



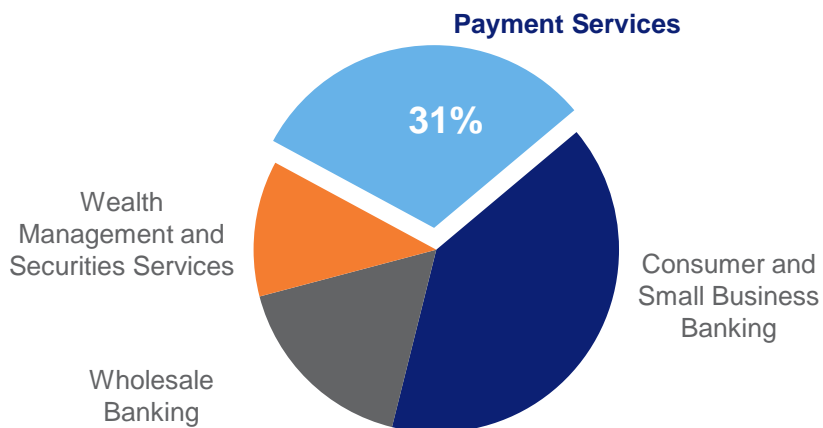
Payment Services

Investor Day 2016

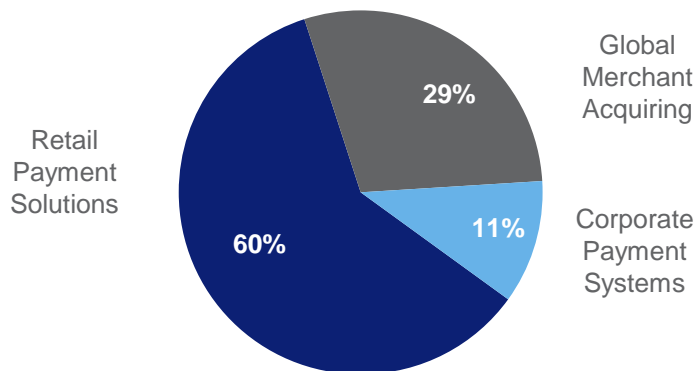


Payment Services

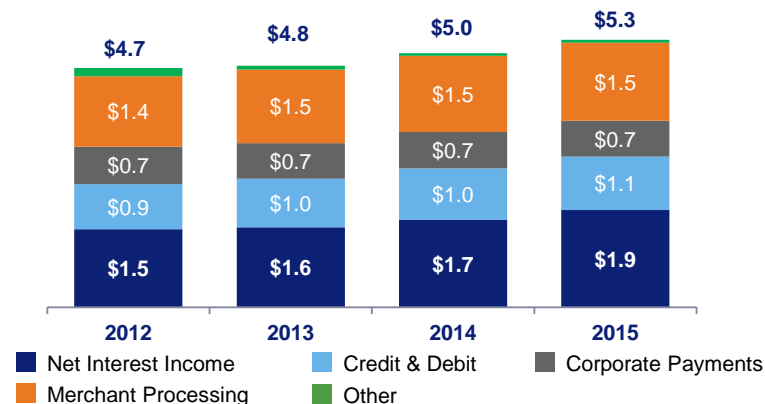
Revenue Contribution to USB



Business Line Highlights - % of Revenue



Revenue Breakdown (\$bn)



