

# U.S. Bancorp Investor Conference

# Wholesale Banking

**Joe Hoesley, Joseph Otting,  
and Dick Payne**

***Vice Chairmen***

***September 5, 2007***



# Forward-looking Statements

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. These statements often include the words “may,” “could,” “would,” “should,” “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans,” “targets,” “potentially,” “probably,” “projects,” “outlook” or similar expressions. These forward-looking statements cover, among other things, anticipated future revenue and expenses and the future plans and prospects of the Company. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated, including changes in general business and economic conditions, changes in interest rates, 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, market risk, operational risk, legal risk, and regulatory and compliance risk. For discussion of these and other risks that may cause actual results to differ from expectations, refer to our Annual Report on Form 10-K for the year ended December 31, 2006, on file with the Securities and Exchange Commission, including the sections entitled “Risk Factors” and “Corporate Risk Profile.” Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update them in light of new information or future events.

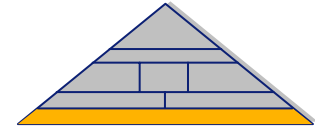
# Wholesale Banking

## ✓ Profile

- ✓ Capabilities
- ✓ Investing for Growth
- ✓ Long-term Growth Expectations



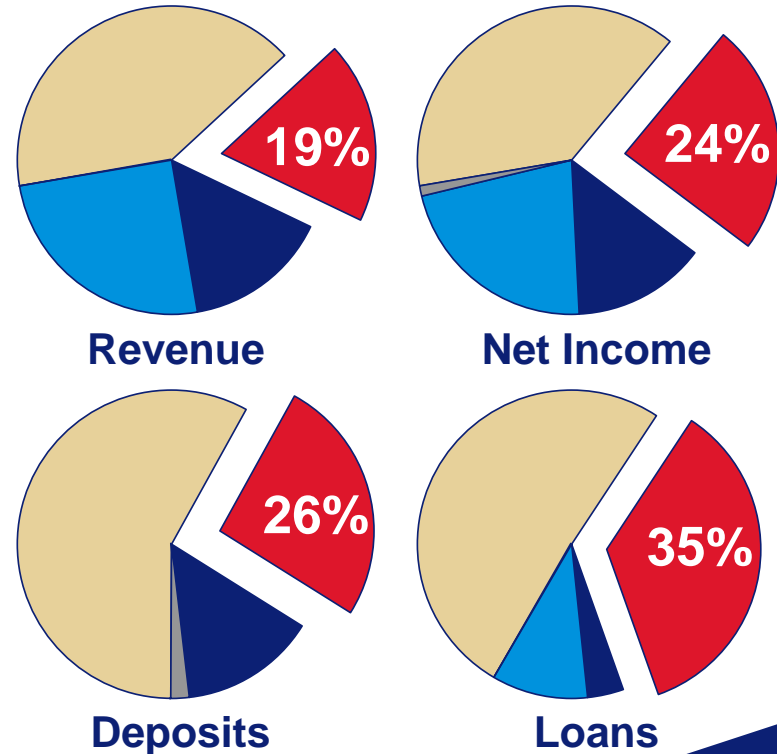
# Wholesale Banking



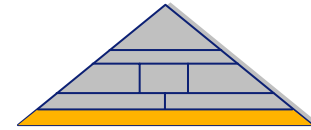
## Business Units

- ✓ Corporate Banking
- ✓ Commercial Banking
- ✓ Commercial Real Estate

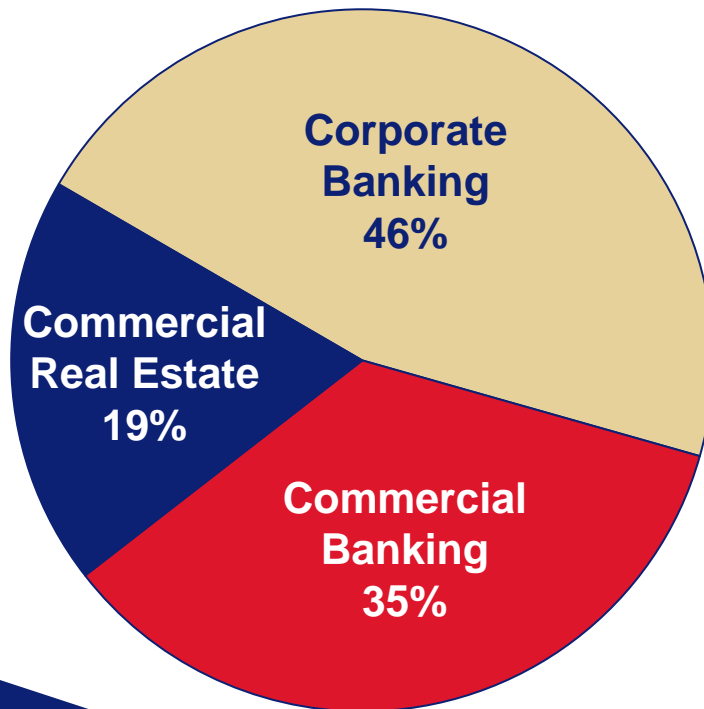
## Contribution to U.S. Bancorp



# Wholesale Banking



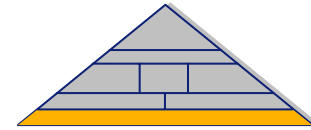
