



Consumer and Small Business Banking

John Elmore, *Vice Chairman*

Kent Stone, *Vice Chairman*

All of **us** serving you®

September 12, 2013



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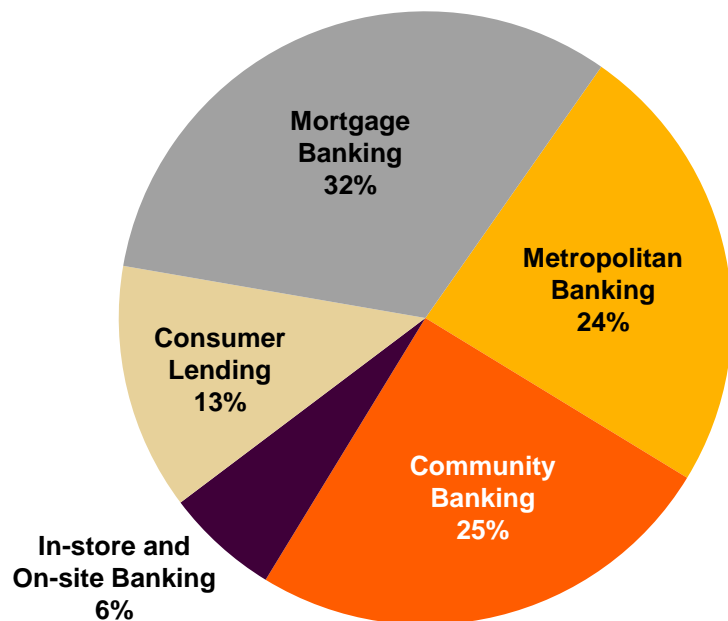
This presentation includes non-GAAP financial measures to describe U.S. Bancorp's performance. The reconciliations of those measures to GAAP measures are provided within or in the appendix of the presentation. These disclosures should not be viewed as a substitute for operating results determined in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



Consumer and Small Business Banking Profile

EXTENDING
THE ADVANTAGE

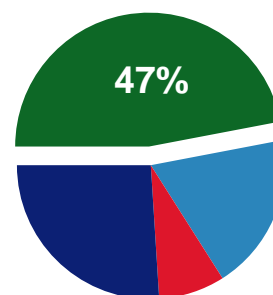
Revenue Mix



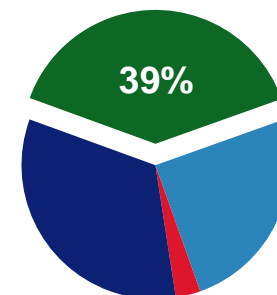
% of Revenue



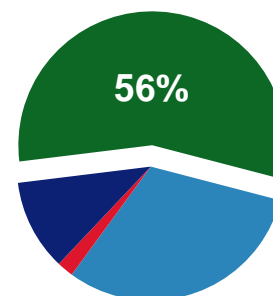
Contribution to U.S. Bancorp



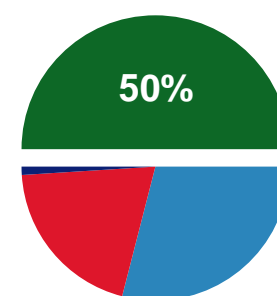
Revenue



Pre-provision Income



Loans



Deposits



Full year 2012, excluding Treasury and Corporate Support

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Financial Performance



Performance Highlights (2010 - 2012 CAGR)

- Average loan growth of 6.8%
- Average deposit growth of 7.2%
- Total net revenue growth of 7.6%
- Noninterest expense growth of 7.3%

Key Drivers

- Branch originated mortgage loans, small business and indirect auto lending and leasing
- Enhanced distribution, product offerings and Building Deeper Relationship initiatives
- Balance sheet growth, mortgage revenue and gains in market share, partially offset by regulatory headwinds and lower margin benefit from deposits
- Regulatory, mortgage banking activity and investments in growth initiatives



