# U.S. Bancorp

## 4Q14 Earnings Conference Call

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All of us serving you®

January 21, 2015

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# 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 made. 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; 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, residual value risk, market risk, operational risk, interest rate risk and liquidity 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, 2013, 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. Forward-looking statements speak only as of the date they are made, 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.

# 2014 Full Year Highlights



- Record net income of $5.9 billion; $3.08 per diluted common share
- Industry-leading profitability measures, including ROA of 1.54%, ROCE of 14.7% and efficiency ratio of 53.2%
- Average loan growth of 6.3% vs. 2013 and average deposit growth of 6.5% vs. 2013
- Net charge-offs declined 8.9% vs. 2013
- Nonperforming assets declined 11.2% vs. 2013
- Capital generation continues to reinforce capital position
  - Common equity tier 1 capital ratio of 9.0% estimated for the Basel III fully implemented standardized approach
  - Repurchased 54 million shares of common stock during 2014
  - In total, returned $4.0 billion, or 72%, of our earnings in 2014 to shareholders

# 4Q14 Highlights

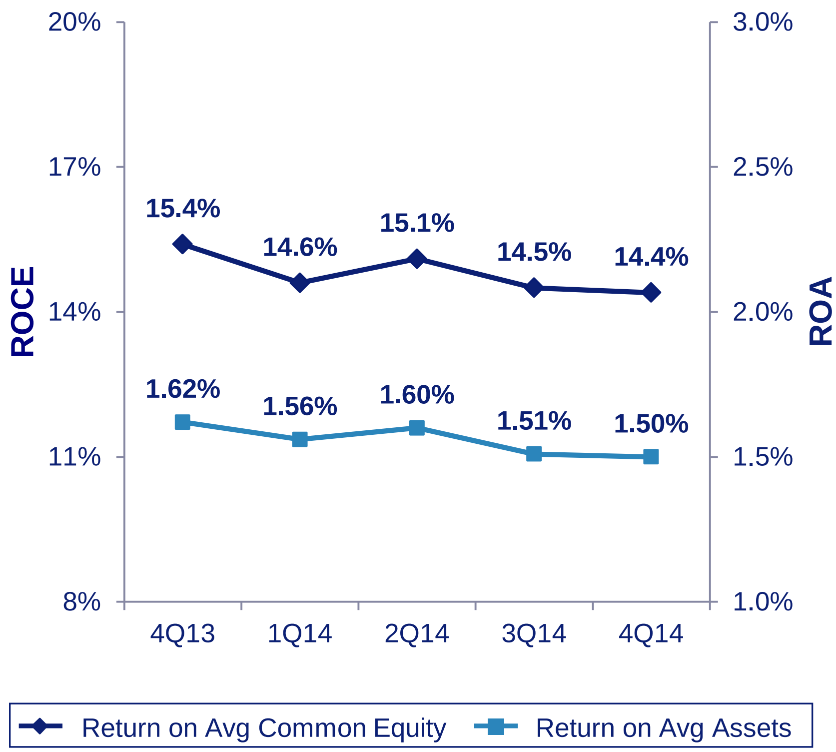


- Net income of $1.5 billion; $0.79 per diluted common share
- Positive operating leverage on a year-over-year basis
- Average loan growth of 5.9% vs. 4Q13 (5.5% excluding Charter One acquisition) and 1.0% vs. 3Q14
- Average deposit growth of 7.2% vs. 4Q13 (5.5% excluding Charter One acquisition) and 1.6% vs. 3Q14
- Net charge-offs declined 8.3% vs. 3Q14
- Nonperforming assets declined 6.0% vs. 3Q14
- Capital generation continues to reinforce capital position
  - Common equity tier 1 capital ratio of 9.0% estimated for the Basel III fully implemented standardized approach
  - Common equity tier 1 capital ratio of 9.7%; Tier 1 capital ratio of 11.3%
- Returned 66% of earnings to shareholders in 4Q14
  - Repurchased 11 million shares of common stock during the quarter

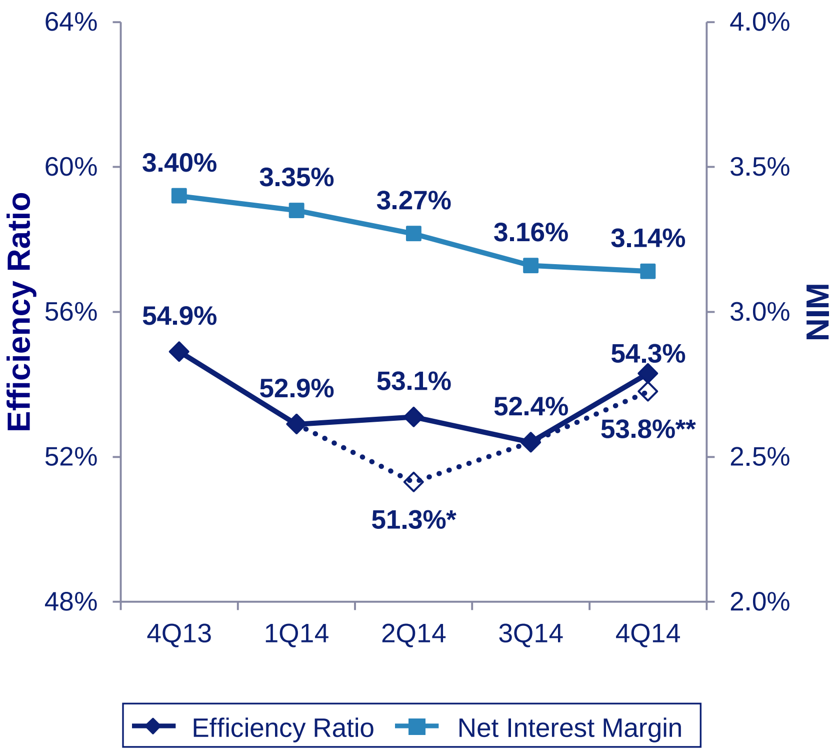
# Performance Ratios

4Q14 Earnings
Conference Call

## Return on Average Common Equity and Return on Average Assets




## Efficiency Ratio and Net Interest Margin

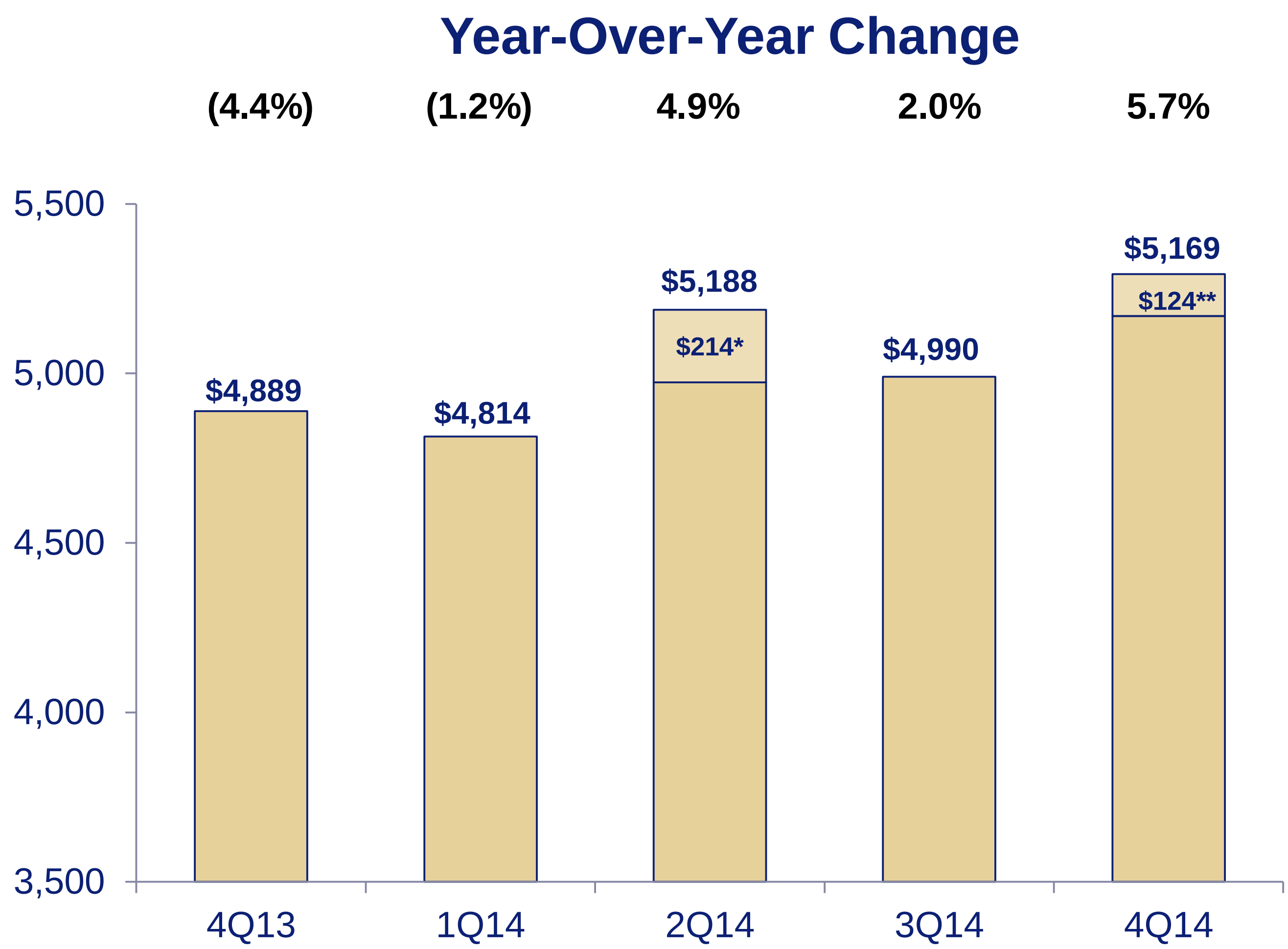



* Excluding $214 million gain on Visa Inc. Class B common stock sale and $200 million FHA DOJ settlement
** Excluding $124 million gain related to an equity interest in Nuveen and $88 million expense for charitable contributions and legal accruals
Efficiency ratio computed as noninterest expense divided by the sum of net interest income on a taxable-equivalent basis and noninterest income excluding securities gains (losses) net