## Revenue Mix



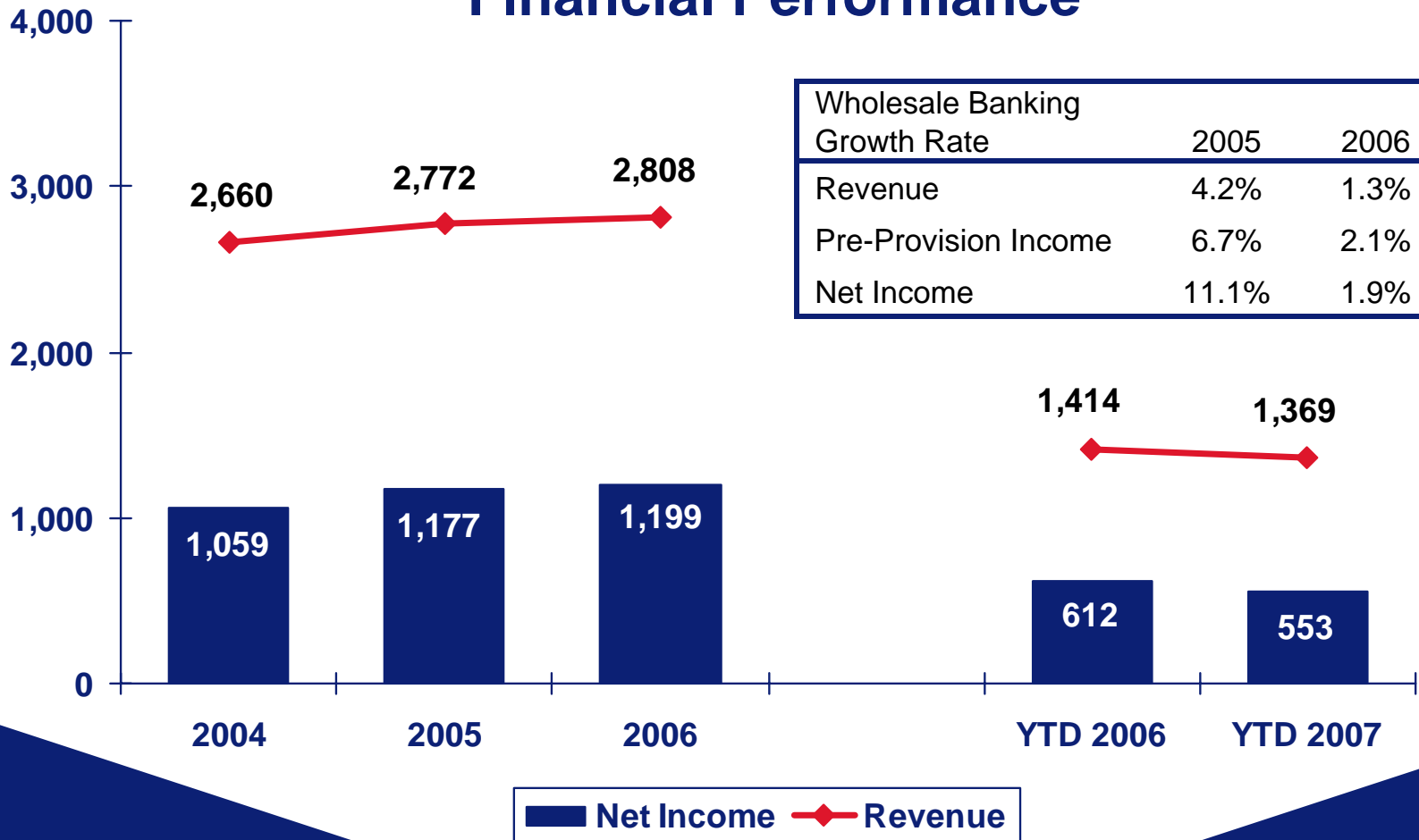
## Business Line Scale

- ✓ Leading treasury management provider
- ✓ Leading commercial real estate lender
- ✓ Leading correspondent banking depository for community banks
- ✓ Leading depository bank for federal, state and municipal governments
- ✓ Leading bank agricultural lender
- ✓ Leading provider of commercial cards
- ✓ Leading SBA bank lender

# Wholesale Banking



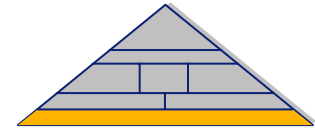
## Financial Performance



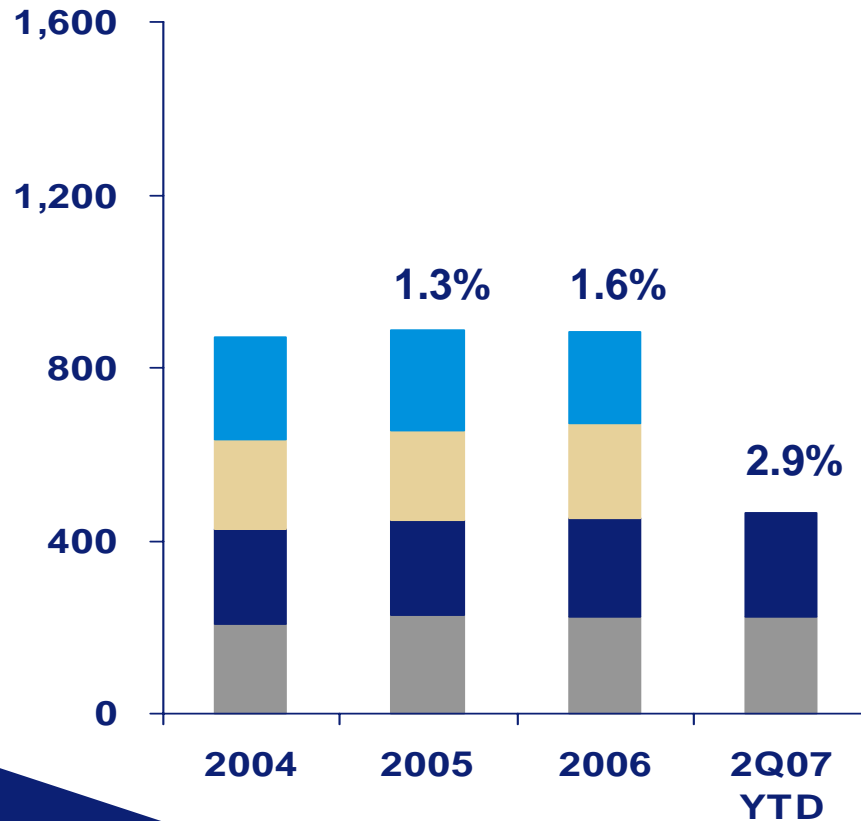
Wholesale Banking Growth Rate	2005	2006	YTD 2007
Revenue	4.2%	1.3%	(3.2%)
Pre-Provision Income	6.7%	2.1%	(6.1%)
Net Income	11.1%	1.9%	(9.6%)

\$ in millions

# Wholesale Banking



## Fee Income



### Growth Drivers

- ✓ Building Deeper Relationships Initiative
- ✓ Treasury Management
- ✓ Capital Markets
- ✓ Payment Services
- ✓ National Equipment Leasing

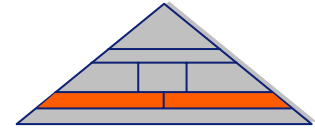
\$ in millions, Y/Y growth

# Wholesale Banking

- ✓ Profile
- ✓ Capabilities
- ✓ Investing for Growth
- ✓ Long-term Growth Expectations



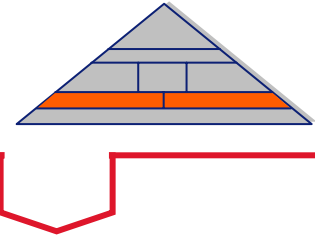
# Wholesale Banking



## National Businesses:

- ✓ Treasury Management
- ✓ Payment Services
- ✓ Large Corporate
- ✓ Commercial Real Estate
- ✓ Leasing

# Wholesale Banking



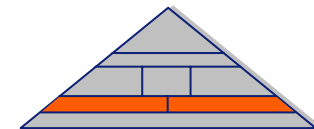
## Core Products and Services

- ✓ Credit
- ✓ Treasury Management
- ✓ Payment Services
- ✓ Capital Markets

## Distinctive Capabilities

- ✓ Breadth & depth of Payments capabilities
- ✓ Brand recognition and balance sheet strength
- ✓ SinglePoint & electronic check conversion
- ✓ National Equipment Leasing capabilities
- ✓ National Real Estate platform
- ✓ Significant in-footprint Middle Market share

