

U.S. Bancorp to Acquire Union Bank from Mitsubishi UFJ Financial Group

Creating value for all our stakeholders

September 21, 2021



U.S. BANCORP

Disclaimer

“Safe Harbor” Statement under 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 hereof. These forward-looking statements cover, among other things, any projections or expectations regarding U.S. Bancorp’s proposed acquisition of Union Bank described herein, U.S. Bancorp’s future revenues, expenses, earnings, capital expenditures, deposits or stock price, as well as the assumptions on which such expectations are based. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated.

Such risks and uncertainties include, among others, (1) the risk that the cost savings, any revenue synergies and other anticipated benefits of the proposed acquisition may not be realized or may take longer than anticipated to be realized, (2) disruption to the parties’ businesses as a result of the announcement and pendency of the proposed acquisition and diversion of management’s attention from ongoing business operations and opportunities, (3) the occurrence of any event that could give rise to the right of one or both of the parties to terminate the definitive purchase agreement, (4) the failure to obtain required governmental approvals or a delay in obtaining such approvals (and the risk that such approvals may result in the imposition of conditions that could adversely affect U.S. Bancorp or the expected benefits of the proposed acquisition), (5) the failure of any of the closing conditions in the definitive purchase agreement to be satisfied on a timely basis or at all, (6) delays in closing the proposed acquisition, (7) the possibility that the proposed acquisition, including the integration of Union Bank, may be more costly or difficult to complete than anticipated, (8) the dilution caused by U.S. Bancorp’s issuance of additional shares of its capital stock in connection with the proposed acquisition, (9) other factors that may affect future results of U.S. Bancorp, including changes in asset quality and credit risk, the inability to sustain revenue and earnings growth, changes in interest rates and capital markets, inflation, customer borrowing, repayment, investment and deposit practices, the impact, extent and timing of technological changes, capital management activities, litigation, and legislative and regulatory actions and reforms, and (10) the impact of the ongoing global COVID-19 pandemic on U.S. Bancorp’s or Union Bank’s businesses or our ability to complete the proposed acquisition.

For discussion of these and other risks and uncertainties 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, 2020, on file with the Securities and Exchange Commission, including the sections entitled “Corporate Risk Profile” and “Risk Factors” 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.