# Revenue Growth



$ in millions




* Gain on Visa Inc. Class B common stock sale
** Gain related to an equity interest in Nuveen
Taxable-equivalent basis

# Loan and Deposit Growth

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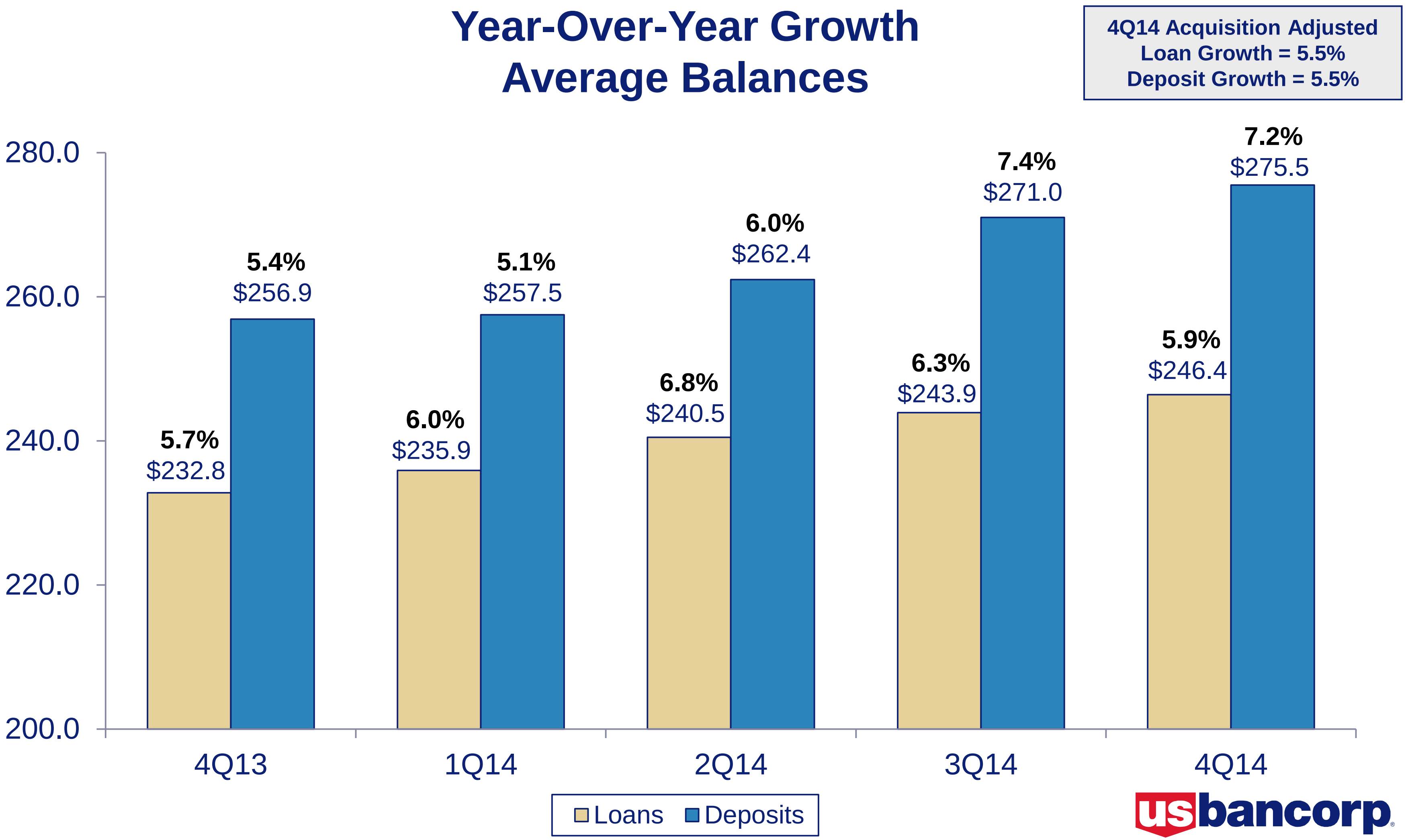
$ in billions

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# Credit Quality

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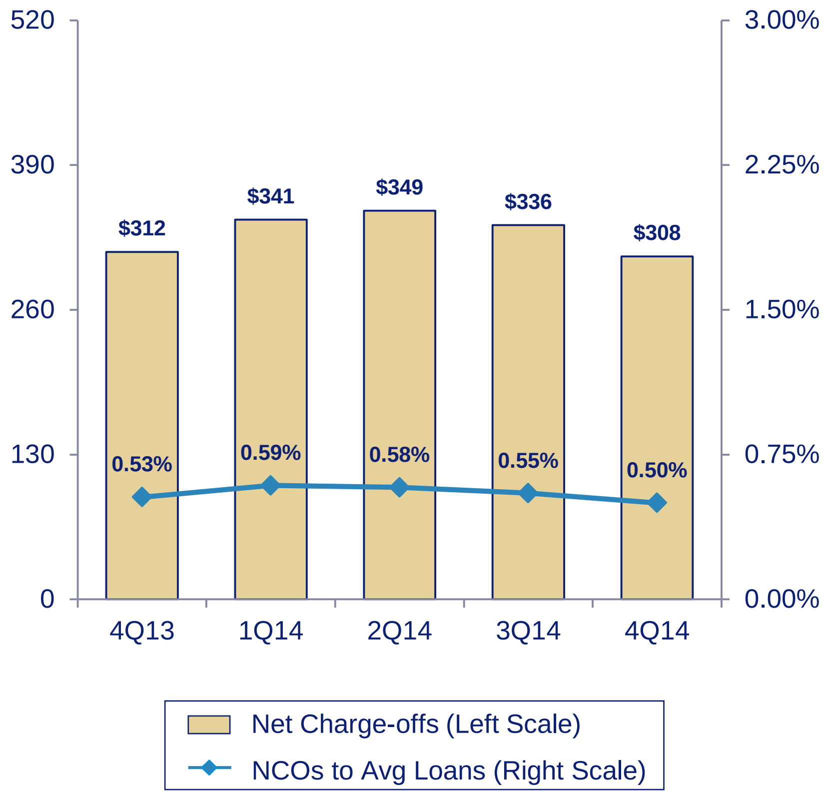
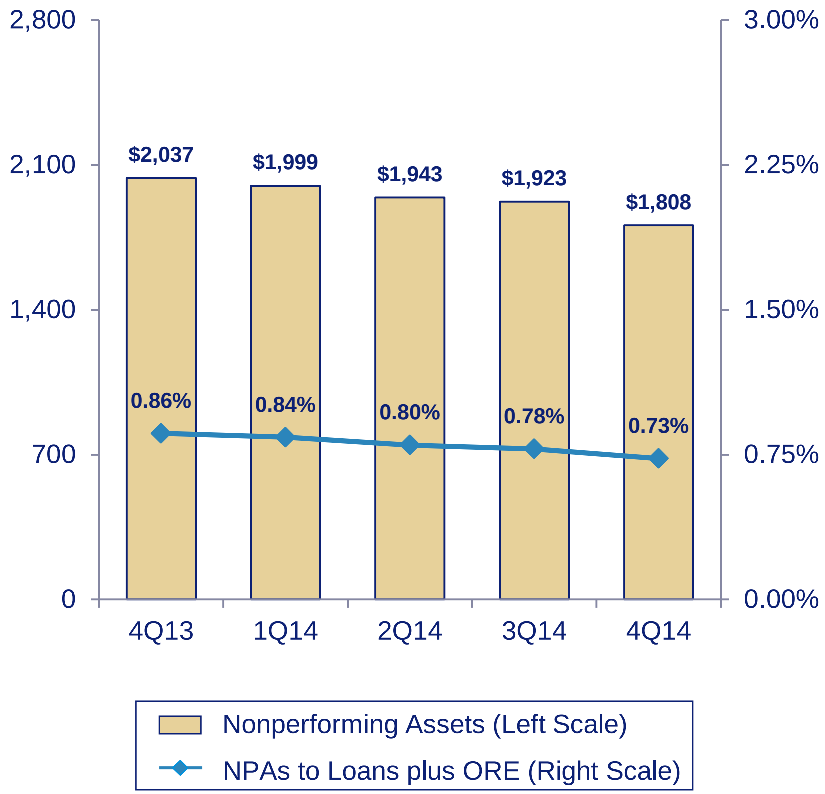
$ in millions