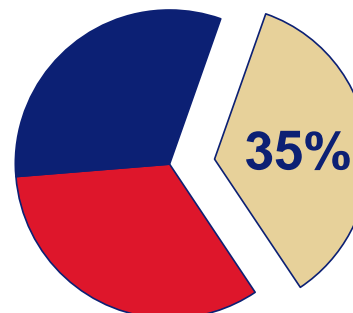
# Corporate Banking



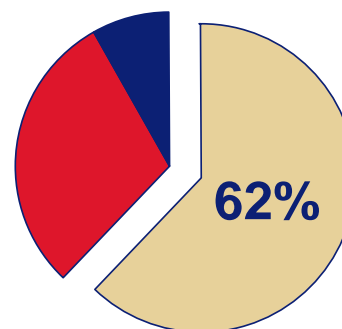
## Business Units

- ✓ National Corporate
- ✓ Equipment Finance
- ✓ Specialized Industries
- ✓ Government Banking
- ✓ Correspondent Banking
- ✓ Treasury Management
- ✓ Capital Markets

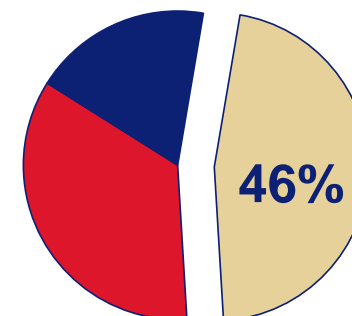
## Contribution to Wholesale



Loans

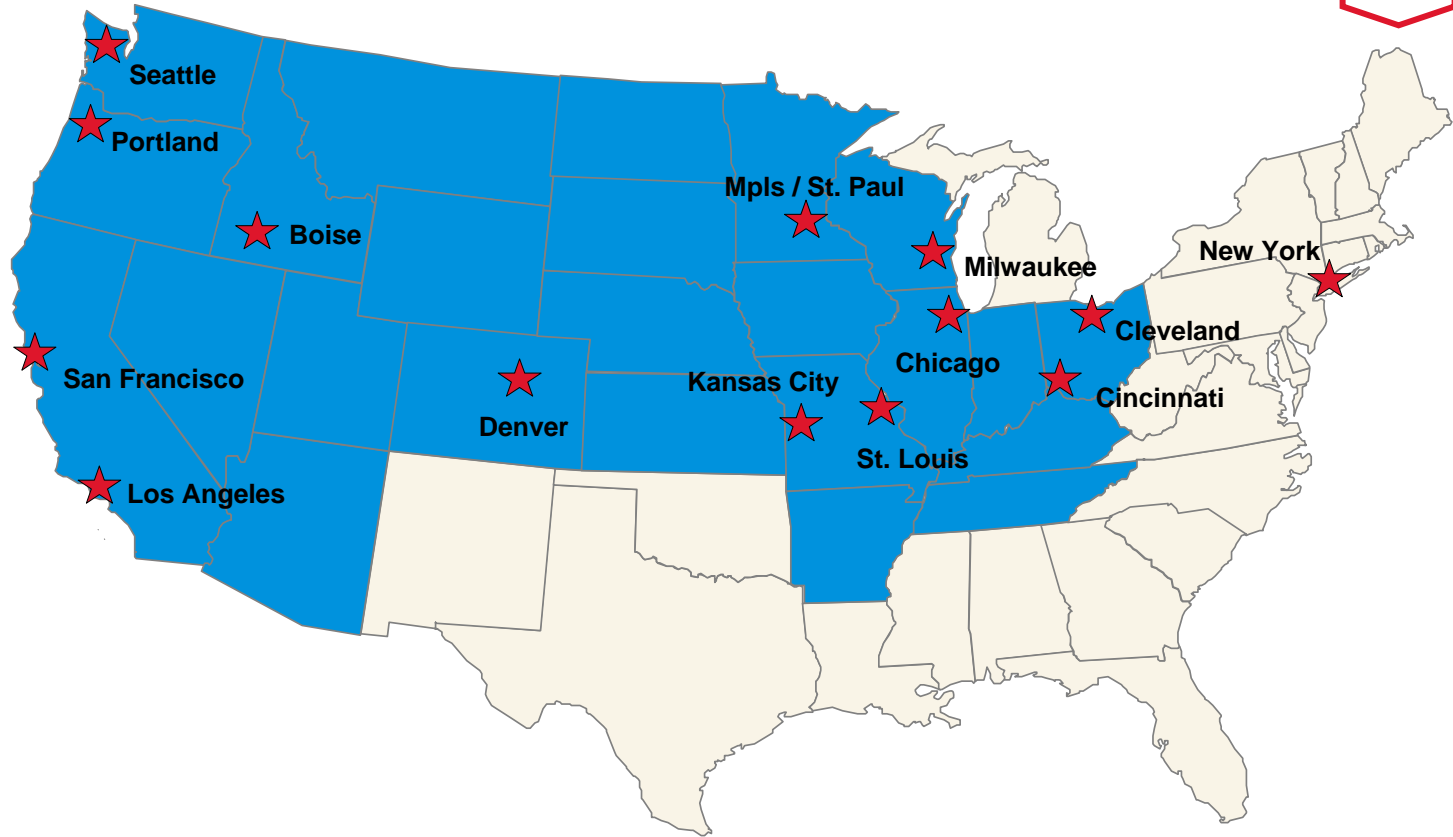
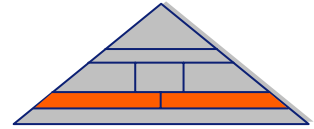


Deposits



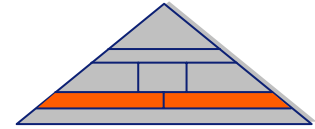
Revenue

# Corporate Banking



★ National Corporate Banking Offices

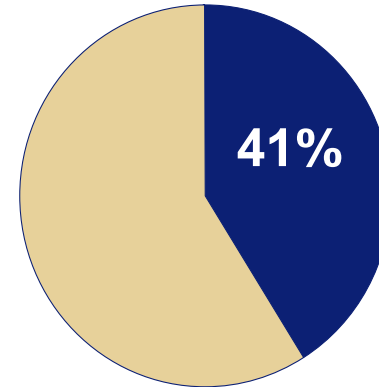
# Corporate Banking



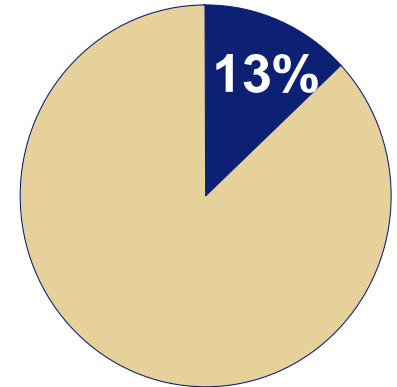
## Key Business Priorities:

- ✓ Transformation from a good regional corporate bank to a great national corporate bank
- ✓ Leverage distinctive payments capabilities
- ✓ Reorganize and reprioritize national sales effort
- ✓ Complete transition of new management team
- ✓ Continued investment in product capabilities

