U.S. Bancorp 4Q16 Earnings Conference Call

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January 18, 2017

usbancorp

Forward-looking Statements and Additional Information

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

Today's 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, 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. A reversal or slowing of the current economic recovery or another severe contraction 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. Stress in the commercial real estate markets, as well as a downturn in the residential real estate markets could cause 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 (which could result, in part, from the United Kingdom's withdrawal from the European Union); 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; litigation; increased competition from both banks and non-banks; changes in customer behavior and preferences; breaches in data security; 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, compliance risk, strategic risk, interest rate risk, liquidity risk and reputational 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, 2015, 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 also could adversely affect U.S. Bancorp's results, and the reader should not consider these factors 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.

This presentation includes non-GAAP financial measures to describe U.S. Bancorp's performance. The calculations of these measures are provided in the Appendix. 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.

2016 Full Year Highlights

- Record net income of $5.9 billion; record $3.24 per diluted common share
- Industry-leading profitability measures, including ROA of 1.36%, ROCE of 13.4% and efficiency ratio of 54.9%*
- Average loan growth of 6.9% vs. 2015 and average deposit growth of 8.9% vs. 2015
- Net interest income increased 4.6%** vs. 2015
- Noninterest income rose 5.3% vs. 2015
- Strong capital generation continued
  - End of period common equity tier 1 capital ratio of 9.1% estimated for the Basel III fully implemented standardized approach
- Returned 79% of earnings to shareholders through dividends and share buybacks
  - Repurchased 61 million shares of common stock during 2016

* Non-GAAP; see slide 26 for calculation
** Taxable equivalent basis; increase of 4.8% as reported on a GAAP basis; see slide 26 for reconciliation

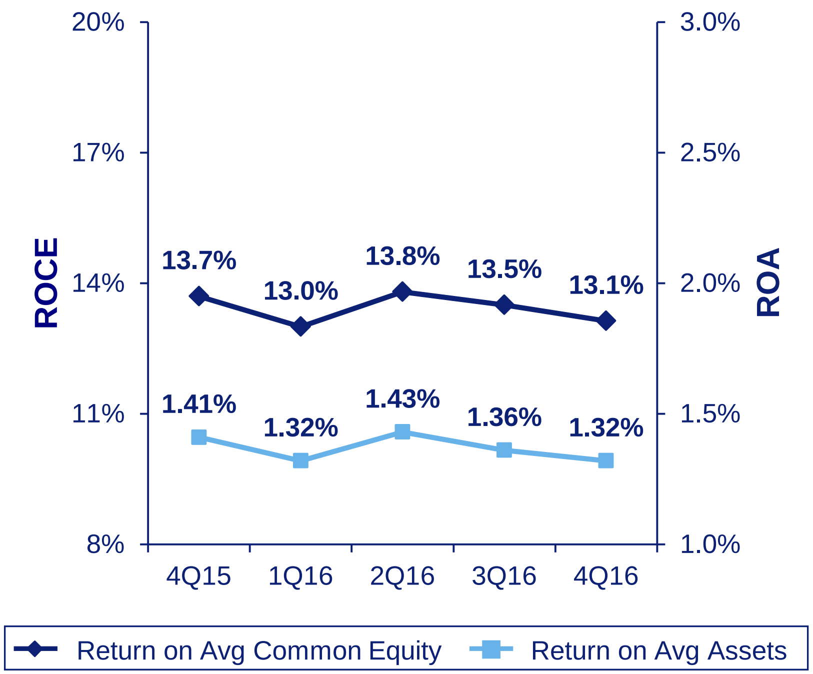
4Q16 Highlights

- Net income of $1.5 billion; $0.82 per diluted common share
- Average loans grew 1.1% vs. 3Q16 and 6.2% vs. 4Q15
  - Loan growth of 5.6% vs. 4Q15 excluding the credit card portfolio acquisition at the end of 4Q15
- Average deposits grew 3.3% vs. 3Q16 and 11.8% vs. 4Q15
- Net interest income grew 2.1%* vs. 3Q16 and 4.6%* vs. 4Q15
  - Average earning assets increased 2.1% vs. 3Q16 and 7.7% vs. 4Q15
- Noninterest income increased 3.9% vs. 4Q15
  - Payment services revenue increased 4.0% vs. 4Q15
  - Trust and investment management fees increased 9.5% vs. 4Q15
- Credit quality was stable vs. 3Q16 and 4Q15
- Returned 81% of earnings to shareholders through dividends and share buybacks

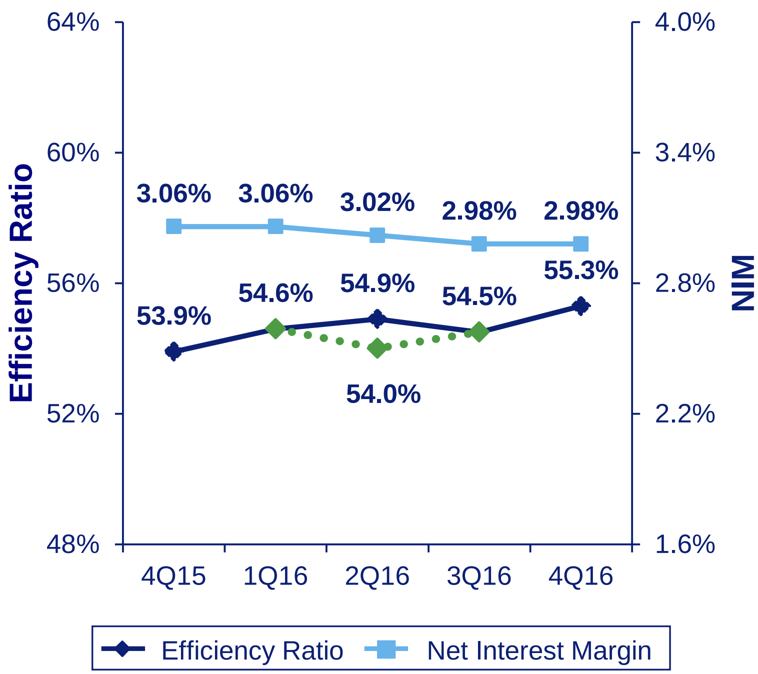
* Taxable equivalent basis; increases of 2.1% and 4.8%, respectively, as reported on a GAAP basis; see slide 26 for reconciliation

