U.S. Bancorp Investor Day

September 12, 2019

Agenda

Investor Day Agenda	Speaker	Start*	End
Guest Registration, Breakfast and Tech Experience		7:30 AM	8:30 AM
Company Strategy		8:30 AM	9:45 AM
Strategic Overview	Andy Cecere		
Brand and Culture	Kate Quinn		
Technology Strategy	Jeff von Gillern		
Growth Through Transformation	Derek White		
Break		9:45 AM	10:00 AM
Business Line Updates		10:00 AM	11:30 AM
Wealth Management and Investment Services	Gunjan Kedia		
Consumer and Business Banking	Tim Welsh		
Corporate and Commercial Banking	Leslie Godridge/Jim Kelligrew		
Payment Services	Shailesh Kotwal		
Lunch with Leaders/Tech Experience		11:30 AM	12:30 PM
Risk and Financial Management		12:30 PM	1:15 PM
Risk Management	Jodi Richard/Mark Runkel		
Financial Management	Terry Dolan		
Q&A	All Presenters	1:15 PM	2:00 PM
Wrap-Up and Closing Remarks	Andy Cecere		
Tech Experience (on site)		2:00 PM	2:30 PM

*All time are EDT

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 Investor Day
Strategic Overview

Andy Cecere
Chairman, President and CEO

September 12, 2019



A Changing World

usbancorp

We Are Living in an Evolving World



Changing expectations



Industry transformation



Economic uncertainty



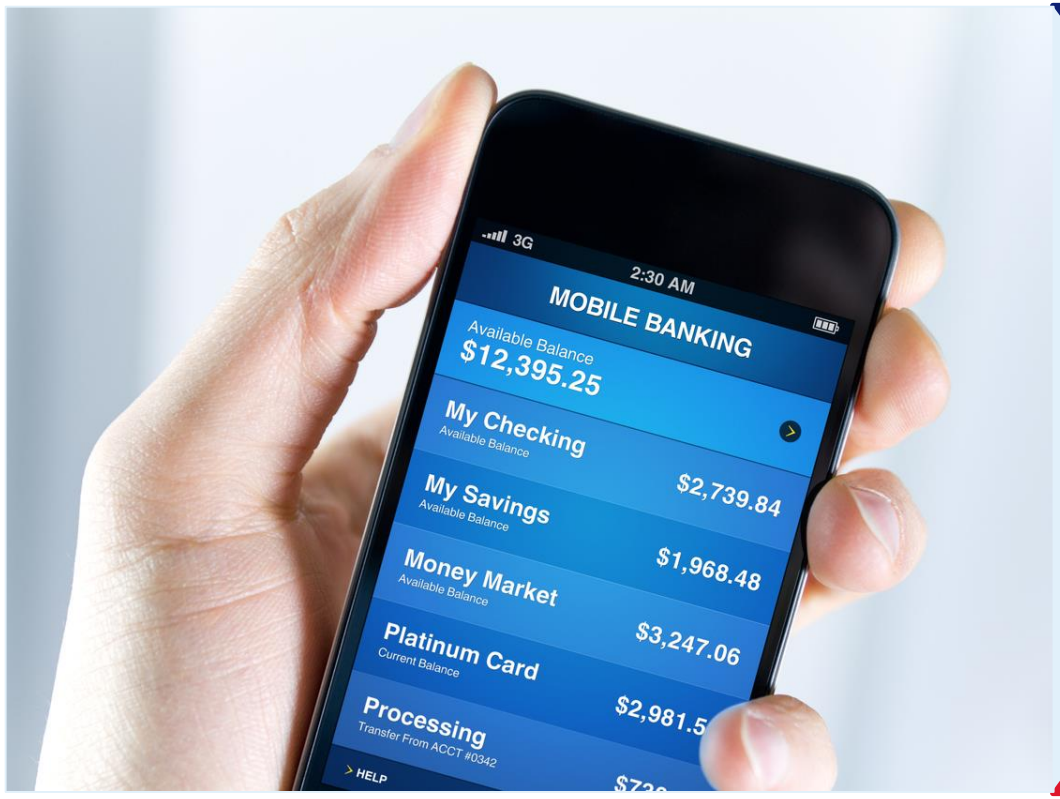
Regulatory environment



Digital evolution

Customer Expectations and Behavior in the Digital Age

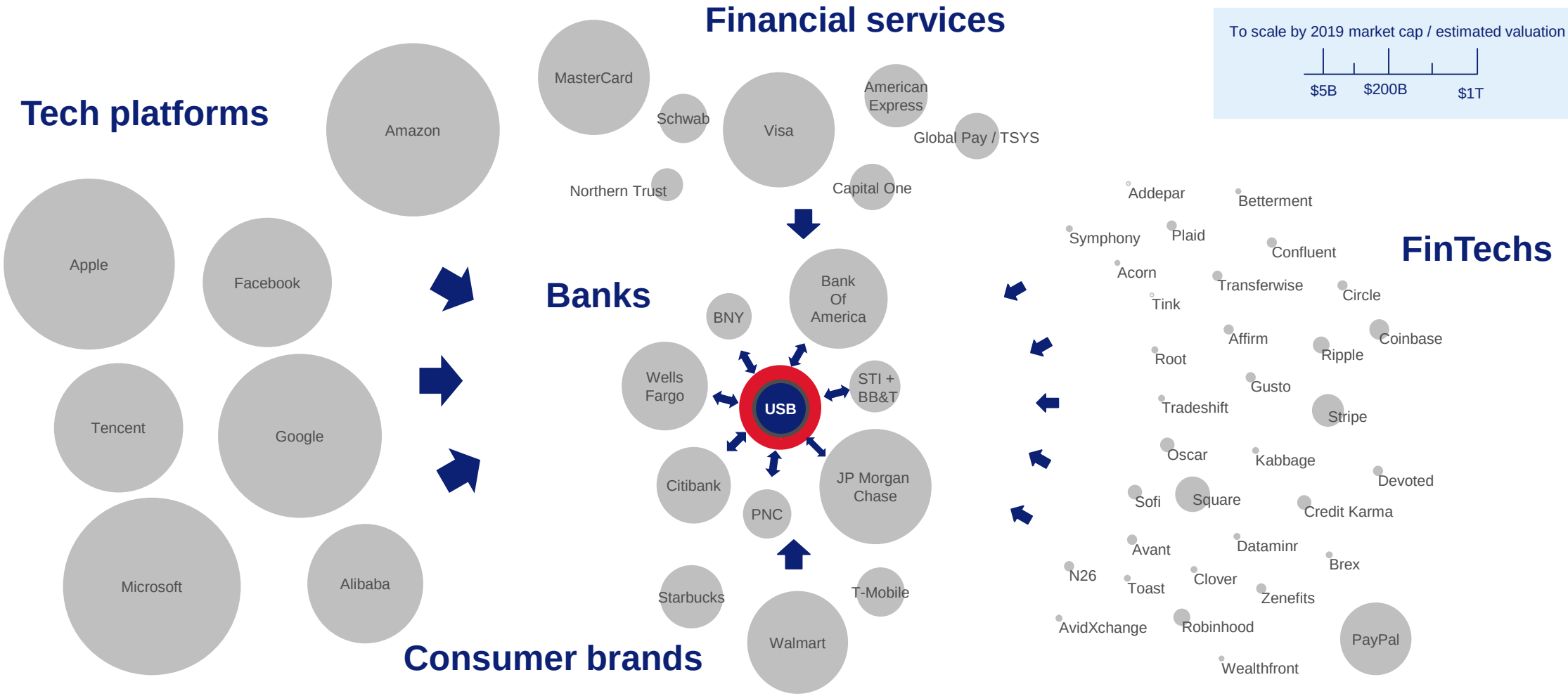
From two-day shipping to Amazon Now



67% *of all banking transactions occur on a mobile device*

- Simplicity
- Convenience and speed
- Uniqueness
- Ubiquity
- Privacy

Our Competitive Set Has Changed



Source: public company market caps, Yahoo Finance; private company valuations: CB Insights: The Global Unicorn Club; Forbes Fintech; CNBC

A Lot Has Changed For U.S. Bank in Three Years

Growth

- Strategic M&A
- Market expansion
- Brand campaign
- Product introductions and enhancements
  - Asset backed warehouse lending product
  - Federal employee loan
  - Simple Loan

Business flexibility

- Consent order lifted
- Physical asset optimization

Technology and innovation

- Agile Studios
- Digital applications
- Instant decisioning
- Mobile app
- Expense Wizard

Executive leadership

- Chief digital officer
- Chief human resources officer
- Chief risk officer
- Consumer and Business Banking
- Wealth Management and Investment Services

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 Position in the Industry

Assets

Rank	Company	$ in billions
1	J.P. Morgan	$2,727
2	Bank of America	2,396
3	Citigroup	1,988
4	Wells Fargo	1,923
5	**U.S. Bancorp**	**482**
6	PNC	406
7	BB&T	231
8	SunTrust	222
9	Fifth Third	169
10	KeyCorp	145

Deposits

Rank	Company	$ in billions
1	J.P. Morgan	$1,524
2	Bank of America	1,375
3	Wells Fargo	1,288
4	Citigroup	1,046
5	**U.S. Bancorp**	**353**
6	PNC	273
7	SunTrust	161
8	BB&T	160
9	Fifth Third	125
10	KeyCorp	110

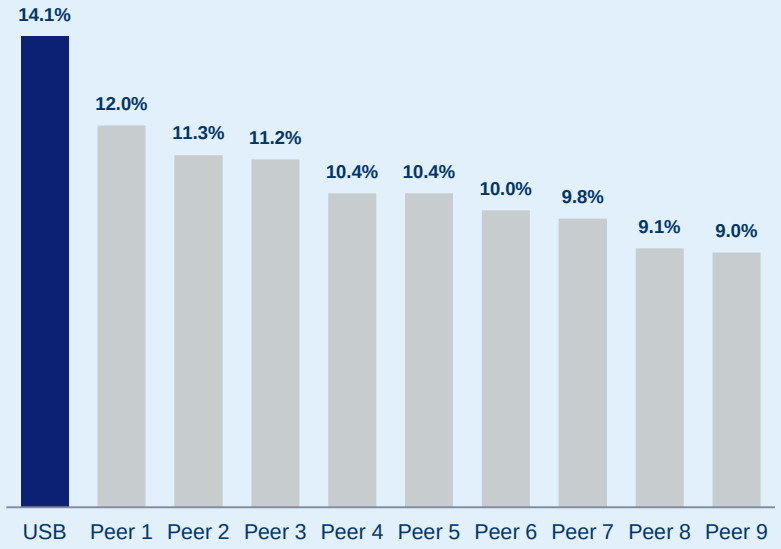
Market Value

Rank	Company	$ in billions
1	J.P. Morgan	$352
2	Bank of America	256
3	Wells Fargo	205
4	Citigroup	145
5	**U.S. Bancorp**	**83**
6	PNC	57
7	BB&T	36
8	SunTrust	27
9	Fifth Third	19
10	KeyCorp	16

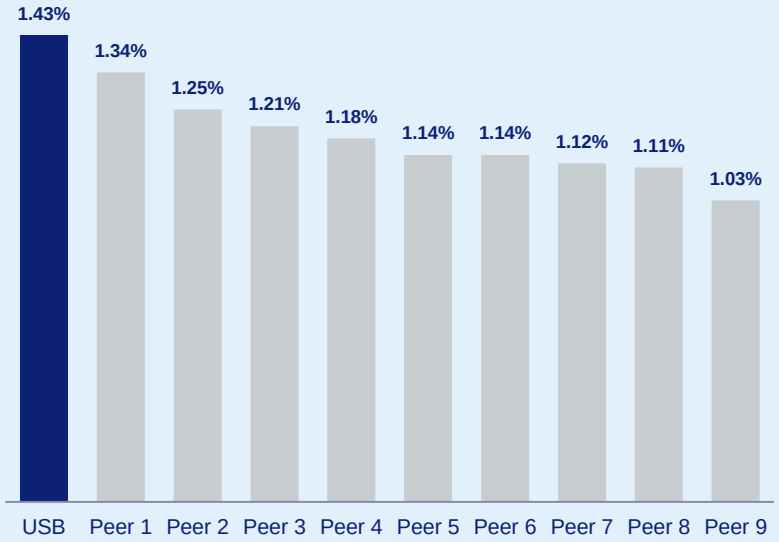
Source: company reports and Bloomberg
Assets and deposits as of 6/30/19; market value as of 9/4/19

Long History of Industry-leading Returns and Financial Discipline

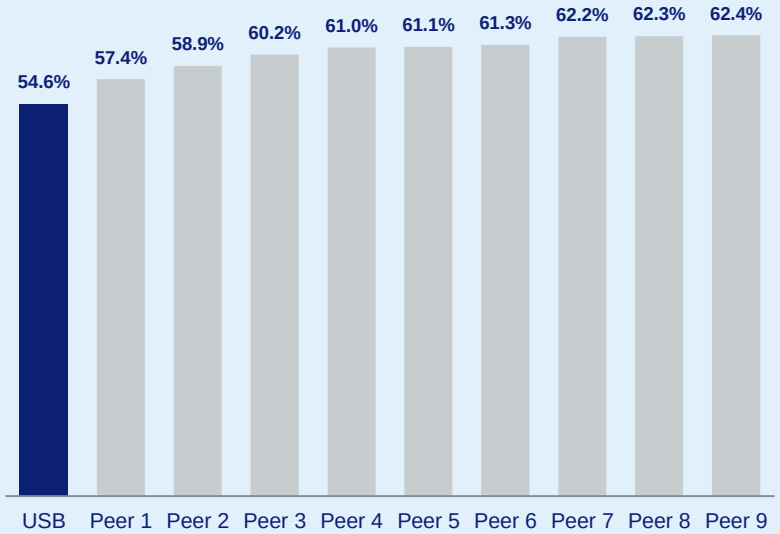
Average ROE* 2016-1H19



Average ROA* 2016-1H19



Average Efficiency Ratio* 2016-1H19



Source: SNL Financial; peers include BAC, BBT, FITB, JPM, KEY, PNC, RF, STI and WFC.
ROE = Return on Average Common Equity; ROA = Return on Average Assets
**Non-GAAP; excluding notable items; see slides 162 and 163 for calculations*

Our Advantages

Best-in-class financial results and risk management.

Track record of industry leading performance and the highest debt ratings in the world.

A diverse mix of businesses and core financial products.

Balance of customers and fee and non-fee based businesses.

A strong reputation rooted in trust and engagement.

Recognized inside and outside the bank for focus and action in areas that matter most.



A clear strategy that we are executing effectively.

Nimble yet clear so we can evolve in a rapidly changing environment.

We Need to Build on Our Past Success to Grow in the Future

We will keep what made us great …

Our **business mix**

Our **risk and financial** discipline

Our **culture**

… while enhancing how we do business

Becoming more **agile**

Embedding **innovation** more broadly

Driving **digital experiences**

Customers and employees remain at the center of everything we do – past, present and future.

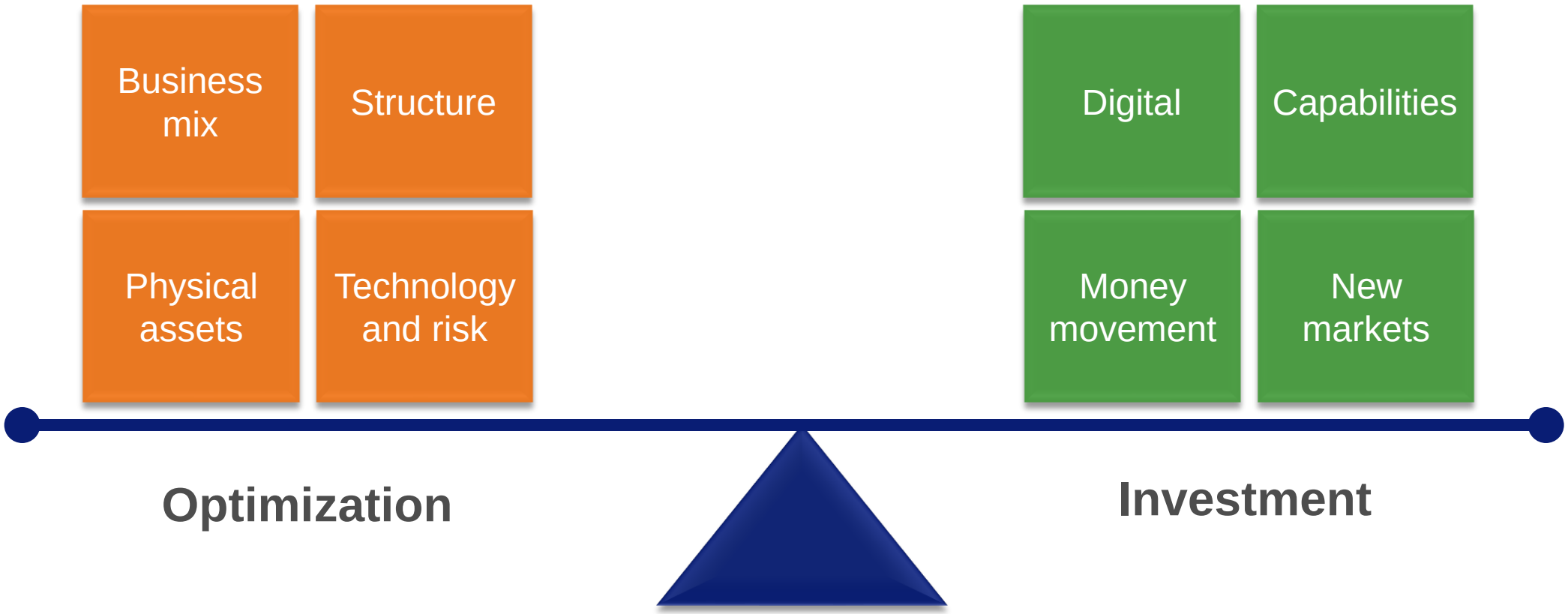


Investing For the Future

usbancorp

Optimizing to Reinvest

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



We Are Leveraging Our Strategy to Transform Our Business



Core business model

Operate current retail and commercial businesses and associated activities that enable those businesses.

Transform the core

Protect and grow revenue while driving efficiency to fuel transformation; build capabilities for the future that will allow us to change our core business model.

Future U.S. Bank

Identify and test business models and new sources of competitive advantage (e.g., leveraging money movement, digitization, technology, innovation).

We Are Enhancing Our Capabilities to Compete in a New World



Focusing on the Things We Can Control

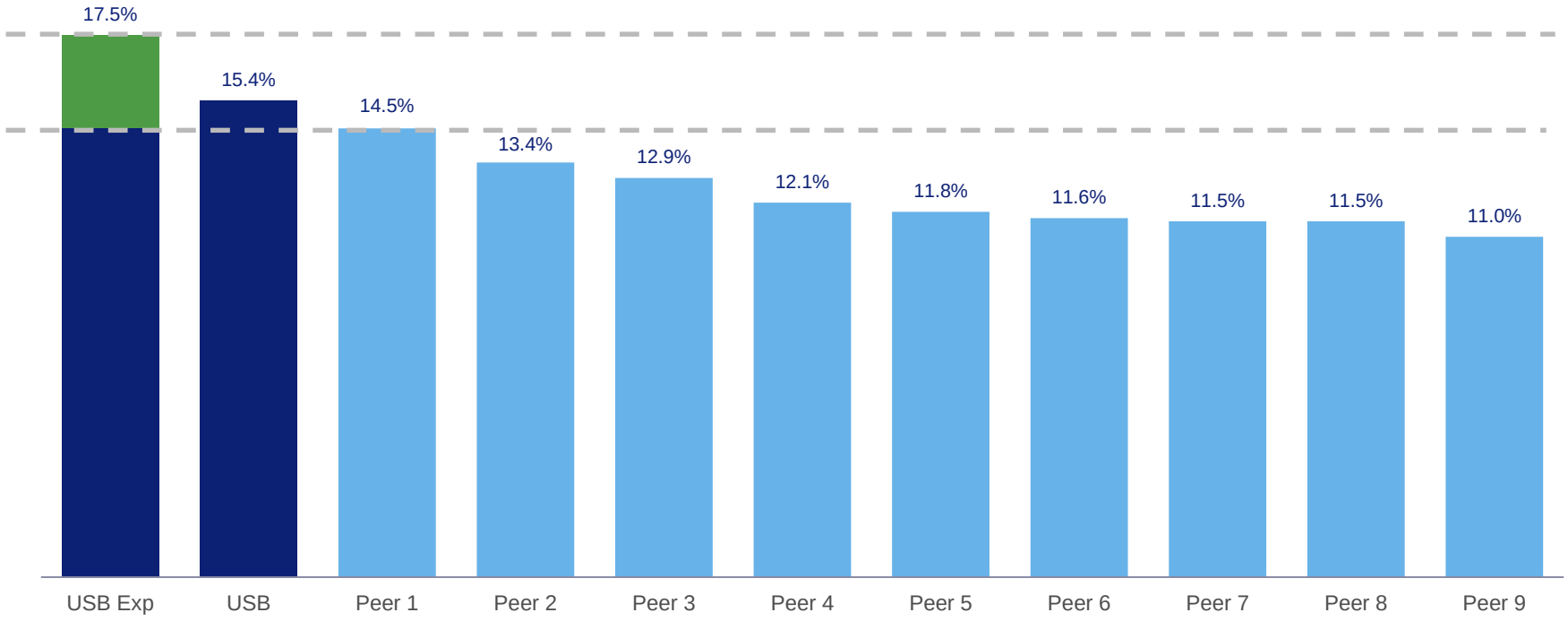
Beyond the economic, regulatory and interest rate environment, we control our future

How we manage expenses	We are past our compliance-related buildout
How we optimize our business	We can change our branch mix and be more thoughtful about automation post-consent order
How we manage our capital	Clarity on CECL and Regulatory Tailoring allows for more flexible capital management
How we invest	Accelerated investment spend in focus areas now at run rate

Long-term Profitability Expectations

2018 Return on Average Common Equity

Industry-leading returns



Source: Company filings, SNL Financial
Peers include: BAC, BBT, FITB, JPM, KEY, PNC, RF, STI and WFC

Positioned to Win



Position of strength

Our scale, reach, risk discipline, reputation and track record of execution are differentiators



Building from success

We choose our playing fields and operate with an agile mindset and willingness to try and fail – and try again



Investing for the future

We are taking a strategic approach to organic growth, partnerships, and M&A

What You Will Hear Today



Enabling the future

- Brand and culture
- Investing in technology and innovation



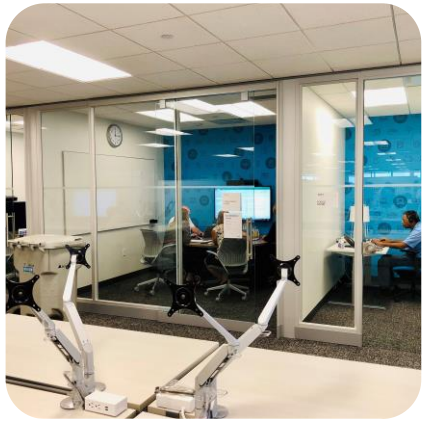
Growth through transformation

- Vision for digital



Business line updates

- Size, scale
- Differentiation
- What's next



Leveraging risk and financial discipline

- Proven track record
- Our proactive and agile approach

U.S. Bancorp Investor Day
Brand and Culture

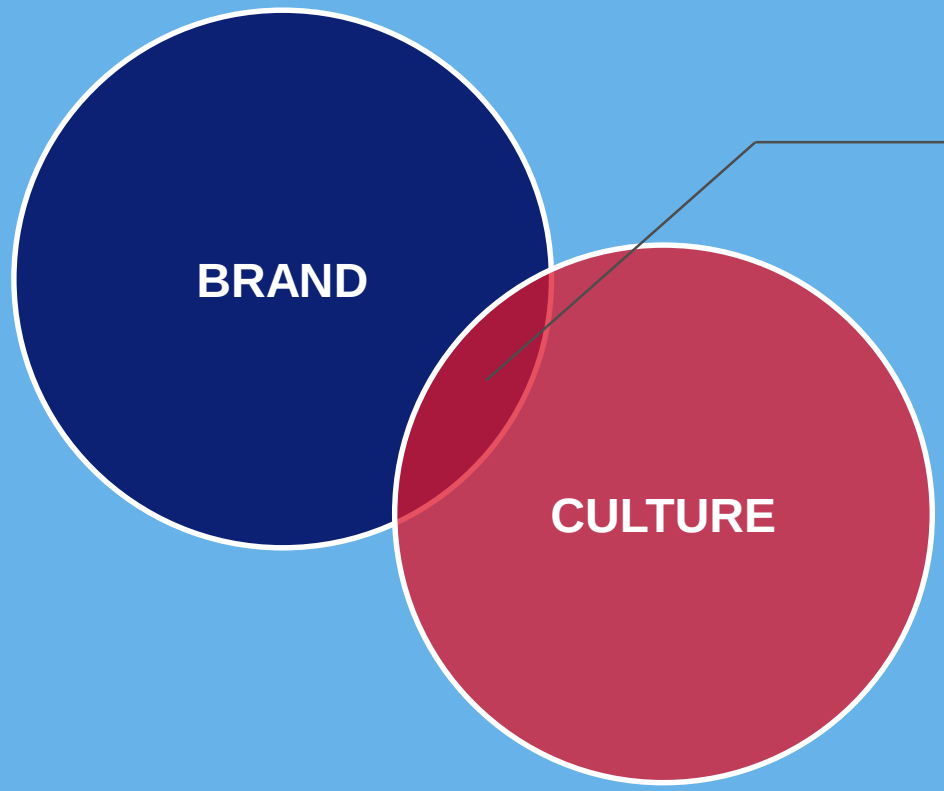
Kate Quinn
Vice Chair, Chief Administrative Officer

September 12, 2019

We invest our **hearts** and **minds** to **power human potential**.

Not buying *what* you do, but *why*

Brand and Culture: Source of Competitive Advantage





Brand Directly Impacts Every Major Constituency

We bring our story to life in relevant ways across each group



Employees

Experience, purpose, rewards and engagement



Customers

Ethics, experience, products and services, relationships



Communities

Investment, partnerships, sponsorships



Shareholders

Consistent results, best-in-class returns

Maturing Our Brand in the Face of a New Reality

92%

of millennials believe that working for an environmentally and socially responsible company is important *(Gallup)*

Stakeholders have heightened expectations for companies to address social issues

CNBC

LEADERSHIP

BlackRock's push for 'social responsibility' highlights this major shift among corporations

NEWSONE

Home › Politics

'The Jig Is Up': Maxine Waters Warns Corporate America About Its Lack Of Diversity

Waters is the first woman and first African-American chair of the House Financial Services Committee.

