

# U.S. Bancorp Fixed Income Investor Presentation

September 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 its investment securities; 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.

# Agenda

- Overview
- Business Lines & Financial Management
- Balance Sheet & Capital Management
- Appendix

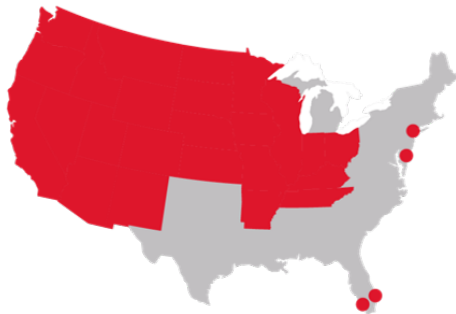


# U.S. Bancorp Overview

NYSE Traded	USB	Branches	3,045	Assets	\$461B
Founded	1863	ATMs	4,725	Deposits	\$340B
Market Value	\$88B	Customers	18.7M	Loans	\$280B

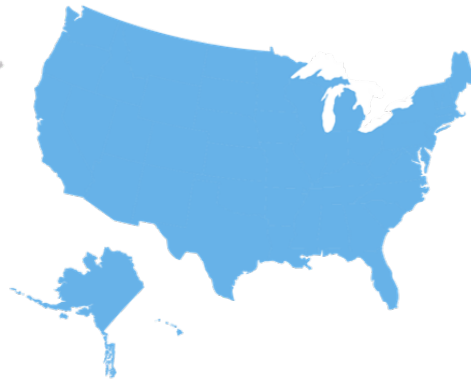
## Regional

Consumer & Business Banking  
and Wealth Management



## National

Corporate & Commercial Banking  
and Investment Services



## International

Payment Services and  
Investment Services



# Our Position in the Industry

## 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

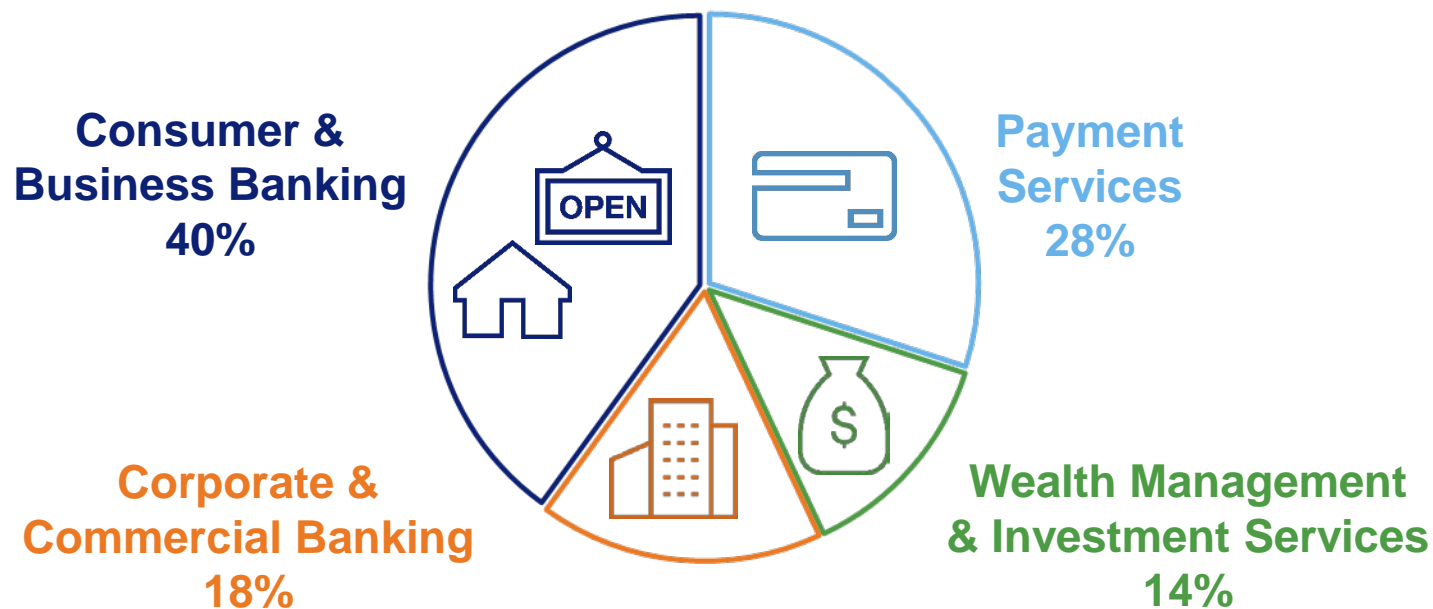
U.S. Rank	Company	\$ in billions
1	J.P. Morgan	\$384
2	Bank of America	308
3	Wells Fargo	276
4	Citigroup	175
<b>5</b>	<b>U.S. Bancorp</b>	<b>88</b>
6	PNC	66
7	BB&T	40
8	SunTrust	34
9	KeyCorp	22
10	Fifth Third	20