## Net Charge-offs




## Nonperforming Assets*




* Note: The loss sharing agreement for the commercial and commercial real estate loans acquired from the FDIC, which comprised the majority of the nonperforming covered assets, expired at the end of the fourth quarter of 2014

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# Earnings Summary



$ and shares in millions, except per-share data

| | 4Q14 | 3Q14 | 4Q13 | % B/(W) vs 3Q14 | % B/(W) vs 4Q13 | FY 2014 | FY 2013 | % B/(W) |
|---|---|---|---|---|---|---|---|---|
| Net Interest Income | $ 2,799 | $ 2,748 | $ 2,733 | 1.9 | 2.4 | $ 10,997 | $ 10,828 | 1.6 |
| Noninterest Income | 2,370 | 2,242 | 2,156 | 5.7 | 9.9 | 9,164 | 8,774 | 4.4 |
| **Total Revenue** | **5,169** | **4,990** | **4,889** | 3.6 | 5.7 | **20,161** | **19,602** | 2.9 |
| Noninterest Expense | 2,804 | 2,614 | 2,682 | (7.3) | (4.5) | 10,715 | 10,274 | (4.3) |
| **Operating Income** | **2,365** | **2,376** | **2,207** | **(0.5)** | **7.2** | **9,446** | **9,328** | 1.3 |
| Net Charge-offs | 308 | 336 | 312 | 8.3 | 1.3 | 1,334 | 1,465 | 8.9 |
| Excess Provision | (20) | (25) | (35) | (20.0) | (42.9) | (105) | (125) | (16.0) |
| **Income before Taxes** | **2,077** | **2,065** | **1,930** | **0.6** | **7.6** | **8,217** | **7,988** | 2.9 |
| Applicable Income Taxes | 576 | 579 | 459 | 0.5 | (25.5) | 2,309 | 2,256 | (2.3) |
| Noncontrolling Interests | (13) | (15) | (15) | 13.3 | 13.3 | (57) | 104 | nm |
| **Net Income** | **1,488** | **1,471** | **1,456** | **1.2** | **2.2** | **5,851** | **5,836** | 0.3 |
| Preferred Dividends/Other | 68 | 66 | 67 | (3.0) | (1.5) | 268 | 284 | 5.6 |
| **NI to Common** | **$ 1,420** | **$ 1,405** | **$ 1,389** | **1.1** | **2.2** | **$ 5,583** | **$ 5,552** | **0.6** |
| | | | | | | | | |
| Diluted EPS | $ 0.79 | $ 0.78 | $ 0.76 | 1.3 | 3.9 | $ 3.08 | $ 3.00 | 2.7 |
| Average Diluted Shares | 1,796 | 1,807 | 1,832 | 0.6 | 2.0 | 1,813 | 1,849 | 1.9 |

Taxable-equivalent basis

# 4Q14 Results - Key Drivers

## vs. 4Q13

- Net Revenue increase of 5.7% (3.2% increase excluding notable item)
  - Net interest income increase of 2.4%; net interest margin of 3.14% vs. 3.40% in 4Q13
  - Noninterest income increase of 9.9% (4.2% increase excluding notable item)
- Noninterest expense increase of 4.5% (1.3% increase excluding notable items)
- Provision for credit losses increased by $11 million
  - Net charge-offs lower by $4 million, or 1.3%
  - Provision lower than NCOs by $20 million vs. $35 million in 4Q13

| Notable Items | |
|---|---|
| $ in millions | 4Q14 |
| Revenue Items | |
| Nuveen gain | $ 124 |
| Expense Items | |
| Charitable contributions | $ 35 |
| Accruals for legal matters | $ 53 |

## vs. 3Q14

- Net Revenue increase of 3.6% (1.1% increase excluding notable item)
  - Net interest income increase of 1.9%; net interest margin of 3.14% vs. 3.16% in 3Q14
  - Noninterest income increase of 5.7% (0.2% increase excluding notable item)
- Noninterest expense increase of 7.3% (3.9% increase excluding notable items)
- Provision for credit losses lower by $23 million
  - Net charge-offs decreased by $28 million, or 8.3%
  - Provision lower than NCOs by $20 million vs. $25 million in 3Q14

# Capital Position

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$ in billions

| | 4Q14 | 3Q14 | 2Q14 | 1Q14 | 4Q13 |
|---|---|---|---|---|---|
| Total U.S. Bancorp shareholders' equity | $ 43.5 | $ 43.1 | $ 42.7 | $ 42.1 | $ 41.1 |
| **Standardized Approach** | | | | | |
| Basel III transitional standardized approach/Basel I * | | | | | |
| Common equity tier 1 capital | 30.9 | 30.2 | 29.8 | 29.5 | 27.9 |
| Tier 1 capital | 36.0 | 35.4 | 34.9 | 34.6 | 33.4 |
| Total risk-based capital | 43.2 | 42.5 | 41.0 | 40.7 | 39.3 |
| Common equity tier 1 capital ratio | 9.7% | 9.7% | 9.6% | 9.7% | 9.4% |
| Tier 1 capital ratio | 11.3% | 11.3% | 11.3% | 11.4% | 11.2% |
| Total risk-based capital ratio | 13.6% | 13.6% | 13.2% | 13.5% | 13.2% |
| Leverage ratio | 9.3% | 9.4% | 9.6% | 9.7% | 9.6% |
| Common equity tier 1 capital to RWA estimated for the Basel III fully implemented standardized approach | 9.0% | 9.0% | 8.9% | 9.0% | 8.8% |
| **Advanced Approaches** | | | | | |
| Common equity tier 1 capital to RWA for the Basel III transitional advanced approaches | 12.4% | 12.4% | 12.3% | | |
| Common equity tier 1 capital to RWA estimated for the Basel III fully implemented advanced approaches | 11.8% | 11.8% | 11.7% | | |
| Tangible common equity ratio | 7.5% | 7.6% | 7.5% | 7.8% | 7.7% |
| Tangible common equity as a % of RWA | 9.3% | 9.3% | 9.2% | 9.3% | 9.1% |

RWA = risk-weighted assets

* 2014 amounts and ratios calculated under the Basel III transitional standardized approach; December 31, 2013, under Basel I

# EXTENDING THE ADVANTAGE

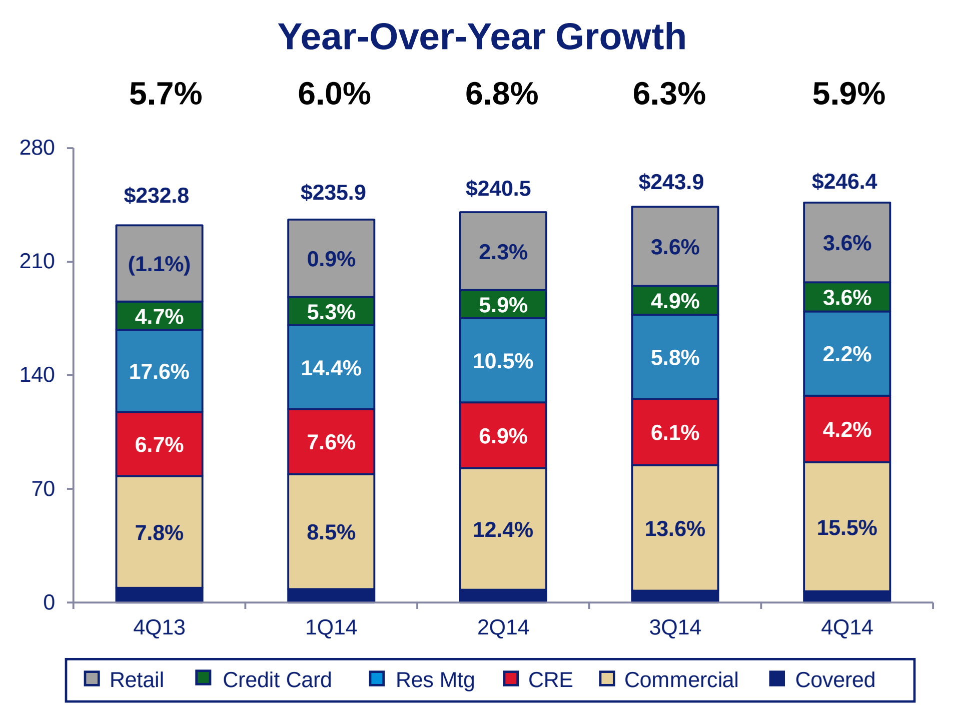
# Appendix

# Average Loans



$ in billions

## Average Loans




## Key Points

### vs. 4Q13

- Average total loans grew by $13.6 billion, or 5.9% (5.5% excluding Charter One acquisition)
- Average total loans, excluding covered loans, were higher by 7.1%
- Average total commercial loans increased $10.7 billion, or 15.5%; average commercial real estate loans increased $1.6 billion, or 4.2%

