



Payment Services

Pamela Joseph
Vice Chairman

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September 12, 2013



Forward-looking Statements and Additional Information



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

This presentation contains forward-looking statements about U.S. Bancorp. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements and are based on the information available to, and assumptions and estimates made by, management as of the date made. 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. Global and domestic economies could fail to recover from the recent economic downturn or could experience another severe contraction, which could adversely affect U.S. Bancorp's revenues and the values of its assets and liabilities. Global financial markets could experience a recurrence of significant turbulence, which could reduce the availability of funding to certain financial institutions and lead to a tightening of credit, a reduction of business activity, and increased market volatility. Continued stress in the commercial real estate markets, as well as a delay or failure of recovery in the residential real estate markets, could cause additional credit losses and deterioration in asset values. In addition, U.S. Bancorp's business and financial performance is likely to be negatively impacted by recently enacted and future legislation and regulation. U.S. Bancorp's results could also be adversely affected by deterioration in general business and economic conditions; 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 securities held in its investment securities portfolio; legal and regulatory developments; increased competition from both banks and non-banks; changes in customer behavior and preferences; effects of mergers and acquisitions and related integration; effects of critical accounting policies and judgments; and management's ability to effectively manage credit risk, residual value risk, market risk, operational risk, interest rate risk and liquidity 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, 2012, 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. However, factors other than these could also adversely affect U.S. Bancorp's results, and you should not consider these factors to be a complete set of all potential risks. Forward-looking statements speak only as of the date they are made, and U.S. Bancorp undertakes no obligation to update them in light of new information or future events.

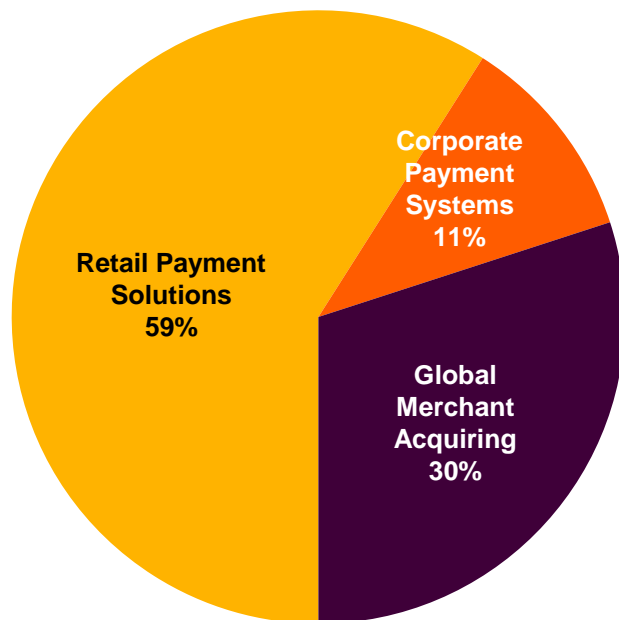
This presentation includes non-GAAP financial measures to describe U.S. Bancorp's performance. The reconciliations of those measures to GAAP measures are provided within or in the appendix of the presentation. These disclosures should not be viewed as a substitute for operating results determined in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



Payment Services Profile



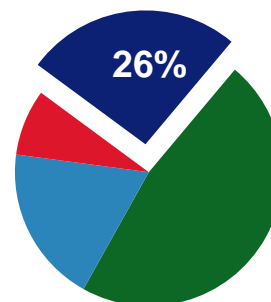
Revenue Mix



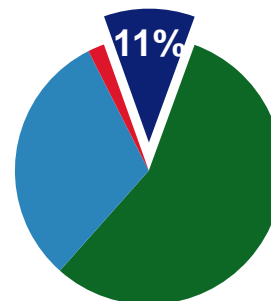
% of Revenue



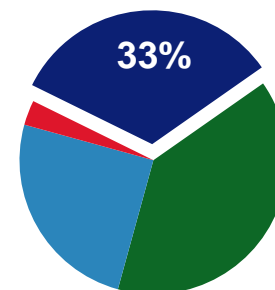
Contribution to U.S. Bancorp



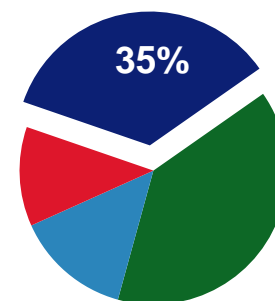
Revenue



Loans



Pre-provision Income



Fee Income



Financial Performance



Performance Highlights (2010 - 2012 CAGR)

