



The Value of Innovation in Today's Economic Climate

Tim Welsh and Rob Haworth

February 20, 2019

Southern California is a key market for U.S. Bank



Total customers
808,000



Branches
204



ATMs
222



U.S. Bank
Employees
2,887



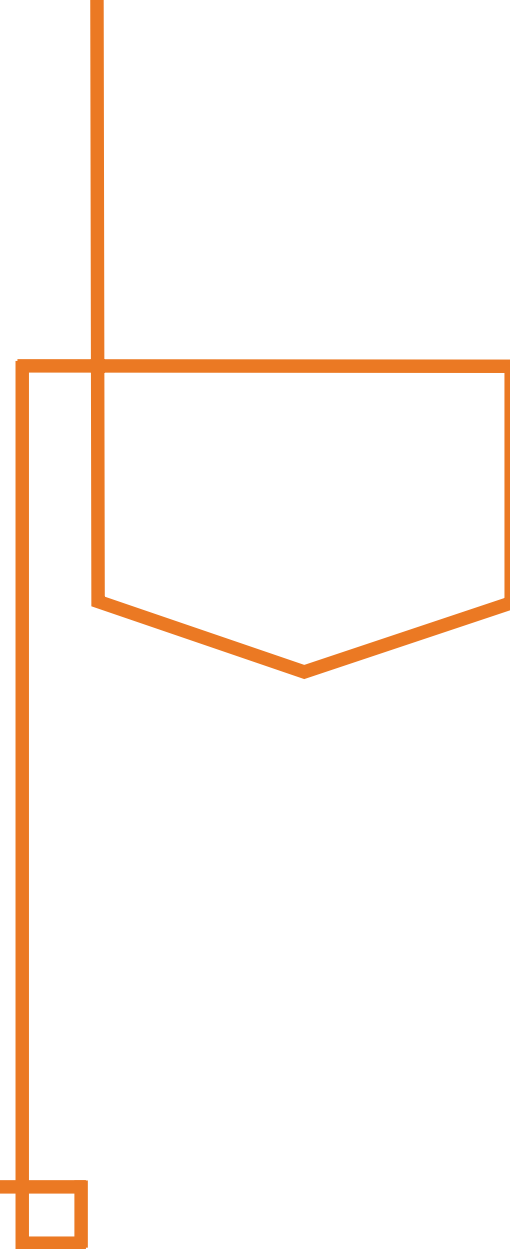
Total number of Small Business
Administration (SBA) loans