A Strategically and Financially Attractive Acquisition

**Meaningfully
enhances
scale**

**Increases
share in
attractive
markets**

**Creates
significant
value through
expense
synergies**

**Opportunity to
deploy broad
product set
and offer
digital
capabilities**

**Improves
returns,
accelerates
long-term
growth**

Similar customer-centric cultures and credit underwriting discipline



UnionBank® Acquiring a Well-Established West Coast Franchise



Established
Over 150 years
of service



Scaled
>1MM Consumers
>190K Business Banking
relationships



Positioned
#3 non-GSIB California
deposit market share



Trusted
Leading customer service
& net promoter scores



Leader
#1 SBA lender in
California



Proven
Strong credit
performance through-
the-cycle

Diversified Full Service Business Lines



Commercial Banking



Real Estate Industries



Business Banking



Small Business



Community Banking

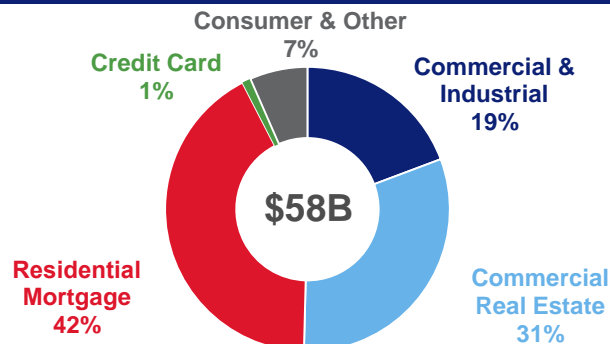


Transaction Banking

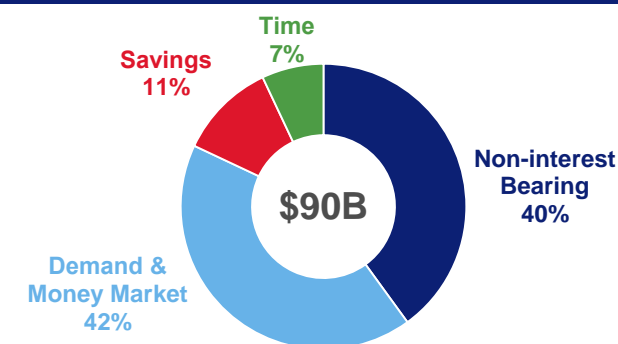


Wealth Management

Loans



Deposits



Key Operating Metrics

Total Assets

\$105B

Tangible Book Value¹

\$6.25B

Total Revenue²

\$2.9B

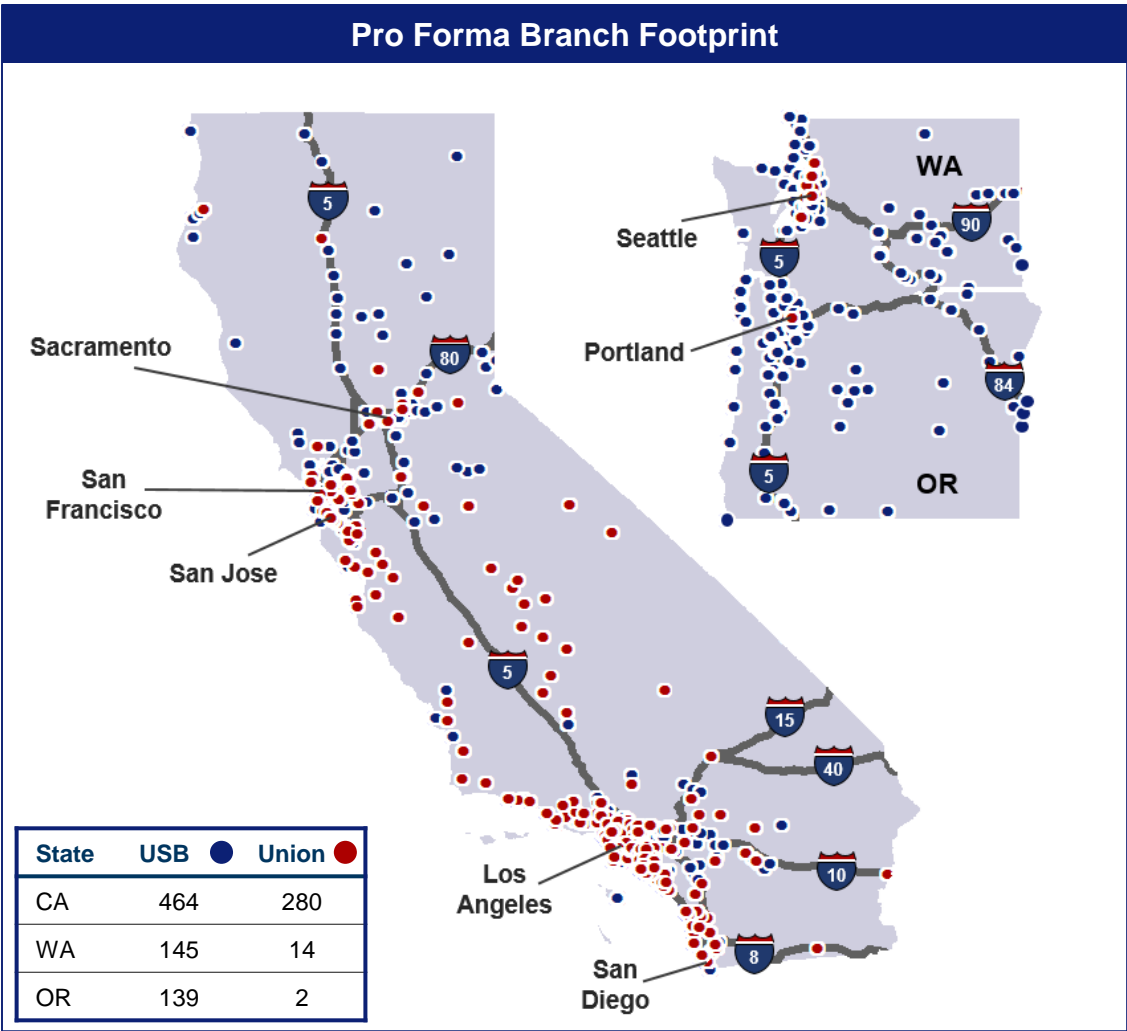
Source: FDIC deposit market share data as of June 30, 2021 adjusted for in-scope deposits acquired.

Note: Assets, loans, deposits, and key metrics as of June 30, 2021.