Our Social Responsibility Focus

Social impact strategy

- Financial inclusion
- Access to capital
- Place-based investment
- Change the narrative

Diversity, equity and inclusion strategy

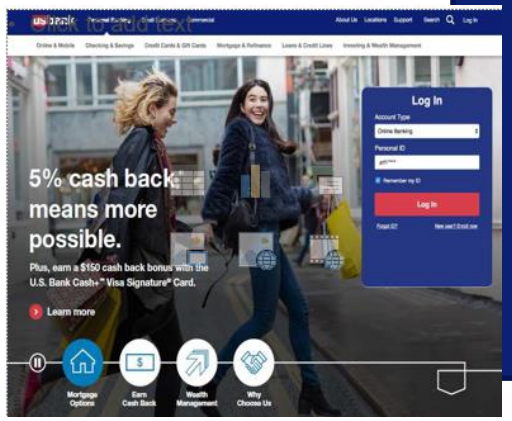
- Workforce diversity
- Workplace inclusion
- Marketplace
- Supplier diversity

Environmental strategy

- Products and services
- Partnerships
- Accountability and governance

Early Wins From Our Brand Launch





55% **Growth in brand value since 2016 (Brand Finance)**

- Increased awareness
- Strengthened Most Trusted Choice positioning
- Increased revenue vs. non-campaign markets
- Drove higher rates of new “central” customers
- Increased deposit share
- Deepened relationships with existing customers

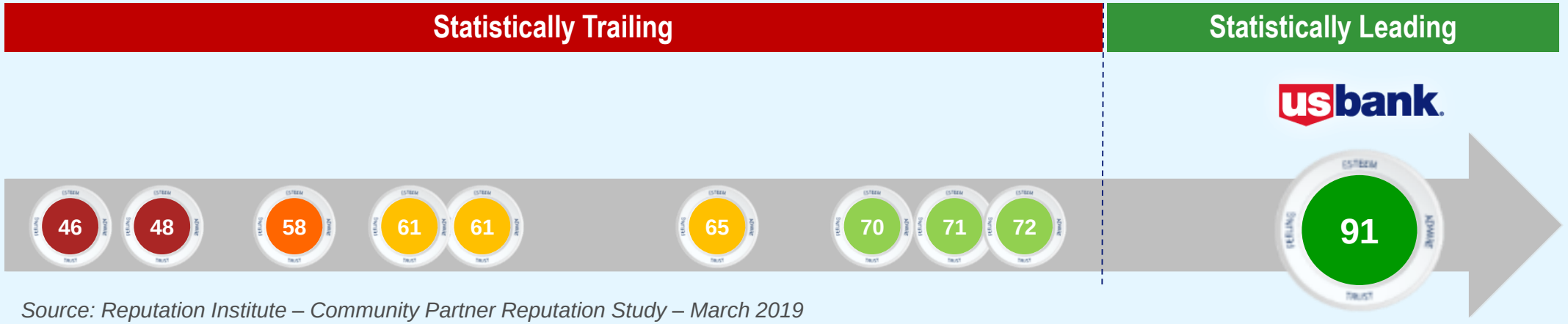
2019 WORLD'S MOST ETHICAL COMPANIES® WWW.ETHISPHERE.COM

FORTUNE WORLD'S MOST ADMIRED COMPANIES® 2019

DiversityInc 2019 TOP 50 COMPANIES FOR DIVERSITY®

Strong Reputation, Especially Among Community Partners

We maintain an “Excellent Reputation” score as defined by our community partners



Source: Reputation Institute – Community Partner Reputation Study – March 2019



Culture, Engagement and Shareholder Value

U.S. Bancorp employee engagement scores*: top quartile of all industries



Companies with highly engaged workforces outperform their peers by

147%

in earnings per share

(Gallup, 2016)

Source: internal engagement metrics, Harvard Business Review
** Three-year average (2017, 2018, 2019)*

Translating Our Brand to Growth



Employee to customer value cycle

We believe in branding from the inside out, investing in the employee experience to drive higher engagement, which leads to better customer experiences, greater customer satisfaction and stronger retention. This all contributes to deeper relationships, more referrals, new accounts and overall growth.

Our Goals for Employees and Customers Are Similar

EMPLOYEES



ATTRACT

RETAIN

DEVELOP

CUSTOMERS



Leveraging data and insights	**Creating compelling journeys**	**Enhancing their digital experiences**	**Establishing meaningful relationships**

Trust and Reputation Are Foundational to All Constituencies

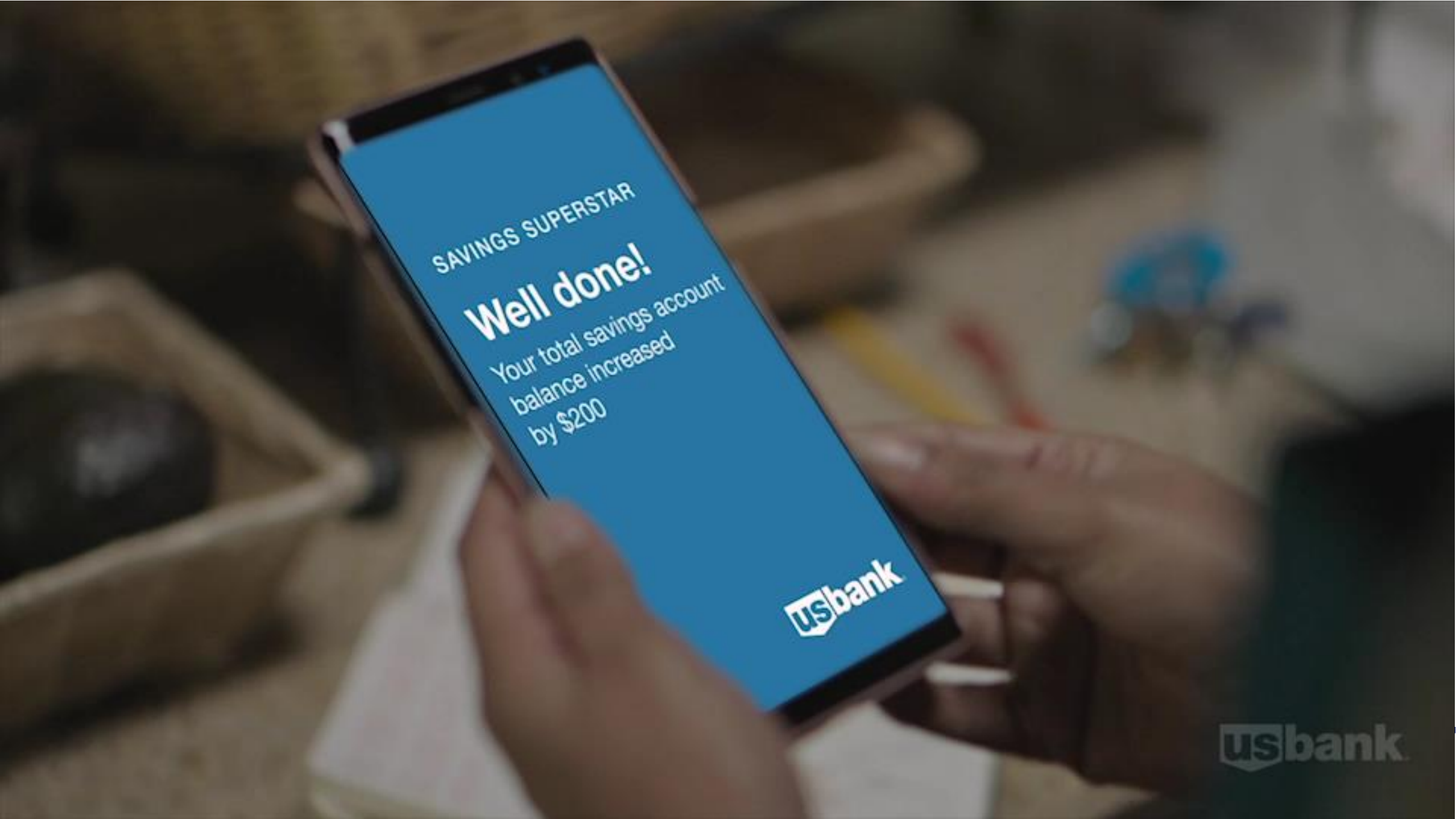


Earning the right to be integral to their lives

Staying relevant with our brand

Prioritizing and building “trust” at moments that matter most

Driving social impact through our community and Diversity, Equity and Inclusion focus to create economic opportunity


SAVINGS SUPERSTAR
Well done!
Your total savings account balance increased by $200
usbank
usbank

U.S. Bancorp Investor Day
Technology Strategy

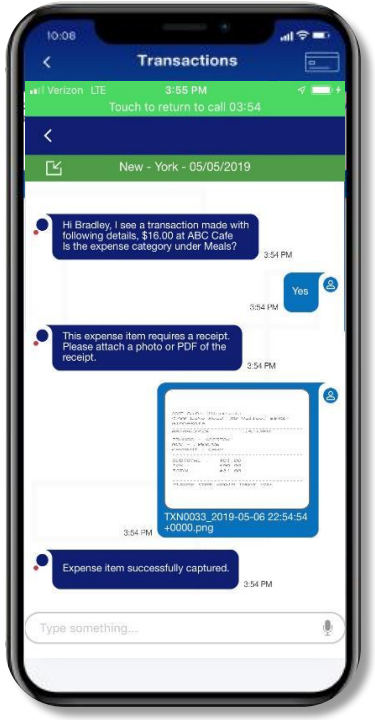
Jeff von Gillern
Vice Chair, Technology and Operations Services

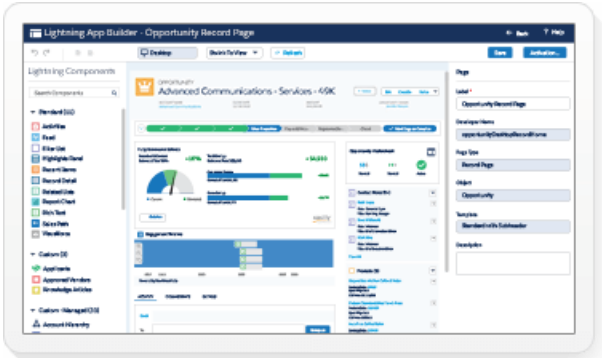
September 12, 2019

Technology: Enabling Efficiency, Productivity and Growth

We strategically deploy technology **in service to our customers, our employees, and the growth and efficiency of the organization.**

- Artificial intelligence and machine learning
- Robotic process automation and orchestration
- Data processing, aggregation and analytics
- Secure cloud enablement
- Application programming interfaces (APIs)







Technology at Work “Above and Below the Glass”



Above the glass: seamless customer experiences

Delivering **simple**-to-navigate, **consistent** user experiences along with information, insights and product offers that are **timely** and **relevant**



Below the glass: core and enabling technology

Deploying resources in a **highly effective** and **cost-efficient** way for the benefit of the organization;

Enabling **rapid** and **flexible** delivery of technology services, data and intelligence to ultimately be leveraged for the benefit of the customer

Above the Glass: Delivering an Exceptional Customer Experience

user interface



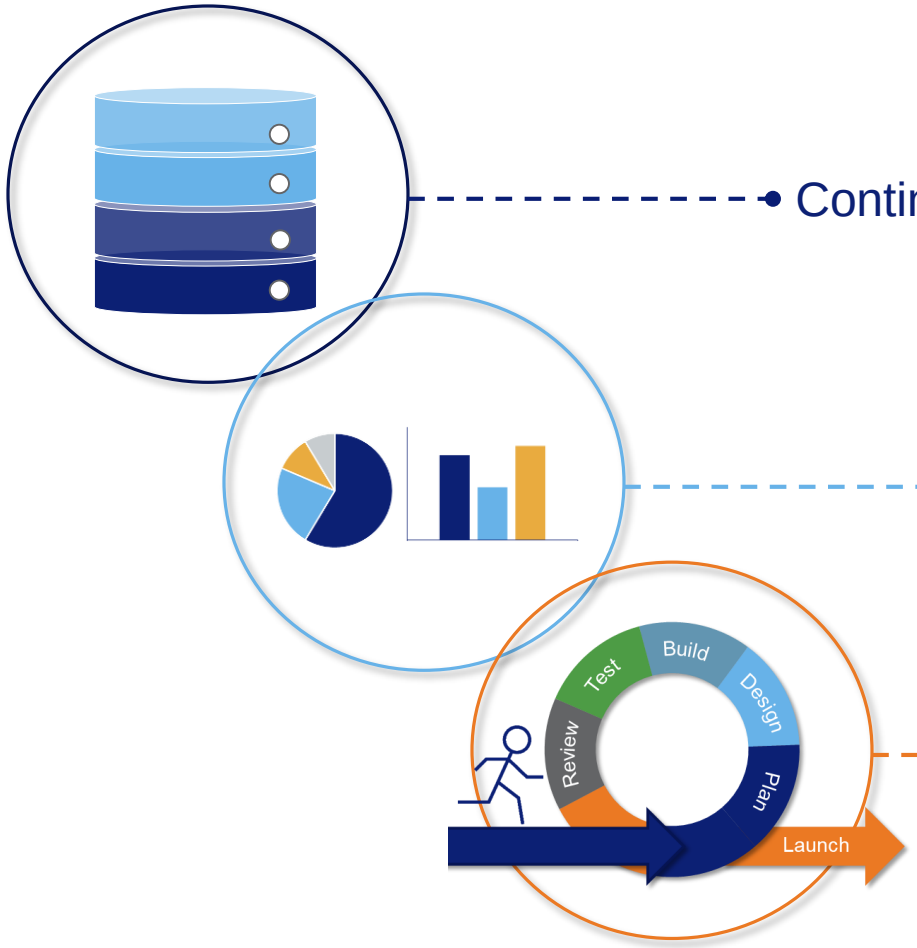
experience APIs……. application launch, dashboards, accounts

domain APIs……. customer profiles, money transfers, payments

data and system APIs……. appointments, leads, offers, locations

UI consistency across channels is **enabled by technology**, such as layers of APIs

Below the Glass: Our Ongoing Initiatives



Continuing to modernize our architecture

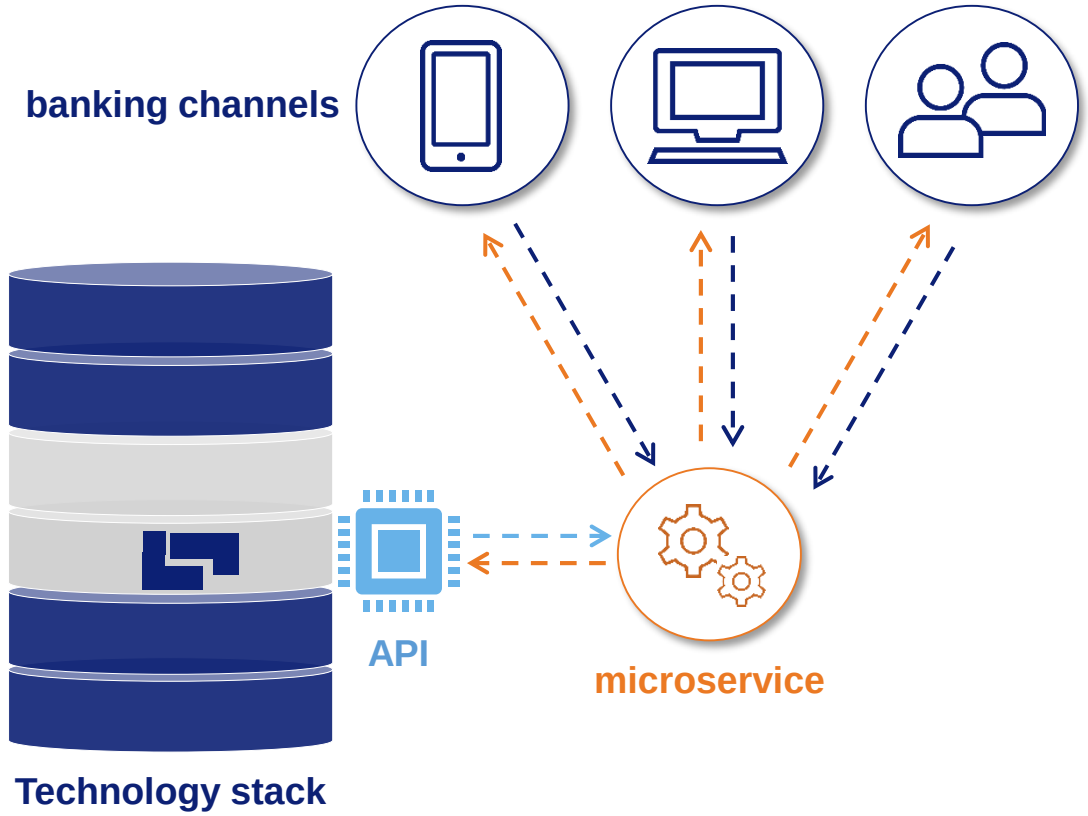
Further scaling our data, analytics and artificial intelligence infrastructure

Accelerating improvements in productivity and cost-efficient delivery

Stability
Agility
Speed to market
Cost effectiveness
Security

Continued Modernization of Our Architecture

We are continuing to modernize our architecture, with an **increased focus on reusable shared services.**



By rebuilding more-frequently changing functionalities that had resided in our core applications and data structures as **modular micro-services**, we create reusable capabilities that are readily accessible across channels and customer journeys.

The Impact of Modernization

During the build-out of our new mobile app, we upgraded key components of our tech stack to **support faster rollouts, easier upgrades and more robust future compatibility.**



Further Scaling Our Data, Analytics and AI

We are further scaling our data, analytics and artificial intelligence capabilities to **maximize the accessibility and utility of our data.**

comprehensive ingestion of information-rich data

unified real-time data infrastructure and analytics engine

predictive insights and intelligence



The Impact of Robust Data, Analytics and AI

Responsibly leveraging data across all products and at every touchpoint allows us to **build more personalized and high value relationships with our customers.**

Would you like to try a simpler authentication method?

Your monthly Social Security deposit will happen in two days.

There is a transaction in your account that might be a duplicate. Can we help with that?



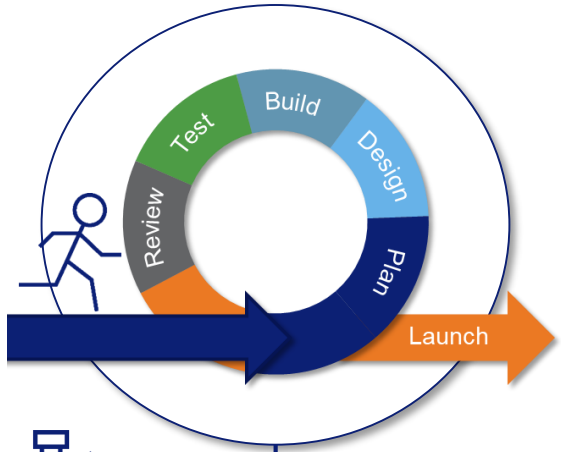
We see you've been traveling lately. A travel rewards credit card could earn you more rewards.

Your checking account balance is getting low. We can help you avoid an overdraft.

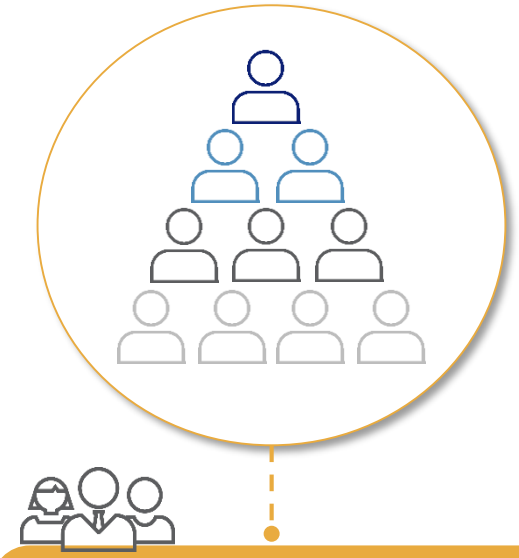
Here are some tips to help you maximize your retirement savings.

Accelerating Productivity and Cost-efficient Delivery

We are accelerating advancements in productivity and cost-efficient delivery via **process enhancements, workforce and tools, such as the Cloud.**



Accelerating the pace of product and experience delivery with Agile development practices and DevOps tools



Working in Experience Studios with business, technology and risk partners collaborating



Using advanced development capabilities to build, deploy and automate testing of applications in the Cloud

The Role of the Cloud

Why Cloud?

- Speed to market
- Development productivity
- Cost optimization

Our approach:

- Build new applications in the Cloud wherever possible; deliberately migrate existing apps
- Leverage the public Cloud's extensive tool set, scalable infrastructure and operating cost benefits
- Focus on comprehensive governance and controls to ensure security and safety

Cybersecurity

We continue to innovate in the **cybersecurity space**, **leveraging our investments** in intelligence-driven, machine-speed information security techniques **to securely enable our digital-first strategy.**

5 billion data-level events processed daily

Use of **deep machine learning, analytics and AI** to identify event anomalies (e.g. insider threats)

Enables **near real-time automation and orchestration**

Integrated approach with **on-premise and Cloud security** and compliance



The Impact of Changing the Way We Work



Flexibility & Speed

Increasing the pace of innovation and accelerating our response to changing customer expectations



Customer Obsession & Business Partnership

Anticipating new and emerging customer needs



Scalability & Efficiency

Improving cost efficiency using smaller teams of highly skilled engineers while optimizing expenses



Quality & Resilience

Remaining a bedrock of technology safety, soundness and customer confidence

U.S. Bancorp Investor Day
Growth Through Transformation

Derek White
Chief Digital Officer

September 12, 2019

Positioning Ourselves For The Future

We have aligned key functions, promoting a holistic approach to investing in and executing on our **digital-first strategy.**

chief digital officer

omnichannel.... 

agile.... 

innovation.... 

Building Customer Relationships in a Digital-First World

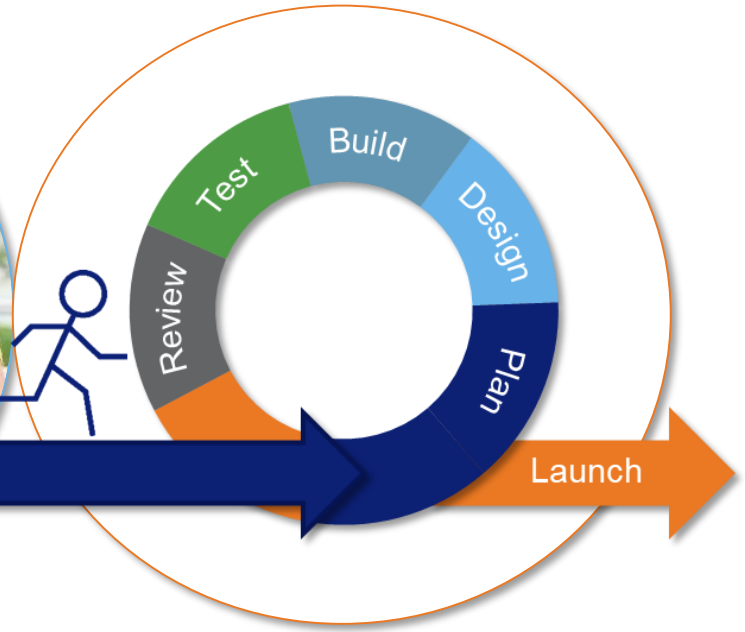
In order to **attract, retain, better serve** and **drive centrality with our customers**, we must:



be **digital-first**



deliver
exceptional experiences



be **nimble**,
adapting and evolving quickly

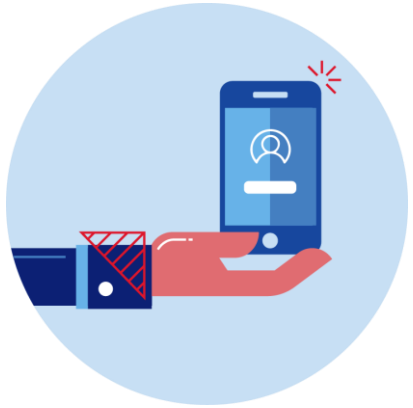
Interactions Are the New “Eyeballs”

- Interactions are coveted as **a means to reach current and potential customers** and influence behaviors
- Interactions are **a leading indicator** and an important measure of future success
- **Traffic is moving rapidly to digital** channels, and digital interactions now occur at a rate of **~30x physical**

means of interaction:



brick



glass



air

Our Vision For Digital: 4 – 2 – 3 – 1

4 humans



consumer



corporate executive



small business owner



employee

2 interaction models

DIY

shared

3 phases of digital maturity

available

smart

autonomous

1 amazing experience



Approaching Digital Above and Below the Glass

DIY for all four humans

digitize and automate 100% where possible

smart and personalized interactions

empower decisions with data and advanced analytics



Create amazing @speed and @scale

activate full Agile development in Experience Studios and beyond

Reusable technology

build with reusable assets, microservices and high-speed APIs

Human 360

a consistent, consolidated, high-quality and secure data platform

Embracing New and Better Ways of Working

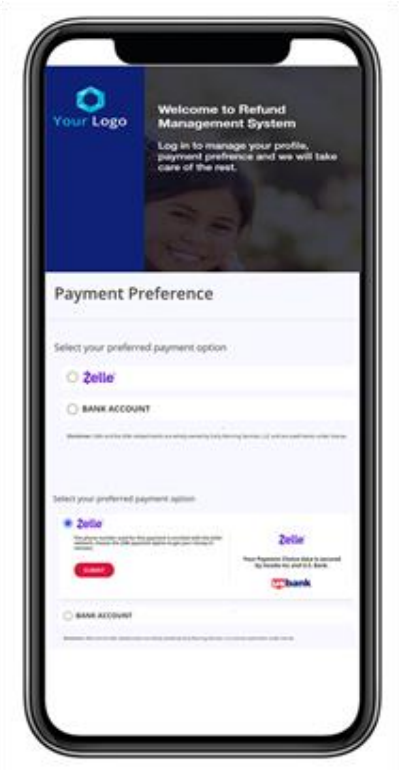
We’re implementing Agile product development throughout the organization to deliver **better** products, **faster**.



- 18 months in, we are rapidly **scaling** our Agile practice and **accelerating** the pace of implementation
- **Over 6,000 agile creators** across the company, in every function and business line
- **Collaborating** across studios to rapidly design, test and deliver solutions
- **Risk is embedded** in every studio
- Accelerating our **creation rhythm to months vs. years** to translate ideas to execution

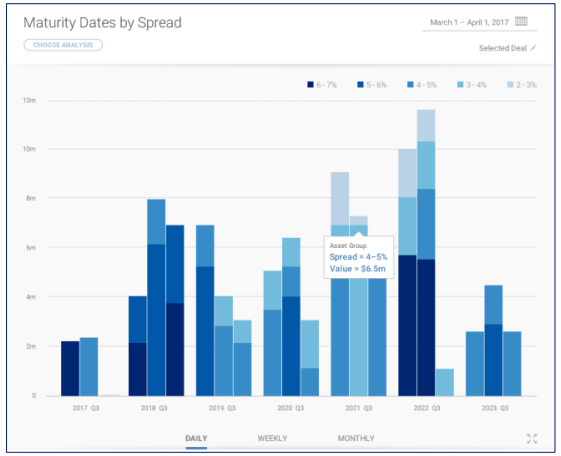
What We're Delivering

DIY: Payee Choice



- Facilitates **B2C payments**
- **Consumer chooses** payment method
- Addressable spend estimated at over **$1 trillion** in the business-to-consumer and government-to-consumer space*

Smart: Pivot



- **Custom portal**
- Built for **Corporate Trust and Fund Services** clients
- Streamlines operations
- Supports complex business needs

***Pivot* features:**

Data analytics

- Embedded Tableau visualizations provide portfolio insights at a glance

Real-time cash and trades

- Reimagined design provides real-time data and straight-through processing

* Source: Boston Consulting Group

In Summary…

- Our digital initiatives span across the organization, are both customer- and employee-facing, and address digital above and below the glass
- We're moving @speed and @scale to become an Agile organization
- We're realizing benefits in both revenue growth and expense control
- Digital is "table stakes" for some applications, but opportunities remain plentiful to delight customers with smart and autonomous capabilities
- This is a long game, and we're in it for the long-term

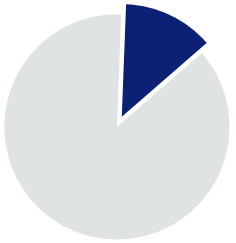
U.S. Bancorp Investor Day
Wealth Management and Investment Services

Gunjan Kedia
Vice Chair, Wealth Management and Investment Services

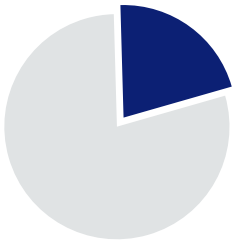
September 12, 2019

Wealth Management and Investment Services

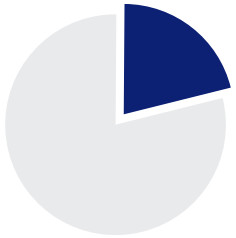
Contribution to USB:



13% of USB's total net revenue

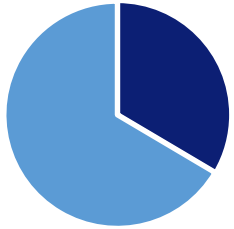


21% of USB's total fees



21% of USB's total average deposits

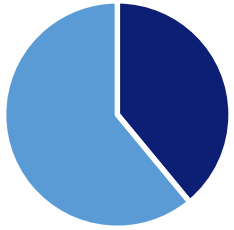
Wealth Management and Investment Services total net revenue breakdown:



Wealth Management – **34%**

Investment Services – **66%**

- Corporate Trust
- Fund Services



39% NII

61% fee income

1H19 highlights:

$ in millions	1H19	change vs. 1H18
Net interest income	**$587**	5.4 %
Noninterest income	**875**	1.6
Net revenue	**1,462**	3.1
Noninterest expense	**874**	(1.2)
Net Income	**442**	10.8

	1H19	change vs. 1H18
Net interest margin	**11.65 %**	(47 bps)
Efficiency ratio *	**59.8**	(260 bps)
Return on average assets	**6.76**	13 bps

