# RBC Capital Markets
# Global Financial Institutions Conference
# 2022

**Terry Dolan**
Vice Chair and Chief Financial Officer

**Tim Welsh**
Vice Chair, Consumer and Business Banking

March 9, 2022

# Forward-looking statements and additional information

The following information appears in accordance with the Private Securities Litigation Reform Act of 1995:

This 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, including the following risks and uncertainties and the risks and uncertainties more fully discussed under “Risk Factors” in U.S. Bancorp's 2021 Annual Report, which could cause actual results to differ materially from those anticipated. The COVID-19 pandemic is adversely affecting U.S. Bancorp, its customers, counterparties, employees, and third-party service providers, and the ultimate extent of the impacts on its business, financial position, results of operations, liquidity, and prospects is uncertain. Continued 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. 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; increases in unemployment 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; civil unrest; the effects of climate change; changes in customer behavior and preferences; breaches in data security, including as a result of work-from-home arrangements; 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 reputation risk. In addition, U.S. Bancorp's proposed acquisition of MUFG Union Bank presents risks and uncertainties, including, among others: the risk that the cost savings, any revenue synergies and other anticipated benefits of the proposed acquisition may not be realized or may take longer than anticipated to be realized; the risk that U.S. Bancorp's business could be disrupted as a result of the announcement and pendency of the proposed acquisition and diversion of management's attention from ongoing business operations and opportunities; the possibility that the proposed acquisition, including the integration of MUFG Union Bank, may be more costly or difficult to complete than anticipated; delays in closing the proposed acquisition; and the failure of required governmental approvals to be obtained or any other closing conditions in the definitive purchase agreement to be satisfied.

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, 2021, 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.

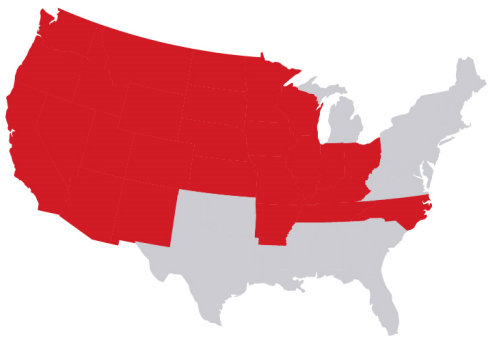
This presentation includes non-GAAP financial measures to describe U.S. Bancorp’s performance. The calculations of these measures are provided in the Appendix. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable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

# U.S. Bancorp

| | | | | | |
|---|---|---|---|---|---|
| NYSE Traded | USB | Branches | 2,230 | Assets | $573B |
| Founded | 1863 | ATMs | 4,059 | Deposits | $456B |
| Market Value | $82B | | | Loans | $312B |

**Regional**

**Consumer & Business Banking and Wealth Management**



**National**

**Corporate & Commercial Banking and Wealth Management & Investment Services**



**International**

**Payment Services and Investment Services**



As of 12/31/21, except market value as of 3/4/22

# Our position among our peers

## Assets

| | | |
|---|---|---|
| 1 | J.P. Morgan | $3,744 |
| 2 | Bank of America | 3,169 |
| 3 | Wells Fargo | 1,948 |
| **4** | **U.S. Bancorp** | **573** |
| 5 | PNC | 557 |
| 6 | Truist Financial | 541 |
| 7 | Fifth Third | 211 |
| 8 | Citizens Financial | 188 |
| 9 | KeyCorp | 186 |
| 10 | Regions | 163 |