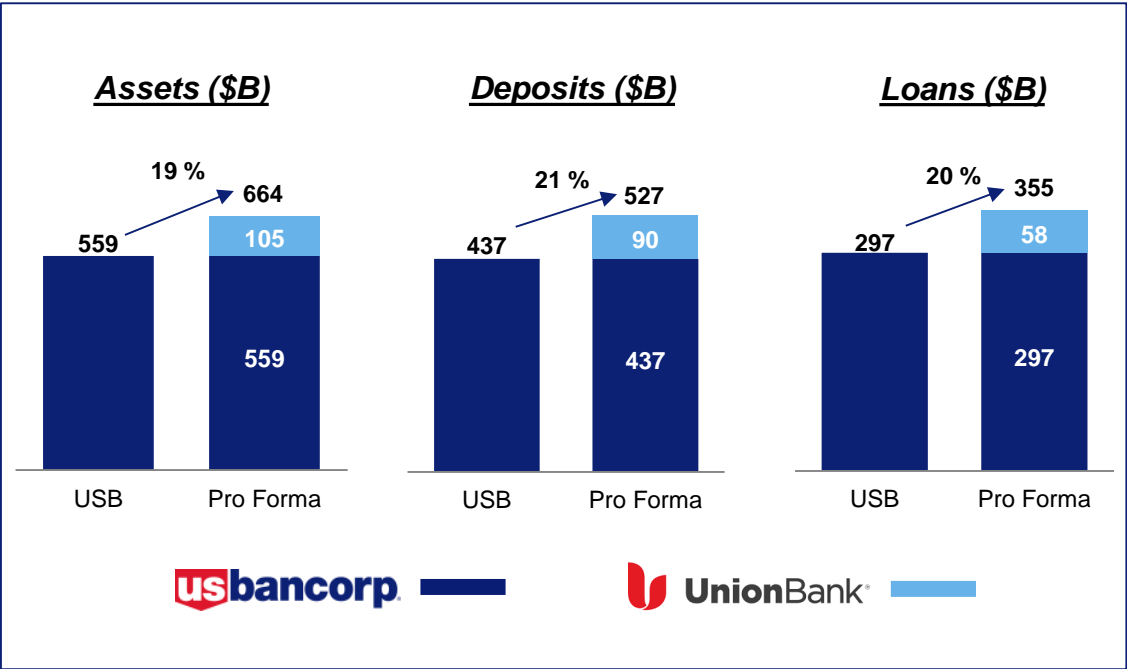
¹ Estimated tangible book value delivered at close.

² Total operating revenue for the last twelve months ended March 31, 2021.

Enhancing Scale in Attractive Markets



- ✓ Improves CA deposit market share to #5 from #10
- ✓ Increases deposits per branch by >60% in California
- ✓ ~80% Union Bank branches are within 3 miles of a USB branch



Source: FDIC deposit market share data as of June 30, 2021.
Note: Assets, deposits, and loans as of June 30, 2021.

Strengthened Footprint in Attractive Growth Markets

Los Angeles



Population: 13.3 million
PF Deposits: \$56.2 billion
PF Deposit Rank: **#4**

Bay Area



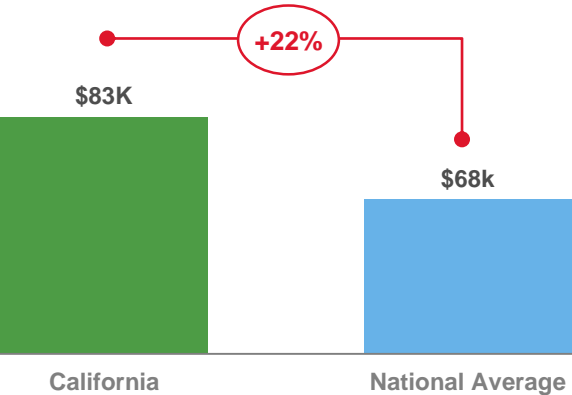
Population: 6.8 million
PF Deposits: \$21.7 billion
PF Deposit Rank: **#8**

