

U.S. Bancorp



BANK DISTRIBUTION & FINANCIAL TECHNOLOGY

Retail Banking Symposium

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Retail Banking Symposium

Kathy Beechem

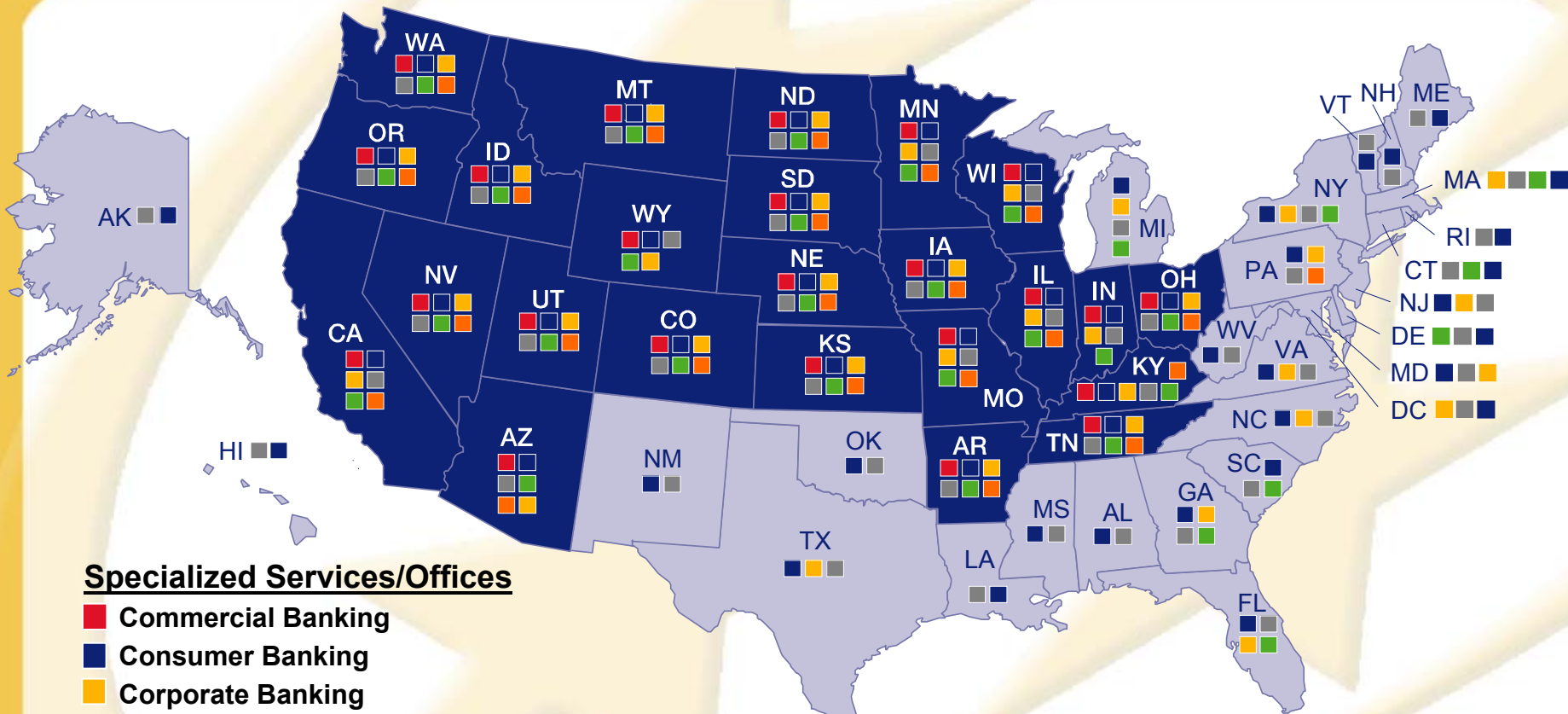
Executive Vice President

June 17, 2004

Forward-looking Statement

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U.S. Bank Business Overview



Specialized Services/Offices

- Commercial Banking
- Consumer Banking
- Corporate Banking
- Payment Services
- Private Client, Trust and Asset Management
- Technology and Operations Services