## Market Share

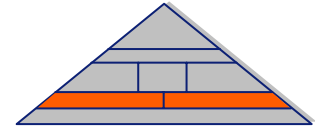


**In Footprint**



**Out of Footprint**

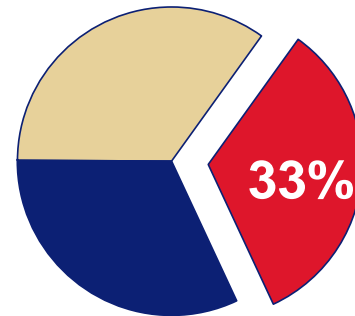
# Commercial Banking



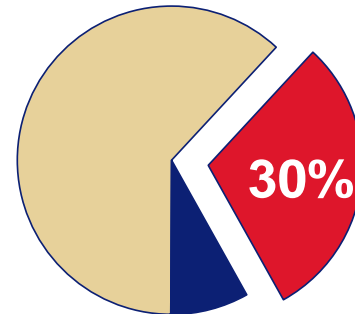
## Business Units

- ✓ Middle Market Commercial Banking
- ✓ Dealer Commercial Services
- ✓ Business Equipment Finance Group
- ✓ Small Business Administration Division
- ✓ Deposit & Payment Solutions

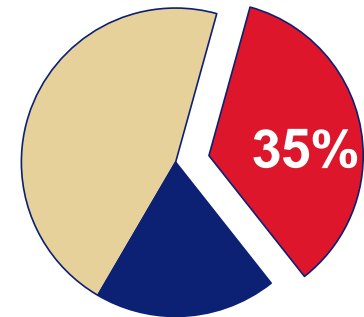
## Contribution to Wholesale



Loans

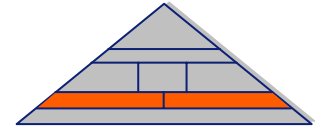


Deposits

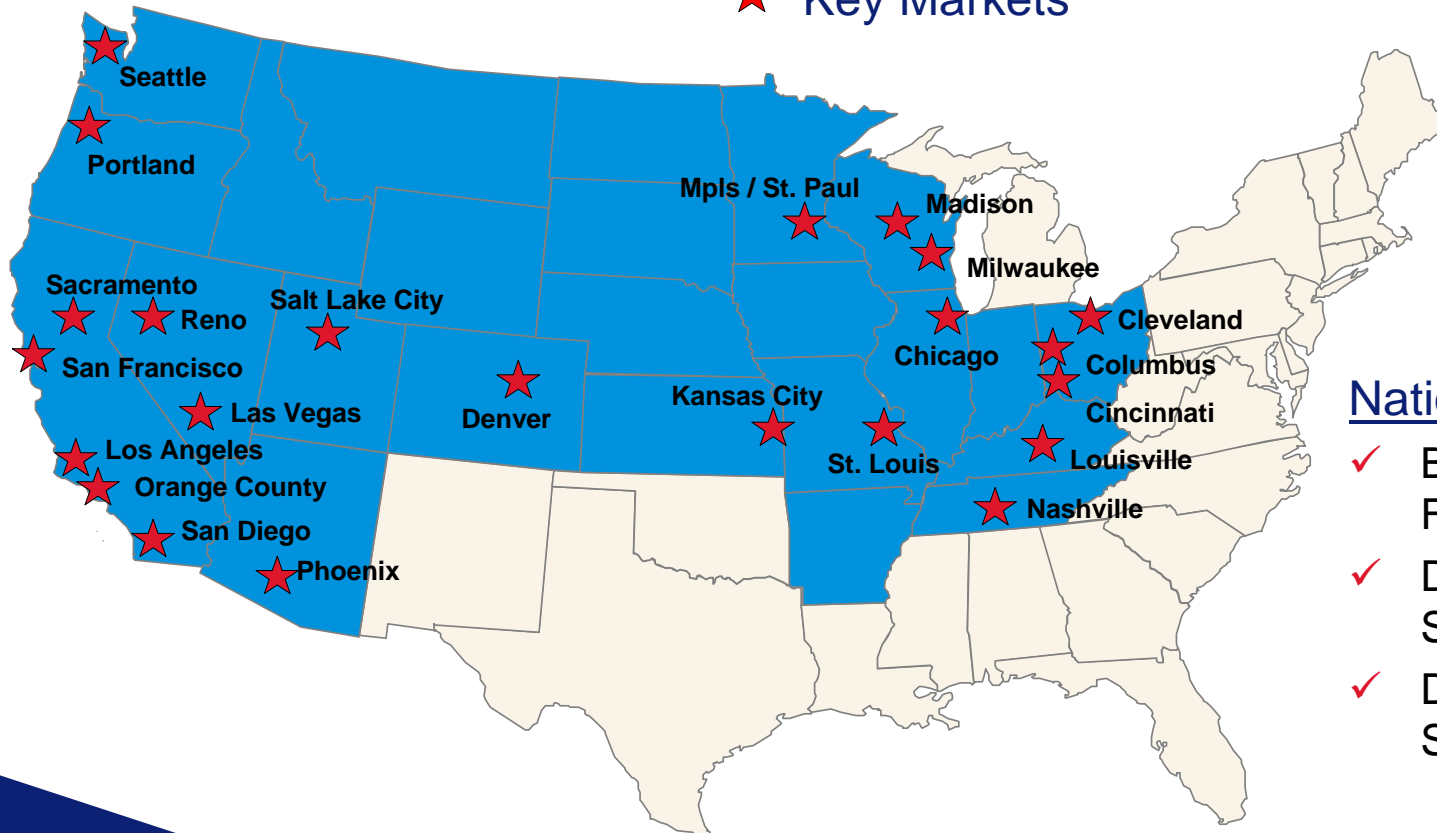


Revenue

# Commercial Banking



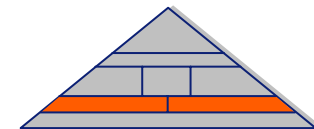
★ Key Markets



## National Distribution:

- ✓ Business Equipment Finance Group
- ✓ Deposit & Payment Solutions
- ✓ Dealer Commercial Services

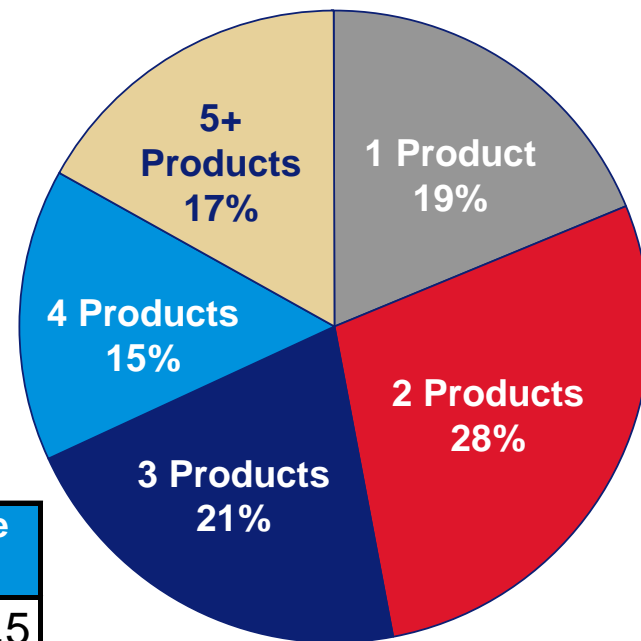
# Commercial Banking



## Key Business Priorities:

- ✓ Building deeper relationships
- ✓ Acquiring new clients
- ✓ Specializing in industry/niche coverage, delivery structure and product focus
- ✓ Managing operational and credit risk