- Average loan growth of 1.8%
- Total net revenue growth of 2.8%
- Noninterest expense growth of 3.0%

Key Drivers

- Cautious consumer behavior driven by slow economy
- Growth in customer base, Building Deeper Relationships initiatives, product innovation and geographic expansion, partially offset by regulatory and economic headwinds
- Investments balanced by disciplined cost control



Competitive Advantages



Payments Services

Financial Institution Distribution

Technology Platforms

Barriers to Entry

Breadth and Depth of Capabilities

Customer Experience

Brand Awareness

USB Relative Position

Versus Larger Competitors



Versus Smaller Competitors



Advantaged



Competitive



Disadvantaged





Market Position



Business Unit	Market Rank	Market Share		Scale
		2007	2012	
Retail Payment Solutions	#4 U.S. Debit Card Issuer	3%	3%	●
	#5 U.S. Credit Card Issuer	4%	6%	●

Global Merchant Acquiring	#5 U.S. Merchant Acquirer	8%	8%	●
	#6 European Merchant Acquirer	7%	8%	●

Corporate Payment Systems	#3 U.S. Commercial Card Issuer	10%	11%	●

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



Source: The Nilson Report (Visa and MasterCard issuers); U.S. merchant share based on top 10 merchant acquirers; Europe market share based on top 30 European acquirers in the markets Elavon operates; commercial card rank excludes small business, share excludes fleet cards



Growth Accelerators

- Significant leverage to an improving economy
- Stabilizing regulatory environment
- Client growth in other U.S. Bank lines of business



2010 Business Unit Growth Strategies



Strategy	Accomplishments	Status
▪ International expansion	<ul style="list-style-type: none">• Elavon: Brazil, Spain• Corporate Payments: Europe	Continuing
▪ Financial institution partnerships	<ul style="list-style-type: none">• Account production up 45% since 2010	Continuing
▪ FlexPerks rewards	<ul style="list-style-type: none">• Retained 79% of receivables	Continuing
▪ Payments innovation	<ul style="list-style-type: none">• Multiple mobile payments pilots	Continuing
▪ Syncada joint venture	<ul style="list-style-type: none">• Signed multiple distribution partners	Reversed JV
▪ Building Deeper Relationships	<ul style="list-style-type: none">• Significant growth in credit card sales in branches	Continuing



Extending the Advantage



- Investing in products and technology
 - Prepaid expansion
 - Product innovation
- International expansion
 - Organic growth plans in existing markets
 - New market expansion
- Building Deeper Relationships
 - Selling into core USB banking relationships