Performance Ratios

Return on Average Common Equity and Return on Average Assets



Efficiency Ratio* and Net Interest Margin

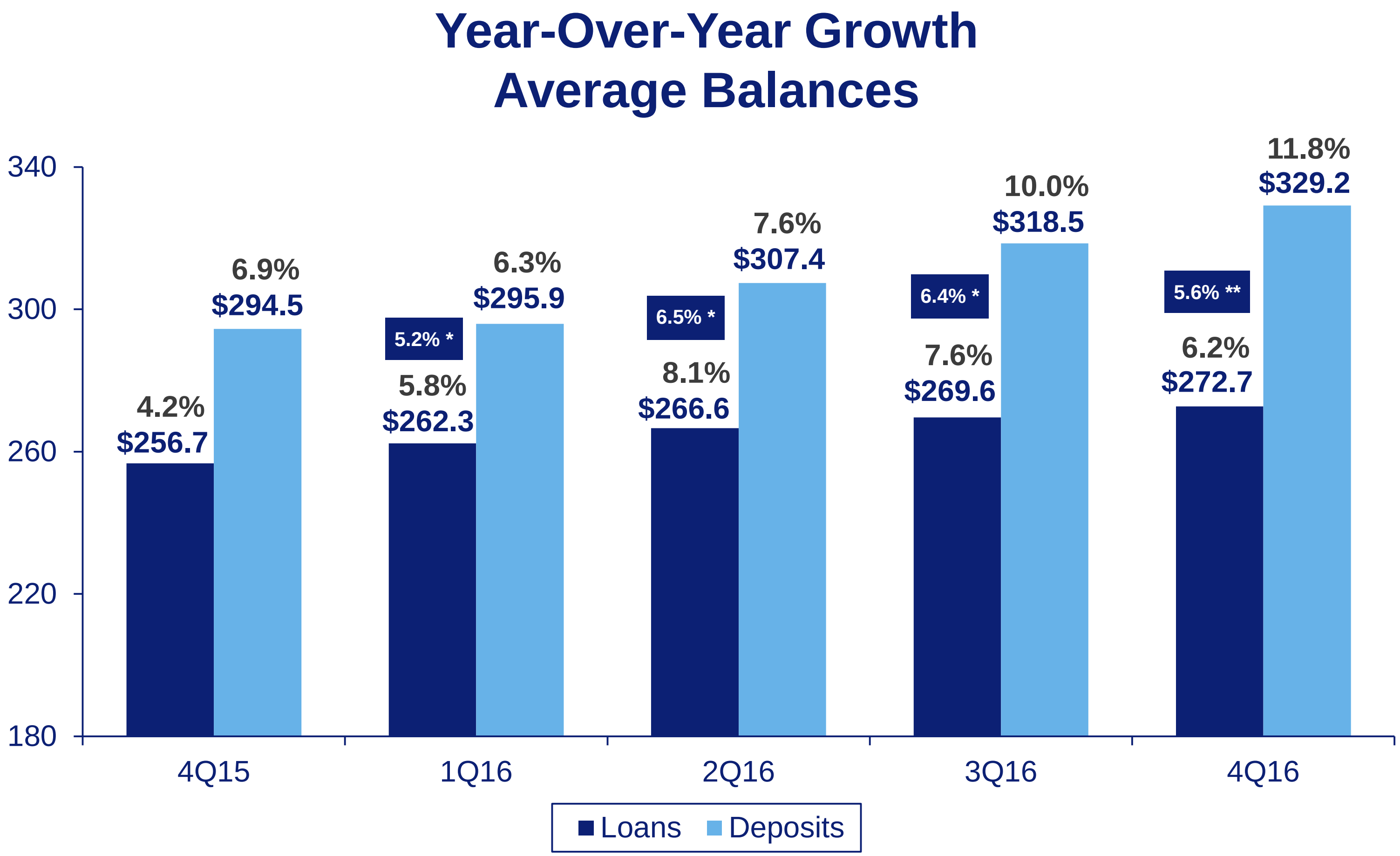


Excludes notable items

* Non-GAAP; see slide 26 for calculation

Loan and Deposit Growth

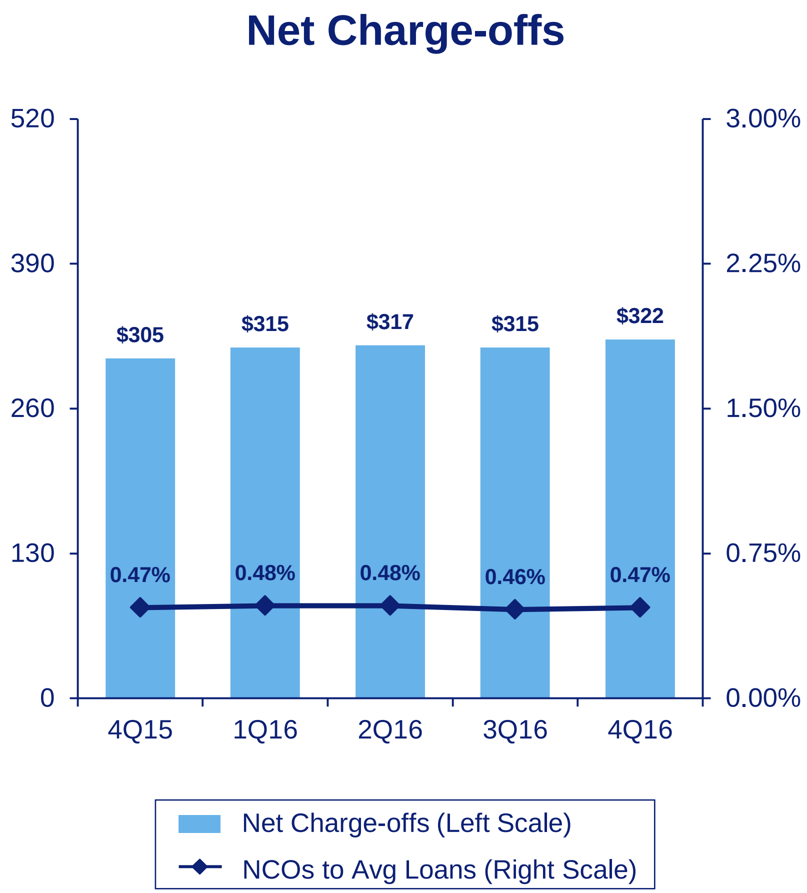
$ in billions

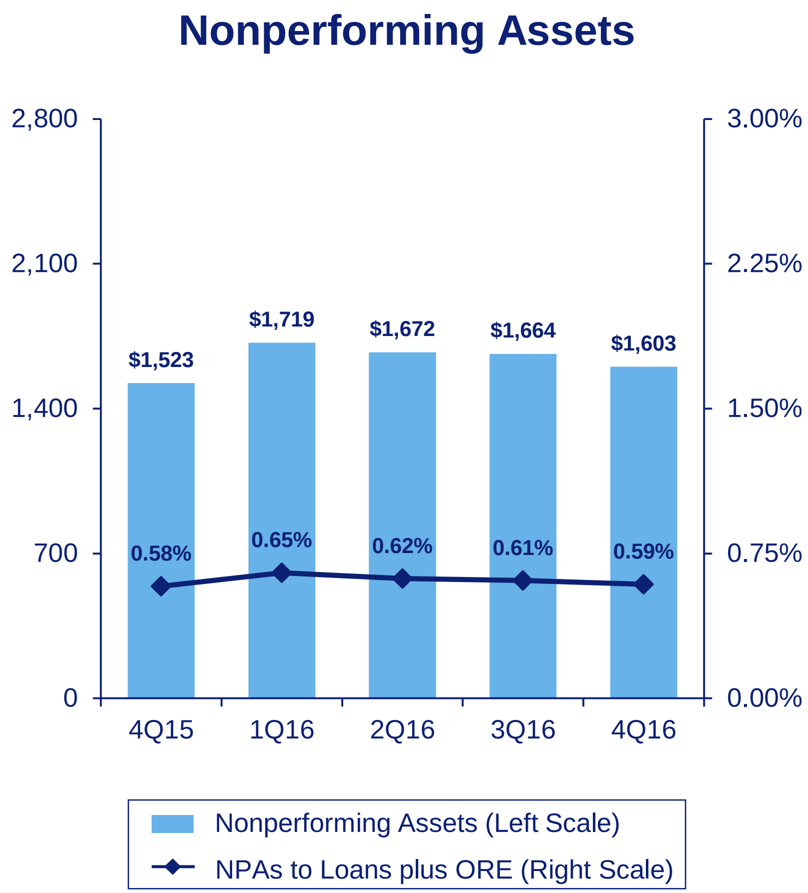


* Adjusted for 4Q15 credit card portfolio acquisition and student loans which were transferred to held for sale at the end of 1Q15 and returned to held for investment during 3Q15
** Adjusted for 4Q15 credit card portfolio acquisition

