



# News Release

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## **U.S. BANCORP REPORTS THIRD QUARTER 2016 EARNINGS**

**Record Earnings Per Diluted Common Share of \$0.84**

**Return on average assets of 1.36 percent and average common equity of 13.5 percent**

**Returned 79 percent of third quarter earnings to shareholders**

**MINNEAPOLIS, October 19, 2016** -- U.S. Bancorp (NYSE: USB) today reported net income of \$1,502 million for the third quarter of 2016, or \$0.84 per diluted common share, compared with \$1,489 million, or \$0.81 per diluted common share, in the third quarter of 2015.

Highlights for the third quarter of 2016 included:

- Industry-leading return on average assets of 1.36 percent, return on average common equity of 13.5 percent and efficiency ratio of 54.5 percent
- Returned 79 percent of third quarter earnings to shareholders through dividends and share buybacks
- Average total loans grew 1.1 percent on a linked quarter basis and 7.6 percent over the third quarter of 2015 (6.4 percent year-over-year, excluding the credit card portfolio acquisition at the end of the fourth quarter of 2015 and student loans, which were transferred from held for sale to held for investment in the third quarter of 2015)
- Average total deposits grew 3.6 percent on a linked quarter basis and 10.0 percent over the third quarter of 2015
- Net interest income (taxable-equivalent basis) grew 1.6 percent on a linked quarter basis and 4.3 percent year-over-year
  - Average earning assets grew 2.2 percent on a linked quarter basis and 6.6 percent year-over-year
  - Net interest margin of 2.98 percent for the third quarter of 2016, impacted by higher average cash balances, was down 4 basis points from 3.02 percent in the second quarter of 2016, and down 6 basis points from 3.04 percent in the third quarter of 2015

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- Mortgage banking revenue increased 31.9 percent linked quarter and 40.2 percent year-over-year driven by strong refinancing activities due to lower longer-term interest rates during the third quarter of 2016
- Credit quality was relatively stable
  - Nonperforming assets and net charge-offs decreased slightly on a linked quarter basis
- Strong capital position. At September 30, 2016, the estimated common equity tier 1 capital to risk-weighted assets ratio was 9.3 percent using the Basel III fully implemented standardized approach and was 12.1 percent using the Basel III fully implemented advanced approaches method

<b>EARNINGS SUMMARY</b>								<b>Table 1</b>
(\$ in millions, except per-share data)								
	<b>3Q</b>	<b>2Q</b>	<b>3Q</b>	<b>Percent</b>	<b>Percent</b>	<b>YTD</b>	<b>YTD</b>	<b>Percent</b>
	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>	<b>Change</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>
				<b>3Q16 vs</b>	<b>3Q16 vs</b>			
				<b>2Q16</b>	<b>3Q15</b>			
Net income attributable to U.S. Bancorp	\$1,502	\$1,522	\$1,489	(1.3)	.9	\$4,410	\$4,403	.2
Diluted earnings per common share	\$.84	\$.83	\$.81	1.2	3.7	\$2.43	\$2.36	3.0
Return on average assets (%)	1.36	1.43	1.44			1.37	1.45	
Return on average common equity (%)	13.5	13.8	14.1			13.4	14.1	
Net interest margin (%)	2.98	3.02	3.04			3.02	3.05	
Efficiency ratio (%) (a)	54.5	54.9	53.9			54.7	53.8	
Tangible efficiency ratio (%) (a)	53.7	54.1	53.1			53.8	53.0	
Dividends declared per common share	\$.280	\$.255	\$.255	9.8	9.8	\$.790	\$.755	4.6
Book value per common share (period end)	\$24.78	\$24.37	\$22.99	1.7	7.8			

(a) 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), and for tangible efficiency ratio, intangible amortization.

Net income attributable to U.S. Bancorp was \$1,502 million for the third quarter of 2016, 0.9 percent higher than the \$1,489 million for the third quarter of 2015, and 1.3 percent lower than the \$1,522 million for the second quarter of 2016. Diluted earnings per common share were \$0.84 in the third quarter of 2016, \$0.03 higher than the third quarter of 2015 and \$0.01 higher than the second quarter of 2016. The increase in net income year-over-year was principally due to total net revenue growth, including an increase in net interest income of 4.3 percent on a taxable-equivalent basis (4.5 percent as reported on a GAAP basis), mainly a result of loan growth, and noninterest income growth of 5.1 percent, driven by higher mortgage banking revenue, trust and investment management fees, and credit and debit card revenue. This increase

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was partially offset by higher noninterest expense related to increased compensation expense due to merit increases and higher variable compensation expense along with hiring to support business growth and compliance programs, increased technology and communications expense reflecting capital investments, continued brand marketing, and higher other noninterest expense, which includes a special FDIC surcharge that began in the third quarter of 2016. The decrease in net income on a linked quarter basis was primarily driven by a 4.2 percent decrease in noninterest income partially offset by a 2.0 percent decrease in noninterest expense, both of which were impacted by notable items in the prior quarter including a \$180 million Visa gain in noninterest income and \$150 million in noninterest expense related to litigation accruals and a charitable contribution. Excluding the notable items from the second quarter of 2016, the increase in net income on a linked quarter basis was principally due to total net revenue growth of 2.3 percent reflecting an increase in net interest income of 1.6 percent on a taxable-equivalent basis (1.7 percent as reported on a GAAP basis) and noninterest income of 3.1 percent driven by mortgage banking and payment services revenue, partially offset by higher noninterest expense of 3.1 percent related to increased compensation expense, impacted by an additional business day in the current quarter compared with the previous quarter and increased staffing, and other noninterest expense reflecting seasonally higher costs related to investments in tax-advantaged projects and the FDIC surcharge.

U.S. Bancorp Chairman and Chief Executive Officer Richard K. Davis said, “U.S. Bancorp reported solid, industry-leading financial results in the third quarter. The banking industry continues to face steady headwinds, including persistently low interest rates, a flat yield curve, and a slow economic recovery that caused some commercial customers to pause investments in their businesses during the quarter. Despite the operating environment, we announced record earnings per share and solid revenue growth, particularly within our fee-based businesses. The continuing momentum in consumer lending led to growth in net interest income despite a decline in net interest margin. Fee-based revenues grew year over year across most categories including payments, mortgage banking and wealth management while capital markets continued to have solid performance in the third quarter. We remain confident in our ability to generate consistent, predictable and repeatable industry-leading financial results because of our diversified business model and the execution of our strategy.

“In this challenging operating environment, we remain focused on doing the right thing for our customers, our communities and our shareholders, and investing in our businesses in order to create value over the long-term. For customers who are looking to establish a relationship with a trusted financial institution, we continue to enhance offerings and business processes to provide convenient, accessible and

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affordable products and services to meet their unique objectives. For our communities, we achieved record-breaking results in our annual employee giving campaign. Every year, our employees choose to invest their time, talents and resources generously in the communities where we operate to make them more vibrant and prosperous. I am extremely proud of our 67,000 employees who work hard every day to create value for our customers, communities, and shareholders.

“And for our shareholders, our financial performance has enabled us to return 79 percent of our third quarter earnings to shareholders through dividends and share buybacks. We accomplished all this while strengthening the U.S. Bank brand and positioning the company for long-term growth.”

<b>INCOME STATEMENT HIGHLIGHTS</b>								<b>Table 2</b>
(\$ in millions, except per-share data)								
	<b>3Q</b>	<b>2Q</b>	<b>3Q</b>	<b>Percent</b>	<b>Percent</b>	<b>YTD</b>	<b>YTD</b>	<b>Percent</b>
	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>	<b>Change</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>
				<b>3Q16 vs</b>	<b>3Q16 vs</b>			
				<b>2Q16</b>	<b>3Q15</b>			
Net interest income	\$2,893	\$2,845	\$2,768	1.7	4.5	\$8,573	\$8,182	4.8
Taxable-equivalent adjustment	50	51	53	(2.0)	(5.7)	154	161	(4.3)
Net interest income (taxable-equivalent basis)	2,943	2,896	2,821	1.6	4.3	8,727	8,343	4.6
Noninterest income	2,445	2,552	2,326	(4.2)	5.1	7,146	6,752	5.8
Total net revenue	5,388	5,448	5,147	(1.1)	4.7	15,873	15,095	5.2
Noninterest expense	2,931	2,992	2,775	(2.0)	5.6	8,672	8,122	6.8
Income before provision and income taxes	2,457	2,456	2,372	--	3.6	7,201	6,973	3.3
Provision for credit losses	325	327	282	(.6)	15.2	982	827	18.7
Income before taxes	2,132	2,129	2,090	.1	2.0	6,219	6,146	1.2
Income taxes and taxable-equivalent adjustment	616	593	587	3.9	4.9	1,766	1,702	3.8
Net income	1,516	1,536	1,503	(1.3)	.9	4,453	4,444	.2
Net (income) loss attributable to noncontrolling interests	(14)	(14)	(14)	--	--	(43)	(41)	(4.9)
Net income attributable to U.S. Bancorp	\$1,502	\$1,522	\$1,489	(1.3)	.9	\$4,410	\$4,403	.2
Net income applicable to U.S. Bancorp common shareholders	\$1,434	\$1,435	\$1,422	(.1)	.8	\$4,198	\$4,204	(.1)
Diluted earnings per common share	\$.84	\$.83	\$.81	1.2	3.7	\$2.43	\$2.36	3.0