134



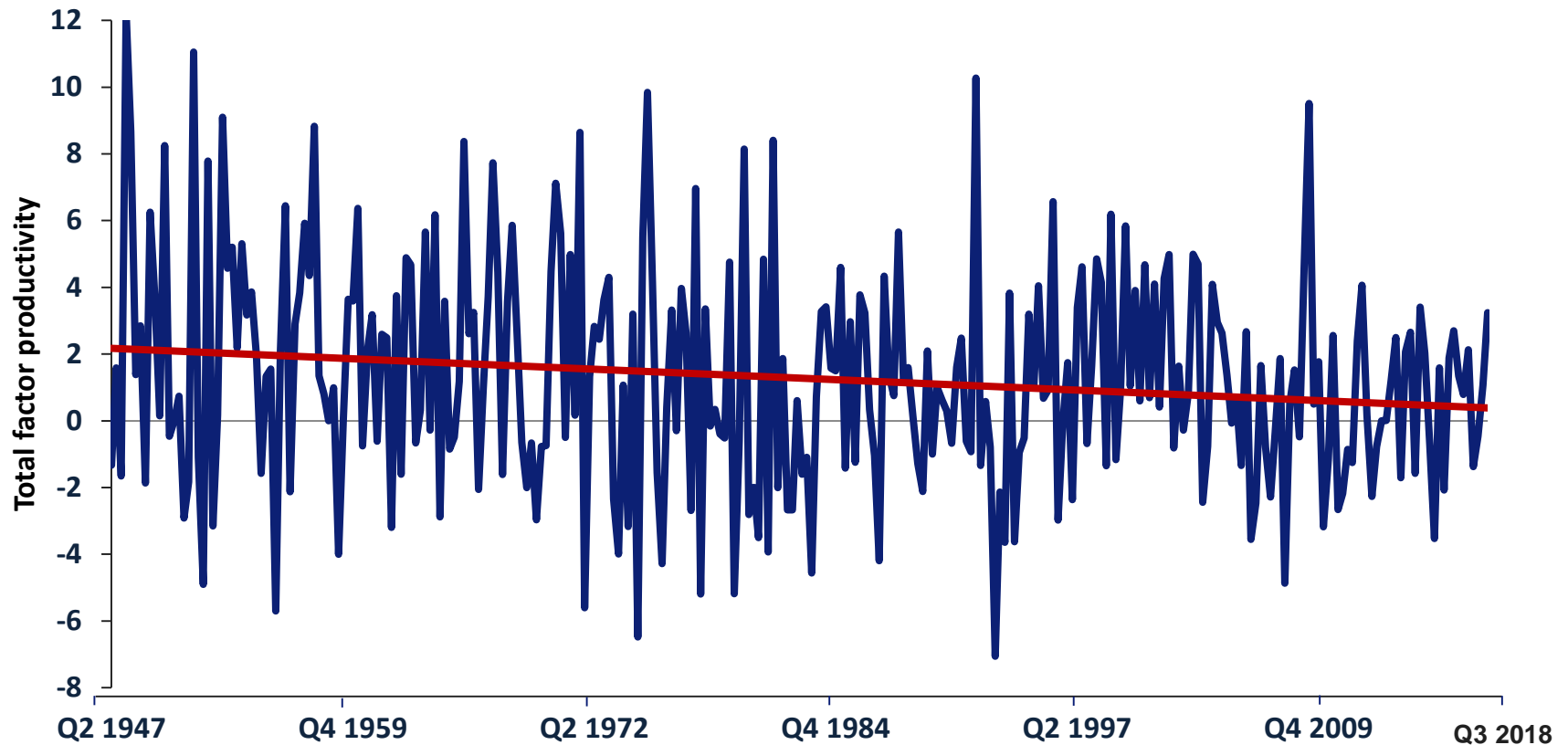
SBA Loan total
\$23,082,600

Taking a look at current macro-economic trends



Major economic consideration #1: Productivity

Total factor productivity: United States

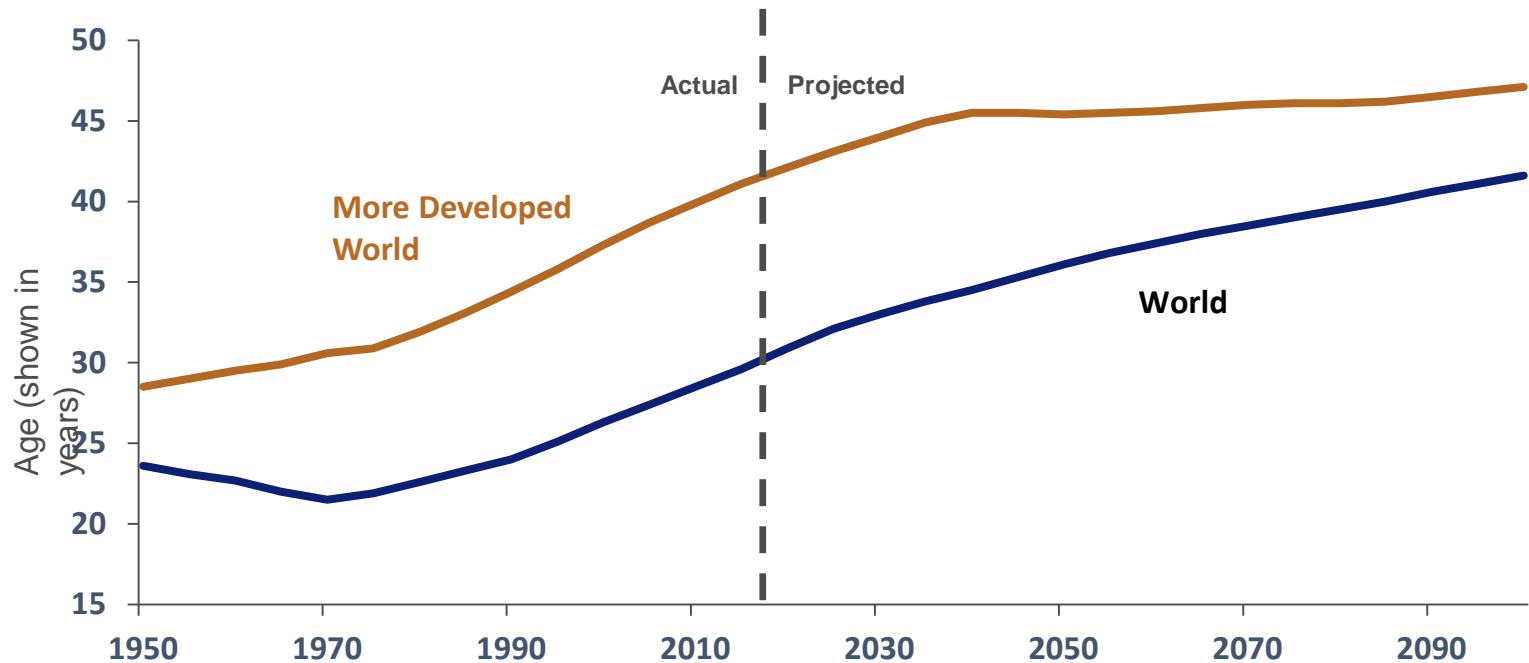


Sources: U.S. Bank Asset Management Group analysis, Bloomberg. Data period: 2Q 1947-3Q 2018.

Takeaway: Lower productivity levels mean less growth potential versus history.