Branch Banking

- 2,308 branch banking offices in 24 states

- 7th Largest Financial Institution
- Asset Size: \$192 Billion
- Deposits: \$119 Billion
- Loans: \$120 Billion

Industry Leading Performance Metrics

First Quarter 2004

	<u>USB</u>	<u>Top 12 Median</u>	<u>USB Rank ⁽¹⁾</u>
Return on Assets	2.14%	1.39%	1
Return on Equity	20.7%	16.5%	3
Efficiency Ratio ⁽²⁾	42.3%	57.7%	1
Net Interest Margin	4.29%	3.58%	2
Tangible Return on Equity ⁽³⁾	35.9%	24.9%	1
Tangible Return on Assets ⁽³⁾	2.38%	1.55%	1
Tangible Efficiency Ratio ⁽²⁾⁽³⁾	38.5%	57.5%	1

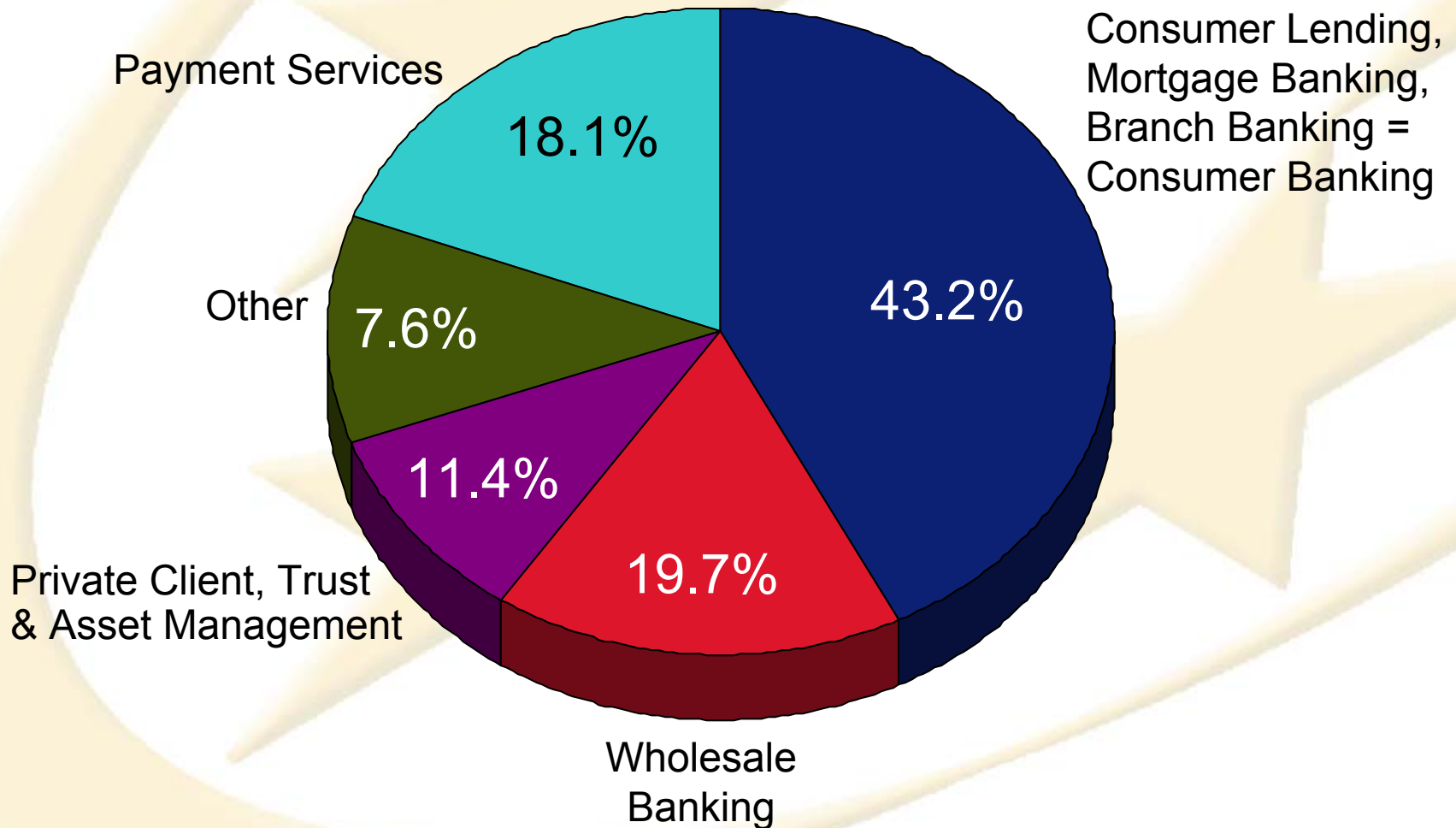
(1) Rank among Top 12 Peer Group which includes BAC, ONE, BBT, FITB, KEY, NCC, NTRS, PNC, STI, USB, WB and WFC.