Credit Quality

$ in millions





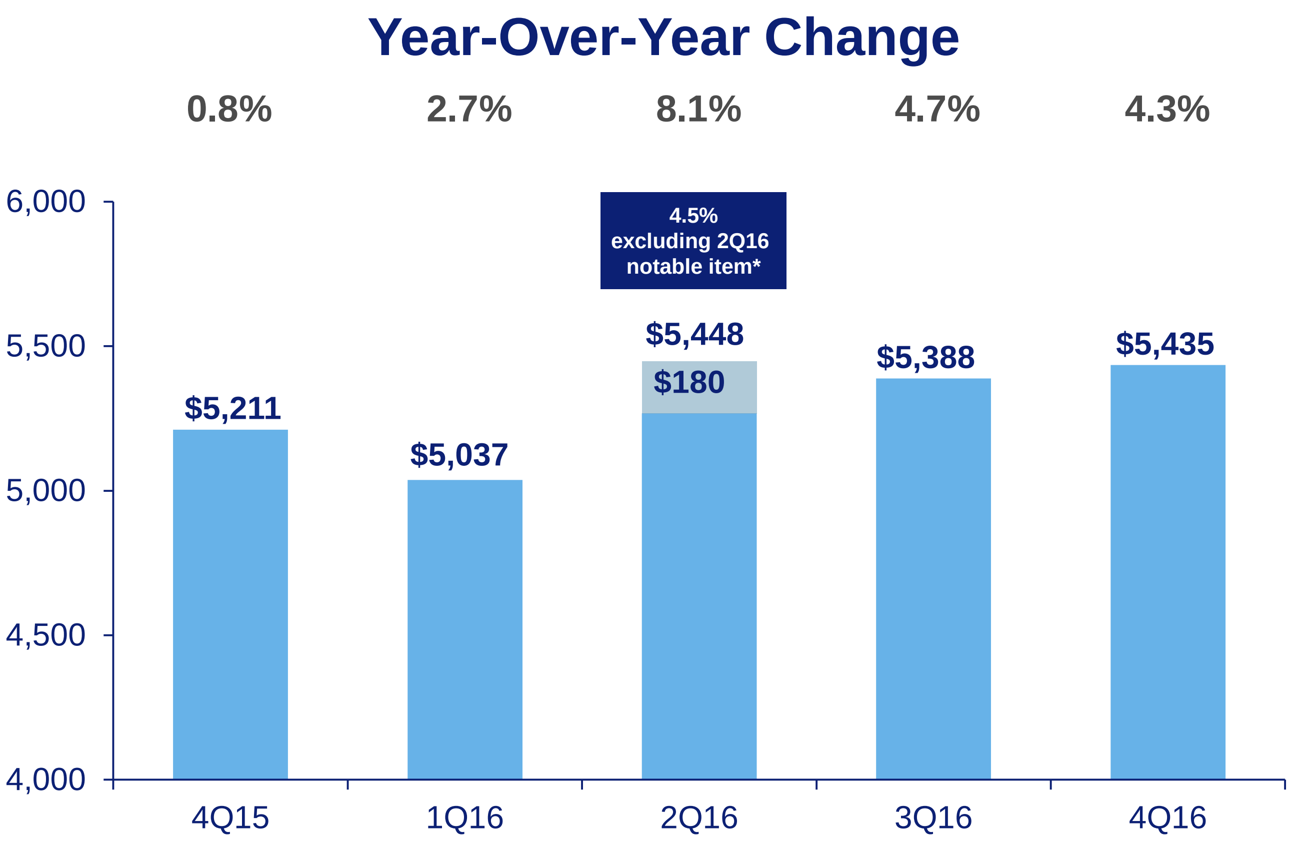
Earnings Summary

$ and shares in millions, except per-share data

	4Q16	3Q16	4Q15	Reported % B/(W) vs. 3Q16	Reported % B/(W) vs. 4Q15	FY 2016	FY 2015	% B/(W)
Net Interest Income	$2,955	$2,893	$2,819	2.1	4.8	$11,528	$11,001	4.8
Taxable-equivalent Adjustment	49	50	52	(2.0)	(5.8)	203	213	(4.7)
Net Interest Income (taxable-equivalent basis)	3,004	2,943	2,871	2.1	4.6	11,731	11,214	4.6
Noninterest Income	2,431	2,445	2,340	(0.6)	3.9	9,577	9,092	5.3
Net Revenue	**5,435**	**5,388**	**5,211**	0.9	4.3	**21,308**	**20,306**	4.9
Noninterest Expense	3,004	2,931	2,809	(2.5)	(6.9)	11,676	10,931	(6.8)
Operating Income	**2,431**	**2,457**	**2,402**	(1.1)	1.2	**9,632**	**9,375**	2.7
Net Charge-offs	322	315	305	(2.2)	(5.6)	1,269	1,172	(8.3)
Excess Provision	20	10	-	NM	NM	55	(40)	NM
Income Before Taxes	**2,089**	**2,132**	**2,097**	(2.0)	(0.4)	**8,308**	**8,243**	0.8
Applicable Income Taxes	598	616	608	2.9	1.6	2,364	2,310	(2.3)
Noncontrolling Interests	(13)	(14)	(13)	7.1	-	(56)	(54)	(3.7)
Net Income	**1,478**	**1,502**	**1,476**	(1.6)	0.1	**5,888**	**5,879**	0.2
Preferred Dividends/Other	87	68	72	(27.9)	(20.8)	299	271	(10.3)
NI to Common	**$1,391**	**$1,434**	**$1,404**	(3.0)	(0.9)	**$5,589**	**$5,608**	(0.3)
Diluted EPS	$0.82	$0.84	$0.80	(2.4)	2.5	$3.24	$3.16	2.5
Average Diluted Shares	1,705	1,716	1,754	0.6	2.8	1,724	1,772	2.7

Revenue Growth

$ in millions

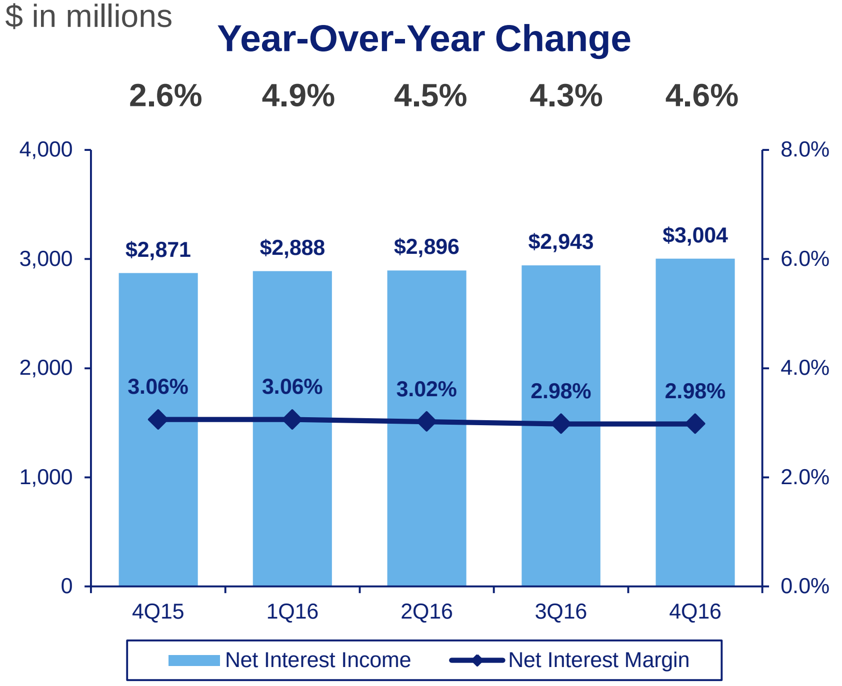


* Notable item: 2Q16 Visa Europe sale gain $180 million

Net Interest Income

Net Interest Income

$ in millions



Key Points

vs. 4Q15

- Average earning assets grew $28.9 billion, or 7.7%
- Net interest margin lower 8 bps (2.98% vs. 3.06%)
  - Principally driven by lower yields on securities purchases, lower reinvestment rates on maturing securities and higher cash balances

vs. 3Q16

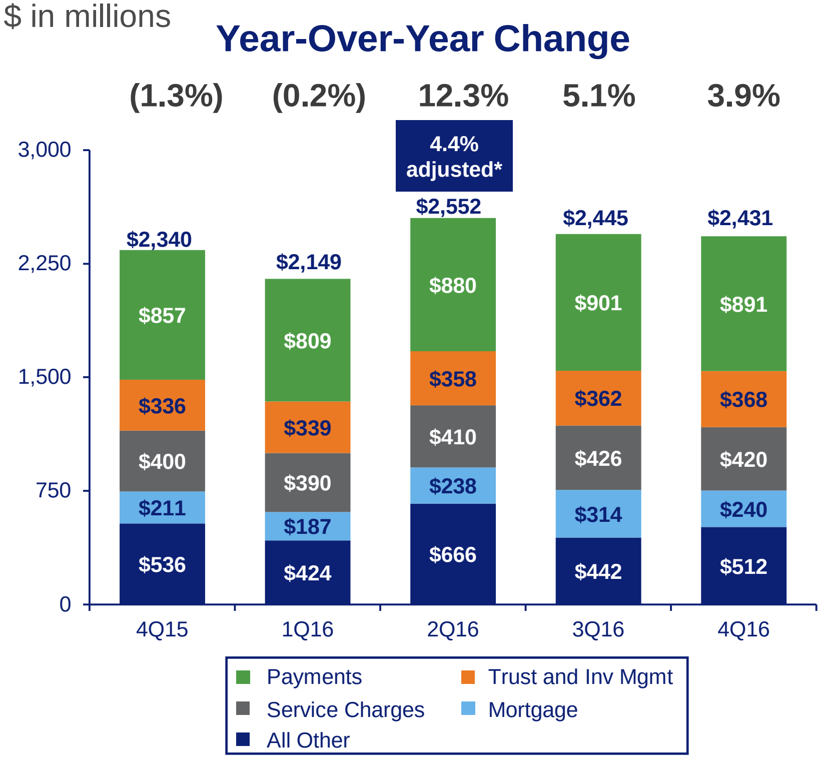
- Average earning assets grew $8.2 billion, or 2.1%
- Stable net interest margin
  - Principally due to higher average cash balances as well as lower average rates on new securities purchases and lower reinvestment rates on maturing securities, offset by the favorable impact of interest rates on loans