Major economic consideration #2: Demographics

Median age of population

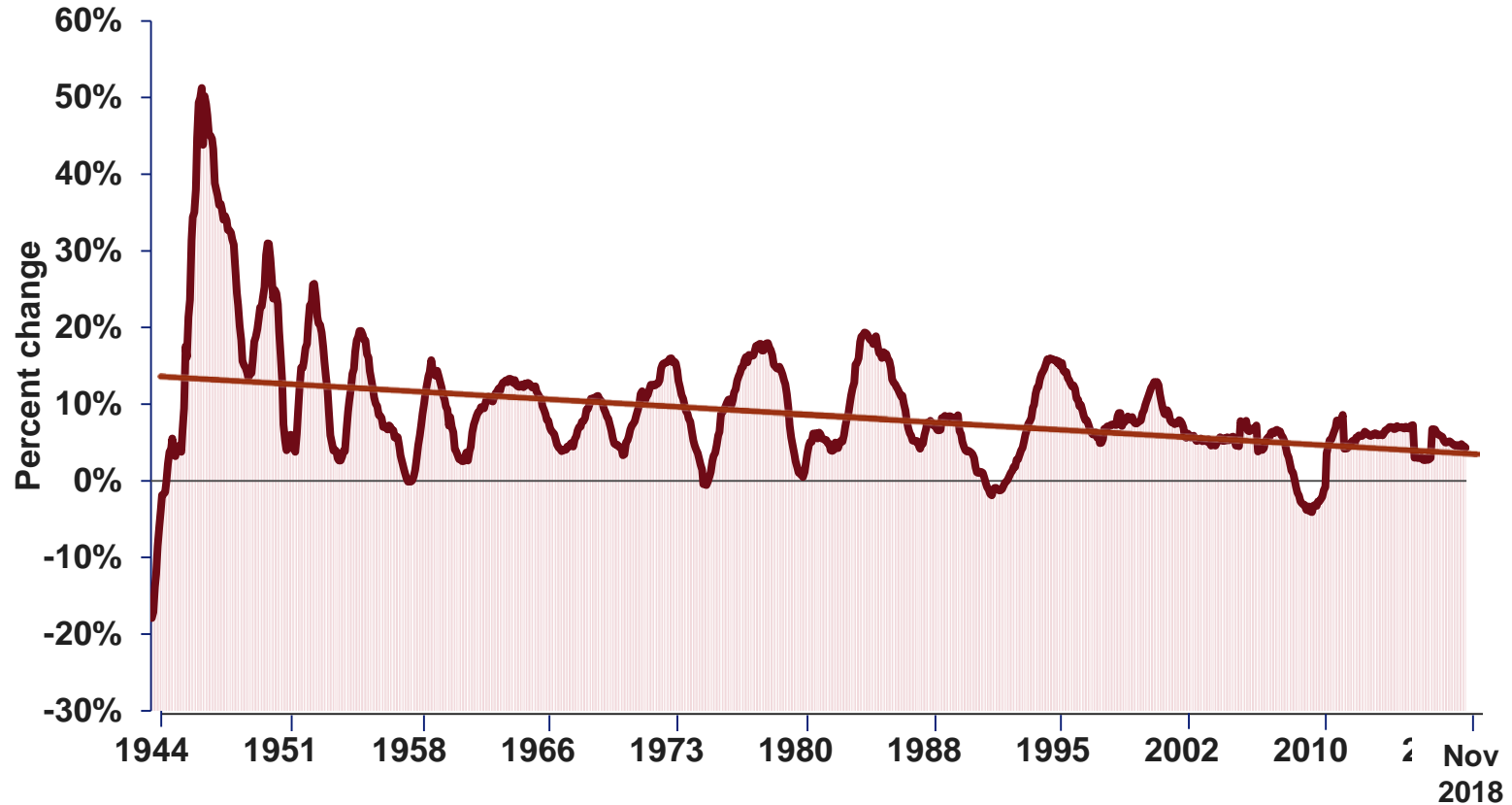


Source: The United Nations Department of Social and Human Affairs. Data period: 1950-2015 (actual). Projections from 2017 to 2100 (as of 2017).