# Agenda

- Overview
- Business Lines & Financial Management
- Balance Sheet & Capital Management
- Appendix



# Our Businesses



**Consumer & Business Banking:**  
Branch banking, small business banking, consumer lending, mortgage banking and omnichannel delivery

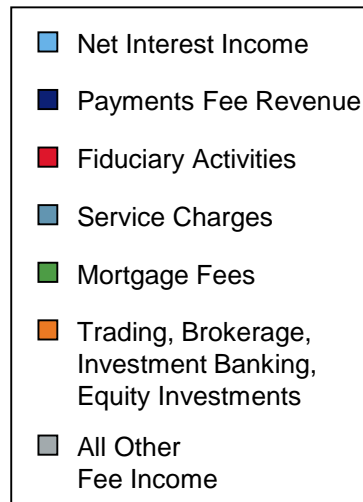
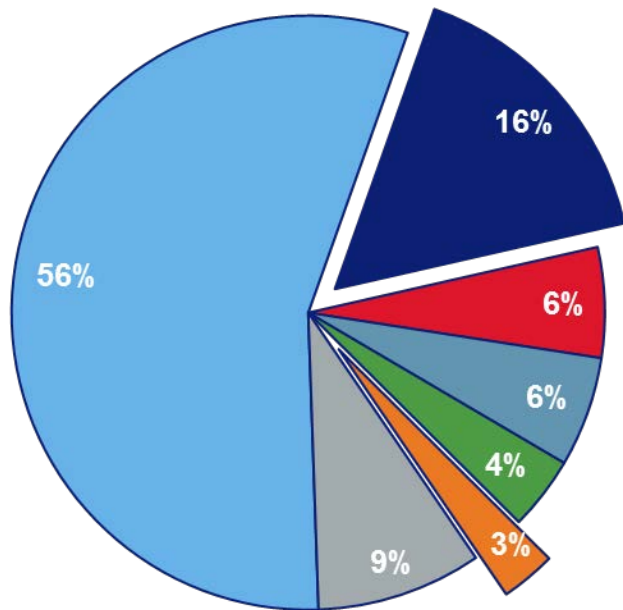
**Corporate & Commercial Banking:**  
Corporate Banking, Commercial Banking and Commercial Real Estate

**Payment Services:**  
Retail Payment Solutions, Global Merchant Acquiring and Corporate Payment Systems

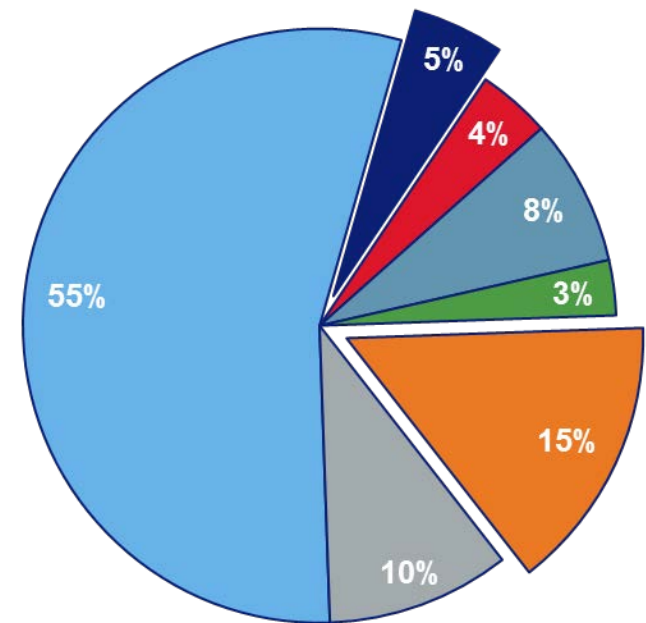
**Wealth Management & Investment Services:**  
Wealth Management, Asset Management, Corporate Trust, Fund Services and Custody

# Diversified Business Mix

## U.S. Bancorp Revenue Mix



## Peer Bank Average Revenue Mix





# Our Business Mix and Product Delivery

## Payment Services

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

## Wealth Management & Investment Services

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

## Consumer & 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 across a 25-state footprint

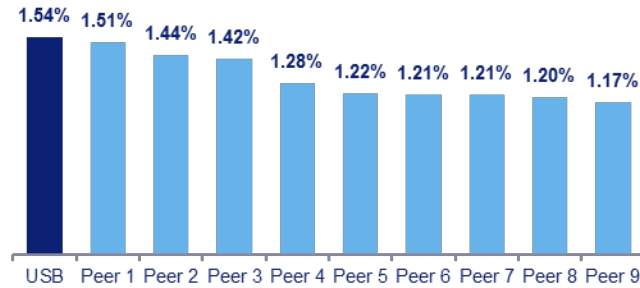
## Corporate & Commercial Banking

- Corporate Banking, Commercial Banking and Commercial Real Estate
- Provides products and services to 90% of Fortune 500 companies and 88% of Fortune 1000 companies

