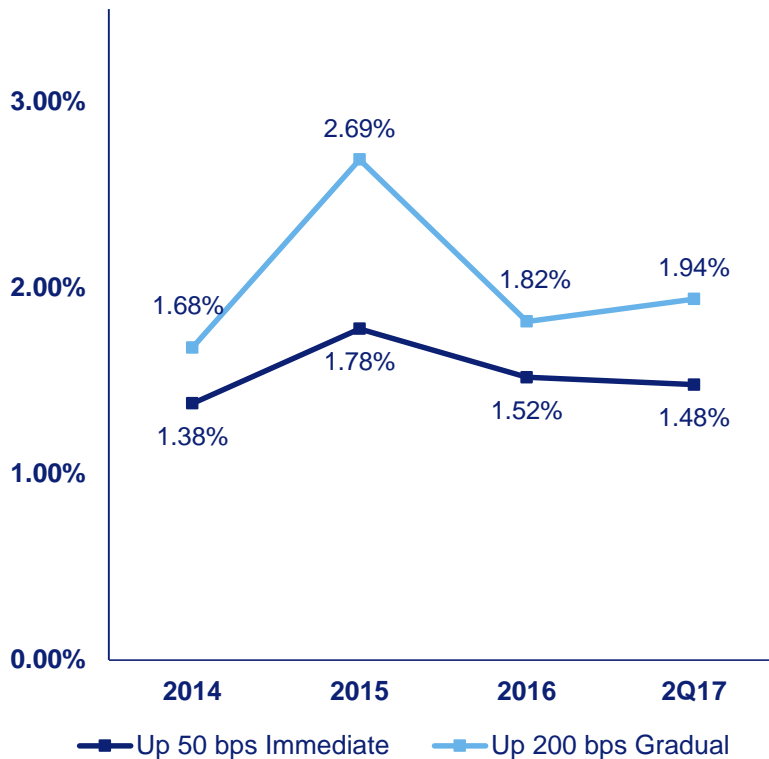
Federal Reserve Balance Sheet



Current Asset Sensitivity and Liquidity Position

Net Interest Income Sensitivity

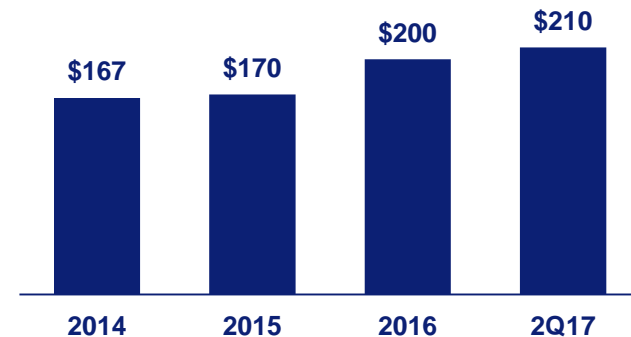
- Continued and steady asset sensitivity



Well-Balanced Liquidity Position

- Reliable source of core deposits
- Diversified sources of liquidity
 - Excess cash and liquid assets
 - Wholesale funding sources
 - Off-balance sheet capacity
- Strong LCR

Total Available Liquidity (\$bn)