(2) Computed as noninterest expense divided by the sum of net interest income on a taxable-equivalent basis and noninterest income excluding securities gains (losses), net. Excludes nonrecurring items.

(3) Tangible ratios exclude the impact of intangible amortization expense.

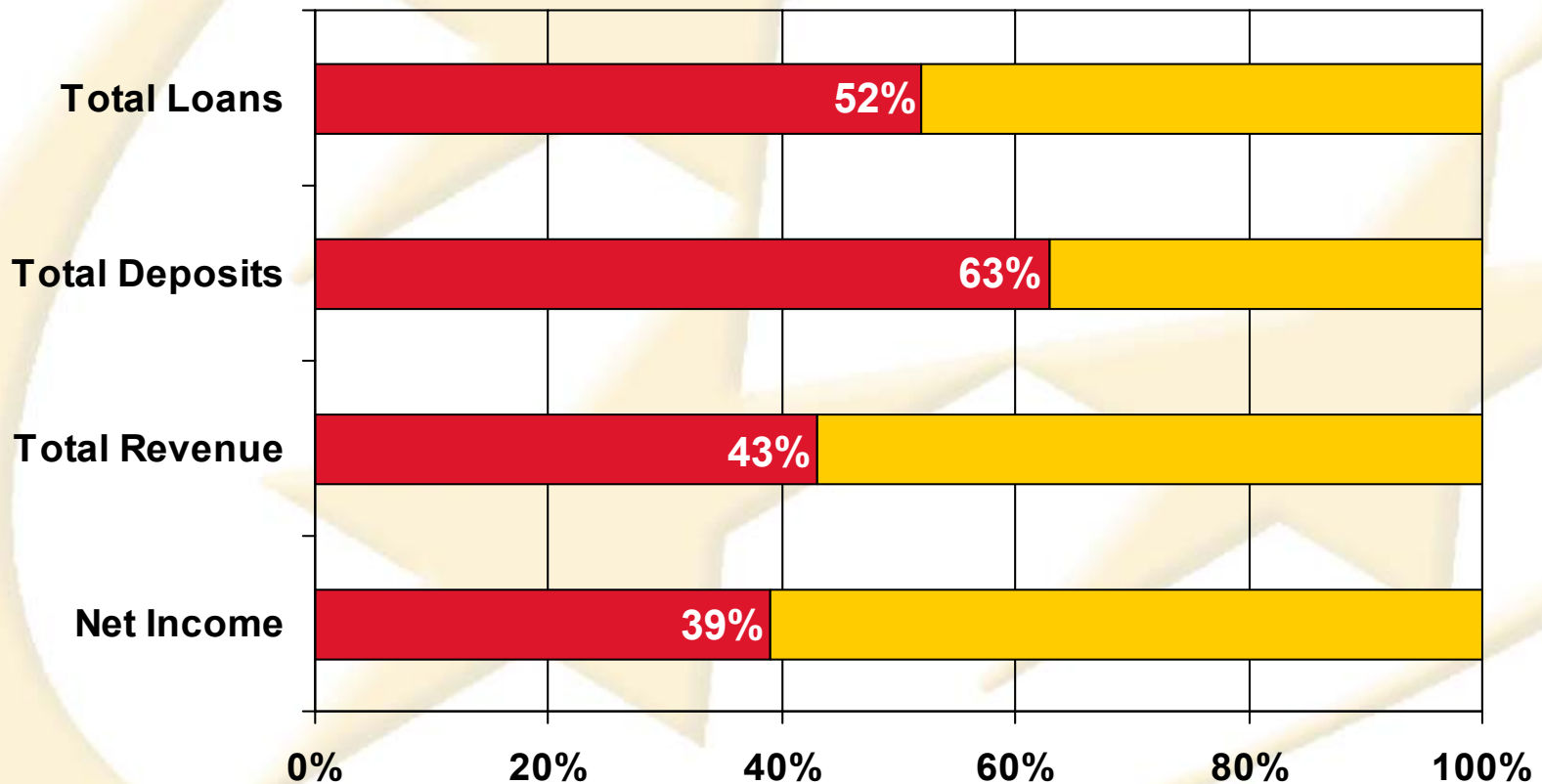
High Value Business Mix

Q1 2004 Actual Revenue



Consumer Banking Contribution To U.S. Bancorp

1Q 2004 Actual



Consumer Banking Composition

Metropolitan Banking
Community Banking
In-store and Access Banking
Small Business
Investments & Insurance

