

Goldman Sachs U.S. Financial Services Conference 2019

Andy Cecere

Chairman, President and Chief Executive Officer

Terry Dolan

Vice Chair and Chief Financial Officer

December 11, 2019



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 the level of tariffs and other trade policies of the United States and its global trading partners; changes in customer behavior and preferences; breaches in data security; failures to safeguard personal information; 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, 2018, 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. In addition, factors other than these risks also could adversely affect U.S. Bancorp's results, and the reader should not consider these risks 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.

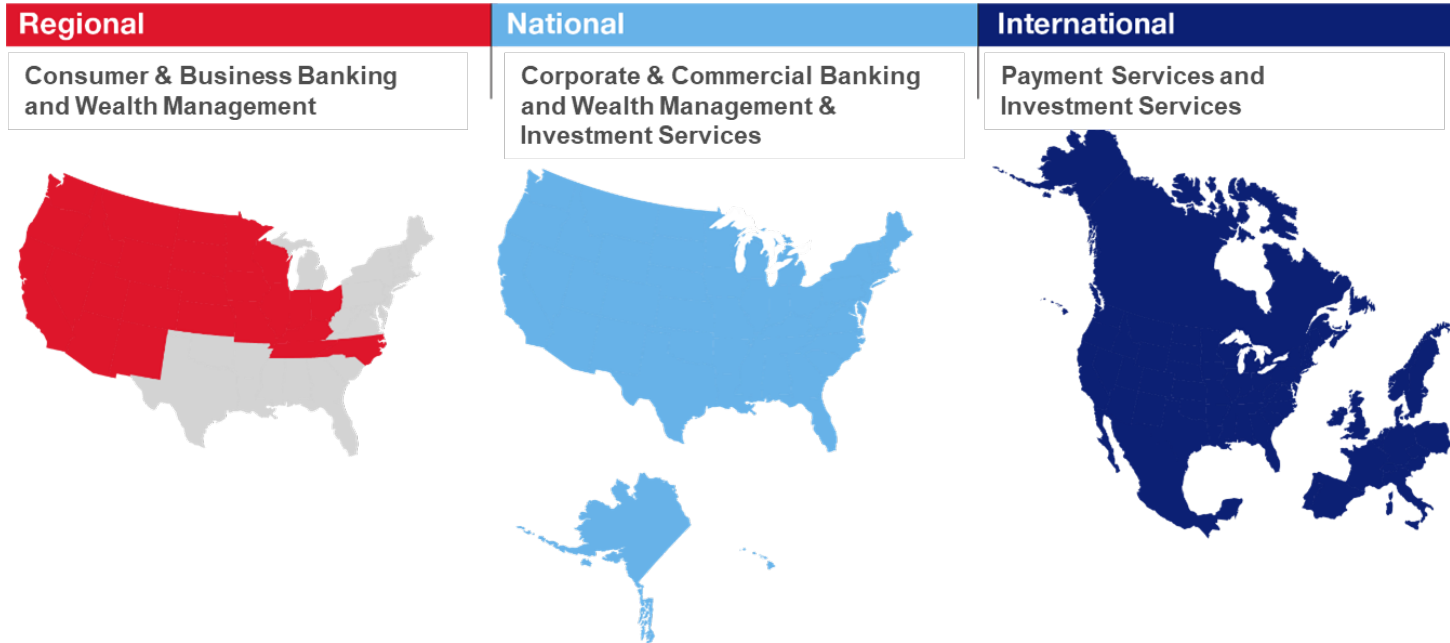
This presentation includes non-GAAP financial measures to describe U.S. Bancorp's performance. The calculations of these measures are provided in the Appendix. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable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