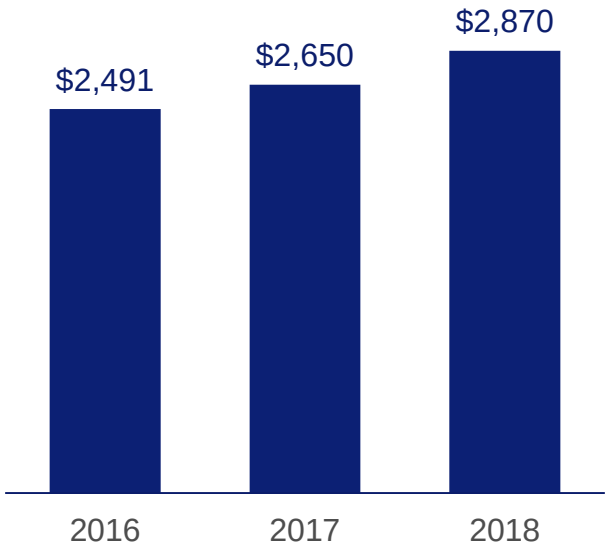
$ in millions	1H19	change vs. 1H18
Trust & investment management fees	**$735**	2.2 %

Full-year 2018 data unless otherwise noted; net interest income ("NII") and net interest margin on a taxable-equivalent basis
Total net revenue, fee and average deposit percentages exclude Treasury and Corporate Support; see slide 160 for calculations
* Non-GAAP, see slide 164 for calculation

Financial Highlights

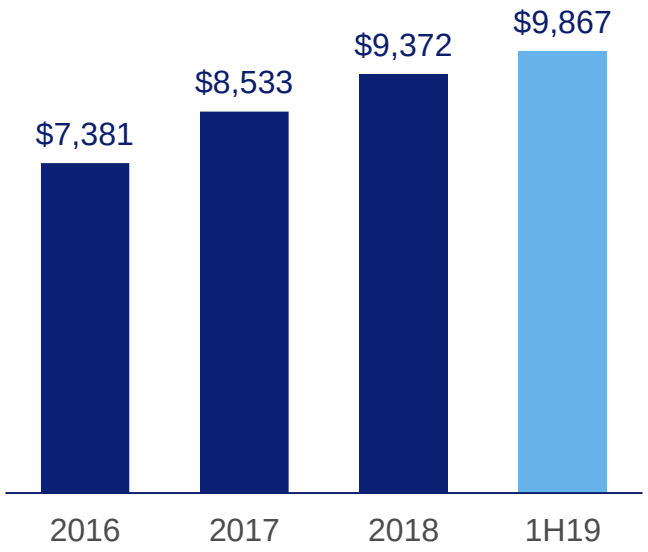
Total Net Revenue

2016-2018 CAGR: 7.3%



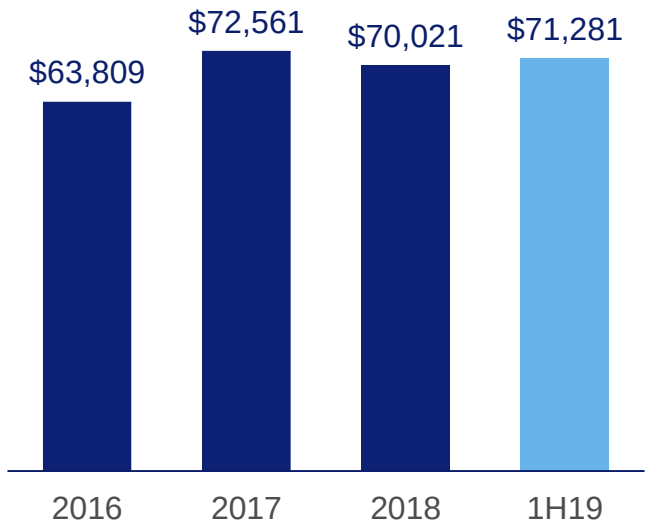
Average Loans

2016-2018 CAGR: 12.7%



Average Deposits

2016-2018 CAGR: 4.8%

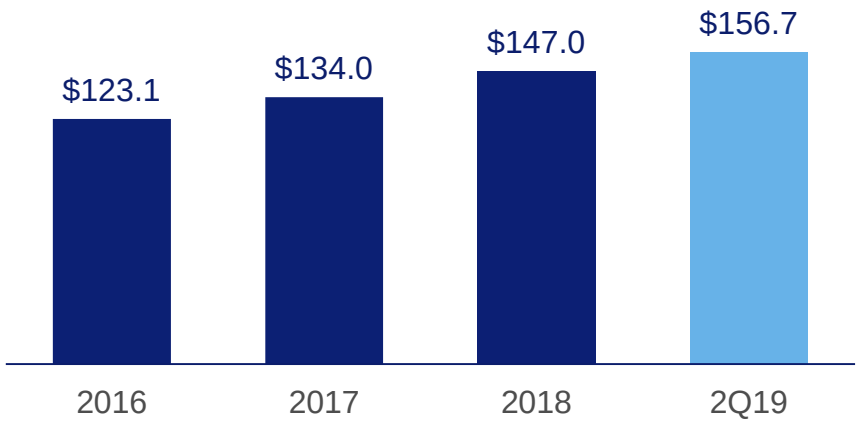


$ in millions

Financial Highlights

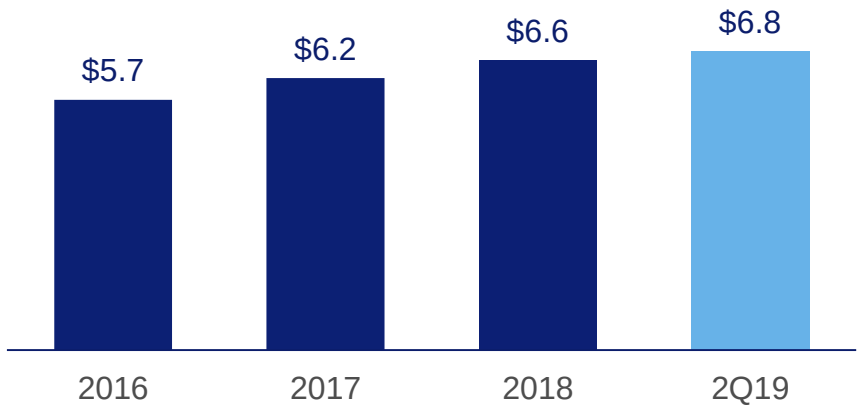
Total Assets Under Management ($bn)

2016-2018 CAGR: 9.3% 2Q19 YoY Growth: 13.8%



Total Assets Under Administration ($tn)

2016-2018 CAGR: 7.9% 2Q19 YoY Growth: 7.3%



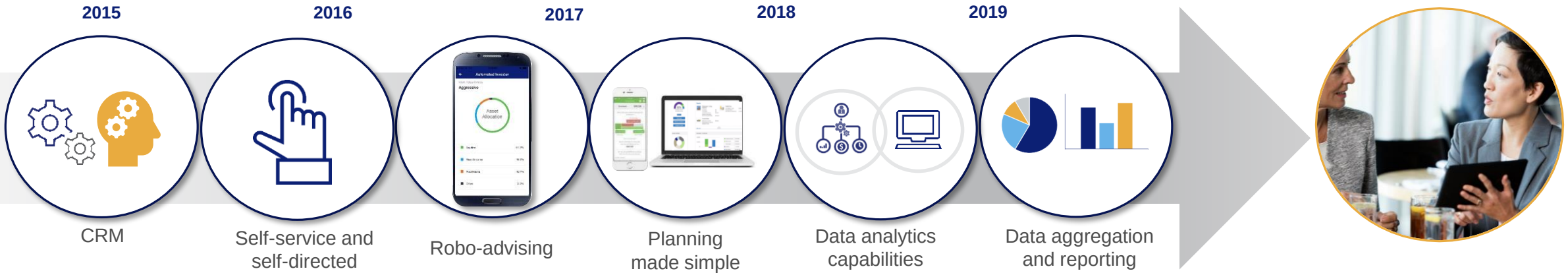
Period end balances

Wealth Management: Tailored Services Across Segments

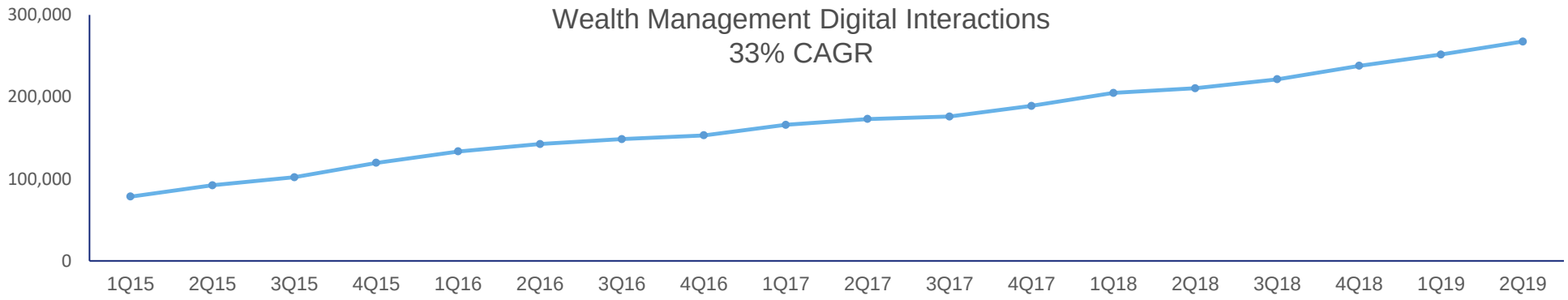
Wealth Management U.S. Bancorp Investments	Wealth Management U.S. Bank | U.S. Bancorp Investments	Private Wealth Management U.S. Bank	Ascent Private Capital Management of U.S. Bank
Emerging Wealth <**$250K** net worth	**Affluent** >**$250K** net worth	**High Net Worth** >**$3MM** net worth	**Ultra High Net Worth** >**$75MM** net worth
Clients start to invest Digitally-focused	Dedicated **advisor-banker teams** Full product set Branch-based	Complex financial needs Dedicated team of specialists for banking, trust, investments Broadest product set	Family office Multi-generational focus Planning beyond financial matters
			

USB households and offices				
	8 million	4 million	370,000	~1,000
	N/A	**~1,500**	**30**	**6**

We Are Transforming Our Digital Wealth Customer Experience



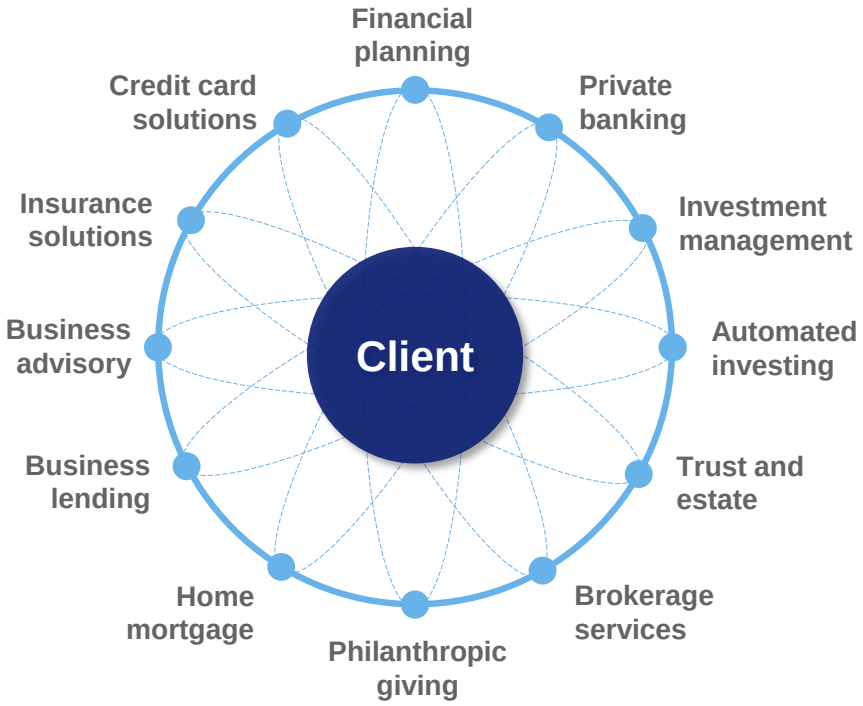
Digital relationship management is evolving as an advantage.

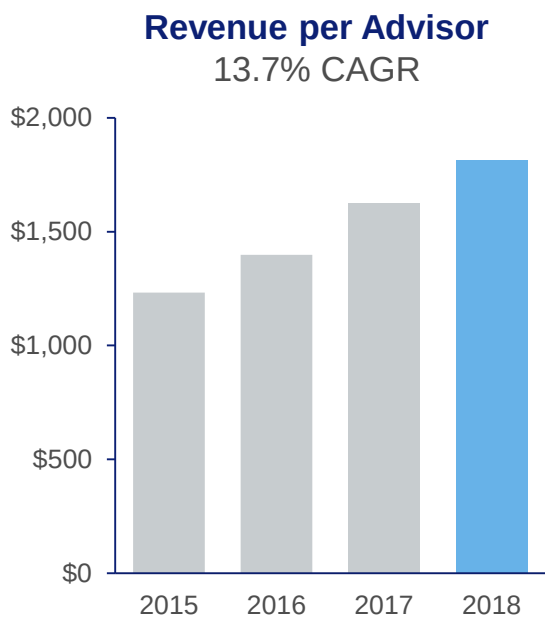


Digital interactions include all online Wealth Management client activities, which include but are not limited to mobile app logins, money movement, trading, eStatement delivery and completed wealth plans

Expanding and Deepening Relationships

We serve clients through their lifecycle with a comprehensive set of products and capabilities.





$ in thousands

Investment Services

Offering trust and administration services to asset managers, corporations and municipalities

Corporate Trust

corporations, municipalities, credit managers

- **U.S.:** concentrated set of competitors
- **Global:** more fragmented market

Fund Services

asset managers and registered investment advisors

- High returns attracted significant capital and new entrants 1980-2008
- Increasing concentration in U.S.; fragmented field in alternatives and outside U.S.

usbancorp

- **World-class products and technology; dominant market share; global footprint**
- **Focused on complex funds; emerging global capability**

#1 structured trustee[1]

#2 corporate trustee[2]

#1 municipal trustee[2]

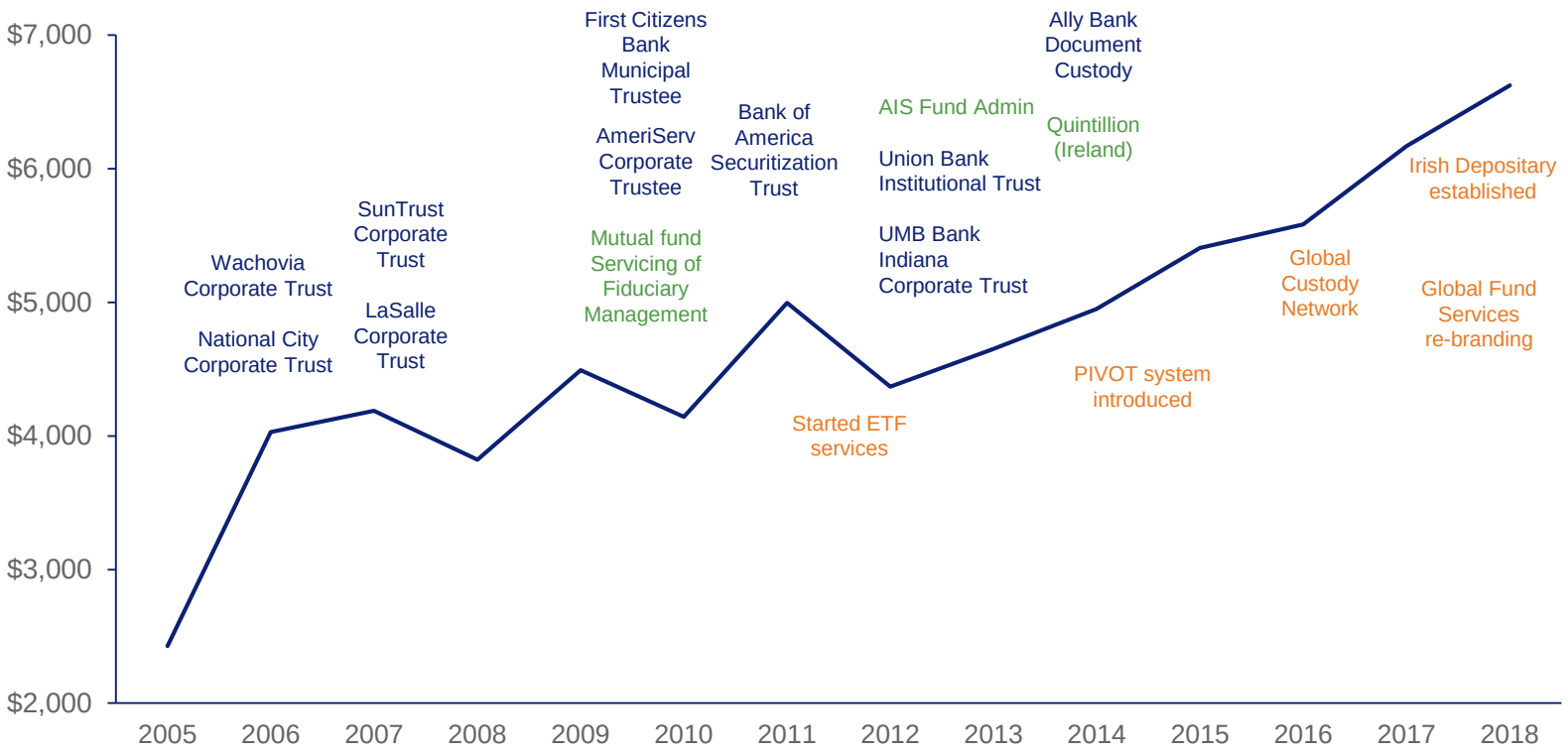
#8 custody administrator[3]

1) Source: Asset-Backed Alert; (2) Source: SDC Platinum; 3) Source: Company filings

Strong Foundation Built From Acquisitions and Organic Growth

Assets Under Custody and Administration ($bn)

2005-2018 CAGR: 8.0%



Investment Services today

- **Clients:** 22,000+
- **Offices:** ~80
- **Employees:** ~4,700

Legend

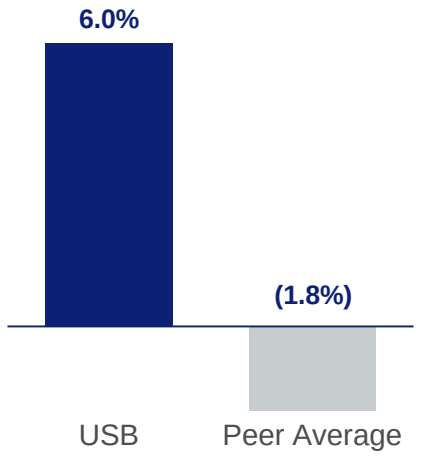
- Corporate Trust Acquisitions
- Fund Services Acquisitions
- Milestones

The Power of the U.S. Bank Franchise

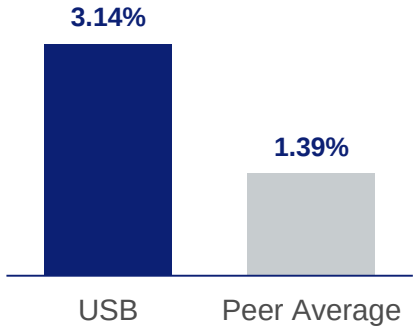
Our differentiated business model gives us a powerful advantage.

1. U.S. Bank balance sheet strengthens value of deposits
2. Corporate & Commercial franchise provides a powerful source for business referrals
3. Community and government banking provides reach for municipalities and smaller clients

Deposit Growth
2016 - 2018



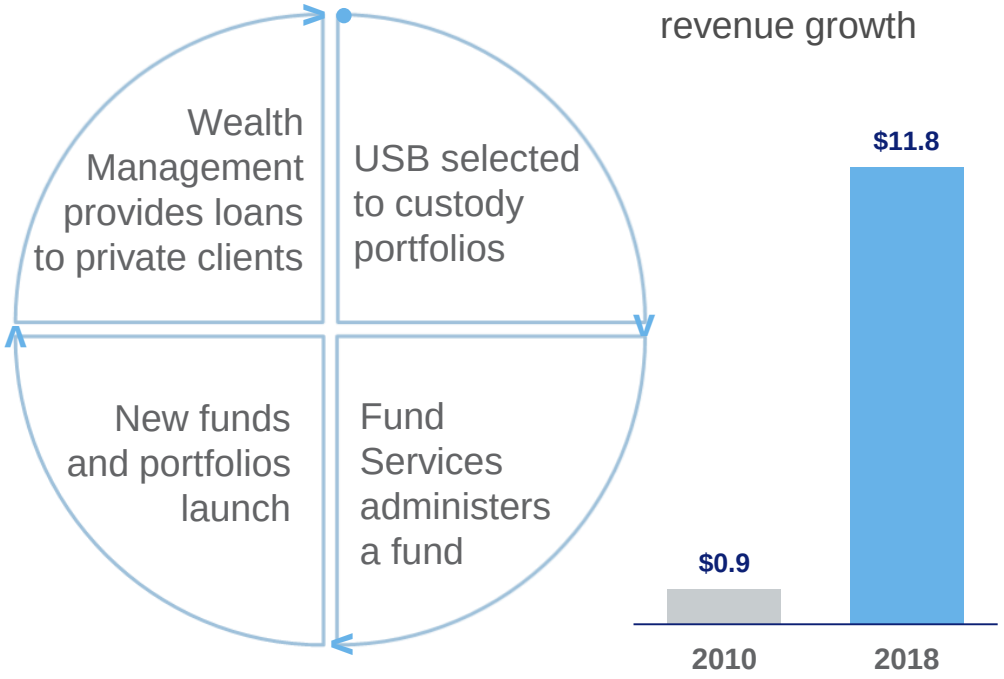
Net Interest Margin
2018



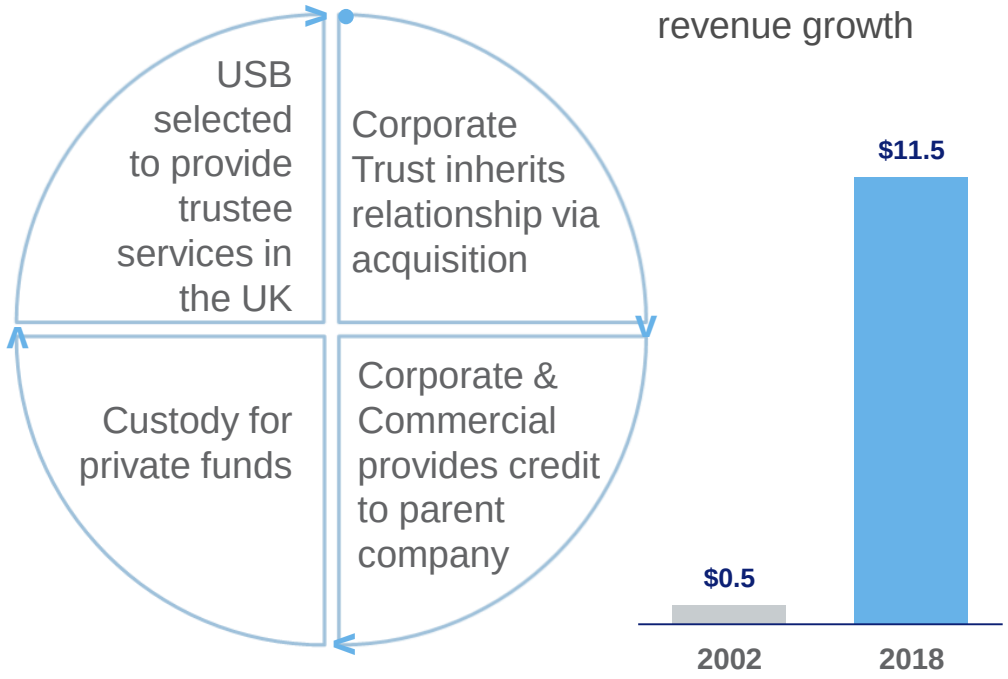
Peer group includes: BK, NTRS, STT

Creating Valuable Client Relationships as One U.S. Bank

Client 1: Registered Investment Advisor



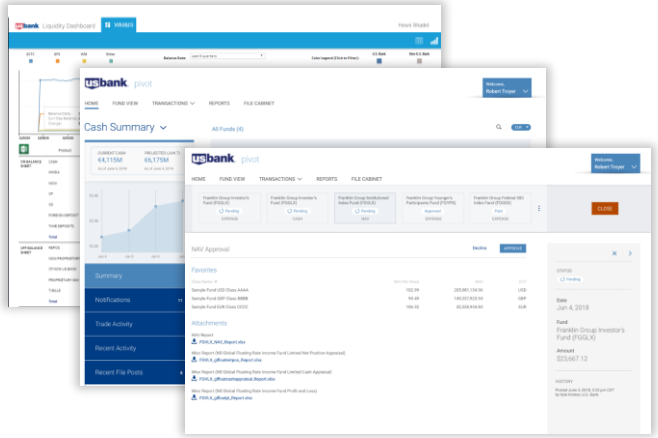
Client 2: Global Asset Manager



$ in millions

Focused on Expanding Our Reach and Our Product Set

Technology and digital capabilities



- Real-time insightful data through online portals
- Digitization with machine learning and robotics
- Power of analytics to drive growth

Global expansion



- European depositary and custody
- Global custody network
- Expand into new geographies

Delivering One U.S. Bank



- Leverage institutional relationships across U.S. Bank
- Deliver full product suite of the Bank

In Summary…

Wealth Management

- Strong foundation at the higher end of wealth management
- Successful team-based model provides significant growth in Affluent segment
- Strong digital capabilities to transform our service model

Investment Services

- We are at scale in a capital intensive, efficient, fee-based deposit gathering business
- Our products and technology are industry leading
- Our growth will be fueled by market share gains, global expansion and M&A

U.S. Bancorp Investor Day
Consumer and Business Banking

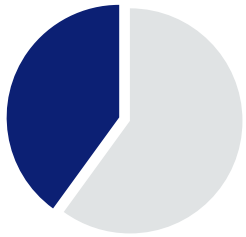
Tim Welsh
Vice Chair, Consumer and Business Banking

September 12, 2019

Consumer and Business Banking

Contribution to USB:

40% of USB's total net revenue



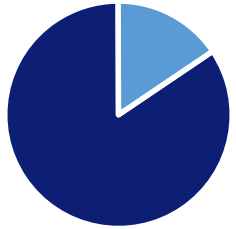
51% of USB's total average loans



47% of USB's total average deposits

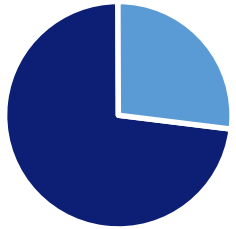


Consumer and Business Banking total net revenue breakdown:



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

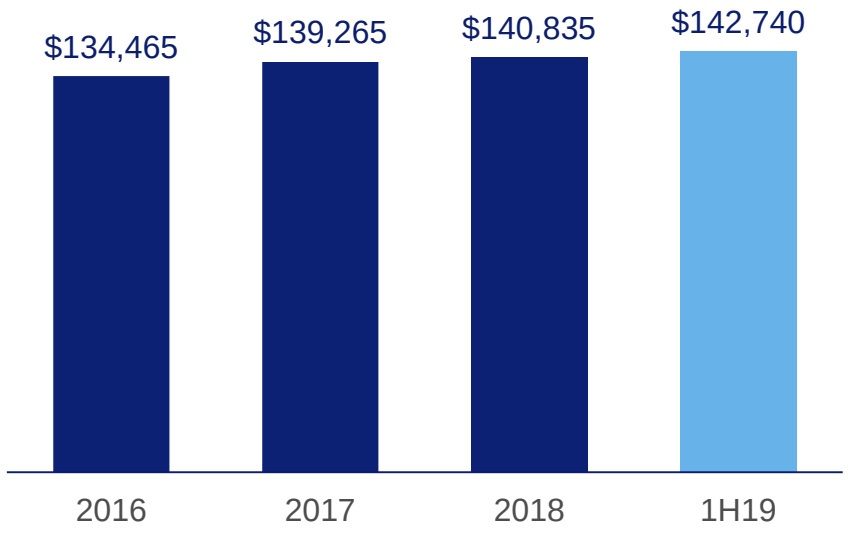
$ in millions	1H19	change vs. 1H18
Mortgage production	**$22,933**	9.4 %
Auto loan production	**8,190**	23.9

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 160 for calculations
* Non-GAAP, see slide 164 for calculation