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NET INTEREST INCOME							Table 3	
(Taxable-equivalent basis; \$ in millions)								
	3Q	2Q	3Q	Change	Change	YTD	YTD	
	2016	2016	2015	3Q16 vs	3Q16 vs	2016	2015	Change
				2Q16	3Q15			
Components of net interest income								
Income on earning assets	\$3,371	\$3,305	\$3,171	\$66	\$200	\$9,951	\$9,410	\$541
Expense on interest-bearing liabilities	428	409	350	19	78	1,224	1,067	157
Net interest income	\$2,943	\$2,896	\$2,821	\$47	\$122	\$8,727	\$8,343	\$384
Average yields and rates paid								
Earning assets yield	3.41%	3.44%	3.42%	(.03)%	(.01)%	3.44%	3.44%	.00%
Rate paid on interest-bearing liabilities	.59	.58	.52	.01	.07	.57	.53	.04
Gross interest margin	2.82%	2.86%	2.90%	(.04)%	(.08)%	2.87%	2.91%	(.04)%
Net interest margin	2.98%	3.02%	3.04%	(.04)%	(.06)%	3.02%	3.05%	(.03)%
Average balances								
Investment securities (a)	\$108,109	\$107,132	\$103,943	\$977	\$4,166	\$107,095	\$102,361	\$4,734
Loans	269,637	266,582	250,536	3,055	19,101	266,179	248,358	17,821
Earning assets	393,783	385,368	369,265	8,415	24,518	385,816	365,543	20,273
Interest-bearing liabilities	290,331	285,796	269,479	4,535	20,852	285,233	269,317	15,916
(a) Excludes unrealized gain (loss)								

### Net Interest Income

Net interest income on a taxable-equivalent basis in the third quarter of 2016 was \$2,943 million, an increase of \$122 million (4.3 percent) over the third quarter of 2015. The increase was driven by loan growth and higher interest rates, partially offset by the loan portfolio mix and lower yields in the investment portfolio. Average earning assets were \$24.5 billion (6.6 percent) higher than the third quarter of 2015, driven by increases of \$19.1 billion (7.6 percent) in average total loans and \$4.2 billion (4.0 percent) in average investment securities. Net interest income on a taxable-equivalent basis increased \$47 million (1.6 percent) linked quarter, primarily due to growth in average total loans, partially offset by lower reinvestment yields in the investment securities portfolio and higher average cash balances in the third quarter of 2016. Average earning assets were \$8.4 billion (2.2 percent) higher on a linked quarter basis, reflecting growth in total loans of \$3.1 billion (1.1 percent) and higher average cash balances.

The net interest margin in the third quarter of 2016 was 2.98 percent, compared with 3.04 percent in the third quarter of 2015, and 3.02 percent in the second quarter of 2016. The decrease in the net interest margin on a year-over-year basis was principally due to increased funding costs and higher average cash balances,

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along with securities purchases at lower average rates and lower reinvestment rates on maturing securities, partially offset by higher rates on new loans. On a linked quarter basis, the decrease in net interest margin primarily reflected higher average cash balances as well as lower average rates on new securities purchases and lower reinvestment rates on maturing securities, partially offset by the benefit of somewhat higher LIBOR rates for loans during the quarter.

### Investment Securities

Average investment securities in the third quarter of 2016 were \$4.2 billion (4.0 percent) higher year-over-year and \$1.0 billion (0.9 percent) higher than the prior quarter. These increases were primarily due to purchases of U.S. Treasury and U.S. government agency-backed securities, net of prepayments and maturities, to support regulatory liquidity coverage ratio requirements.

<b>AVERAGE LOANS</b>									<b>Table 4</b>
(\$ in millions)									
	<b>3Q</b>	<b>2Q</b>	<b>3Q</b>	<b>Percent</b>	<b>Percent</b>			<b>Percent</b>	
	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>	<b>Change</b>	<b>YTD</b>	<b>YTD</b>	<b>Change</b>	
				<b>3Q16 vs</b>	<b>3Q16 vs</b>	<b>2016</b>	<b>2015</b>		
				<b>2Q16</b>	<b>3Q15</b>				
Commercial	\$87,067	\$86,899	\$79,486	.2	9.5	\$86,186	\$77,880	10.7	
Lease financing	5,302	5,255	5,218	.9	1.6	5,265	5,287	(.4)	
Total commercial	92,369	92,154	84,704	.2	9.0	91,451	83,167	10.0	
Commercial mortgages	31,888	31,950	32,083	(.2)	(.6)	31,891	32,563	(2.1)	
Construction and development	11,486	11,038	10,233	4.1	12.2	11,031	9,913	11.3	
Total commercial real estate	43,374	42,988	42,316	.9	2.5	42,922	42,476	1.1	
Residential mortgages	56,284	55,501	51,831	1.4	8.6	55,334	51,458	7.5	
Credit card	20,628	20,140	17,944	2.4	15.0	20,339	17,794	14.3	
Retail leasing	5,773	5,326	5,480	8.4	5.3	5,427	5,663	(4.2)	
Home equity and second mortgages	16,470	16,394	16,083	.5	2.4	16,411	15,980	2.7	
Other	30,608	29,748	27,286	2.9	12.2	29,971	26,768	12.0	
Total other retail	52,851	51,468	48,849	2.7	8.2	51,809	48,411	7.0	
Total loans, excluding covered loans	265,506	262,251	245,644	1.2	8.1	261,855	243,306	7.6	
Covered loans	4,131	4,331	4,892	(4.6)	(15.6)	4,324	5,052	(14.4)	
Total loans	\$269,637	\$266,582	\$250,536	1.1	7.6	\$266,179	\$248,358	7.2	

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Loans

Average total loans were \$19.1 billion (7.6 percent) higher in the third quarter of 2016 than the third quarter of 2015 (6.4 percent excluding student loans and the credit card portfolio acquisition). The increase was driven by growth in total commercial loans (9.0 percent), residential mortgages (8.6 percent), total other retail loans (8.2 percent, 5.2 percent excluding student loans), and credit card loans (15.0 percent, 5.9 percent excluding the credit card portfolio acquisition). These increases were partially offset by a decline in the run-off covered loans portfolio (15.6 percent). Average total loans were \$3.1 billion (1.1 percent) higher in the third quarter of 2016 than the second quarter of 2016. The increase was driven by linked quarter growth in credit card loans (2.4 percent), residential mortgages (1.4 percent), and total other retail loans (2.7 percent).

<b>AVERAGE DEPOSITS</b>								<b>Table 5</b>
(\$ in millions)								
	<b>3Q</b>	<b>2Q</b>	<b>3Q</b>	<b>Percent</b>	<b>Percent</b>			
	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>	<b>Change</b>	<b>YTD</b>	<b>YTD</b>	<b>Percent</b>
				<b>3Q16 vs</b>	<b>3Q16 vs</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>
				<b>2Q16</b>	<b>3Q15</b>			
Noninterest-bearing deposits	\$82,021	\$79,171	\$80,940	3.6	1.3	\$79,928	\$77,623	3.0
Interest-bearing savings deposits								
Interest checking	63,456	60,842	56,888	4.3	11.5	60,746	55,592	9.3
Money market savings	99,921	92,904	80,338	7.6	24.4	93,121	78,065	19.3
Savings accounts	40,695	40,258	37,480	1.1	8.6	40,070	36,866	8.7
Total of savings deposits	204,072	194,004	174,706	5.2	16.8	193,937	170,523	13.7
Time deposits	32,455	34,211	34,046	(5.1)	(4.7)	33,447	36,527	(8.4)
Total interest-bearing deposits	236,527	228,215	208,752	3.6	13.3	227,384	207,050	9.8
Total deposits	\$318,548	\$307,386	\$289,692	3.6	10.0	\$307,312	\$284,673	8.0

Deposits

Average total deposits for the third quarter of 2016 were \$28.9 billion (10.0 percent) higher than the third quarter of 2015. Average noninterest-bearing deposits increased \$1.1 billion (1.3 percent) year-over-year, mainly in Consumer and Small Business Banking, partially offset by a decline in deposits within Wealth Management and Securities Services. Average total savings deposits were \$29.4 billion (16.8 percent) higher year-over-year, the result of growth across all business lines. Average time deposits were \$1.6 billion (4.7 percent) lower than the prior year quarter. Changes in time deposits are largely related to

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those deposits managed as an alternative to other funding sources such as wholesale borrowing, based largely on relative pricing and liquidity characteristics.

Average total deposits increased \$11.2 billion (3.6 percent) over the second quarter of 2016. On a linked quarter basis, average noninterest-bearing deposits increased \$2.9 billion (3.6 percent) and average total savings deposits increased \$10.1 billion (5.2 percent) reflecting increases across all business lines. Average time deposits, which are managed based on funding needs, relative pricing, and liquidity characteristics, decreased \$1.8 billion (5.1 percent) on a linked quarter basis.

<b>NONINTEREST INCOME</b>								<b>Table 6</b>
(\$ in millions)								
	<b>3Q</b>	<b>2Q</b>	<b>3Q</b>	<b>Percent</b>	<b>Percent</b>			
	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>	<b>Change</b>	<b>YTD</b>	<b>YTD</b>	<b>Percent</b>
				<b>3Q16 vs</b>	<b>3Q16 vs</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>
				<b>2Q16</b>	<b>3Q15</b>			
Credit and debit card revenue	\$299	\$296	\$269	1.0	11.2	\$861	\$776	11.0
Corporate payment products revenue	190	181	190	5.0	--	541	538	.6
Merchant processing services	412	403	400	2.2	3.0	1,188	1,154	2.9
ATM processing services	87	84	81	3.6	7.4	251	239	5.0
Trust and investment management fees	362	358	329	1.1	10.0	1,059	985	7.5
Deposit service charges	192	179	185	7.3	3.8	539	520	3.7
Treasury management fees	147	147	143	--	2.8	436	422	3.3
Commercial products revenue	219	238	231	(8.0)	(5.2)	654	645	1.4
Mortgage banking revenue	314	238	224	31.9	40.2	739	695	6.3
Investment products fees	41	39	46	5.1	(10.9)	120	141	(14.9)
Securities gains (losses), net	10	3	(1)	nm	nm	16	(1)	nm
Other	172	386	229	(55.4)	(24.9)	742	638	16.3
<b>Total noninterest income</b>	<b>\$2,445</b>	<b>\$2,552</b>	<b>\$2,326</b>	<b>(4.2)</b>	<b>5.1</b>	<b>\$7,146</b>	<b>\$6,752</b>	<b>5.8</b>

### Noninterest Income

Third quarter noninterest income was \$2,445 million, which was \$119 million (5.1 percent) higher than the third quarter of 2015, reflecting increases in mortgage banking revenue, trust and investment management fees, credit and debit card revenue, and merchant processing services revenue, partially offset by declines in commercial products revenue and other noninterest income. Mortgage banking revenue increased \$90 million (40.2 percent) driven by higher origination and sales volume in part due to refinancing activities in the marketplace. Trust and investment management fees increased \$33 million (10.0 percent) reflecting lower money market fee waivers along with account growth, an increase in assets under

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management and improved market conditions. Credit and debit card revenue increased \$30 million (11.2 percent) reflecting higher transaction volumes including acquired portfolios. Merchant processing services revenue increased \$12 million (3.0 percent) as a result of an increase in product fees and higher volumes. Adjusted for the approximate \$9 million impact of foreign currency rate changes, year-over-year merchant processing services revenue increased approximately 5.3 percent. Commercial products revenue decreased \$12 million (5.2 percent), primarily driven by a large syndication transaction in the prior year.

