U.S. Bancorp 2Q16 Earnings Conference Call

Richard K. Davis
Chairman and CEO

Kathy Rogers
Vice Chairman and CFO

July 15, 2016

Forward-looking Statements and Additional Information

The following information appears in accordance with 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, 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; 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 within or in the appendix of the presentation. 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.

2Q16 Highlights

- Record net income of $1.5 billion; $0.83 per diluted common share
  - Notable items related to equity investments, legal and regulatory matters and charitable contributions combined to increase diluted EPS by $0.01
- Record revenue, net income and diluted earnings per share on both a reported as well as a core basis
- Average loans grew 1.6% vs. 1Q16 and 8.1% vs. 2Q15
  - Loan growth of 6.5% vs. 2Q15 excluding student loans* and the credit card portfolio acquisition at the end of 4Q15
- Average deposits grew 3.9% vs. 1Q16 and 7.6% vs. 2Q15
- Payments-related fee revenue grew 8.8% vs. 1Q16 and 4.9% vs. 2Q15 driven by an increase in credit and debit card revenue including the impact of recent portfolio acquisitions
- Commercial products fee growth of 20.8% vs. 1Q16 and 11.2% vs. 2Q15
- Nonperforming assets decreased 2.7% linked quarter
- Returned 77% of earnings to shareholders through dividends and share buybacks

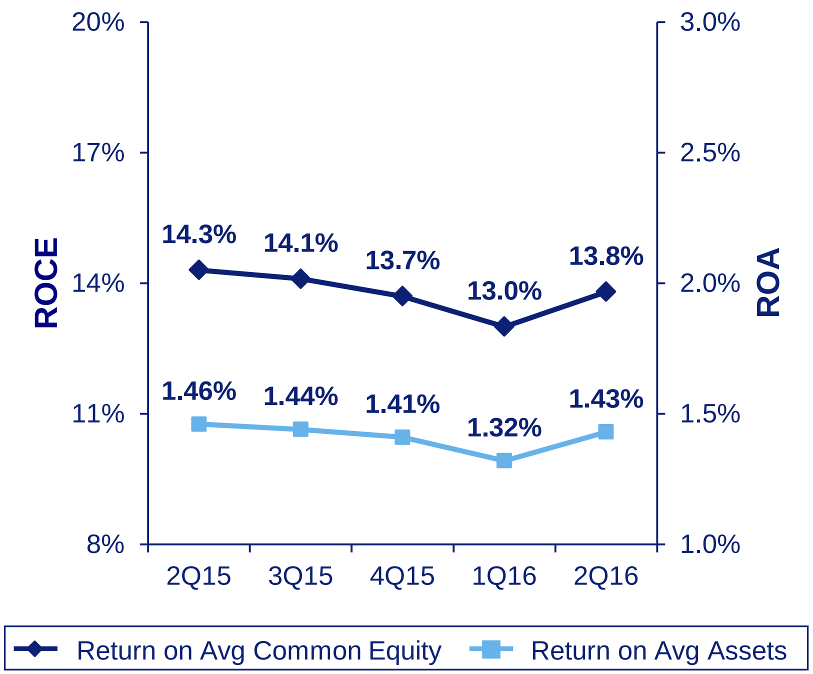
* Student loans were carried in held for sale in the second quarter of 2015.

Notable Items

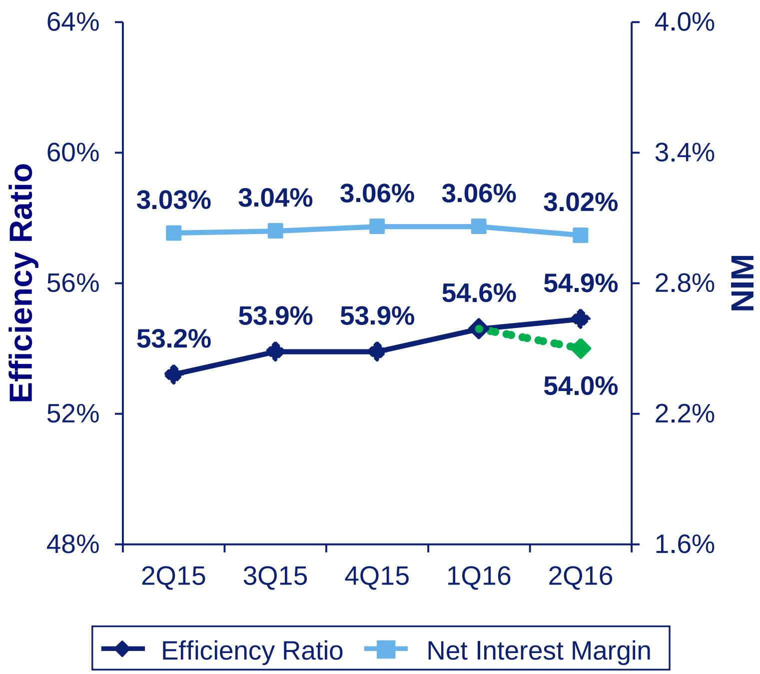
$ in millions	2Q16	1Q16	2Q15
Revenue Items			
Visa Europe gain	$ 180	$ -	$ -
Expense Items			
Foundation contribution	40	-	-
Legal and regulatory matters accrual	110	-	-
Net pretax effect - gain / (loss)	$ 30	$ -	$ -
After tax gain / (loss)	$ 22	$ -	$ -
Net income to common	$ 22	$ -	$ -
Diluted EPS	$ 0.01	$ -	$ -