**Branch
Banking**

Consumer Lending, Indirect, Finance Company

Mortgage Banking

SBA, Small Ticket Leasing

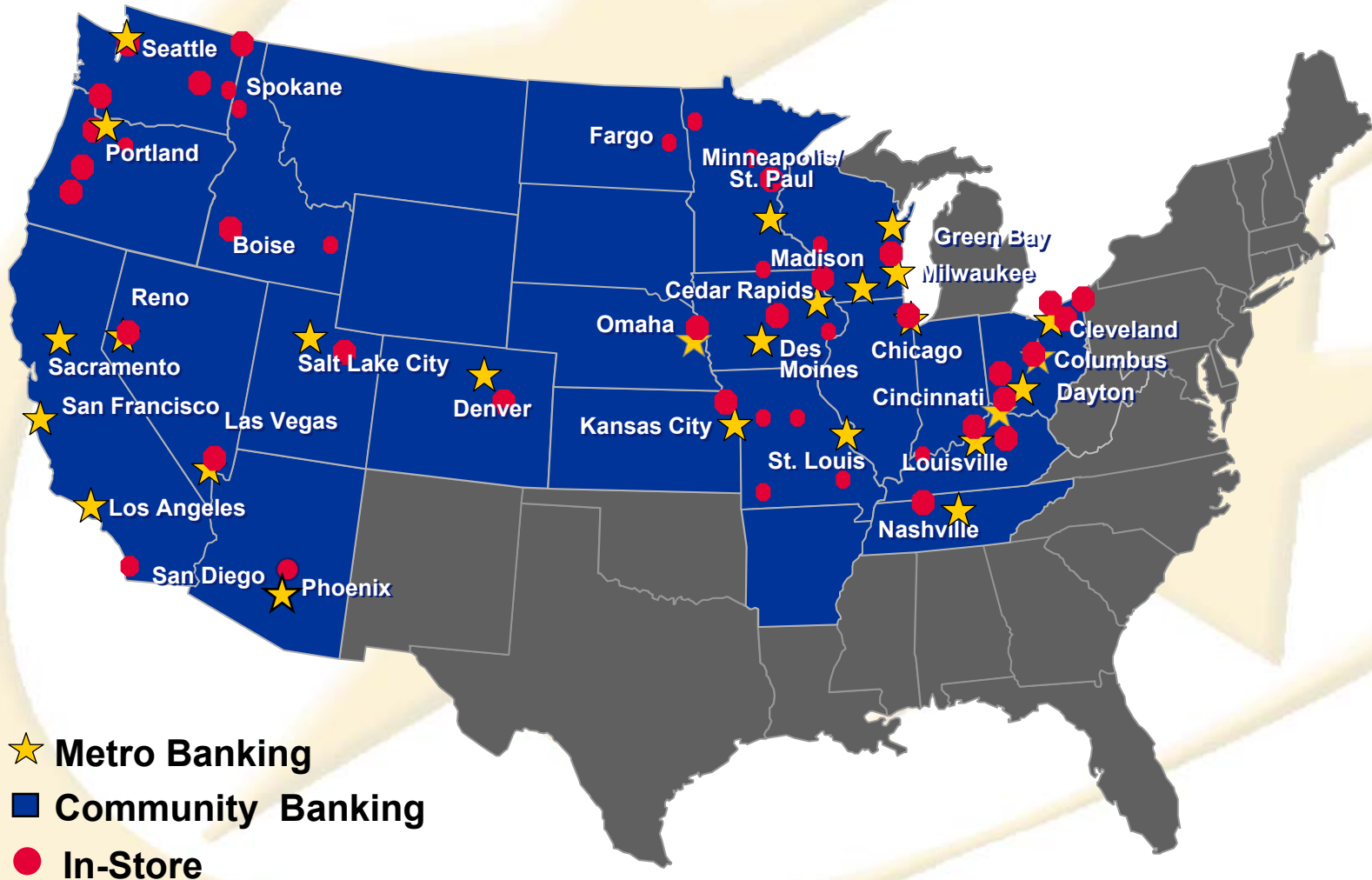
Branches

Top 10

<u>Rank</u>	<u>Company</u>	<u>Branches</u>
1	Bank of America	4,367
2	Wells Fargo	3,075
3	Wachovia	2,609
4	U.S. Bancorp	2,308
5	Bank One	1,863
6	BB&T	1,464
7	SunTrust	1,244
8	National City	1,204
9	Fifth Third	990
10	Key Bank	923

Source: SNL 6/15/04

U.S. Bank Branch Network Markets



U.S. Bank Reaching Diverse Markets Through 2,308 Branch Locations

Metropolitan Banking

899 Branches

“Concierge service” through traditional branches in larger, metropolitan markets



Community Banking

995 Branches

Full consumer and business banking services delivered through a relationship management model



In-store & Access Banking

414 Branches

Small footprint branches in highly convenient grocery store, corporate site and other non-traditional locations



Strategic Expansion

Branch Expansion in High Growth Markets.

	<u>June-03</u>	<u>June-04</u>	<u>Dec-04</u>	<u>Q2-05</u>
Phoenix	8	35	42	50
Tucson	0	0	8	12
Nashville	18	24	24	24