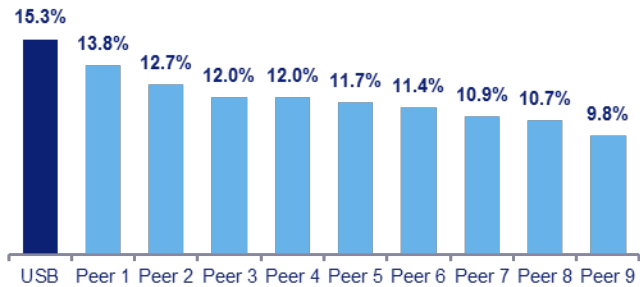


# Profitability

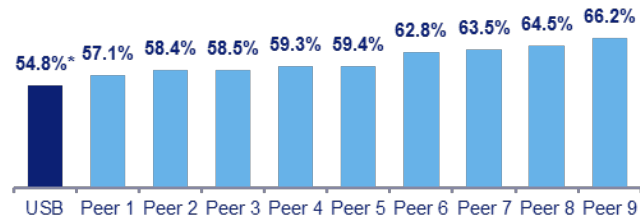
2Q18



Return on Average Assets



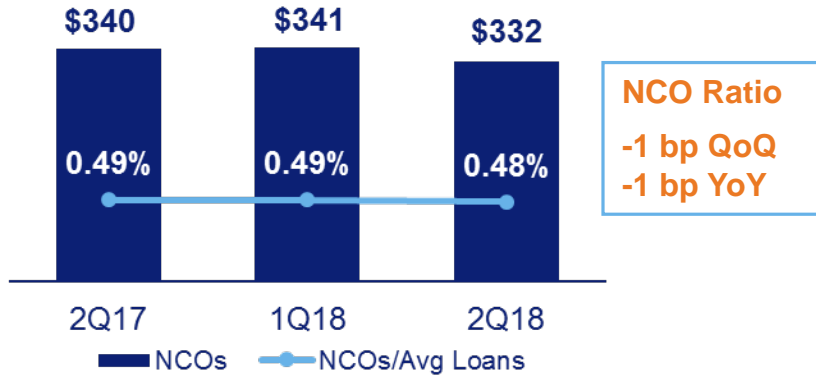
Return on Average Common Equity



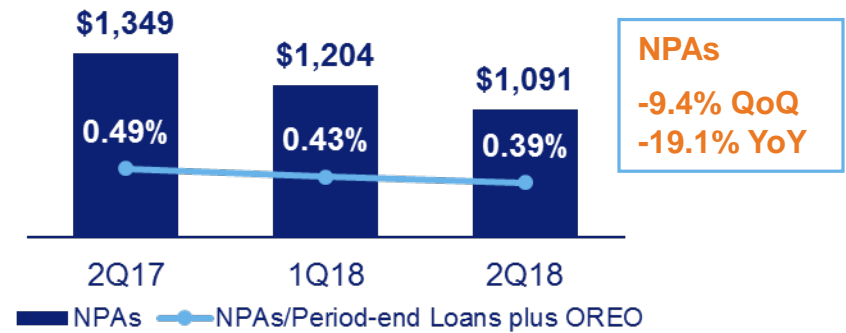
Efficiency Ratio

# Credit Quality

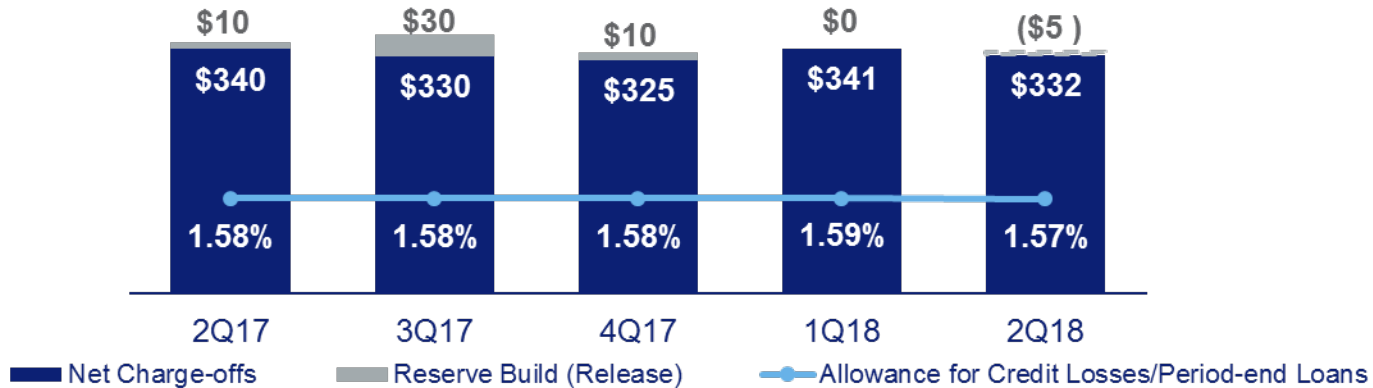
## Net Charge-offs



## Nonperforming Assets



## Provision for Credit Losses



# Agenda

- Overview