Key Metrics

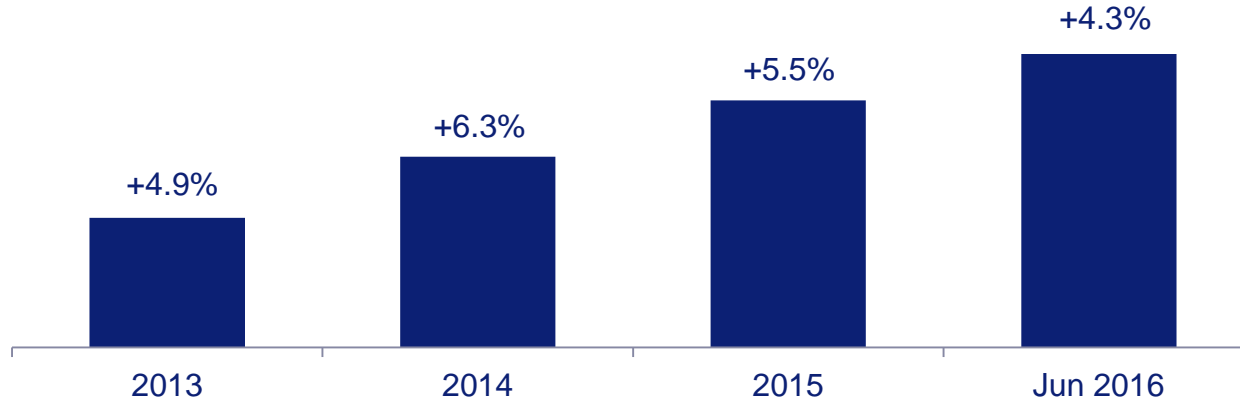
(\$ in millions, except ratios)		2Q16YTD
Net Interest Income	\$	1,040
Noninterest Income		1,739
Noninterest Expense		1,371
Net Income	\$	637
NIM		7.35%
Fee Income Ratio		63%
Efficiency Ratio		47.2%
Credit Card Volume	\$	40,651
Merchant Volume		191,649
Debit Card Volume		31,844
Corporate Card Volume		27,374
		2Q16
Average Loans	\$	28,193

Payments: Three Distinct Businesses

	Retail Payment Solutions	Global Merchant Acquiring	Corporate Payment Systems
The business	<p>Issues cards:</p> <ul style="list-style-type: none"> • Consumer credit cards • Small business credit cards • Debit cards • Pre-paid cards 	<ul style="list-style-type: none"> • Enables merchants to accept cards and other electronic payments in a global footprint 	<ul style="list-style-type: none"> • Serving corporate, small/medium businesses and governments • Issues commercial cards: <ul style="list-style-type: none"> – Purchasing, Virtual, Travel and Entertainment, Fleet • Freight Invoice processing and payments
Key facts	<ul style="list-style-type: none"> • > 13 million active accounts • > 1,400 agent FI partners • > 40,000 distribution points • Diversified partnership portfolio 	<ul style="list-style-type: none"> • > 4 billion transactions processed annually • Processing 100+ currencies in 26 countries • > 1 million merchants 	<ul style="list-style-type: none"> • > 110 million payments processed • Serving customers in the United States, Canada and Europe • Provider of payment services to the U.S. Government and 19 state governments
Little known facts	<ul style="list-style-type: none"> • More branches in distribution network than top 4 banks combined 	<ul style="list-style-type: none"> • 25%+ independent hotel market share (USA) • 100+ airlines on every continent 	<ul style="list-style-type: none"> • Voyager Fleet Cards accepted at >230,000 locations • Commercial relationships with 180+ of the Fortune 500