Noninterest income was \$107 million (4.2 percent) lower in the third quarter of 2016 than the second quarter of 2016. Excluding the impact of the second quarter 2016 notable item (\$180 million of equity investment income, primarily the result of our membership in Visa Europe Limited which was sold to Visa, Inc. in the second quarter), noninterest income increased 3.1 percent principally driven by higher mortgage banking revenue, payment services revenue and deposit service charges. Mortgage banking revenue increased \$76 million (31.9 percent) reflecting higher origination and sales volumes impacted by stronger refinancing activities along with a favorable change in the valuation of mortgage servicing rights, net of hedging activities. Deposit service charges increased \$13 million (7.3 percent), corporate payment products revenue was seasonally higher by \$9 million (5.0 percent) and merchant processing services revenue increased \$9 million (2.2 percent) due to seasonally higher transaction volumes. Adjusted for the approximate \$5 million impact of foreign currency rate changes, linked quarter merchant processing services revenue increased approximately 3.5 percent. Commercial products revenue decreased \$19 million (8.0 percent) primarily due to higher capital markets volume in the prior quarter as a result of market volatility in the second quarter of 2016. Excluding the second quarter notable item, other noninterest income decreased \$34 million (16.5 percent) primarily due to lower retail leasing revenue reflecting lower end-of-term gains on auto leases.

<b>NONINTEREST EXPENSE</b>								<b>Table 7</b>
(\$ in millions)								
	<b>3Q</b>	<b>2Q</b>	<b>3Q</b>	<b>Percent</b>	<b>Percent</b>	<b>YTD</b>	<b>YTD</b>	<b>Percent</b>
	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>	<b>Change</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>
				<b>3Q16 vs</b>	<b>3Q16 vs</b>			
				<b>2Q16</b>	<b>3Q15</b>			
Compensation	\$1,329	\$1,277	\$1,225	4.1	8.5	\$3,855	\$3,600	7.1
Employee benefits	280	278	285	.7	(1.8)	858	895	(4.1)
Net occupancy and equipment	250	243	251	2.9	(.4)	741	745	(.5)
Professional services	127	121	115	5.0	10.4	346	298	16.1
Marketing and business development	102	149	99	(31.5)	3.0	328	265	23.8
Technology and communications	243	241	222	.8	9.5	717	657	9.1
Postage, printing and supplies	80	77	77	3.9	3.9	236	223	5.8
Other intangibles	45	44	42	2.3	7.1	134	128	4.7
Other	475	562	459	(15.5)	3.5	1,457	1,311	11.1
<b>Total noninterest expense</b>	<b>\$2,931</b>	<b>\$2,992</b>	<b>\$2,775</b>	<b>(2.0)</b>	<b>5.6</b>	<b>\$8,672</b>	<b>\$8,122</b>	<b>6.8</b>

### Noninterest Expense

Third quarter noninterest expense was \$2,931 million, which was \$156 million (5.6 percent) higher than the third quarter of 2015, primarily related to higher compensation expense, technology and communications expense and other noninterest expense. Compensation expense increased \$104 million (8.5 percent) principally due to the impact of hiring decisions to support business growth and compliance programs, merit increases, and higher variable compensation. Professional services increased \$12 million (10.4 percent) from a year ago primarily due to compliance programs. Technology and communications expense increased \$21 million (9.5 percent) including the impact of capital investments and costs related to acquired card portfolios. Other noninterest expense increased \$16 million (3.5 percent), reflecting the impact of the FDIC surcharge, which began in the third quarter 2016.

Noninterest expense decreased \$61 million (2.0 percent) on a linked quarter basis. Excluding the second quarter 2016 notable items, noninterest expense increased \$89 million (3.1 percent), driven by higher compensation and other noninterest expense. Second quarter 2016 notable items included \$110 million in accruals related to legal and regulatory matters along with a \$40 million charitable contribution. Compensation expense increased \$52 million (4.1 percent) due to an additional business day in the current quarter compared with the previous quarter and increased staffing. Excluding the second quarter notable items, other noninterest expense increased \$23 million (5.1 percent) due to seasonally higher costs related to investments in tax-advantaged projects and the impact of the FDIC surcharge, which began in the current

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quarter, while marketing and business development decreased \$7 million (6.4 percent) due to the timing of various marketing programs.

#### Provision for Income Taxes

The provision for income taxes for the third quarter of 2016 resulted in a tax rate on a taxable-equivalent basis of 28.9 percent (effective tax rate of 27.2 percent), compared with 28.1 percent (effective tax rate of 26.2 percent) in the third quarter of 2015, and 27.9 percent (effective tax rate of 26.1 percent) in the second quarter of 2016, reflecting the favorable settlement of certain tax examination matters in the prior quarters.

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<b>ALLOWANCE FOR CREDIT LOSSES</b>								<b>Table 8</b>		
(\$ in millions)	<b>3Q</b>		<b>2Q</b>		<b>1Q</b>		<b>4Q</b>		<b>3Q</b>	
	<b>2016</b>	<b>% (b)</b>	<b>2016</b>	<b>% (b)</b>	<b>2016</b>	<b>% (b)</b>	<b>2015</b>	<b>% (b)</b>	<b>2015</b>	<b>% (b)</b>
Balance, beginning of period	\$4,329		\$4,320		\$4,306		\$4,306		\$4,326	
Net charge-offs										
Commercial	84	.38	74	.34	78	.37	58	.28	68	.34
Lease financing	3	.23	5	.38	5	.38	5	.38	3	.23
Total commercial	87	.37	79	.34	83	.37	63	.29	71	.33
Commercial mortgages	5	.06	(4)	(.05)	(2)	(.03)	2	.02	--	--
Construction and development	(4)	(.14)	4	.15	(3)	(.11)	(2)	(.08)	(11)	(.43)
Total commercial real estate	1	.01	--	--	(5)	(.05)	--	--	(11)	(.10)
Residential mortgages	12	.08	17	.12	19	.14	16	.12	25	.19
Credit card	161	3.11	170	3.39	164	3.26	166	3.50	153	3.38
Retail leasing	1	.07	2	.15	1	.08	1	.08	2	.14
Home equity and second mortgages	1	.02	(1)	(.02)	2	.05	6	.15	7	.17
Other	52	.68	50	.68	51	.69	53	.71	45	.65
Total other retail	54	.41	51	.40	54	.43	60	.47	54	.44
Total net charge-offs, excluding covered loans	315	.47	317	.49	315	.49	305	.48	292	.47
Covered loans	--	--	--	--	--	--	--	--	--	--
Total net charge-offs	315	.46	317	.48	315	.48	305	.47	292	.46
Provision for credit losses	325		327		330		305		282	
Other changes (a)	(1)		(1)		(1)		--		(10)	
Balance, end of period	\$4,338		\$4,329		\$4,320		\$4,306		\$4,306	
Components										
Allowance for loan losses	\$3,797		\$3,806		\$3,853		\$3,863		\$3,965	
Liability for unfunded credit commitments	541		523		467		443		341	
Total allowance for credit losses	\$4,338		\$4,329		\$4,320		\$4,306		\$4,306	
Gross charge-offs	\$398		\$407		\$405		\$381		\$372	
Gross recoveries	\$83		\$90		\$90		\$76		\$80	
Allowance for credit losses as a percentage of										
Period-end loans, excluding covered loans	1.61		1.62		1.65		1.67		1.71	
Nonperforming loans, excluding covered loans	309		311		302		360		347	
Nonperforming assets, excluding covered assets	264		263		255		288		280	
Period-end loans	1.60		1.61		1.63		1.65		1.69	
Nonperforming loans	310		312		303		361		347	
Nonperforming assets	261		259		251		283		275	
(a) Includes net changes in credit losses to be reimbursed by the FDIC and reductions in the allowance for covered loans where the reversal of a previously recorded allowance was offset by an associated decrease in the indemnification asset, and the impact of any loan sales.										
(b) Annualized and calculated on average loan balances										

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### Credit Quality

The Company's provision for credit losses for the third quarter of 2016 was \$325 million, which was relatively flat to the prior quarter and \$43 million (15.2 percent) higher than the third quarter of 2015. Credit quality was relatively stable compared with the second quarter of 2016.

The provision for credit losses was \$10 million higher than net charge-offs in the third quarter of 2016 and in the second quarter of 2016 and \$10 million lower than net charge-offs in the third quarter of 2015. The reserve build for the third quarter of 2016 was driven by portfolio growth, partially offset by residential mortgage credit quality improvement. Total net charge-offs in the third quarter of 2016 were \$315 million, compared with \$317 million in the second quarter of 2016, and \$292 million in the third quarter of 2015. Net charge-offs were relatively flat to the second quarter of 2016 mainly due to a modest increase in commercial loan net charge-offs, offset by seasonal declines in credit card net charge-offs. Net charge-offs increased \$23 million (7.9 percent) compared with the third quarter of 2015 primarily due to higher commercial loan net charge-offs, partially offset by lower charge-offs related to residential mortgages. The net charge-off ratio was 0.46 percent in the third quarter of 2016, compared with 0.48 percent in the second quarter of 2016 and 0.46 percent in the third quarter of 2015.