- Business Lines & Financial Management
- Balance Sheet & Capital Management
- Appendix



# Best in Class Debt Rating

**USB is the highest rated bank amongst its U.S. peers and is recognized by Moody's as the highest rated bank globally**

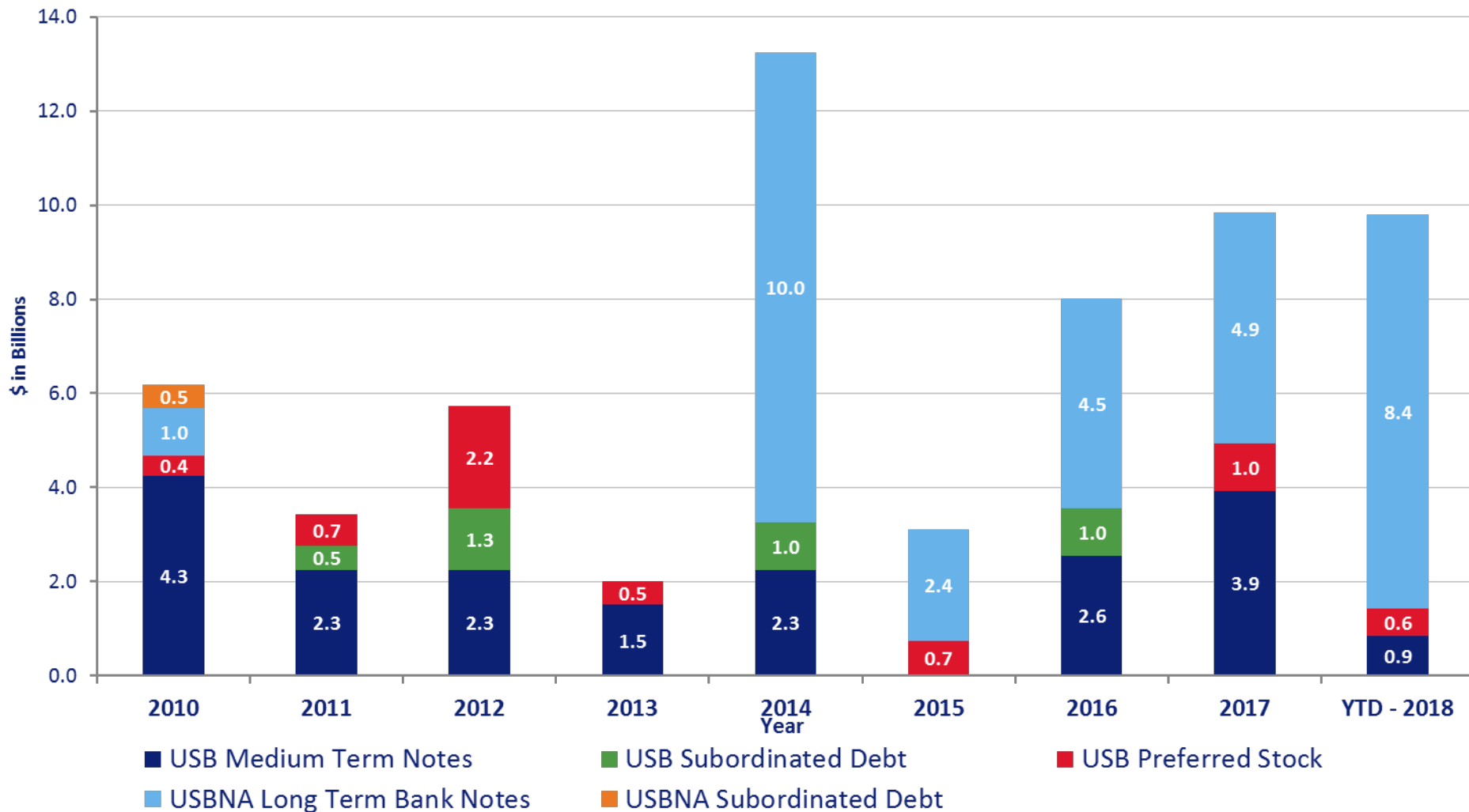
- Funding advantage
- Competitive advantages include pricing, flight-to-quality and sales force confidence