SLC	22	38	40	40
Las Vegas	27	36	37	37
No. Cal	97	125	151	152
So. Cal	<u>75</u>	<u>98</u>	<u>124</u>	<u>126</u>
Total	247	356	426	441

U.S. Bank In-Store Business

	<u>2002</u>	<u>2003</u>	<u>%Growth</u>	<u>2004 *</u>	<u>%Growth</u>
Total Branches	275	318	16%	457	22%
Total Loans	867,506,000	1,078,069,000	24%	1,402,725,000	30%
Total Deposits	1,918,812,000	1,998,314,000	4%	2,272,100,000	14%
Total NII	65,872,000	70,106,289	6%	86,156,321	23%
Pre Provision Contribution	72,399,227	74,753,088	3%	79,995,787	7%
Sales Force	1,586	1,771	12%	2,421	37%
Weekly Store Traffic	5,000,000	5,800,000	16%	7,250,000	24%
Average Age	6.6 yrs		5.49yrs		4.40 yrs

* Yearend forecast

Retail Banking Model

- **Branch balance sheet/P & L**
- **“Your Business, You Run It”**
- **Empowerment/Over-ride/Escalation**
- **Coaching to success/best practices**
- **No cap on performance incentive**
- **Average 40% participation at top performance levels**
- **Recognition events**
- **Concierge**
- **Sales Campaigns**

Aggressive Sales Tracking

“What gets measured gets done”

Metrics for branch, district & region performance:

- **DDA Production Rate Relative to:**

- Total Accounts
- Prior Eight Weeks
- Prior Week
- Same Week Prior Year

- **DDA Attrition Rate Relative to:**

- Prior Week
- Current Month
- YTD
- Prior Year YTD

- **DDA Open to Close Relative to:**

- Prior Week
- Current Month
- YTD
- Prior Year YTD

- **Net DDA**

- Prior Week
- Current Month
- YTD
- Prior Year YTD

Aggressive Sales Tracking

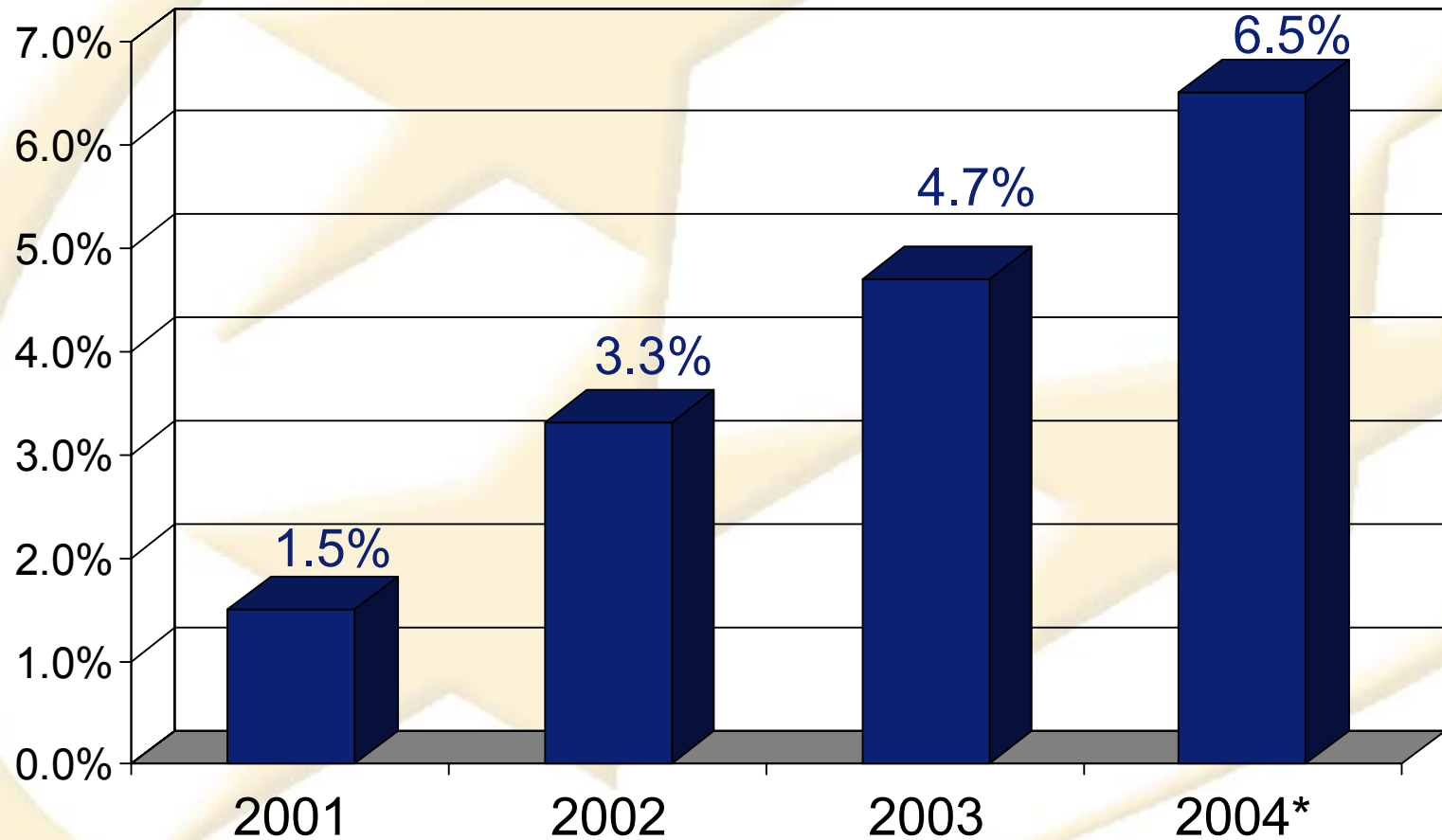
- **Metrics “Same Store Sales”:**
 - **Consumer/Small Business DDA accounts:**
 - New
 - Net
 - **Average Balance per Account**
 - **Average Deposit Fees per Account**
 - **Loan/Line:**
 - Production (dollars offered to lend) by product
 - Units by product
 - Balances by product
 - Credit Insurance
 - **Investment Income**