Taxable-equivalent basis

Noninterest Income

Noninterest Income

$ in millions



Key Points

vs. 4Q15

- Noninterest income increased $91 million, or 3.9%
  - Higher credit and debit card revenue (7.5% increase) due to higher transaction volumes, including the impact of acquired portfolios
  - Higher trust and investment management fees (9.5% increase) reflecting lower money market fee waivers along with account growth, an increase in assets under management and improved market conditions
  - Higher merchant processing services revenue (2.8% increase) due to an increase in product fees and higher volumes
  - Higher mortgage banking revenue (13.7% increase) driven by higher origination and sales volume
  - Lower other income (6.7% decrease) reflecting lower income from leasing residuals and the impact of a gain on the sale of a deposit portfolio in 4Q15, partially offset by stronger trading income and higher equity investment income

vs. 3Q16

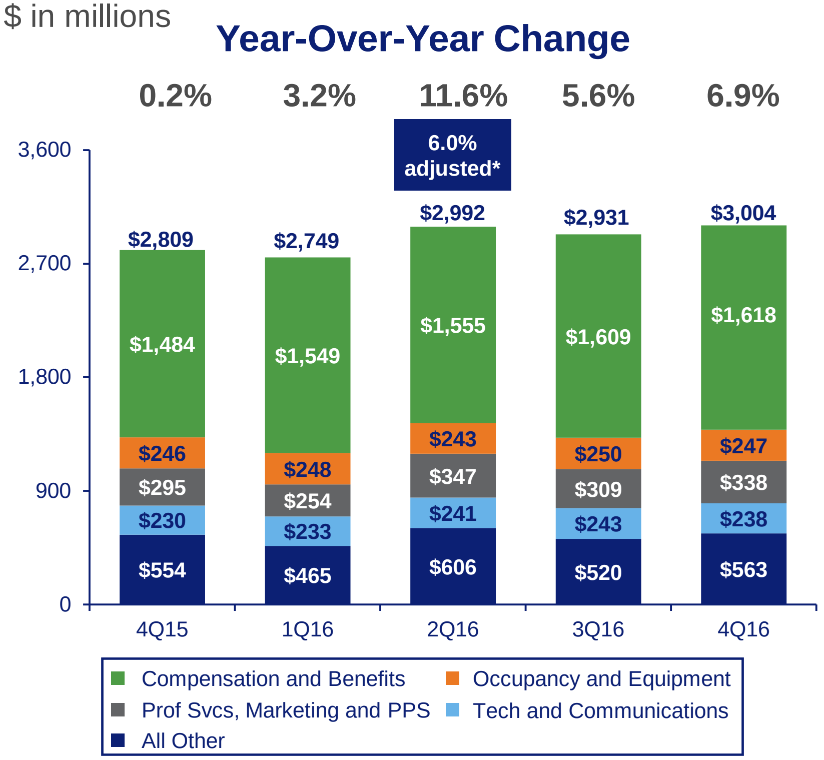
- Noninterest income decreased $14 million, or 0.6%
  - Higher credit and debit card revenue (5.7% increase) driven by seasonally higher sales volumes
  - Higher other income (45.9% increase) driven by changes in equity investment income
  - Lower mortgage banking revenue (23.6% decrease) reflecting lower origination and sales volume
  - Lower corporate payment products revenue (10.0% decrease) reflecting seasonally lower government-related transaction volumes

* Adjusted for notable item: 2Q16 Visa Europe sale gain $180 million
Payments = credit and debit card, corporate payment products and merchant processing
Service charges = deposit service charges, treasury management and ATM processing

Noninterest Expense

Noninterest Expense

$ in millions



Key Points

vs. 4Q15

- Noninterest expense increased $195 million, or 6.9%
  - Higher compensation expense (12.0% increase) principally due to the impact of hiring to support business growth and compliance programs, merit increases and higher variable compensation
  - Higher professional services expense (24.8% increase) primarily due to compliance programs and implementation costs of capital investments to support business growth
  - Higher marketing expense (11.5% increase) to support new business development
  - Lower employee benefits expense (4.0% decrease) mainly due to lower pension and healthcare costs

vs. 3Q16

- Noninterest expense increased $73 million, or 2.5%
  - Higher professional services expense (22.8% increase) due to seasonally higher costs including capital investments and risk and compliance activities
  - Higher other noninterest expense (9.1% increase) due to seasonally higher costs related to tax-advantaged projects
  - Higher compensation expense (2.1% increase) due to increased staffing to support business investment and compliance programs
  - Lower employee benefits expense (6.8% decrease) driven by lower healthcare costs

* Adjusted for notable items: 2Q16 related to accruals for legal and regulatory matters ($110 million) and charitable contribution ($40 million)

Capital Position

$ in billions	4Q16	3Q16	2Q16	1Q16	4Q15
Total U.S. Bancorp shareholders' equity	$47.3	$47.8	$47.4	$46.7	$46.1
Standardized Approach					
Basel III transitional standardized approach					
Common equity tier 1 capital ratio	9.4%	9.5%	9.5%	9.5%	9.6%
Tier 1 capital ratio	11.0%	11.1%	11.1%	11.1%	11.3%
Total risk-based capital ratio	13.2%	13.3%	13.4%	13.1%	13.3%
Leverage ratio	9.0%	9.2%	9.3%	9.3%	9.5%
Common equity tier 1 capital to RWA* estimated for the Basel III fully implemented standardized approach	9.1%	9.3%	9.3%	9.2%	9.1%
Advanced Approaches					
Common equity tier 1 capital to RWA for the Basel III transitional advanced approaches	12.2%	12.4%	12.3%	12.3%	12.5%
Common equity tier 1 capital to RWA estimated for the Basel III fully implemented advanced approaches	11.7%	12.1%	12.0%	11.9%	11.9%
Tangible common equity ratio	7.5%	7.5%	7.6%	7.7%	7.6%
Tangible common equity as a % of RWA	9.2%	9.3%	9.3%	9.3%	9.2%