San Diego

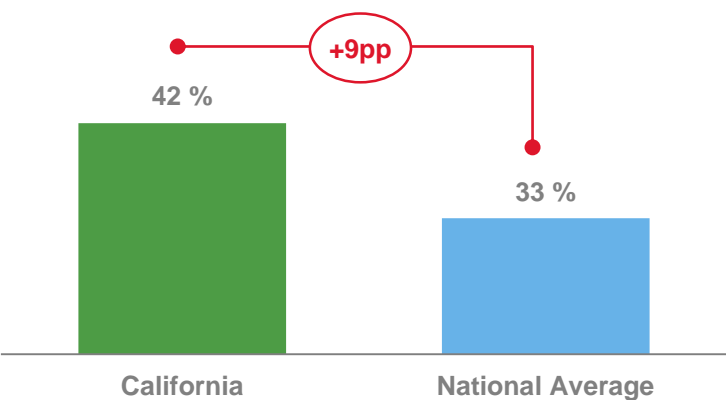


Population: 3.3 million
PF Deposits: \$19.6 billion
PF Deposit Rank: **#3**

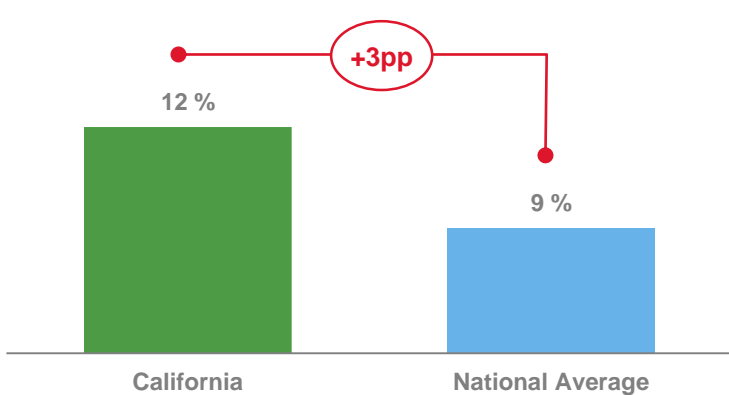
Median Household Income



Households with >\$100k Income



'21-'26 Est. Household Income Growth



Source: S&P Capital IQ, FDIC deposit market share data as of June 30, 2021.
Note: Bay Area includes San Francisco and San Jose MSAs. Household income related statistics based on deposit weighted average for pro forma MSAs + counties not in MSAs.

California: A Large and Growing Banking Opportunity

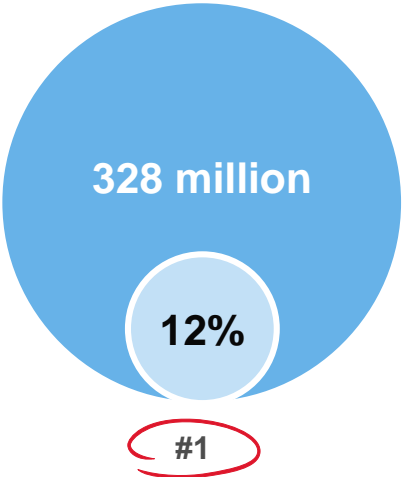
Large
Addressable
Client
Segments...

United
States

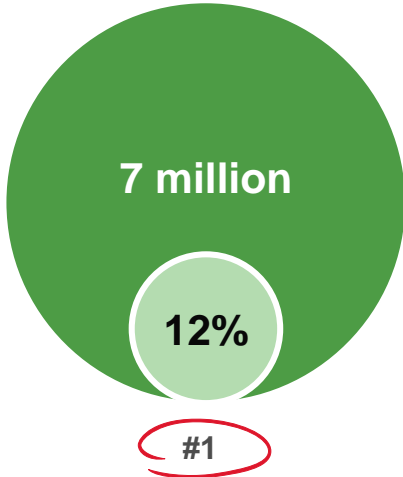
California
Share

U.S. Rank

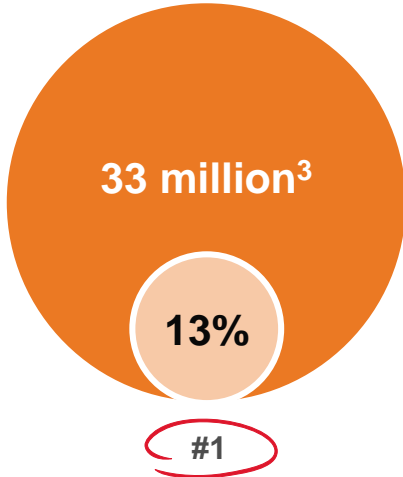
Population



Affluent Households²



Small Businesses



...with Strong
Growth
Dynamics

California
Statistics

~90% of MSAs
Growing Faster
than U.S. Average¹

>10% Annual
Growth in Affluent /
HNW Market

\$33B in Annual
Credit Extended to
California Businesses⁴

Source: California State Website, Bureau of Economic Analysis, Bureau of Labor Statistics, Small Business Association, and S&P Capital IQ

¹ MSAs in California with population greater than 1 million.

² Number of millionaire households per the Wall Street Journal.

³ Number of small businesses per the Small Business Administration Office of Advocacy

⁴ New bank loans of \$1 million or less provided to California small businesses in 2019 per CRA aggregate data (FFIEC).

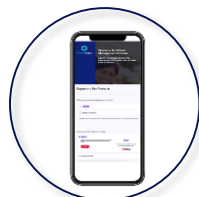
Deploy Broad Product Set and Digital Capabilities



Scale, product breadth, and technology to penetrate...