Takeaway: Aging populations tend to have less consumption growth, which could impact corporate profits.

Credit: The core economic driver

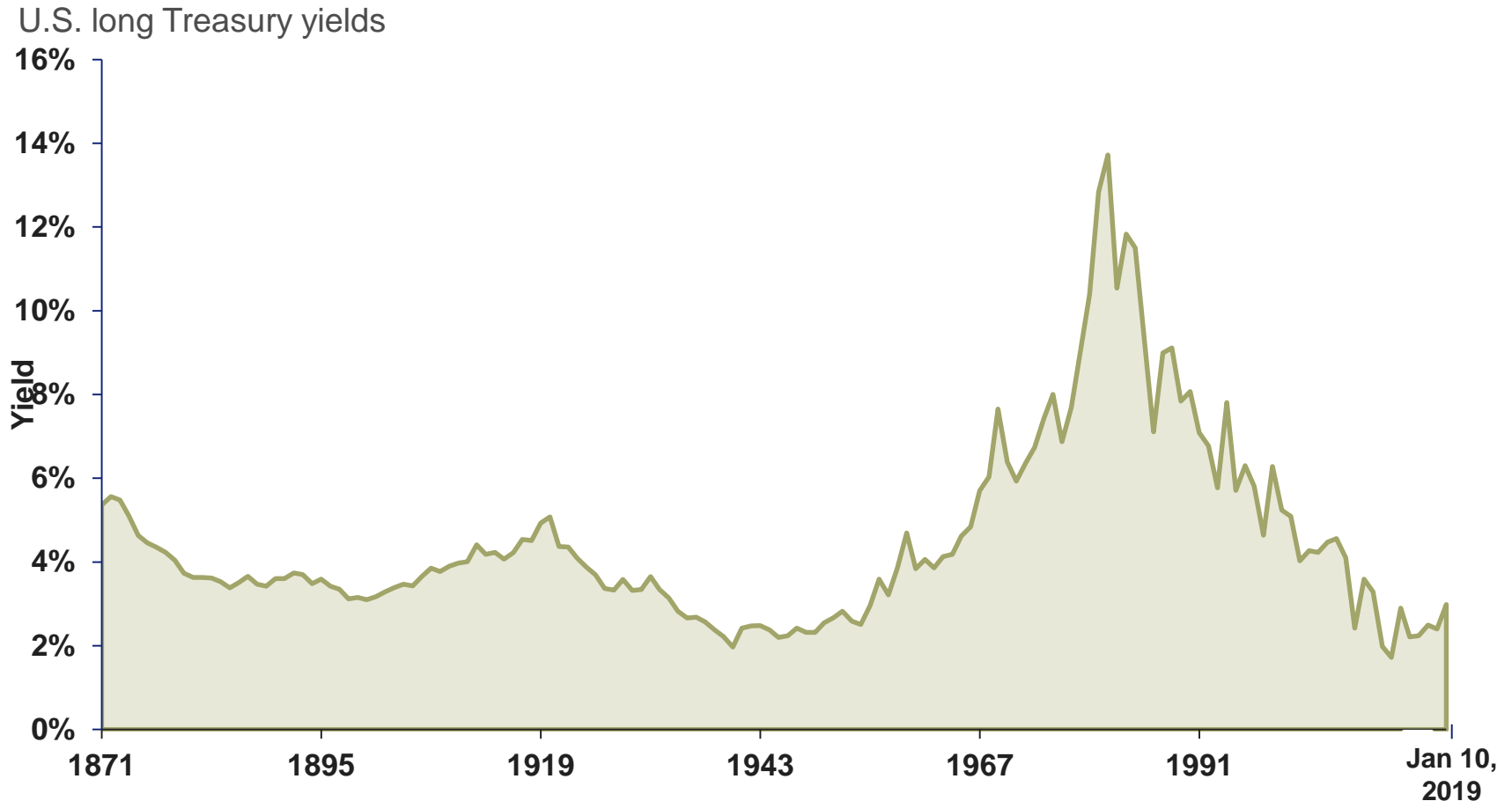
Percent change of total consumer credit (United States)