Sales Culture Drives Results

Q1 2004 – Same Store Sales Results vs Prior Year

	<u>Combined</u>	<u>Metro/ In-store</u>	<u>Community</u>
Consumer Checking Account Sales	10.8%	12.2%	8.5%
Small Business Checking Account Sales	8.4%	7.0%	11.0%
Combined Checking Account Sales	10.5%	11.8%	8.8%
Net Consumer Checking Accounts	18.3%	18.1%	18.5%
Net Small Business Checking Accounts	112.7%	59.9%	1867.6%
Net Checking Accounts	23.0%	21.3%	25.8%
Consumer Savings & Money Market Deposits	5.6%	5.3%	6.1%
Small Business Savings & Money Market Deposits	13.5%	-6.4%	36.1%
Consumer Loan (accounts)	33.8%	30.7%	37.5%
Consumer Loan (balances)	14.4%	12.5%	16.9%
Investments Revenue	12.4%	16.2%	8.0%
Insurance Revenue	30.6%	23.2%	38.1%

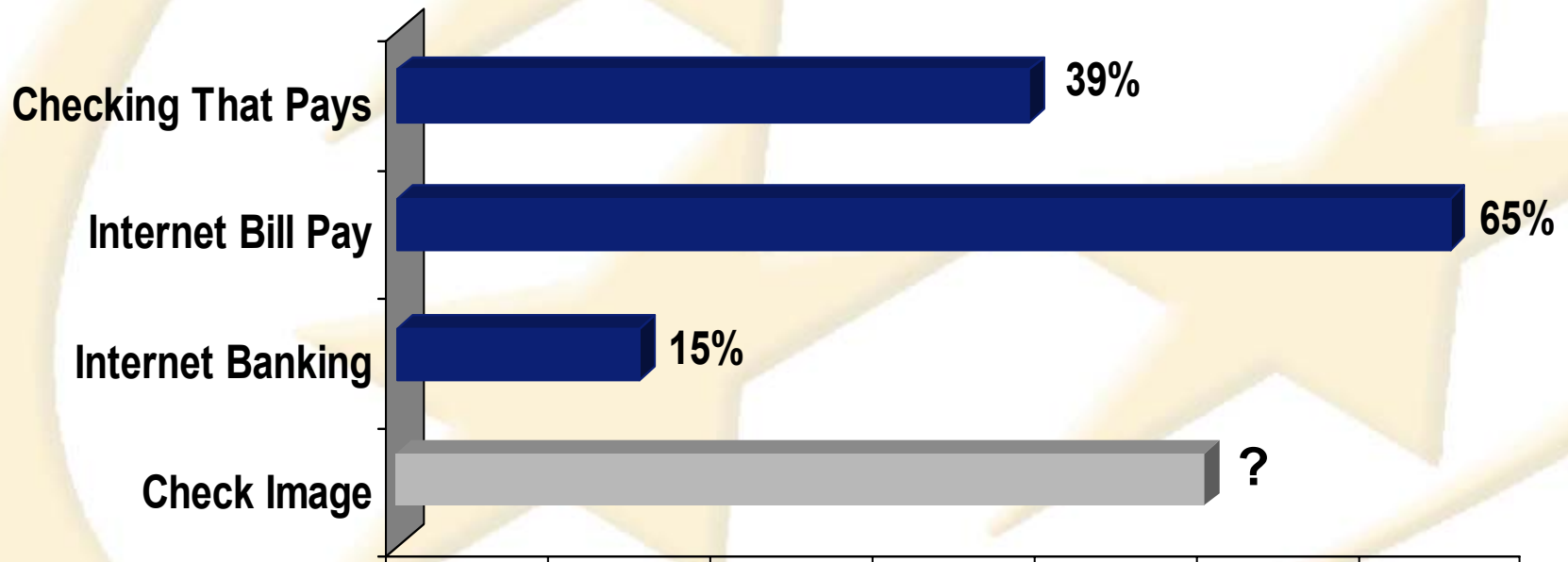
DDA Growth



*04 Forecast

“Sticky” Products Improve Retention

Impact of Selected Offerings on Checking Account Retention



Sales Campaigns

On the Air

usbank
Five Star Service Guaranteed
LIFE

MARY LOAN SOME MORE
MARY LOAN SOME MORE
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M
MetroBanking