U.S. Bancorp

NYSE Traded **USB**
Founded **1863**
Market Value **\$93B**

Assets **\$488B**
Deposits **\$360B**
Loans **\$295B**



Our Advantaged Position

Assets			Deposits			Market Value		
Rank	Company	\$ in billions	Rank	Company	\$ in billions	Rank	Company	\$ in billions
1	J.P. Morgan	\$2,765	1	J.P. Morgan	\$1,525	1	J.P. Morgan	\$417
2	Bank of America	2,426	2	Bank of America	1,393	2	Bank of America	298
3	Citigroup	2,015	3	Wells Fargo	1,308	3	Wells Fargo	225
4	Wells Fargo	1,944	4	Citigroup	1,088	4	Citigroup	163
5	U.S. Bancorp	488	5	U.S. Bancorp	360	5	U.S. Bancorp	93
6	PNC	409	6	PNC	286	6	PNC	67
7	BB&T	237	7	SunTrust	168	7	BB&T	41
8	SunTrust	227	8	BB&T	162	8	SunTrust	31
9	Fifth Third	171	9	Fifth Third	125	9	Fifth Third	21
10	KeyCorp	147	10	KeyCorp	112	10	KeyCorp	19



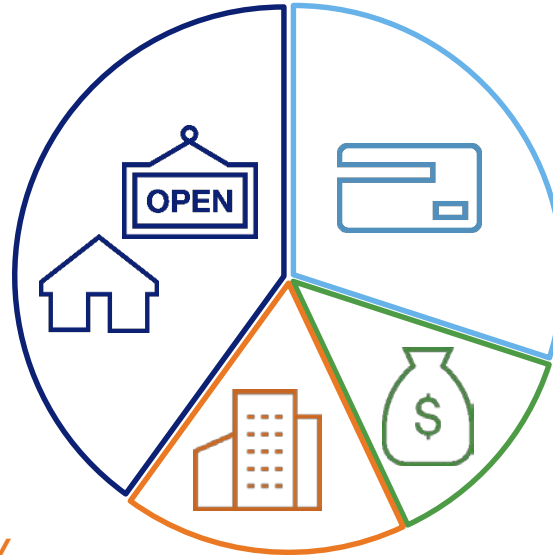
Our Businesses

Consumer & Business Banking, 40%

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

Corporate & Commercial Banking, 17%

Corporate banking, commercial banking and commercial real estate



Payment Services, 29%

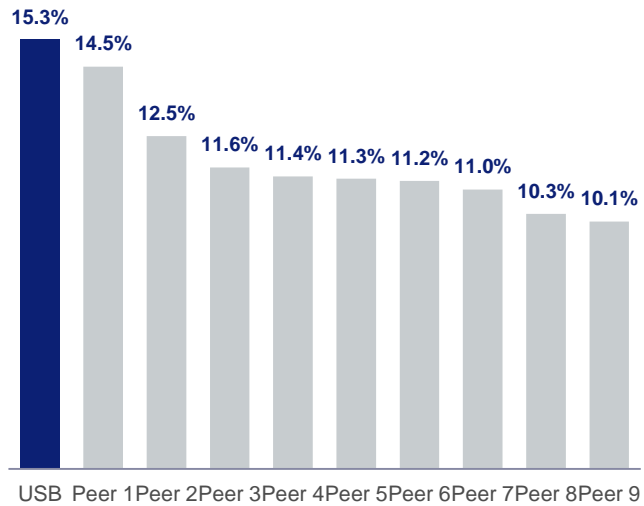
Retail payment solutions, global merchant acquiring and corporate payment systems

Wealth Management & Investment Services, 14%

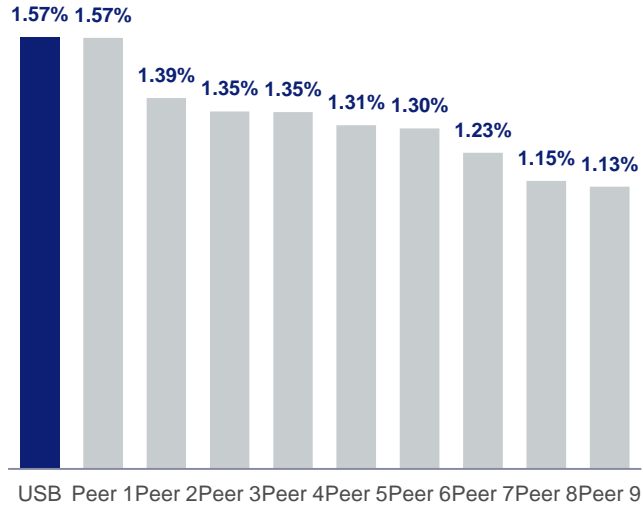
Wealth management, asset management, corporate trust and custody, and fund services