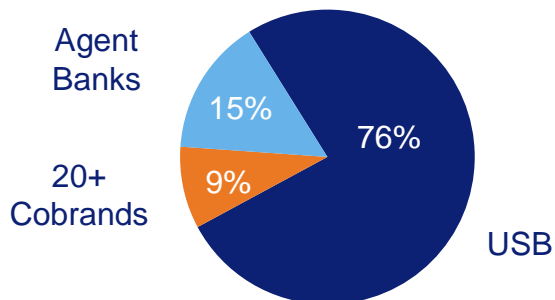
A Growing and Distinct Customer Base

16 Million Active Accounts

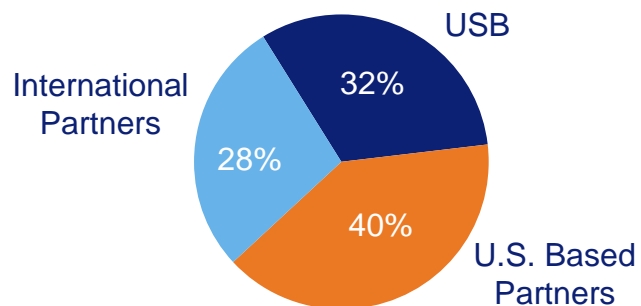


Diversified distribution*

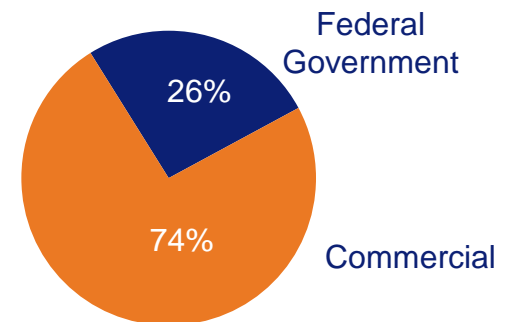
Retail Payment Solutions



Global Merchant Acquiring



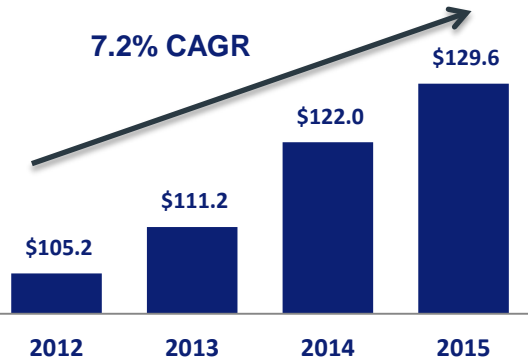
Corporate Payment Systems



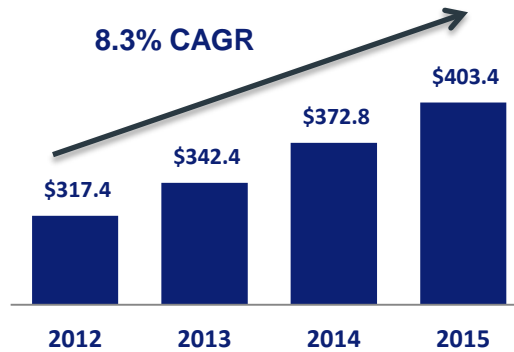
*Volume distribution by channels

Historical Financial Highlights

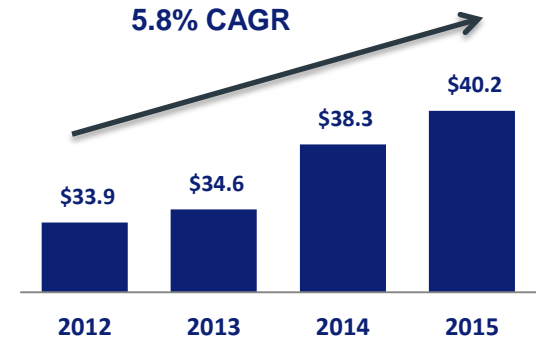
Retail Payments Solutions Volume (\$bn)



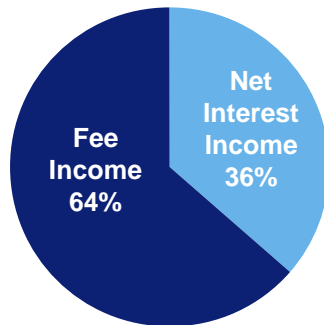
Global Merchant Acquiring Volume* (\$bn)



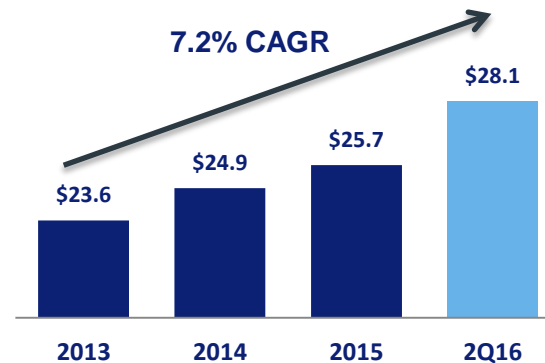
Commercial Card Volume (\$bn)