Financial Highlights

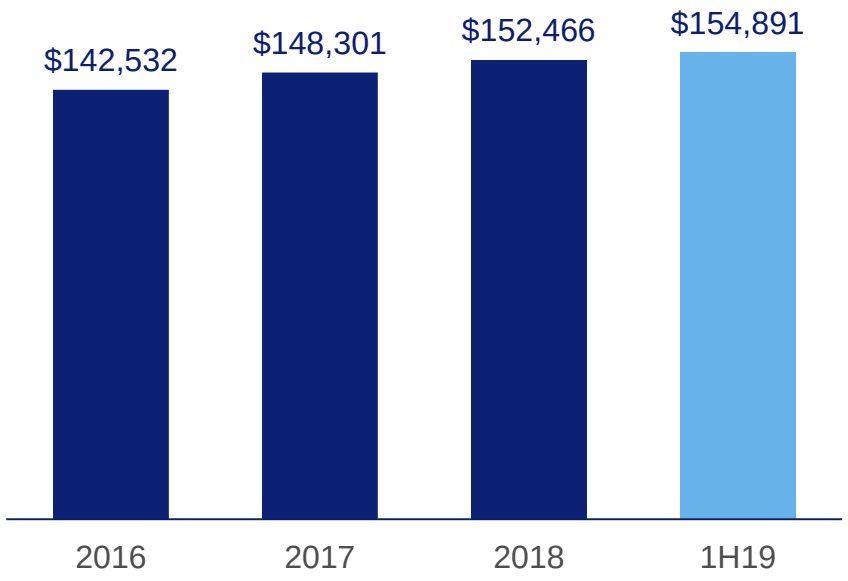
Average Loans

2016-2018 CAGR: 2.3%



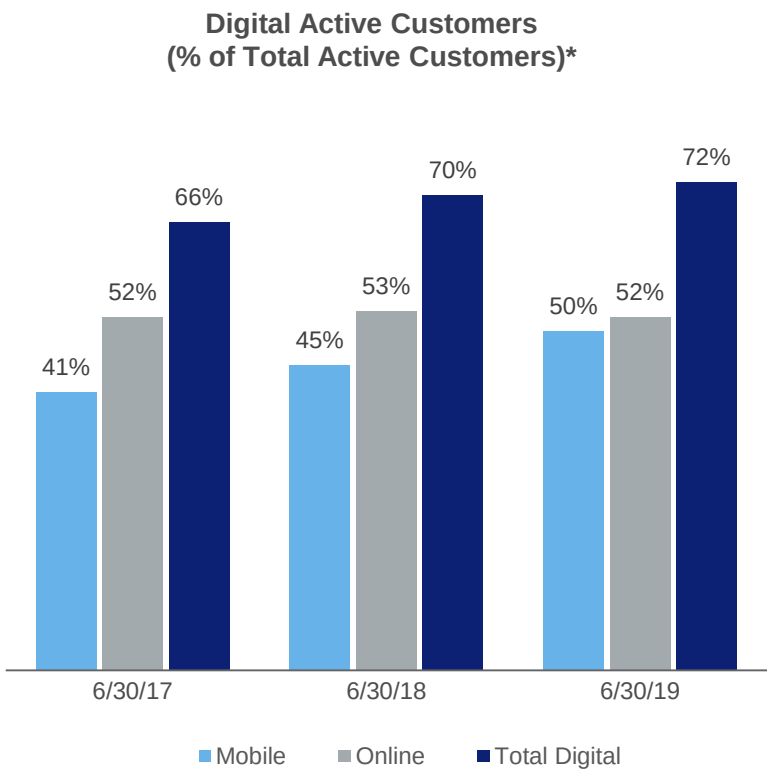
Average Deposits

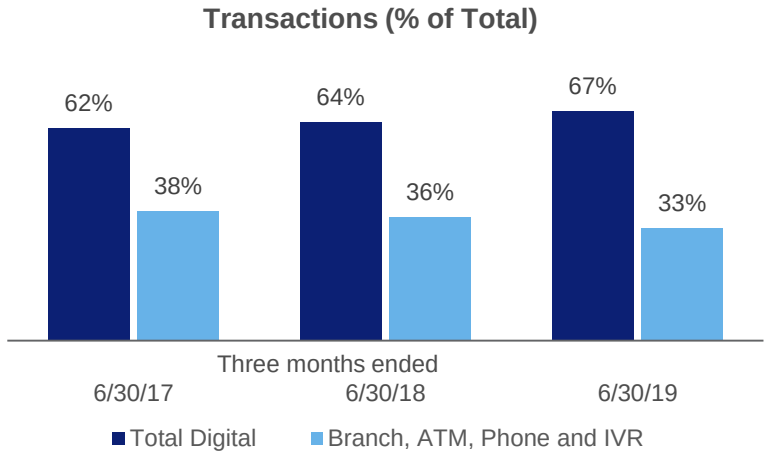
2016-2018 CAGR: 3.4%

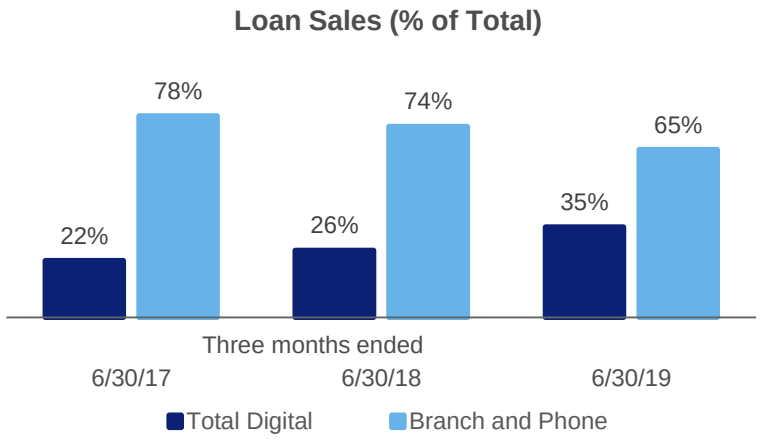


$ in millions

Digital Engagement Trends







*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 footprint[1]

#4 bank mortgage lender
ranked by dollar volume[2]

#4 bank mortgage servicer[2]

#1 in-store and on-site
branch network
within 25-state footprint[3]

#5 bank new
auto financing[4]

#4 SBA lender
ranked by unit volume[5]

30K
employees

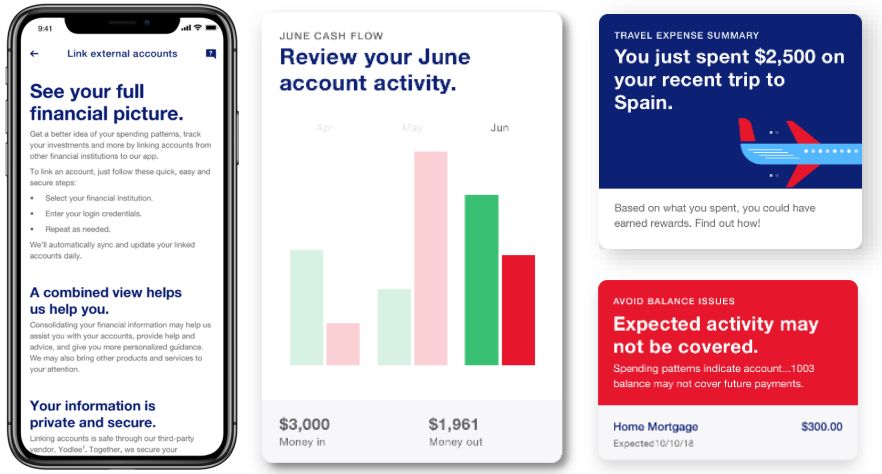
11.6M
consumer customers[6]

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

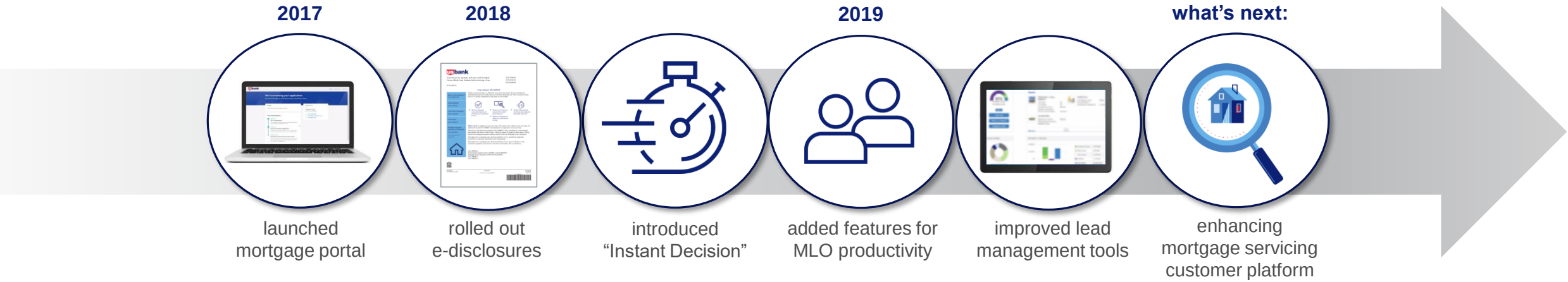


digitally active consumer



Digital First: Mortgage Banking

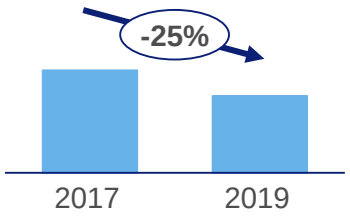
We **reimagined the home buying experience**, simplifying and streamlining our mortgage application process to make meaningful improvements in customer experience and efficiency while driving market share gains.



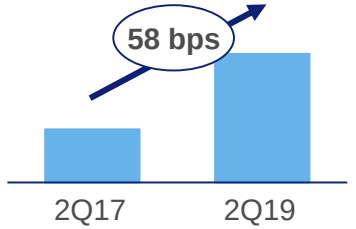
Since initial rollout:

- 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.**

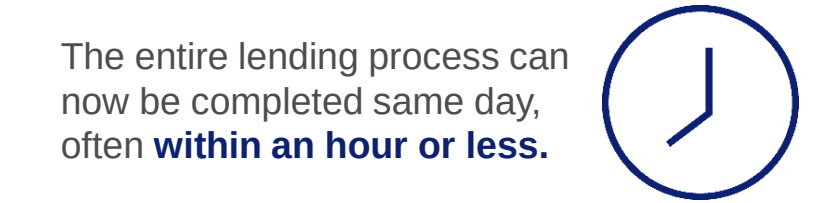
Process change impacts

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

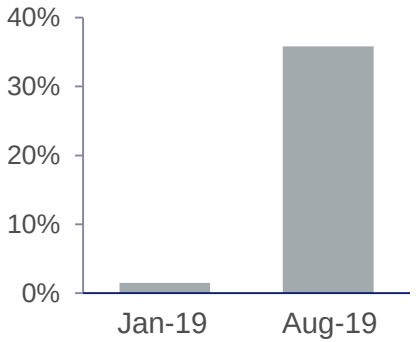
Technology impacts

- 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

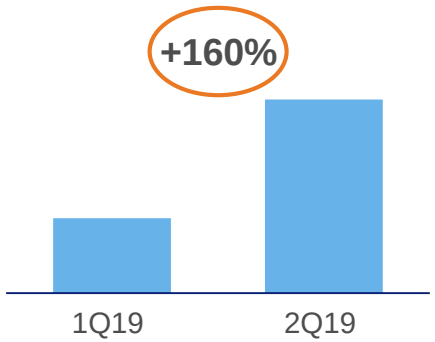
The entire lending process can now be completed same day, often **within an hour or less.**



Digital adoption
% of total applications booked

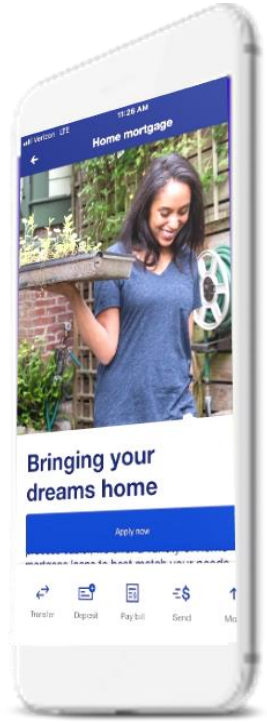


Booked applications utilizing digital channel
(dollar volume)



Digital First: Mobile Banking

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

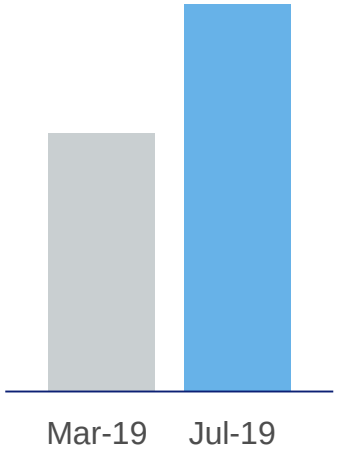


Our new app:

- 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*

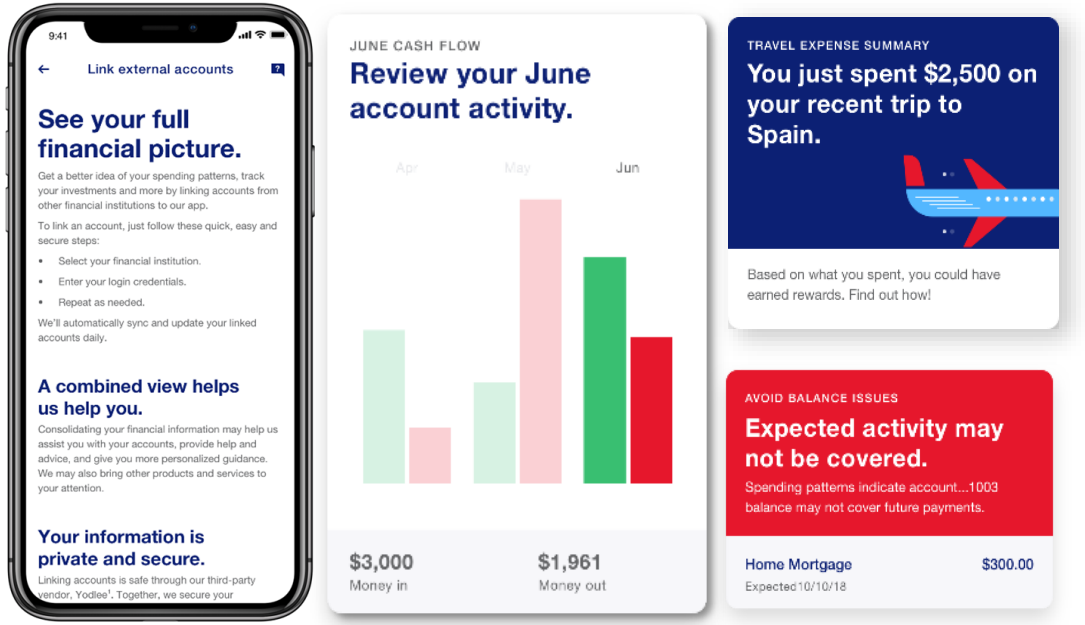
nearly **90%** of insights viewed as valuable by customers

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

Delivering a Personalized and Integrated Mobile Experience

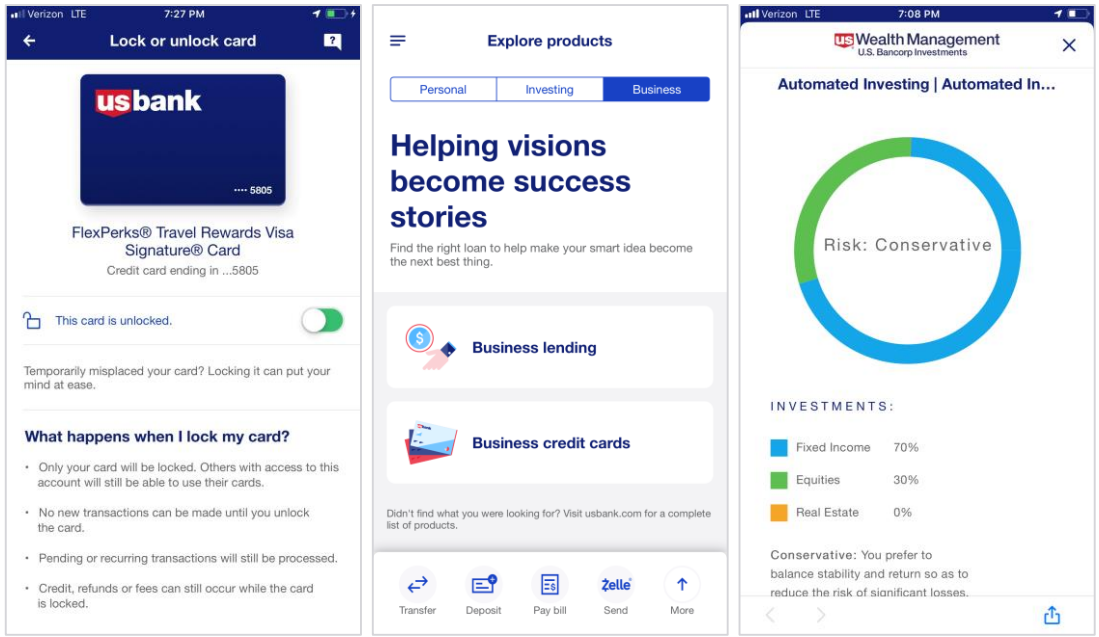
Personalization

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.

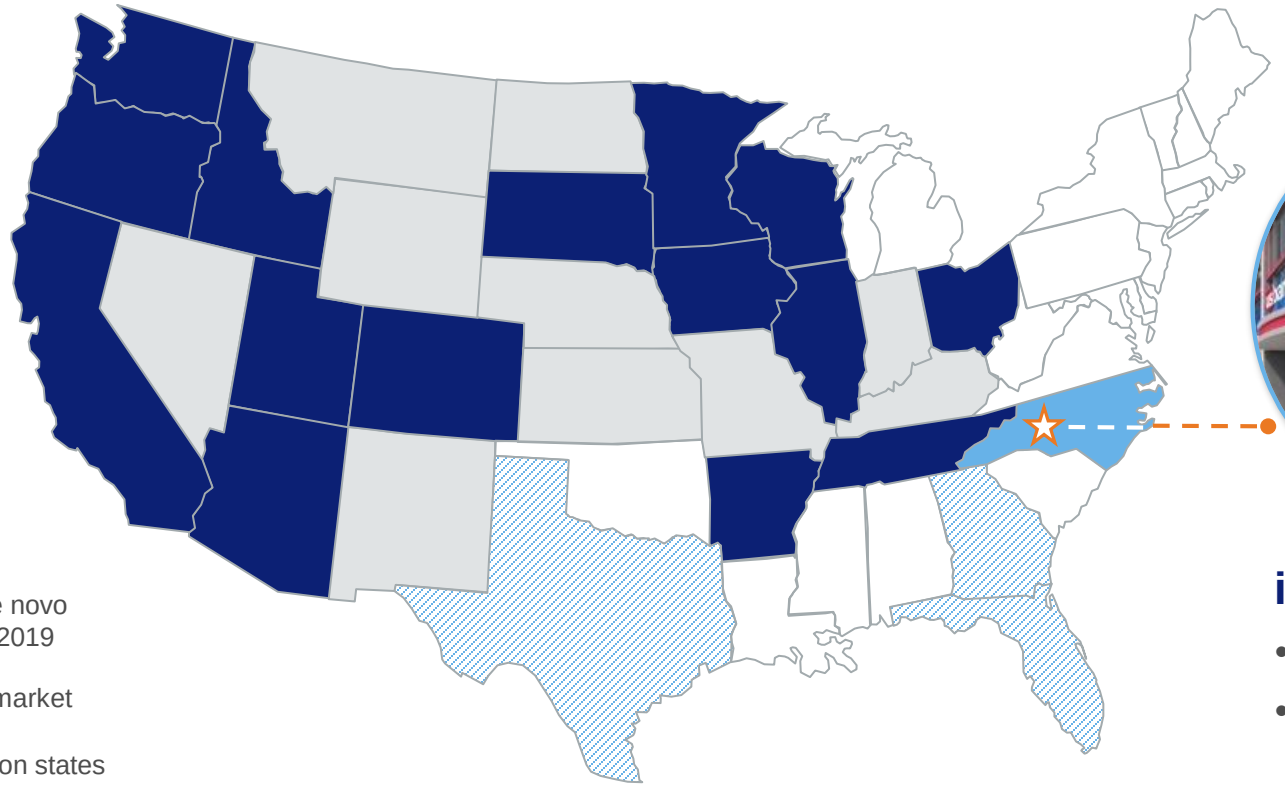
We're leveraging:

- 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



Remodels and de novo branches built in 2019

2019 expansion market

Potential expansion states



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

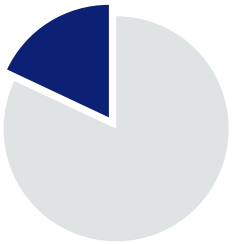
U.S. Bancorp Investor Day
Corporate and Commercial Banking

Leslie Godridge & Jim Kelligrew
Vice Chairs and Co-Heads, Corporate and Commercial Banking

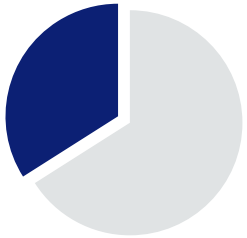
September 12, 2019

Corporate and Commercial Banking

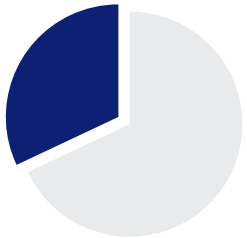
Contribution to USB:



18% of USB's total net revenue

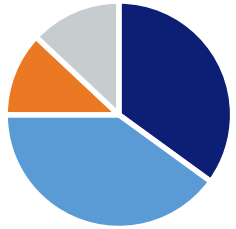


34% of USB's total average loans

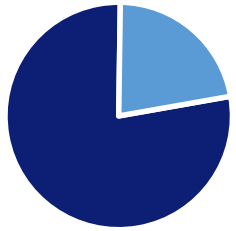


32% of USB's total average deposits

Corporate and Commercial Banking total net revenue breakdown:



Net interest income from loans – **35%**
Net interest income from deposits – **40%**
Treasury Management – **12%**
Fixed Income & Capital Markets – **13**%



78% NII
22% fee income

1H19 highlights:

$ in millions	1H19	change vs. 1H18
Net interest income	**$1,444**	(0.3) %
Noninterest income	**454**	5.6
Net revenue	**1,898**	1.1
Noninterest expense	**820**	2.1
Net Income	**818**	1.7

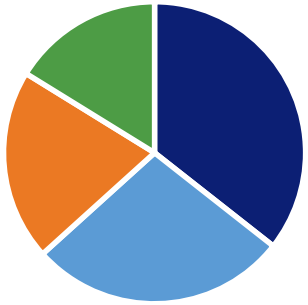
	1H19	change vs. 1H18
Net interest margin	**2.91 %**	(11 bps)
Efficiency ratio*	**43.2**	40 bps
Return on average assets	**1.56**	(2 bps)

$ in millions	1H19	change vs. 1H18
Fixed income & capital markets	**$268**	8.5 %

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 160 for calculations
* Non-GAAP, see slide 164 for calculation

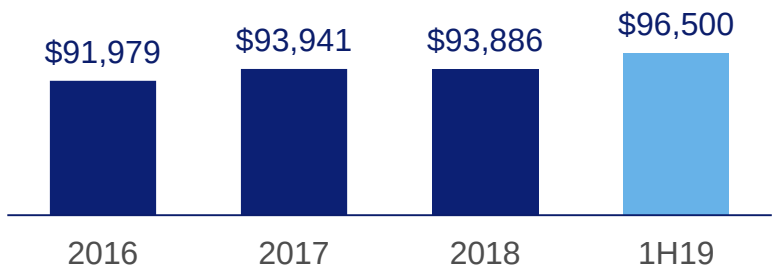
Financial Highlights

Average Loans by Segment
2Q19

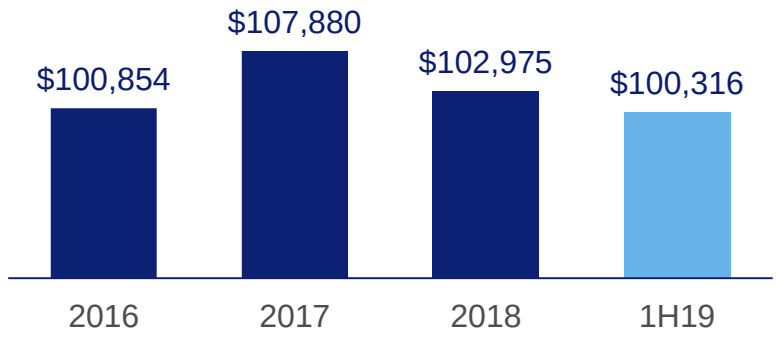


Large Corporate – **36%**
Commercial Real Estate – **28%**
Specialized Finance – **20%**
Middle Market – **16%**

Average Loans
2016-2018 CAGR: 1.0%



Average Deposits
2016-2018 CAGR: 1.0%



$ in millions

Our Competitive Advantages

Highest debt ratings	**counterparty of choice**
Best-in-class risk discipline	**safety and dependability**
Differentiated payments and trust solutions, with a One U.S. Bank approach to creating value	**holistic set of products and solutions**
Culture of innovation underpinning B2B opportunities	**value-add and digitally-enabled solutions**

Our Strategy and Key Initiatives



Expanding Reach

We are selectively entering new markets, expanding our presence in current markets and enhancing our product offerings.



Deepening Relationships

We are growing our lead relationships in our lending and capital markets businesses and providing a holistic offering to our clients by leveraging One U.S. Bank.



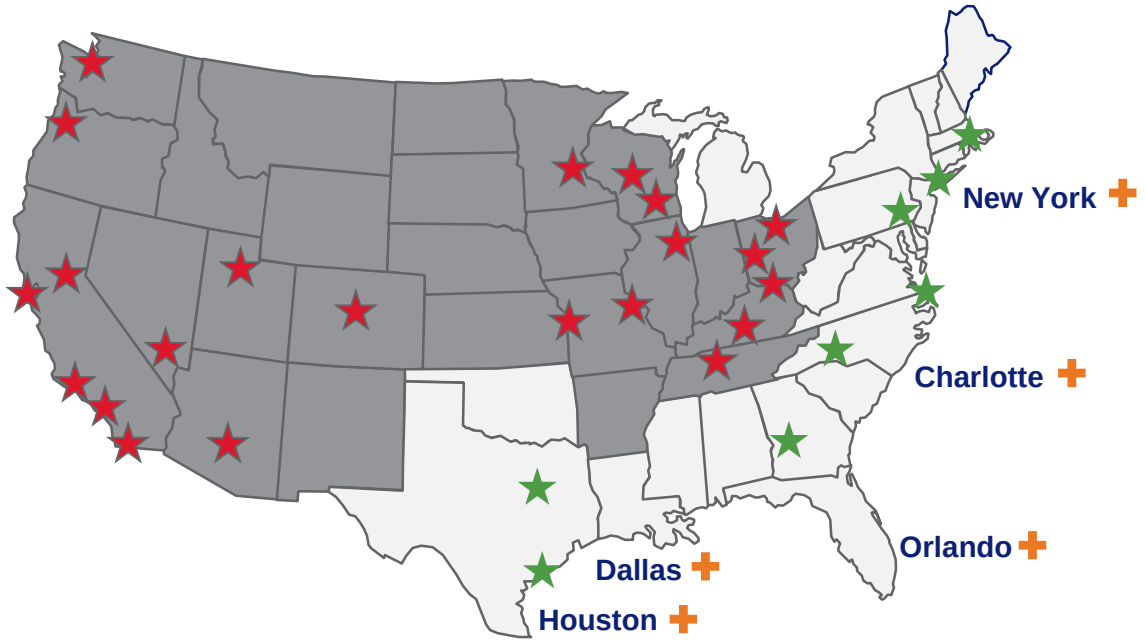
Digitization of Business Payments

We are investing in our payments and digital capabilities to help our clients simplify, optimize and grow their businesses.

Expanding Our Reach

We are **extending our distribution.**

- Selectively expanding our middle market presence
- Driving deeper penetration in the mid-corporate segment
- Expanding capital markets coverage in key industries



We are enhancing and deepening our product set with **new and complementary solutions** as well as **digital and tech-driven improvements** to our existing solutions.

Asset-backed warehouse lending

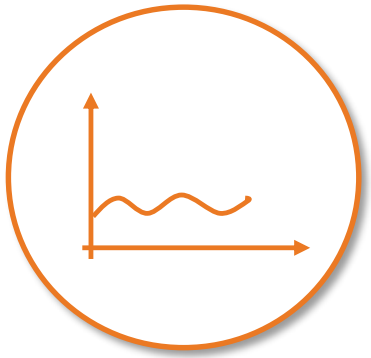
Modernized treasury management platform

Targeted money movement solutions with a focus on key industry verticals

Retail branch footprint | CCB office est. pre-2007 | CCB office est. since 2007 | Middle market footprint expansion

Deepening Relationships: Uptiering Credit

Our competitive advantages, industry specialization and breadth of product offerings provide **up-tiering opportunities** throughout the cycle.