Performance Ratios

Return on Average Common Equity and Return on Average Assets



Efficiency Ratio and Net Interest Margin

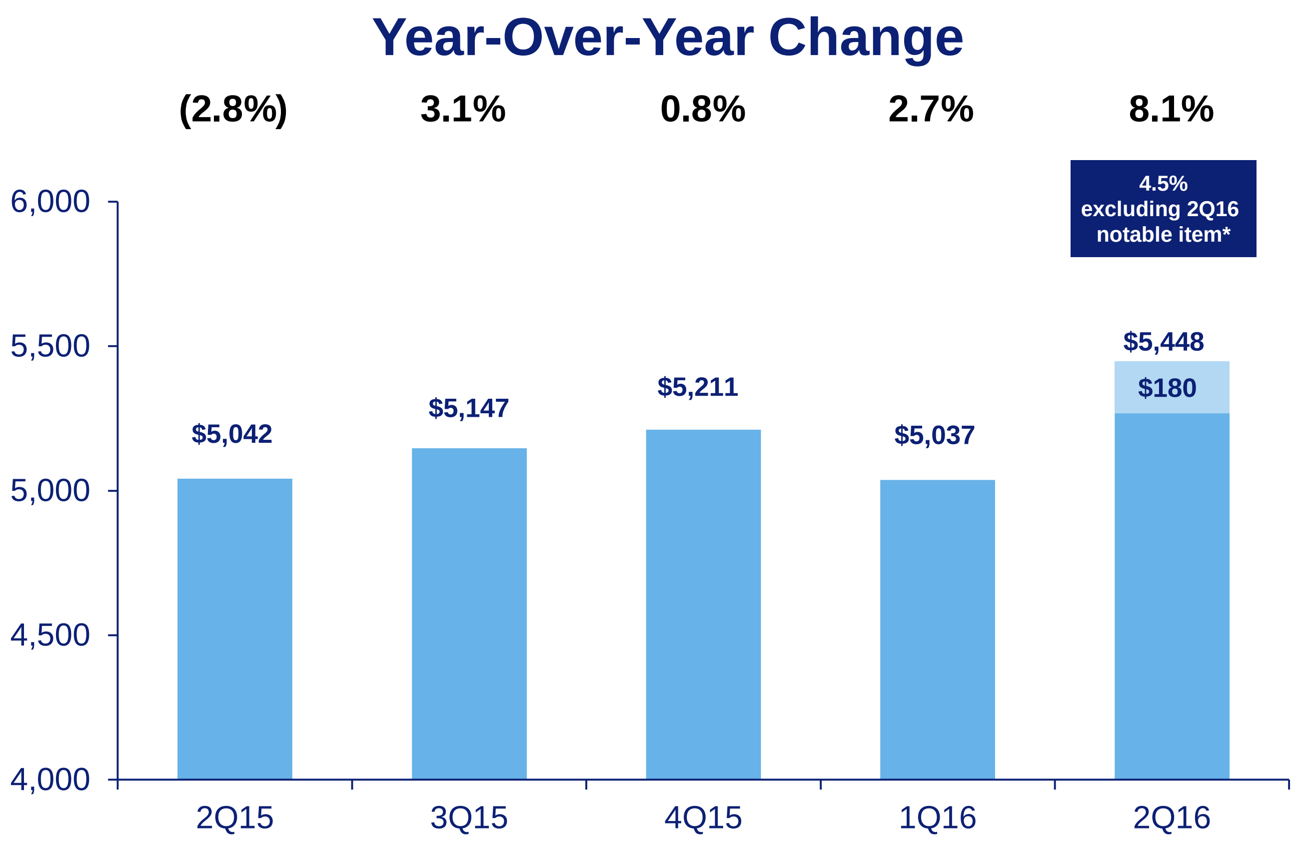


Excludes notable items

Efficiency ratio computed as noninterest expense divided by the sum of net interest income on a taxable-equivalent basis and noninterest income excluding net securities gains (losses)