## Deposits

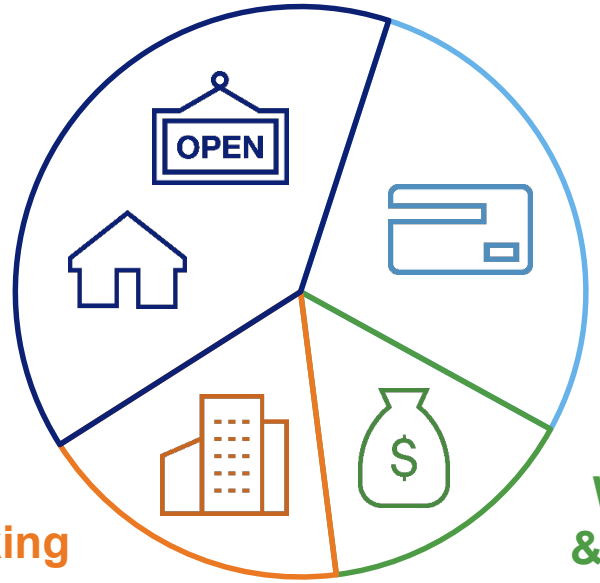
| | | |
|---|---|---|
| 1 | J.P. Morgan | $2,462 |
| 2 | Bank of America | 2,064 |
| 3 | Wells Fargo | 1,482 |
| 4 | PNC | 457 |
| **5** | **U.S. Bancorp** | **456** |
| 6 | Truist Financial | 416 |
| 7 | Fifth Third | 169 |
| 8 | Citizens Financial | 154 |
| 9 | KeyCorp | 153 |
| 10 | Regions | 139 |

## Market Value

| | | |
|---|---|---|
| 1 | J.P. Morgan | $397 |
| 2 | Bank of America | 330 |
| 3 | Wells Fargo | 186 |
| **4** | **U.S. Bancorp** | **82** |
| 5 | Truist Financial | 78 |
| 6 | PNC | 77 |
| 7 | Fifth Third | 30 |
| 8 | Regions | 21 |
| 9 | KeyCorp | 22 |
| 10 | Citizens Financial | 20 |

Source: company reports and Bloomberg
Assets and deposits as of 12/31/21; market value as of 3/4/22

# Our differentiated business mix supports consistent growth




**Consumer & Business Banking 39%**

**Payment Services 28%**

**Corporate & Commercial Banking 18%**

**Wealth Management & Investment Services 15%**

### 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

2021 Full Year taxable-equivalent basis
Business line revenue percentages exclude Treasury and Corporate Support; see slide 16 for reconciliation

# Investments are paying off and remain a significant opportunity

We have made **considerable investments** in our **digital and human capabilities** in order to drive growth

## We are seeing growth materialize

***Organically,*** *and through both* ***alliances and acquisitions***

## As a result of these investments

*We have created* ***numerous best-in-class capabilities***

## Most importantly

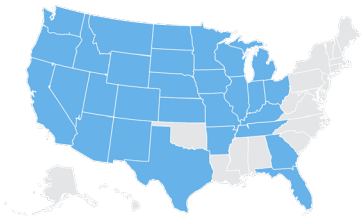
*We are* ***growing clients*** *and* ***increasing satisfaction***

# Growth is materializing through organic opportunities

## Our Home Mortgage Growth Story

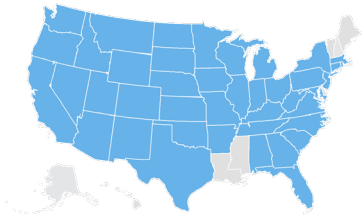
### Our Human Touch

**2016**
**~800 MLOs* in 29 States**



From 2016 to today we increased mortgage loan originators by more than **90%** and states covered by more than **40%**

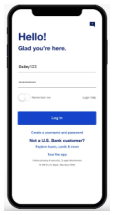
**2022**
**Over 1,500 MLOs in 42 States**