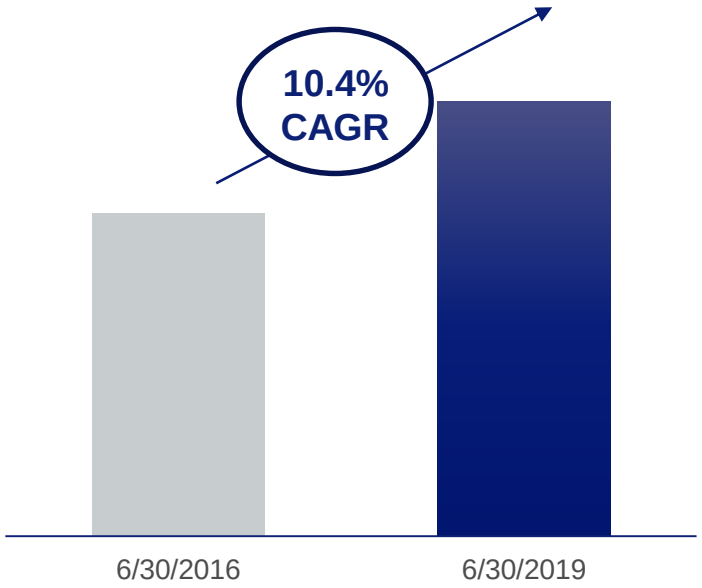


Our **best-in-class debt ratings and consistency** help us win lead roles as competitors pull back or have headline risk.



Our **expertise in key industry verticals** enables us to successfully uptier credit relationships while prudently managing risk.

Solid growth in our **lead loan relationships**

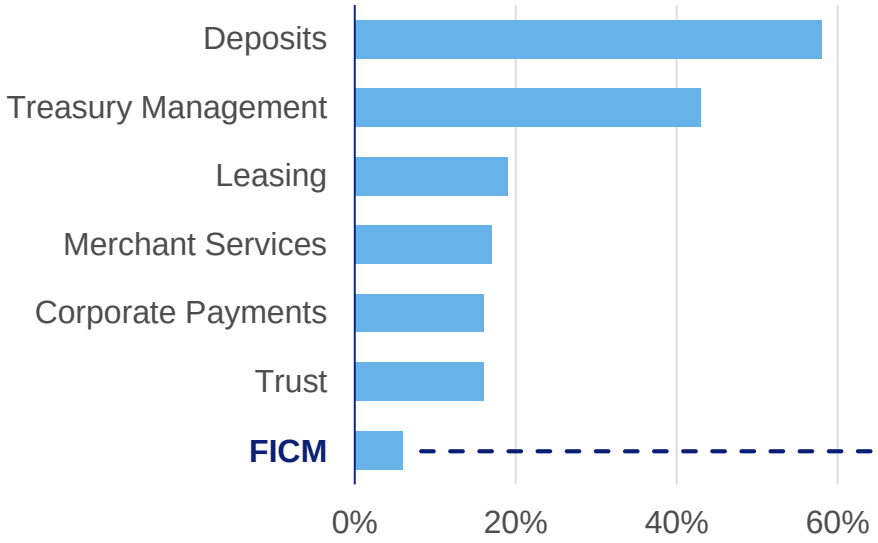


Leads represent Lead Left + Joint Lead Arranger titles

Deepening Relationships With Our Broad Product Set

Our credit relationships provide an important gateway to **deeper product penetration** as well as **customer relationships that extend across business lines**.

Non-credit product penetration



Domestic investment grade bond rankings

	Lead & Co-managed Business	
	1H2016	1H2019
rank	#6	#5
market share	33.5%	42.0%

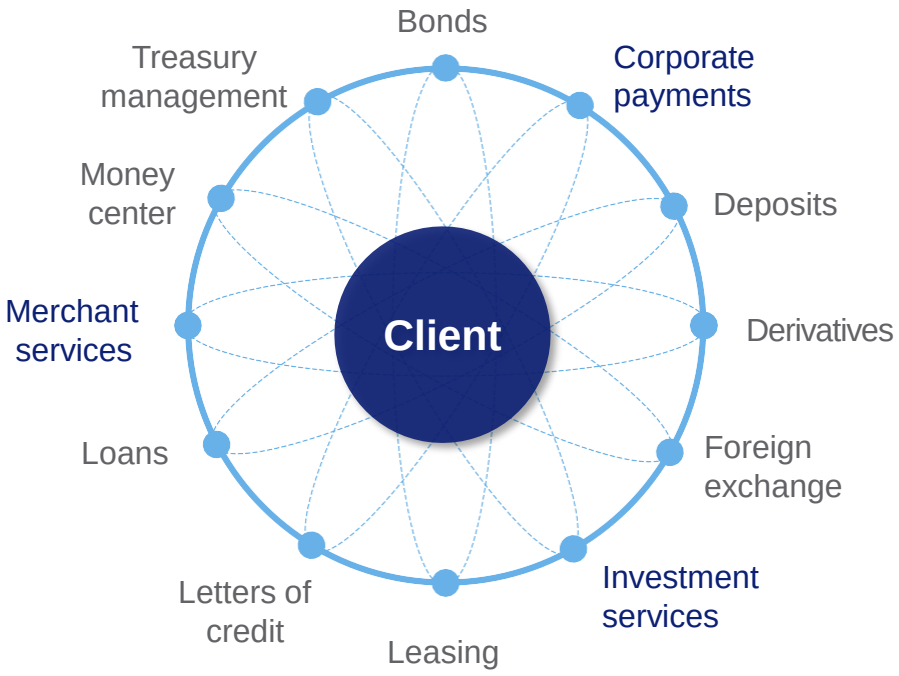
	Lead Managed Business	
	1H2016	1H2019
rank	#11	#9
market share	13.3%	20.4%

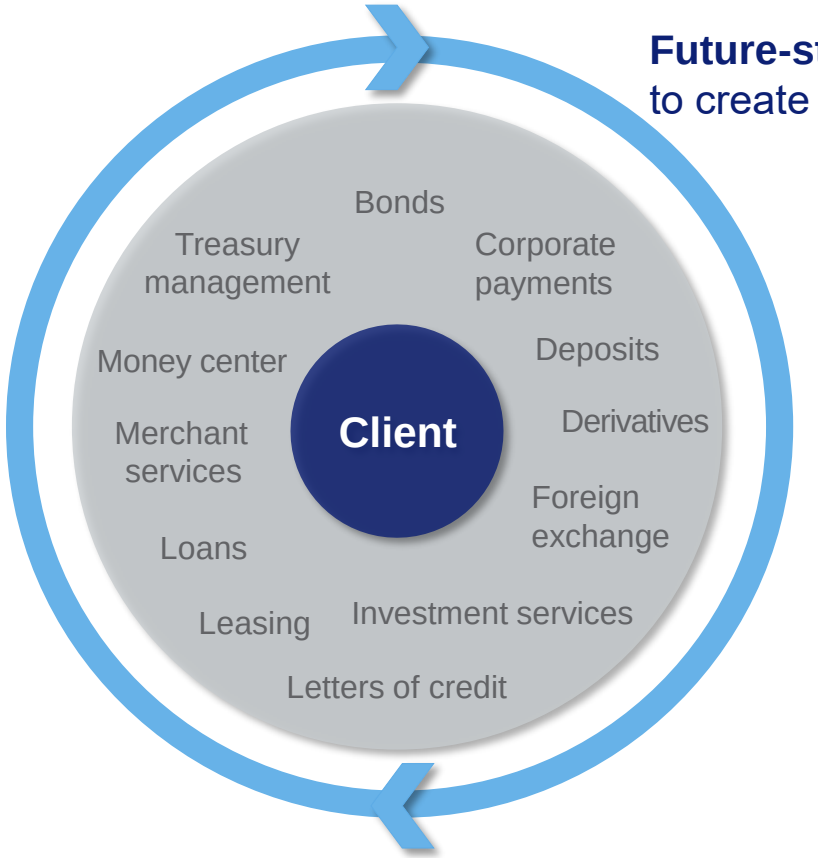
Bond rankings source: Thomson Reuters, League Table data through 6/30/19

Leveraging the Strength of One U.S. Bank

We are **partnering across U.S. Bank** to integrate our holistic array of products and solutions.

Present-state: full set of point solutions





Future-state: integration of solutions to create client experiences that are…

seamless

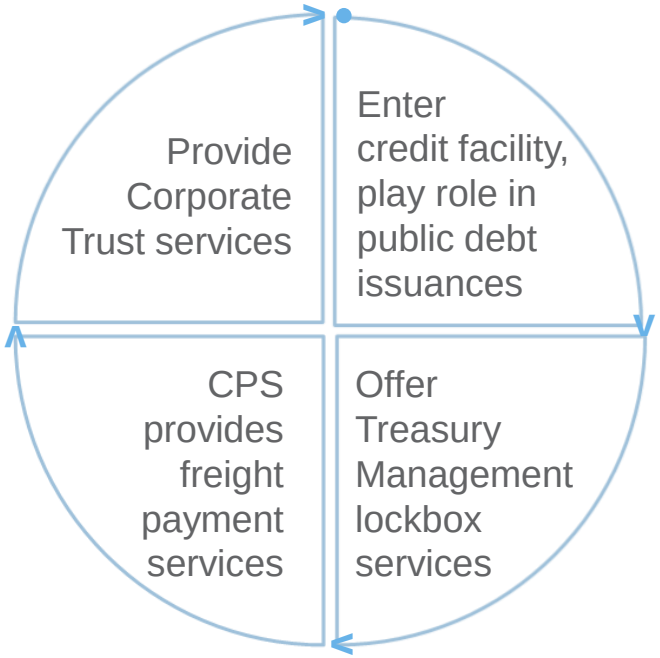
autonomous

real-time

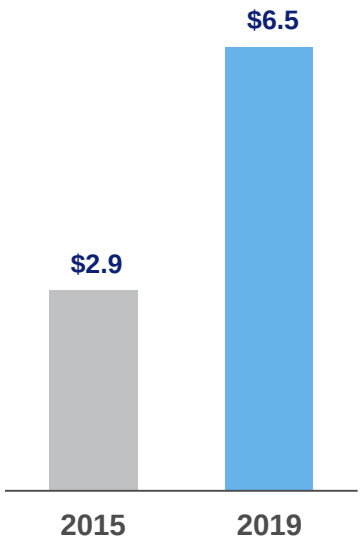
optimized

Deepening Relationships as One U.S. Bank

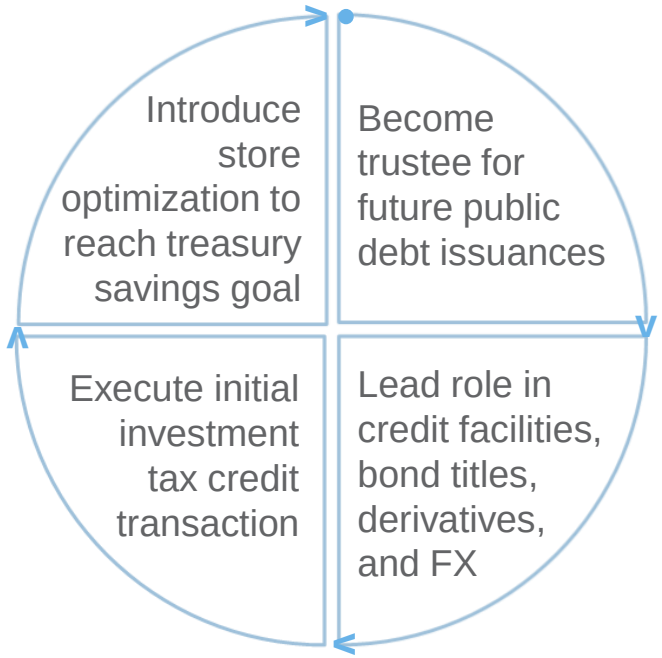
Client 1: auto manufacturer



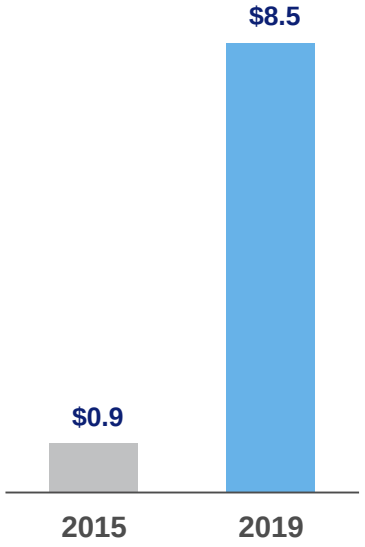
2x
revenue growth



Client 2: consumer beverage



9x
revenue growth

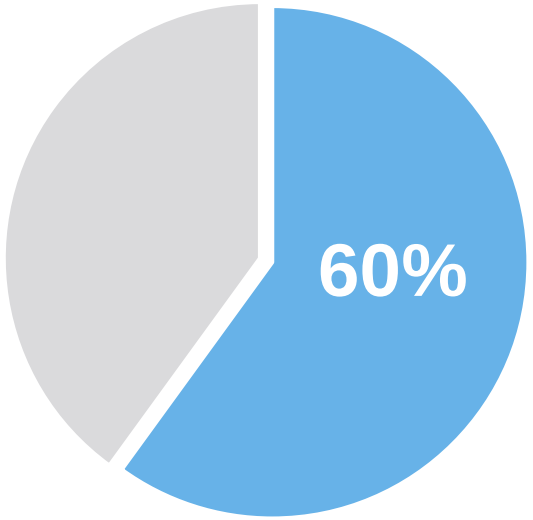


$ in millions, 2019 revenue represents the twelve months ended 7/31/2019

Digitization of Business Payments: the B2B Opportunity



estimated size of
U.S. **B2B market**

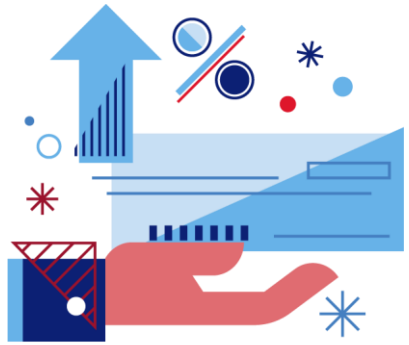


paper-based B2B payments
in North America

Source: Deloitte

Pivoting Toward the Future: Digitization of Business Payments

As the pace of digital adoption accelerates, we see tremendous opportunity to **add value for our customers throughout the working capital lifecycle.**



our clients' priorities

- **simplify operations**
- **optimize cash flow**
- **manage risk**
- **utilize data to support decision-making**



where we're investing

- **real-time payment solutions**
- **digital user interaction**
- **simplified connectivity and onboarding**
- **data-driven insights**

In Summary…

We are:

- Leveraging our competitive advantages
- Building on the success of past investments
- Expanding our reach through increased distribution and enhanced product capabilities
- Investing in the digitization of business payments

We expect to:

- Deepen client relationships
- Continue to gain share via opportunities in lending and capital markets
- Capture market share in the emerging business payments space as the shift toward digital accelerates

U.S. Bancorp Investor Day
Payment Services

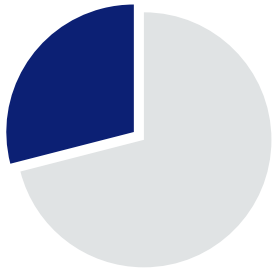
Shailesh Kotwal
Vice Chair, Payment Services

September 12, 2019

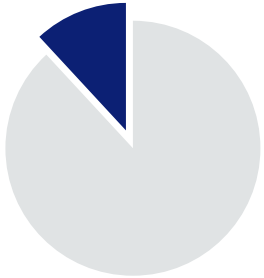
Payment Services

Contribution to USB:

29% of USB's total net revenue



11% of USB's total average loans



42% of USB's total fees



1H19 highlights:

$ in millions	1H19	change vs. 1H18
Net interest income	**$1,215**	1.1 %
Noninterest income	**1,801**	2.9
Net revenue	**3,016**	2.2
Noninterest expense	**1,522**	4.0
Net Income	**684**	(2.4)

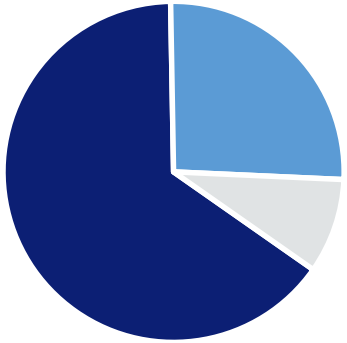
	1H19	change vs. 1H18
Net interest margin	**7.37 %**	(55 bps)
Efficiency ratio*	**50.5**	90 bps
Return on average assets	**3.53**	(36 bps)

$ in millions	1H19	change vs. 1H18
Retail payment solutions fees	**$675**	(0.6) %
Global merchant acquiring fees	**795**	5.0
Corporate payment systems fees	**331**	5.4

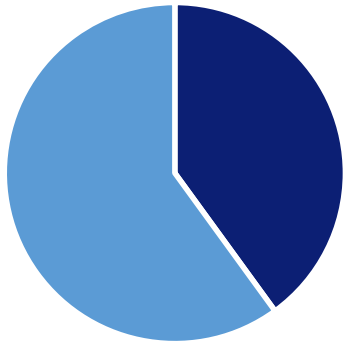
Full-year 2018 data unless otherwise noted; net interest income ("NII") and net interest margin on a taxable-equivalent basis
Total net revenue, average loan and fee percentages exclude Treasury and Corporate Support; see slide 160 for calculations
* Non-GAAP, see slide 164 for calculation

Financial Highlights

Total net revenue breakdown:



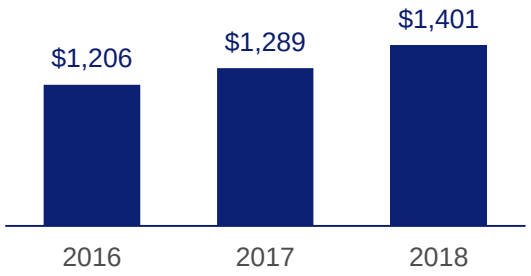
Retail payment solutions – **65%**
Global merchant acquiring – **26%**
Corporate payment systems – **9%**



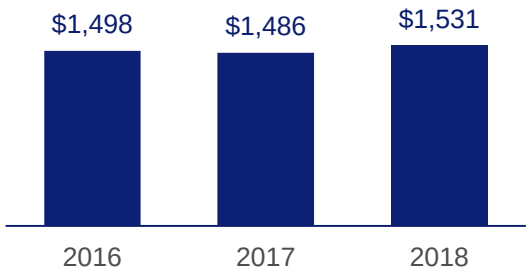
40% NII
60% fee income

Fee revenue:

Credit and Debit Card Revenue
2016-2018 CAGR: 7.8%



Merchant Processing Services
2016-2018 CAGR: 1.1%



Corporate Payment Products Revenue
2016-2018 CAGR: 9.1%



$ in millions
NII = Net interest income

A Scale Player Across Payments

#1 payments provider to the U.S. Federal Government
Card, Freight and Fleet[1]

#1 agent financial institution issuer
ranked by average net receivables[2]

#2 freight payment provider
ranked by purchase volume[2]

#3 U.S. commercial card issuer
ranked by purchase volume[3]

#3 U.S. fleet card issuer
ranked by purchase volume[3]

#4 European merchant acquirer
for countries in which we operate[4]

#5 U.S. merchant acquirer
ranked by Visa and Mastercard volume[5]

#5 U.S. credit card issuer
ranked by Visa and Mastercard purchase volume[6]

1) Source: company reports and GSA website; 2) Source: company reports; 3) Source: Nilson Report #1134 and company reports; 4) Source: Global Data, countries include UK, Ireland, Poland, Norway and Germany; 5) Source: Nilson Report #1149, excludes joint ventures; 6) Source: Nilson Report # 1148

Retail Payment Solutions



Differentiated issuing platform

- Scalable operating platform enables us to provide a competitive, comprehensive and turn-key suite of card issuing services and capabilities

Unique distribution

- ***Largest U.S. provider of agent financial institution (FI) issuing***
- Nearly 1,400 FI partners with over 15,000 branches

Diversification through enterprise-class cobrand corporate partnerships

- 13 major partners with over 18,000 distribution points

Proprietary brand

- U.S. Bank-branded consumer and small business cards
- Distributed through approximately 3,000 USB branches and online/mobile channels

Global Merchant Acquiring



International processing platform

- Pan-European acquirer processing ***100+ currencies in 25+ countries***

Integration with software vendors

- Continuing to build, buy and collaborate on solutions that drive growth in our ISV distribution channel and enhance our offerings in select vertical markets
- ***ISV partnerships up more than 40% YoY***

Industry vertical specialization

- Key verticals include airline, hospitality, healthcare, and small- and medium-sized businesses (SMBs)
- Added capabilities serving state and local governments

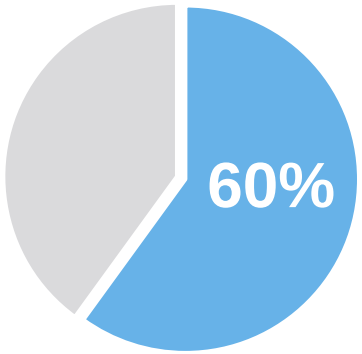
Delivering comprehensive and seamless banking solutions

- Integrating banking products with merchant processing capabilities

Corporate Payment Systems



estimated size of U.S. **B2B market**[1]



paper-based B2B payments in North America[1]

Leading provider in corporate B2B payables

- ***Serving nearly 200 of Fortune 500 companies*** with commercial purchasing and T&E cards
- Fast-growing virtual pay offerings
- Largest payments provider to the U.S. government

Proprietary, closed-loop fleet and freight payment networks

- Invoice, audit and payment solutions
- Fleet *Voyager* cards accepted at 320k+ fueling and maintenance locations

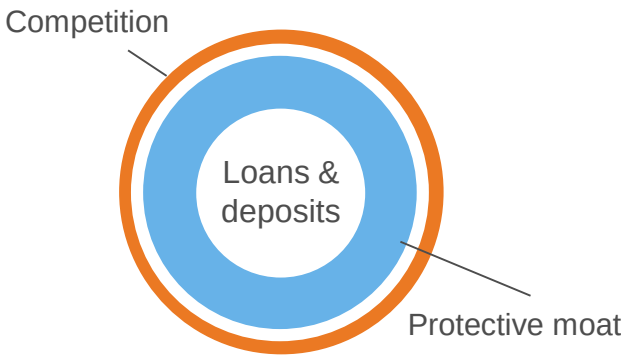
Digitized business payments

- Collaborating with treasury management and software providers to digitize
- Creating simple, seamless integrated business payment experiences

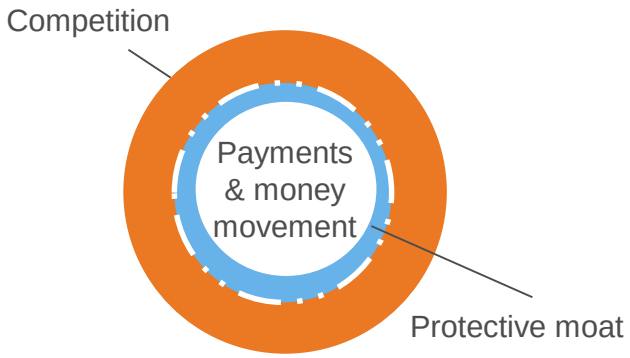
1) Source: Deloitte

The Competitive Environment

As the lines between traditional banking and payments capabilities blur, there is opportunity for **integrated banking and payments solutions.**



the moat around balance sheet-driven businesses remains intact



lower barriers to entry within payments result in competition from non-banks

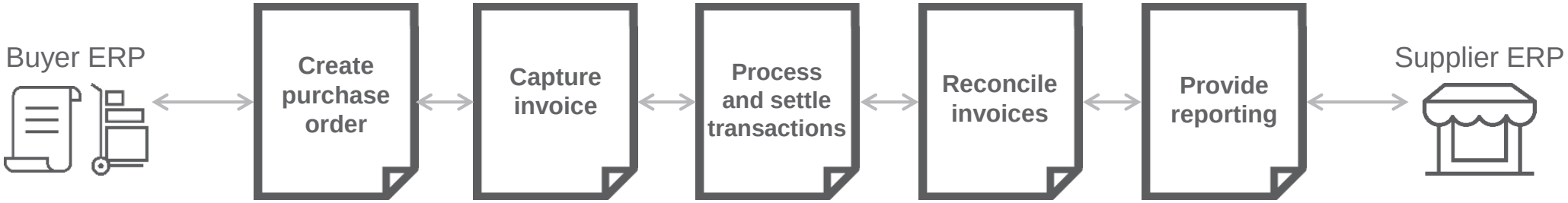


accelerated digitization creates opportunities to leverage data

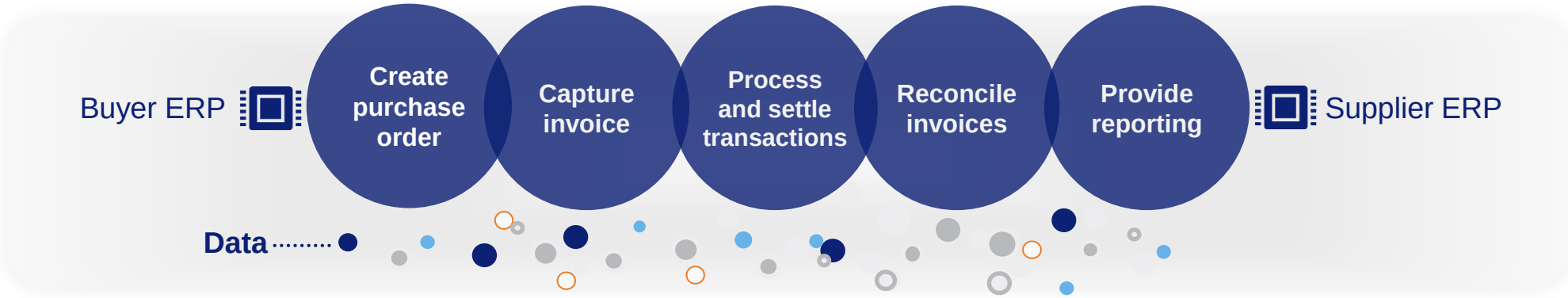
We're Already Positioned to Digitize the B2B Payments Process

We are collaborating across U.S. Bank to enable simple, seamless, and integrated business payment solutions that add value for both buyers and suppliers.

Typical disconnected, paper-based supply chain:



Digitized and integrated supply chain:



Our Strategy and Key Initiatives



Driving digitization and leveraging data across both consumer and business payments



Expanding our reach via added and enhanced capabilities and distribution



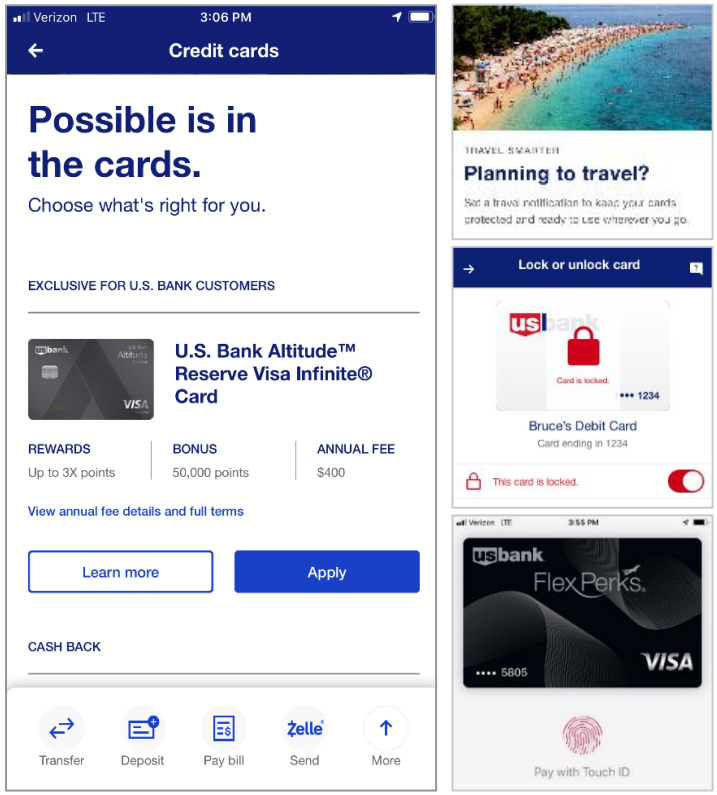
Integrating business payments with a broader set of banking solutions to serve our customers' needs holistically



Ubiquity

Digitization With Analytics and Insights

Investing in digital-first payments capabilities leveraging data and insights to bring our customers choice, convenience and control.