Revenue Growth

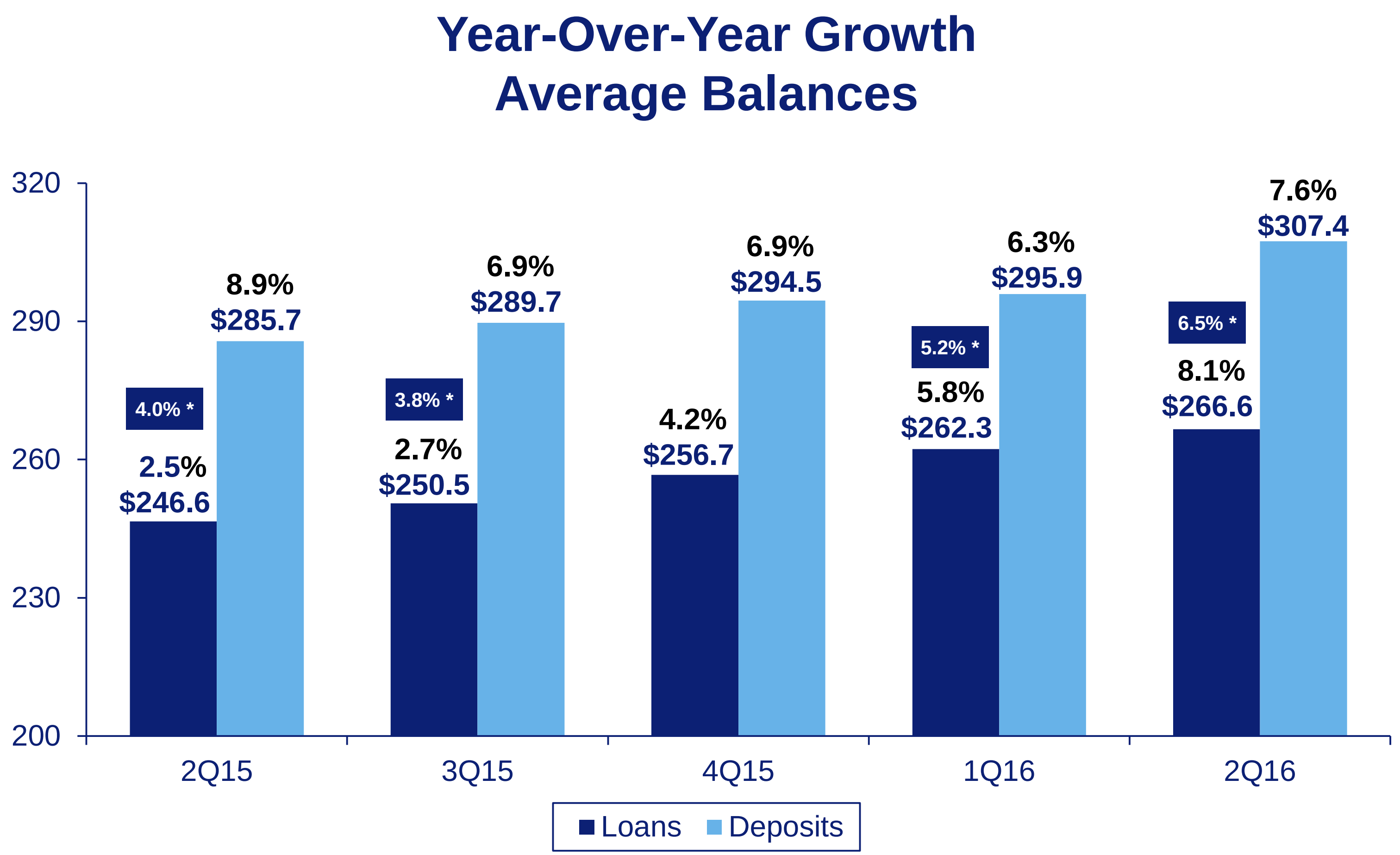
$ in millions



* Notable item: 2Q16 Visa Europe sale gain $180 million
Taxable-equivalent basis

Loan and Deposit Growth

$ in billions

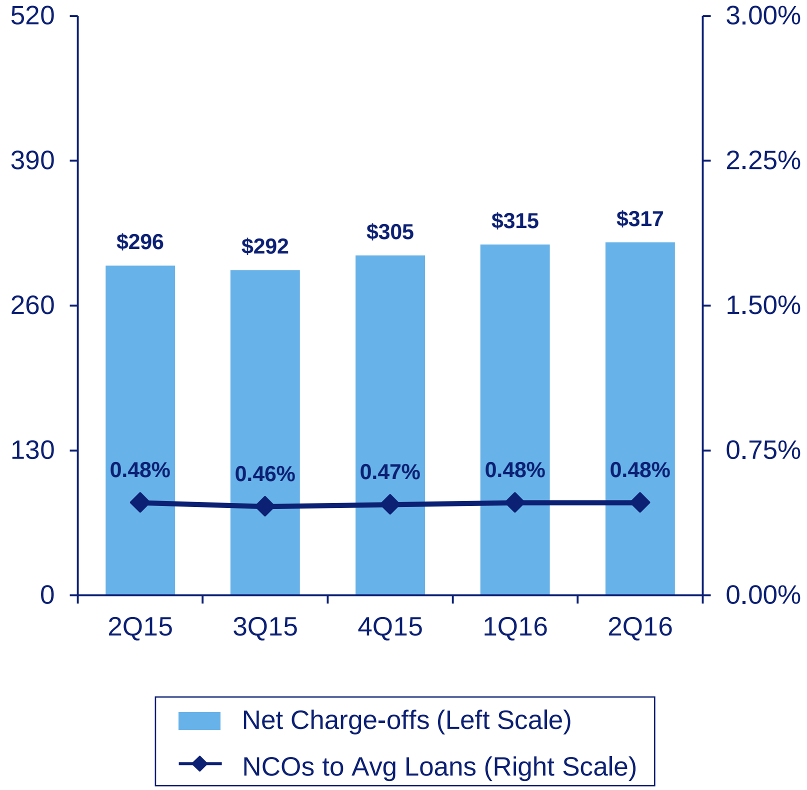


* Adjusted for credit card portfolio acquisition and student loan classification

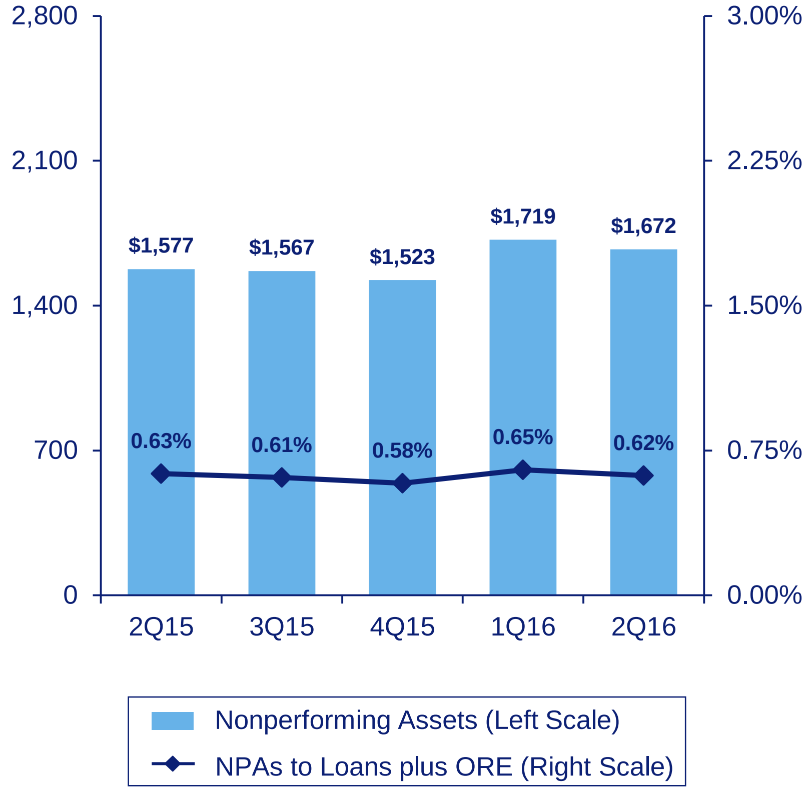
Credit Quality

$ in millions

Net Charge-offs



Nonperforming Assets

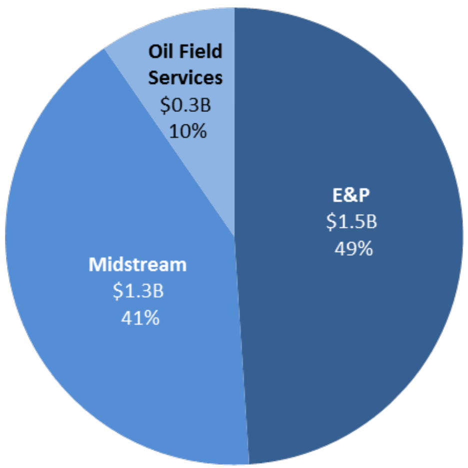


Energy Credit

	Energy 2Q16	1Q16	2Q15	%Change vs. 1Q16	%Change vs. 2Q15	All Other 2Q16	1Q16	2Q15	%Change vs. 1Q16	%Change vs. 2Q15
Loans	$3,024	$3,417	$3,255	(12%)	(7%)	$265,497	$261,105	$245,384	2%	8%
Commitments	$11,329	$11,931	$12,459	(5%)	(9%)	$552,312	$544,426	$505,151	1%	9%
Nonperforming Assets	$222	$276	$1	(20%)	NM	$1,450	$1,443	$1,575	-	(8%)
NPAs/Loans +OREO %	7.34%	8.08%	0.03%			0.55%	0.55%	0.64%		

Energy	2Q16	1Q16	2Q15	%Change vs. 1Q16	%Change vs. 2Q15
Reserves	$265	$310	$88	(15%)	201%
Reserves to Loans %	**8.8%**	**9.1%**	**2.7%**		
Criticized Commitments	3,658	4,167	1,409	(12%)	160%
Total Criticized/Commitments	32%	35%	11%		
Investment Grade %					
Total Loans	19%				
Total Commitments	45%				
Unfunded Commitments	54%				

Loans by Segment



$ in millions, ending balances

Earnings Summary

$ and shares in millions, except per-share data

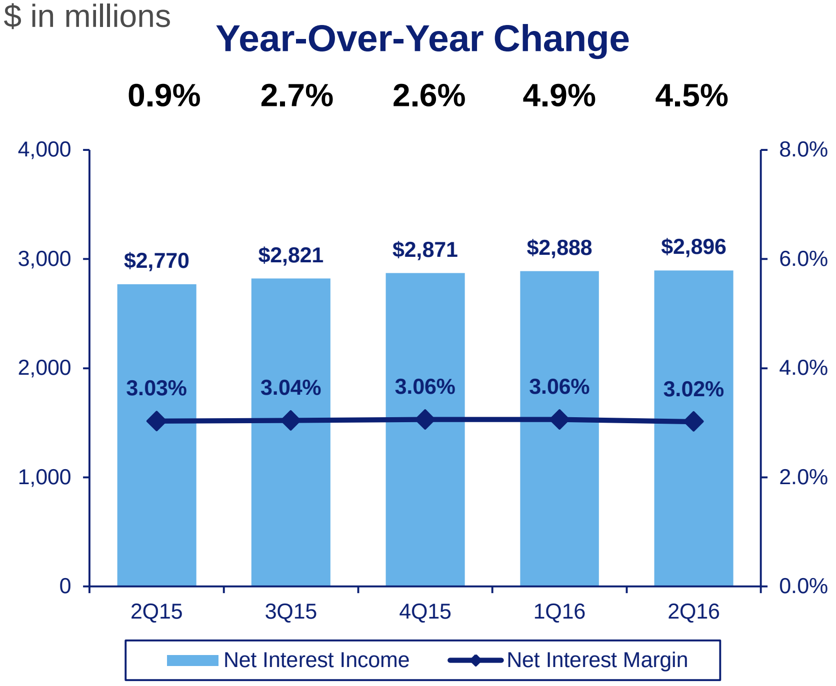
	2Q16	1Q16	2Q15	Reported % B/(W) vs 1Q16	Reported % B/(W) vs 2Q15	Notable Items 2Q16	Excl Notable Items % B/(W) vs 1Q16	Excl Notable Items % B/(W) vs 2Q15
Net Interest Income	$ 2,896	$ 2,888	$ 2,770	0.3	4.5	$ -	0.3	4.5
Noninterest Income	2,552	2,149	2,272	18.8	12.3	180	10.4	4.4
Net Revenue	**5,448**	**5,037**	**5,042**	8.2	8.1	**180**	4.6	4.5
Noninterest Expense	2,992	2,749	2,682	(8.8)	(11.6)	150	(3.4)	(6.0)
Operating Income	**2,456**	**2,288**	**2,360**	**7.3**	**4.1**	**30**	**6.0**	2.8
Net Charge-offs	317	315	296	(0.6)	(7.1)	-	(0.6)	(7.1)
Excess Provision	10	15	(15)	33.3	NM	-	33.3	NM
Income before Taxes	**2,129**	**1,958**	**2,079**	**8.7**	**2.4**	**30**	**7.2**	**1.0**
Applicable Income Taxes	593	557	582	(6.5)	(1.9)	8	(5.0)	(0.5)
Noncontrolling Interests	(14)	(15)	(14)	6.7	-	-	6.7	-
Net Income	**1,522**	**1,386**	**1,483**	**9.8**	**2.6**	**22**	**8.2**	**1.1**
Preferred Dividends/Other	87	57	66	(52.6)	(31.8)	-	(52.6)	(31.8)
NI to Common	**$ 1,435**	**$ 1,329**	**$ 1,417**	**8.0**	**1.3**	**$ 22**	**6.3**	**(0.3)**
Diluted EPS	$ 0.83	$ 0.76	$ 0.80	9.2	3.8	$0.01	7.9	2.5
Average Diluted Shares	1,731	1,743	1,779	0.7	2.7			