2015 Revenue Breakdown

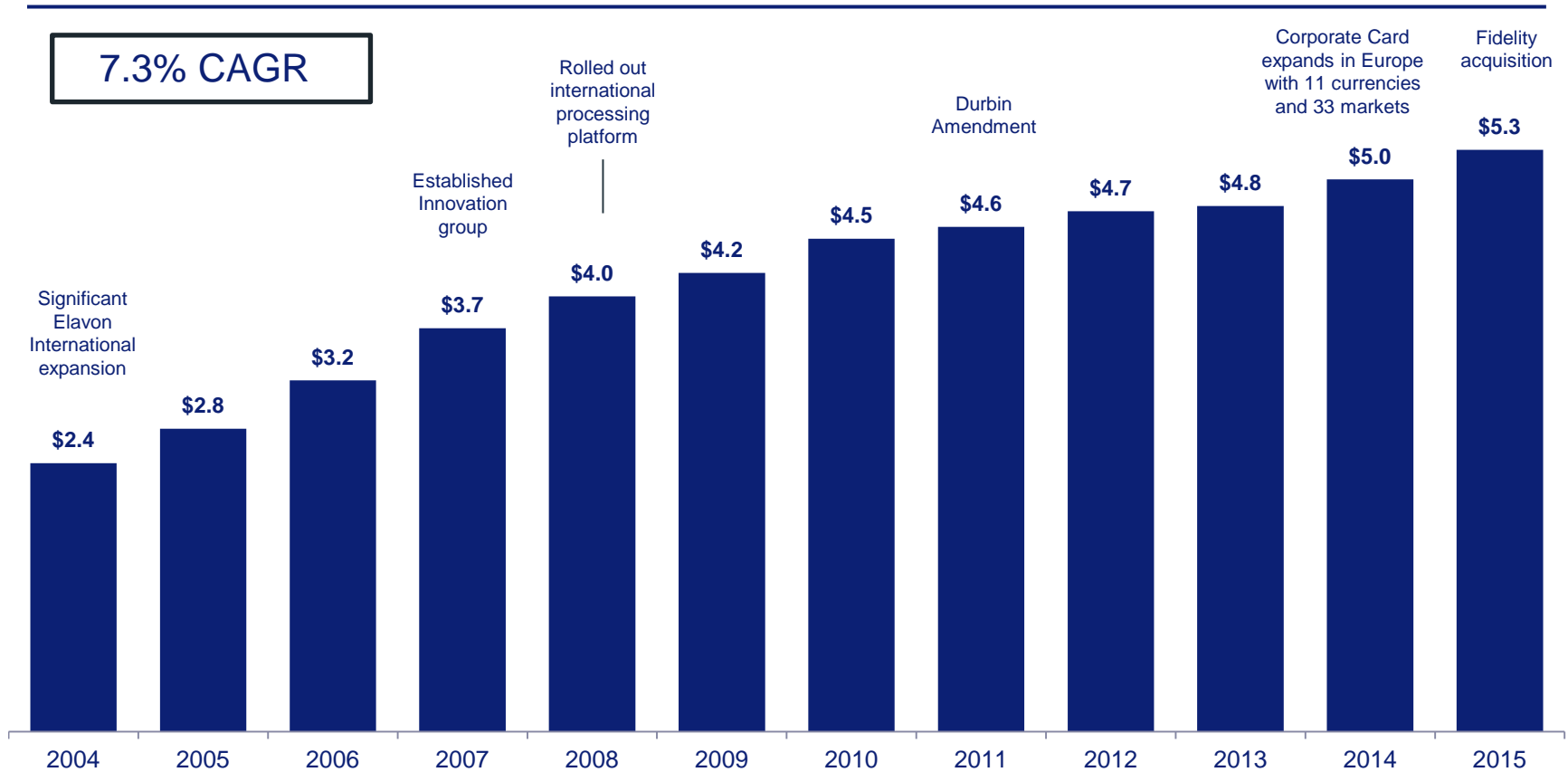


Average Loans (\$bn)