Enabling customer DIY:

- Accelerate new account growth
- Increase customer engagement
- Drive efficiency and customer satisfaction

Innovative solutions for merchants and corporate customers:

- Streamline complex processes
- Boost customer efficiency
- Reduce customer risk
- Capture previously untapped spend categories

Digitizing travel agency payments

- Over $230B addressable market
- Leveraging Amadeus B2B Wallet
- Elavon processing and USB Virtual Pay capabilities
- Reduces costs by up to 70% over current payment methods (bank wire, check)

Expanding Our Distribution and Capabilities

Expanding our distribution

Buying

- Over $3B in card portfolio acquisitions
- 60+ deals in the financial services sector via Elan
- Six merchant and B2B capability acquisitions

Building: integrated payments partner tools

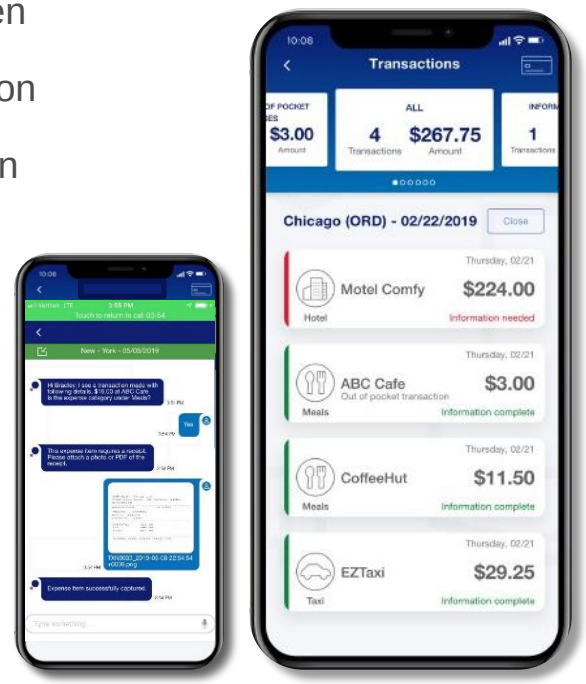
- Developer portal enhancements
- APIs and software development kits
- ISV partnerships **up more than 40% year-over-year**

Collaborating: Expense Wizard

- Digitizing infrequent traveler expense management
- AI-driven digital tools and customer control

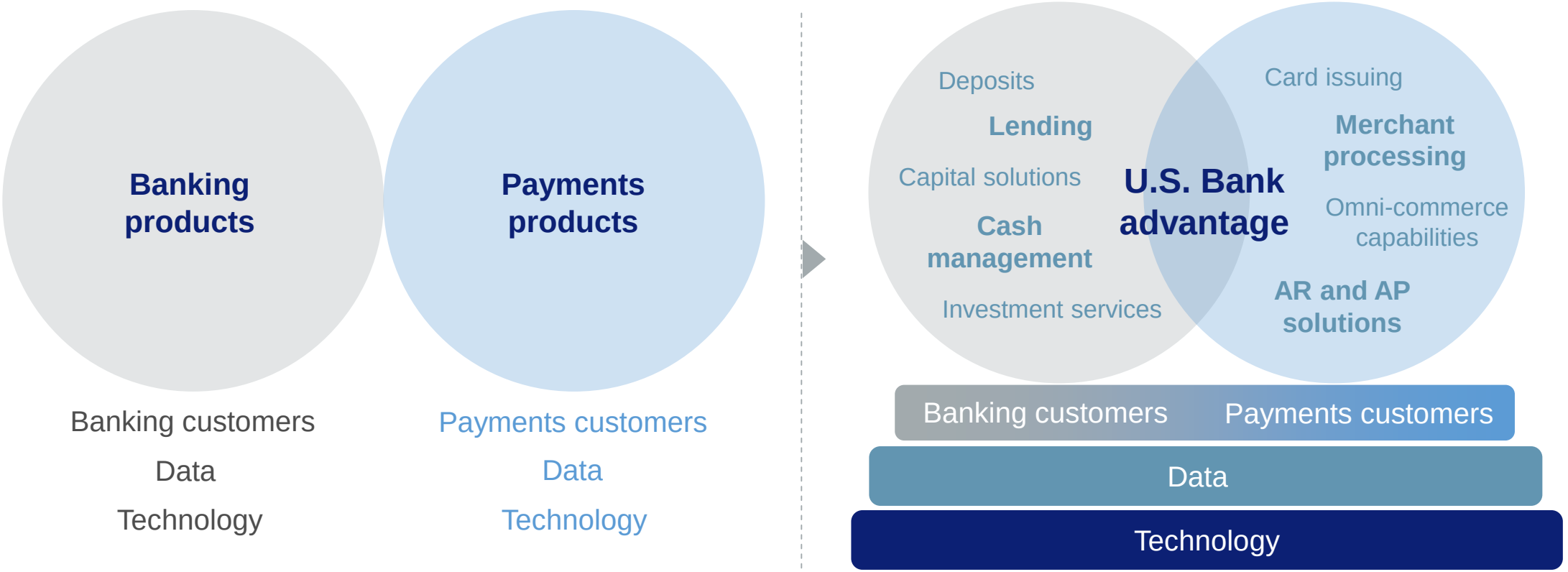
Innovative products capturing new spend

- Artificial intelligence-driven
- Chrome River collaboration
- Leveraging virtual cards in mobile wallets
- Addressable market spend of $150 billion



Integrating Payments With Our Full Set of Banking Solutions

We are **partnering across U.S. Bank** to provide our customers a holistic array of “money in, money out” solutions.



In Summary…

- Strong, **at-scale franchises** in issuing, acquiring and corporate B2B payments
- **Extensive** network of **distribution** points, innovative products and capabilities
- Unique, **proprietary platforms** at scale
- Expanding reach with integrated software vendors delivering **omni-commerce solutions**
- Leveraging **data and digitization**
- **Integrating an extensive set of payments and banking solutions**

U.S. Bancorp Investor Day
Risk Management

Jodi Richard
Vice Chair, Chief Risk Officer

Mark Runkel
Executive Vice President, Chief Credit Officer

September 12, 2019

Key Risk Management Strategies

A strong risk culture is embedded in our corporate strategy and will continue to be foundational to our long-term success.

Our focus:

- Ensuring sustainability of programs
- Staying ahead of emerging risks
- Simplifying processes
- Remaining agile
- Leveraging data and analytics

Aligned with our risk appetite:

- Undertaking risk prudently
- Avoiding undue concentrations of risk
- Avoiding activities that may damage our reputation
- Avoiding unnecessary complexity
- Maintaining sufficient capital and liquidity

Ensuring Sustainability of Risk and Compliance Programs

We invest in people, processes and technology to mature our risk programs.

Keys to success

- Experienced **staff** and sufficient **resources**
- **Consistent tone** and messaging throughout every layer of the organization
- Speak up **culture** and **rapid escalation** of issues
- Continued **investment** in automation and new technologies
- **Collaboration** with participants across the industry

Key and Emerging Risks

Our programs continually evolve to address the current environment.

Key risks	Emerging risks	Regulatory and geopolitical risks
• Cybersecurity • Real-time payments • Model management • Third party • Credit • Reputation	• Competitive environment • Digital interactions • Emerging technologies • Customer privacy • Market and interest rate volatility	• Capital tailoring • LIBOR replacement • Tariffs

We manage these risks through:

- Increased investment in technology, process improvements and validation
- Maintenance of existing, disciplined risk processes with early and ongoing engagement of risk specialists

Key Risk: Cybersecurity

Cyber adversaries are becoming more sophisticated all the time, but we are evolving.

We continue to invest in and enhance our Cybersecurity program:

- **Executive Cyber Dashboard** monitors current threats, defense effectiveness and status of our overall Cyber program
- **3rd Party Independent Assessments** enable us to identify and implement program enhancements in a rapidly changing environment
- **Scenario Planning** involves continually exercising scenarios and applying lessons learned from others and updating playbooks
- **Board Subcommittee** adds focus to Cybersecurity risks facing the industry



Key Risk: Real-time Payments

The changing risk landscape is creating new challenges.



Fraud Detection

Invested in Fraud Behavior Analytics platform and other front-end fraud detection systems

Real-time Transaction Processing

Foundational change moving from batch processing environment to real-time transaction processing

Operational Resiliency

Ensured our operational resiliency processes are designed to meet changing 24-Hour Banking expectations

Optimization of Processes

We are adapting quickly in today's changing environment in ways that add value.

Supporting business growth ***Ensuring adherence to all existing risk programs***	**Innovating** ***Simplifying and optimizing***
Integrated into every Agile Studio	"Risk Studio" focused on improving, streamlining and enhancing risk programs
Early engagement, collaboration and transparency	Process simplification for employees and customers

Leveraging Data and Analytics

Data and analytics enhance our ability to manage risk while driving simplification.

U.S. Bank is applying advanced analytics in a variety of areas:	
Account originations	New tools and data (e.g., device reputation, bot detection, Synthetic ID Scores and Rapid Default Models) have resulted in **over $5 million** in loss avoidance
Transaction monitoring	Advanced analytics to monitor for unauthorized transactions and account abuse have resulted in **over $10 million** in loss avoidance
Anti-money laundering	Machine learning to detect suspicious behavior and structuring activity has **doubled the accuracy** of traditional methods (11.3% vs 22.8%)
Quality assurance testing	Data automation has increased sample testing populations for select consumer regulations from 20% to **100%** with less staff

Credit Risk Management

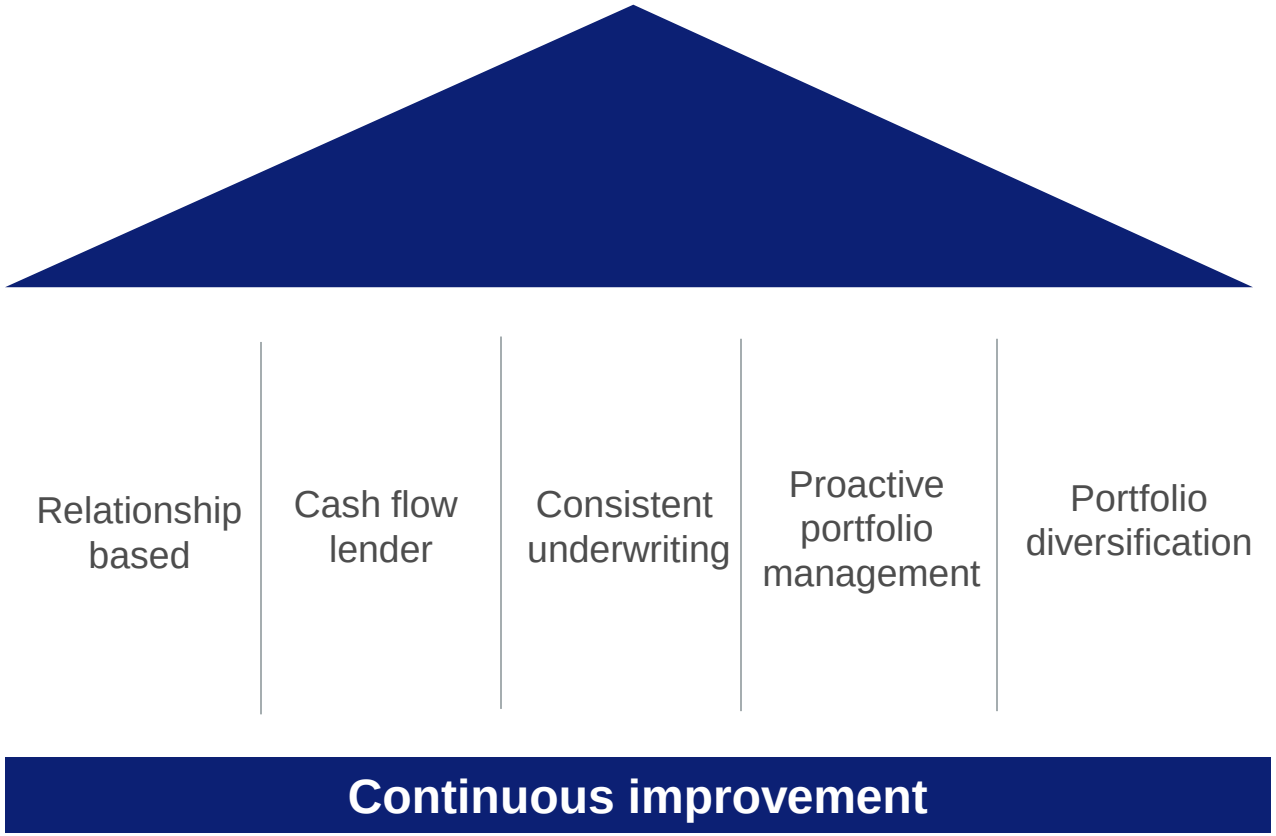
Credit Risk Management is a Core Competency

A strong credit culture is key to our long-term, consistent performance.

Supports and enables prudent long-term growth

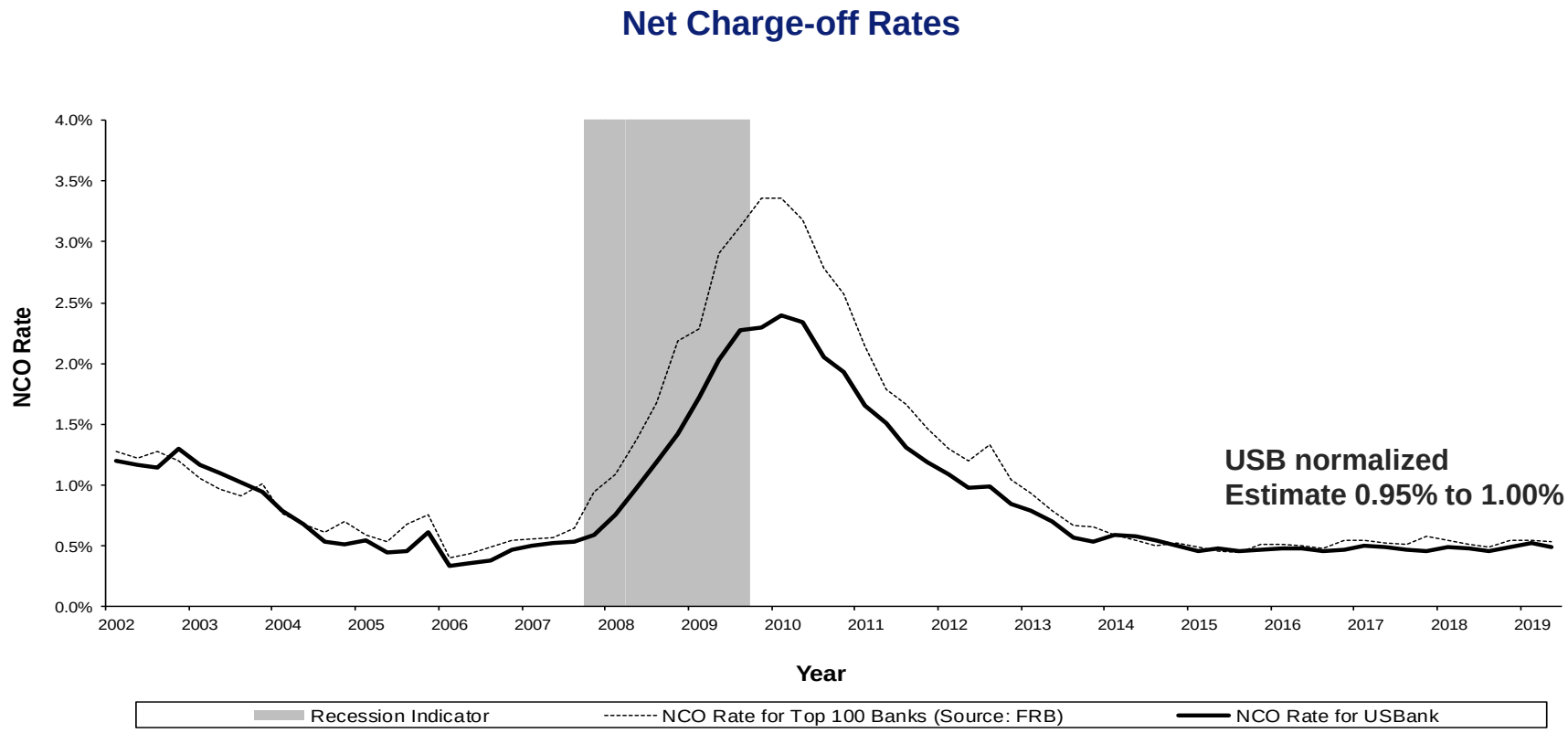
Enhances our position as the most trusted choice

Produces consistent results



Lower Volatility

During periods of stress, our results are less volatile than the industry due to our disciplined credit culture.



Credit Risk Management Begins With Consistent Underwriting

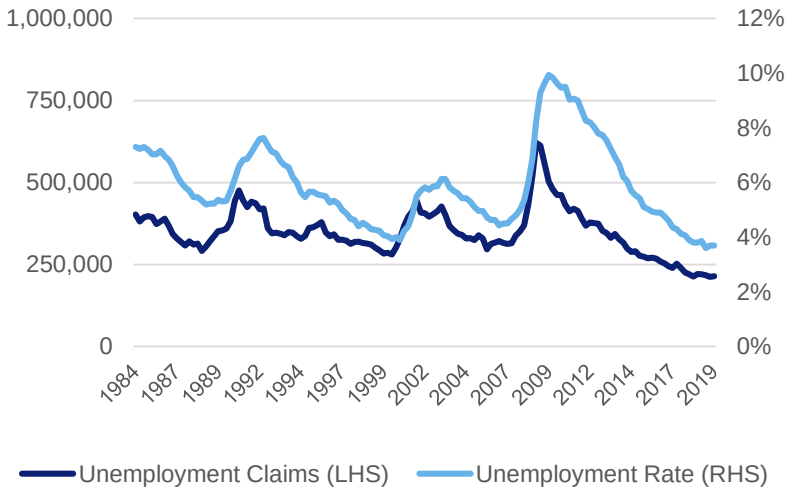
Portfolio	2Q19 Wtd Avg FICO/Bond rating equivalent	2Q19 Avg LTV
Residential mortgage	763	73%
Home equity	782	68%
Auto loan	782	99%
Auto lease	781	94%
Credit card	775	N/A
Commercial	Baa3/BBB-	N/A
Commercial real estate	Ba1/BB+	61%

- Prime-based lender for retail portfolios
- Principally investment grade equivalent in commercial portfolios
- Commercial Real Estate is relationship-based with consistent underwriting

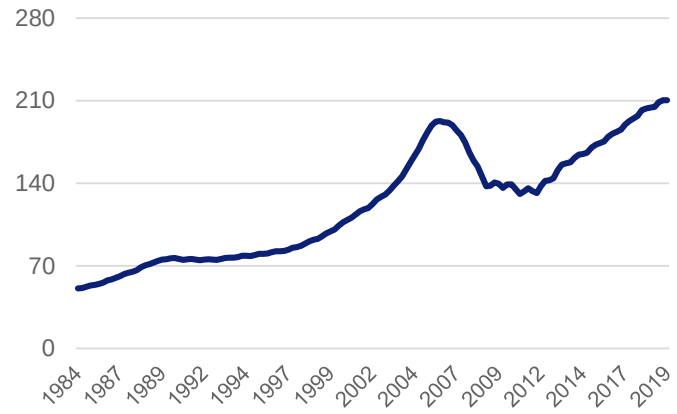
Debt rating agencies: Moody's and S&P

Early Warning Indicators Enable Proactive Portfolio Management

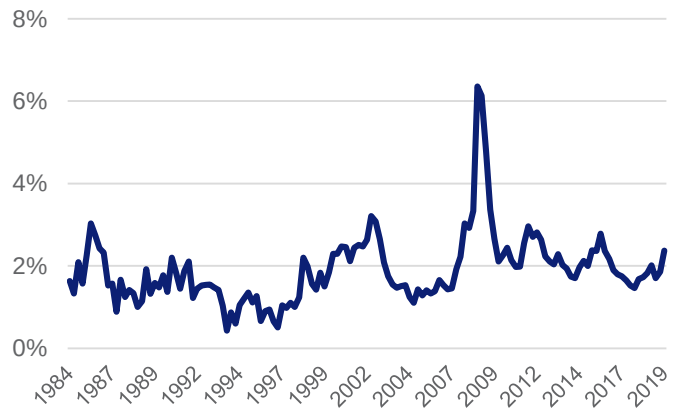
Unemployment claims/rate [(1)]



Housing Price Index [(2)]



BBB bond spread [(3)]



Sources: (1) Moody's and FRED; (2) CoreLogic; (3) Bloomberg

Risk Management Supports Consistency Through the Cycle

Through the cycle remains at 95-100 bps

Through the Cycle Expected Loss Rates

Loan Portfolio	Normalized NCO%
Commercial	0.40%
Commercial Real Estate	0.65%
Small Business	2.35%
Residential Mortgages	0.35%
Credit Cards	4.65%
Other Retail	0.90%
Total	0.95%

[1]

In Summary: Prudent Risk Management is a Core Competency

Strong risk management supports best-in-class growth and returns through the cycle.



Proven track record



Strong governance and culture



Agile risk mindset



Proactively addressing emerging risks



Focus on through-the-cycle performance

U.S. Bancorp Investor Day
Financial Management

Terry Dolan
Vice Chair, Chief Financial Officer

September 12, 2019

Agenda

- **What we have achieved**

 Growth

 Efficiency

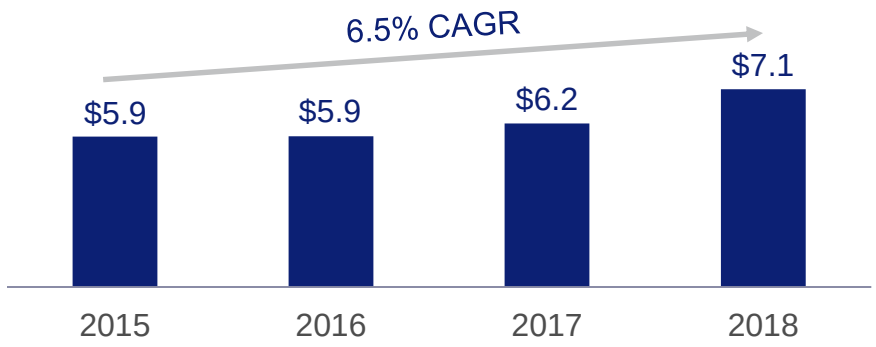
 Returns

 Sustainability

- Review of U.S. Bank's performance and positioning
- Long-term strategic expectations

What We Have Achieved — Growth

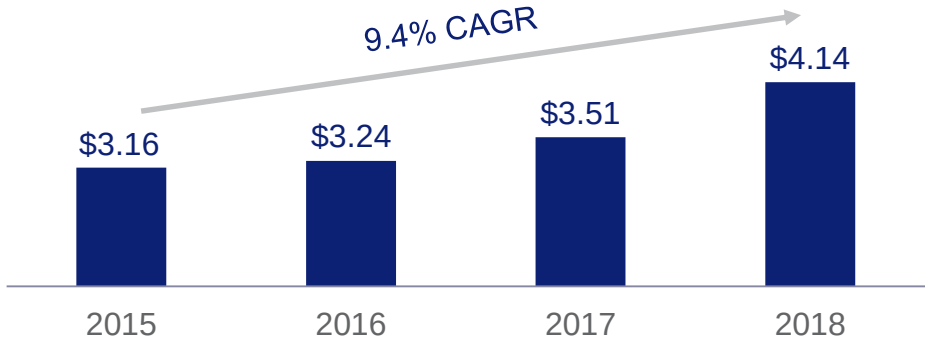
Net Income ($bn)



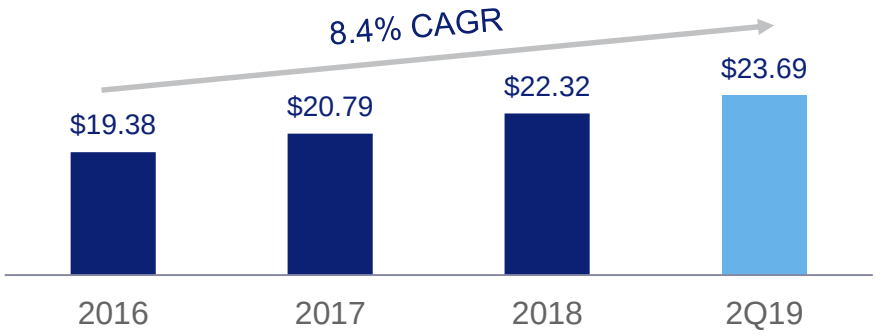
Observations

- Rising rates since 2016
- Elevated compliance costs through 2017
- Regulatory environment moderating
- 2017 Tax Reform legislation
- Reliable capital generation/payout

Earnings Per Share (diluted)



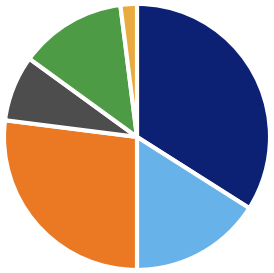
Tangible Book Value Per Share



Growing Balance Sheet

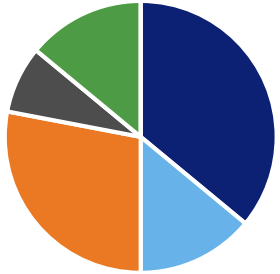
Average Loans

2016 Average Loans
$268 billion



- Commercial – **34%**
- Commercial Real Estate – **16%**
- Res Mtg and Home Equity – **27%**
- Credit Card – **8%**
- Other Retail – **13%**
- Covered – **2%**

2Q19 Average Loans
$289 billion

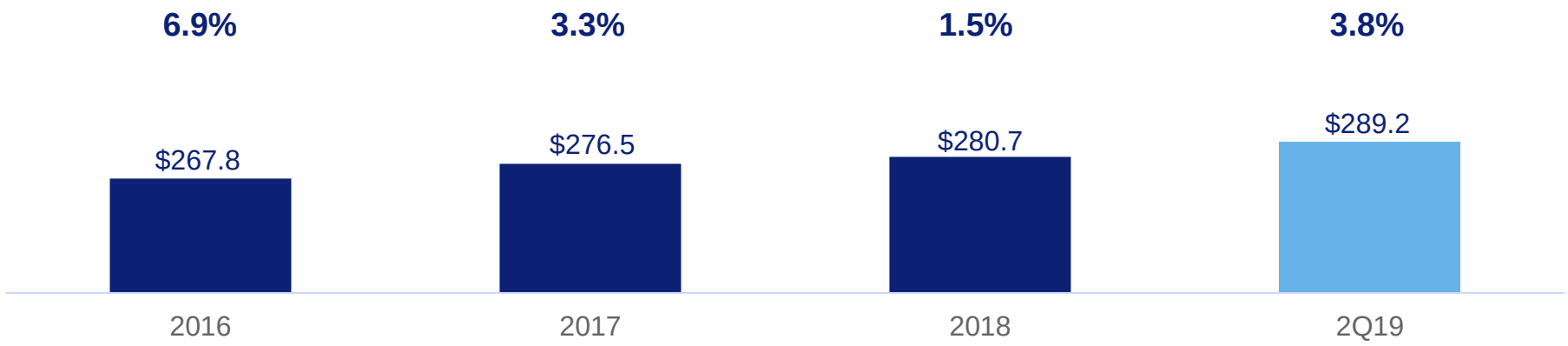


- Commercial – **36%**
- Commercial Real Estate – **14%**
- Res Mtg and Home Equity – **28%**
- Credit Card – **8%**
- Other Retail – **14%**
- Covered – **0%**

8.0% Growth USB

8.0% Growth Peer Median

Year-Over-Year Growth ($bn)

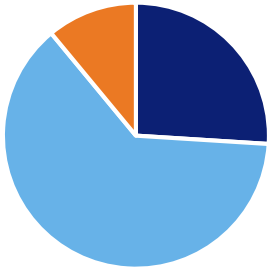


Peers include: BAC, BBT, FITB, JPM, KEY, PNC, RF, STI, and WFC
All excluding significant acquisitions