Taxable-equivalent basis

Net Interest Income

Net Interest Income

$ in millions



Key Points

vs. 2Q15

- Average earning assets grew $18.9 billion, or 5.2%
- Net interest margin lower 1 bp (3.02% vs. 3.03%)
  - Due to lower average rates on new securities purchases and lower reinvestment rates on maturing securities, partially offset by higher rates on new loans

vs. 1Q16

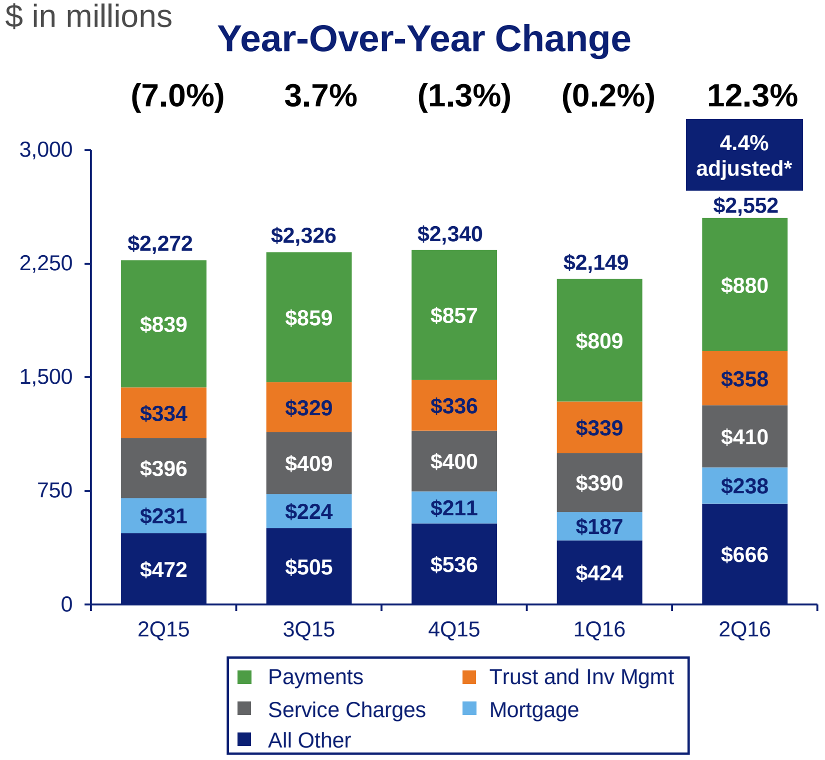
- Average earning assets grew $7.2 billion, or 1.9%
- Net interest margin lower 4 bps (3.02% vs. 3.06%)
  - Primarily reflected the loan portfolio mix as well as lower average rates on new securities purchases and lower reinvestment rates on maturing securities

Taxable-equivalent basis

Noninterest Income

Noninterest Income

$ in millions



Key Points

vs. 2Q15

- Noninterest income increased $280 million, or 12.3% (4.4% excluding the Visa Europe sale)
  - Higher credit and debit card revenue (11.3% increase) due to higher transaction volumes including acquired portfolios
  - Higher trust and investment management fees (7.2% increase) reflecting lower money market fee waivers
  - Higher commercial products revenue (11.2% increase) driven by higher bond underwriting fees, foreign currency customer activity and other capital markets activity as a result of market volatility
  - Higher other income due to the impact of the Visa Europe sale gain

vs. 1Q16

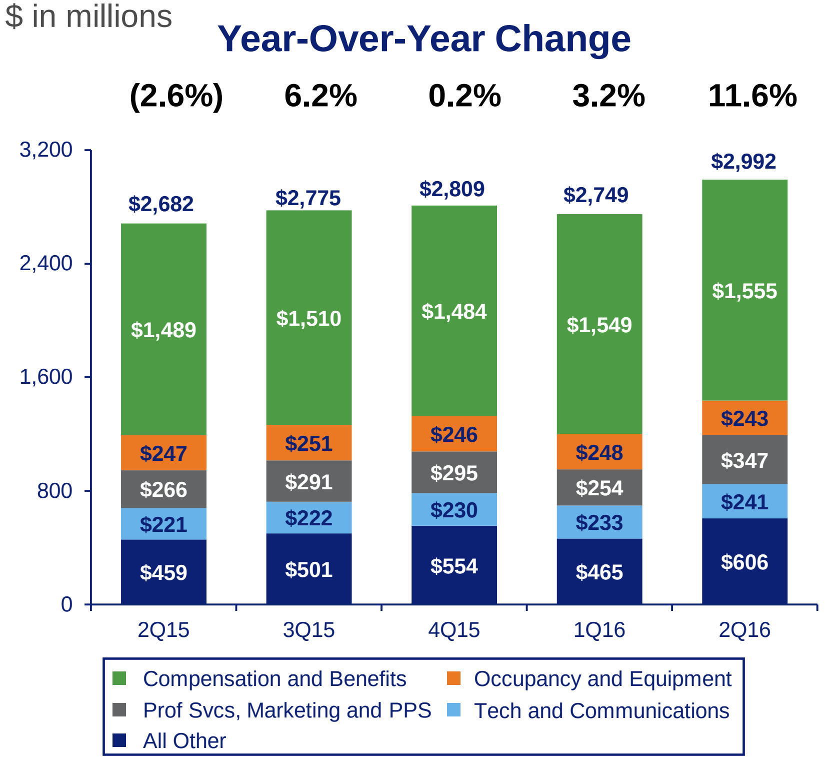
- Noninterest income increased $403 million, or 18.8% (10.4% excluding the Visa Europe sale)
  - Higher credit and debit card revenue (11.3% increase) primarily due to seasonally higher transaction volumes
  - Higher merchant processing revenue (8.0% increase) due to seasonally higher transaction volumes
  - Higher mortgage banking revenue (27.3% increase) mainly due to seasonally higher production volumes
  - Higher trust and investment fees (5.6% increase) due to account growth, improved market conditions and lower money market fee waivers
  - Higher commercial products revenue (20.8% increase) due to higher bond underwriting fees and capital markets volume
  - Higher other income primarily due to the Visa Europe sale gain

* 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. 2Q15

- Noninterest expense increased $310 million, or 11.6% (6.0% increase excluding notable expense items)
  - Higher compensation (6.8% increase) reflecting the impact of merit increases and higher variable compensation
  - Higher professional services expense (14.2% increase) primarily due to compliance-related matters
  - Higher marketing and business development expense (excluding the notable charitable contribution) reflecting brand advertising
  - Lower employee benefits expense mainly due to lower pension costs

vs. 1Q16

- Noninterest expense increased $243 million, or 8.8% (3.4% increase excluding the notable expense items)
  - Higher professional services expense (23.5% increase) principally due to higher costs related to compliance-related matters
  - Higher marketing and business development expense (excluding the notable charitable contribution) reflecting brand advertising
  - Higher compensation expense (2.2% increase) due to merit increases and higher variable compensation
  - Lower employee benefits expense (7.3% decrease) driven by seasonally lower payroll tax expense

Notable items: 2Q16 related to accruals for legal and regulatory matters $110 million and charitable contribution $40 million

Capital Position

$ in billions

	2Q16	1Q16	4Q15	3Q15	2Q15
Total U.S. Bancorp shareholders' equity	$ 47.4	$ 46.7	$ 46.1	$ 45.1	$ 44.5
Standardized Approach					
Basel III transitional standardized approach					
Common equity tier 1 capital ratio	9.5%	9.5%	9.6%	9.6%	9.5%
Tier 1 capital ratio	11.1%	11.1%	11.3%	11.1%	11.0%
Total risk-based capital ratio	13.4%	13.1%	13.3%	13.1%	13.1%
Leverage ratio	9.3%	9.3%	9.5%	9.3%	9.2%
Common equity tier 1 capital to RWA* estimated for the Basel III fully implemented standardized approach	9.3%	9.2%	9.1%	9.2%	9.2%
Advanced Approaches					
Common equity tier 1 capital to RWA for the Basel III transitional advanced approaches	12.3%	12.3%	12.5%	13.0%	12.9%
Common equity tier 1 capital to RWA estimated for the Basel III fully implemented advanced approaches	12.0%	11.9%	11.9%	12.4%	12.4%
Tangible common equity ratio	7.6%	7.7%	7.6%	7.7%	7.5%
Tangible common equity as a % of RWA	9.3%	9.3%	9.2%	9.3%	9.2%