Our Financial Performance

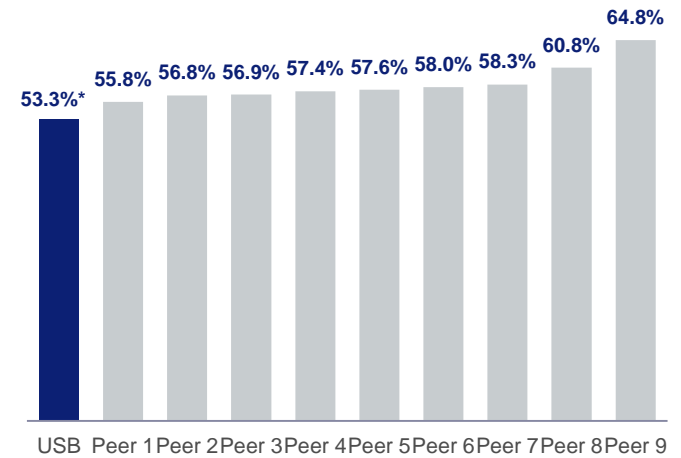
Return on Average Common Equity



Return on Average Assets



Efficiency Ratio



Where We Are Today

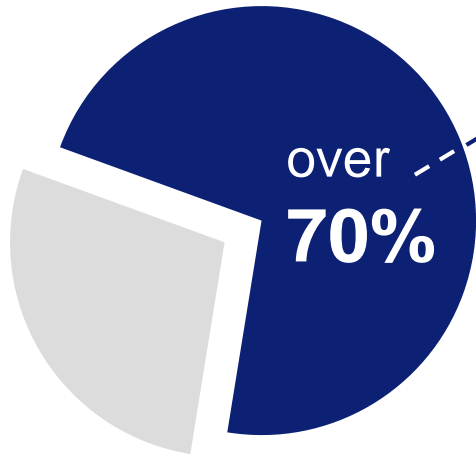
- We are starting from a **position of strength**
- The **core competencies** and **competitive advantages** that made us great in the past remain in place
- The world is changing, and we are transforming how we do business and **investing for the future**