The allowance for credit losses was \$4,338 million at September 30, 2016, compared with \$4,329 million at June 30, 2016, and \$4,306 million at September 30, 2015. The ratio of the allowance for credit losses to period-end loans was 1.60 percent at September 30, 2016, compared with 1.61 percent at June 30, 2016, and 1.69 percent at September 30, 2015. The ratio of the allowance for credit losses to nonperforming loans was 310 percent at September 30, 2016, compared with 312 percent at June 30, 2016, and 347 percent at September 30, 2015.

Nonperforming assets were \$1,664 million at September 30, 2016, compared with \$1,672 million at June 30, 2016, and \$1,567 million at September 30, 2015. The ratio of nonperforming assets to loans and other real estate was 0.61 percent at September 30, 2016, compared with 0.62 percent at June 30, 2016, and 0.61 percent at September 30, 2015. The \$97 million (6.2 percent) increase in nonperforming assets on a year-over-year basis was driven by commercial loans within the energy portfolio, partially offset by improvements in the Company's residential and commercial real estate portfolios. The decrease in nonperforming assets on a linked quarter basis of \$8 million was driven by improvements in residential mortgages and other real estate. Accruing loans 90 days or more past due were \$748 million (\$518 million excluding covered loans) at September 30, 2016, compared with \$724 million (\$478 million excluding

(MORE)

covered loans) at June 30, 2016, and \$825 million (\$510 million excluding covered loans) at September 30, 2015.

Commercial loans to customers in the energy sector were approximately \$2.7 billion (\$11.1 billion of commitments) at September 30, 2016, compared with \$3.0 billion (\$11.3 billion of commitments) at June 30, 2016. During the third quarter 2016, criticized commitments within the energy portfolio decreased by \$427 million while nonperforming loans in the energy portfolio increased \$37 million, primarily due to a single account. Energy portfolio loans represented 1.0 percent of the Company's total loans outstanding at September 30, 2016, compared with 1.1 percent at June 30, 2016. At September 30, 2016, the Company had credit reserves of 8.9 percent of total outstanding energy loan balances, compared with 8.8 percent of total outstanding energy loan balances at June 30, 2016.

<b>DELINQUENT LOAN RATIOS AS A PERCENT OF ENDING LOAN BALANCES</b>					<b>Table 9</b>
(Percent)					
	<b>Sep 30</b>	<b>Jun 30</b>	<b>Mar 31</b>	<b>Dec 31</b>	<b>Sep 30</b>
	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
Delinquent loan ratios - 90 days or more past due <b>excluding</b> nonperforming loans					
Commercial	.05	.05	.05	.05	.05
Commercial real estate	.02	.03	.04	.03	.05
Residential mortgages	.28	.27	.31	.33	.33
Credit card	1.11	.98	1.10	1.09	1.10
Other retail	.14	.13	.15	.15	.14
Total loans, excluding covered loans	.19	.18	.20	.21	.20
Covered loans	5.72	5.81	6.23	6.31	6.57
Total loans	.28	.27	.30	.32	.32
Delinquent loan ratios - 90 days or more past due <b>including</b> nonperforming loans					
Commercial	.61	.58	.57	.25	.25
Commercial real estate	.26	.27	.28	.33	.39
Residential mortgages	1.37	1.39	1.54	1.66	1.73
Credit card	1.13	1.00	1.14	1.13	1.16
Other retail	.42	.43	.45	.46	.47
Total loans, excluding covered loans	.72	.70	.75	.67	.70
Covered loans	5.89	5.98	6.39	6.48	6.80
Total loans	.79	.79	.84	.78	.81

(MORE)

<b>ASSET QUALITY</b>		<b>Table 10</b>				
(\$ in millions)						
	<b>Sep 30</b>	<b>Jun 30</b>	<b>Mar 31</b>	<b>Dec 31</b>	<b>Sep 30</b>	
	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>	
Nonperforming loans						
Commercial	\$477	\$450	\$457	\$160	\$157	
Lease financing	40	39	16	14	12	
Total commercial	517	489	473	174	169	
Commercial mortgages	98	91	94	92	105	
Construction and development	7	12	10	35	39	
Total commercial real estate	105	103	104	127	144	
Residential mortgages	614	628	677	712	735	
Credit card	4	5	7	9	12	
Other retail	153	157	157	162	171	
Total nonperforming loans, excluding covered loans	1,393	1,382	1,418	1,184	1,231	
Covered loans	7	7	7	8	11	
Total nonperforming loans	1,400	1,389	1,425	1,192	1,242	
Other real estate (a)	213	229	242	280	276	
Covered other real estate (a)	28	34	33	32	31	
Other nonperforming assets	23	20	19	19	18	
Total nonperforming assets (b)	\$1,664	\$1,672	\$1,719	\$1,523	\$1,567	
Total nonperforming assets, excluding covered assets	\$1,629	\$1,631	\$1,679	\$1,483	\$1,525	
Accruing loans 90 days or more past due, excluding covered loans	\$518	\$478	\$528	\$541	\$510	
Accruing loans 90 days or more past due	\$748	\$724	\$804	\$831	\$825	
Performing restructured loans, excluding GNMA and covered loans	\$2,672	\$2,676	\$2,735	\$2,766	\$2,746	
Performing restructured GNMA and covered loans	\$1,375	\$1,602	\$1,851	\$1,944	\$2,031	
Nonperforming assets to loans plus ORE, excluding covered assets (%)	.61	.62	.64	.58	.61	
Nonperforming assets to loans plus ORE (%)	.61	.62	.65	.58	.61	

(a) Includes equity investments in entities whose principal assets are other real estate owned.  
 (b) Does not include accruing loans 90 days or more past due.

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<b>COMMON SHARES</b>					<b>Table 11</b>
(Millions)	<b>3Q</b>	<b>2Q</b>	<b>1Q</b>	<b>4Q</b>	<b>3Q</b>
	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
Beginning shares outstanding	1,719	1,732	1,745	1,754	1,767
Shares issued for stock incentive plans, acquisitions and other corporate purposes	2	2	3	1	3
Shares repurchased	(16)	(15)	(16)	(10)	(16)
Ending shares outstanding	<u>1,705</u>	<u>1,719</u>	<u>1,732</u>	<u>1,745</u>	<u>1,754</u>

<b>CAPITAL POSITION</b>					<b>Table 12</b>
(\$ in millions)	<b>Sep 30</b>	<b>Jun 30</b>	<b>Mar 31</b>	<b>Dec 31</b>	<b>Sep 30</b>
	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
Total U.S. Bancorp shareholders' equity	\$47,759	\$47,390	\$46,755	\$46,131	\$45,075
<b>Standardized Approach</b>					
Basel III transitional standardized approach					
Common equity tier 1 capital	\$33,827	\$33,444	\$32,827	\$32,612	\$32,124
Tier 1 capital	39,531	39,148	38,532	38,431	37,197
Total risk-based capital	47,452	47,049	45,412	45,313	44,015
Common equity tier 1 capital ratio	9.5 %	9.5 %	9.5 %	9.6 %	9.6 %
Tier 1 capital ratio	11.1	11.1	11.1	11.3	11.1
Total risk-based capital ratio	13.3	13.4	13.1	13.3	13.1
Leverage ratio	9.2	9.3	9.3	9.5	9.3
Common equity tier 1 capital to risk-weighted assets estimated for the Basel III fully implemented standardized approach	9.3	9.3	9.2	9.1	9.2
<b>Advanced Approaches</b>					
Common equity tier 1 capital to risk-weighted assets for the Basel III transitional advanced approaches	12.4	12.3	12.3	12.5	13.0
Common equity tier 1 capital to risk-weighted assets estimated for the Basel III fully implemented advanced approaches	12.1	12.0	11.9	11.9	12.4
<b>Tangible common equity to tangible assets</b>	7.5	7.6	7.7	7.6	7.7
<b>Tangible common equity to risk-weighted assets</b>	9.3	9.3	9.3	9.2	9.3
Beginning January 1, 2014, the regulatory capital requirements effective for the Company follow Basel III, subject to certain transition provisions from Basel I over the following four years to full implementation by January 1, 2018. Basel III includes two comprehensive methodologies for calculating risk-weighted assets: a general standardized approach and more risk-sensitive advanced approaches, with the Company's capital adequacy being evaluated against the methodology that is most restrictive.					

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## Capital Management

Total U.S. Bancorp shareholders' equity was \$47.8 billion at September 30, 2016, compared with \$47.4 billion at June 30, 2016, and \$45.1 billion at September 30, 2015. During the third quarter, the Company returned 79 percent of earnings to shareholders through dividends and share buybacks.

All regulatory ratios continue to be in excess of "well-capitalized" requirements. The estimated common equity tier 1 capital to risk-weighted assets ratio using the Basel III fully implemented standardized approach was 9.3 percent at September 30, 2016, compared with 9.3 percent at June 30, 2016, and 9.2 percent at September 30, 2015. The estimated common equity tier 1 capital to risk-weighted assets ratio using the Basel III fully implemented advanced approaches method was 12.1 percent at September 30, 2016, compared with 12.0 percent at June 30, 2016, and 12.4 percent at September 30, 2015.