	Moody's		S&P	Fitch	DBRS
	BCA*	Rating	Rating	Rating	Rating
<b>U.S. Bancorp</b>	aa3	A1	A+	AA-	AA
BB&T Corporation	a1	A2	A-	A+	A (high)
Wells Fargo & Company	a2	A2	A-	A+	AA (low)
PNC Financial Services Group, Inc.	a2	A3	A-	A+	A (high)
JPMorgan Chase & Co.	a3	A3	A-	AA-	AA (low)
SunTrust Banks, Inc.	a3	Baa1	BBB+	A-	A
Fifth Third Bancorp	a3	Baa1	BBB+	A-	A
KeyCorp	a3	Baa1	BBB+	A-	A (low)
Bank of America Corporation	baa1	A3	A-	A+	A
Regions Financial Corporation	baa1	Baa2	BBB+	BBB+	BBB (high)

*\* Moody's Baseline Credit Assessment (BCA) is the issuers' standalone intrinsic strength, absent any extraordinary support from an affiliate or a government. BCA for U.S. entities is a bank level entity rating.*

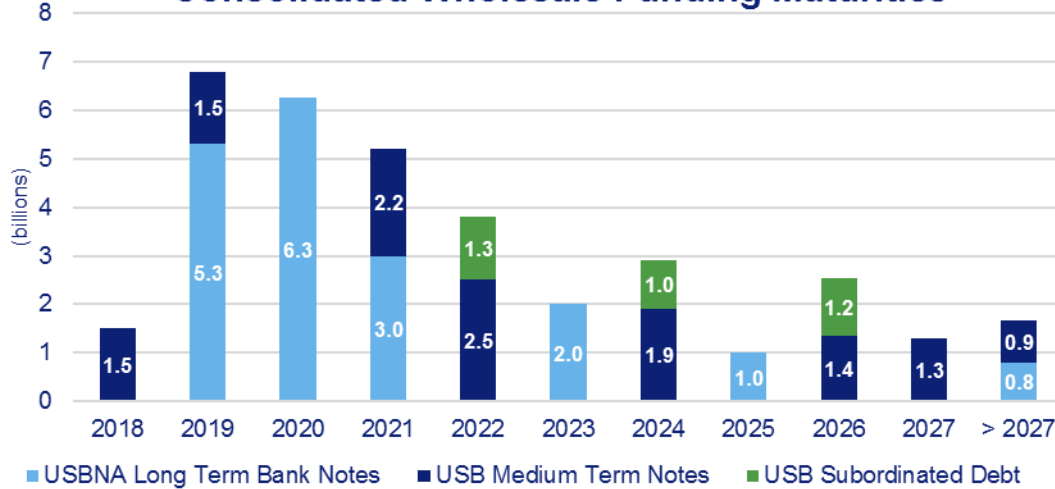
# Wholesale Funding Issuance History

- Strong deposit base results in less reliance on wholesale funding



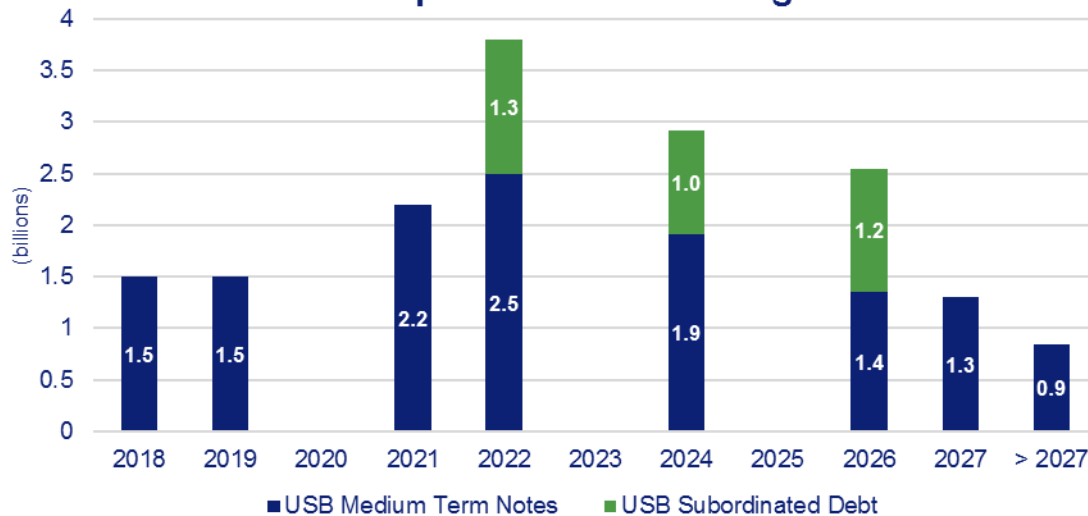
# Debt Maturity Distribution

## Consolidated Wholesale Funding Maturities



- Diversified maturity profile across U.S. Bancorp and U.S. Bank National Association