* RWA = risk-weighted assets

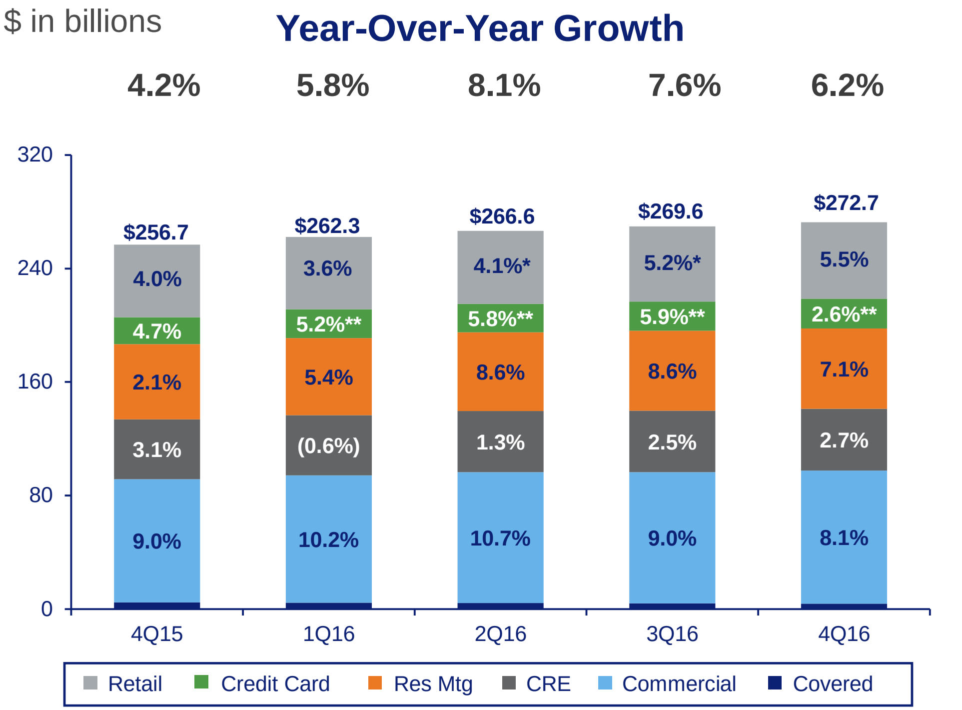
See slide 25

Appendix

Average Loans

Average Loans

$ in billions



Key Points

vs. 4Q15

- Average total loans increased by $16.0 billion, or 6.2% (5.6% growth excluding the credit card portfolio acquisition)
- Average total commercial loans increased by $7.0 billion, or 8.1%
- Average residential mortgage loans increased by $3.7 billion, or 7.1%

vs. 3Q16

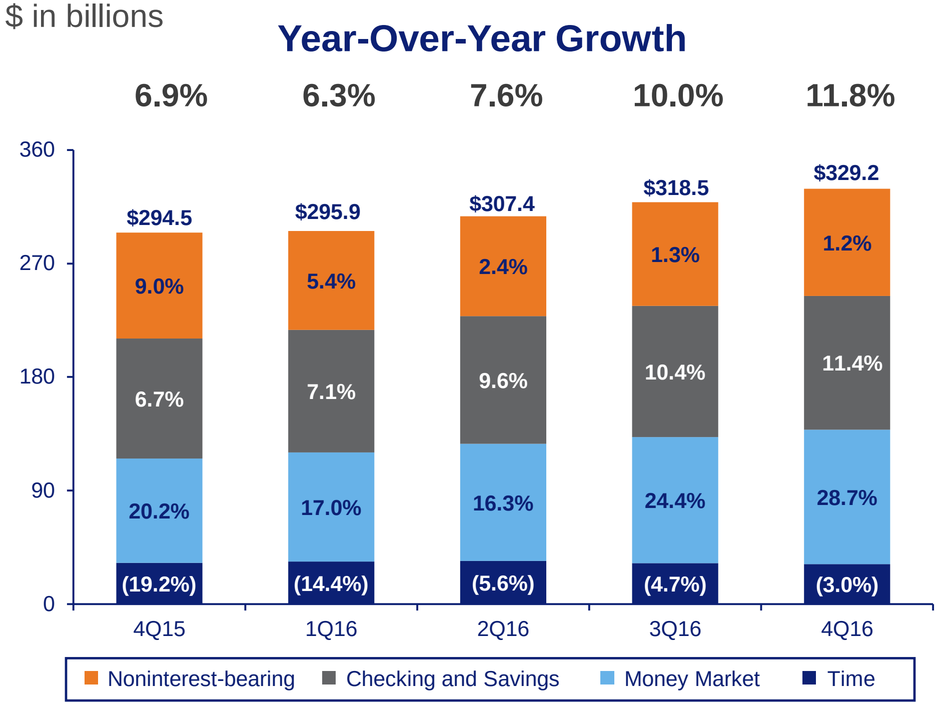
- Average total loans increased by $3.0 billion, or 1.1%
- Average total commercial loans increased by $1.4 billion, or 1.6%
- Average credit card loans increased by $0.3 billion, or 1.5%

* Excluding student loans which were transferred to held for sale at the end of 1Q15 and returned to held for investment during 3Q15
** Excluding the credit card portfolio acquisition

Average Deposits

Average Deposits

$ in billions



Key Points

vs. 4Q15

- Average total deposits increased by $34.7 billion, or 11.8%
- Average low-cost deposits (NIB, interest checking, money market and savings) increased by $35.7 billion, or 13.6%

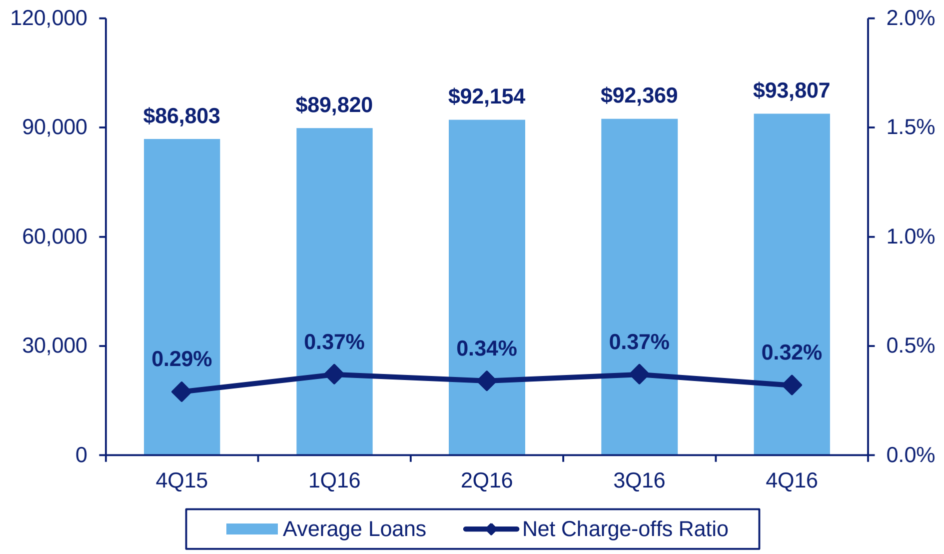
vs. 3Q16

- Average total deposits increased by $10.6 billion, or 3.3%
- Average low-cost deposits increased by $11.4 billion, or 4.0%

Credit Quality – Commercial Loans

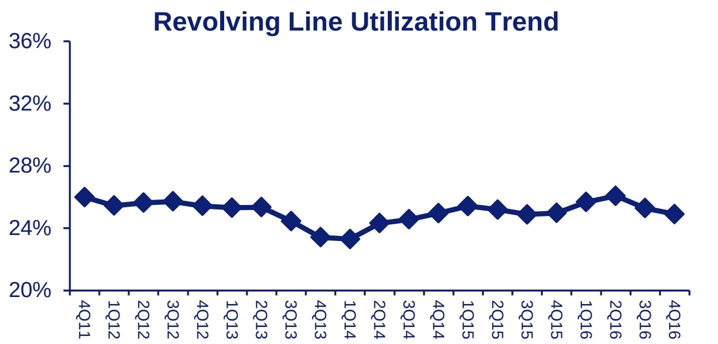
$ in millions

Average Loans and Net Charge-offs Ratios



Key Statistics

	4Q15	3Q16	4Q16
Average Loans	$86,803	$92,369	$93,807
30-89 Delinquencies	0.36%	0.24%	0.28%
90+ Delinquencies	0.05%	0.05%	0.06%
Nonperforming Loans	0.20%	0.55%	0.52%



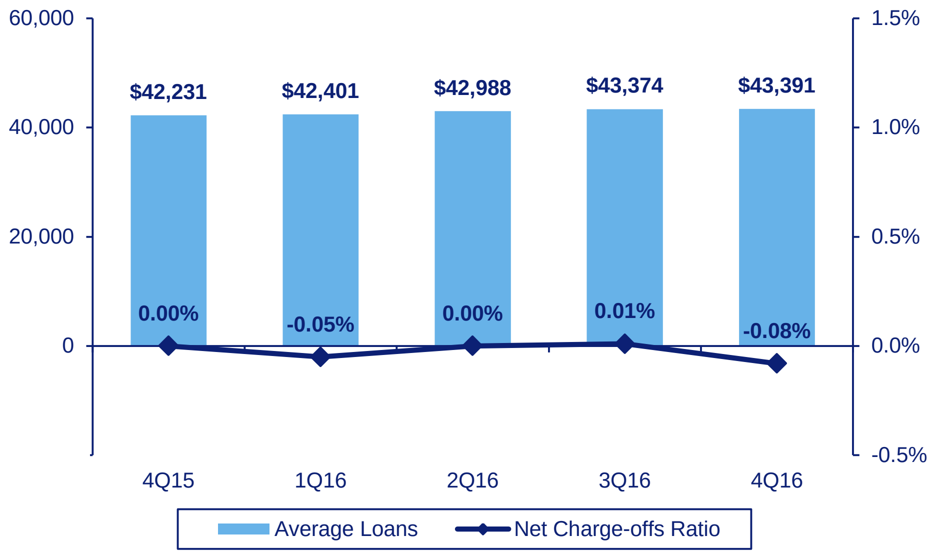
Key Points

- Average year-over-year loan growth of 8.1% demonstrates continued momentum with customers
- Net charge-offs increased slightly on a year-over-year basis, but remained at historically low levels
- Nonperforming loans decreased slightly on a linked-quarter basis