... Large, loyal client base



Consumer & Business Banking

- Mobile banking
- Data & analytics
- Digital mortgage

- Retail cards
- Auto finance
- Installment loans



Consumer Accounts
1 million



Integrated Payment Services

- Merchant acquiring
- B2B payments
- Real-time payments

- Omni-commerce
- Commercial cards
- Fleet / freight payments



Business Banking Clients
190,000



Wealth Management

- Financial planning
- Private banking
- Trust and estate

- Investment management
- Automated investing
- Brokerage services



HNW / Affluent Households
50,000



Corporate & Commercial Banking

- Capital markets
- Industry verticals
- Credit facilities

- Treasury management
- Foreign exchange
- Derivatives



Commercial Relationships
700



Financially Compelling

PRICING

1.3x TBV
2% Deposit Premium

COST SYNERGIES

~\$900MM / ~40%

CAPITALIZED VALUE OF NET COST SYNERGIES¹

\$7.1B

EPS ACCRETION²

Synergies realized 75% / 100%

~6% / ~8%

TBVPS IMPACT³

Dilution
~1%

Earnback

Accretion Method

~0.75 Yrs.

Crossover

~1.5 Yrs.

INTERNAL RATE OF RETURN

~20%

¹ Pre tax cost synergies of \$900MM (\$666MM after tax), multiplied by 12x P/E multiple, net of restructuring charges of \$1.2B pre-tax (\$888MM after tax). Assumes 26% tax rate.

² 2023E GAAP EPS accretion with synergies illustratively realized 75% and 100% in 2023.

³ Tangible book value per share dilution at close inclusive of one-time restructuring charges and non-purchase credit deteriorated CECL provision.

Transaction Summary

Structure	<ul style="list-style-type: none"> • U.S. Bancorp to acquire MUFG Union Bank, N.A. • Excludes Global Corporate & Investment Bank, certain middle and back-office functions, and other selected assets
Transaction Value	<ul style="list-style-type: none"> • \$8.0 billion¹ • 7.7x synergized price / earnings multiple²
Consideration / Ownership	<ul style="list-style-type: none"> • \$5.5 billion in cash and 44 million shares of USB common stock • Approximately 69% cash / 31% stock (2.9% MUFG ownership)
Cost Saves	<ul style="list-style-type: none"> • Identified ~\$900MM of pre-tax cost synergies equal to ~40% of non-interest expense • Realized 25% in 2022, 75% in 2023, and 100% thereafter • Revenue synergies identified but not modeled
Merger Expenses	<ul style="list-style-type: none"> • One-time pre-tax merger expenses of \$1.2B • Realized 50% at closing and 50% in 2H 2022; 100% incorporated in tangible book value per share statistics
Approvals and Timing	<ul style="list-style-type: none"> • Approved by USB and MUFG Boards of Directors • No USB or MUFG shareholder approvals required • Customary regulatory approvals including the Fed, OCC, FDIC, FINRA and JFSA (Japanese Financial Services Agency) • Anticipated closing in 1H 2022

¹ Transaction value based on USB's closing share price on September 20, 2021 of \$55.68.

² LTM operating earnings with fully realized synergies. See appendix for detail.



Leveraging A Strong Risk Management Framework

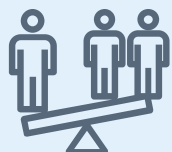
Ensuring Sustainable, Consistent, Best-in-Class Returns Through the Cycle



Shared disciplined credit underwriting philosophies



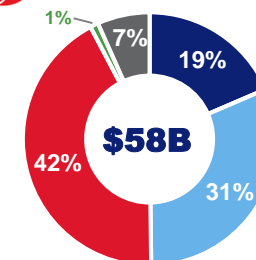
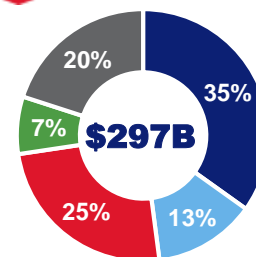
Similar strong credit track record over cycles



Leveraging U.S. Bank's:

- ✓ Single operating platform
- ✓ Advanced technology and data analytics
- ✓ Robust risk and compliance framework

Diversified, Complimentary Loan Portfolios...



■ Commercial ■ CRE ■ Mortgage ■ Credit Card ■ Other Retail

...Reflected in Consistent Underwriting

Portfolio	Union Bank ¹	
	FICO/Rating	LTV
Mortgage	757	67%
Home equity	749	58%
CRE	Ba1/BB+	46%
Commercial	Baa3/BBB-	N/A

¹ Portfolio weighted average statistics as of June 30, 2021. Includes internally developed credit-rating equivalents for CRE and Commercial.