Competitive Advantages



Consumer and Small Business Banking

Community Banking Business Model

In-store and On-site Branch Delivery Models

Small Business Franchise

Breadth and Depth of Capabilities

Customer Experience - Retail

Customer Experience - Small Business

Brand Awareness

USB Relative Position

Versus Larger Competitors



Versus Smaller Competitors



Advantaged



Competitive



Disadvantaged



Market Position



Business Unit	Market Rank	Market Share		Scale
		1Q07	2Q13	
Community Banking and Branch Delivery	#1 In-store and Onsite Branch Network	8.1%	12.6%	●
	#4 Branch Network	2.7%	3.4%	●
	#5 Core Deposits	2.0%	2.6%	●
	#6 Home Equity Loans and Lines	1.9%	2.7%	●
Consumer Banking Sales and Support	#5 Home Mortgage Originator	0.7%	4.8%	●
	#6 Non-captive New Auto Finance	1.4%	2.0%	●
		2007	2012	
	#2 SBA Lender	3.4%	3.5%	●

● = At Scale ◐ = Not at Scale NR = Scale not Required



Source: SNL, Mortgagestats and Experian (mortgage origination data as of 1Q13), U.S. Small Business Administration



Growth Accelerators



Growth Accelerators

- Positioning for the New Economy
- Delivering on Client Advocacy
- Industry-leading digital channel capabilities

Online Account Growth

1H13 vs. 1H12

Checking	21%
Mortgage	27%
Credit Card	35%
Home Equity	51%
Auto	83%

- ✓ 2013 Model Bank for Online Marketing and Lead Management
- ✓ 2012 Model Bank for Online Apply
- ✓ U.S. Bank ranked #1 in Mobile Banking and 'most improved' among 13 leading banks

CELENT



2010 Business Unit Growth Strategies



Strategy	Accomplishments	Status
▪ Building scale through expanded distribution	• Increased branch share in 25 state footprint to 7.1%	Continuing
▪ Customer experience	• Significant investments in technology	Continuing
▪ Affluent market - differentiated delivery and service	• Launched affluent growth strategy	Continuing
▪ Building Deeper Relationships	• ~\$685MM of incremental revenue in 2012	Continuing
▪ Small Business - differentiated delivery and service	• 27.4% increase in Small Business relationships since 9/30/10	Continuing
▪ Mortgage Banking expansion	• Increased new loan originations by 52% to \$85 billion since 2010	Continuing



Extending the Advantage



- Community Banking business model
- Distribution network optimization
- Positioning mortgage for the New Economy
- National consumer lending expansion



The Right Delivery Model

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3,087 Branch Locations

Metropolitan Branches

1,114 Branches

Providing a full array of consumer and small business banking products and services in larger markets



In-store/On-site Branches

865 Branches

Small footprint branches in highly convenient locations

Includes all in-store, corporate site, university and retirement locations



Community Banking

1,108 Branches

Delivering the full capabilities of U.S. Bank through a traditional, relationship-based community banking model



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Community Banking Business Model

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Support Business Growth



*Servicing Customers and
Improving Financial Education*



*Engaging and Supporting
Communities*

- Maximizing **bank** impact in each community
- Strategic effort in each Community Market to connect to:
 - Consumers
 - Businesses
 - Philanthropies
 - Civic organizations
- Competitive advantage
 - Focus on relationship management and customer advocacy
 - Local decision making
 - Local delivery of products of 5th largest commercial bank
 - Enhancing community life
 - Employee engagement
- Advisory Boards (126 boards, 860 members)



Distribution Network Optimization

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Pilot Market Execution

Initial “Anchor” branch will be in a multi-purpose retail complex with over 30,000 visitors per day, featuring high-end retailers, restaurants, public entertainment spaces and several up-scale residential housing complexes

