

U.S. Bancorp Investor Day

Consumer and Business Banking

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Vice Chair, Consumer and Business Banking

September 12, 2019



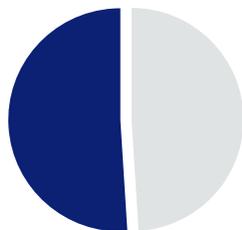
Consumer and Business Banking

Contribution to USB:

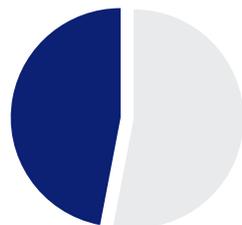
40% of USB's total net revenue



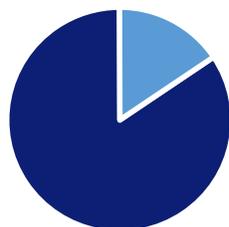
51% of USB's total average loans



47% of USB's total average deposits

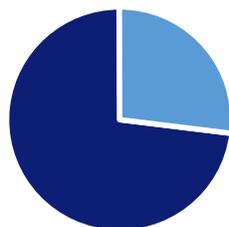


Consumer and Business Banking total net revenue breakdown:



Consumer banking – 84%

Small business banking – 16%



73% NII

27% fee income

1H19 highlights:

\$ in millions	1H19	change vs. 1H18
Net interest income	\$3,148	3.9 %
Noninterest income	1,102	(5.9)
Net revenue	4,250	1.1
Noninterest expense	2,615	(1.0)
Net Income	1,114	2.5

	1H19	change vs. 1H18
Net interest margin	4.36 %	12 bps
Efficiency ratio*	61.5	(140 bps)
Return on average assets	1.44	3 bps

\$ in millions	1H19	change vs. 1H18
Mortgage production	\$22,933	9.4 %
Auto loan production	8,190	23.9

Full-year 2018 data unless otherwise noted; net interest income ("NII") and net interest margin on a taxable-equivalent basis

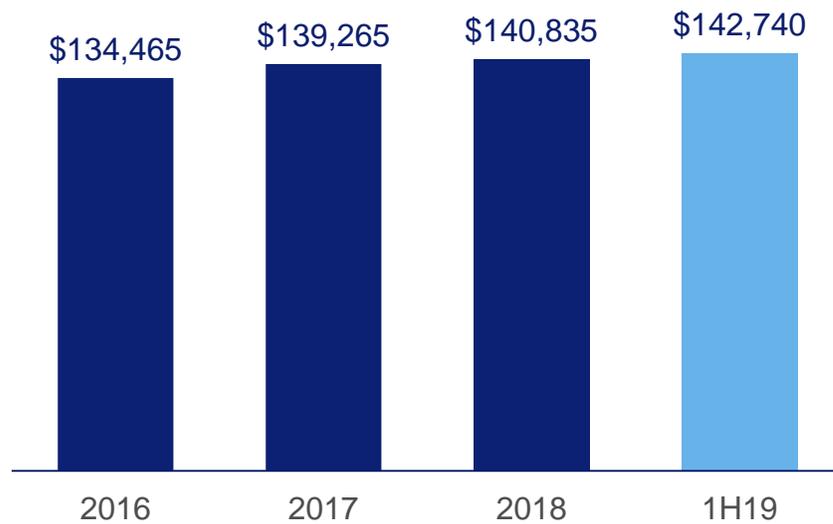
Total net revenue, average loan and average deposit percentages exclude Treasury and Corporate Support; see slide 4 in Agenda, Forward-looking Statements and Non-GAAP Financial Measures presentation for calculations

* Non-GAAP, see slide 8 in Agenda, Forward-looking Statements and Non-GAAP Financial Measures presentation for calculation