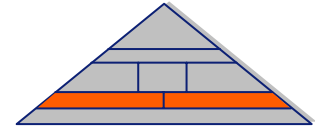
## Product Penetration



Number of Products	Revenue (000's)
1	\$12.5
2	\$22.8
3	\$51.1
4	\$95.1
5+	\$211.9

Average annual revenue per relationship

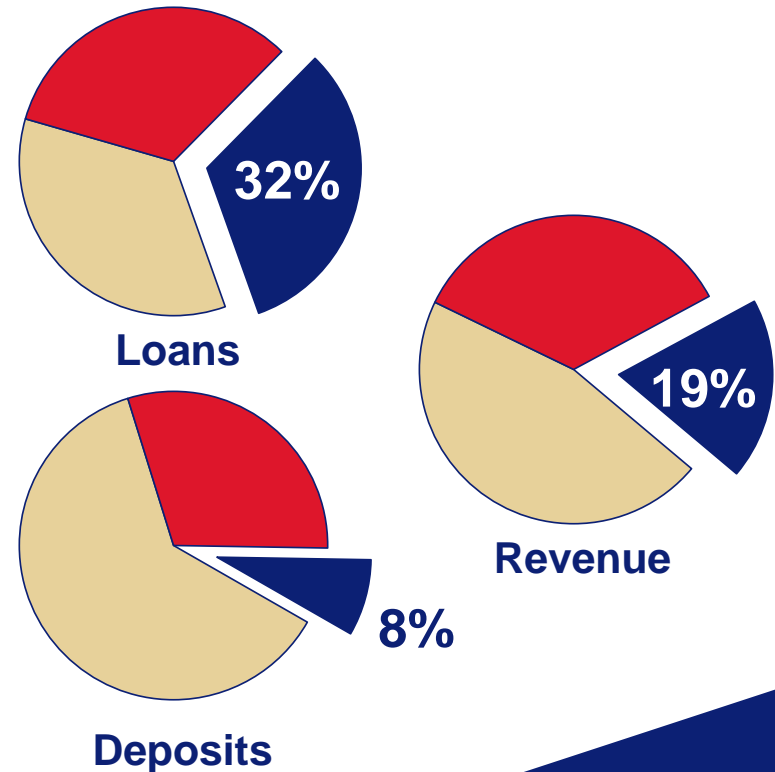
# Commercial Real Estate



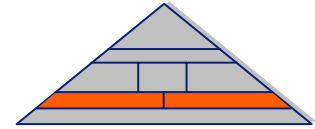
## Business Units

- ✓ Real Estate Lending
- ✓ Mezzanine Lending
- ✓ Permanent Lending
- ✓ Loan Administration Services
- ✓ Deposit and Payment Solutions