**On Wednesday, October 19, 2016, at 8:00 a.m. CDT, Richard K. Davis, chairman and chief executive officer, and Terry Dolan, vice chairman and chief financial officer, will host a conference call to review the financial results. The conference call will be available online or by telephone. To access the webcast and presentation, go to [www.usbank.com](http://www.usbank.com) and click on "About U.S. Bank." The "Webcasts & Presentations" link can be found under the Investor/Shareholder information heading, which is at the left side near the bottom of the page. To access the conference call from locations within the United States and Canada, please dial 866-316-1409. Participants calling from outside the United States and Canada, please dial 706-634-9086. The conference ID number for all participants is 65198440. For those unable to participate during the live call, a recording will be available at approximately 11:00 a.m. CDT on Wednesday, October 19 and be accessible through Wednesday, October 26 at 11:00 p.m. CDT. To access the recorded message within the United States and Canada, dial 855-859-2056. If calling from outside the United States and Canada, please dial 404-537-3406 to access the recording. The conference ID is 65198440.**

Minneapolis-based U.S. Bancorp (NYSE: USB), with \$454 billion in assets as of September 30, 2016, is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. The Company operates 3,114 banking offices in 25 states and 4,875 ATMs and provides a comprehensive line of banking, investment, mortgage, trust and payment services products to consumers, businesses and institutions. Visit U.S. Bancorp on the web at [www.usbank.com](http://www.usbank.com).

### Forward-Looking Statements

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

This press release 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.

### Non-GAAP Financial Measures

In addition to capital ratios defined by banking regulators, the Company considers various other measures when evaluating capital utilization and adequacy, including:

- Tangible common equity to tangible assets,
- Tangible common equity to risk-weighted assets,
- Common equity tier 1 capital to risk-weighted assets estimated for the Basel III fully implemented standardized approach, and
- Common equity tier 1 capital to risk-weighted assets estimated for the Basel III fully implemented advanced approaches.

These capital measures are viewed by management as useful additional methods of reflecting the level of capital available to withstand unexpected market or economic conditions. Additionally, presentation of these measures allows investors, analysts and banking regulators to assess the Company's capital position relative to other financial services companies. These measures differ from currently effective capital ratios defined by banking regulations principally in that the numerator includes unrealized gains and losses related to available-for-sale securities and excludes preferred securities, including preferred stock, the nature and extent of which varies among different financial services companies. These capital measures are not defined in generally accepted accounting principles ("GAAP"), or are not currently effective or defined in federal banking regulations. As a result, these capital measures disclosed by the Company may be considered non-GAAP financial measures.

The Company also discloses net interest income and related ratios and analysis on a taxable-equivalent basis, which may also be considered non-GAAP financial measures. The Company believes this presentation to be the preferred industry measurement of net interest income as it provides a relevant comparison of net interest income arising from taxable and tax-exempt sources. In addition, certain performance measures, including the efficiency ratio and net interest margin utilize net interest income on a taxable-equivalent basis.

There may be limits in the usefulness of these measures to investors. As a result, the Company encourages readers to consider the consolidated financial statements and other financial information contained in this press release in their entirety, and not to rely on any single financial measure. A table follows that shows the Company's calculation of these non-GAAP financial measures.

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# U.S. Bancorp

## Consolidated Statement of Income

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
<b>Interest Income</b>				
Loans	\$2,731	\$2,520	\$8,039	\$7,476
Loans held for sale	43	60	110	166
Investment securities	515	502	1,555	1,502
Other interest income	31	35	89	102
Total interest income	3,320	3,117	9,793	9,246
<b>Interest Expense</b>				
Deposits	161	113	452	344
Short-term borrowings	70	66	201	189
Long-term debt	196	170	567	531
Total interest expense	427	349	1,220	1,064
Net interest income	2,893	2,768	8,573	8,182
Provision for credit losses	325	282	982	827
Net interest income after provision for credit losses	2,568	2,486	7,591	7,355
<b>Noninterest Income</b>				
Credit and debit card revenue	299	269	861	776
Corporate payment products revenue	190	190	541	538
Merchant processing services	412	400	1,188	1,154
ATM processing services	87	81	251	239
Trust and investment management fees	362	329	1,059	985
Deposit service charges	192	185	539	520
Treasury management fees	147	143	436	422
Commercial products revenue	219	231	654	645
Mortgage banking revenue	314	224	739	695
Investment products fees	41	46	120	141
Securities gains (losses), net	10	(1)	16	(1)
Other	172	229	742	638
Total noninterest income	2,445	2,326	7,146	6,752
<b>Noninterest Expense</b>				
Compensation	1,329	1,225	3,855	3,600
Employee benefits	280	285	858	895
Net occupancy and equipment	250	251	741	745
Professional services	127	115	346	298
Marketing and business development	102	99	328	265
Technology and communications	243	222	717	657
Postage, printing and supplies	80	77	236	223
Other intangibles	45	42	134	128
Other	475	459	1,457	1,311
Total noninterest expense	2,931	2,775	8,672	8,122
Income before income taxes	2,082	2,037	6,065	5,985
Applicable income taxes	566	534	1,612	1,541
Net income	1,516	1,503	4,453	4,444
Net (income) loss attributable to noncontrolling interests	(14)	(14)	(43)	(41)
Net income attributable to U.S. Bancorp	\$1,502	\$1,489	\$4,410	\$4,403
Net income applicable to U.S. Bancorp common shareholders	\$1,434	\$1,422	\$4,198	\$4,204
Earnings per common share	\$.84	\$.81	\$2.44	\$2.38
Diluted earnings per common share	\$.84	\$.81	\$2.43	\$2.36
Dividends declared per common share	\$.280	\$.255	\$.790	\$.755
Average common shares outstanding	1,710	1,758	1,724	1,770
Average diluted common shares outstanding	1,716	1,766	1,730	1,778

## U.S. Bancorp

### Consolidated Ending Balance Sheet

(Dollars in Millions)	September 30, 2016	December 31, 2015	September 30, 2015
<b>Assets</b>	(Unaudited)		(Unaudited)
Cash and due from banks	\$23,664	\$11,147	\$10,450
Investment securities			
Held-to-maturity	42,873	43,590	44,690
Available-for-sale	67,155	61,997	60,396
Loans held for sale	5,575	3,184	4,472
Loans			
Commercial	93,201	88,402	85,539
Commercial real estate	43,468	42,137	42,478
Residential mortgages	56,229	53,496	52,349
Credit card	20,706	21,012	18,583
Other retail	53,664	51,206	51,051
Total loans, excluding covered loans	267,268	256,253	250,000
Covered loans	4,021	4,596	4,791
Total loans	271,289	260,849	254,791
Less allowance for loan losses	(3,797)	(3,863)	(3,965)
Net loans	267,492	256,986	250,826
Premises and equipment	2,449	2,513	2,515
Goodwill	9,357	9,361	9,368
Other intangible assets	2,887	3,350	3,176
Other assets	32,682	29,725	30,050
Total assets	\$454,134	\$421,853	\$415,943
<b>Liabilities and Shareholders' Equity</b>			
Deposits			
Noninterest-bearing	\$89,101	\$83,766	\$83,549
Interest-bearing	245,494	216,634	211,715
Total deposits	334,595	300,400	295,264
Short-term borrowings	15,695	27,877	26,915
Long-term debt	37,978	32,078	32,504
Other liabilities	17,467	14,681	15,493
Total liabilities	405,735	375,036	370,176
Shareholders' equity			
Preferred stock	5,501	5,501	4,756
Common stock	21	21	21
Capital surplus	8,429	8,376	8,362
Retained earnings	49,231	46,377	45,413
Less treasury stock	(14,844)	(13,125)	(12,756)
Accumulated other comprehensive income (loss)	(579)	(1,019)	(721)
Total U.S. Bancorp shareholders' equity	47,759	46,131	45,075
Noncontrolling interests	640	686	692
Total equity	48,399	46,817	45,767
Total liabilities and equity	\$454,134	\$421,853	\$415,943

U.S. Bancorp  
**Non-GAAP Financial Measures**

(Dollars in Millions, Unaudited)	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
Total equity	\$48,399	\$48,029	\$47,393	\$46,817	\$45,767
Preferred stock	(5,501)	(5,501)	(5,501)	(5,501)	(4,756)
Noncontrolling interests	(640)	(639)	(638)	(686)	(692)
Goodwill (net of deferred tax liability) (1)	(8,239)	(8,246)	(8,270)	(8,295)	(8,324)
Intangible assets, other than mortgage servicing rights	(756)	(796)	(820)	(838)	(779)
Tangible common equity (a)	33,263	32,847	32,164	31,497	31,216
Tangible common equity (as calculated above)	33,263	32,847	32,164	31,497	31,216
Adjustments (2)	97	133	99	67	118
Common equity tier 1 capital estimated for the Basel III fully implemented standardized and advanced approaches (b)	33,360	32,980	32,263	31,564	31,334
Total assets	454,134	438,463	428,638	421,853	415,943
Goodwill (net of deferred tax liability) (1)	(8,239)	(8,246)	(8,270)	(8,295)	(8,324)
Intangible assets, other than mortgage servicing rights	(756)	(796)	(820)	(838)	(779)
Tangible assets (c)	445,139	429,421	419,548	412,720	406,840
Risk-weighted assets, determined in accordance with prescribed transitional standardized approach regulatory requirements (d)	356,733 *	351,462	346,227	341,360	336,227
Adjustments (3)	3,165 *	3,079	3,485	3,892	3,532
Risk-weighted assets estimated for the Basel III fully implemented standardized approach (e)	359,898 *	354,541	349,712	345,252	339,759
Risk-weighted assets, determined in accordance with prescribed transitional advanced approaches regulatory requirements	272,832 *	271,495	267,309	261,668	248,048
Adjustments (4)	3,372 *	3,283	3,707	4,099	3,723
Risk-weighted assets estimated for the Basel III fully implemented advanced approaches (f)	276,204 *	274,778	271,016	265,767	251,771
<b>Ratios *</b>					
Tangible common equity to tangible assets (a)/(c)	7.5 %	7.6 %	7.7 %	7.6 %	7.7 %
Tangible common equity to risk-weighted assets (a)/(d)	9.3	9.3	9.3	9.2	9.3
Common equity tier 1 capital to risk-weighted assets estimated for the Basel III fully implemented standardized approach (b)/(e)	9.3	9.3	9.2	9.1	9.2
Common equity tier 1 capital to risk-weighted assets estimated for the Basel III fully implemented advanced approaches (b)/(f)	12.1	12.0	11.9	11.9	12.4
	Three Months Ended			Nine Months Ended	
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Net interest income	\$2,893	\$2,845	\$2,768	\$8,573	\$8,182
Taxable-equivalent adjustment (5)	50	51	53	154	161
Net interest income, on a taxable-equivalent basis	\$2,943	\$2,896	\$2,821	\$8,727	\$8,343

\* 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.