### vs. 3Q14

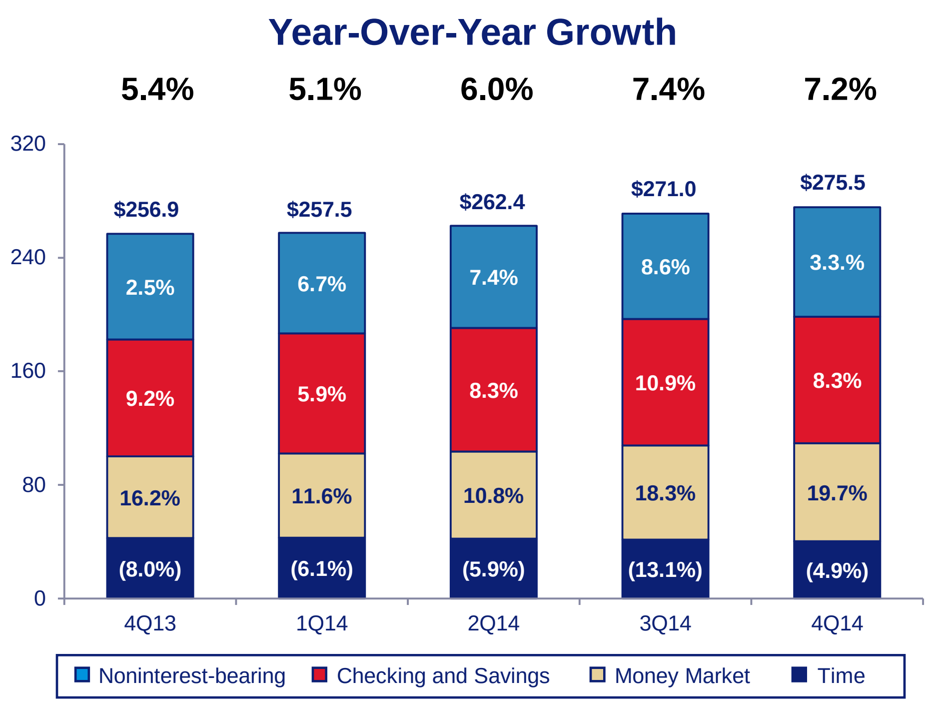
- Average total loans grew by $2.6 billion, or 1.0%
- Average total loans, excluding covered loans, were higher by 1.2%
- Average total commercial loans increased $2.3 billion, or 2.9%; average commercial real estate loans increased $0.1 billion, or 0.3%

# Average Deposits



$ in billions

## Average Deposits




## Key Points

### vs. 4Q13

- Average total deposits increased by $18.6 billion, or 7.2% (5.5% excluding Charter One acquisition)
- Average low-cost deposits (NIB, interest checking, money market and savings) increased by $20.7 billion, or 9.6%

### vs. 3Q14

- Average total deposits increased by $4.5 billion, or 1.6%
- Average low-cost deposits increased by $5.6 billion, or 2.4%

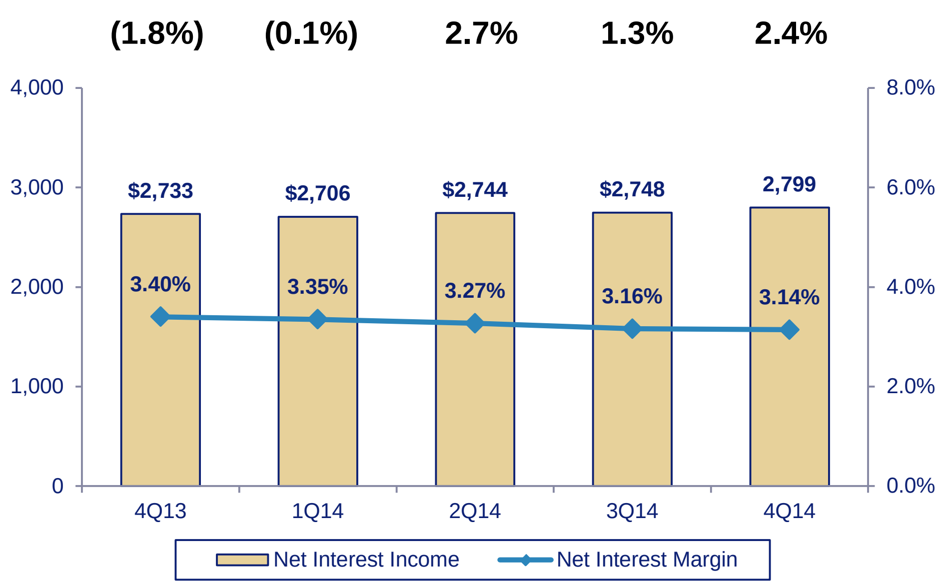
# Net Interest Income



$ in millions

## Net Interest Income

### Year-Over-Year Change




## Key Points

### vs. 4Q13

- Average earning assets grew by $35.4 billion, or 11.1%
- Net interest margin lower by 26 bps (3.14% vs. 3.40%) driven by:
  - Lower reinvestment rates on investment securities, as well as growth in the investment portfolio at lower average rates, lower loan fees, and lower rates on new loans
  - Partially offset by lower funding costs

### vs. 3Q14

- Average earning assets grew by $8.5 billion, or 2.5%
- Net interest margin lower by 2 bps (3.14% vs. 3.16%) driven by:
  - Growth in lower rate investment securities
  - Partially offset by interest recoveries

Taxable-equivalent basis

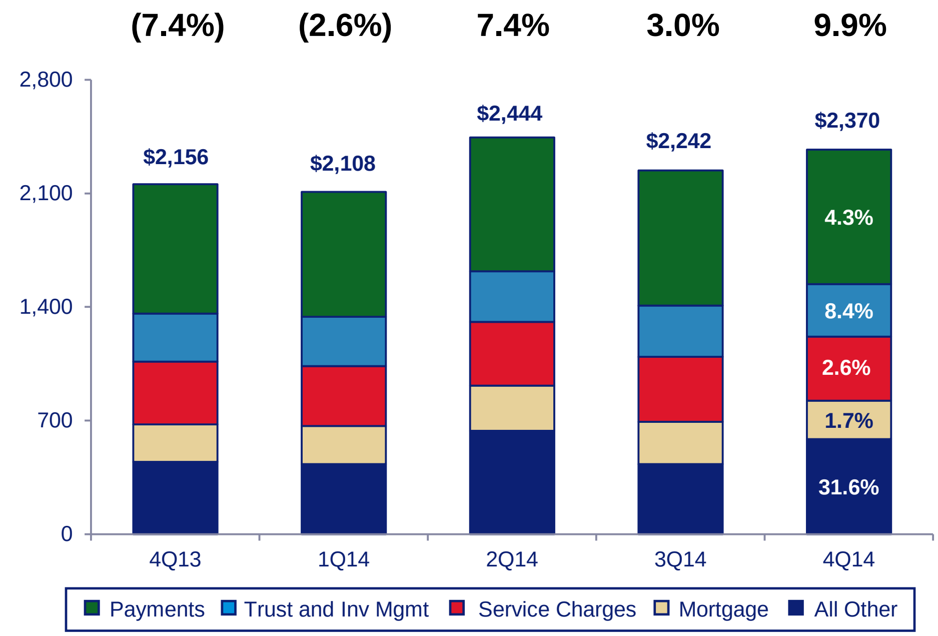
# Noninterest Income

4Q14 Earnings Conference Call

$ in millions

## Noninterest Income

### Year-Over-Year Change




Notable Noninterest Income Items

| | 4Q13 | 1Q14 | 2Q14 | 3Q14 | 4Q14 |
|---|---|---|---|---|---|
| Nuveen Gain | $ - | $ - | $ - | $ - | $ 124 |
| Visa Gain | - | - | 214 | - | - |
| Total | $ - | $ - | $ 214 | $ - | $ 124 |

Payments = credit and debit card revenue, corporate payment products revenue and merchant processing; Service charges = deposit service charges, treasury management fees and ATM processing services

## Key Points

### vs. 4Q13

- Noninterest income increased by $214 million, or 9.9%, driven by:
  - Higher trust and investment management fees (8.4% increase) due to account growth, improved market conditions and business expansion
  - Higher merchant processing services revenue (4.6% increase) due to an increase in product fees and higher volumes, partially offset by lower rates; higher credit and debit card revenue (3.4% increase) and corporate payment products revenue (4.8% increase) due to higher transaction volumes
  - Higher other income due to higher equity investment gains and increased revenue from tax-advantaged projects
  - Lower commercial products revenue (9.9% decrease) due to lower tax-advantaged project syndication fees

### vs. 3Q14

- Noninterest income increased by $128 million, or 5.7%, driven by:
  - Higher credit and debit card revenue (8.4% increase) due to seasonally higher sales volumes
  - Higher commercial products revenue (4.8% increase) due to higher loan and tax-advantaged project syndication fees
  - Higher trust and investment management fees (2.2% increase) due to improved market conditions and higher fees
  - Higher other income primarily due to the Nuveen gain and higher revenue from tax-advantaged projects
  - Lower corporate payments revenue (10.8% decrease) due to seasonally higher 3Q government-related transaction volumes
  - Mortgage revenue decrease of $25 million