Growing Balance Sheet

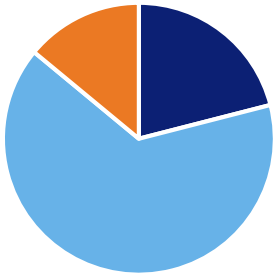
Average Deposits

2016 Average Deposits
$313 billion



Noninterest-bearing – **26%**
Checking and Savings – **63%**
Time – **11%**

2Q19 Average Deposits
$345 billion

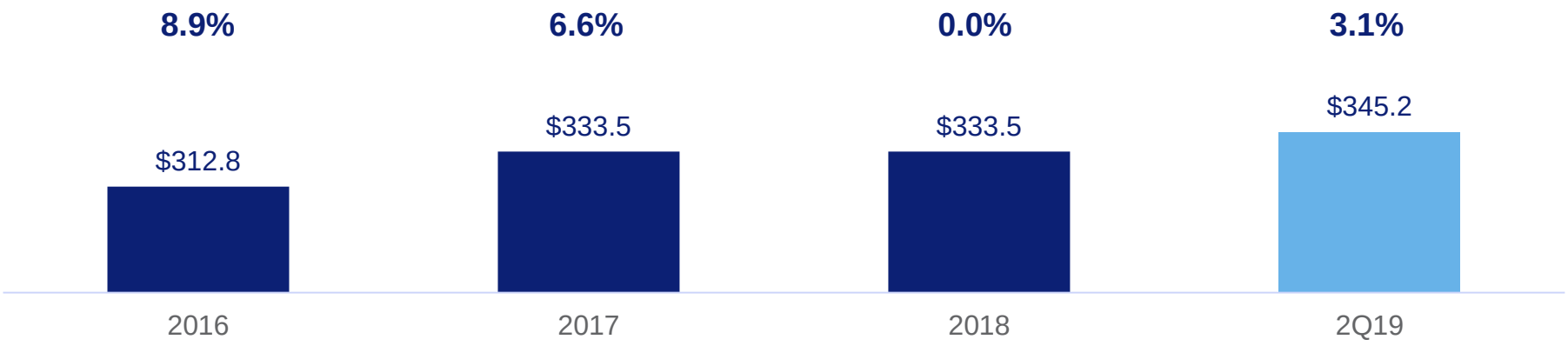


Noninterest-bearing – **21%**
Checking and Savings – **65%**
Time – **14%**

10.4% Growth USB

8.8% Growth Peer Median

Year-Over-Year Growth ($bn)



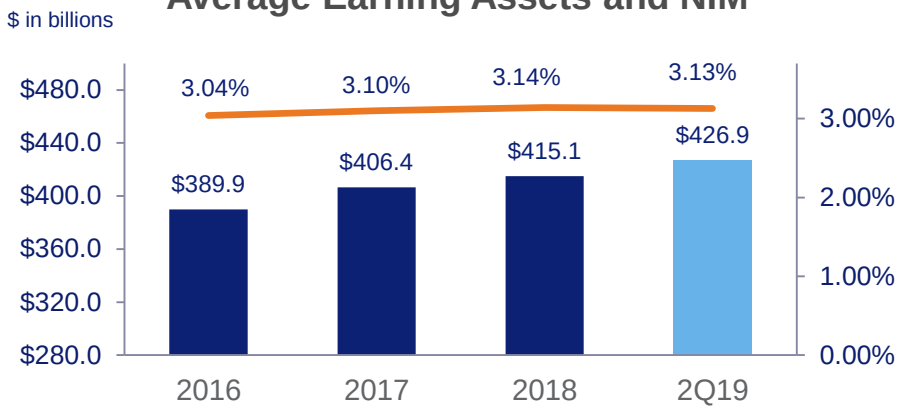
Peers include: BAC, BBT, FITB, JPM, KEY, PNC, RF, STI, and WFC

Revenue Growth

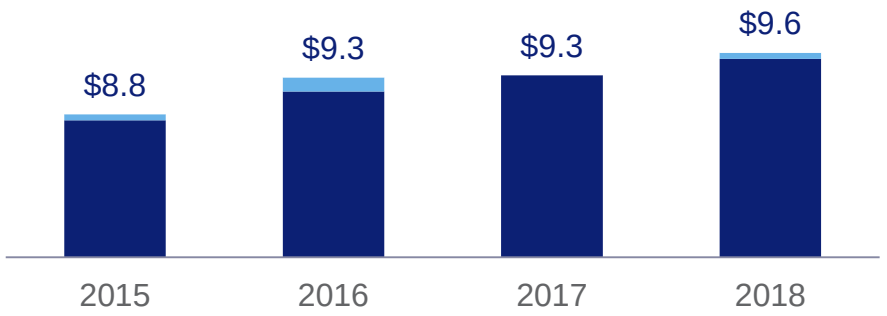
Net Interest Income ($bn) CAGR: 5.0%



Average Earning Assets and NIM



Fee Income ($bn) CAGR: 2.9%

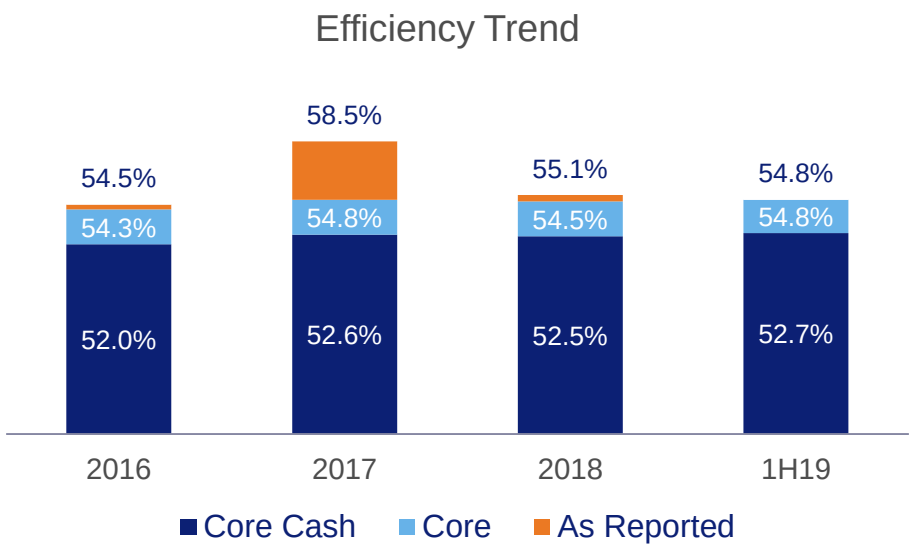


Despite a challenging environment

- Modest economic growth
- Rising rates through 2018
- Yield curve flattening
- Revenue growth of 3.9% CAGR

Fee income notable items: ATM servicing business sale ($340MM) and asset impairments (-$264MM) in 2018; Visa Europe sale ($180MM) in 2016; Visa stock sale ($135MM) and student loan market adjustment (-$58MM) in 2015

Efficiency



Strategic business investments

- Digital-first strategies
- Personalization
- Payments capabilities
- B2B capabilities
- Physical asset optimization
- Agile studios
- IT and operations rationalization
- Cybersecurity

Peer leading efficiency ratio

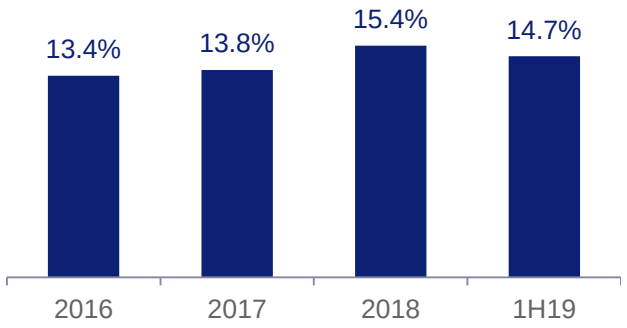
Elevated compliance costs through 2017

Scale and single process platform

Efficiency ratio computed as noninterest expense divided by the sum of net interest income on a taxable-equivalent basis and noninterest income excluding net securities gains (losses); see slide 162 for calculations; Core = Excluding notable items; Core cash = Excluding notable items and amortization/depreciation

Returns

ROE Trend



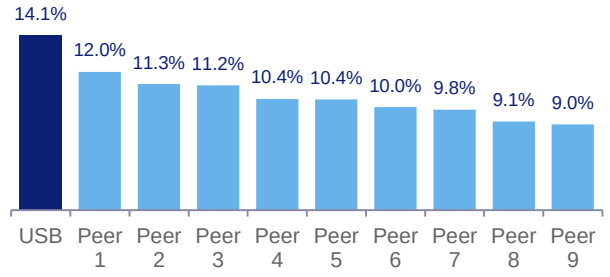
Industry leading profitability

- Capital efficient business mix
- Disciplined capital deployment
- Efficient platform

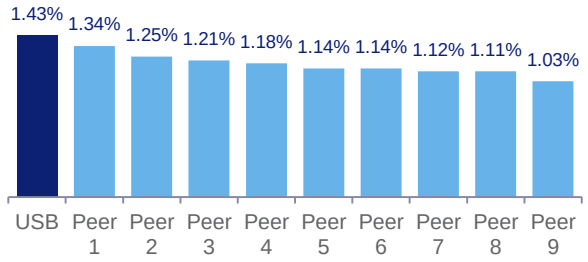
Changing regulatory environment

- Tax reform legislation in 2017
- Regulatory capital requirements
- Moderating regulatory regime

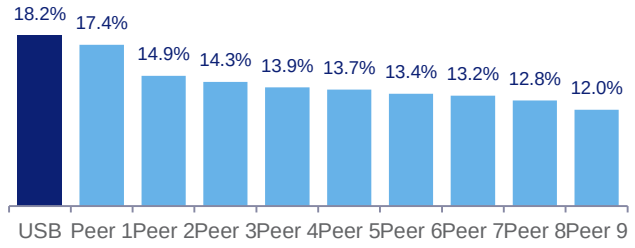
ROE vs Peers - 2016 to 1H19 Average*



ROA vs Peers - 2016 to 1H19 Average*



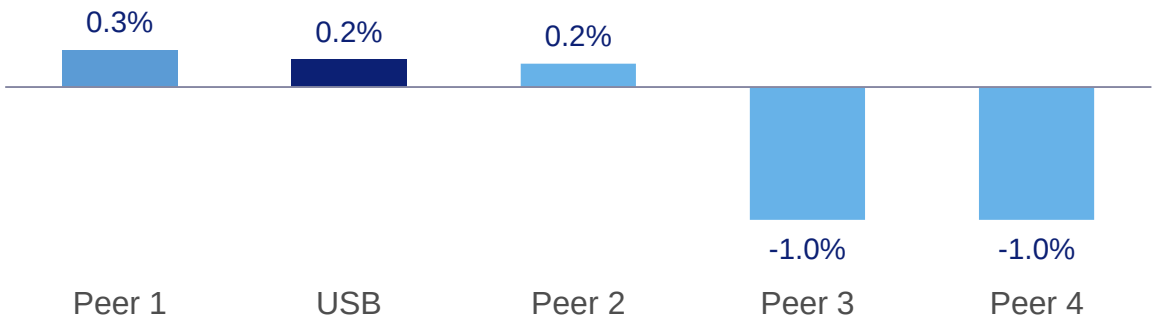
ROTCE vs Peers - 2016 to 1H19 Average*



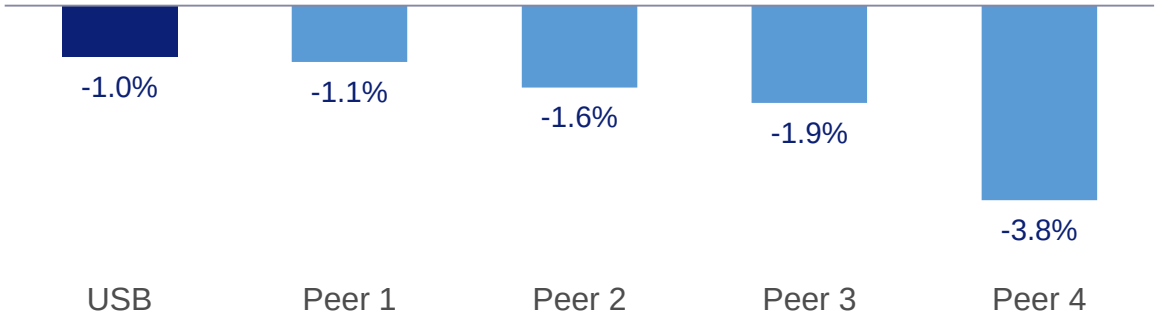
Peers include: BAC, BBT, FITB, JPM, KEY, PNC, RF, STI, and WFC
ROE = Return on Average Common Equity; ROA = Return on Average Assets; ROTCE = Return on Average Tangible Common Equity
*Non-GAAP; excluding notable items; see slides 161 and 163 for calculations

Sustainability — Earnings and Capital

Net Income before Taxes as Percent of Average Assets
(CCAR Cycles 2017-19, 3-year Average)



Common Equity Tier 1 (CET1) Change 2019 CCAR Severely Adverse vs. 4Q18



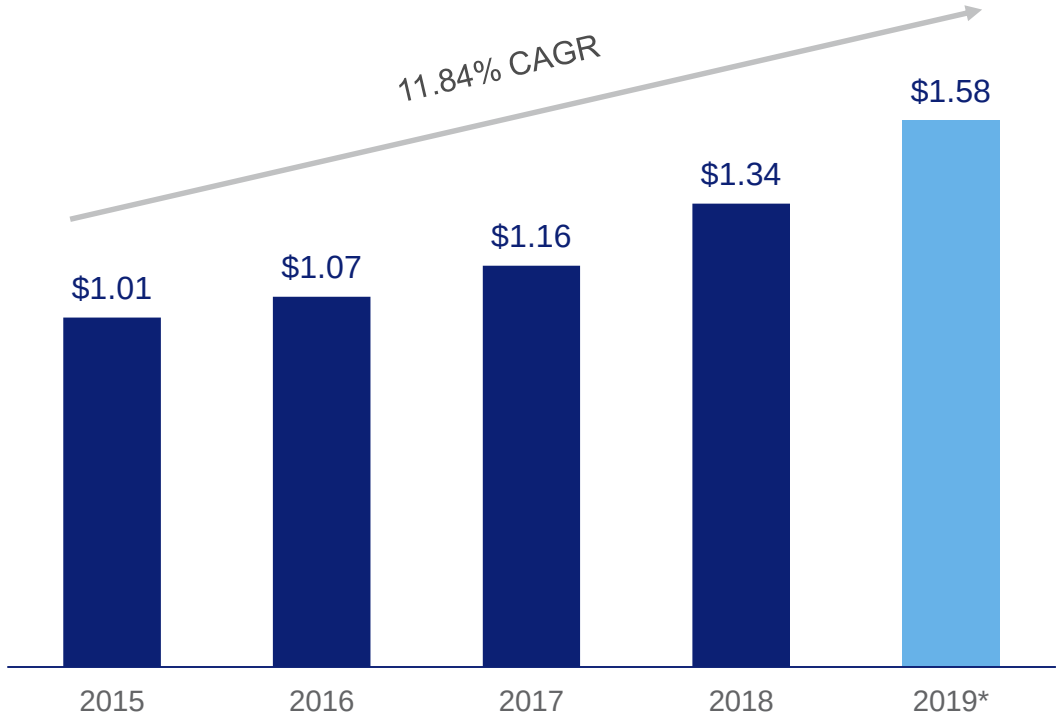
Ability to Perform through the Cycle

- Diversified business mix
- Lower earning volatility through cycle
- Flight to quality given credit ratings
- Credit risk profile under stress
- Sustainability of dividends

Source: Company filings and SNL Financial. Federal Reserve estimates under supervisory severely adverse scenario
Peers include: BAC, JPM, PNC, and WFC

Growth in Dividends

Dividend Growth



- Capacity for dividend growth
- Quarterly dividend raised to $0.42 per share in 3Q19
- 13.5% increase in 2019

*2019 dividend based on CCAR planned distributions

Agenda

- What we have achieved
- **Review of U.S. Bank's performance and positioning**


Diversified revenues


Efficiency as a competitive advantage


Funding as a competitive advantage


Preferred mix of businesses

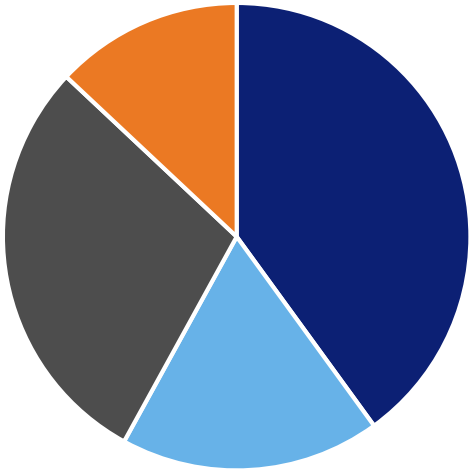

Asset sensitivity and liquidity


Capital flexibility

- Long-term strategic expectations

Diversified Revenues

Revenue Mix by Business

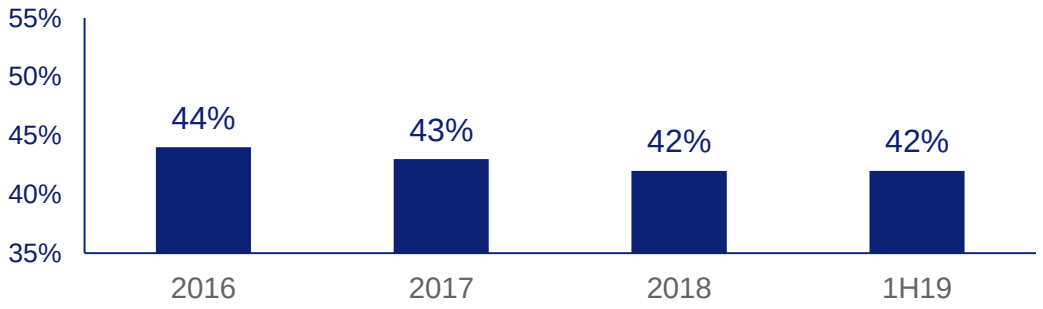


Consumer and Business Banking – **40%**
Corporate and Commercial Banking – **18%**
Payment Services – **29**%
Wealth Management & Investment Services – **13%**

Differentiators

- Corporate trust business
- Payments business capabilities
- Leveraging payments for B2B opportunity
- Fee businesses with higher growth opportunities

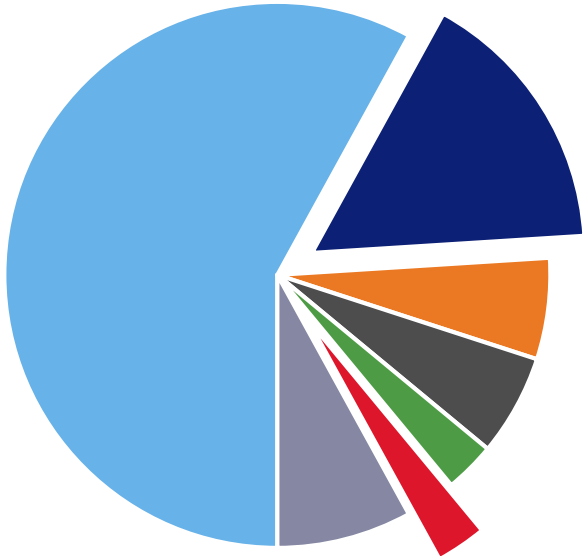
Fee Income/Total Revenue



Full year 2018, taxable-equivalent basis;
Business line revenue percentages exclude Treasury and Corporate Support; see slide 160 for calculations

Preferred Mix of Businesses

U.S. Bancorp Revenue Mix



Interest Income – **58%**

Payments Revenue – 16%

Fiduciary Activities – **6%**

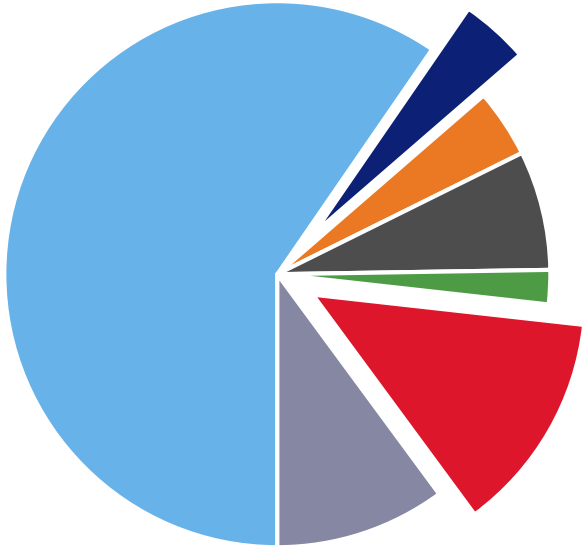
Service Charges – **6**%

Mortgage Fees – **3%**

Trading, Brokerage, Investment Banking – 3%

Other Income Fees – **8%**

Peer Bank Average Revenue Mix



Interest Income – **59%**

Payments Revenue – 5%

Fiduciary Activities – **4%**

Service Charges – **7**%

Mortgage Fees – **2%**

Trading, Brokerage, Investment Banking – 13%

Other Income Fees – **10%**

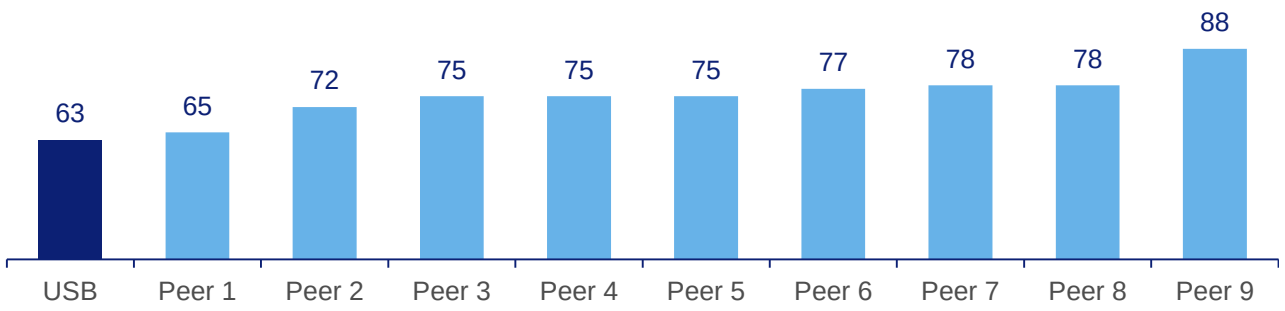
Full year 2018, taxable-equivalent basis; Peers include: BAC, BBT, FITB, JPM, KEY, PNC, RF, STI, and WFC
Source: SNL Financial

Credit Ratings

Best-in-Class Debt Ratings

	Moody's		S&P		Fitch		DBRS	
	Rating	Outlook	Rating	Outlook	Rating	Outlook	Rating	Outlook
USB	A1	s	A+	s	AA-	s	AA	s
JPM	A2	s	A-	s	AA-	s	AA (Low)	s
WFC	A2	on	A-	on	A+	s	AA (Low)	s
BBT	A2	wn	A-	s	A+	s	A (High)	op
BAC	A2	s	A-	s	A+	s	A (High)	s
PNC	A3	s	A-	s	A+	s	A (High)	s
STI	Baa1	wp	BBB+	wp	A-	wp	A	wp
FITB	Baa1	s	BBB+	s	A-	s	A	s
KEY	Baa1	s	BBB+	s	A-	s	A (Low)	op
RF	Baa2	op	BBB+	s	BBB+	s	A (Low)	s

5-Year Bank Debt Spread to U.S. Treasuries (bps)



Competitive Advantages

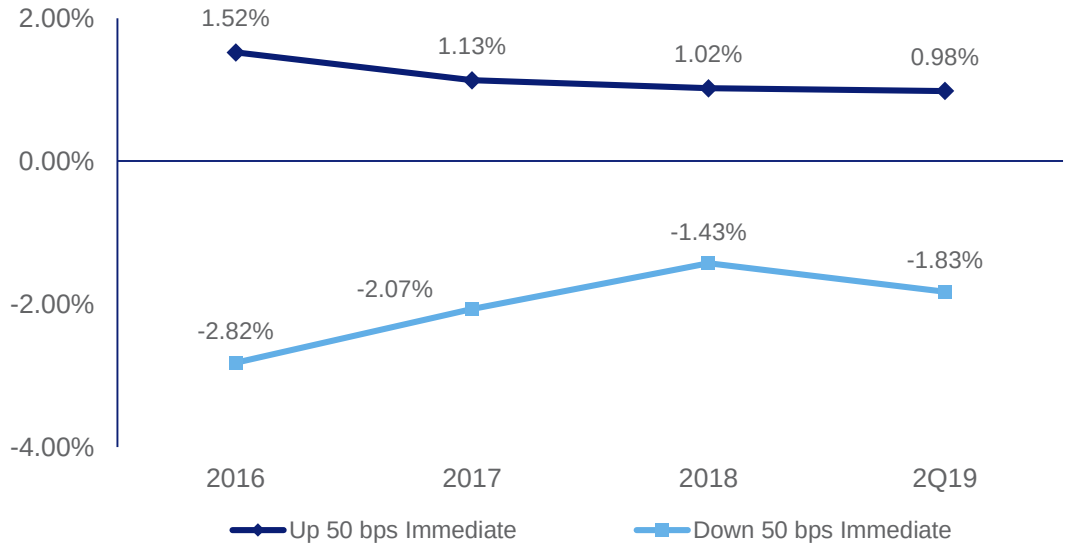
- Lower cost of funding
- Pricing advantage
- Flight to quality
- Customer confidence

Holding company, as of July 31, 2019. op = outlook positive; on = outlook negative; s = outlook stable; wu = watch uncertain; wn = watch negative; wp = watch positive
Debt spread as of September 3, 2019. Peers include: BAC, BBT, FITB, JPM, KEY, PNC, RF, STI, and WFC

Asset Sensitivity and Liquidity

Interest Rate Sensitivity Position

- Relatively neutral asset sensitivity
- Balanced short-term / long-term position
- Industry-wide challenge for near-term



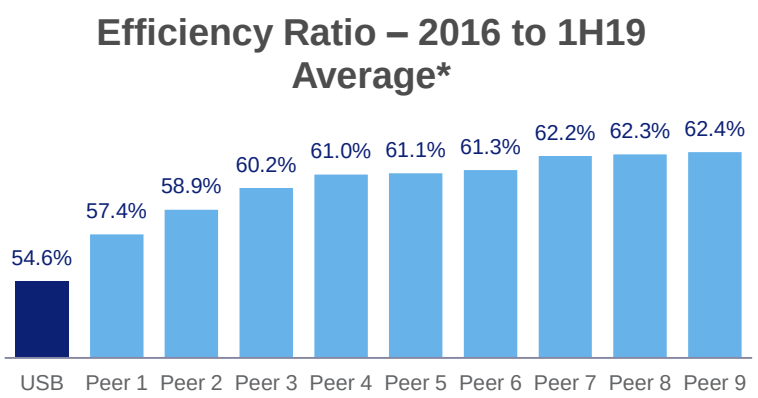
Liquidity Position

- Reliable source of core deposits
- Strong liquidity position
- Diversified sources of liquidity



Cost Structure

Efficient platform



Primary Drivers

- Single processing platforms
- Operating scale in all significant businesses
- Capital / investment process
- Full integration of deals
- Business line reviews

Driver of higher returns

Future drivers of success

- Agile studios/process redesign
- Digitization of products and services
- Financial discipline
- Cost structure rationalization
- Physical asset optimization
- IT and operations rationalization

Peers include: BAC, BBT, FITB, JPM, KEY, PNC, RF, STI, and WFC
*Non-GAAP; excluding notable items; see slide 162 for calculations

Agenda

- What we have achieved
- Review of U.S. Bank's performance and positioning
- **Long-term strategic expectations**

Our Changing Environment

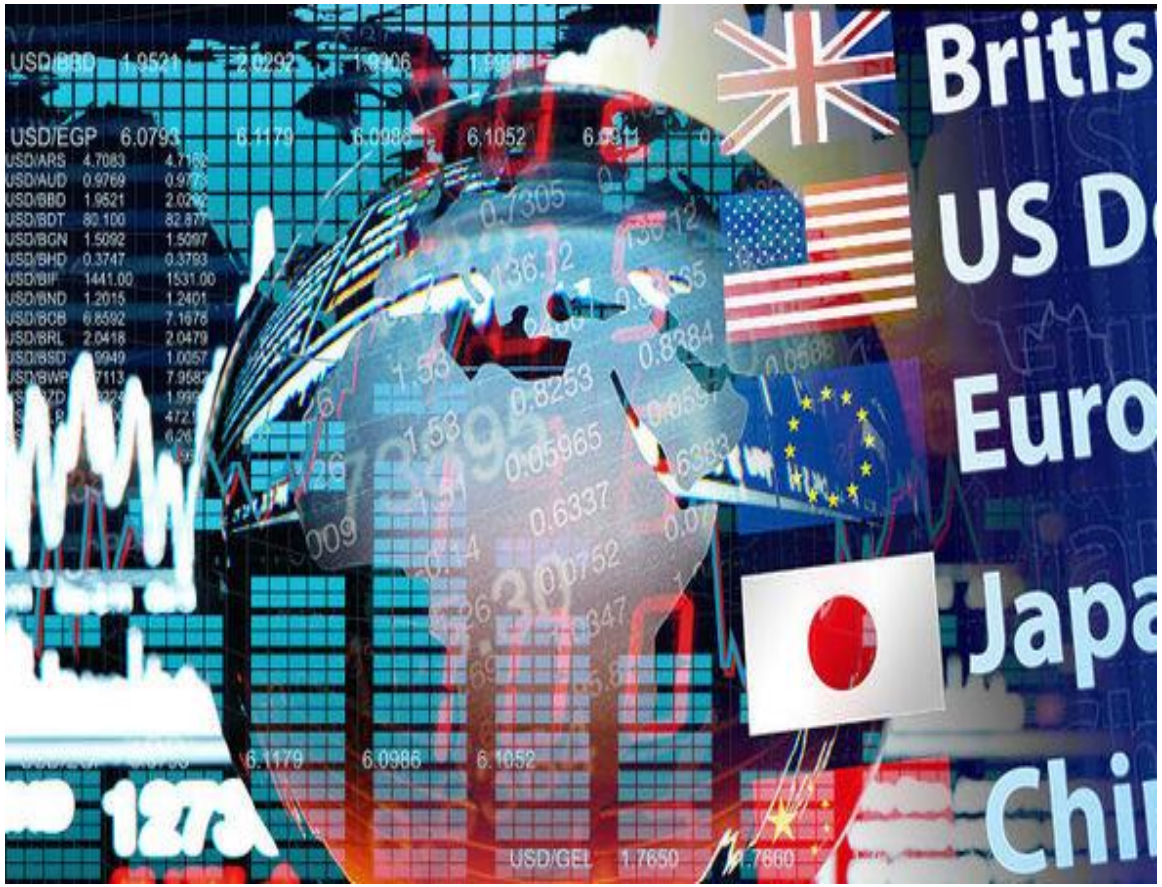
Advantages will drive strong relative performance

Recent competitive challenges	Become opportunities
Lower asset sensitivity	Stronger relative NIM as rates decline
Elevated risk and compliance costs	Risk and compliance costs have moderated
AML / BSA restrict branch optimization	Optimization of physical assets and distribution channels can accelerate
Credit profile moderates growth	Credit portfolio that performs well in recessionary business cycle
Significant capital payouts by peers	Capital levels normalizing / “tailoring rules”

Key Considerations

Macro-economic factors

- Modest GDP growth of 1.5% to 2.0%
- Unemployment stable around 3.5% to 4.0%
- Low inflation in foreseeable future
- Stable consumer confidence
- Fed cuts rates to 1.50% target by early 2020
- Long-end rates:
  - Flat to Aug month end rates in 2019
  - Steepening modestly during fiscal 2020
- Credit quality stable



Optimization and Business Investment

Portfolio management of businesses



- Holistic business review
- Market attractiveness
- Business performance
- Growth opportunity/returns
- Capital required

Recent actions

- Elan ATM processing
- Gaming
- Retail lockbox
- Student lending
- FDIC covered loans

Physical asset optimization accelerating



- Digital focus
- Redesigning employee roles
- Rethinking branch format
- Reinvesting in higher growth locations
- Enhancing the branch experience

Why the change?