Comprehensive Due Diligence and Integration Planning

Focused, Company-Wide Assessment of Benefits, Risks and Opportunities

BY THE NUMBERS

500+

- U.S. Bank employees participated

50+

- Outside professionals engaged

~600

- Commercial loan credit files reviewed which represents ~40% of commitments

100%

- Consumer loans reviewed / modeled in addition to cross-section sampling

Special Assets

- Loan file review of COVID-impacted sectors and criticized / classified loans

EXTENSIVE SCOPE

Commercial Banking

Credit

Transaction Banking

Finance, Accounting,
Tax & Treasury

Consumer Banking

Human Resources

Mortgage & Servicing

CRA & Community
Matters

Wealth Management

Legal, Regulatory,
and Compliance

Commercial
Agreements

Cyber Security

Separation / TSA

Physical Premises

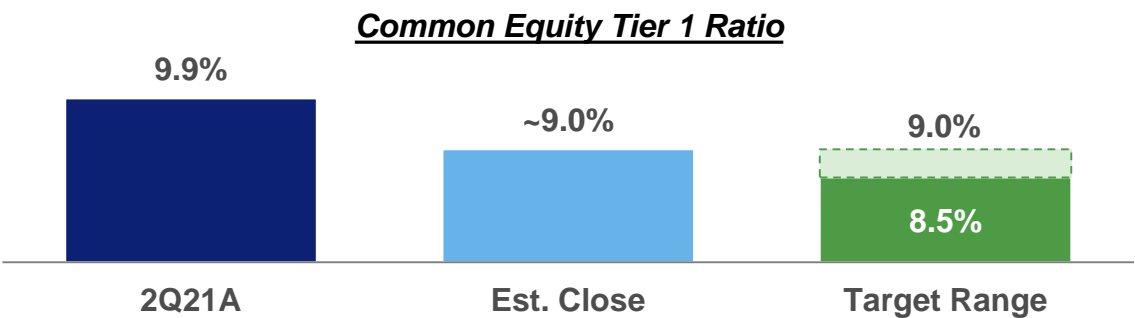
Technology &
Operations

Marketing &
Communications

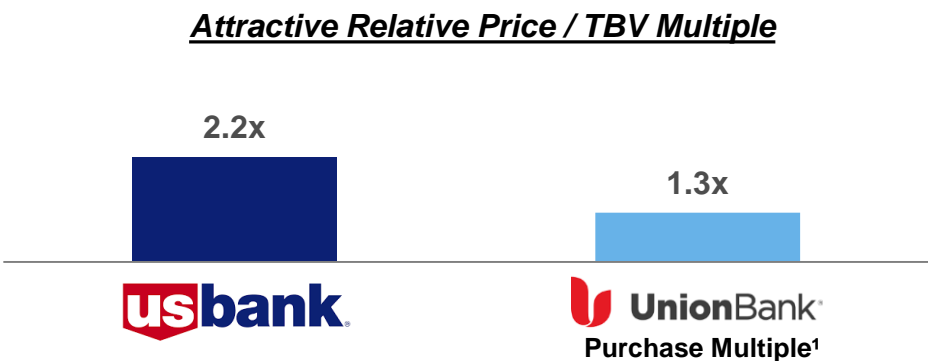
Financially Attractive Allocation of Capital

Delivering on our Long-Term Stated Objectives

Rightsizing Our Capital Stack...

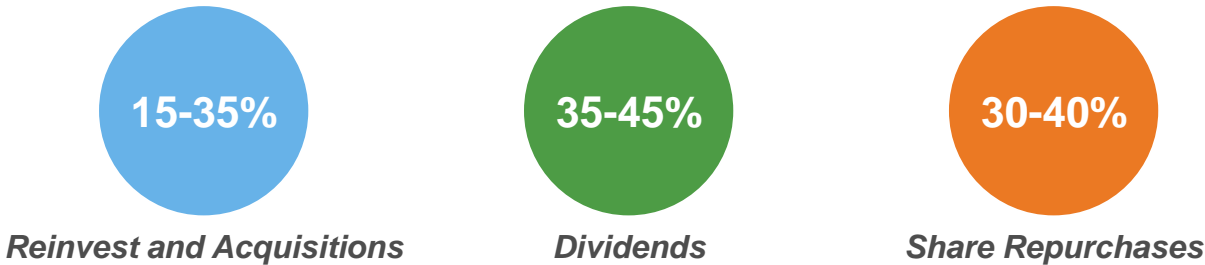


...for a Well-Timed Investment...