# Noninterest Expense

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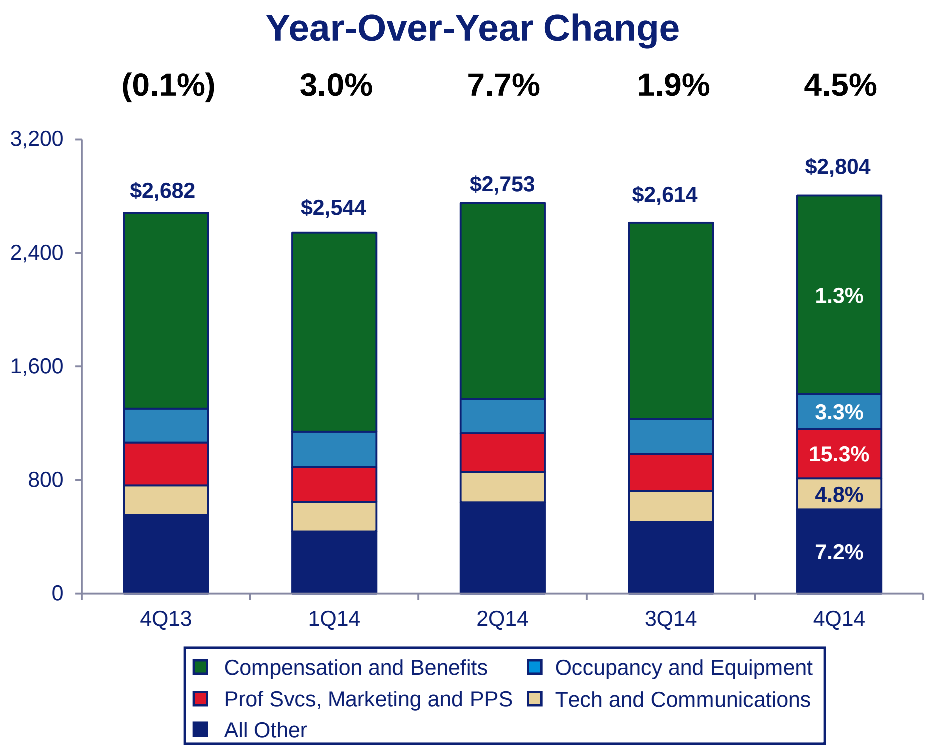
$ in millions

## Noninterest Expense




Notable Noninterest Expense Items

| | 4Q13 | 1Q14 | 2Q14 | 3Q14 | 4Q14 |
|---|---|---|---|---|---|
| Charitable contributions | $ - | $ - | $ - | - | $ 35 |
| Accruals for legal matters | - | - | - | - | 53 |
| FHA DOJ settlement | - | - | 200 | - | - |
| Total | $ - | $ - | $ 200 | $ - | $ 88 |

## Key Points

### vs. 4Q13

- Noninterest expense was higher by $122 million, or 4.5%, driven by:
  - Higher compensation expense (4.4% increase) reflecting the impact of merit increases, acquisitions, and higher staffing for risk and compliance activities
  - Higher marketing and business development expense (25.2% increase) due to charitable contributions
  - Higher professional services expense (11.9% increase) due to higher costs across a majority of the lines of business
  - Higher other expense primarily due to the legal accruals
  - Partially offset by a reduction in employee benefits (10.9% decrease) driven by lower pension costs

### vs. 3Q14

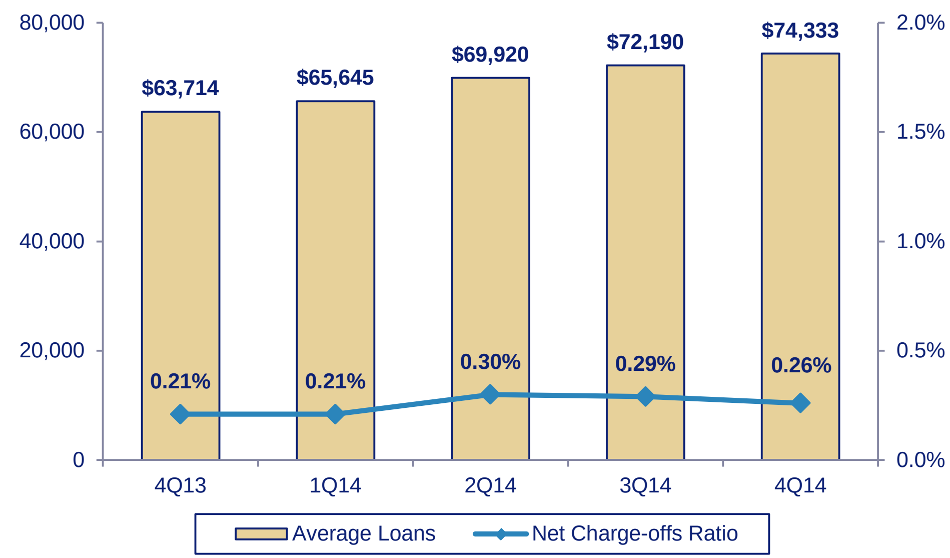
- Noninterest expense was higher by $190 million, or 7.3%, driven by:
  - Higher marketing and business development expense (65.4% increase) primarily due to charitable contributions and advertising costs
  - Higher professional services expense (29.4% increase) due to seasonally higher costs across a majority of the lines of business including risk and compliance activities
  - Higher other expense primarily due to seasonally higher costs related to investments in tax-advantaged projects and the legal accruals

# Credit Quality - Commercial Loans

4Q14 Earnings Conference Call

$ in millions

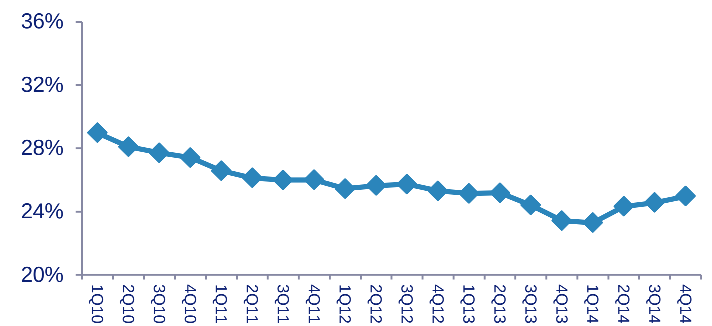
## Average Loans and Net Charge-offs Ratios




## Key Statistics

| | 4Q13 | 3Q14 | 4Q14 |
|---|---|---|---|
| Average Loans | $63,714 | $72,190 | $74,333 |
| 30-89 Delinquencies | 0.33% | 0.23% | 0.27% |
| 90+ Delinquencies | 0.08% | 0.05% | 0.05% |
| Nonperforming Loans | 0.19% | 0.22% | 0.13% |

**Revolving Line Utilization Trend**




## Comments

- Continued new client growth led to 3.0% linked quarter loan growth and 16.7% year-over-year growth; utilization rates improved modestly
- Net charge-offs below historic norms and were largely unchanged
- Nonperforming loans and delinquencies continued at historically low levels

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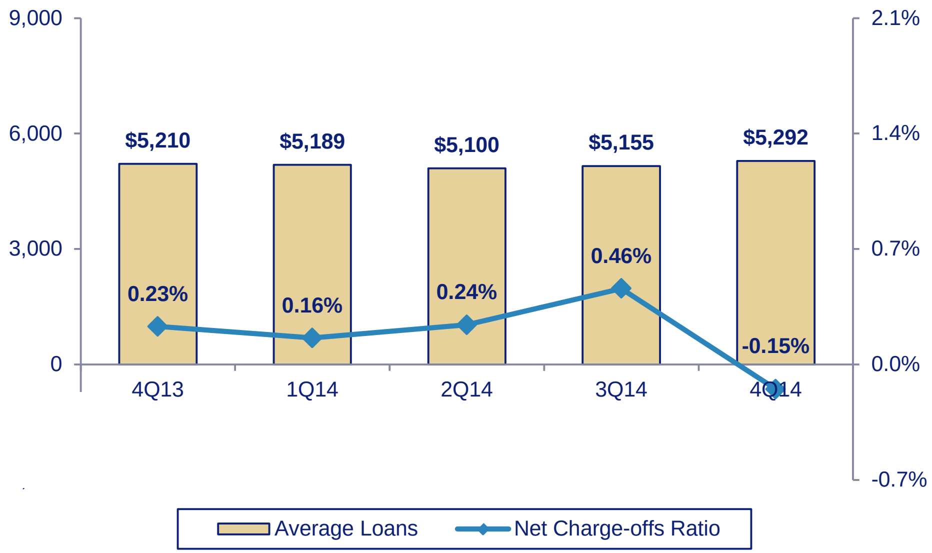
# Credit Quality - Commercial Leases



$ in millions

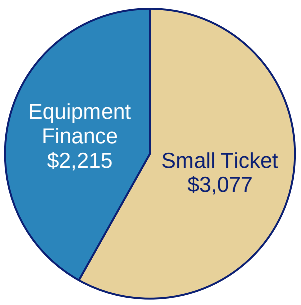
## Average Loans and Net Charge-offs Ratios




## Key Statistics

| | 4Q13 | 3Q14 | 4Q14 |
|---|---|---|---|
| Average Loans | $5,210 | $5,155 | $5,292 |
| 30-89 Delinquencies | 0.85% | 0.83% | 0.78% |
| 90+ Delinquencies | 0.00% | 0.00% | 0.00% |
| Nonperforming Loans | 0.23% | 0.23% | 0.24% |

### Commercial Leases




## Comments

- Commercial lease balances increased slightly
- Gross charge-offs declined while recoveries increased leading to a modest net recovery
- Nonperforming loans and delinquencies continued at modest levels