### + Digital Capabilities

**97%** mortgage portal adoption since launch



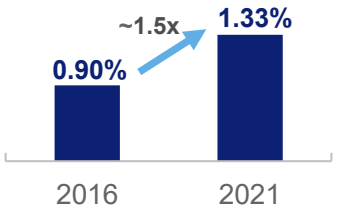



**Named Best in Industry**
**Digital Mortgage Tools**
Kiplinger



**Has created strong market share growth**

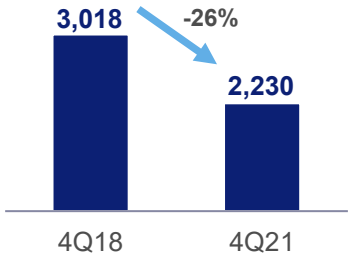
**Retail Market Share****



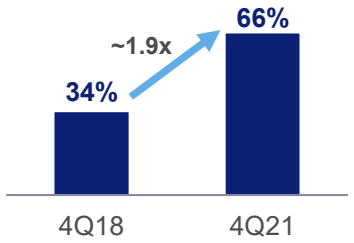

## Transforming the Branch Experience

Digital advancements are allowing us to **optimize our distribution**

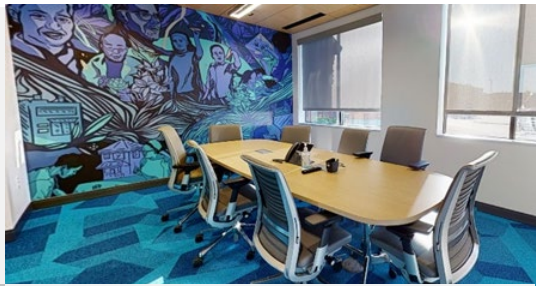
**Branch Count**




**Digital Loan Sales (% of Total)**




As our branches become **more advice centers than transaction centers**…

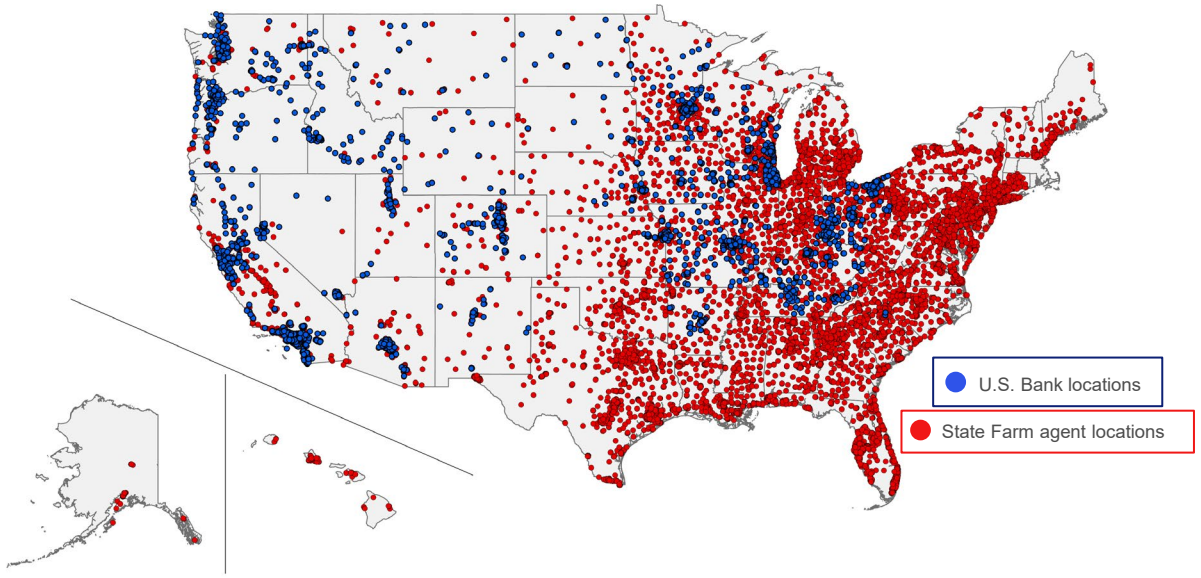





…we are investing to **embrace and serve all our communities**

* MLO data as of 1Q 2016
** Source: Mortgage Bankers Association

# Expanding our State Farm alliance




## New State Farm Deposit Accounts*

**55%** are out of U.S. Bank's footprint

**70%** are customers new to U.S. Bank

**1Q 2020**
*Announcement of State Farm partnership*

**4Q 2020**
*U.S. Bank Deposit Products are offered through State Farm*

→ ***Deposit growth is equivalent to one large MSA**** 

**2Q 2021**
*U.S. Bank Card Products are offered through State Farm*

→ ***Credit Card production is equivalent to four large MSAs****

**4Q 2021**
*U.S. Bank Business Banking Solutions are offered through State Farm*

**1Q 2022**
*Expanded Business Banking with additional lending and cash management solutions*

**What's Next**

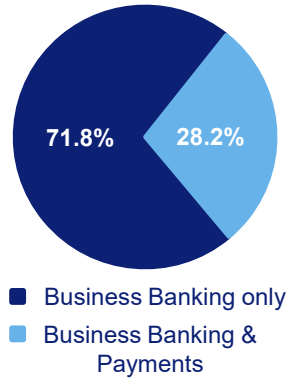
*Exploring additional offerings and enhancements*