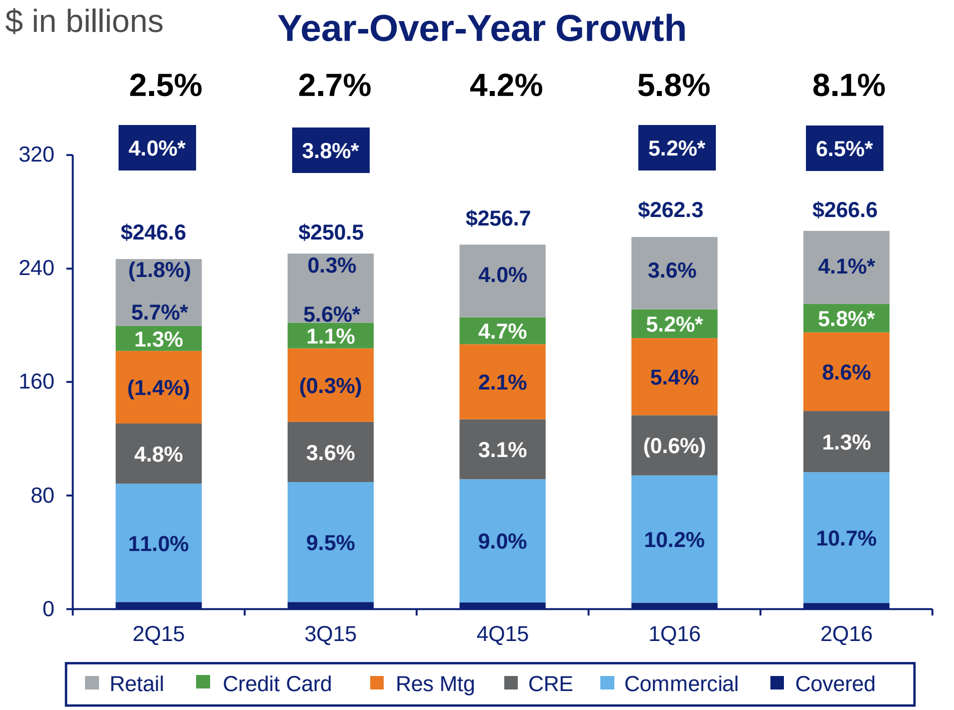
* RWA = risk-weighted assets

Appendix

Average Loans

Average Loans

$ in billions



Key Points

vs. 2Q15

- Average total loans increased by $20.0 billion, or 8.1% (6.5% growth excluding the student loans and the Fidelity portfolio acquisition at end of 4Q15)
- Average total commercial loans increased $8.9 billion, or 10.7%
- Average residential mortgage loans increased $4.4 billion or 8.6%

vs. 1Q16

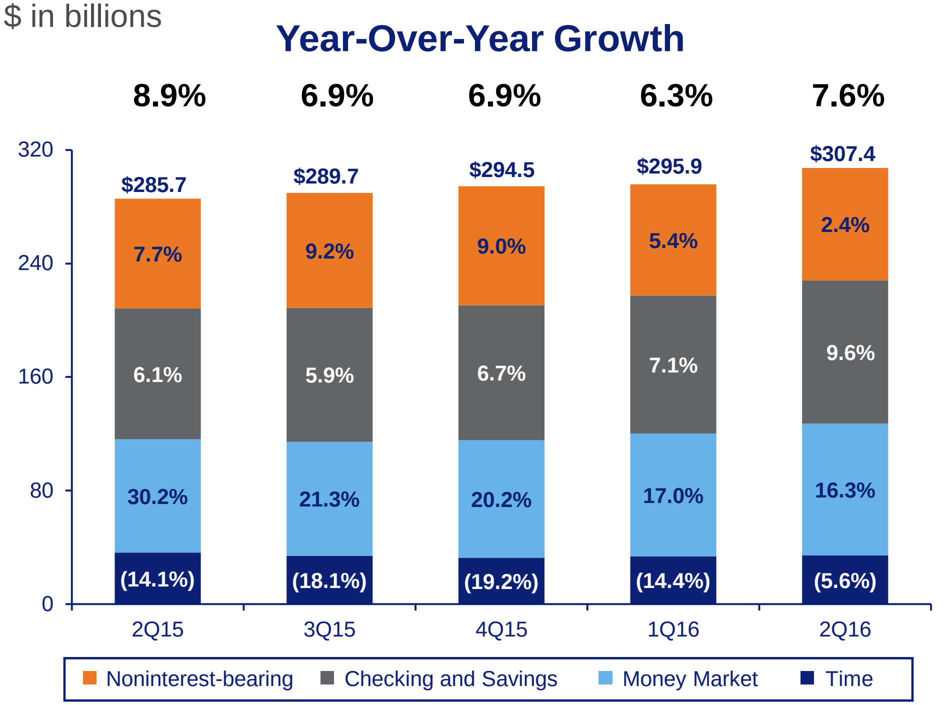
- Average total loans increased by $4.3 billion, or 1.6%
- Average total commercial loans increased $2.3 billion, or 2.6%
- Average residential mortgage loans increased $1.3 billion or 2.4%

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

Average Deposits

Average Deposits

$ in billions



Key Points

vs. 2Q15

- Average total deposits increased by $21.6 billion, or 7.6%
- Average low-cost deposits (NIB, interest checking, money market and savings) increased by $23.7 billion, or 9.5%

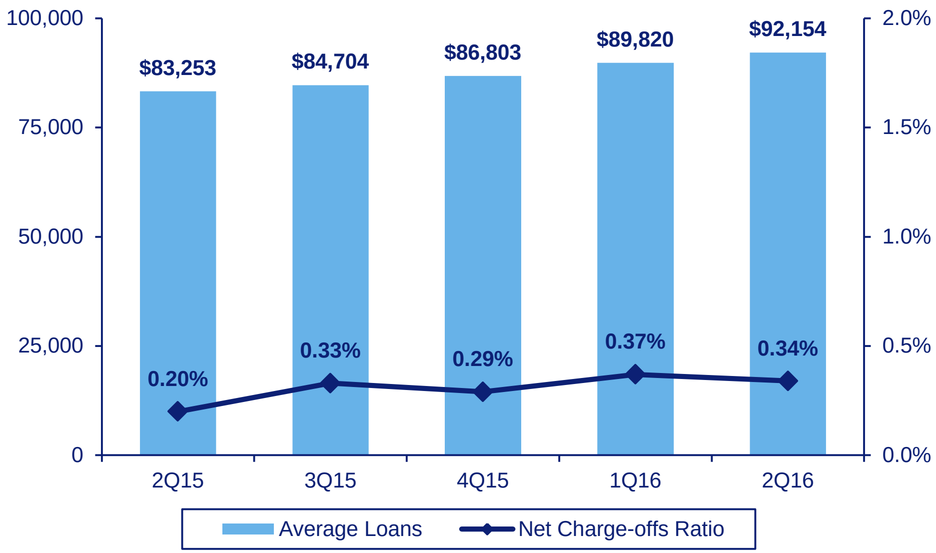
vs. 1Q16

- Average total deposits increased by $11.5 billion, or 3.9%
- Average low-cost deposits increased by $11.0 billion, or 4.2%

Credit Quality – Commercial Loans

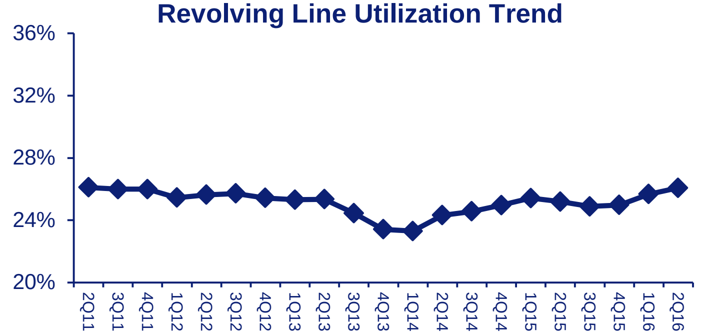
$ in millions

Average Loans and Net Charge-offs Ratios



Key Statistics

	2Q15	1Q16	2Q16
Average Loans	$83,253	$89,820	$92,154
30-89 Delinquencies	0.23%	0.21%	0.22%
90+ Delinquencies	0.05%	0.05%	0.05%
Nonperforming Loans	0.11%	0.52%	0.53%