Credit Quality – Commercial Real Estate

$ in millions

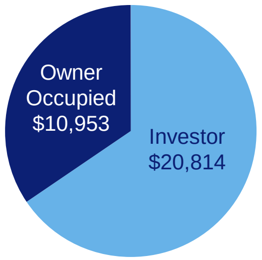
Average Loans and Net Charge-offs Ratios



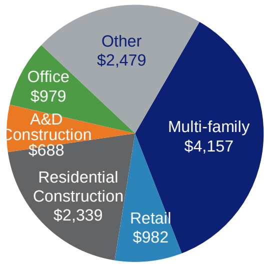
Key Statistics

	4Q15	3Q16	4Q16
Average Loans	$42,231	$43,374	$43,391
30-89 Delinquencies	0.21%	0.08%	0.10%
90+ Delinquencies	0.03%	0.02%	0.02%
Nonperforming Loans	0.30%	0.24%	0.29%
Performing TDRs*	$209	$274	$169

CRE Mortgage



CRE Construction



Key Points

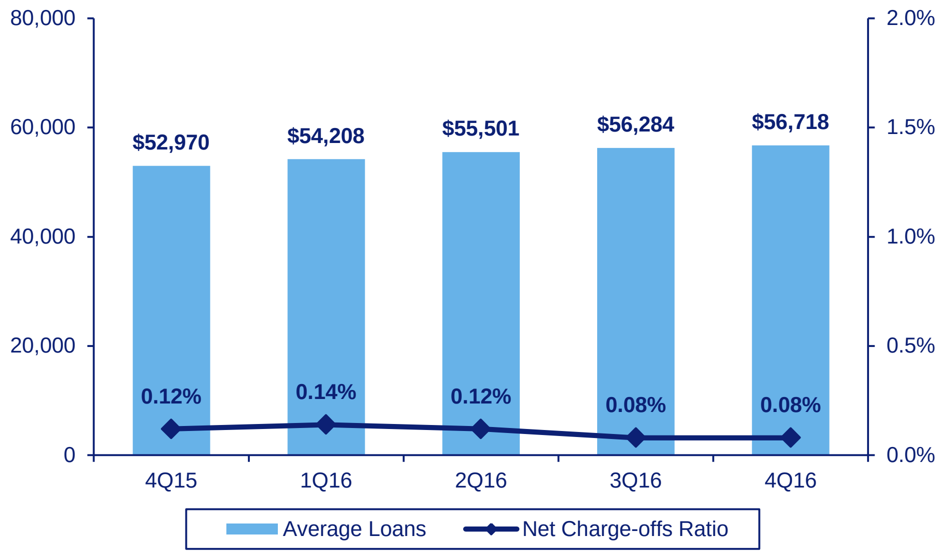
- Average loans increased 2.7% year-over-year
- Nonperforming loans have remained stable, year-over-year, at historically low levels
- Recoveries within the CRE portfolio continue to offset loan charge-offs, resulting in net losses remaining near zero

* TDR = troubled debt restructuring

Credit Quality – Residential Mortgage

$ in millions

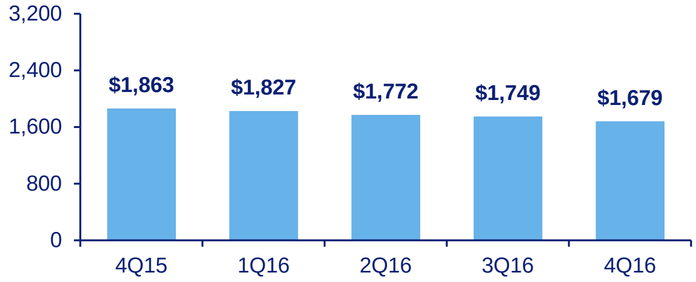
Average Loans and Net Charge-offs Ratios



Key Statistics

	4Q15	3Q16	4Q16
Average Loans	$52,970	$56,284	$56,718
30-89 Delinquencies	0.32%	0.26%	0.26%
90+ Delinquencies	0.33%	0.28%	0.27%
Nonperforming Loans	1.33%	1.09%	1.04%

Residential Mortgage Performing TDRs*



*Excludes GNMA loans, whose repayments are insured by the FHA or guaranteed by the Department of VA ($1,574 million in 4Q16)

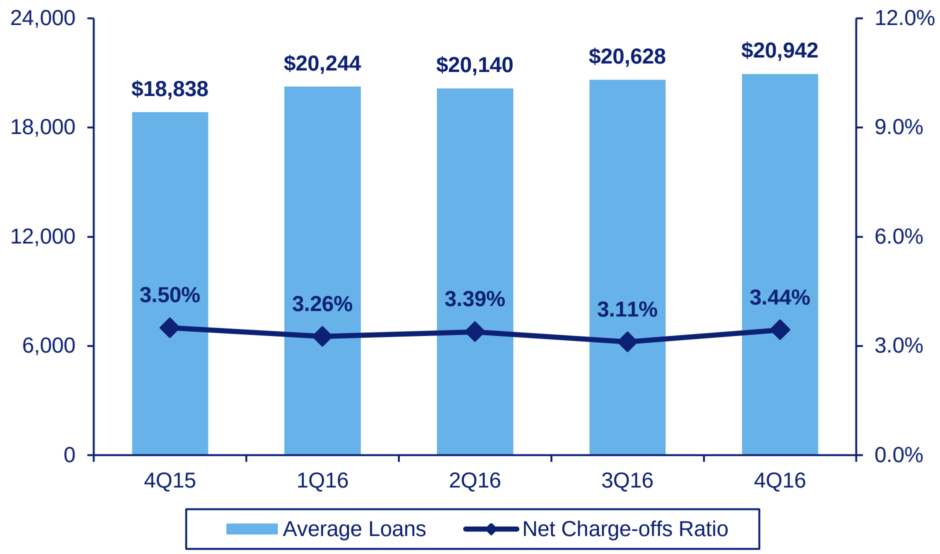
Key Points

- Originations continued to be high credit quality (weighted average FICO of 761, weighted average LTV of 67%)
- 89% of the balances have been originated since the beginning of 2009; the origination quality metrics and performance to date have significantly outperformed prior vintages with similar seasoning

Credit Quality – Credit Card

$ in millions

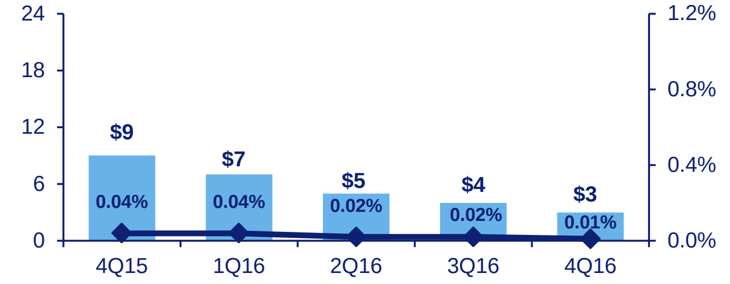
Average Loans and Net Charge-offs Ratios



Key Statistics

	4Q15	3Q16	4Q16
Average Loans	$18,838	$20,628	$20,942
30-89 Delinquencies	1.15%	1.27%	1.31%
90+ Delinquencies	1.09%	1.11%	1.16%
Nonperforming Loans	0.04%	0.02%	0.01%