* Data as of 12/31/21
** Data for full year 2021
*** Data from April 2021 to Dec 2021
Note: State Farm and logo are trademarks of State Farm Mutual Automobile Company

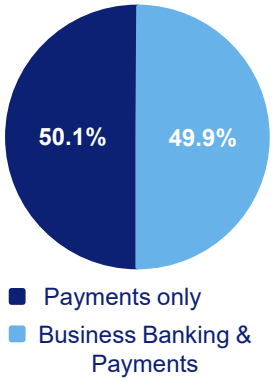
# Business banking is a key focus and opportunity

## Banking and payments* are poised to grow…

### Business Banking**

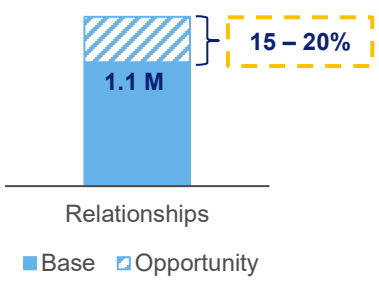



### Payments**

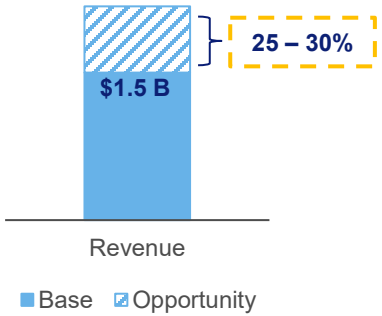



There is a **significant opportunity** for us to deepen current relationships and acquire new customers

### Business Banking Relationships***




### Business Banking Revenue

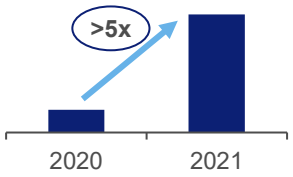



## …by creating value for current and future clients

We are integrating our solutions, leveraging bento and talech, in a **comprehensive ecosystem** that helps customers run their business

**talech** helps small businesses tackle **accounts receivable** and operational tasks

### New Customers

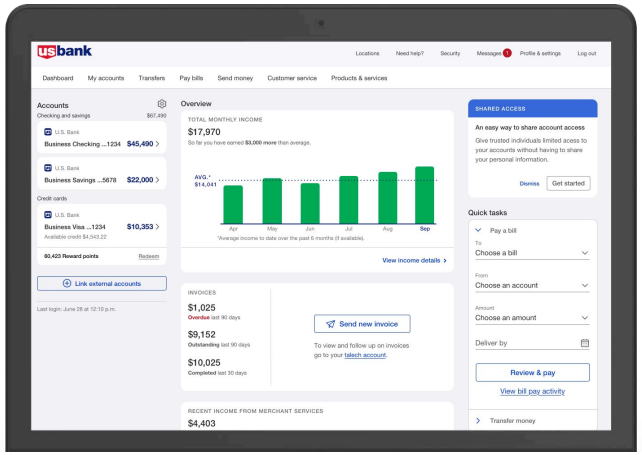



**Bento** helps small businesses take charge of **accounts payable** and expense management

This ecosystem is accessible in an **intuitive dashboard** for our customers

### Dashboard Offering:

- Monthly income and expense trackers
- Ability to aggregate external accounts
- Ability to initiate domestic wire transfers
- Integrated invoicing capabilities
- Access to the Business App Marketplace



* Payments includes Merchant Acquiring and card relationships within Retail Payment Solutions
** Data as of 11/30/2021
*** Defined as businesses with under $25M in revenue

# Union Bank creates new scale for our great capabilities

## New scale in great markets…

usbancorp + UnionBank

**Union Bank is adding:**

**>1 million Consumers**

**&**

**>190K Business Banking Relationships**

**California Market Opportunity**

Improves **California deposit market share* to #5** from #10

| | California U.S. Rank |
|---|---|
| *Population:* | **#1** |
| *Small Businesses:* | **#1** |
| *Affluent Households:* | **#1** |