## U.S. Bancorp Wholesale Funding Maturities



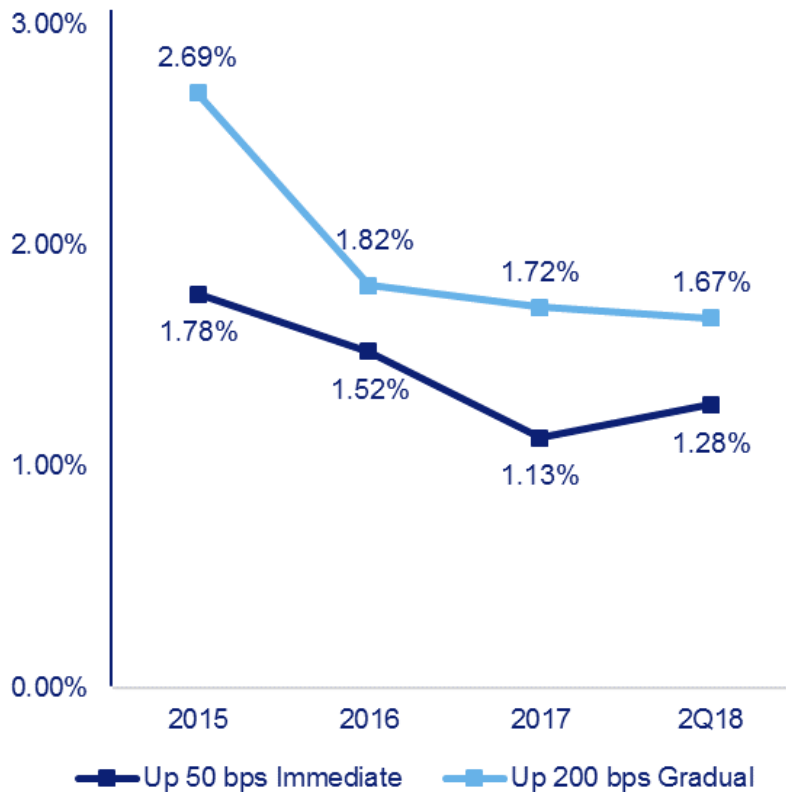
- U.S. Bancorp issuance activity principally supports dividend payments, share buybacks, acquisitions, and operating expenses