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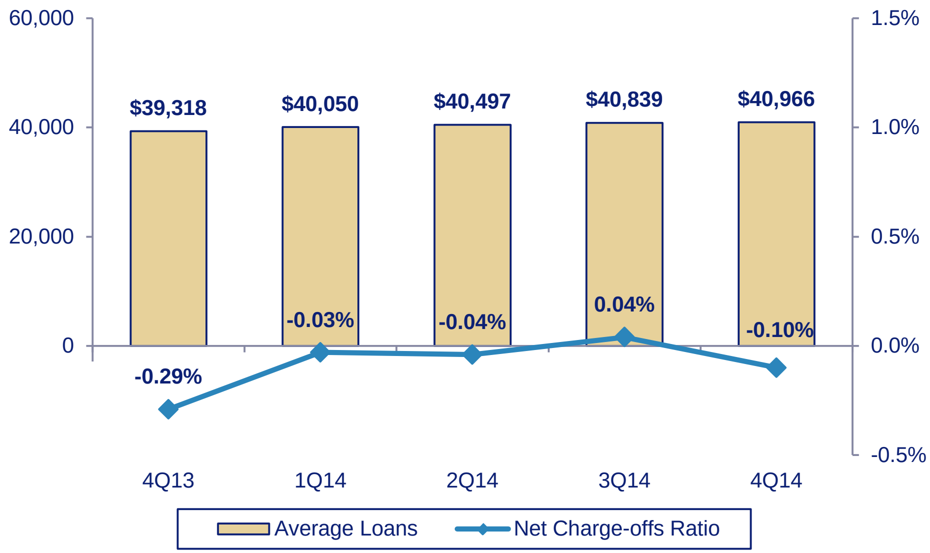
# Credit Quality - Commercial Real Estate



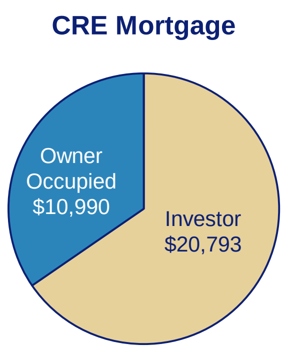
$ in millions

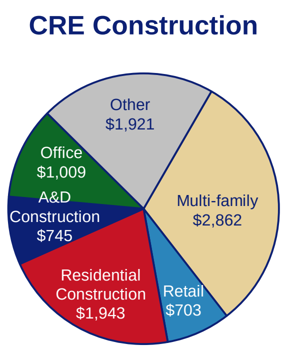
## Average Loans and Net Charge-offs Ratios




## Key Statistics

| | 4Q13 | 3Q14 | 4Q14 |
|---|---|---|---|
| Average Loans | $39,318 | $40,839 | $40,966 |
| 30-89 Delinquencies | 0.24% | 0.12% | 0.26% |
| 90+ Delinquencies | 0.07% | 0.03% | 0.05% |
| Nonperforming Loans | 0.76% | 0.59% | 0.61% |
| Performing TDRs* | $390 | $284 | $365 |




## Comments

- Average loans increased 0.3% on a linked quarter basis and 4.2% year-over-year
- Credit quality is stable at low levels; non-performing loans were stable quarter-over-quarter
- Net recovery ratio of 0.10%

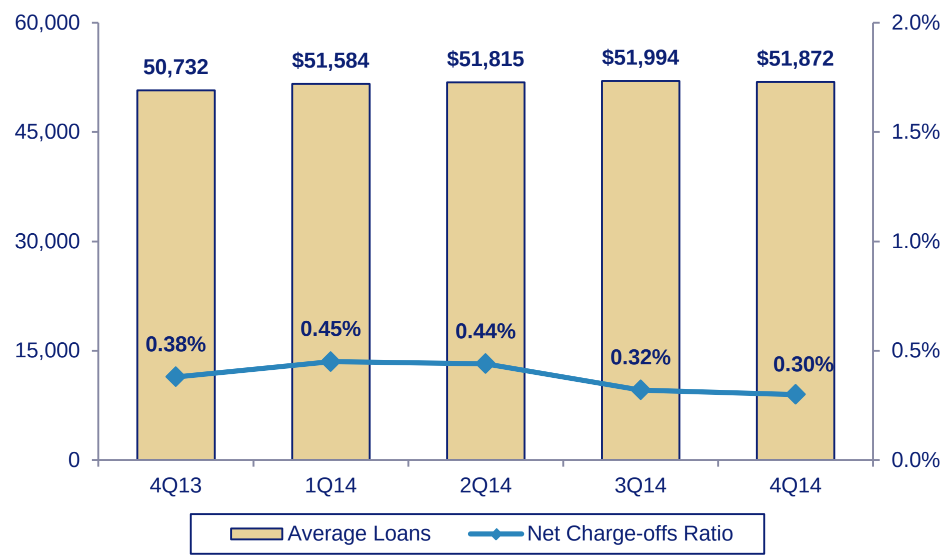
* TDR = troubled debt restructuring

# Credit Quality - Residential Mortgage

4Q14 Earnings Conference Call

$ in millions

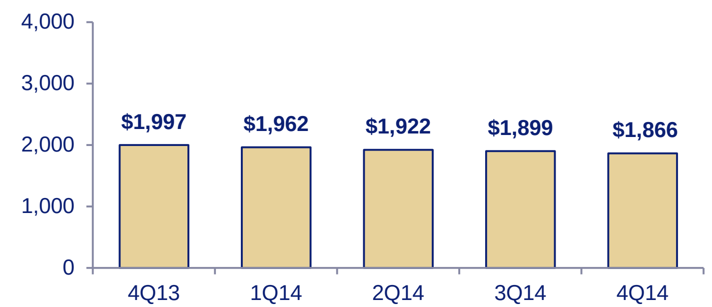
## Average Loans and Net Charge-offs Ratios




## Key Statistics

| | 4Q13 | 3Q14 | 4Q14 |
|---|---|---|---|
| Average Loans | $50,732 | $51,994 | $51,872 |
| 30-89 Delinquencies | 0.70% | 0.46% | 0.43% |
| 90+ Delinquencies | 0.65% | 0.41% | 0.40% |
| Nonperforming Loans | 1.51% | 1.62% | 1.67% |

**Residential Mortgage Performing TDRs****




** Excludes GNMA loans, whose repayments are insured by the FHA or guaranteed by the Department of VA ($2,244 million 4Q14)

## Comments

- Modest growth in high-quality originations (weighted average FICO 756, weighted average LTV 70%), as average loans increased 2.2% year over year
- 82% 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

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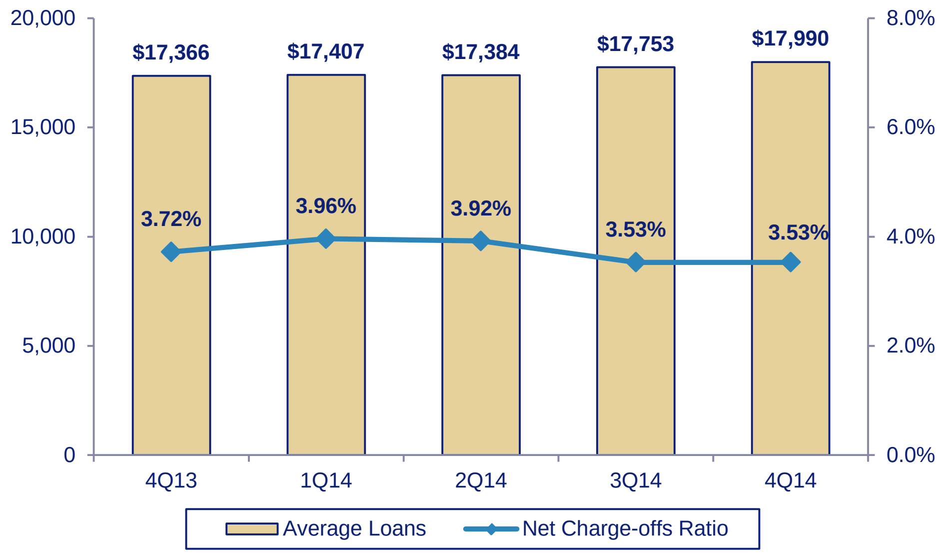
# Credit Quality - Credit Card



$ in millions

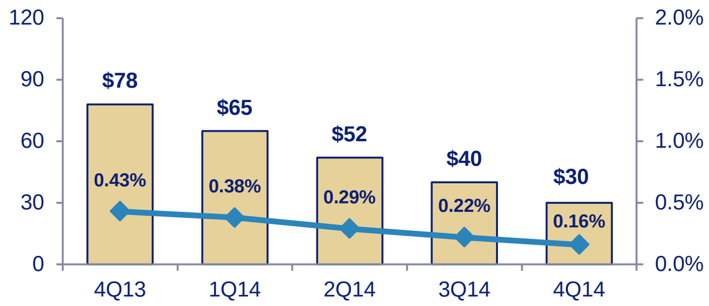
## Average Loans and Net Charge-offs Ratios




## Key Statistics

| | 4Q13 | 3Q14 | 4Q14 |
|---|---|---|---|
| Average Loans | $17,366 | $17,753 | $17,990 |
| 30-89 Delinquencies | 1.25% | 1.23% | 1.24% |
| 90+ Delinquencies | 1.17% | 1.10% | 1.13% |
| Nonperforming Loans | 0.43% | 0.22% | 0.16% |