Our Key Priorities

1. Digital
2. Leveraging our payments ecosystem
3. Optimization

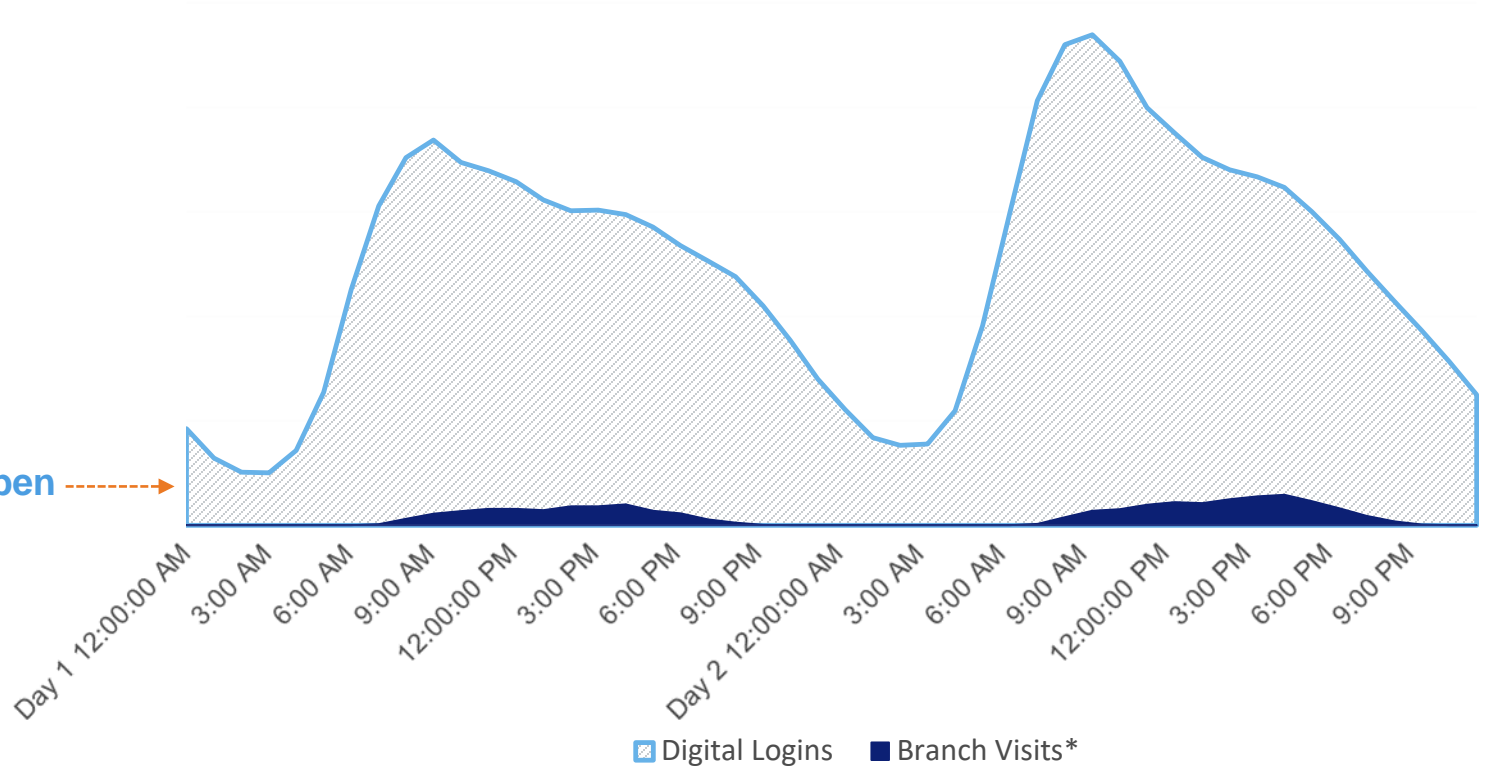
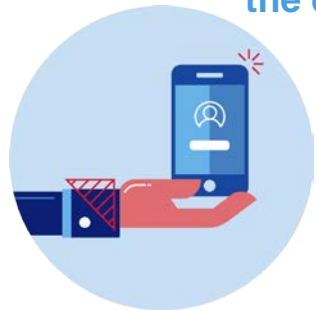


Digital: Driving Revenue and Efficiency



of our consumer customers use **digital channels**

Amazing digital experiences provide us more opportunities to add value and to **monetize** interactions



* Note: total # of unique branch visits as shown is estimated based on data from 1,500 branches

Digital: Our Accomplishments and Focus

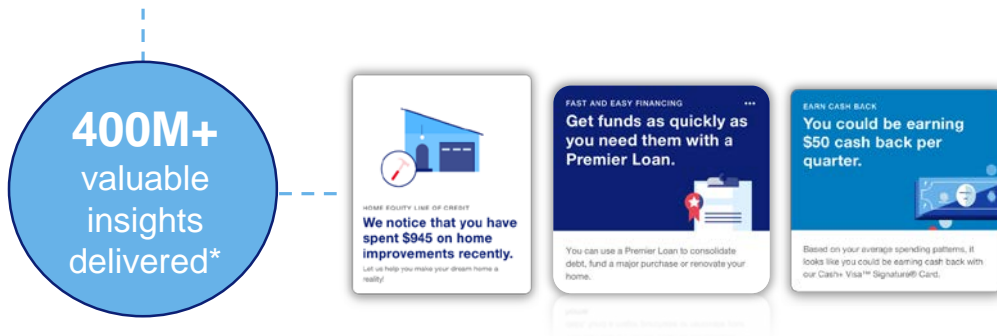


What we've accomplished:

Aligned and strengthened key functions under new leadership

- Omnichannel
- Agile
- Innovation

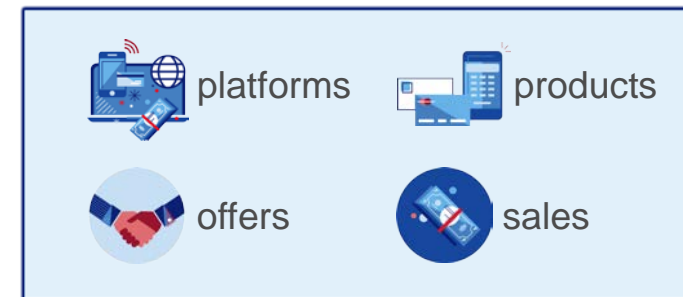
Made significant progress in building DIY, smart and **personalized** experiences for our customers



What's to come:

Increasing the pace of delivery of new and improved digital products and experiences

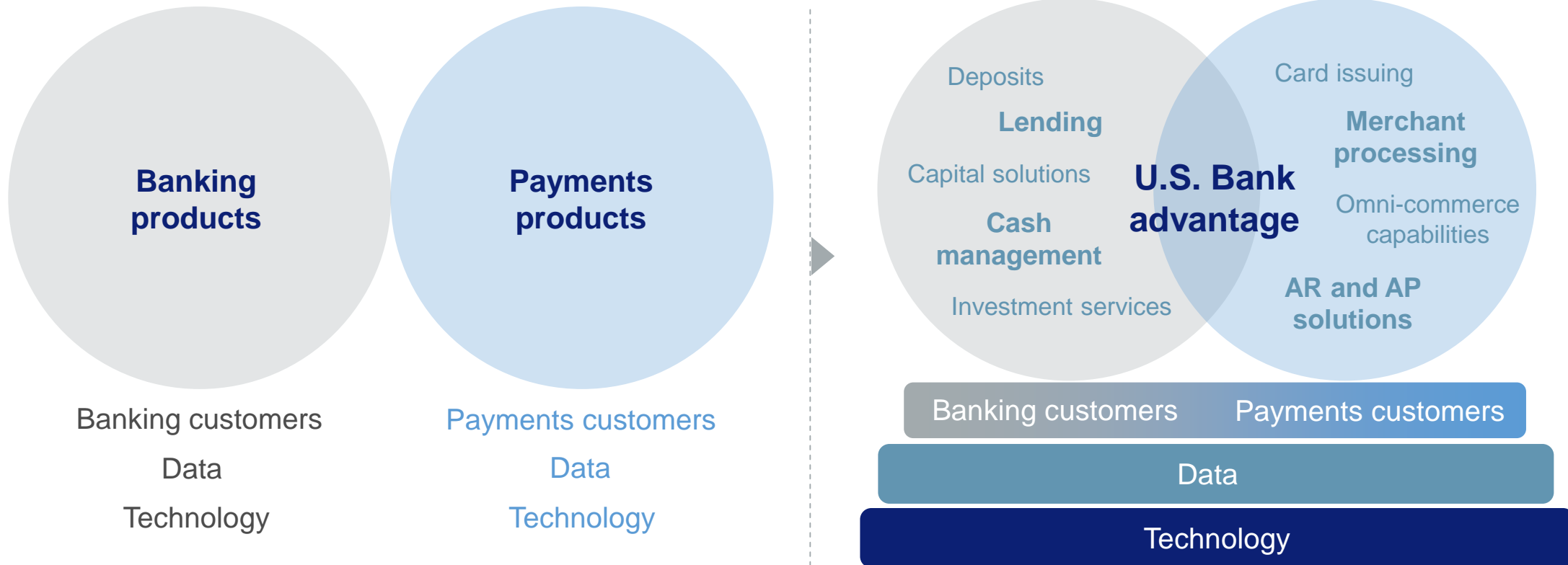
- Building, buying and collaborating to further expand our capabilities
- Leveraging data to drive personalization and smarter decisions
- Further scaling and maturing Agile development across the company
- Creating a digital profit model, enabling us to measure what matters and monetize interactions through:



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

Payments Ecosystem: Delivering Value Through Integration

We are building on our complete payments ecosystem to **create value for our customers** via information-rich payment streams