Investing in Product and Technology

EXTENDING
THE ADVANTAGE

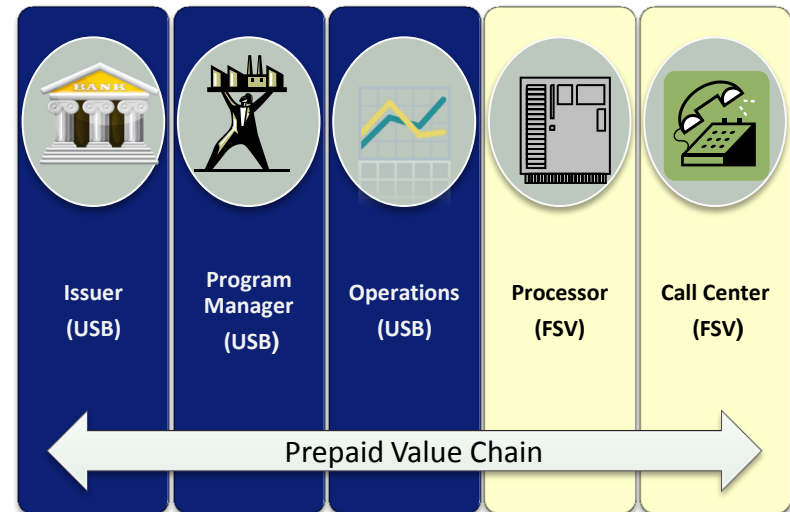
Prepaid Expansion

- Continued high growth industry with ~20% CAGR*
- New government and payroll card programs fueling growth
- FSV adds key processing capabilities, deepens penetration in attractive corporate vertical, and dramatically increases size of business line

RPS Prepaid Business

	Pre-Acquisition	2013 with FSV
Clients	127	243
Loads (\$)	\$4.6 B	\$9.2 B

Prepaid Value Chain



Taking processing and call center support in-house increases product margin and gives USB more control over end-to-end customer experience



* Mercator Advisory Group October 2012, prepaid cards market forecast = 19.9% (2012 - 2015)

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Investing in Product and Technology

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Internal Rewards Platform

- Allows for customization including:
 - Pay with Points
 - Corporate card rewards
 - Double-Up (merchant processing rewards)

Credit Processing

- Enables USB to serve as a third party processor for banks and credit unions which wish to own their own card programs

Innovation

- Ongoing mobile pilots around card programs
- Launch of The Grove (merchant mobile development team)