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

# **Supplemental Consolidated Schedules**

**3Q 2016**

## U.S. Bancorp

### Income Statement Highlights

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended			Percent Change v. September 30, 2016	
	September 30, 2016	June 30, 2016	September 30, 2015	June 30, 2016	September 30, 2015
Net interest income	\$2,893	\$2,845	\$2,768	1.7 %	4.5 %
Taxable-equivalent adjustment	50	51	53	(2.0)	(5.7)
Net interest income (taxable-equivalent basis)	2,943	2,896	2,821	1.6	4.3
Noninterest income	2,445	2,552	2,326	(4.2)	5.1
Total net revenue	5,388	5,448	5,147	(1.1)	4.7
Noninterest expense	2,931	2,992	2,775	(2.0)	5.6
Income before provision and income taxes	2,457	2,456	2,372	--	3.6
Provision for credit losses	325	327	282	(.6)	15.2
Income before income taxes	2,132	2,129	2,090	.1	2.0
Income taxes and taxable-equivalent adjustment	616	593	587	3.9	4.9
Net income	1,516	1,536	1,503	(1.3)	.9
Net (income) loss attributable to noncontrolling interests	(14)	(14)	(14)	--	--
Net income attributable to U.S. Bancorp	\$1,502	\$1,522	\$1,489	(1.3)	.9
Net income applicable to U.S. Bancorp common shareholders	\$1,434	\$1,435	\$1,422	(.1)	.8
Diluted earnings per common share	\$.84	\$.83	\$.81	1.2	3.7
Revenue per diluted common share (a)	\$3.13	\$3.15	\$2.92	(.6)	7.2
<b>Financial Ratios</b>					
Net interest margin (b)	2.98 %	3.02 %	3.04 %		
Interest yield on average loans (b)	4.07	4.05	4.04		
Rate paid on interest-bearing liabilities (b)	.59	.58	.52		
Return on average assets	1.36	1.43	1.44		
Return on average common equity	13.5	13.8	14.1		
Efficiency ratio (c)	54.5	54.9	53.9		
Tangible efficiency ratio (d)	53.7	54.1	53.1		

(a) Computed as the sum of net interest income on a taxable-equivalent basis and noninterest income excluding net securities gains (losses), divided by average diluted common shares outstanding

(b) On a taxable-equivalent basis

(c) 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)

(d) 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) and intangible amortization



## U.S. Bancorp

### Income Statement Highlights

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Nine Months Ended		Percent Change
	September 30, 2016	September 30, 2015	
Net interest income	\$8,573	\$8,182	4.8 %
Taxable-equivalent adjustment	154	161	(4.3)
Net interest income (taxable-equivalent basis)	8,727	8,343	4.6
Noninterest income	7,146	6,752	5.8
Total net revenue	15,873	15,095	5.2
Noninterest expense	8,672	8,122	6.8
Income before provision and income taxes	7,201	6,973	3.3
Provision for credit losses	982	827	18.7
Income before income taxes	6,219	6,146	1.2
Income taxes and taxable-equivalent adjustment	1,766	1,702	3.8
Net income	4,453	4,444	.2
Net (income) loss attributable to noncontrolling interests	(43)	(41)	(4.9)
Net income attributable to U.S. Bancorp	\$4,410	\$4,403	.2
Net income applicable to U.S. Bancorp common shareholders	\$4,198	\$4,204	(.1)
Diluted earnings per common share	\$2.43	\$2.36	3.0
Revenue per diluted common share (a)	\$9.17	\$8.49	8.0
<b>Financial Ratios</b>			
Net interest margin (b)	3.02 %	3.05 %	
Interest yield on average loans (b)	4.07	4.06	
Rate paid on interest-bearing liabilities (b)	.57	.53	
Return on average assets	1.37	1.45	
Return on average common equity	13.4	14.1	
Efficiency ratio (c)	54.7	53.8	
Tangible efficiency ratio (d)	53.8	53.0	

- (a) Computed as the sum of net interest income on a taxable-equivalent basis and noninterest income excluding net securities gains (losses), divided by average diluted common shares outstanding
- (b) On a taxable-equivalent basis
- (c) 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)
- (d) 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) and intangible amortization

U.S. Bancorp

Quarterly Consolidated Statement of Income

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended				
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
<b>Interest Income</b>					
Loans	\$2,731	\$2,664	\$2,644	\$2,583	\$2,520
Loans held for sale	43	36	31	40	60
Investment securities	515	523	517	499	502
Other interest income	31	29	29	34	35
Total interest income	3,320	3,252	3,221	3,156	3,117
<b>Interest Expense</b>					
Deposits	161	152	139	113	113
Short-term borrowings	70	66	65	56	66
Long-term debt	196	189	182	168	170
Total interest expense	427	407	386	337	349
Net interest income	2,893	2,845	2,835	2,819	2,768
Provision for credit losses	325	327	330	305	282
Net interest income after provision for credit losses	2,568	2,518	2,505	2,514	2,486
<b>Noninterest Income</b>					
Credit and debit card revenue	299	296	266	294	269
Corporate payment products revenue	190	181	170	170	190
Merchant processing services	412	403	373	393	400
ATM processing services	87	84	80	79	81
Trust and investment management fees	362	358	339	336	329
Deposit service charges	192	179	168	182	185
Treasury management fees	147	147	142	139	143
Commercial products revenue	219	238	197	222	231
Mortgage banking revenue	314	238	187	211	224
Investment products fees	41	39	40	44	46
Securities gains (losses), net	10	3	3	1	(1)
Other	172	386	184	269	229
Total noninterest income	2,445	2,552	2,149	2,340	2,326
<b>Noninterest Expense</b>					
Compensation	1,329	1,277	1,249	1,212	1,225
Employee benefits	280	278	300	272	285
Net occupancy and equipment	250	243	248	246	251
Professional services	127	121	98	125	115
Marketing and business development	102	149	77	96	99
Technology and communications	243	241	233	230	222
Postage, printing and supplies	80	77	79	74	77
Other intangibles	45	44	45	46	42
Other	475	562	420	508	459
Total noninterest expense	2,931	2,992	2,749	2,809	2,775
Income before income taxes	2,082	2,078	1,905	2,045	2,037
Applicable income taxes	566	542	504	556	534
Net income	1,516	1,536	1,401	1,489	1,503
Net (income) loss attributable to noncontrolling interests	(14)	(14)	(15)	(13)	(14)
Net income attributable to U.S. Bancorp	\$1,502	\$1,522	\$1,386	\$1,476	\$1,489
Net income applicable to U.S. Bancorp common shareholders	\$1,434	\$1,435	\$1,329	\$1,404	\$1,422
Earnings per common share	\$.84	\$.83	\$.77	\$.80	\$.81
Diluted earnings per common share	\$.84	\$.83	\$.76	\$.80	\$.81
Dividends declared per common share	\$.280	\$.255	\$.255	\$.255	\$.255
Average common shares outstanding	1,710	1,725	1,737	1,747	1,758
Average diluted common shares outstanding	1,716	1,731	1,743	1,754	1,766
<b>Financial Ratios</b>					
Net interest margin (a)	2.98 %	3.02 %	3.06 %	3.06 %	3.04 %
Interest yield on average loans (a)	4.07	4.05	4.09	4.04	4.04
Rate paid on interest-bearing liabilities (a)	.59	.58	.56	.50	.52
Return on average assets	1.36	1.43	1.32	1.41	1.44
Return on average common equity	13.5	13.8	13.0	13.7	14.1
Efficiency ratio (b)	54.5	54.9	54.6	53.9	53.9
Tangible efficiency ratio (c)	53.7	54.1	53.7	53.0	53.1

(a) On a taxable-equivalent basis

(b) 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)

(c) 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) and intangible amortization