Sources: U.S. Federal Reserve, Bloomberg. Data period: February 1943-November 2018.

Takeaway: Access to and usage of credit plays a central role in the economy, but credit growth is slowing as evidenced by the red trendline.

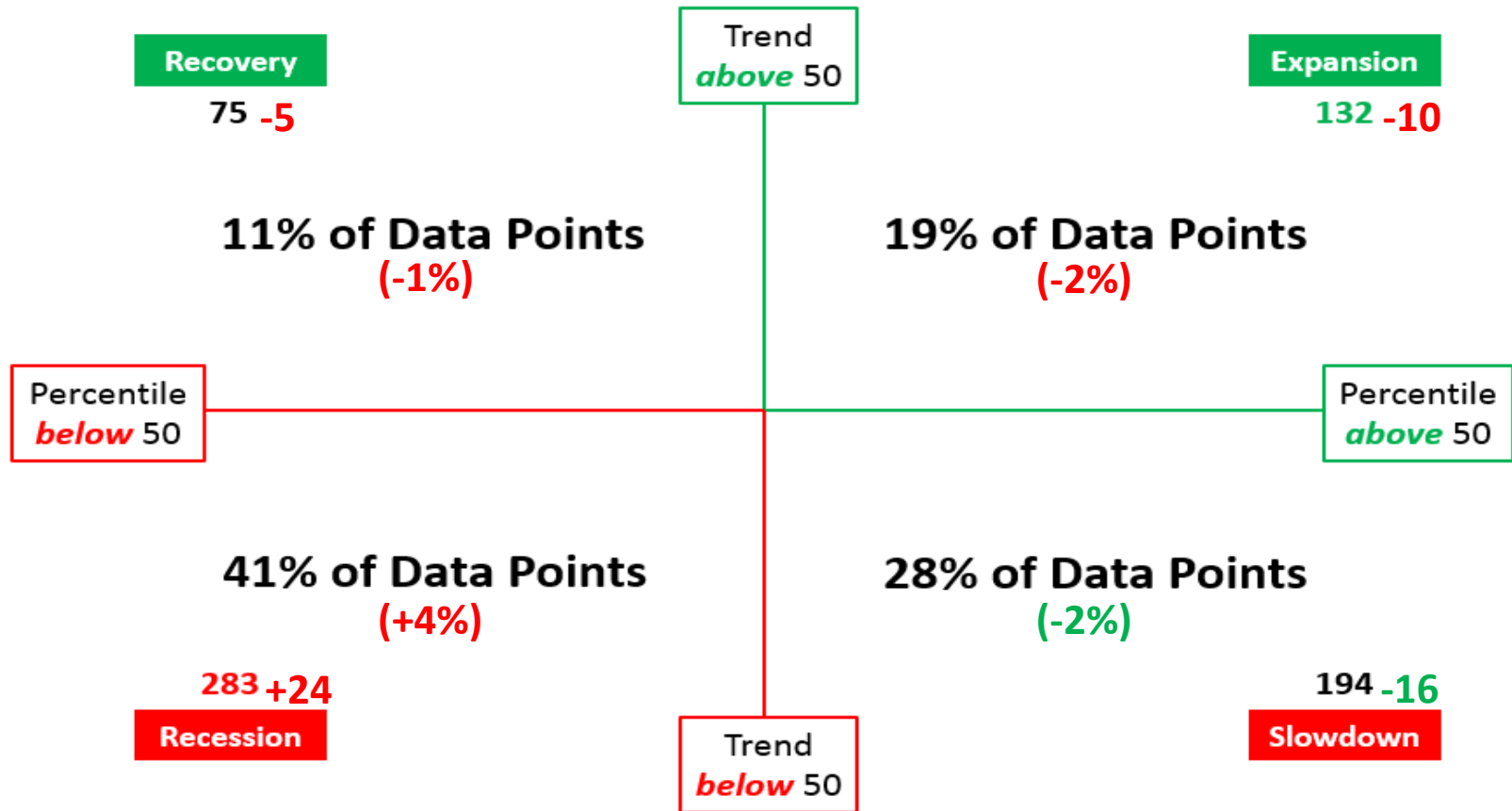
Multi-generational lows in yields helps fuel borrowing