Financial Highlights

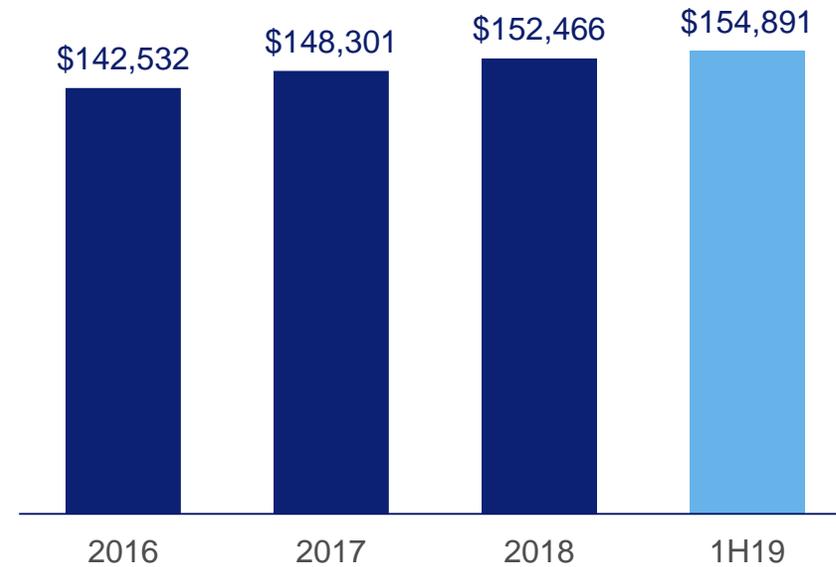
Average Loans

2016-2018 CAGR: 2.3%



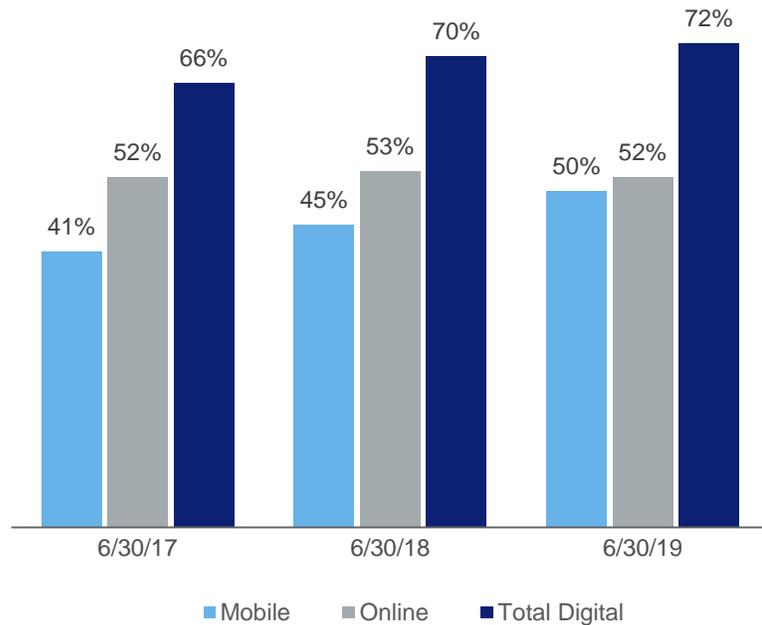
Average Deposits

2016-2018 CAGR: 3.4%

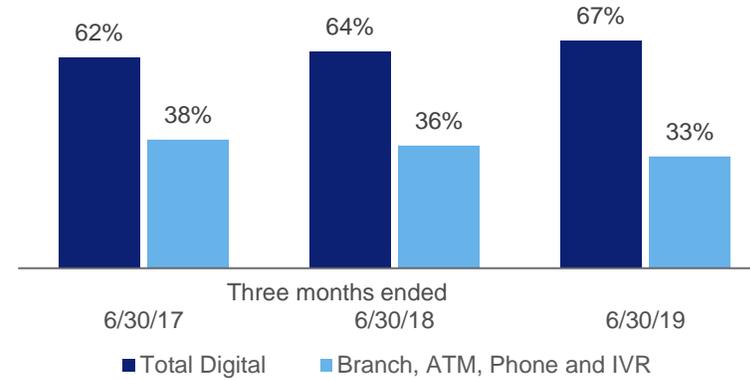


Digital Engagement Trends

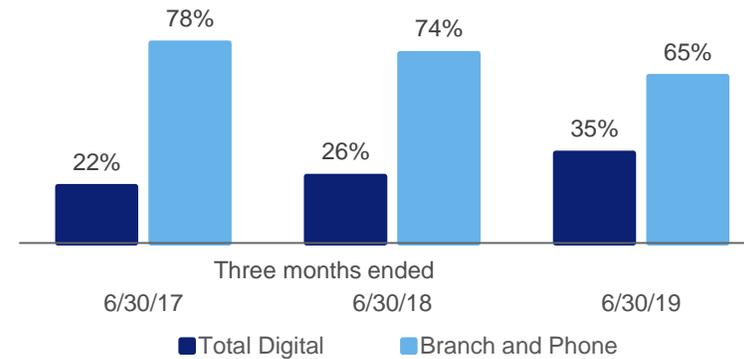
Digital Active Customers
(% of Total Active Customers)*



Transactions (% of Total)



Loan Sales (% of Total)



*Represents core Consumer Banking customers active in at least one channel in the previous 90 days
Total Digital includes both online and mobile platforms

A Scale Player Across Our Businesses

#4 deposit share among peer banks, within 25-state footprint¹

#4 bank mortgage lender ranked by dollar volume²

#4 bank mortgage servicer²

#1 in-store and on-site branch network within 25-state footprint³

#5 bank new auto financing⁴

#4 SBA lender ranked by unit volume⁵

30K
employees

11.6M
consumer customers⁶

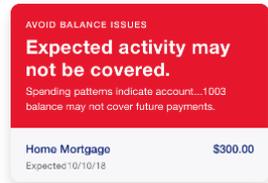
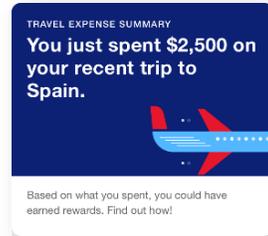
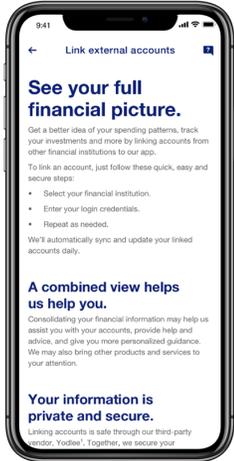
1) Source: SNL, peer banks include: BAC, BBT, FITB, JPM, KEY, PNC, RF, STI and WFC; 2) Source: Inside Mortgage Finance, as of 12/31/18; 3) Source: SNL; 4) Source: Experian AutoCount; 5) Source: Small Business Administration; 6) represents core Consumer Banking customers



Our Strategy and Key Initiatives

We put our customers in the center of everything we do, staying ahead of their needs, desires and expectations **to deliver exceptional experiences and create deeper, more valuable relationships.**

We are digital first, while maintaining a strong human connection.



We are transforming our distribution network.



Selectively entering new markets with a branch-lite physical presence

Relocating and redesigning branches in our existing markets

Closing branches where appropriate and optimizing square footage

Becoming Central to the Lives of Our Customers

We have organized around the customer to design and deliver exceptional experiences, focusing on three key areas: mortgage, small business and mobile banking.

home buyer / homeowner



small business owner



digitally active consumer



Digital First: Mortgage Banking

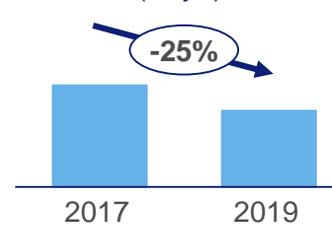
We **reimagined the home buying experience**, simplifying and streamlining our mortgage application process to make meaningful improvements in customer experience and efficiency while driving market share gains.