...Generating More Earnings to Distribute

Long-Term Earnings Distribution Targets



Share repurchases deferred until the second half of 2022
Planned share repurchases re-allocated to acquisition

Note: Market data as of September 20, 2021.
¹ Union Bank tangible book value of \$6.25B delivered at close.

A Combination that Benefits all Stakeholders

Supporting Financial Inclusion



- Delivers **Digital First** capabilities increasing access and convenience
- Increases **physical presence** through more branch and ATM locations
- Larger suite of **sophisticated products** improving service level
- Financial strength and reputation as evidenced by U.S. Bank's **highest bank ratings** from Moody's and S&P

Investing in our Communities



- Culture rooted in '**doing the right thing**' and supporting communities from a foundation of trust and ethics
- Each bank has **Outstanding CRA ratings** supported by deep community group relationships
- Enhances ability to commit to, and invest in, **low- and moderate-income communities (LMI)**

Creating an Inclusive Workplace



- Preserving and maintaining a **values-based employee culture** with a focus on diversity, equity and inclusion
- Attracting, retaining, and developing employees to enable **career advancement**
- Investing in employees to drive **higher engagement** leading to better customer experiences, satisfaction, and growth

A Strategically and Financially Attractive Acquisition

**Meaningfully
enhances
scale**

**Increases
share in
attractive
markets**

**Creates
significant
value through
expense
synergies**

**Opportunity to
deploy broad
product set
and offer
digital
capabilities**

**Improves
returns,
accelerates
long-term
growth**

Similar customer-centric cultures and credit underwriting discipline



Appendix

Deposit Market Share in California

Top 3
Top 5

The combined company will have **#5 deposit market share in California**

8 of 10

Largest markets have a **top 5** market position

>60%

Increase in California deposits per branch

		usbancorp		UnionBank®		Combined	
Market		Market Rank	Deposits (\$MM)	Market Rank	Deposits (\$MM)	Market Rank	Deposits (\$MM)
1.	Los Angeles, CA	9	\$ 15,679	5	\$ 40,523	4	\$ 56,202
2.	San Diego, CA	7	4,889	4	14,716	3	19,605
3.	San Francisco, CA	11	6,073	8	10,777	7	16,850
4.	Sacramento, CA	2	13,242	8	1,677	2	14,919
5.	Riverside, CA	4	4,639	6	2,593	4	7,232
6.	San Jose, CA	12	1,771	10	3,038	9	4,809
7.	Santa Maria, CA	16	64	3	2,308	3	2,372
8.	Oxnard, CA	9	449	5	1,439	4	1,888
9.	Fresno, CA	—	—	4	1,246	4	1,246
10.	Salinas, CA	14	47	5	920	5	967
Top 10 MSAs		—	\$ 46,853	—	\$ 79,237	—	\$ 126,090
Other MSAs		—	3,630	—	2,729	—	6,359
Total MSAs		—	\$ 50,483	—	\$ 81,966	—	\$ 132,449
Non-MSA Deposits		—	492	—	294	—	786
Total California		10	\$ 50,975	6	\$ 82,260	5	\$ 133,235

Source: FDIC deposit market share data as of June 30, 2021 adjusted for in-scope deposits acquired.

Loan and Deposit Composition

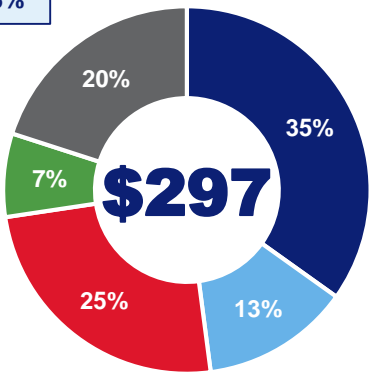
(\$ in billions)



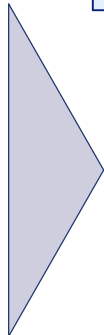
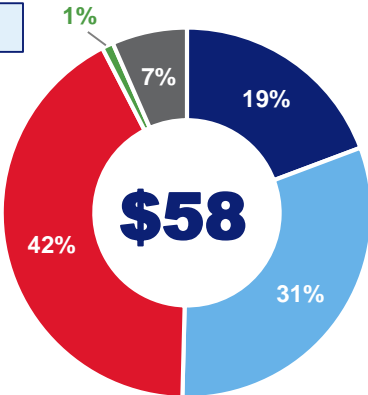
Combined