# U.S. Bancorp

## Consolidated Ending Balance Sheet

(Dollars in Millions)	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
<b>Assets</b>	(Unaudited)	(Unaudited)	(Unaudited)		(Unaudited)
Cash and due from banks	\$23,664	\$14,038	\$10,981	\$11,147	\$10,450
Investment securities					
Held-to-maturity	42,873	42,030	42,113	43,590	44,690
Available-for-sale	67,155	66,490	64,912	61,997	60,396
Loans held for sale	5,575	4,311	4,005	3,184	4,472
Loans					
Commercial	93,201	92,514	91,277	88,402	85,539
Commercial real estate	43,468	43,290	42,743	42,137	42,478
Residential mortgages	56,229	55,904	54,955	53,496	52,349
Credit card	20,706	20,571	19,957	21,012	18,583
Other retail	53,664	52,008	51,161	51,206	51,051
Total loans, excluding covered loans	267,268	264,287	260,093	256,253	250,000
Covered loans	4,021	4,234	4,429	4,596	4,791
Total loans	271,289	268,521	264,522	260,849	254,791
Less allowance for loan losses	(3,797)	(3,806)	(3,853)	(3,863)	(3,965)
Net loans	267,492	264,715	260,669	256,986	250,826
Premises and equipment	2,449	2,459	2,486	2,513	2,515
Goodwill	9,357	9,359	9,368	9,361	9,368
Other intangible assets	2,887	2,852	3,042	3,350	3,176
Other assets	32,682	32,209	31,062	29,725	30,050
Total assets	\$454,134	\$438,463	\$428,638	\$421,853	\$415,943
<b>Liabilities and Shareholders' Equity</b>					
Deposits					
Noninterest-bearing	\$89,101	\$86,572	\$80,407	\$83,766	\$83,549
Interest-bearing	245,494	231,018	225,941	216,634	211,715
Total deposits	334,595	317,590	306,348	300,400	295,264
Short-term borrowings	15,695	18,433	23,777	27,877	26,915
Long-term debt	37,978	36,941	34,872	32,078	32,504
Other liabilities	17,467	17,470	16,248	14,681	15,493
Total liabilities	405,735	390,434	381,245	375,036	370,176
Shareholders' equity					
Preferred stock	5,501	5,501	5,501	5,501	4,756
Common stock	21	21	21	21	21
Capital surplus	8,429	8,402	8,368	8,376	8,362
Retained earnings	49,231	48,269	47,267	46,377	45,413
Less treasury stock	(14,844)	(14,241)	(13,658)	(13,125)	(12,756)
Accumulated other comprehensive income (loss)	(579)	(562)	(744)	(1,019)	(721)
Total U.S. Bancorp shareholders' equity	47,759	47,390	46,755	46,131	45,075
Noncontrolling interests	640	639	638	686	692
Total equity	48,399	48,029	47,393	46,817	45,767
Total liabilities and equity	\$454,134	\$438,463	\$428,638	\$421,853	\$415,943

U.S. Bancorp  
**Consolidated Quarterly Average Balance Sheet**

(Dollars in Millions, Unaudited)	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
<b>Assets</b>					
Investment securities	\$108,109	\$107,132	\$106,031	\$105,536	\$103,943
Loans held for sale	4,691	3,796	3,167	4,047	6,835
Loans					
Commercial					
Commercial	87,067	86,899	84,582	81,592	79,486
Lease financing	5,302	5,255	5,238	5,211	5,218
Total commercial	92,369	92,154	89,820	86,803	84,704
Commercial real estate					
Commercial mortgages	31,888	31,950	31,836	31,830	32,083
Construction and development	11,486	11,038	10,565	10,401	10,233
Total commercial real estate	43,374	42,988	42,401	42,231	42,316
Residential mortgages	56,284	55,501	54,208	52,970	51,831
Credit card	20,628	20,140	20,244	18,838	17,944
Other retail					
Retail leasing	5,773	5,326	5,179	5,265	5,480
Home equity and second mortgages	16,470	16,394	16,368	16,241	16,083
Other	30,608	29,748	29,550	29,556	27,286
Total other retail	52,851	51,468	51,097	51,062	48,849
Total loans, excluding covered loans	265,506	262,251	257,770	251,904	245,644
Covered loans	4,131	4,331	4,511	4,788	4,892
Total loans	269,637	266,582	262,281	256,692	250,536
Other earning assets	11,346	7,858	6,729	6,816	7,951
Total earning assets	393,783	385,368	378,208	373,091	369,265
Allowance for loan losses	(3,818)	(3,863)	(3,864)	(3,972)	(4,031)
Unrealized gain (loss) on investment securities	933	771	648	540	607
Other assets	46,965	46,474	46,565	45,463	44,598
Total assets	\$437,863	\$428,750	\$421,557	\$415,122	\$410,439
<b>Liabilities and Shareholders' Equity</b>					
Noninterest-bearing deposits	\$82,021	\$79,171	\$78,569	\$83,894	\$80,940
Interest-bearing deposits					
Interest checking	63,456	60,842	57,910	57,109	56,888
Money market savings	99,921	92,904	86,462	82,828	80,338
Savings accounts	40,695	40,258	39,250	37,991	37,480
Time deposits	32,455	34,211	33,687	32,683	34,046
Total interest-bearing deposits	236,527	228,215	217,309	210,611	208,752
Short-term borrowings	15,929	21,103	27,399	27,094	27,525
Long-term debt	37,875	36,478	34,808	32,235	33,202
Total interest-bearing liabilities	290,331	285,796	279,516	269,940	269,479
Other liabilities	17,081	15,961	16,056	14,826	14,463
Shareholders' equity					
Preferred equity	5,501	5,501	5,501	5,072	4,756
Common equity	42,290	41,683	41,237	40,701	40,111
Total U.S. Bancorp shareholders' equity	47,791	47,184	46,738	45,773	44,867
Noncontrolling interests	639	638	678	689	690
Total equity	48,430	47,822	47,416	46,462	45,557
Total liabilities and equity	\$437,863	\$428,750	\$421,557	\$415,122	\$410,439

**Consolidated Daily Average Balance Sheet and Related Yields and Rates (a)**For the Three Months Ended September 30,  
2016 2015

(Dollars in Millions) (Unaudited)	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	% Change Average Balances
<b>Assets</b>							
Investment securities	\$108,109	\$539	2.00 %	\$103,943	\$531	2.04 %	4.0 %
Loans held for sale	4,691	43	3.68	6,835	60	3.54	(31.4)
Loans (b)							
Commercial	92,369	654	2.82	84,704	574	2.69	9.0
Commercial real estate	43,374	429	3.94	42,316	407	3.82	2.5
Residential mortgages	56,284	522	3.70	51,831	493	3.80	8.6
Credit card	20,628	569	10.98	17,944	498	11.02	15.0
Other retail	52,851	535	4.02	48,849	504	4.09	8.2
Total loans, excluding covered loans	265,506	2,709	4.06	245,644	2,476	4.01	8.1
Covered loans	4,131	49	4.76	4,892	68	5.54	(15.6)
Total loans	269,637	2,758	4.07	250,536	2,544	4.04	7.6
Other earning assets	11,346	31	1.09	7,951	36	1.76	42.7
Total earning assets	393,783	3,371	3.41	369,265	3,171	3.42	6.6
Allowance for loan losses	(3,818)			(4,031)			5.3
Unrealized gain (loss) on investment securities	933			607			53.7
Other assets	46,965			44,598			5.3
Total assets	\$437,863			\$410,439			6.7
<b>Liabilities and Shareholders' Equity</b>							
Noninterest-bearing deposits	\$82,021			\$80,940			1.3 %
Interest-bearing deposits							
Interest checking	63,456	12	.08	56,888	8	.05	11.5
Money market savings	99,921	92	.36	80,338	50	.25	24.4
Savings accounts	40,695	9	.09	37,480	9	.10	8.6
Time deposits	32,455	48	.59	34,046	46	.54	(4.7)
Total interest-bearing deposits	236,527	161	.27	208,752	113	.21	13.3
Short-term borrowings	15,929	71	1.78	27,525	67	.97	(42.1)
Long-term debt	37,875	196	2.06	33,202	170	2.04	14.1
Total interest-bearing liabilities	290,331	428	.59	269,479	350	.52	7.7
Other liabilities	17,081			14,463			18.1
Shareholders' equity							
Preferred equity	5,501			4,756			15.7
Common equity	42,290			40,111			5.4
Total U.S. Bancorp shareholders' equity	47,791			44,867			6.5
Noncontrolling interests	639			690			(7.4)
Total equity	48,430			45,557			6.3
Total liabilities and equity	\$437,863			\$410,439			6.7
Net interest income		\$2,943			\$2,821		
Gross interest margin			2.82 %			2.90 %	
Gross interest margin without taxable-equivalent increments			2.77			2.84	
<b>Percent of Earning Assets</b>							
Interest income			3.41 %			3.42 %	
Interest expense			.43			.38	
Net interest margin			2.98 %			3.04 %	
Net interest margin without taxable-equivalent increments			2.93 %			2.98 %	

(a) Interest and rates are presented on a fully taxable-equivalent basis utilizing a tax rate of 35 percent.

(b) Interest income and rates on loans include loan fees. Nonaccrual loans are included in average loan balances.

U.S. Bancorp

**Consolidated Daily Average Balance Sheet and Related Yields and Rates (a)**

For the Three Months Ended  
September 30, 2016 June 30, 2016

(Dollars in Millions) (Unaudited)	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	% Change Average Balances
<b>Assets</b>							
Investment securities	\$108,109	\$539	2.00 %	\$107,132	\$550	2.05 %	.9 %
Loans held for sale	4,691	43	3.68	3,796	36	3.79	23.6
Loans (b)							
Commercial	92,369	654	2.82	92,154	642	2.80	.2
Commercial real estate	43,374	429	3.94	42,988	424	3.97	.9
Residential mortgages	56,284	522	3.70	55,501	517	3.73	1.4
Credit card	20,628	569	10.98	20,140	538	10.73	2.4
Other retail	52,851	535	4.02	51,468	518	4.05	2.7
Total loans, excluding covered loans	<u>265,506</u>	<u>2,709</u>	4.06	<u>262,251</u>	<u>2,639</u>	4.05	1.2
Covered loans	4,131	49	4.76	4,331	51	4.64	(4.6)
Total loans	<u>269,637</u>	<u>2,758</u>	4.07	<u>266,582</u>	<u>2,690</u>	4.05	1.1
Other earning assets	11,346	31	1.09	7,858	29	1.48	44.4
Total earning assets	<u>393,783</u>	<u>3,371</u>	3.41	<u>385,368</u>	<u>3,305</u>	3.44	2.2
Allowance for loan losses	(3,818)			(3,863)			1.2
Unrealized gain (loss) on investment securities	933			771			21.0
Other assets	46,965			46,474			1.1
Total assets	<u>\$437,863</u>			<u>\$428,750</u>			2.1
<b>Liabilities and Shareholders' Equity</b>							
Noninterest-bearing deposits	\$82,021			\$79,171			3.6 %
Interest-bearing deposits							
Interest checking	63,456	12	.08	60,842	10	.07	4.3
Money market savings	99,921	92	.36	92,904	82	.36	7.6
Savings accounts	40,695	9	.09	40,258	8	.09	1.1
Time deposits	32,455	48	.59	34,211	52	.60	(5.1)
Total interest-bearing deposits	<u>236,527</u>	<u>161</u>	.27	<u>228,215</u>	<u>152</u>	.27	3.6
Short-term borrowings	15,929	71	1.78	21,103	68	1.28	(24.5)
Long-term debt	37,875	196	2.06	36,478	189	2.08	3.8
Total interest-bearing liabilities	<u>290,331</u>	<u>428</u>	.59	<u>285,796</u>	<u>409</u>	.58	1.6
Other liabilities	17,081			15,961			7.0
Shareholders' equity							
Preferred equity	5,501			5,501			--
Common equity	42,290			41,683			1.5
Total U.S. Bancorp shareholders' equity	<u>47,791</u>			<u>47,184</u>			1.3
Noncontrolling interests	639			638			.2
Total equity	<u>48,430</u>			<u>47,822</u>			1.3
Total liabilities and equity	<u>\$437,863</u>			<u>\$428,750</u>			2.1
Net interest income		<u>\$2,943</u>			<u>\$2,896</u>		
Gross interest margin			2.82 %			2.86 %	
Gross interest margin without taxable-equivalent increments			<u>2.77</u>			<u>2.81</u>	
<b>Percent of Earning Assets</b>							
Interest income			3.41 %			3.44 %	
Interest expense			.43			.42	
Net interest margin			<u>2.98 %</u>			<u>3.02 %</u>	
Net interest margin without taxable-equivalent increments			<u>2.93 %</u>			<u>2.97 %</u>	