**Credit Card Nonperforming Loans**




## Comments

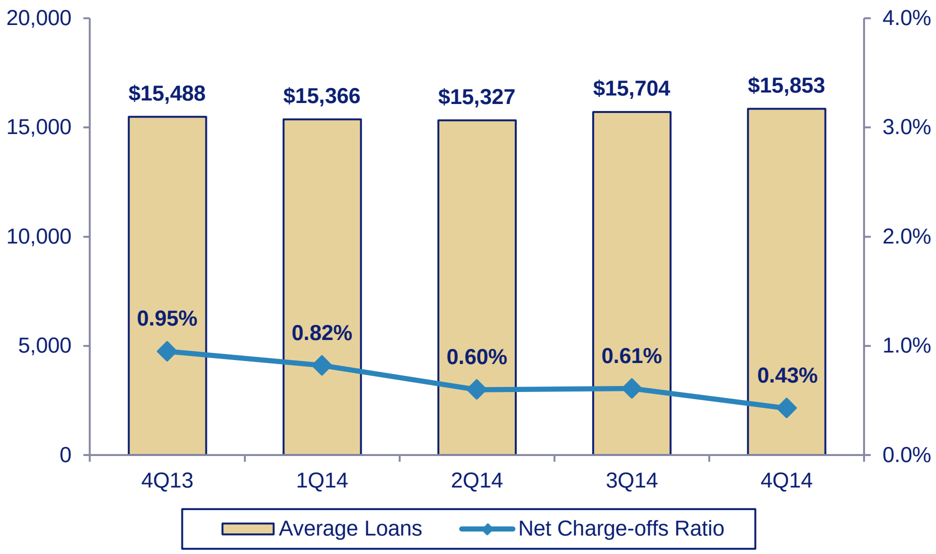
- Average loans increased 1.3% on a linked quarter basis; up 3.6% year-over-year
- Delinquencies and losses have stabilized near historically low levels with some seasonal impacts on delinquencies
- Nonperforming loans continued to decline

# Credit Quality - Home Equity



$ in millions

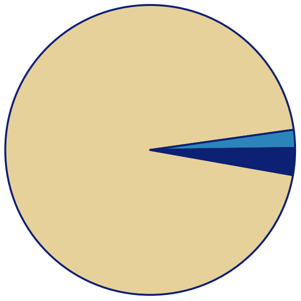
## Average Loans and Net Charge-offs Ratios




## Key Statistics

| | 4Q13 | 3Q14 | 4Q14 |
|---|---|---|---|
| Average Loans | $15,488 | $15,704 | $15,853 |
| 30-89 Delinquencies | 0.66% | 0.51% | 0.54% |
| 90+ Delinquencies | 0.32% | 0.26% | 0.26% |
| Nonperforming Loans | 1.08% | 1.05% | 1.07% |

**Home Equity**




** LTV at origination

## Comments

- High-quality originations (weighted average FICO on commitments was 756, weighted average CLTV 70%) originated primarily through the retail branch network to existing bank customers on their primary residence
- Net charge-offs ratio declined on a linked quarter and year-over-year basis

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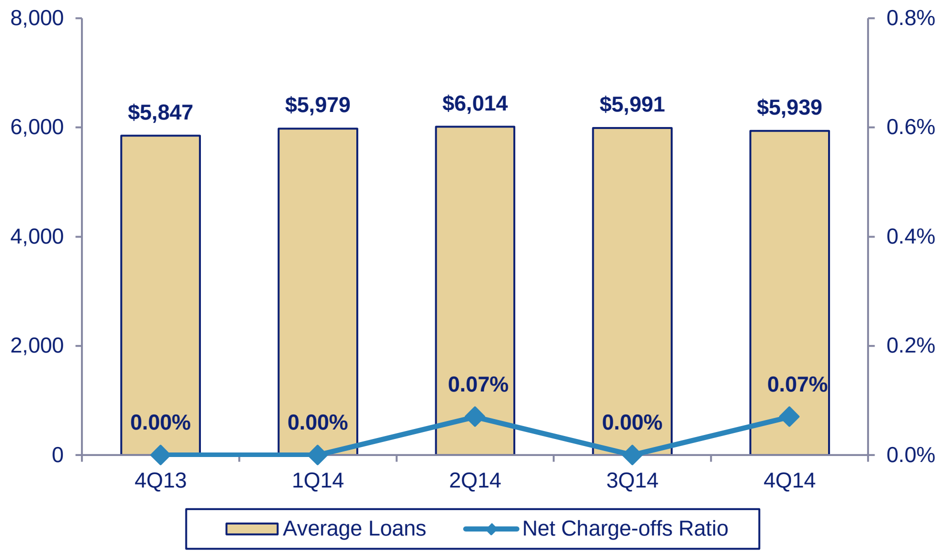
# Credit Quality - Retail Leasing



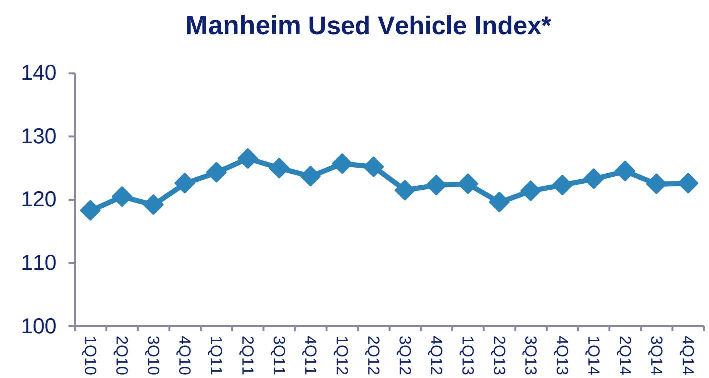
$ in millions

## Average Loans and Net Charge-offs Ratios




## Key Statistics

| | 4Q13 | 3Q14 | 4Q14 |
|---|---|---|---|
| Average Loans | $5,847 | $5,991 | $5,939 |
| 30-89 Delinquencies | 0.18% | 0.14% | 0.18% |
| 90+ Delinquencies | 0.00% | 0.02% | 0.02% |
| Nonperforming Loans | 0.02% | 0.02% | 0.02% |




## Comments

- Year-over-year growth (1.6%) driven by high-quality originations (weighted average FICO 788)
- Delinquencies remained relatively stable at very low levels
- Strong used auto values continued to contribute to historically low net charge-offs

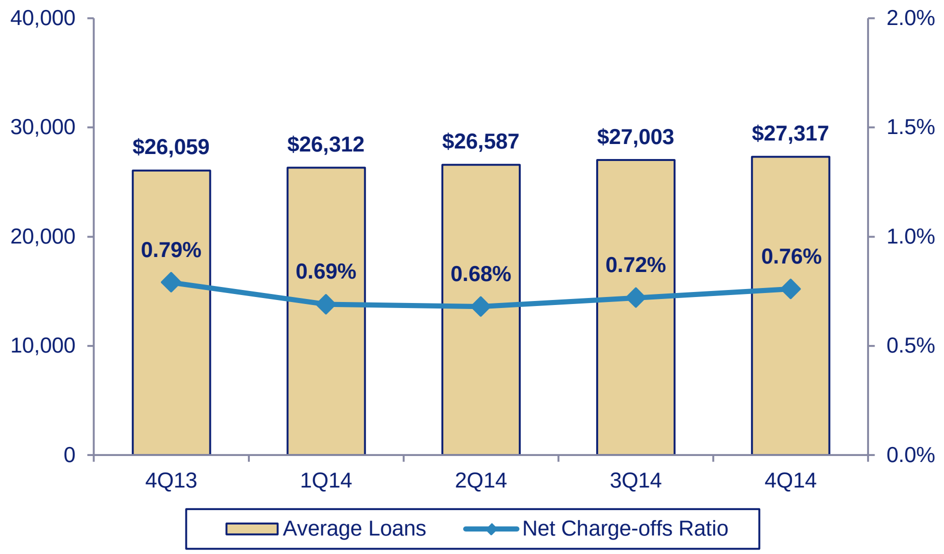
* Manheim Used Vehicle Value Index source: www.manheimconsulting.com, January 1995 = 100, quarter value = average of monthly ending values

# Credit Quality - Other Retail

4Q14 Earnings Conference Call

$ in millions

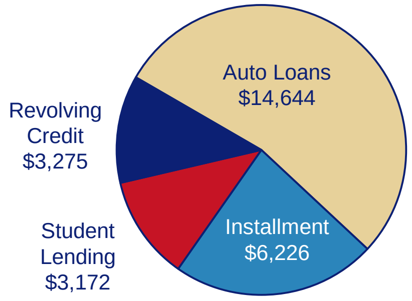
## Average Loans and Net Charge-offs Ratios




## Key Statistics

| | 4Q13 | 3Q14 | 4Q14 |
|---|---|---|---|
| Average Loans | $26,059 | $27,003 | $27,317 |
| 30-89 Delinquencies | 0.50% | 0.49% | 0.51% |
| 90+ Delinquencies | 0.14% | 0.13% | 0.12% |
| Nonperforming Loans | 0.09% | 0.06% | 0.06% |

**Other Retail**




## Comments

- Auto loan growth continued to offset declines in student lending loan balances
- Net charge-offs and delinquencies remained low on a linked quarter and year-over-year basis