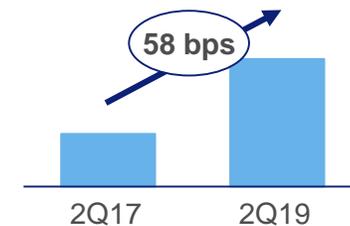
Since initial rollout:

- Reduced purchase cycle time (application to closing) by **five days**
- Improved customer satisfaction by **five points**
- Closed nearly **30 percent** more loans while Operations FTE remained flat
- Drove strong adoption with **85 percent** of applicants utilizing the portal

Avg. refinance cycle time (days)



Retail market share



Digital First: Small Business Lending

We implemented process and technology enhancements to **simplify and transform the way our customers fund their small businesses.**

Process change impacts

- Reduced the number of application fields by **>70%**
- **More than doubled** the rate of applications approved with auto-decisioning

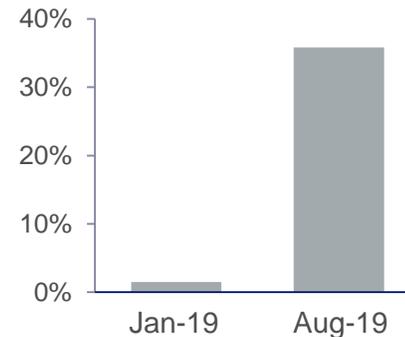
Technology impacts

- Dashboard provides customers with visibility into their application status
- Digital document upload eliminates paper and saves time
- Branch visits are no longer required; all steps in the lending process can be completed digitally

The entire lending process can now be completed same day, often **within an hour or less.**



Digital adoption
% of total applications booked



Booked applications utilizing digital channel
(dollar volume)



Digital First: Mobile Banking

Our completely redesigned mobile app features a competitive set of service and sales functionalities, **making mobile banking simpler than ever.**

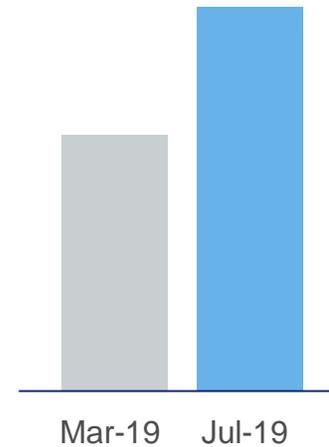


Our new app:

- Features a comprehensive suite of consumer and small business products
- Offers personalized insights and proactively addresses customer needs using artificial intelligence
- Provides in-context help to alleviate pain points
- Gives customers greater ability to manage accounts with enhanced card controls

over 50% growth in mobile interactions

per customer per day since launch



100M
insights
delivered*

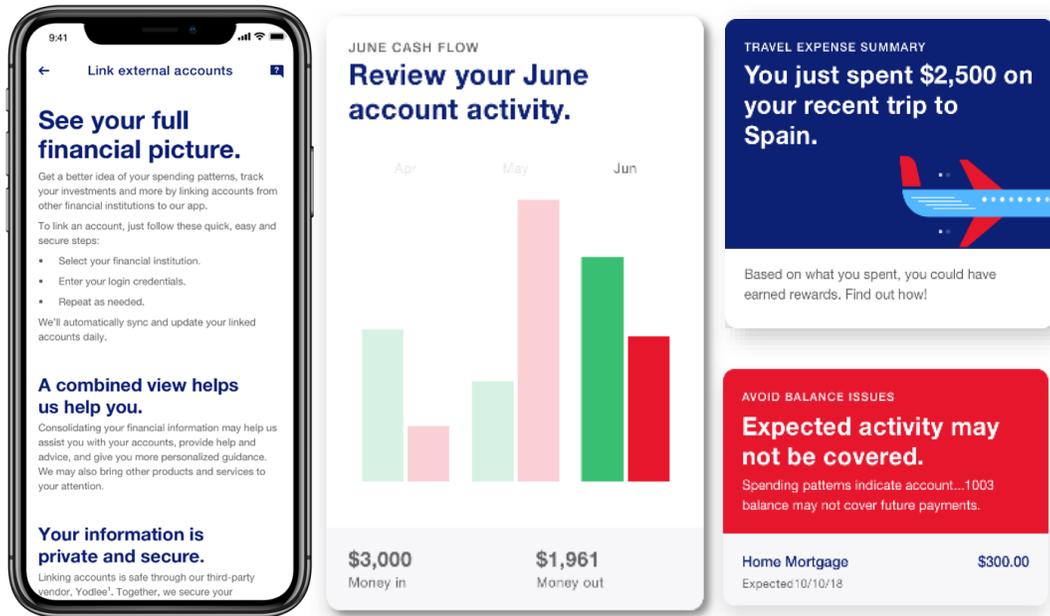
nearly **90%**
of insights viewed
as valuable by
customers