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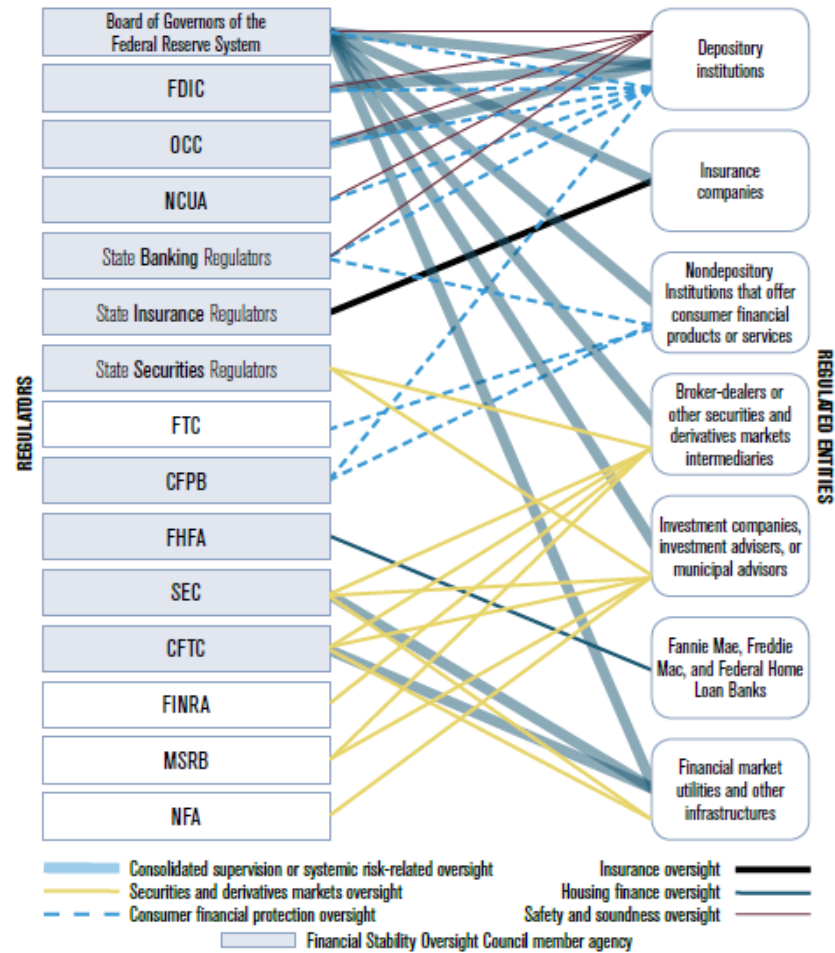
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Current Regulatory Environment

Current areas of focus:

- Current environment is complex
- Multiple new rules over the past decade have created new constraints
- Structural changes within the Fed and OCC continue to drive headlines
- More recently, open and productive dialogue is taking place



U.S. Bancorp's Position and Optimal Size



- Relative cost of compliance
- Sub-optimal efficiency and scale
- Less capacity to invest
- Potential trapped capital

- G-SIBs
- TLAC/Bail-in debt requirements
- Higher capital standards
- Enhanced supplementary leverage ratio
- Higher litigation risk
- Limited acquisition opportunities

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Top Issues in the Banking Industry



The future of branches

- Omnichannel, digital, mobile



Cybersecurity



Amazon effect

- Expectations, competition, demographics



Government policies

- Lending, taxes, regulation



Payments

- P2P, B2C, C2B, B2B



Innovation

- The role of Fintech



Appendix



Non-GAAP Financial Measures

(Dollars in Millions, Unaudited)	June 30, 2017
Total equity	\$48,949
Preferred stock	(5,419)
Noncontrolling interests	(629)
Goodwill (net of deferred tax liability) (1)	(8,181)
Intangible assets, other than mortgage servicing rights	(634)
Tangible common equity	34,086
Tangible common equity (as calculated above)	34,086
Adjustments (2)	(51)
Common equity tier 1 capital estimated for the Basel III fully implemented standardized and advanced approaches (a)	34,035
Risk-weighted assets, determined in accordance with prescribed transitional standardized approach regulatory requirements	361,164
Adjustments (3)	3,967
Risk-weighted assets estimated for the Basel III fully implemented standardized approach (b)	365,131
Common equity tier 1 capital to risk-weighted assets estimated for the Basel III fully implemented standardized approach (a)/(b)	9.3 %

(1) Includes goodwill related to certain investments in unconsolidated financial institutions per prescribed regulatory requirements.

(2) Includes net losses on cash flow hedges included in accumulated other comprehensive income (loss) and other adjustments.

(3) Includes higher risk-weighting for unfunded loan commitments, investment securities, residential mortgages, mortgage servicing rights and other adjustments.



Non-GAAP Financial Measures

(\$ in millions)

Line of Business Financial Performance	Net Revenue 2Q17 YTD
Wholesale Banking and Commercial Real Estate	\$ 1,669
Consumer and Small Business Banking	3,685
Wealth Management and Securities Services	1,177
Payment Services	2,855
Treasury and Corporate Support	1,425
Total Company	10,811
Less Treasury and Corporate Support	1,425
Total Company excl. Treasury and Corporate Support	\$ 9,386

Percent of Total Company

Wholesale Banking and Commercial Real Estate	16%
Consumer and Small Business Banking	34%
Wealth Management and Securities Services	11%
Payment Services	26%
Treasury and Corporate Support	13%
Total	100%

Percent of Total Company excl. Treasury and Corporate Support

Wholesale Banking and Commercial Real Estate	18%
Consumer and Small Business Banking	39%
Wealth Management and Securities Services	13%
Payment Services	30%
Total Company excl. Treasury and Corporate Support	100%



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