- Opportunity to accelerate changes
- Enabling branch redesign/investment
- Digital-first market expansion strategies

Optimization and Business Investment

Focusing on sustainable cost structures

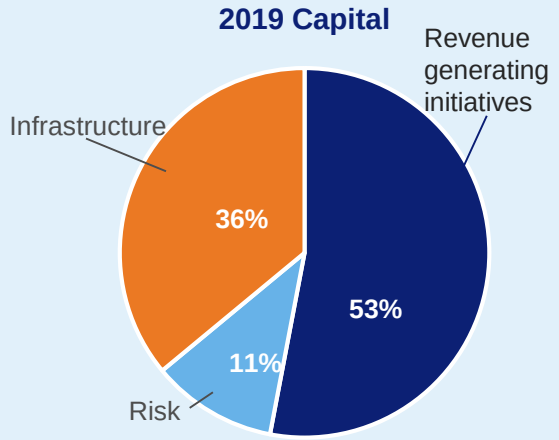


- Agile Studios
- Business automation and Artificial Intelligence
- Cloud computing and technology stack
- Organizational design

Recent actions

- Workforce initiatives
- Consumer market structure
- Spans and layers
- Procurement spend management

Disciplined investment for growth



CapEx: $1.2B | Technology $2.5B

Key initiatives

- Digital transformation
- Small business
- Payments capabilities
- Agile Studios
- Data and analytics
- Multicultural/brand
- Cybersecurity

Recent actions

- Investment levels
- Multi-cultural programs
- Brand development
- Digital-first focus
- Revenue-generating initiatives

Current Expected Credit Losses Standard ("CECL")

Cumulative Effect – Day 1 Implementation

- Estimated $1.2 to $1.6 billion impact
- Driven by card, mortgage and retail lending
- Estimates dependent on:
  - Macro-economic environment
  - Portfolio characteristics
  - Models, methods and judgments

Capital Implications

- 25 to 35 bps of capital - Day 1 impact
- 3 year phase-in; no permanent relief
- Included in our 2020 CCAR submission

Effects

- Greater volatility of provision under stress
- Potential impacts to credit availability and pricing

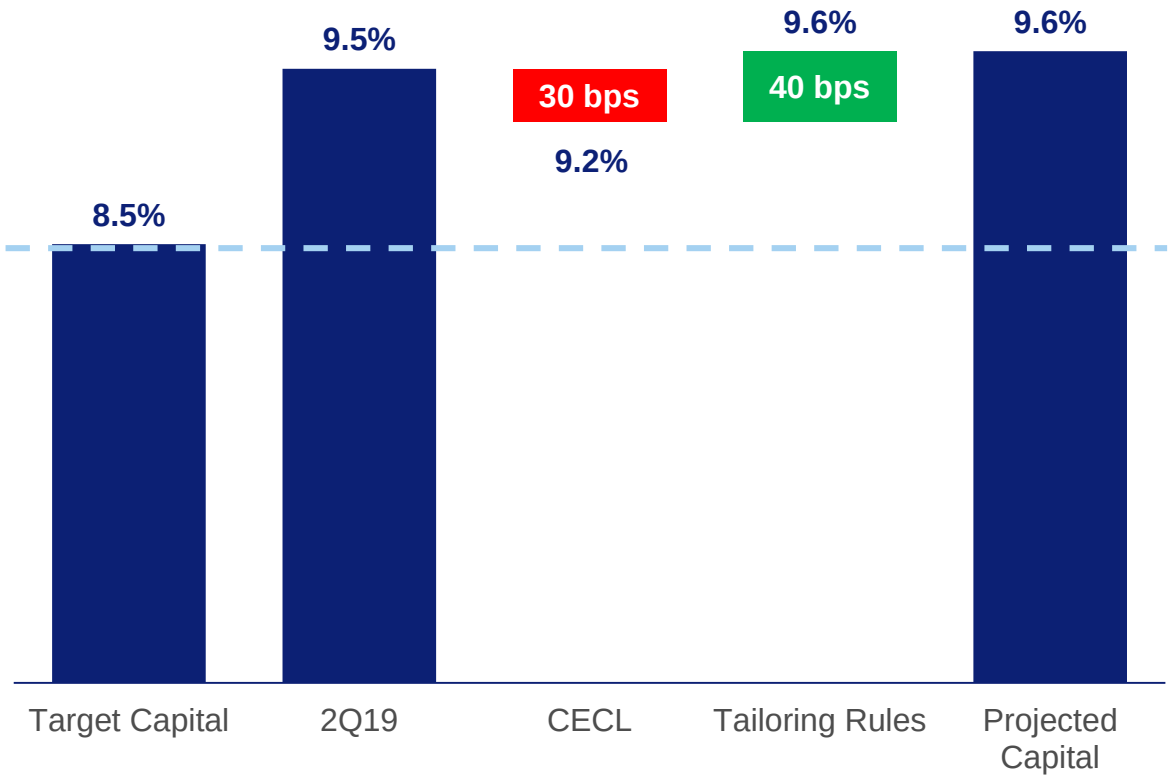
Cumulative Adjustment *($bn)*

	2Q19	Estimated Change
Credit card	55-70%	**1 Year to Expected Life**
Residential/ Home Equity	20-50%	**Longer terms**
Installment/ Retail	60-95%	**1 Year to Expected Life**
CRE	(10)-15%	Less significant
Wholesale	(5)-10%	
Total Allowance	**$4.5**	**$1.2-1.6**
% change		**25% to 35%**
% of ending loans	**1.53%**	**1.9% to 2.0%**

Provision for Credit Losses – Day 2

- Industry–wide 2020 implications
- **Provision in future is higher due to 1.9% to 2.0% reserve build for loan growth**
- Credit quality assumed stable

Capital Management



Capital Objectives:

- Well-capitalized company
- Maintain top quartile credit ratings
- Sustainability through business cycles

Capital Flexibility:

- Manage capital levels to 8.5% to 9.0%
- Buyback opportunity

Long-term Growth Expectations

	2016 Growth Expectations	Revised Long-term Growth Expectations
Revenue	**6-8%**	**5-7%**
Expense	3-5%	**2-4%**
Net Income	**6-8%**	**5-7%**
EPS	**8-10%**	**7-10%**

Notes: Revised growth expectations represent growth rates by end of 3 year time frame. CAGR's will be impacted by short-term impacts of interest rates and adoption of CECL in 2020.

Key Considerations

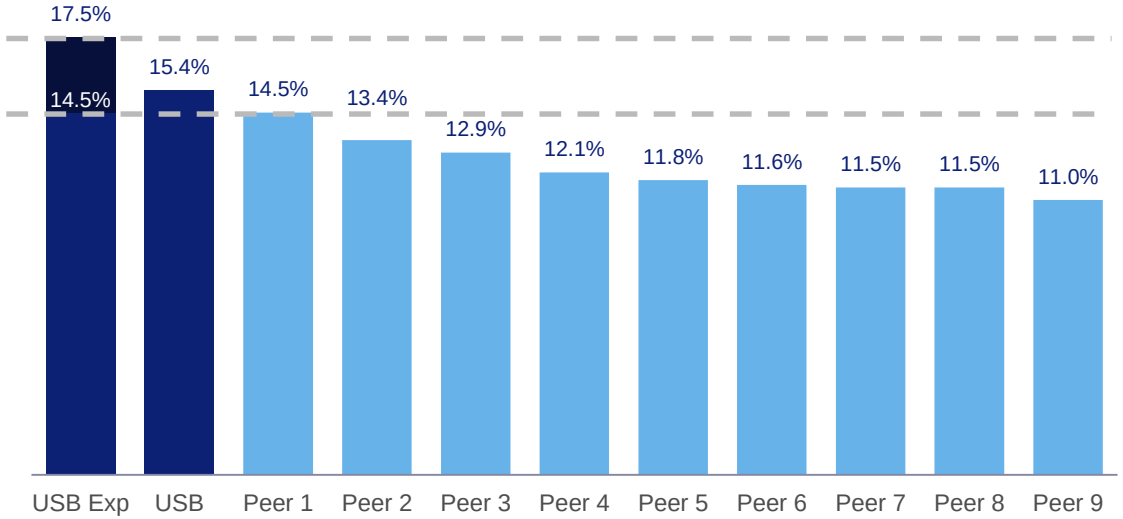
- Modest GDP growth of 1.5% to 2.0%
- Unemployment stable around 3.5% to 4.0%
- Low inflation in foreseeable future
- Stable consumer confidence
- Fed cuts rates to 1.50% target by early 2020
- Long-end rates:
  - Flat to Aug month end rates in 2019
  - Steepening modestly during fiscal 2020
- CECL adoption in 1Q 2020
- Credit quality stable

Long-term Profitability Expectations

	2016 Long-term Expectations	Revised Long-term Expectations
Return on Assets	1.35-1.65%	**1.35-1.65%**
Return on Equity	13.5-16.5%	**14.5-17.5%**
Return on Tangible Common Equity	17.5-20.0%	**17.5-20.0%**
Efficiency Ratio	Low 50s	**Low 50s**

2018 Return on Equity

Industry Leading Returns



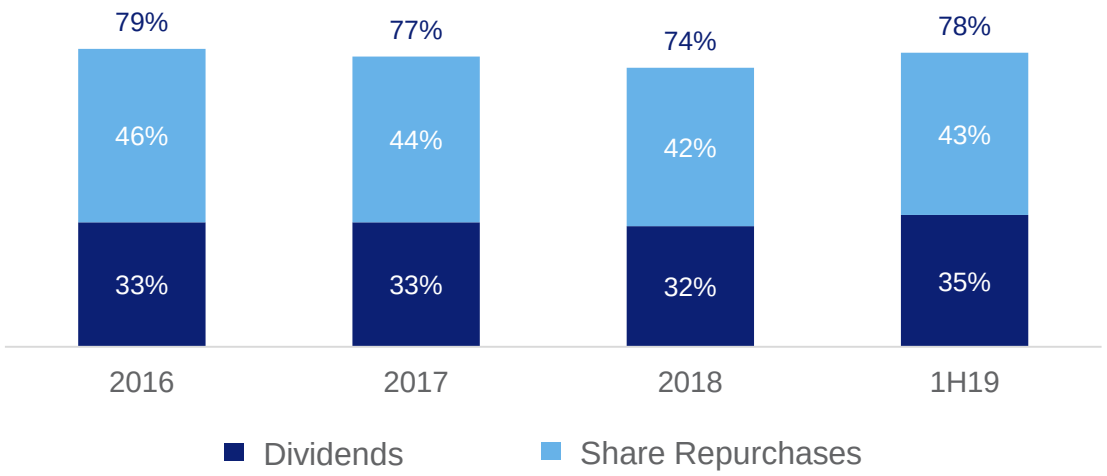
Long-term expectations are developed considering

- Challenging rate environment through 2020
- Adoption of CECL in 1Q 2020
- Managing capital levels to meet objectives

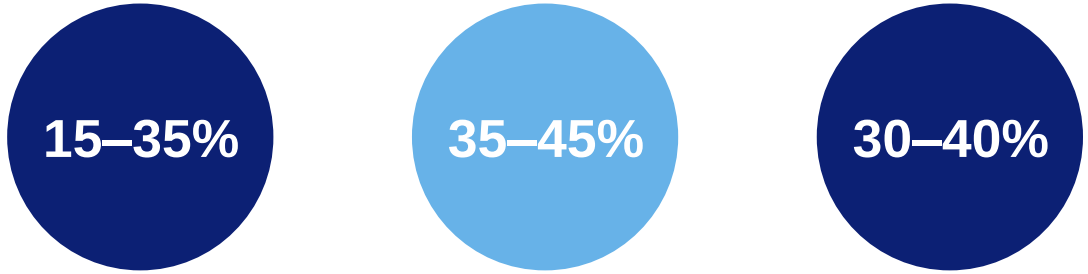
Source: Company filings, SNL Financial
Peers include: BAC, BBT, FITB, JPM, KEY, PNC, RF, STI, and WFC

Capital Management

Payout Ratio



Earnings Distribution Target

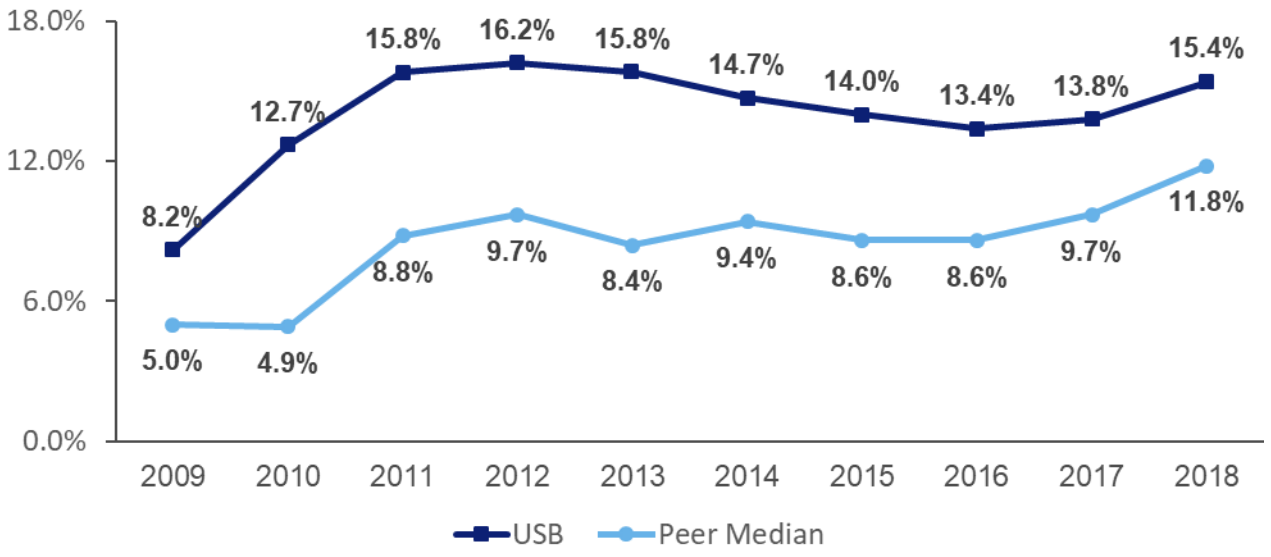


Hypothetical Earning Distribution Example

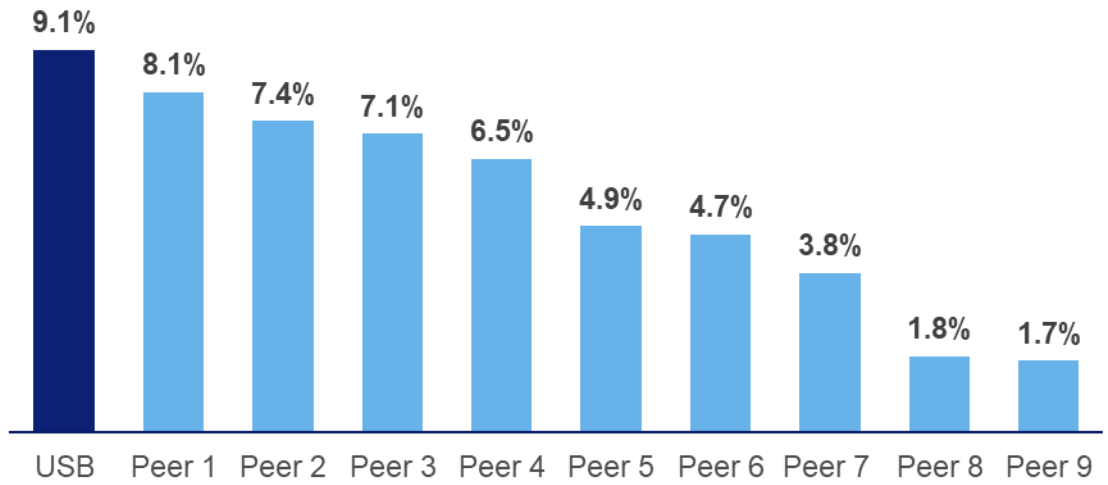
Dividends	40%	Reinvestment	25%
Share Repurchases	35%	Assumed ROTCE	20%
Discretionary Distributions	**75%**	Balance Sheet Growth	**5%**

Long History of Industry-leading Returns and Financial Discipline

ROACE
2009 - 2018



Book Value per Share
2009 – 2018 CAGR



Source: Company filings, SNL Financial
Peers include: BAC, BBT, FITB, JPM, KEY, PNC, RF, STI, and WFC

3Q19 Guidance Update

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

U.S. Bancorp Investor Day
Closing Remarks

Andy Cecere
Chairman, President and CEO

September 12, 2019

U.S. Bancorp Investor Day 2019 – Summary

Enabling the future, transforming for growth





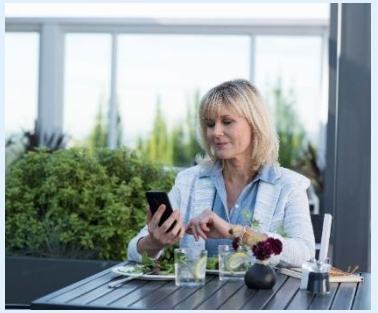


Starting from a position of strength

Leveraging competitive advantages

Investing for the future

Executing on our strategy



Wealth Management & Investment Services



Corporate & Commercial Banking



Consumer & Business Banking



Payment Services

We are managing for the long-term while delivering near-term results that support a pathway to the future.

Appendix

Non-GAAP Financial Measures

$ in millions **Line of Business Financial Performance**	Net Revenue 2018	Fees 2018	Average Loans 2018	Average Deposits 2018
Corporate and Commercial Banking	$3,782	$844	$93,886	$102,975
Consumer and Business Banking	8,466	2,302	140,835	152,466
Wealth Management and Investment Services	2,870	1,748	9,372	70,021
Payment Services	6,046	3,601	31,102	1,209
Treasury and Corporate Support	1,473	1,107	5,506	6,791
Consolidated Company	22,637	9,602	280,701	333,462
Less: Treasury and Corporate Support	1,473	1,107	5,506	6,791
Consolidated Company excluding Treasury and Corporate Support	$21,164	$8,495	$275,195	$326,671
Percent of Total				
Corporate and Commercial Banking	17 %	9 %	34 %	31 %
Consumer and Business Banking	37	24	50	46
Wealth Management and Investment Services	13	18	3	21
Payment Services	27	37	11	0
Treasury and Corporate Support	6	12	2	2
Total	100	100	100	100
Percent of Total excluding Treasury and Corporate Support				
Corporate and Commercial Banking	18 %	10 %	34 %	32 %
Consumer and Business Banking	40	27	51	47
Wealth Management and Investment Services	13	21	4	21
Payment Services	29	42	11	0
Total	100	100	100	100

Non-GAAP Financial Measures

$ in millions	2016	2017	2018	1H19	2016 - 1H19 Average
Net income applicable to U.S. Bancorp common shareholders	$5,589	$5,913	$6,784	$3,354	
Intangibles amortization (net-of-tax)	116	114	127	65	
Less: Notable items (1)	19	150	45	--	
Net income applicable to U.S. Bancorp common shareholders, excluding intangibles amortization and notable items	5,686	5,877	6,866	3,419	
Annualized net income applicable to U.S. Bancorp common shareholders, excluding intangibles amortization and notable items (a)	5,686	5,877	6,866	6,895	6,249
Average total equity	47,988	49,097	50,391	52,644	
Average preferred stock	(5,501)	(5,490)	(5,636)	(5,984)	
Average noncontrolling interests	(649)	(631)	(628)	(628)	
Average goodwill (net of deferred tax liability) (2)	(8,242)	(8,160)	(8,606)	(8,723)	
Average intangible assets, other than mortgage servicing rights	(783)	(637)	(595)	(676)	
Average tangible common equity (b)	32,813	34,179	34,926	36,633	34,349
Return on tangible common equity (a)/(b)	17.3 %	17.2 %	19.7 %	18.8 %	18.2 %

(1) Notable items for 2018 include: $271 million (after-tax) gain on sale of ATM servicing business, $210 million (after-tax) of asset impairments, $139 million (after-tax) severance charges and legal accruals, $120 million reduction in income tax expense due to tax reform legislation estimate changes and $3 million noncontrolling interest adjustment. Notable items for 2017 include: $910 million reduction in income tax expense due to tax reform legislation, $608 million legal and regulatory accrual, $105 million (after-tax) contribution to the U.S. Bank Foundation and $47 million (after-tax) special one-time bonus to certain eligible employees. Notable items for 2016 include: $111 million (after-tax) gain on sale of Visa Europe, $68 million (after-tax) legal and regulatory accrual and $24 million (after-tax) charitable contribution.

(2) Includes goodwill related to certain investments in unconsolidated financial institutions per prescribed regulatory requirements.

Non-GAAP Financial Measures

$ in millions	2016	2017	2018	1H19	2016 - 1H19 Average
Net interest income	$11,666	$12,380	$12,919	$6,564	
Taxable-equivalent adjustment (1)	203	205	116	54	
Net interest income, on a taxable-equivalent basis	11,869	12,585	13,035	6,618	
Net interest income, on a taxable-equivalent basis (as calculated above)	11,869	12,585	13,035	6,618	
Noninterest income	9,290	9,317	9,602	4,781	
Less: Securities gains (losses), net	22	57	30	22	
Total net revenue, excluding net securities gains (losses) (a)	21,137	21,845	22,607	11,377	76,966
Less: Notable items (2)	180	--	76	--	
Total net revenue, excluding net securities gains (losses) and notable items (b)	20,957	21,845	22,531	11,377	76,710
Noninterest expense (c)	11,527	12,790	12,464	6,240	43,021
Less: Notable items (3)	150	825	174	-	
Noninterest expense, excluding notable items (d)	11,377	11,965	12,290	6,240	41,872
Less: Depreciation and intangible amortization	470	468	467	245	
Noninterest expense, excluding notable items, depreciation and intangible amortization (e)	10,907	11,497	11,823	5,995	40,222
Efficiency ratio (c)/(a)	54.5 %	58.5 %	55.1 %	54.8 %	55.9 %
Core efficiency ratio (d)/(b)	54.3	54.8	54.5	54.8	54.6
Core cash efficiency ratio (e)/(b)	52.0	52.6	52.5	52.7	52.4

(1) Based on a federal income tax rate of 21 percent for 2019 and 2018 and 35 percent for 2017 and 2016, for those assets and liabilities whose income or expense is not included for federal income tax purposes.
(2) Notable items for 2018 include: $340 million gain on sale of ATM servicing business and $264 million of asset impairments. Notable items for 2016 include: $180 million gain on sale of Visa Europe.
(3) Notable items for 2018 include: $174 million severance charges and legal accruals. Notable items for 2017 include: $608 million legal and regulatory accrual, $150 million contribution to the U.S. Bank Foundation and $67 million special one-time bonus to certain eligible employees. Notable items for 2016 include: $110 million legal and regulatory accrual and $40 million charitable contribution.

Non-GAAP Financial Measures

$ in millions	2016	2017	2018	1H19	2016 - 1H19 Average
Net income attributable to U.S. Bancorp	$5,888	$6,218	$7,096	$3,520	
Less: Notable items (1)	19	150	45	--	
Net income attributable to U.S. Bancorp, excluding notable items	5,869	6,068	7,051	3,520	
Annualized net income attributable to U.S. Bancorp, excluding notable items (a)	$5,869	$6,068	$7,051	$7,098	$6,438
Average assets (b)	$433,313	$448,582	$457,014	$467,521	$449,300
Return on average assets, excluding notable items (a)/(b)	1.35%	1.35%	1.54%	1.52%	1.43%
Net income applicable to U.S. Bancorp common shareholders	$5,589	$5,913	$6,784	$3,354	
Less: Notable items (1)	19	150	45	-	
Net income applicable to U.S. Bancorp common shareholders, excluding notable items	5,570	5,763	6,739	3,354	
Annualized net income applicable to U.S. Bancorp common shareholders, excluding notable items (c)	$5,570	$5,763	$6,739	$6,764	$6,128
Average common equity (d)	$41,838	$42,976	$44,127	$46,032	$43,412
Return on average common equity, excluding notable items (c)/(d)	13.3%	13.4%	15.3%	14.7%	14.1%

(1) Notable items for 2018 include: $271 million (after-tax) gain on sale of ATM servicing business, $210 million (after-tax) of asset impairments, $139 million (after-tax) severance charges and legal accruals, $120 million reduction in income tax expense due to tax reform legislation estimate changes and $3 million noncontrolling interest adjustment. Notable items for 2017 include: $910 million reduction in income tax expense due to tax reform legislation, $608 million legal and regulatory accrual, $105 million (after-tax) contribution to the U.S. Bank Foundation and $47 million (after-tax) special one-time bonus to certain eligible employees. Notable items for 2016 include: $111 million (after-tax) gain on sale of Visa Europe, $68 million (after-tax) legal and regulatory accrual and $24 million (after-tax) charitable contribution.

Non-GAAP Financial Measures

$ in millions	Corporate and Commercial Banking 1H19	Consumer and Business Banking 1H19	Wealth Mgmt and Investment Services 1H19	Payment Services 1H19
Net interest income, on a taxable-equivalent basis	$1,444	$3,148	$587	$1,215
Noninterest income	454	1,102	875	1,801
Total net revenue (a)	1,898	4,250	1,462	3,016
Noninterest expense (b)	820	2,615	874	1,522
Efficiency ratio (b)/(a)	43.2 %	61.5 %	59.8 %	50.5 %

U.S. Bancorp Investor Day

September 12, 2019