Payments Ecosystem: Our Accomplishments and Focus



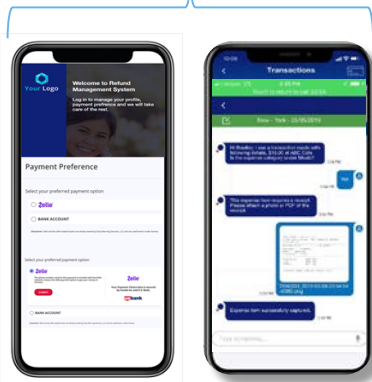
What we've accomplished:

Actively expanded products, capabilities and distribution across each of our payments businesses

Identified new opportunities and developed solutions in the B2B/faster payments space

Launched our first **B2B Experience Studio**

Rolled out targeted **B2B and B2C solutions**



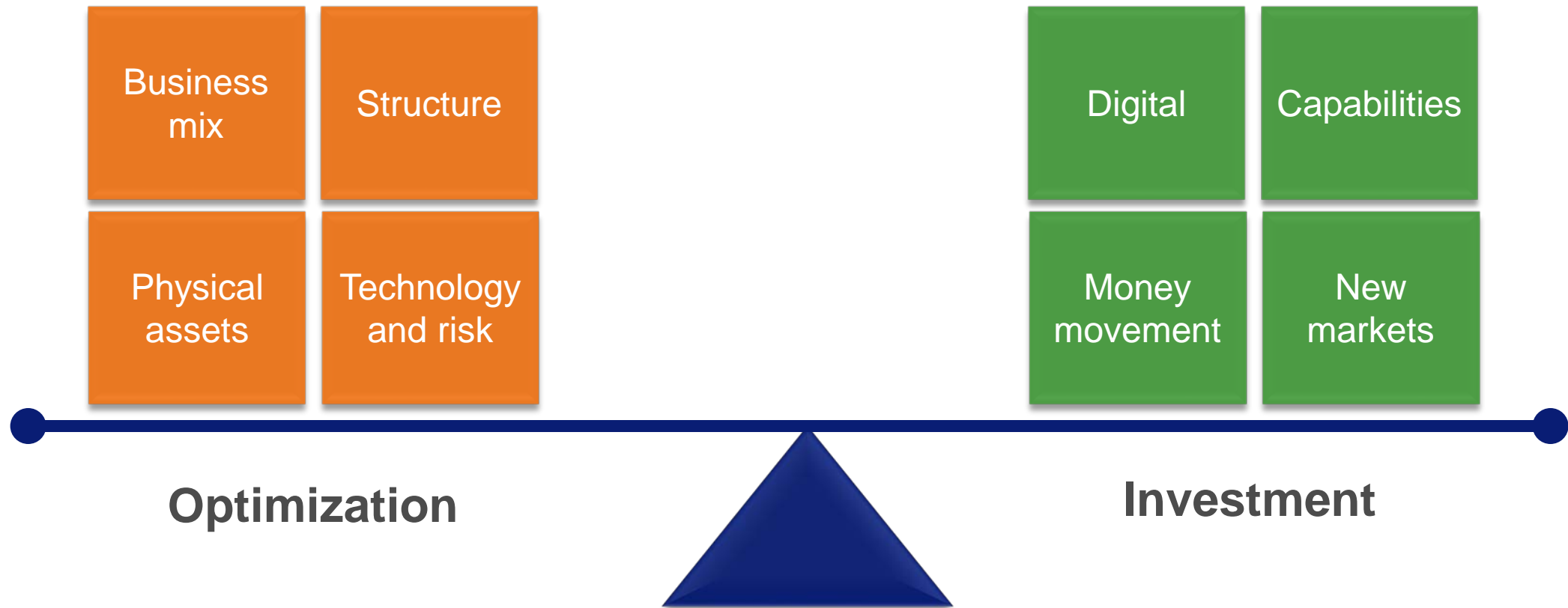
What's to come:

- Realizing benefits from our **investments** in integrated payments and omni-commerce
- Continued **innovation** in the B2B and B2C spaces, building on the real-time rails
- Increasing our focus on **connecting** card issuing, merchant acquiring and banking in order to serve our customers more holistically