# Asset Sensitivity and Liquidity

## Net Interest Income Sensitivity

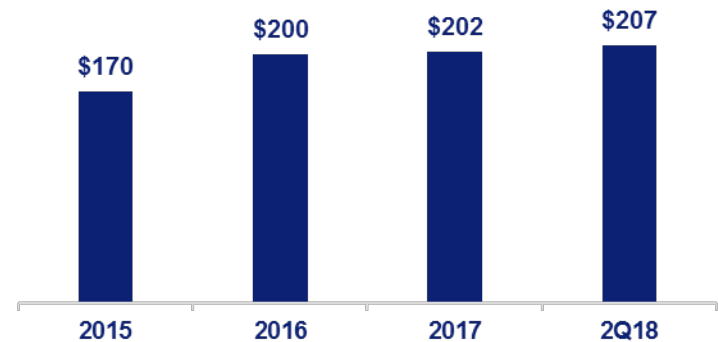
- Asset sensitivity



## 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
- Optimized liquidity position

## Total Available Liquidity (\$bn)

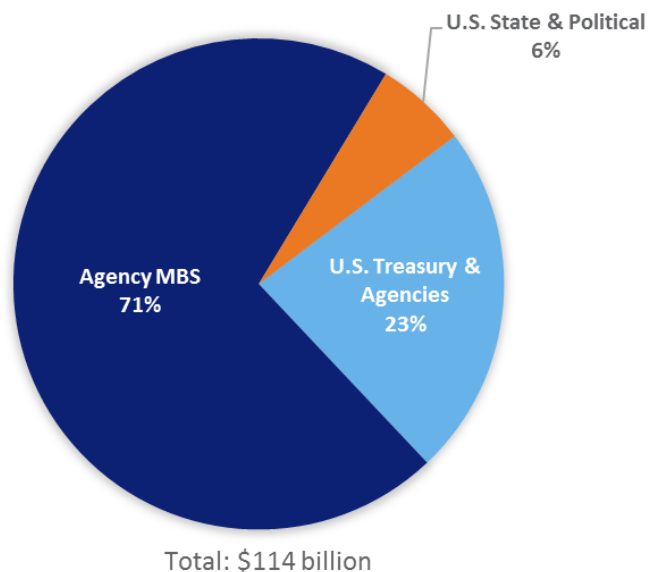




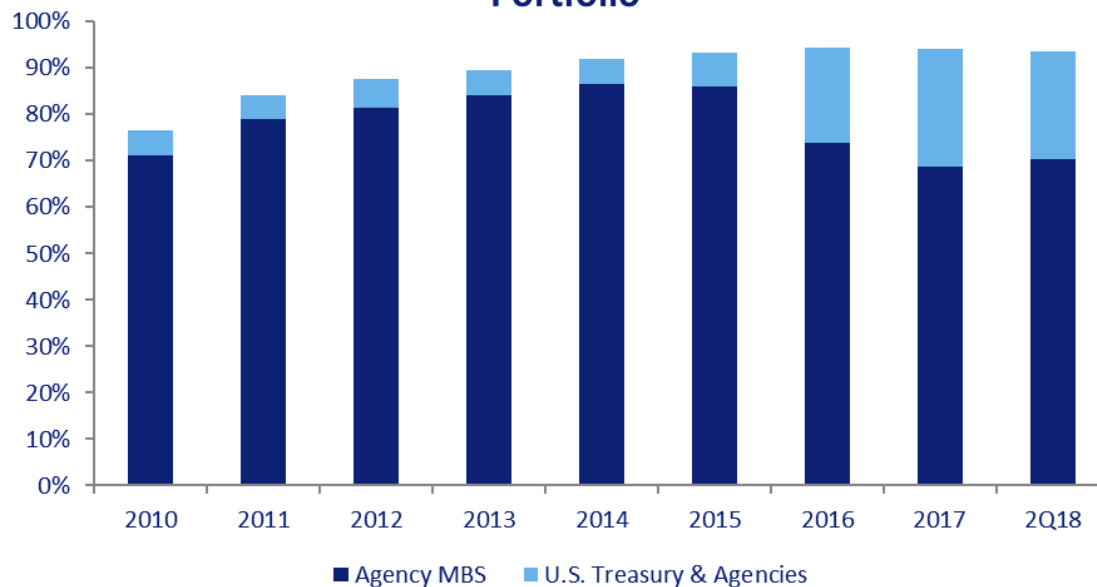
# Investment Portfolio

- High-quality portfolio with minimal credit risk
- Majority of portfolio invested in U.S. government securities
- Portfolio Weighted Average Life of 5.4 years

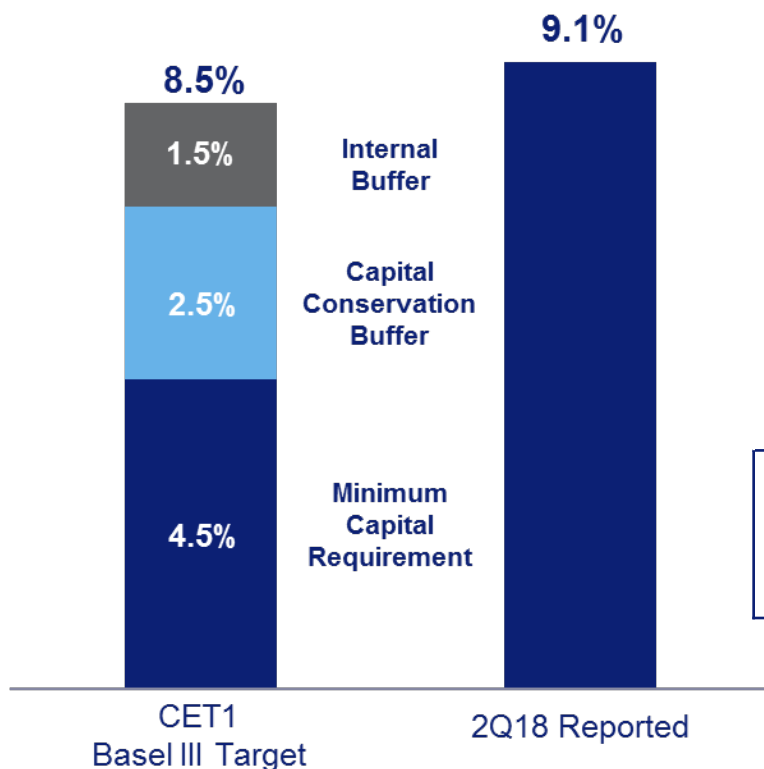
### High-Quality Investment Portfolio



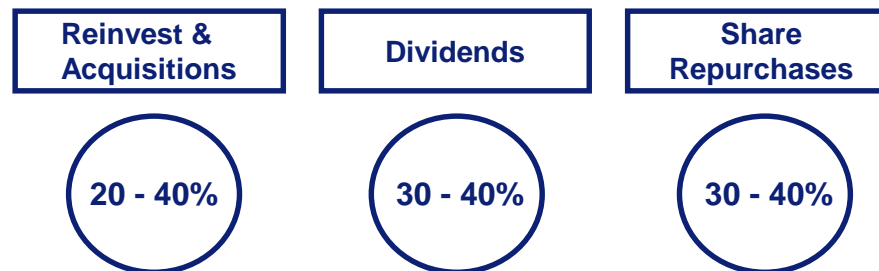
### U.S. Treasury & Agencies Debt % of Investment Portfolio