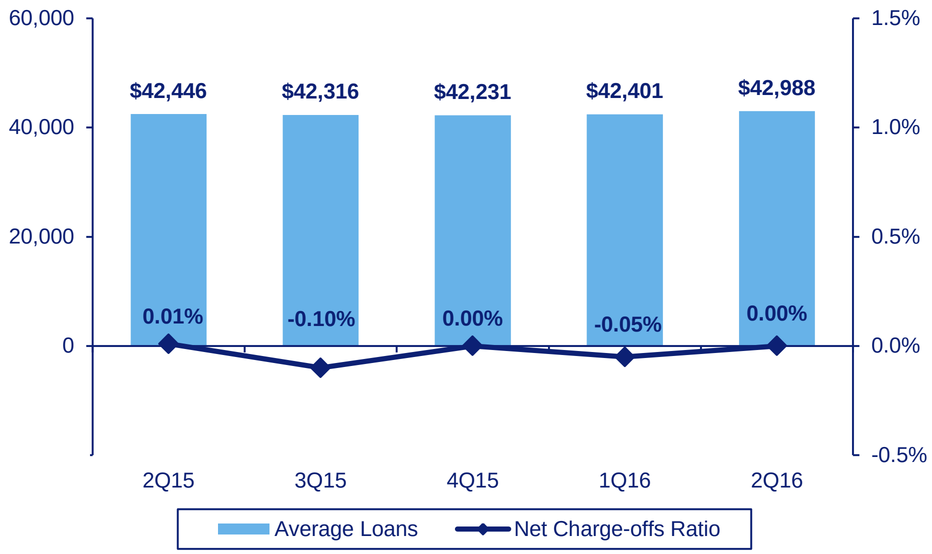
Key Points

- Average linked quarter loan growth of 2.6% and year-over-year loan growth of 10.7% demonstrates continued momentum with customers
- Net charge-offs increased year-over-year but remained flat linked quarter and at historically low levels
- Nonperforming loans increased year-over-year primarily due to weakness in energy, but remained flat quarter-over-quarter
- Line utilization remained relatively stable

Credit Quality – Commercial Real Estate

$ in millions

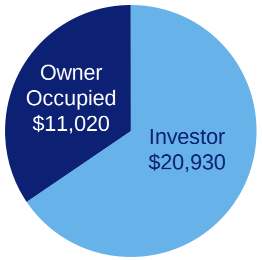
Average Loans and Net Charge-offs Ratios



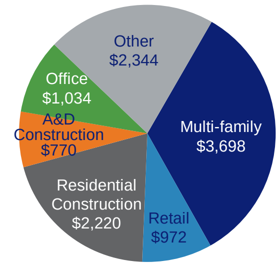
Key Statistics

	2Q15	1Q16	2Q16
Average Loans	$42,446	$42,401	$42,988
30-89 Delinquencies	0.12%	0.19%	0.11%
90+ Delinquencies	0.05%	0.04%	0.03%
Nonperforming Loans	0.41%	0.24%	0.24%
Performing TDRs*	$240	$212	$185

CRE Mortgage



CRE Construction



Key Points

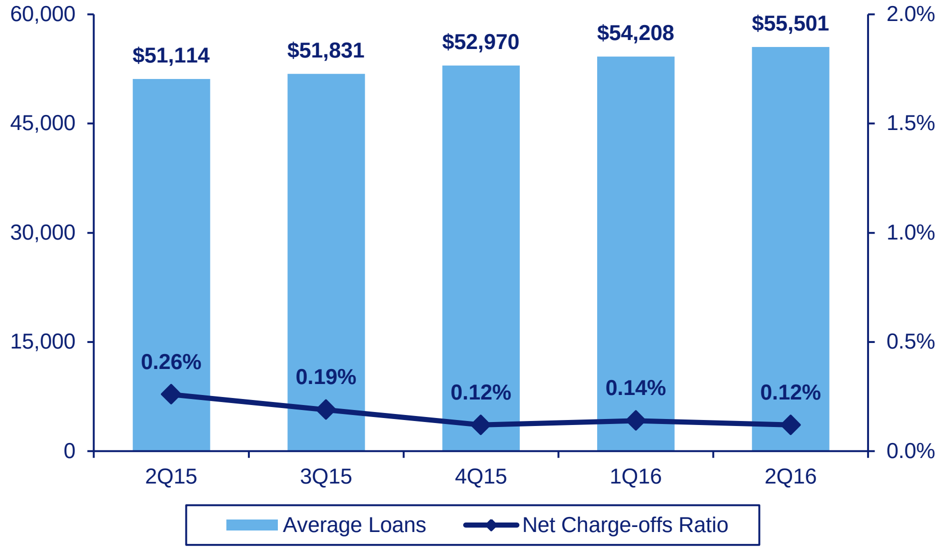
- Average loans increased 1.3% year-over-year
- Nonperforming loans remained at historically low levels
- Recoveries within the CRE portfolio continued to offset loan charge-offs

* TDR = troubled debt restructuring

Credit Quality – Residential Mortgage

$ in millions

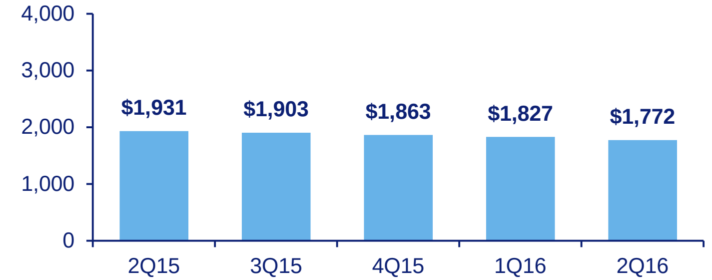
Average Loans and Net Charge-offs Ratios



Key Statistics

	2Q15	1Q16	2Q16
Average Loans	$51,114	$54,208	$55,501
30-89 Delinquencies	0.38%	0.24%	0.28%
90+ Delinquencies	0.30%	0.31%	0.27%
Nonperforming Loans	1.50%	1.23%	1.12%

Residential Mortgage Performing TDRs*



*Excludes GNMA loans, whose repayments are insured by the FHA or guaranteed by the Department of VA ($1,572 million in 2Q16)

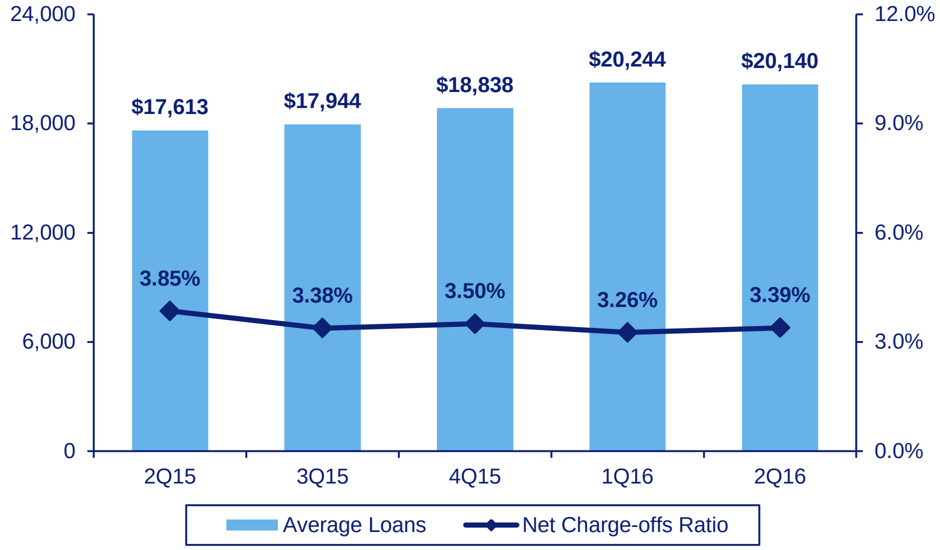
Key Points

- Originations continued to be high credit quality (weighted average FICO 758, weighted average LTV 69%)
- 88% 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