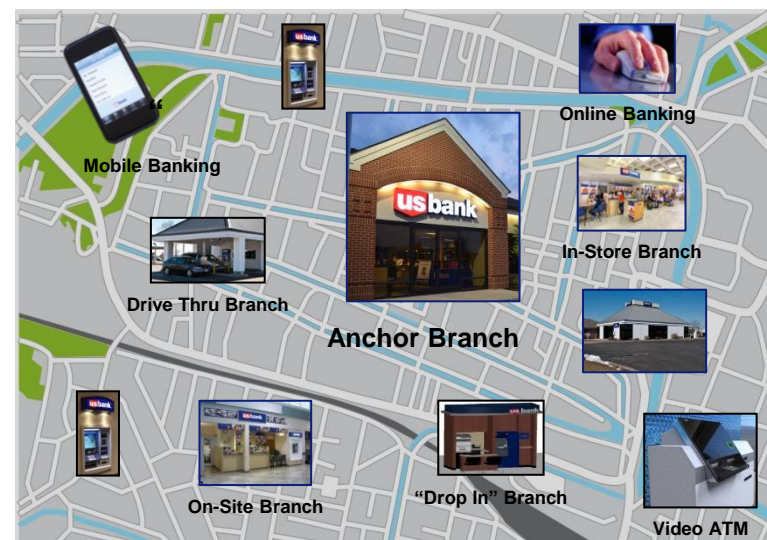
Market Characteristics

- Affluent
- Significant adoption of digital channels
- Attractive Small Business density
- High growth

Test and Learn Dimensions (not inclusive)

- Use of branch floor space
- Customer experience
- Staffing / skills
- Technology
- Marketing

Optimized Network (Illustrative)



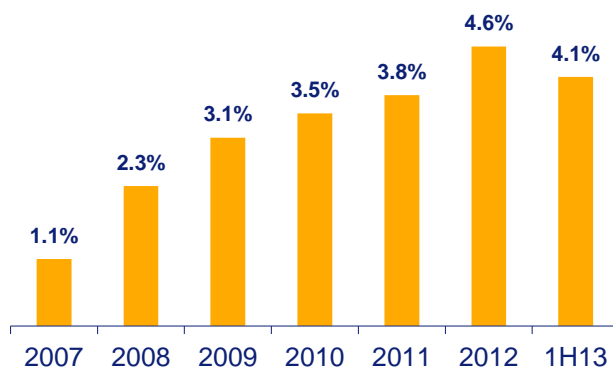
Positioning Mortgage for the New Economy



Loans Serviced for Others
(\$ in billions)



USB % of Industry Originations



Mortgage

- Transitioning from refinance to purchase market
- Increasing origination of Retail vs. Correspondent
- Utilizing web, mobile and telesales capabilities
- Leveraging branch network
- Targeted and mass market mortgage advertising
- Building Deeper Relationships
- Aggressively managing industry-leading cost position



Source: Inside Mortgage Finance

National Consumer Lending Expansion



- Expand non-captive lending position - new auto, new leasing
- Expand / establish new manufacturer relationships and strategic partnerships
- Leverage current dealer relationship for pre-owned vehicle financing
- Continue new product expansion
- Market white label leasing services
- Feet on the street

<i>Data as of 08/29/13</i> Bank Lender	June 2013 Market Share*	FICO**	Pre-Owned Mix**
Bank 1	5.9%	684	46%
Bank 2	5.2%	687	74%
Bank 3	4.7%	723	45%
Bank 4	3.4%	675	60%
USB – Future	2.4%	730	40%
⋮			
USB – Current	1.2%	758	35%



\$ in million, ending balances

* Source: Market share based on Experian Autocount data as of August 29, 2013 for total auto financing market (loans and leases from all sources), ranking shown among banks only (captives excluded)

** Source: JD Pin (JD Power and Associates), includes loans only; banks: Ally, Capital One, Chase, and Wells Fargo, weighted average FICO



Current Growth Drivers



Revenue Drivers

- Loan volume
- Deposit volume
- Net new checking accounts
- Fees on deposit products
- Treasury management
- Assets under management

Business Unit Strategies

- Building scale through expanded distribution
- Customer experience
- Affluent market - differentiated delivery and service
- Building Deeper Relationships
- Small Business - differentiated delivery and service
- Mortgage banking expansion
- Community Banking business model
- Distribution network optimization
- Positioning mortgage for the New Economy
- National consumer lending expansion

Environmental Factors

Opportunities

- Strong economic recovery
- Market share and “share of wallet” expansion

Challenges

- Slow economic recovery
- Regulation and legislative actions





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