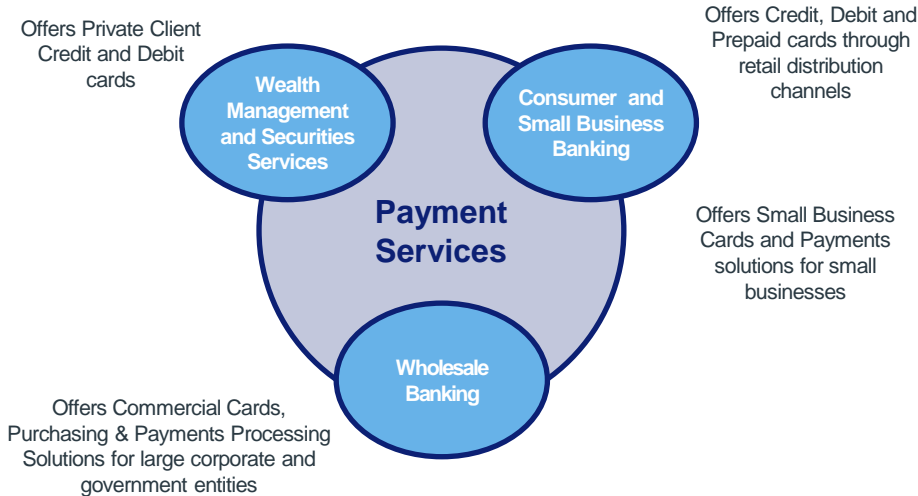
Track Record of Growth

Total Payments Revenue (\$bn)