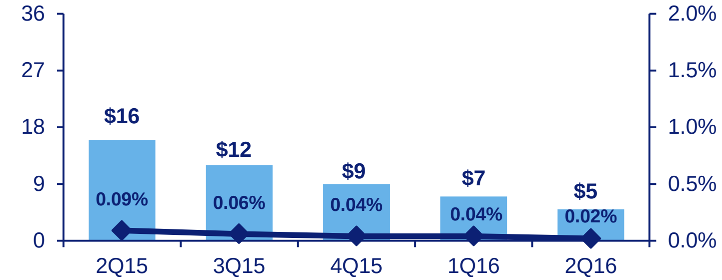
Average Loans and Net Charge-offs Ratios



Key Statistics

	2Q15	1Q16	2Q16
Average Loans	$17,613	$20,244	$20,140
30-89 Delinquencies	1.16%	1.09%	1.15%
90+ Delinquencies	1.03%	1.10%	0.98%
Nonperforming Loans	0.09%	0.04%	0.02%

Credit Card Nonperforming Loans



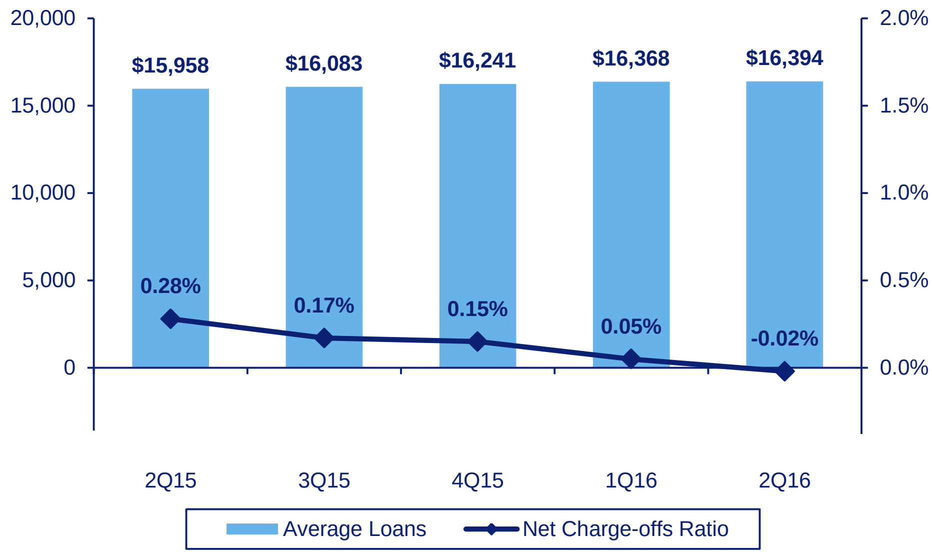
Key Points

- Year-over-year growth in average loans of 14.3% driven, in part, by Fidelity portfolio acquisition at the end of 4Q15
- Origination strength was driven by high credit quality accounts with a commitment weighted average FICO of 758

Credit Quality – Home Equity

$ in millions

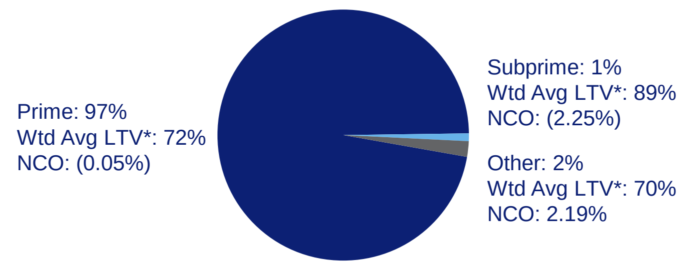
Average Loans and Net Charge-offs Ratios



Key Statistics

	2Q15	1Q16	2Q16
Average Loans	$15,958	$16,368	$16,394
30-89 Delinquencies	0.36%	0.39%	0.36%
90+ Delinquencies	0.25%	0.26%	0.24%
Nonperforming Loans	0.98%	0.80%	0.78%

Home Equity



*LTV at origination

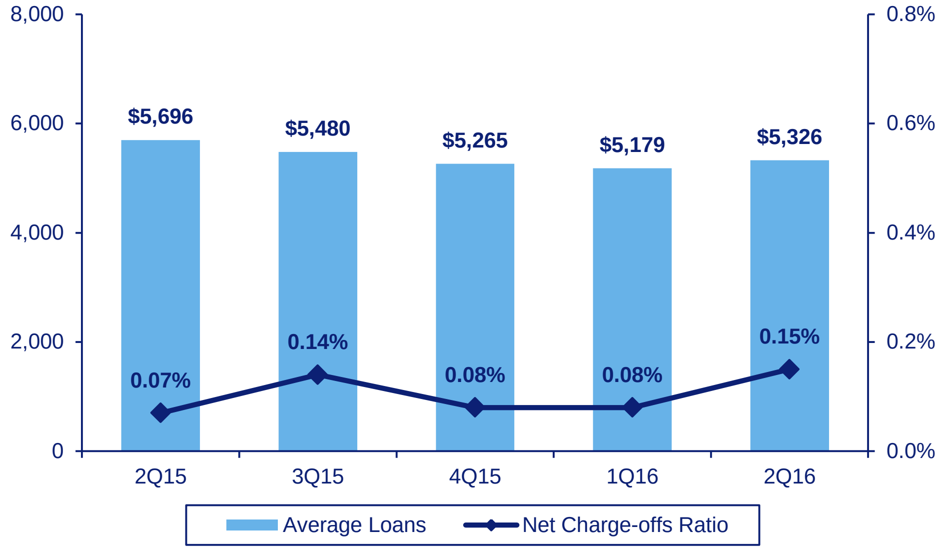
Key Points

- High-quality originations (weighted average FICO on commitments was 766, weighted average CLTV 72%) originated primarily through the retail branch network to existing bank customers on their primary residences
- Net charge-offs ratio continued to decline, due to strong recoveries, on a linked quarter and year-over-year basis

Credit Quality – Retail Leasing

$ in millions

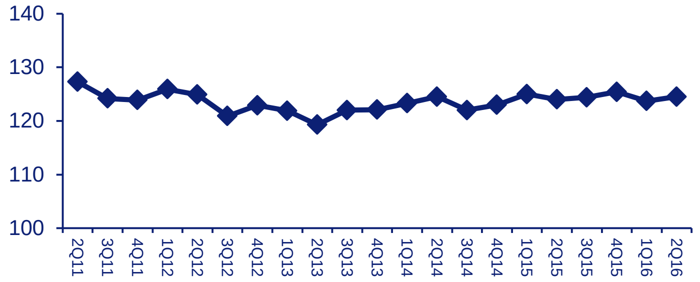
Average Loans and Net Charge-offs Ratios



Key Statistics

	2Q15	1Q16	2Q16
Average Loans	$5,696	$5,179	$5,326
30-89 Delinquencies	0.17%	0.17%	0.18%
90+ Delinquencies	0.00%	0.02%	0.00%
Nonperforming Loans	0.04%	0.04%	0.04%