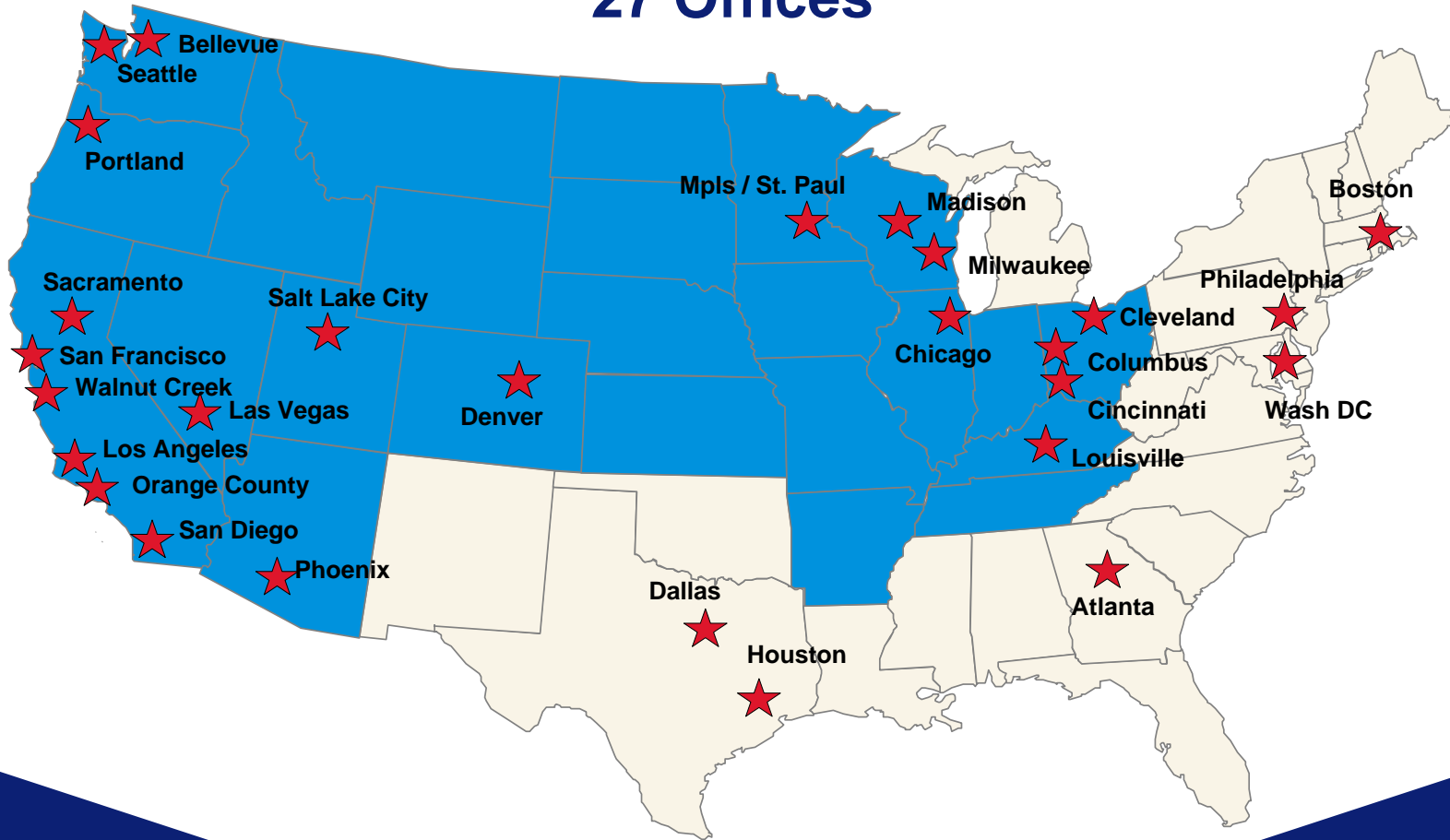
## Contribution to Wholesale



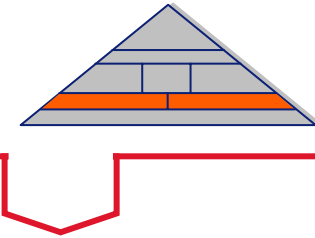
# Commercial Real Estate



27 Offices



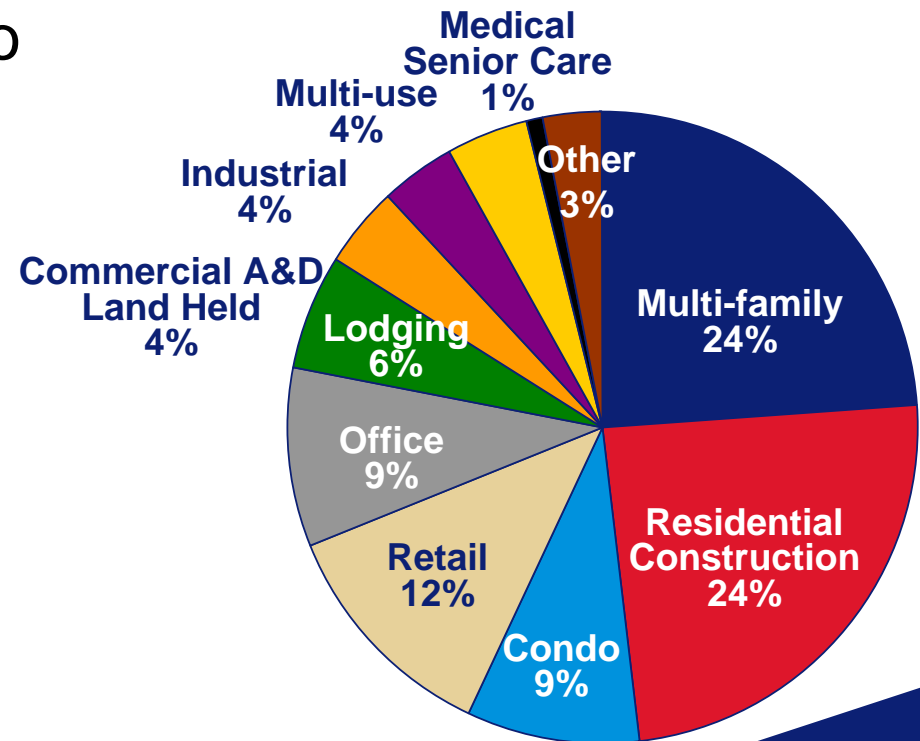
# Commercial Real Estate



## Key Business Priorities:

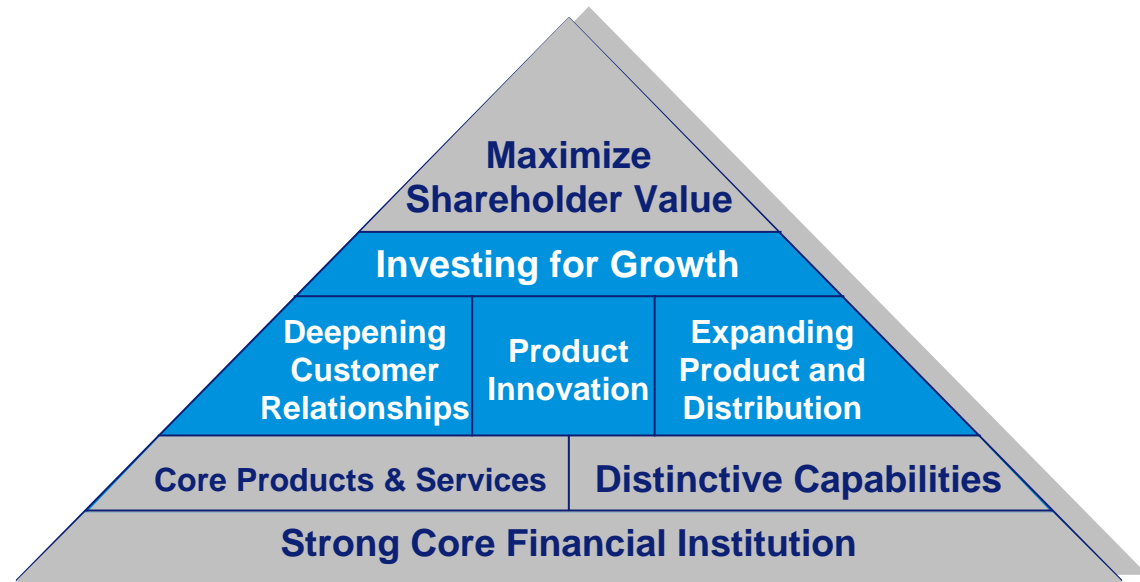
- ✓ Geographic expansion into high growth markets
- ✓ Maintain and recruit high performing professionals
- ✓ Build broader and deeper deposit and payment business
- ✓ Expand Capital Markets related fee income

## CRE by Property Type

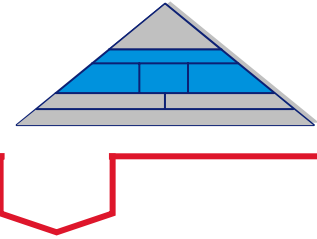


# Wholesale Banking

- ✓ Profile
- ✓ Capabilities
- ✓ Investing for Growth
- ✓ Long-term Growth Expectations



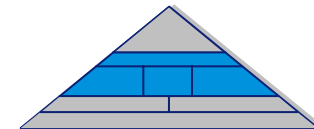
# Wholesale Banking



## Investing for Growth

- ✓ National Corporate Banking
- ✓ Capital Market Capabilities
- ✓ Electronic Check Service
- ✓ Business Equipment Finance Group
- ✓ Building Deeper Relationships

# National Corporate Banking

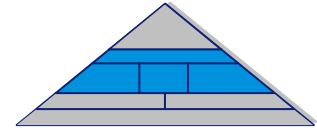


## Priorities:

1. Broaden customer base through higher penetration of prospects in and out of footprint
2. Become more important to existing customers

- ✓ Resource Commitment – New Leadership
- ✓ Expansion Opportunities – New York
- ✓ Strategic Hold Level Review
- ✓ Conservative Credit Culture Continues
- ✓ Payments Leverage

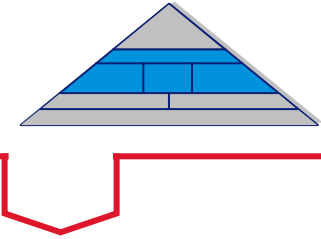
# Capital Market Capabilities



Rationale: Current customers have capital markets needs that we can meet

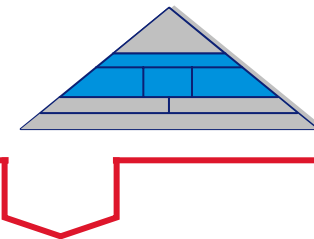
- ✓ Increased Resources
- ✓ New Offices, New People, New Products, New Pride
  - New Head of Derivatives
  - Chicago, Cincinnati, New York
  - Product Capabilities (Chicago 24-hour FX trading)
- ✓ Increased Sales Intensity, Commitment to Products, Pay for Performance

# Electronic Check Service



It's Your Money. . . Why Wait For It?