Credit Card Nonperforming Loans



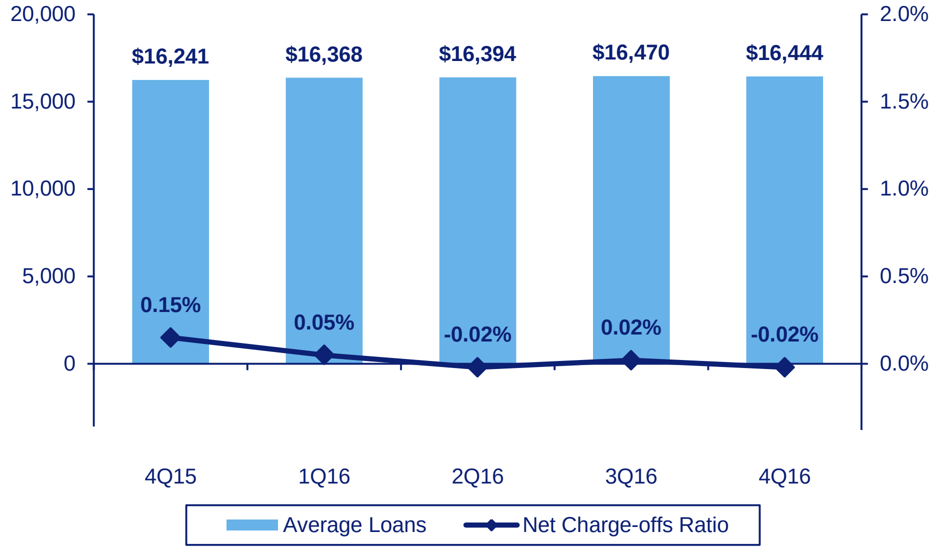
Key Points

- Year-over-year average loan growth of 11% was driven, in part, by the portfolio acquisition at the end of 4Q15
- Origination credit quality remains strong, with a weighted average FICO of 761
- Linked-quarter increases in delinquency rates reflect seasonality and vintage maturation

Credit Quality – Home Equity

$ in millions

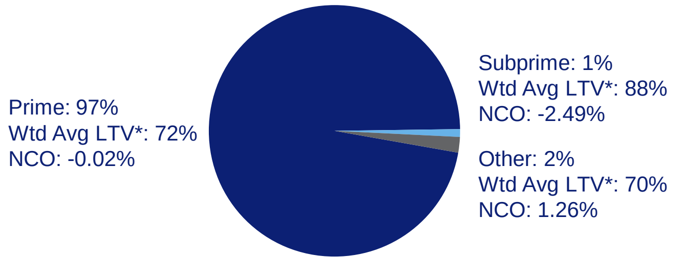
Average Loans and Net Charge-offs Ratios



Key Statistics

	4Q15	3Q16	4Q16
Average Loans	$16,241	$16,470	$16,444
30-89 Delinquencies	0.36%	0.41%	0.37%
90+ Delinquencies	0.25%	0.24%	0.25%
Nonperforming Loans	0.83%	0.75%	0.78%

Home Equity



*LTV at origination

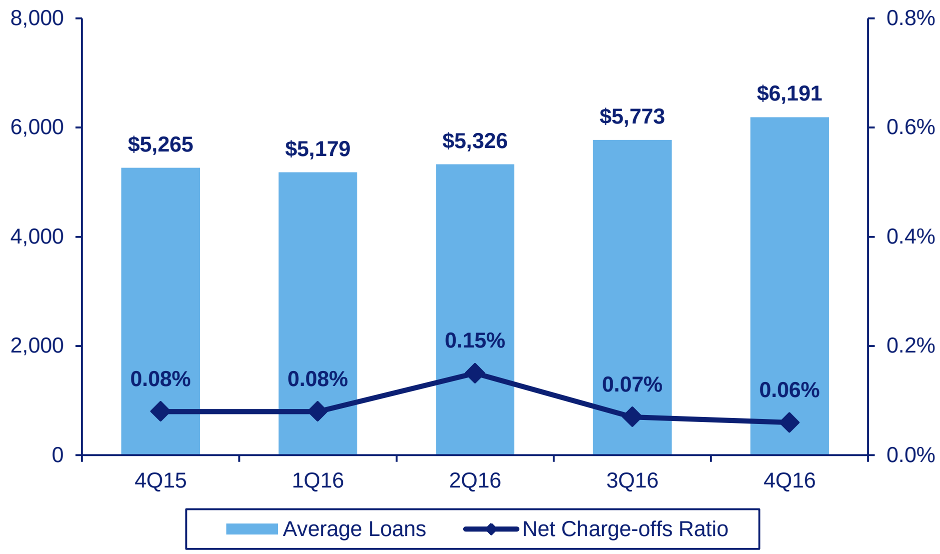
Key Points

- High-quality originations (weighted average FICO on commitments of 769, weighted average CLTV of 71%) originated primarily through the retail branch network to existing bank customers on their primary residences
- Net charge-offs declined year-over-year

Credit Quality – Retail Leasing

$ in millions

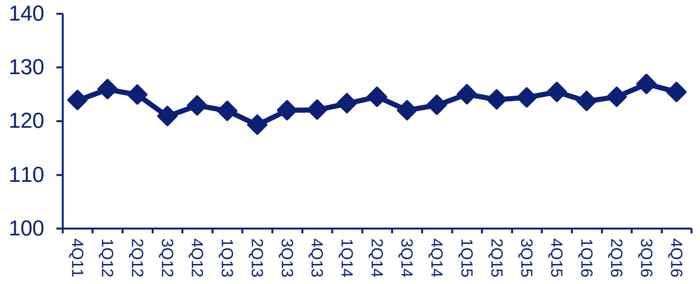
Average Loans and Net Charge-offs Ratios



Key Statistics

	4Q15	3Q16	4Q16
Average Loans	$5,265	$5,773	$6,191
30-89 Delinquencies	0.21%	0.21%	0.28%
90+ Delinquencies	0.02%	0.00%	0.02%
Nonperforming Loans	0.06%	0.05%	0.03%

Manheim Used Vehicle Index*



Key Points

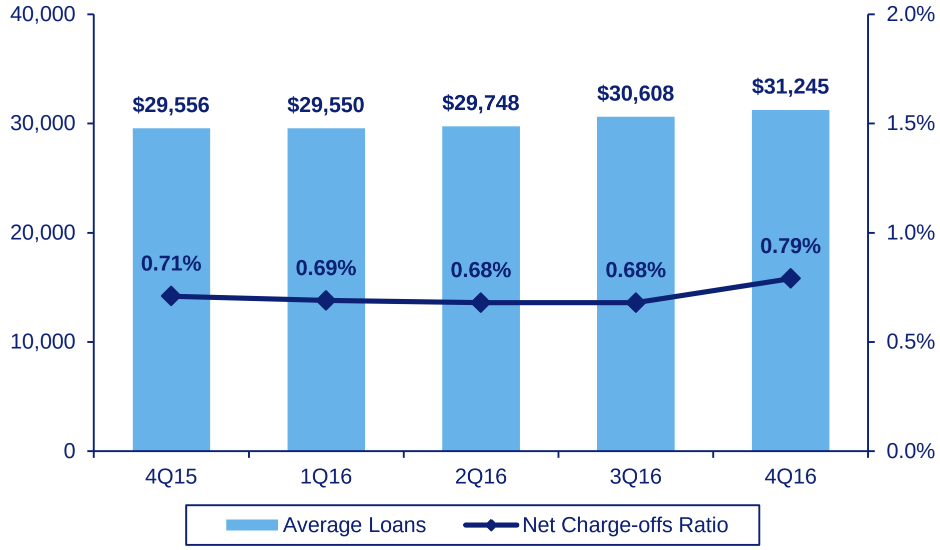
- Continued high-quality originations (weighted average FICO of 784) support the portfolio's stable credit profile
- Delinquencies, nonperforming leases and net charge-offs remained at very low levels

* Manheim Used Vehicle Value Index source: www.manheimconsulting.com, January 1995 = 100, quarter value = average monthly ending values