Manheim Used Vehicle Index*



Key Points

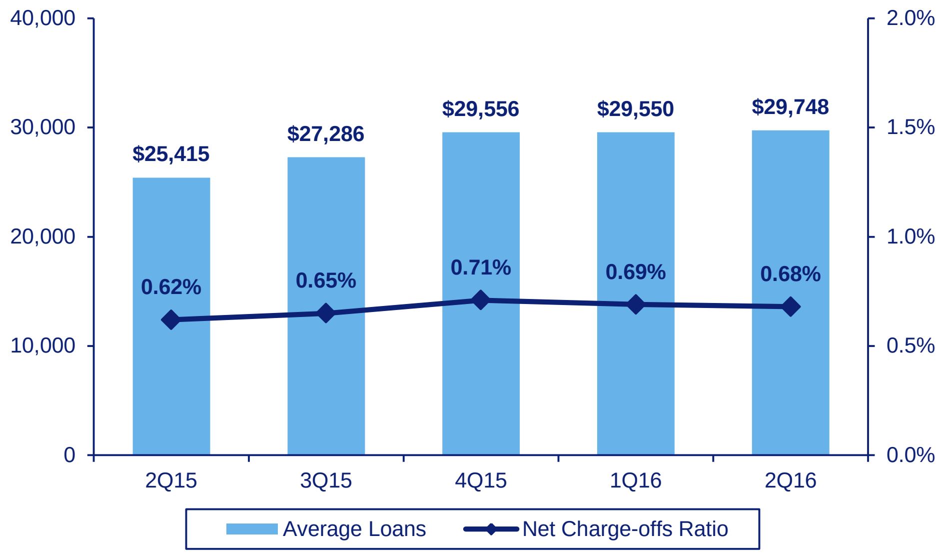
- Continued high-quality originations (weighted average FICO 785) support the portfolio's stable credit profile
- Delinquencies, nonperforming loans, and net charge-offs remained at very low levels

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

Credit Quality – Other Retail

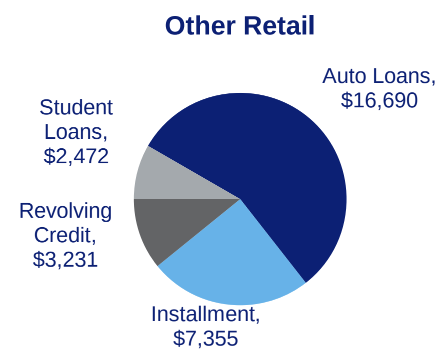
$ in millions

Average Loans and Net Charge-offs Ratios



Key Statistics

	2Q15	1Q16	2Q16
Average Loans	$25,415	$29,550	$29,748
30-89 Delinquencies	0.48%	0.42%	0.47%
90+ Delinquencies	0.10%	0.10%	0.10%
Nonperforming Loans	0.07%	0.08%	0.09%



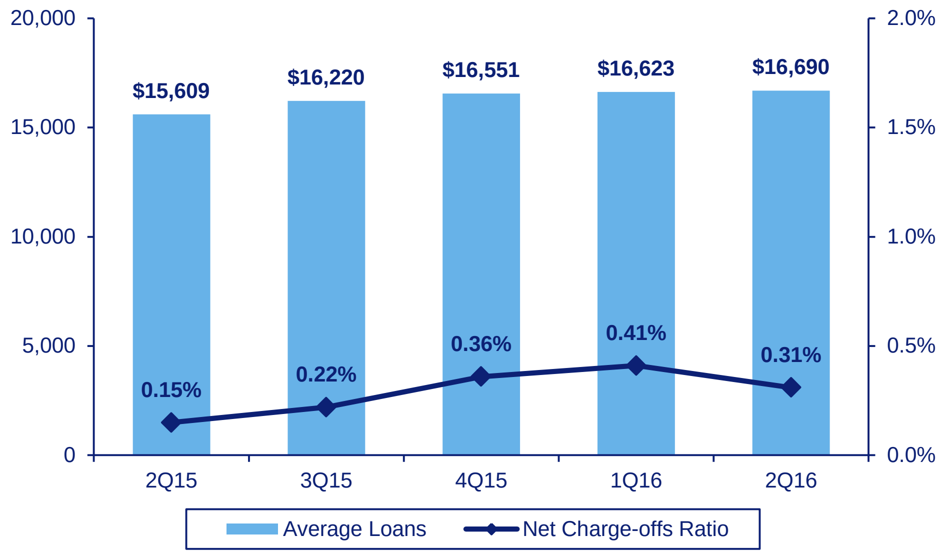
Key Points

- Overall growth continued to be driven by auto loans and installment, which were up 6.9% and 12.7% year-over-year, respectively
- Delinquency rates, nonperforming loans, and net charge-offs remained stable

Credit Quality – Auto Loans

$ in millions

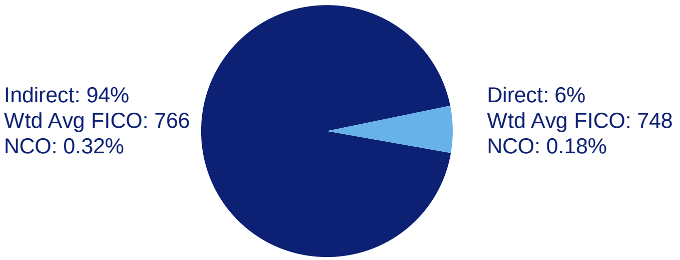
Average Loans and Net Charge-offs Ratios



Key Statistics

	2Q15	1Q16	2Q16
Average Loans	$15,609	$16,623	$16,690
30-89 Delinquencies	0.35%	0.39%	0.48%
90+ Delinquencies	0.02%	0.02%	0.03%
Nonperforming Loans	0.04%	0.07%	0.08%

Indirect and Direct Channel



Key Points

- Continued growth in auto loans driven by high-quality originations in the indirect channel (weighted average FICO 772)
- Net charge-offs seasonally improved on a linked quarter basis

Auto loans are included in Other Retail category

Non-GAAP Financial Measures

(Dollars in Millions, Unaudited)	June 30, 2016		March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Total equity	$48,029		$47,393	$46,817	$45,767	$45,231
Preferred stock	(5,501)		(5,501)	(5,501)	(4,756)	(4,756)
Noncontrolling interests	(639)		(638)	(686)	(692)	(694)
Goodwill (net of deferred tax liability) (1)	(8,246)		(8,270)	(8,295)	(8,324)	(8,350)
Intangible assets, other than mortgage servicing rights	(796)		(820)	(838)	(779)	(744)
Tangible common equity (a)	32,847		32,164	31,497	31,216	30,687
Tangible common equity (as calculated above)	32,847		32,164	31,497	31,216	30,687
Adjustments (2)	133		99	67	118	125
Common equity tier 1 capital estimated for the Basel III fully implemented standardized and advanced approaches (b)	32,980		32,263	31,564	31,334	30,812
Total assets	438,463		428,638	421,853	415,943	419,075
Goodwill (net of deferred tax liability) (1)	(8,246)		(8,270)	(8,295)	(8,324)	(8,350)
Intangible assets, other than mortgage servicing rights	(796)		(820)	(838)	(779)	(744)
Tangible assets (c)	429,421		419,548	412,720	406,840	409,981
Risk-weighted assets, determined in accordance with prescribed transitional standardized approach regulatory requirements (d)	351,462	*	346,227	341,360	336,227	333,177
Adjustments (3)	3,079	*	3,485	3,892	3,532	3,532
Risk-weighted assets estimated for the Basel III fully implemented standardized approach (e)	354,541	*	349,712	345,252	339,759	336,709
Risk-weighted assets, determined in accordance with prescribed transitional advanced approaches regulatory requirements	271,495	*	267,309	261,668	248,048	245,038
Adjustments (4)	3,283	*	3,707	4,099	3,723	3,721
Risk-weighted assets estimated for the Basel III fully implemented advanced approaches (f)	274,778	*	271,016	265,767	251,771	248,759
Ratios *						
Tangible common equity to tangible assets (a)/(c)	7.6	%	7.7 %	7.6 %	7.7 %	7.5 %
Tangible common equity to risk-weighted assets (a)/(d)	9.3		9.3	9.2	9.3	9.2
Common equity tier 1 capital to risk-weighted assets estimated for the Basel III fully implemented standardized approach (b)/(e)	9.3		9.2	9.1	9.2	9.2
Common equity tier 1 capital to risk-weighted assets estimated for the Basel III fully implemented advanced approaches (b)/(f)	12.0		11.9	11.9	12.4	12.4

* 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.

U.S. Bancorp 2Q16 Earnings Conference Call

July 15, 2016

usbancorp