Source: Bloomberg. Data period: December 1871–January 20, 2019.

Takeaway: Even with recent moves higher, borrowers have access to relatively cheap credit at both the consumer and corporate levels. One of the things we are paying close attention to is if borrowing costs go up, this could impact willingness to borrow and, therefore, economic growth.

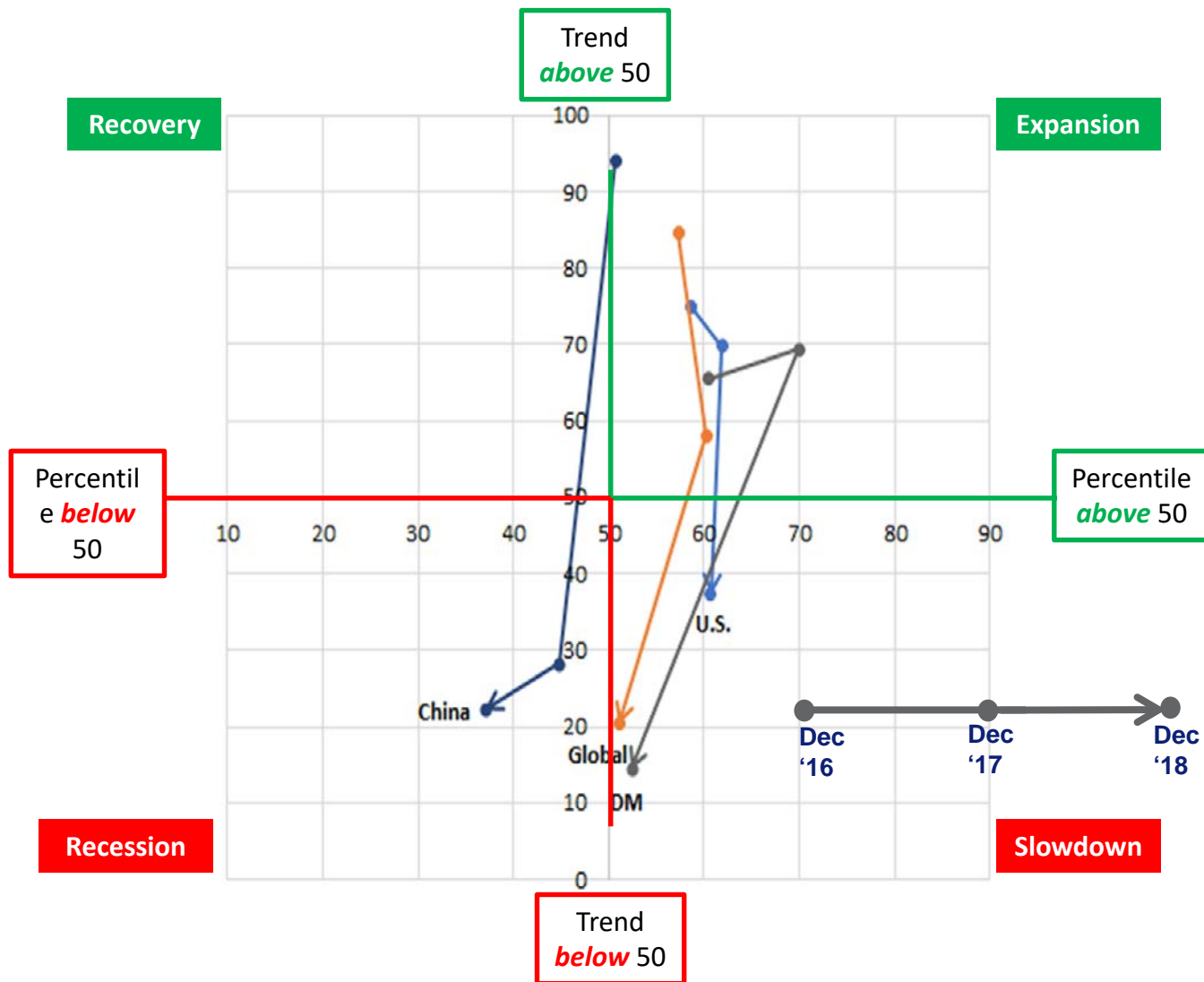
Global economic “health check”