# Electronic Check Service



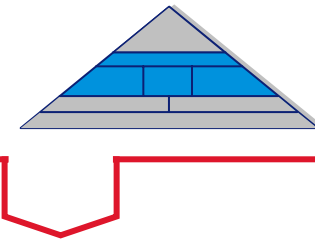
## Product Description:

- ✓ Process any type of check “real-time”
- ✓ Converted at the point of sale (earliest point of entry)
- ✓ Automatically through the appropriate processing “rail”
- ✓ With the proper risk mitigation protection

## Benefits:

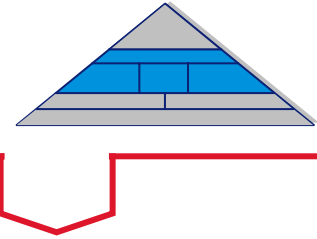
- ✓ Faster access to funds
- ✓ Reduced costs & labor
- ✓ Single or multiple depository bank relationship
- ✓ Minimized check return risk
- ✓ Improved reporting

# Business Equipment Finance Group



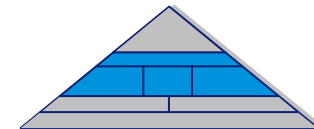
- ✓ National leader in providing equipment financing to small to medium sized business in virtually every industry
  - \$3.7B national portfolio with > 120,000 active loans and leases
  - Typical transaction size is approximately \$25,000
  - 2007 new business projected at \$1.8B
  - Avg Earning Assets have grown at nearly 20% annually since '01
  - Efficiency ratio of < 20%
  - Specialties include office equipment (eg copiers), healthcare, commercial vehicles, and technology equipment

# Business Equipment Finance Group



- ✓ Key Competitive Advantages
  - Custom Programs, Online Web Tools, Human Capital, Brand Recognition, Bundling Capabilities & Online Capacity
- ✓ Growth Opportunities
  - Leverage Management Team & Sales Force
  - Expand Niche Focus
  - Increase Product Offerings
  - Cross Sell Relationships within USB

# Building Deeper Relationships

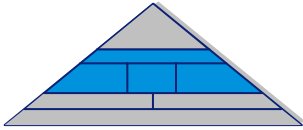


Current Situation: Many independent business line initiatives resulting in improved cross sell, but they were not coordinated; resulting in inconsistent product selling and client coverage

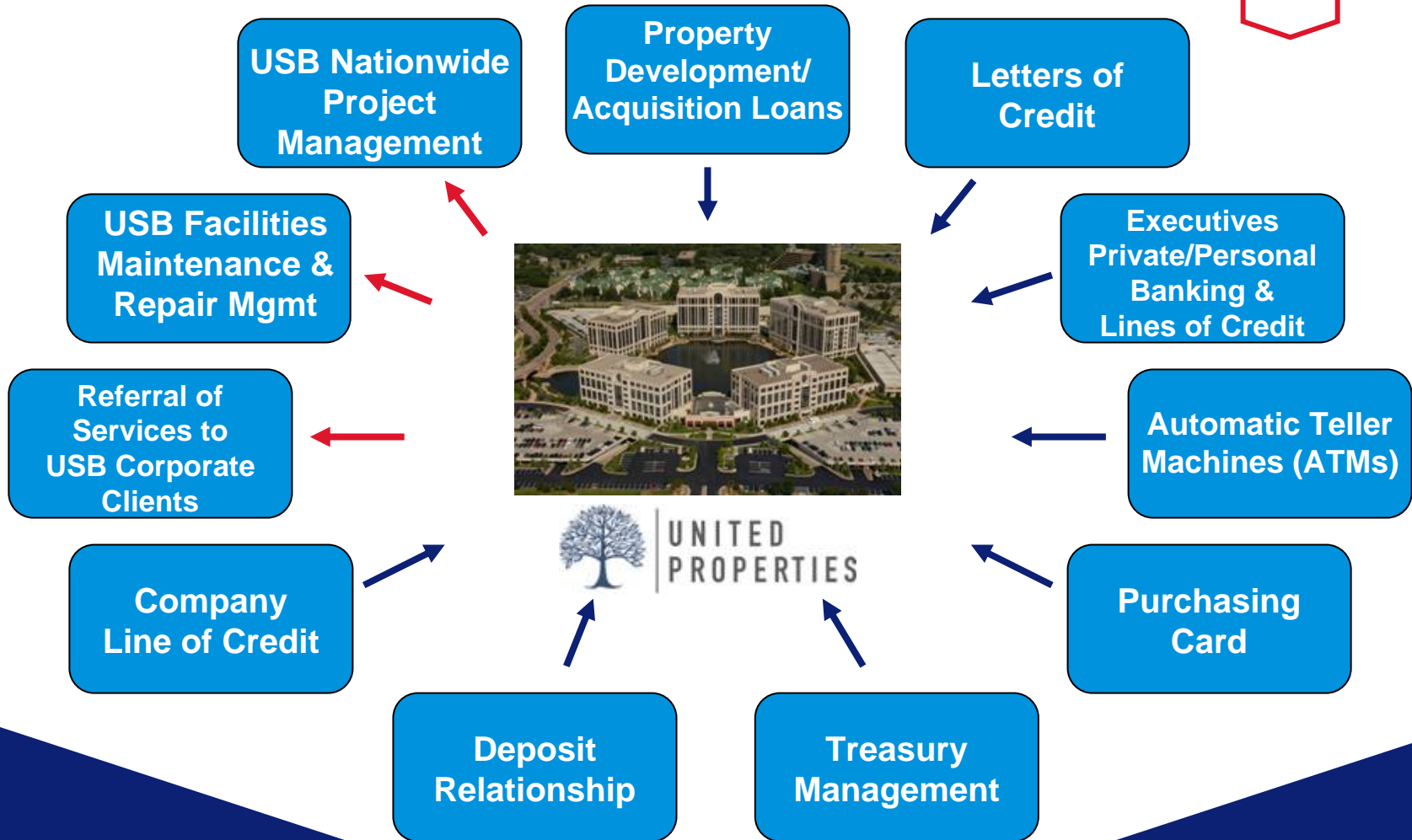
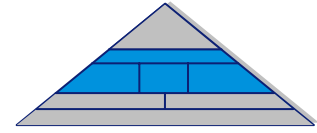
## ✓ Goals of Relationship Review Initiative

- Create a comprehensive relationship review and planning process
- Expand RM “shelf space” and identify additional opportunities by including representatives across business lines in internal review
- Improve coordinated client facing strategy