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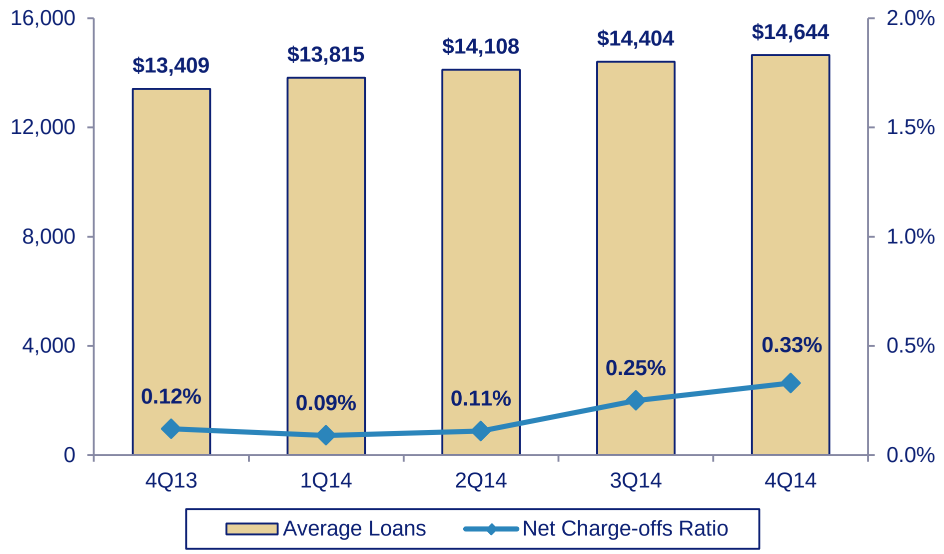
# Credit Quality - Auto Loans



$ in millions

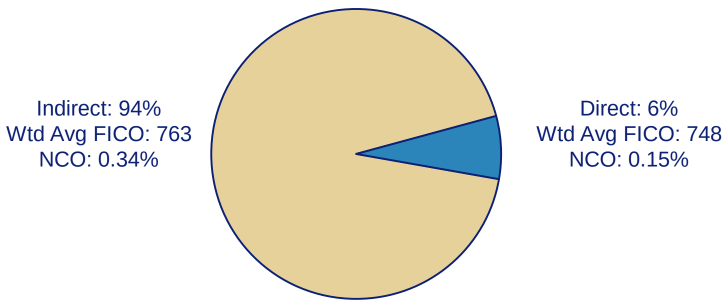
## Average Loans and Net Charge-offs Ratios




## Key Statistics

| | 4Q13 | 3Q14 | 4Q14 |
|---|---|---|---|
| Average Loans | $13,409 | $14,404 | $14,644 |
| 30-89 Delinquencies | 0.34% | 0.41% | 0.45% |
| 90+ Delinquencies | 0.04% | 0.05% | 0.03% |
| Nonperforming Loans | 0.02% | 0.03% | 0.03% |

### Indirect and Direct Channel




## Comments

- Continued growth in auto loans driven by high-quality originations in the Indirect Channel (weighted average FICO 766)
- Net charge-offs increased due to seasonality as well as growth initiatives beginning to mature

Auto Loans are included in Other Retail category

# Mortgage Repurchase



## Mortgages Repurchased and Make-whole Payments

- Repurchase activity lower than peers due to:
  - Conservative credit and underwriting culture
  - Disciplined origination process - primarily conforming loans (≈ 95% sold to GSEs)
- Do not participate in private placement securitization market
- Outstanding repurchase and make-whole requests balance = $19 million

**Mortgage Representation and Warranties Reserve**

| $ in millions | 4Q14 | 3Q14 | 2Q14 | 1Q14 | 4Q13 |
|---|---|---|---|---|---|
| Beginning Reserve | $62 | $69 | $75 | $83 | $176 |
| Net Realized Losses | (15) | (1) | (2) | (10) | (63) |
| Change in Reserve | (1) | (6) | (4) | 2 | (30) |
| Ending Reserve | $46 | $62 | $69 | $75 | $83 |
| | | | | | |
| Mortgages repurchased and make-whole payments | $14 | $19 | $36 | $36 | $32 |

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# Non-GAAP Financial Measures

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| (Dollars in Millions, Unaudited) | 4Q14 | 3Q14 | 2Q14 | 1Q14 | 4Q13 |
|---|---|---|---|---|---|
| Total equity | $44,168 | $43,829 | $43,386 | $42,743 | $41,807 |
| Preferred stock | (4,756) | (4,756) | (4,756) | (4,756) | (4,756) |
| Noncontrolling interests | (689) | (688) | (686) | (689) | (694) |
| Goodwill (net of deferred tax liability) (1) | (8,403) | (8,503) | (8,548) | (8,352) | (8,343) |
| Intangible assets, other than mortgage servicing rights | (824) | (877) | (925) | (804) | (849) |
| Tangible common equity (a) | 29,496 | 29,005 | 28,471 | 28,142 | 27,165 |
| Tangible common equity (as calculated above) | 29,496 | 29,005 | 28,471 | 28,142 | 27,165 |
| Adjustments (2) | 172 | 187 | 224 | 239 | 224 |
| Common equity tier 1 capital estimated for the Basel III fully implemented standardized and advanced approaches (b) | 29,668 | 29,192 | 28,695 | 28,381 | 27,389 |
| Tier 1 capital, determined in accordance with prescribed regulatory requirements using Basel I definition | | | | | 33,386 |
| Preferred stock | | | | | (4,756) |
| Noncontrolling interests, less preferred stock not eligible for Tier 1 capital | | | | | (688) |
| Tier 1 common equity using Basel I definition (c) | | | | | 27,942 |

(1) Includes goodwill related to certain investments in unconsolidated financial institutions per prescribed regulatory requirements beginning March 31, 2014.

(2) Includes net losses on cash flow hedges included in accumulated other comprehensive income and other adjustments.

(3) 2014 amounts calculated under the Basel III transitional standardized approach; December 31, 2013, calculated under Basel I.

(4) Includes higher risk-weighting for unfunded loan commitments, investment securities, residential mortgages, mortgage servicing rights and other adjustments.

(5) Primarily reflects higher risk-weighting for mortgage servicing rights.

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# Non-GAAP Financial Measures

4Q14 Earnings Conference Call

| (Dollars in Millions, Unaudited) | 4Q14 | | 3Q14 | | 2Q14 | | 1Q14 | | 4Q13 | |
|---|---|---|---|---|---|---|---|---|---|---|
| Total assets | $402,529 | | $391,284 | | $389,065 | | $371,289 | | $364,021 | |
| Goodwill (net of deferred tax liability) (1) | (8,403) | | (8,503) | | (8,548) | | (8,352) | | (8,343) | |
| Intangible assets, other than mortgage servicing rights | (824) | | (877) | | (925) | | (804) | | (849) | |
| Tangible assets (d) | 393,302 | | 381,904 | | 379,592 | | 362,133 | | 354,829 | |
| Risk-weighted assets, determined in accordance with prescribed regulatory requirements (3) (e) | 317,398 | * | 311,914 | | 309,929 | | 302,841 | | 297,919 | |
| Adjustments (4) | 11,110 | * | 12,837 | | 12,753 | | 13,238 | | 13,712 | |
| Risk-weighted assets estimated for the Basel III fully implemented standardized approach (f) | 328,508 | * | 324,751 | | 322,682 | | 316,079 | | 311,631 | |
| Risk-weighted assets, determined in accordance with prescribed transitional advanced approaches regulatory requirements | 248,596 | * | 243,909 | | 241,929 | | | | | |
| Adjustments (5) | 3,270 | * | 3,443 | | 3,383 | | | | | |
| Risk-weighted assets estimated for the Basel III fully implemented advanced approaches (g) | 251,866 | * | 247,352 | | 245,312 | | | | | |
| **Ratios *** | | | | | | | | | | |
| Tangible common equity to tangible assets (a)/(d) | 7.5 | % | 7.6 | % | 7.5 | % | 7.8 | % | 7.7 | % |
| Tangible common equity to risk-weighted assets (a)/(e) | 9.3 | | 9.3 | | 9.2 | | 9.3 | | 9.1 | |
| Tier 1 common equity to risk-weighted assets using Basel I definition (c)/(e) | -- | | -- | | -- | | -- | | 9.4 | |
| Common equity tier 1 capital to risk-weighted assets estimated for the Basel III fully implemented standardized approach (b)/(f) | 9.0 | | 9.0 | | 8.9 | | 9.0 | | 8.8 | |
| Common equity tier 1 capital to risk-weighted assets estimated for the Basel III fully implemented advanced approaches (b)/(g) | 11.8 | | 11.8 | | 11.7 | | | | | |

* 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 beginning March 31, 2014.

(2) Includes net losses on cash flow hedges included in accumulated other comprehensive income and other adjustments.

(3) 2014 amounts calculated under the Basel III transitional standardized approach; December 31, 2013, calculated under Basel I.

(4) Includes higher risk-weighting for unfunded loan commitments, investment securities, residential mortgages, mortgage servicing rights and other adjustments.

(5) Primarily reflects higher risk-weighting for mortgage servicing rights.

# U.S. Bancorp

## 4Q14 Earnings Conference Call

January 21, 2015

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