# Capital Management



## Earnings Distribution Target:

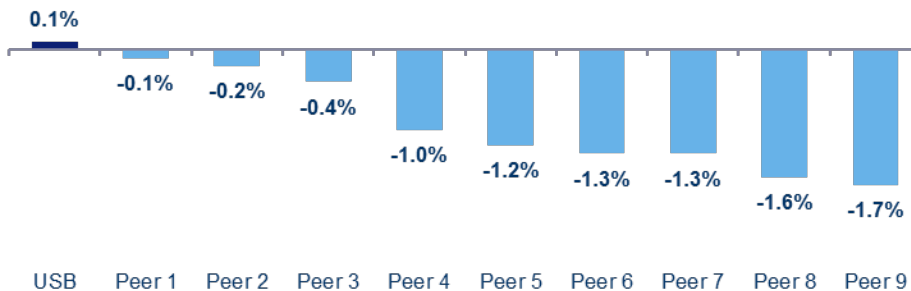


## Hypothetical Earnings Distribution Example

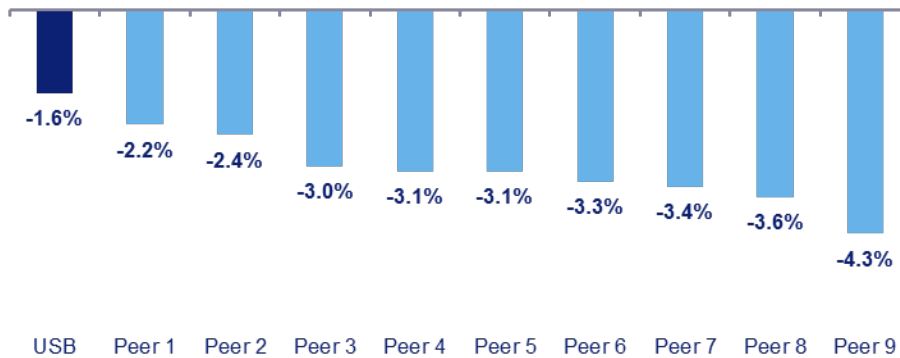
Dividends	30%	Reinvestment	30%
Share Repurchases	<u>40%</u>	Assumed ROTCE	<u>20%</u>
Discretionary Distributions	70%	Balance Sheet Growth	6%

# Sustainability in Earnings and Capital

**Net Income before Taxes as  
Percent of Average Assets  
(CCAR Cycles 2016-18, 3-year Average)**



**Common Equity Tier 1 (CET1) Change – 2018  
CCAR Severely Adverse Scenario vs. 4Q17 Actual**



## Competitive advantages

- Diversified business mix
- Operating scale
- Efficient platform
- Flight to quality
- Sustainability of dividends

# Agenda

- Overview
- Business Lines & Financial Management
- Balance Sheet & Capital Management
- 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
Total Company	11,109
Less Treasury and Corporate Support	616
Total Company excl. Treasury and Corporate Support	\$ 10,493

## **Percent of Total Company**

Corporate and Commercial Banking	17%
Consumer and Business Banking	38%
Wealth Management and Investment Services	13%
Payment Services	27%
Treasury and Corporate Support	5%
Total	100%

## **Percent of Total Company excl. Treasury and Corporate Support**

Corporate and Commercial Banking	18%
Consumer and Business Banking	40%
Wealth Management and Investment Services	14%
Payment Services	28%
Total Company excl. Treasury and Corporate Support	100%

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

# Non-GAAP Financial Measures

(Dollars in Millions, Unaudited)	Three Months Ended June 30, 2018
Net interest income	\$3,197
Taxable-equivalent adjustment (1)	29
Net interest income, on a taxable-equivalent basis	3,226
Net interest income, on a taxable-equivalent basis (as calculated above)	3,226
Noninterest income	2,414
Less: Securities gains (losses), net	10
Total net revenue, excluding net securities gains (losses) (a)	5,630
Noninterest expense (b)	3,085
Efficiency ratio (b)/(a)	54.8 %

(1) Interest and rates are presented on a fully taxable-equivalent basis based on a federal income tax rate of 21 percent

# U.S. Bancorp Fixed Income Investor Presentation

September 2018