# Building Deeper Relationships



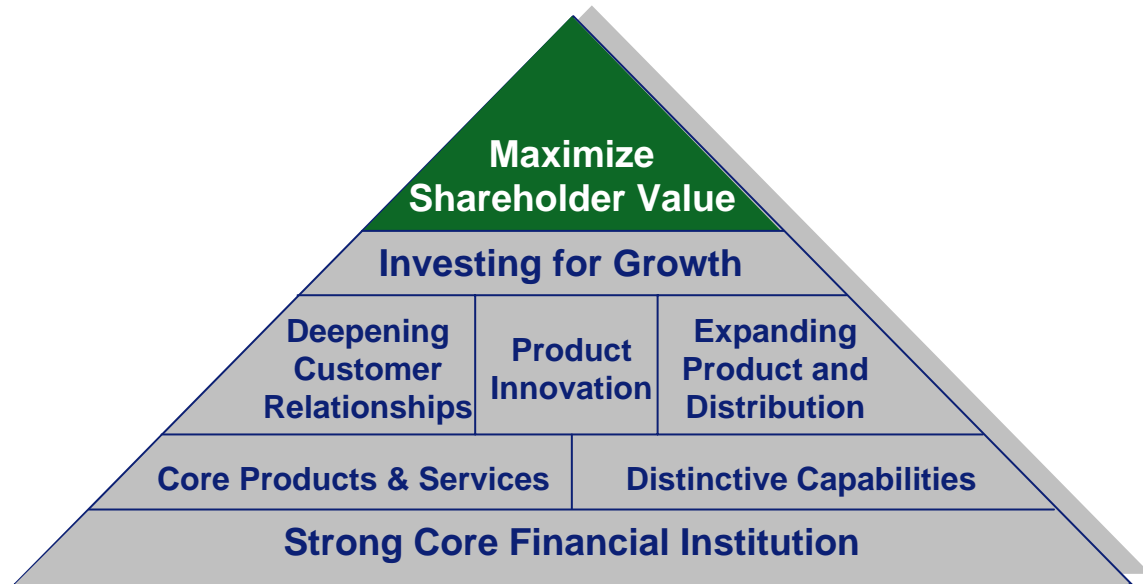
# Building Deeper Relationships



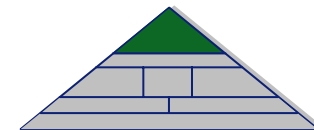
# Wholesale Banking

- ✓ Profile
- ✓ Capabilities
- ✓ Investing for Growth

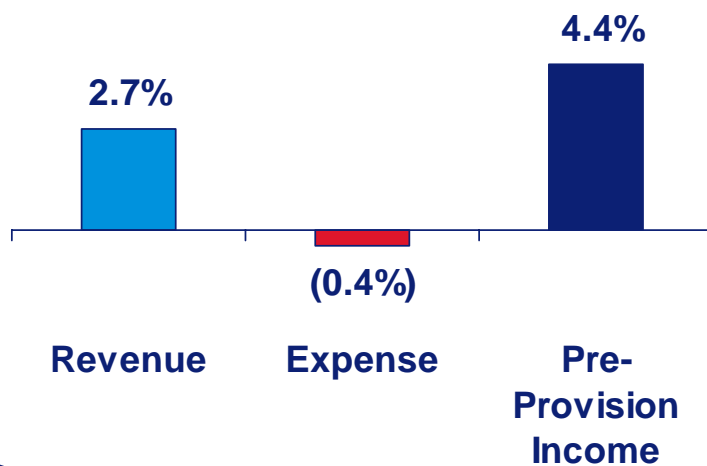
✓ Long-term Growth Expectations



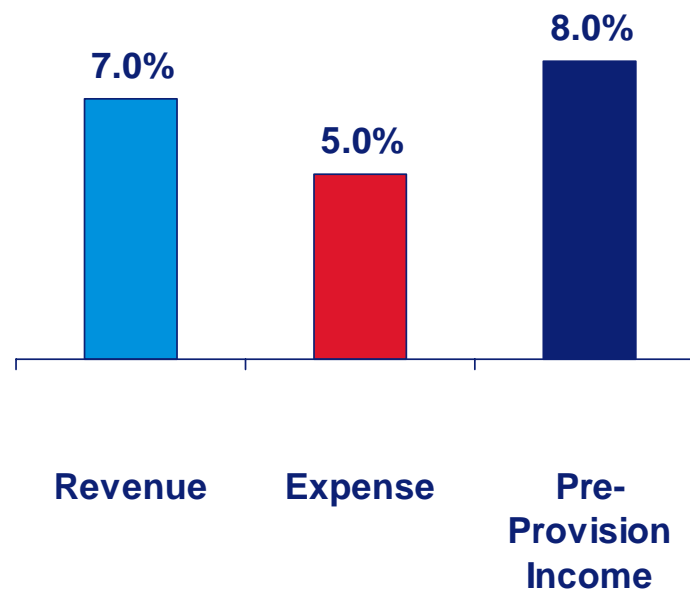
# Wholesale Banking



## 2004 – 2006 CAGR



## Long-term Growth Expectations



# U.S. Bancorp Investor Conference

# Wholesale Banking

**Joe Hoesley, Joseph Otting,  
and Dick Payne**

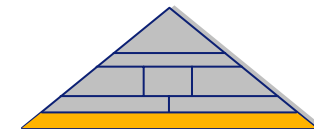
***Vice Chairmen***

***September 5, 2007***



# Appendix

# Wholesale Banking



## Financial Performance

**\$ in millions**

	2004	2005		2006		YTD 2006	YTD 2007	
	\$	\$	%B/(W)	\$	%B/(W)	\$	\$	%B/(W)
Net Interest Income	1,789	1,890	5.6%	1,912	1.2%	964	906	(6.0%)
Noninterest Income	871	882	1.3%	896	1.6%	450	463	2.9%
Total Revenue	2,660	2,772	4.2%	2,808	1.3%	1,414	1,369	(3.2%)
Expense	925	920	0.5%	918	0.2%	460	473	(2.8%)
Pre-Provision Contribution	1,735	1,852	6.7%	1,890	2.1%	954	896	(6.1%)
Net Charge-offs	70	2	97.1%	5	NA	(7)	26	NA
Pre-Tax Contribution	1,665	1,850	11.1%	1,885	1.9%	961	870	(9.5%)
Net Income	1,059	1,177	11.1%	1,199	1.9%	612	553	(9.6%)
Efficiency Ratio	34.8%	33.2%	1.6%	32.7%	0.5%	32.5%	34.6%	(2.1%)
Average Loans	45,050	48,231	7.1%	50,651	5.0%	50,245	51,436	2.4%
Average Deposits	29,584	33,546	13.4%	33,123	(1.3%)	33,393	31,583	(5.4%)

Designations, assignments and allocations change from time to time as management systems are enhanced, methods evaluating performance or product lines change or business segments are realigned to better respond to the Company's diverse customer base. During 2007, certain organization and methodology changes were made and, accordingly, historical results were restated and presented on a comparable basis.