Source: U.S. Bank Asset Management Group analysis. Data: as of January 2019.

Takeaway: We have seen a material retrenchment in our proprietary global health check data trends, with 53% of data points below the 50th percentile.

Global economic “health check”



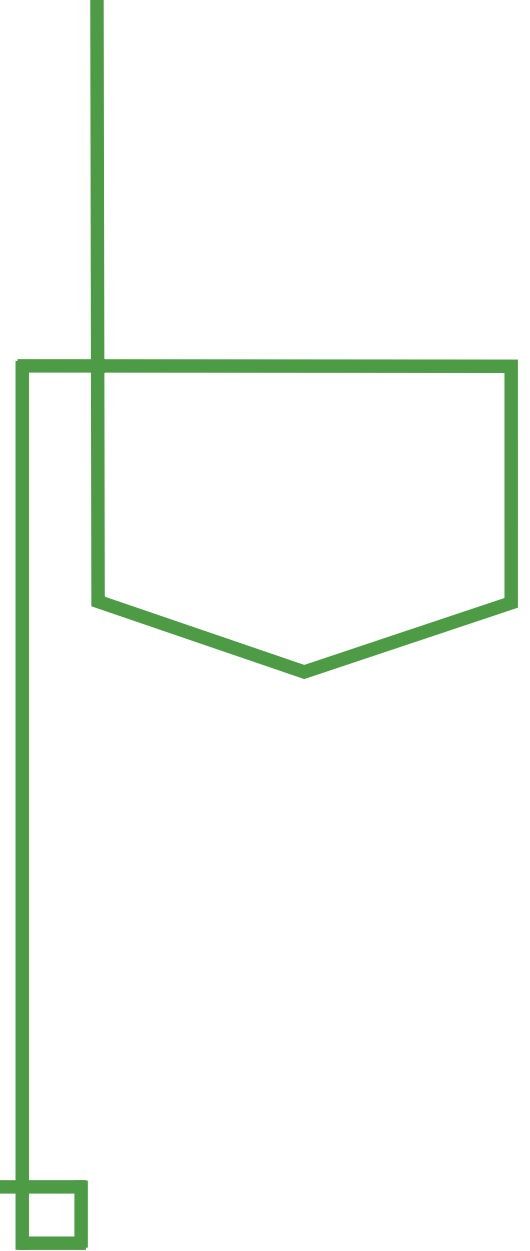
Source: U.S. Bank Asset Management Group analysis. Data: as of January 2019.

Takeaway: China has slowed materially over the past two years — now in the vaunted southwest quadrant, with global data also teetering on that line.