HAPPY
DDAs

catch a Wave

community banking

instore
BANKING

The Business Bunch

CARD TREK

usbank
FAMILY Branch FEUD

Wave Runners

GILLIGAN'S ISLAND
INVESTMENTS & INSURANCE

Technology Investments

- Internet Banking Check Image Retrieval
- Image Deposit Statement
- “BLAST”
- Customer e-mail Alerts: security and fraud protection
- Redesigned Branch Sales Platform: increased account opening speed, auto approval, complementary products
- Call Center Transformation: one & done, process redesign
- ATM Upgrade: security, windows pilot

Opportunity Exists To Grow Consumer Banking Revenues Faster

- **Increase lifetime value of relationships**
 - Deepen relationships by increasing products per household
 - Lengthen average life of relationships by increasing customer loyalty
- **Better meet customer needs**
 - Move to needs-based rather than product-based selling
 - Better targeting nets more sales, greater marketing efficiency
 - Better utilization of products owned
- **Improved banker & customer experience**
 - Trigger-based marketing puts the banker with the customer at the time the customer needs us most, increasing relevance
 - Servicing and selling converge
 - Everything happens *faster*

“BLAST”

Banker Leads, Alerts & Sales Tools

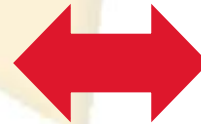
- Key, new automated tool
- Organizes, prioritizes leads for banker by branch office
- Focuses expansion/acquisition effort on best product for customer
- Focuses sales attention on key products for branch balance sheet growth
- Manages and tracks lead generation usage by day, week, month and quarter

Tools For Maximizing Relationships

“BLAST”



Customer

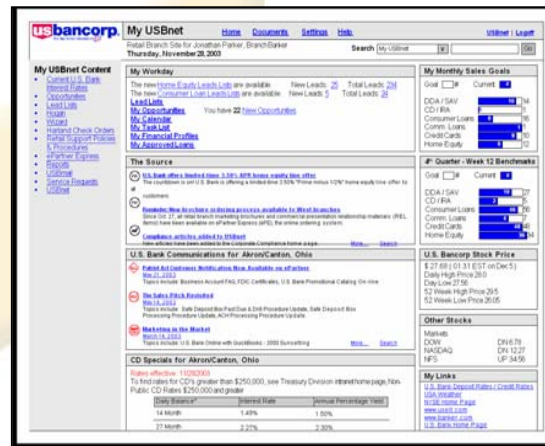


Banker



Financial Needs & Aspirations

- Banking / transactional needs
- Small business management
- Retirement planning
- Children's education
- Mortgage / home equity
- Investments / asset management
- Auto / credit card
- Time management / desire for simplification and consolidation of finances



Banker Toolbox

- Strategies for addressing bank's most profitable consumer customers
- Workload management / resource optimization (banker home page)
- Advanced profiling to fulfill customer financial needs and goals
- Trigger-based alerts identify customer opportunities when needs are greatest
- Frequent, relevant customer contact; proactive needs fulfillment

Branch Product Foundation

- **Best-In-Class Checking Package**
 - Options: Free Checking with interest to Elite Checking
 - Checking That Pays, one-of-kind rewards program
 - Free Bill Pay
 - Top-rated Internet Banking product
 - Best-In-Class ATM, Branch and 24-Hour Access
- **Best-In-Class Home Equity Line**
 - Fast decision making
 - Equity Express streamlined documentation & closing
 - Multiple funds access: check, card, branch, phone & Internet
- **Five Star Service Guarantee**

Focusing On Customer Loyalty

Percent of Customers Responding 7 or Higher on a 10 Point Scale ⁽¹⁾

Strong Overall Ratings ⁽²⁾

- Likely to Continue 88%
- Would Recommend 81%
- Customer Satisfaction 89%

Many Channels Significant Upward Trend

- Online Banking Satisfaction
 - April 2004 97%
 - April 2002 93%
- 24 Hour Customer Service
 - May 2004 86%
 - April 2002 82%

Customer satisfaction levels are high and improving, with customer loyalty, as measured by 9 and 10s, very strong.

(1) U.S. Bank Satisfaction survey conducted by Market Probe. 10 = Superior.
 (2) Last 12 month average.

Focusing On Customer Loyalty

COMMON – CONSISTENT *Customer Experience Tenets*

Make it
Personal

Take
Ownership

Service is our Brand



Add Value to
Every Interaction

Make Customer
Courtesy Common

Share Your
Knowledge



Five Star Service Guaranteed