Loans

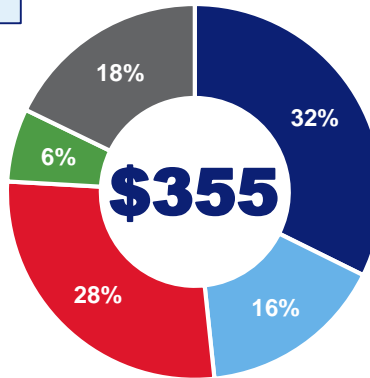
Yield: 3.66%



Yield: 3.24%



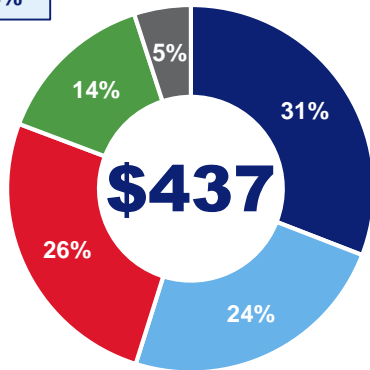
Yield: 3.57%



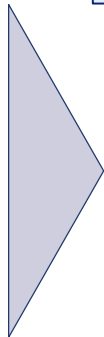
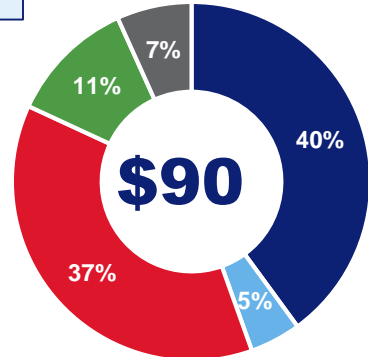
■ Commercial ■ CRE ■ Mortgage ■ Credit Card ■ Other Retail

Deposits

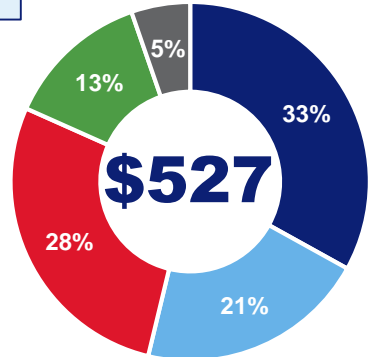
Cost: 0.08%



Cost: 0.11%



Cost: 0.09%



■ Non-Interest Bearing ■ Demand ■ Money Market ■ Savings ■ Time

Financial data as of June 30, 2021.

Transaction Assumptions

Earnings	<ul style="list-style-type: none"> • USB: projections based on Wall Street consensus estimates • Union Bank: management estimates, adjusted for carve-out
Capital Actions	<ul style="list-style-type: none"> • USB planned share repurchases deferred until the second half of 2022 • Long-term earnings distribution targets unchanged post-closing
Sources of Cash	<ul style="list-style-type: none"> • \$4.25 billion of balance sheet cash on hand • \$500 million subordinated debt issuance • \$750 million preferred equity issuance
Loan Mark	<ul style="list-style-type: none"> • Will establish an allowance for credit losses of ~\$1.2B or 2.1% of loans, net of loans previously charged off by Union Bank • Non-PCD CECL reserve of ~\$920MM established through provision expense (represents “double count” of the non-PCD credit mark) • Loan interest rate mark-up of ~\$440MM pre-tax or 0.8% of loans • Non-PCD credit mark and loan interest rate mark accreted / amortized over expected loan maturity periods
Core Deposit Intangible	<ul style="list-style-type: none"> • 0.50% core deposit intangibles on non-time deposits • Amortized over 10 years using sum-of-the-years digits method
Other Items	<ul style="list-style-type: none"> • 26% effective tax rate on merger adjustments • Other interest rate FMV adjustments on securities and time deposits of \$70MM after-tax impact to equity and amortized through earnings

Union Bank Acquired Financials

Balance Sheet

As of June 30, 2021	\$B
Cash and Investments	\$ 42.3
Loans Held for Investment	57.7
Allowance for Credit Losses	(0.6)
Loans Held for Sale	0.5
Goodwill and Intangibles	0.8
Other Assets	4.8
Total Assets	\$ 105.5
Deposits	\$ 89.9
Borrowings and Other Liabilities	8.5
Total Liabilities	98.4
Total Equity	7.1
Total Liabilities & Equity	\$ 105.5
Tangible Common Equity ¹	\$ 6.25

Income Statement

For the Last Twelve Months ended March 31, 2021	\$MM
Total Revenue	\$ 2,925
Non-interest Expense	2,303
PPNR	\$ 622
Normalized Provisions ²	115
Pre-tax Income	\$ 507
Tax Expense ³	132
Net Income	\$ 375
After-tax Fully Realized Synergies	666
Synergized Net Income	\$ 1,041

¹ Tangible book value of \$6.25B delivered at close.

² Assumes 20bps of provisions / average loans.

³ Assumes 26% tax rate.