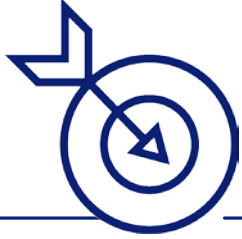


Optimizing to Reinvest

We manage for the long term, but won't lose sight of the short term



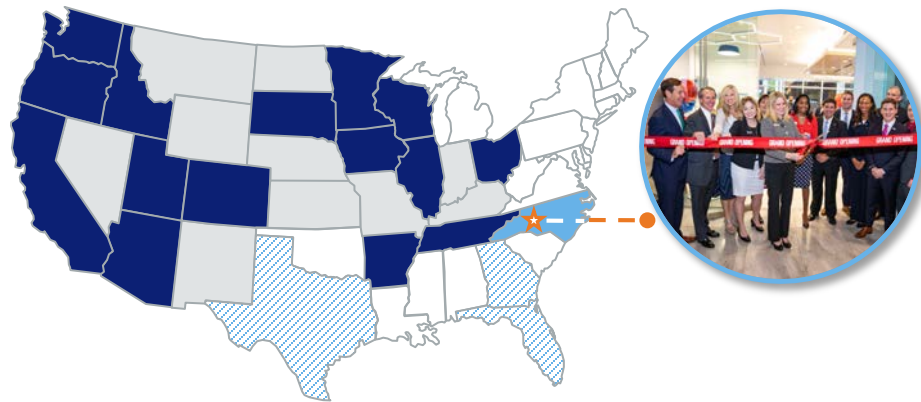
Optimization: Our Accomplishments and Focus



What we've accomplished:

Optimized monetary, physical and human capital

- Announced plan for incremental share buybacks and raised dividend payout target to 35-45% (maintaining total payout target of 70-80%)
- Accelerated physical asset optimization and opened our first out-of-footprint branch
- Reduced spans and layers within the organization, and created new customer-facing roles



What's to come:

- Managing capital levels closer to our 9.0% near-term target
- Prudent portfolio management
 - Continuously reviewing our businesses for performance, market attractiveness, growth opportunities, returns and capital requirements
- Creating efficiency through business automation and continued modernization of our technology infrastructure



In Summary

- We are starting from a position of **strength**
- The world is changing, and we are **investing** to be competitive over the **long term**
- We made significant progress on our key priorities in 2019, and we will keep up the momentum in 2020 and beyond

We are focused on:

- **Driving digital availability and excellence**, increasing our opportunities to monetize interactions
- Adding value for our corporate customers through the **integration of payments and banking**
- Strategic **optimization of our business** and our monetary, physical and human capital



4Q19 Guidance Update

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





Appendix

Non-GAAP Financial Measures

(\$ in millions)	Net Revenue
Line of Business Financial Performance	3Q19 YTD
Corporate and Commercial Banking	\$ 2,820
Consumer and Business Banking	6,490
Wealth Management and Investment Services	2,215
Payment Services	4,606
Treasury and Corporate Support	1,188
Total Company	17,319
Less Treasury and Corporate Support	1,188
Total Company excl. Treasury and Corporate Support	\$ 16,131

Percent of Total Company

Corporate and Commercial Banking	16%
Consumer and Business Banking	37%
Wealth Management and Investment Services	13%
Payment Services	27%
Treasury and Corporate Support	7%
Total	100%

Percent of Total Company excl. Treasury and Corporate Support

Corporate and Commercial Banking	17%
Consumer and Business Banking	40%
Wealth Management and Investment Services	14%
Payment Services	29%
Total Company excl. Treasury and Corporate Support	100%



Non-GAAP Financial Measures

(Dollars in Millions, Unaudited)	Three Months Ended September 30, 2019
Net interest income	\$3,281
Taxable-equivalent adjustment (1)	25
Net interest income, on a taxable-equivalent basis	<u>3,306</u>
Net interest income, on a taxable-equivalent basis (as calculated above)	3,306
Noninterest income	2,614
Less: Securities gains (losses), net	25
Total net revenue, excluding net securities gains (losses) (a)	<u>5,895</u>
Noninterest expense (b)	3,144
<u>Efficiency ratio (b)/(a)</u>	<u>53.3 %</u>

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