Credit Quality – Other Retail

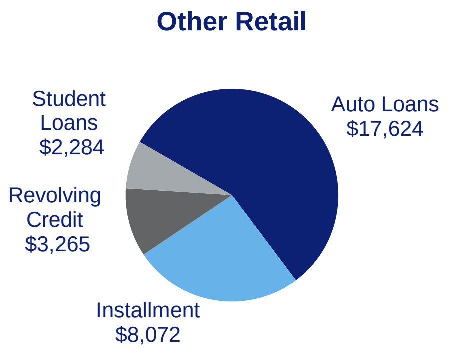
$ in millions

Average Loans and Net Charge-offs Ratios



Key Statistics

	4Q15	3Q16	4Q16
Average Loans	$29,556	$30,608	$31,245
30-89 Delinquencies	0.52%	0.56%	0.66%
90+ Delinquencies	0.11%	0.11%	0.13%
Nonperforming Loans	0.08%	0.08%	0.09%



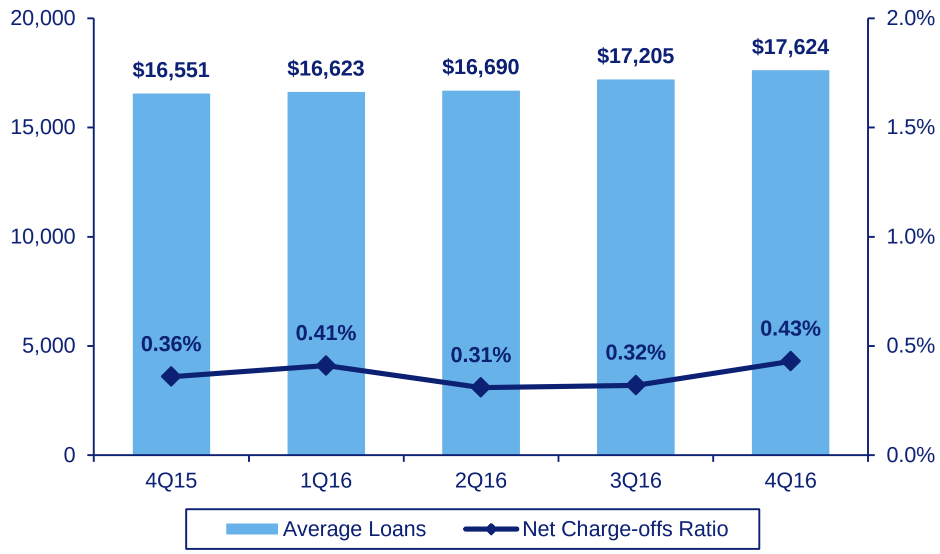
Key Points

- Overall growth continued to be driven by the auto loans and installment categories, which were up 6.5% and 15.3% year-over-year, respectively
- Net charge-offs and 30-89 delinquencies showed seasonal increases

Credit Quality – Auto Loans

$ in millions

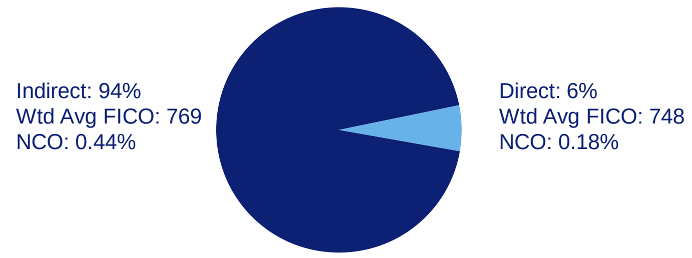
Average Loans and Net Charge-offs Ratios



Key Statistics

	4Q15	3Q16	4Q16
Average Loans	$16,551	$17,205	$17,624
30-89 Delinquencies	0.51%	0.59%	0.74%
90+ Delinquencies	0.04%	0.05%	0.06%
Nonperforming Loans	0.07%	0.08%	0.09%

Indirect and Direct Channel



Key Points

- Continued growth in auto loans driven by high-quality originations in the indirect channel (weighted average FICO 776)
- Net charge-offs were up from prior quarter and prior year, as vintages booked over the past couple of years mature

Auto loans are included in Other Retail category

Non-GAAP Financial Measures

(Dollars in Millions, Unaudited)	December 31, 2016		September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Total equity	$47,933		$48,399	$48,029	$47,393	$46,817
Preferred stock	(5,501)		(5,501)	(5,501)	(5,501)	(5,501)
Noncontrolling interests	(635)		(640)	(639)	(638)	(686)
Goodwill (net of deferred tax liability) (1)	(8,203)		(8,239)	(8,246)	(8,270)	(8,295)
Intangible assets, other than mortgage servicing rights	(712)		(756)	(796)	(820)	(838)
Tangible common equity (a)	32,882		33,263	32,847	32,164	31,497
Tangible common equity (as calculated above)	32,882		33,263	32,847	32,164	31,497
Adjustments (2)	(55)		97	133	99	67
Common equity tier 1 capital estimated for the Basel III fully implemented standardized and advanced approaches (b)	32,827		33,360	32,980	32,263	31,564
Total assets	445,964		454,134	438,463	428,638	421,853
Goodwill (net of deferred tax liability) (1)	(8,203)		(8,239)	(8,246)	(8,270)	(8,295)
Intangible assets, other than mortgage servicing rights	(712)		(756)	(796)	(820)	(838)
Tangible assets (c)	437,049		445,139	429,421	419,548	412,720
Risk-weighted assets, determined in accordance with prescribed transitional standardized approach regulatory requirements (d)	358,237	*	356,733	351,462	346,227	341,360
Adjustments (3)	4,027	*	3,165	3,079	3,485	3,892
Risk-weighted assets estimated for the Basel III fully implemented standardized approach (e)	362,264	*	359,898	354,541	349,712	345,252
Risk-weighted assets, determined in accordance with prescribed transitional advanced approaches regulatory requirements	277,141	*	272,832	271,495	267,309	261,668
Adjustments (4)	4,295	*	3,372	3,283	3,707	4,099
Risk-weighted assets estimated for the Basel III fully implemented advanced approaches (f)	281,436	*	276,204	274,778	271,016	265,767
Ratios *						
Tangible common equity to tangible assets (a)/(c)	7.5 %		7.5 %	7.6 %	7.7 %	7.6 %
Tangible common equity to risk-weighted assets (a)/(d)	9.2		9.3	9.3	9.3	9.2
Common equity tier 1 capital to risk-weighted assets estimated for the Basel III fully implemented standardized approach (b)/(e)	9.1		9.3	9.3	9.2	9.1
Common equity tier 1 capital to risk-weighted assets estimated for the Basel III fully implemented advanced approaches (b)/(f)	11.7		12.1	12.0	11.9	11.9

* Preliminary data. Subject to change prior to filings with applicable regulatory agencies.
(1) Includes goodwill related to certain investments in unconsolidated financial institutions per prescribed regulatory requirements.
(2) Includes net losses on cash flow hedges included in accumulated other comprehensive income (loss) and other adjustments.
(3) Includes higher risk-weighting for unfunded loan commitments, investment securities, residential mortgages, mortgage servicing rights and other adjustments.
(4) Primarily reflects higher risk-weighting for mortgage servicing rights.

Non-GAAP Financial Measures

(Dollars in Millions, Unaudited)	Three Months Ended					Year Ended	
	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Net interest income	$2,955	$2,893	$2,845	$2,835	$2,819	$11,528	$11,001
Taxable-equivalent adjustment (1)	49	50	51	53	52	203	213
Net interest income, on a taxable-equivalent basis	3,004	2,943	2,896	2,888	2,871	11,731	11,214
Net interest income, on a taxable-equivalent basis (as calculated above)	3,004	2,943	2,896	2,888	2,871	11,731	11,214
Noninterest income	2,431	2,445	2,552	2,149	2,340	9,577	9,092
Less: Securities gains (losses), net	6	10	3	3	1	22	--
Total net revenue, excluding net securities gains (losses) (a)	5,429	5,378	5,445	5,034	5,210	21,286	20,306
Noninterest expense (b)	3,004	2,931	2,992	2,749	2,809	11,676	10,931
Efficiency ratio (b)/(a)	55.3 %	54.5 %	54.9 %	54.6 %	53.9 %	54.9 %	53.8 %

(1) Utilizes a tax rate of 35 percent for those assets and liabilities whose income or expense is not included for federal income tax purposes.

U.S. Bancorp 4Q16 Earnings Conference Call

January 18, 2017