Trade and tariffs – an edgeless phenomenon



The role of innovation



The issue: the global economy is growing slowly



Growth will be slow, but innovation will drive it



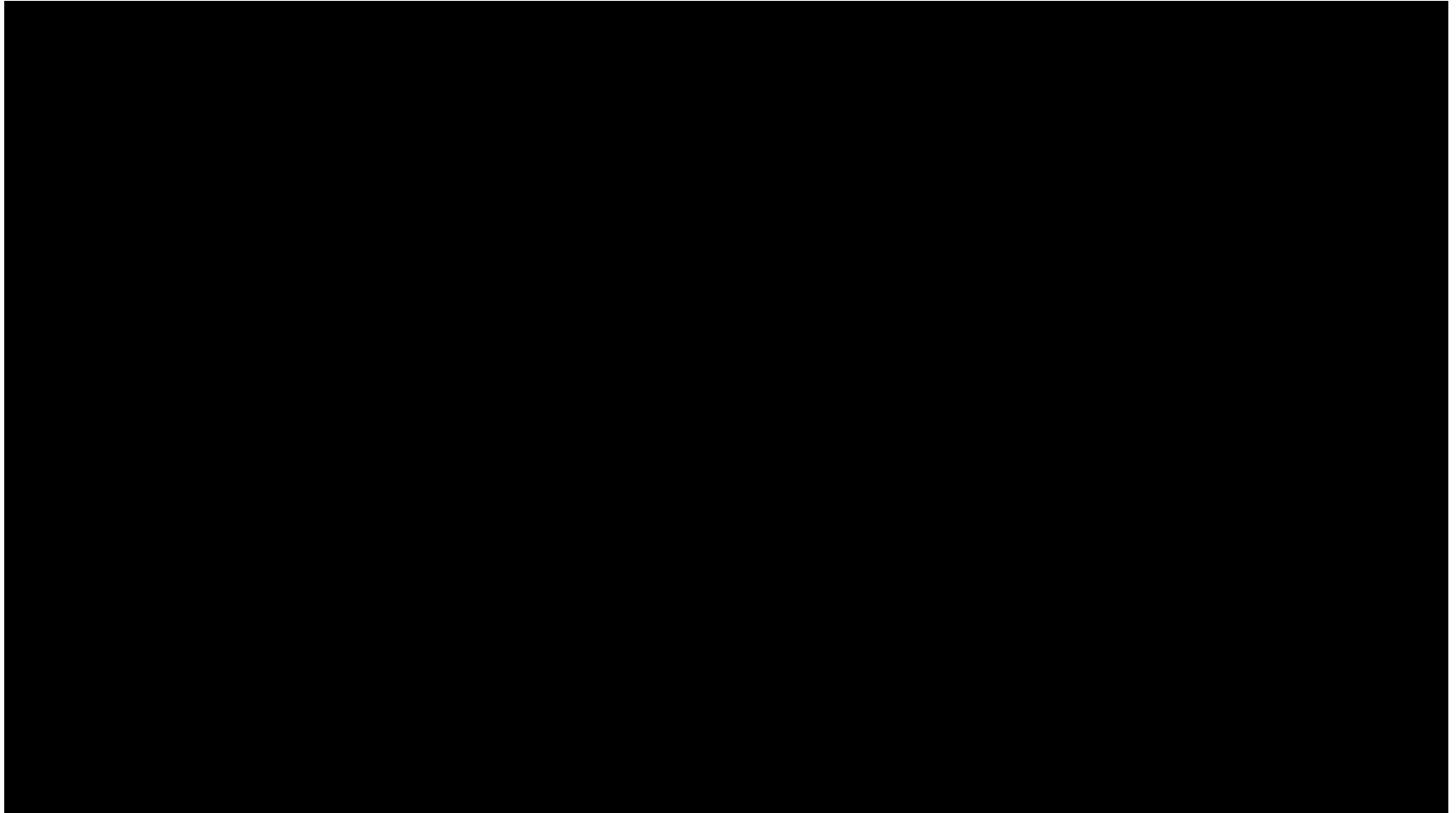
Innovation exists beyond startups



Innovation also exists in large companies of all types



Innovation at U.S. Bank



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Big Companies Jump In to Help Employees, Clients Amid Shutdown

Cécile Daurat


January 11, 2019 11:25 AM CST



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Ad

Mortgage approval in 3 minutes

We're reviewing your application




We may ask for additional information to help us complete our review.

Tasks

We'll be in touch soon with next steps.

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Fill out application
Tell us about yourself and your financial situation so we can find loan options for you.
- COMPLETE**
Review and submit application
Double-check the information you've entered and make any edits before you submit your application.
- CURRENT STEP**
Document upload and loan team review
Submit documents to help us verify the information you provided. We may request follow-up items as we review your application.
- UPCOMING**
Final approval
Review important disclosures about the cost of your loan and schedule your closing.

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U.S. bank

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Application progress

10% complete

Quick loan details

Product type

Term loan

Business name

ABC Company

Name

Taylor Madison

Loan amount

\$100,000

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20. Upload your documents

All your documents are uploaded. We will contact you within 48 hours of your next step.

Upcoming steps

Select repayment

1. Complete section

Finalize loan details

2. Complete section

Review and sign

3. Complete section

Completed steps

Credit application

1. Complete section

Background information

2. Complete section

Financial obligations

3. Complete section

Customer centricity drives growth