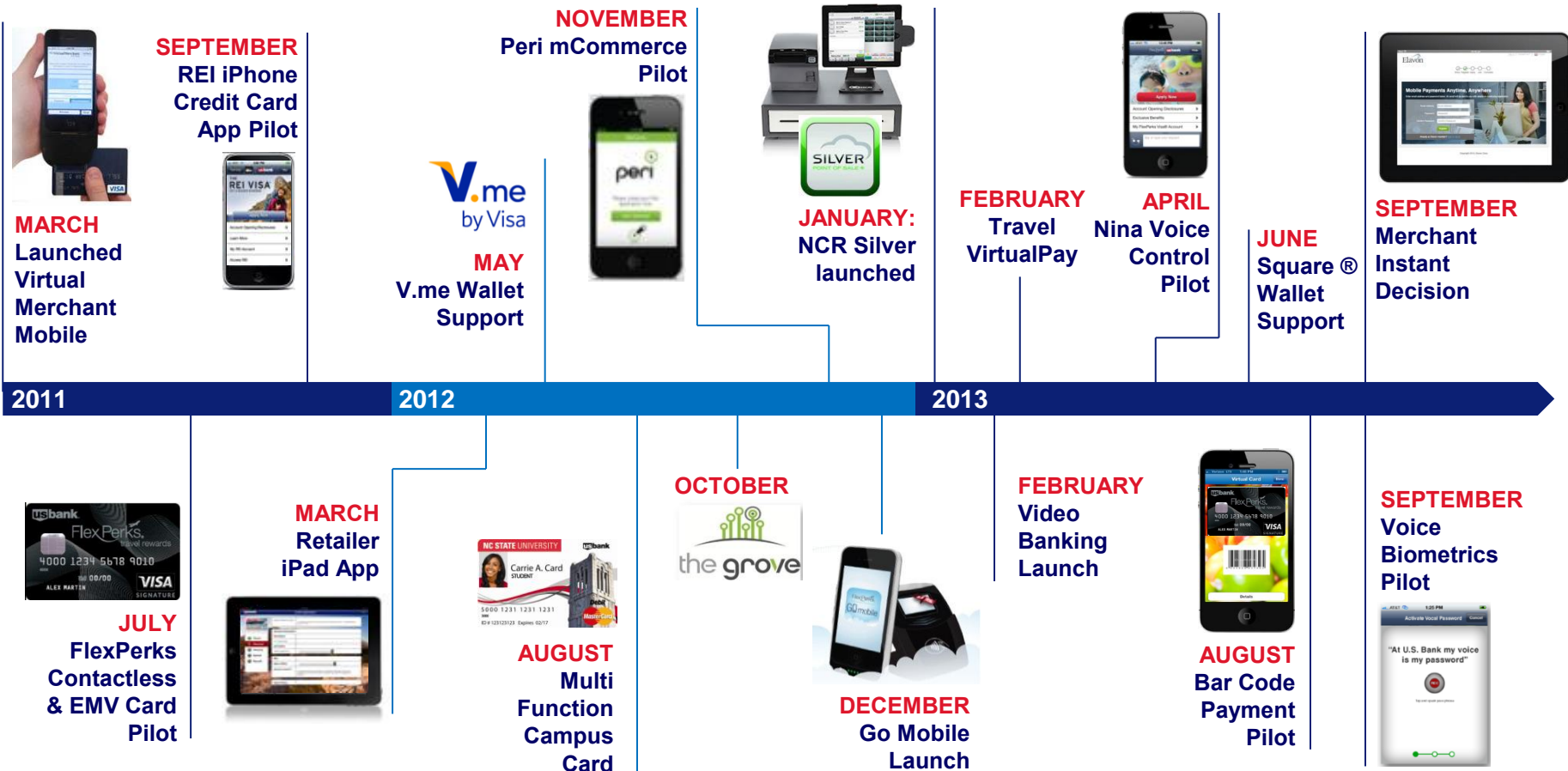
Pay with Points



Investing in Product and Technology

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Innovation Timeline



International Expansion

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Merchant Acquiring International Expansion

- International revenue 17% of total Elavon revenue in 2010, expectations are for 30% in 2015
- Executed joint venture with Santander in Spain (April 2013)
- Further expansion opportunities:
 - Organic growth investments - Brazil, Mexico, UK and Germany
 - Target opportunities for market expansion - Sweden, Denmark and India

EU Ranking By Market:

	#4 in UK		#5 in Germany
	#1 in Ireland		#4 in Poland
	#2 in Spain		#2 in Norway



Source: The Nilson Report for U.S. and EU overall ranking, market research and company estimated rankings for all other markets

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Building Deeper Relationships



Consumer Credit Cards

- Continue focus on Project ReDE (Replace, Deepen, and Elevate) to enhance card sales in branches

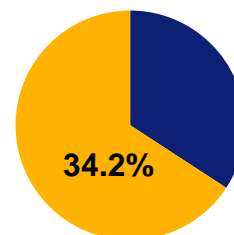
Merchant Accounts

- Leverage ReDE program for merchant
- “Double Up” - innovative program offering rewards to customers with both a merchant account and a small business card

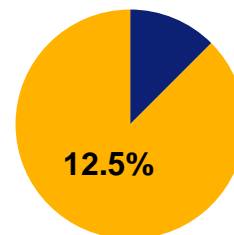
Corporate Cards

- Aggressive plan with Wholesale Banking for new contracts

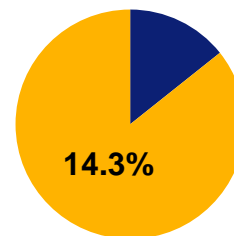
% of U.S. Bank households/relationships that have a respective payments product



Consumer
Credit
Cards



Merchant
Accounts



Corporate
Cards



As of 1Q13

Current Growth Drivers



Revenue Drivers

- Retail loan growth
- Credit, debit and pre-paid card transaction volume
- Corporate card transaction volume
- Merchant transaction volume
- Merchant and corporate card services

Business Unit Strategies

- International expansion
- Financial institution partnerships
- FlexPerks rewards
- Payments innovation
- Building Deeper Relationships
- Investing in products and technology

Environmental Factors

Opportunities

- Strong economic recovery
- Additional partnership opportunities
- Migration from paper to electronic payments

Challenges

- Evolving regulatory and legislative environment
- Slow economic recovery





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