*Since launch of new mobile app for iPhone in March 2019

Delivering a Personalized and Integrated Mobile Experience

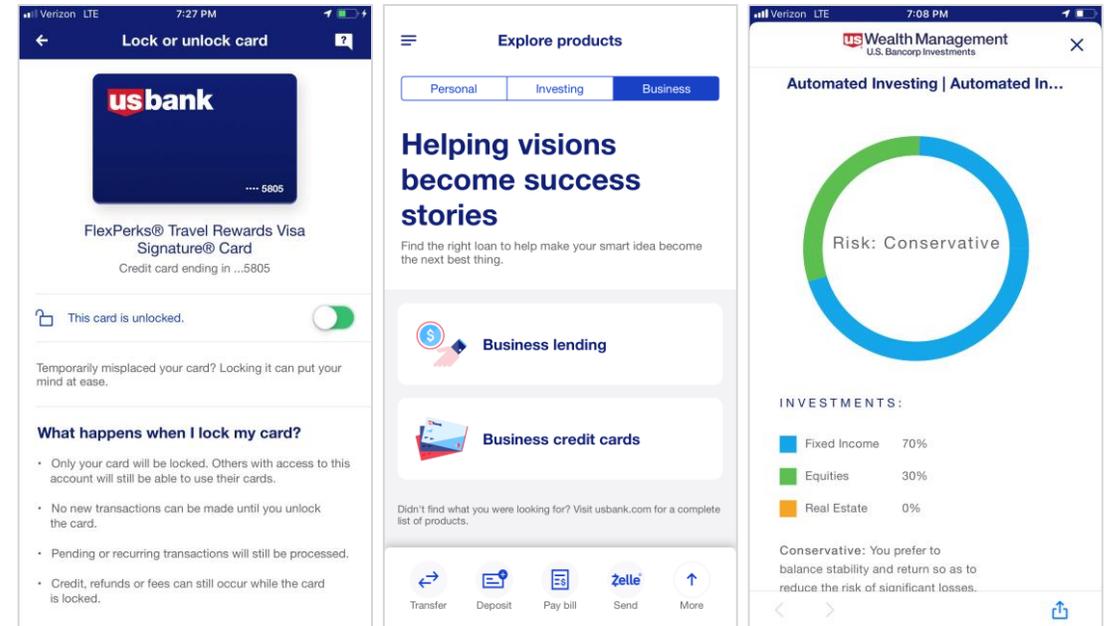
Personalization

We are leveraging data and analytics to better understand and anticipate our customers' needs.



Integration

We are building deeper relationships via digital channels through the integration of products from across the bank and enhanced sales functionality.



Optimizing Our Existing Branch Network

As we accelerate the **transformation of our distribution network**, we are delivering the branch model that best serves our customers' evolving preferences.



2019 branch closures to date*: **140**

near-term expectation:

approximately **10-15 percent net branch closures**

completed by end of **Q1 2021**



* As of 8/31/19

Expanding Our Physical Presence

We are **selectively expanding** to bring the best of U.S. Bank into new markets.