Competitive Advantages

An Integrated Component of Our Business



Leadership in Innovation



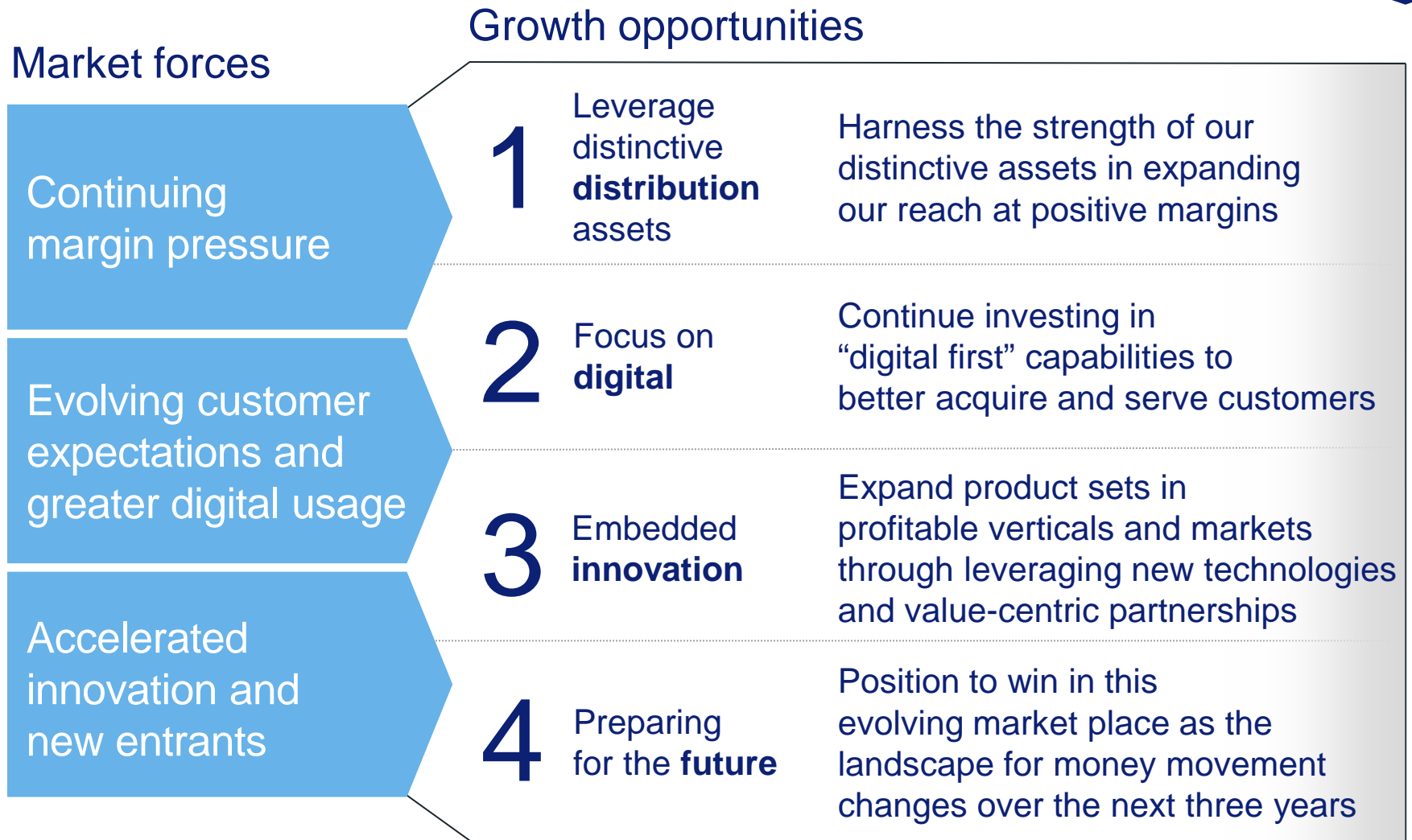
Competitive Advantages

- Unique singular international processing platform
- Integrated Payments provider
- Proven acquisition track record
- Largest distribution network
- Flexible partnership model
- Proven geographic expansion capabilities

Scale

	<u>Rank</u>
• U.S. Consumer/Small Business	#7
• U.S. Debit Card Issuer	#5
• U.S. Commercial Card Issuer	#3
• U.S. Merchant Acquirer	#5
• European Merchant Acquirer	#4

Market Forces and Opportunities



Leveraging Distinctive Distribution Assets

Build upon the **strength** of our existing partners and capabilities to widen our footprint



Extend our competitive **advantage** by cultivating distribution networks



Access to proprietary platforms



Flexible deal structures



Integration with independent software vendors (ISVs)



Specialist sales and support teams

Focusing on Digital

Acquisition

- Extend digital acquisition and leverage partners' digital capabilities
- Smart Analytics will integrate and leverage partner data

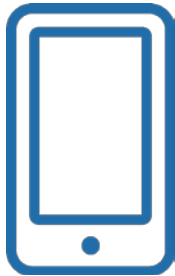
Usage

- Drive mobile wallet leadership to be everywhere our clients want us to be
- Scale real-time rewards redemption via mobile to increase utility while lowering cost
- Expand eCommerce capabilities such as eCommerce Gateway, Virtual card, Apple Pay and Samsung Pay

Servicing

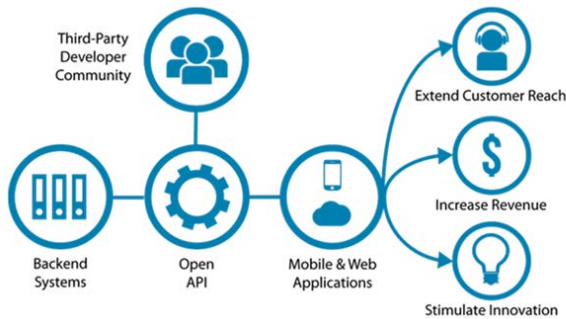
- Seamless, always-on experience across branch, phone, web and mobile
- Improve customer experience through Smart Fraud Alerts, travel indications and digital collections

Embedding Innovation



Virtual payments

Automate payments, simplify reconciliation and improve working capital through seamless real-time system integration and mobile capabilities



Standardized API

Facilitate innovation, drive revenue and speed time to market by providing developers, merchants, clients and partners tools to easily integrate with U.S. Bank



Geolocation

Build relevant customer offers through location intelligence (with customer's permission) and improve card authorizations while traveling at home and abroad

Preparing for the Future

The Payments landscape is changing at an accelerated pace

Real-time payments

FinTech competition at the edge

Technological evolution and increased number of endpoints

Focused attention and agility drives our success.

Continuous scanning of the horizon

Engagement with FinTech communities

Deep innovation practice

Agile development

Co-creation

Industry stakeholder leadership

Developer support

Iterative test-and-learn

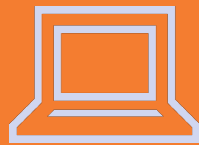
With deep domain expertise



Digital identity



Distributed ledger



Developer portals



Location-based services



Internet of things



Artificial intelligence



Biometrics and security



Customer experience

We are leveraging and continuously improving our proven approach.

Summary

The growing marketplace across consumer, small business, corporate and government represents an opportunity greater than \$10T

We are a fiscally disciplined, highly profitable integrated payments player ...

... with distinct businesses and diversified products, customers and geographies;

a breadth of distribution assets;

and a proven international expansion model.

We will harness our capabilities to extend our market leadership.