## …combined with USB Capabilities…

### Digital

- #1 rated mobile bank**
- Digital mortgage
- Co-browse
- Smart Assistant

### Credit Card

- Corporate Payment Solutions
- Retail Payment Solutions
- White label

### Payments Ecosystem

- talech
- Merchant Acquiring
- Point of Sale
- Real-time payments

### Wealth Management

- Private banking
- Trust and estate
- Investment management

## …is financially compelling

**EPS Accretion*****
*Synergies realized 75% / 100%*
**~6% / ~8%**

**Cost Synergies**
**~$900MM / ~40%**

**TBVPS Impact******
**Dilution ~1%**

**Internal Rate of Return**
**~20%**

*Note: Metrics do not include revenue synergies and are the same as disclosed on 9/21/2021*

* Source: FDIC deposit market share data as of June 30, 2021
** Keynova Group Q1 2022 Mobile Banker Scorecard
*** 2023E GAAP EPS accretion with synergies illustratively realized 75% and 100% in 2023.
**** Tangible book value per share dilution at close inclusive of one-time restructuring charges and non-purchase credit deteriorated CECL provision.

# Our human + digital philosophy is paying off

## Investments have created best-in class features…



**Ranked #1 for Mobile Check Deposit**

*Ranked by Cornerstone Advisors*



**Best regional bank for 12 states**

*Ranked by Newsweek*



**#1 mobile app and #1 for mobile banking***

*Ranked by Keynova Group*



**Best mortgage Lender for digital tools**

*Ranked by Kiplinger*

## …as satisfaction continues to increase

### Co-Browse



96% Satisfaction**

Utilized over **2.9 million times** since 2Q of 2020

### Smart Assistant



**#1** Customer Service Features***

Our Smart Assistant has answered more than **7.9 million** questions since launched in summer 2020

### Appointments



92% Branch Satisfaction****

Our **branch satisfaction increases** when customers utilize appointments

* Keynova Group Q1 2022 Mobile Banker Scorecard
** Satisfaction with employee when using co-browse at a branch
*** Per Business Insider Intelligence
**** Satisfaction with branch when customer has an appointment

The combination of human plus digital and bringing together payments and banking is extremely powerful; we are already seeing these investments pay off and will have benefits for years to come.

# Union Bank acquisition update

## Progress

- Submitted our applications with the Fed and OCC in October of 2021
- Established acquisition teams on both sides
- Working on integration activities including technology and business line operations
- Participated in numerous stakeholder town-hall meetings
- Continuing to work with regulators in the normal course of action
- Strategic and financial thesis in-tact and remain compelling
- Participated in a joint public meeting with the Fed and OCC

## What's Next

- Targeting transaction closing in 1H22, subject to regulatory approval
- Finalizing integration and conversion plans across all business and corporate functions
- Conversion anticipated in 2H22
- Execute conversion and integration plan

# 1Q22 guidance update

- Net interest income
- Noninterest income
- Expenses
- Credit quality
- Tax rate

# Appendix

# Non-GAAP financial measures

| ($ in millions) | | Net Revenue |
|---|---|---|
| **Line of Business Financial Performance** | | FY 2021 |
| Corporate and Commercial Banking | $ | 3,935 |
| Consumer and Business Banking | | 8,578 |
| Wealth Management and Investment Services | | 3,223 |
| Payment Services | | 6,008 |
| Treasury and Corporate Support | | 1,083 |
| Total Company | | 22,827 |
| | | |
| Less Treasury and Corporate Support | | 1,083 |
| Total Company excluding Treasury and Corporate Support | $ | 21,744 |

| **Percent of Total Company** | |
|---|---|
| Corporate and Commercial Banking | 17% |
| Consumer and Business Banking | 38% |
| Wealth Management and Investment Services | 14% |
| Payment Services | 26% |
| Treasury and Corporate Support | 5% |
| Total | 100% |

| **Percent of Total Company excluding Treasury and Corporate Support** | |
|---|---|
| Corporate and Commercial Banking | 18% |
| Consumer and Business Banking | 39% |
| Wealth Management and Investment Services | 15% |
| Payment Services | 28% |
| Total Company excluding Treasury and Corporate Support | 100% |