We're leveraging:

- Single-product customer relationships outside our existing branch footprint
- Enhanced digital capabilities
- Branch-lite physical presence
- The strengths and capabilities of all of USB's major lines of business

What we look for in a new retail market:



USB presence in the market

- Significant number of single-product customers with credit relationships
- Opportunity to leverage other in-market USB businesses



Attractive demographics and a growing population

- Population growth above the national average
- High concentration of customers in our priority demographic segments

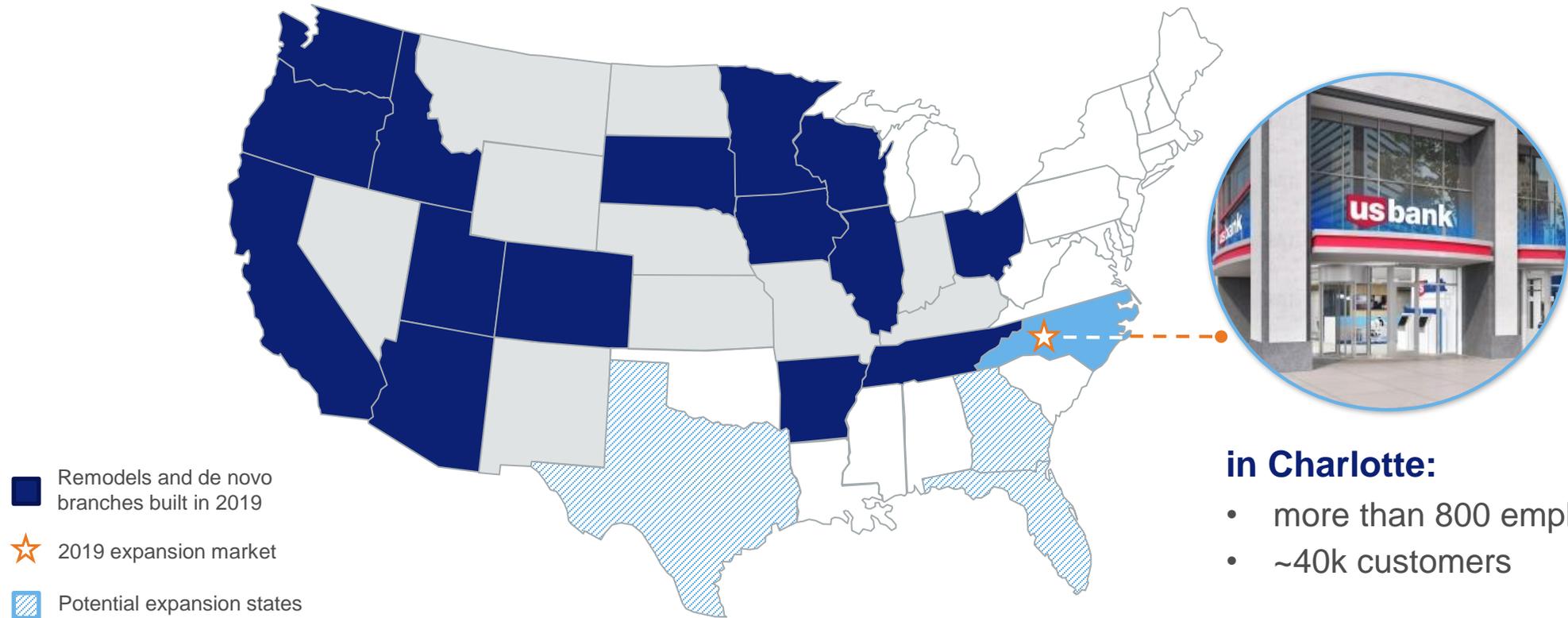


Opportunity to capture deposit share

- Consumer deposit growth outpacing GDP growth



Optimizing to Reinvest



in Charlotte:

- more than 800 employees
- ~40k customers

In Summary...

We are transforming Consumer and Business Banking to be:

- More agile and digital and able to serve customers better, faster and where and how they choose
- More personal, with the advice and information customers want
- More available, in new markets
- More optimized and efficient

We expect to realize:

- Stronger growth
- Deeper relationships
- Greater efficiency