(a) Interest and rates are presented on a fully taxable-equivalent basis utilizing a tax rate of 35 percent.

(b) Interest income and rates on loans include loan fees. Nonaccrual loans are included in average loan balances.

U.S. Bancorp

**Consolidated Daily Average Balance Sheet and Related Yields and Rates (a)**

For the Nine Months Ended September 30,  
2016 2015

(Dollars in Millions) (Unaudited)	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	% Change Average Balances
<b>Assets</b>							
Investment securities	\$107,095	\$1,634	2.03 %	\$102,361	\$1,592	2.07 %	4.6 %
Loans held for sale	3,888	110	3.78	6,370	166	3.48	(39.0)
Loans (b)							
Commercial	91,451	1,920	2.80	83,167	1,696	2.73	10.0
Commercial real estate	42,922	1,269	3.95	42,476	1,233	3.88	1.1
Residential mortgages	55,334	1,548	3.73	51,458	1,465	3.80	7.5
Credit card	20,339	1,656	10.88	17,794	1,444	10.85	14.3
Other retail	51,809	1,573	4.06	48,411	1,495	4.13	7.0
Total loans, excluding covered loans	261,855	7,966	4.06	243,306	7,333	4.03	7.6
Covered loans	4,324	152	4.67	5,052	216	5.69	(14.4)
Total loans	266,179	8,118	4.07	248,358	7,549	4.06	7.2
Other earning assets	8,654	89	1.37	8,454	103	1.62	2.4
Total earning assets	385,816	9,951	3.44	365,543	9,410	3.44	5.5
Allowance for loan losses	(3,848)			(4,057)			5.2
Unrealized gain (loss) on investment securities	784			767			2.2
Other assets	46,669			44,504			4.9
Total assets	\$429,421			\$406,757			5.6
<b>Liabilities and Shareholders' Equity</b>							
Noninterest-bearing deposits	\$79,928			\$77,623			3.0 %
Interest-bearing deposits							
Interest checking	60,746	29	.07	55,592	23	.05	9.3
Money market savings	93,121	247	.35	78,065	139	.24	19.3
Savings accounts	40,070	26	.09	36,866	32	.12	8.7
Time deposits	33,447	150	.60	36,527	150	.55	(8.4)
Total interest-bearing deposits	227,384	452	.27	207,050	344	.22	9.8
Short-term borrowings	21,457	205	1.28	28,252	192	.91	(24.1)
Long-term debt	36,392	567	2.08	34,015	531	2.09	7.0
Total interest-bearing liabilities	285,233	1,224	.57	269,317	1,067	.53	5.9
Other liabilities	16,369			14,639			11.8
Shareholders' equity							
Preferred equity	5,501			4,756			15.7
Common equity	41,739			39,733			5.0
Total U.S. Bancorp shareholders' equity	47,240			44,489			6.2
Noncontrolling interests	651			689			(5.5)
Total equity	47,891			45,178			6.0
Total liabilities and equity	\$429,421			\$406,757			5.6
Net interest income		\$8,727			\$8,343		
Gross interest margin			2.87 %			2.91 %	
Gross interest margin without taxable-equivalent increments			2.82			2.85	
<b>Percent of Earning Assets</b>							
Interest income			3.44 %			3.44 %	
Interest expense			.42			.39	
Net interest margin			3.02 %			3.05 %	
Net interest margin without taxable-equivalent increments			2.97 %			2.99 %	

(a) Interest and rates are presented on a fully taxable-equivalent basis utilizing a tax rate of 35 percent.

(b) Interest income and rates on loans include loan fees. Nonaccrual loans are included in average loan balances.

U.S. Bancorp  
**Loan Portfolio**

	September 30, 2016		June 30, 2016		March 31, 2016		December 31, 2015		September 30, 2015	
(Dollars in Millions, Unaudited)	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
<b>Commercial</b>										
Commercial	\$87,851	32.4 %	\$87,179	32.4 %	\$85,986	32.5 %	\$83,116	31.9 %	\$80,313	31.5 %
Lease financing	5,350	2.0	5,335	2.0	5,291	2.0	5,286	2.0	5,226	2.1
Total commercial	93,201	34.4	92,514	34.4	91,277	34.5	88,402	33.9	85,539	33.6
<b>Commercial real estate</b>										
Commercial mortgages	31,916	11.8	32,129	12.0	31,936	12.1	31,773	12.2	32,089	12.6
Construction and development	11,552	4.2	11,161	4.1	10,807	4.1	10,364	3.9	10,389	4.1
Total commercial real estate	43,468	16.0	43,290	16.1	42,743	16.2	42,137	16.1	42,478	16.7
<b>Residential mortgages</b>										
Residential mortgages	42,846	15.8	42,534	15.8	41,742	15.8	40,425	15.5	39,341	15.4
Home equity loans, first liens	13,383	4.9	13,370	5.0	13,213	5.0	13,071	5.0	13,008	5.1
Total residential mortgages	56,229	20.7	55,904	20.8	54,955	20.8	53,496	20.5	52,349	20.5
<b>Credit card</b>	20,706	7.6	20,571	7.7	19,957	7.5	21,012	8.1	18,583	7.3
<b>Other retail</b>										
Retail leasing	6,076	2.2	5,512	2.1	5,268	2.0	5,232	2.0	5,387	2.1
Home equity and second mortgages	16,467	6.1	16,481	6.1	16,332	6.2	16,384	6.3	16,188	6.3
Revolving credit	3,247	1.2	3,225	1.2	3,220	1.2	3,354	1.3	3,334	1.3
Installment	7,983	2.9	7,567	2.8	7,162	2.7	7,030	2.7	6,949	2.7
Automobile	17,559	6.5	16,799	6.3	16,657	6.3	16,587	6.3	16,484	6.5
Student	2,332	.9	2,424	.9	2,522	.9	2,619	1.0	2,709	1.1
Total other retail	53,664	19.8	52,008	19.4	51,161	19.3	51,206	19.6	51,051	20.0
Total loans, excluding covered loans	267,268	98.5	264,287	98.4	260,093	98.3	256,253	98.2	250,000	98.1
<b>Covered loans</b>	4,021	1.5	4,234	1.6	4,429	1.7	4,596	1.8	4,791	1.9
Total loans	\$271,289	100.0 %	\$268,521	100.0 %	\$264,522	100.0 %	\$260,849	100.0 %	\$254,791	100.0 %



U.S. Bancorp

**Supplemental Financial Data**

(Dollars in Millions, Unaudited)	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
<b>Book value of intangibles</b>					
Goodwill	\$9,357	\$9,359	\$9,368	\$9,361	\$9,368
Merchant processing contracts	117	124	128	135	144
Core deposit benefits	169	178	186	194	205
Mortgage servicing rights	2,131	2,056	2,222	2,512	2,397
Trust relationships	63	67	71	75	80
Other identified intangibles	407	427	435	434	350
Total	<u>\$12,244</u>	<u>\$12,211</u>	<u>\$12,410</u>	<u>\$12,711</u>	<u>\$12,544</u>
<b>Three Months Ended</b>					
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
<b>Amortization of intangibles</b>					
Merchant processing contracts	\$7	\$7	\$7	\$9	\$8
Core deposit benefits	9	8	9	10	10
Trust relationships	4	4	4	5	6
Other identified intangibles	25	25	25	22	18
Total	<u>\$45</u>	<u>\$44</u>	<u>\$45</u>	<u>\$46</u>	<u>\$42</u>

# **Supplemental Credit Schedules**

**3Q 2016**

U.S. Bancorp  
**Residential Mortgages**

(Dollars in Millions, Unaudited)	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
<b>Prime Borrowers</b>					
Loans outstanding	\$50,890	\$49,900	\$48,605	\$46,989	\$45,691
Nonperforming loans	452	457	501	523	540
<b>Delinquency Ratios</b>					
30-89 days past due	.22 %	.24 %	.21 %	.25 %	.29 %
90 days or more past due	.24	.23	.27	.30	.30
Nonperforming loans	.89	.92	1.03	1.12	1.18
<b>Sub-Prime Borrowers</b>					
Loans outstanding	\$969	\$1,000	\$1,035	\$1,072	\$1,111
Nonperforming loans	140	147	152	164	169
<b>Delinquency Ratios</b>					
30-89 days past due	2.89 %	2.90 %	2.41 %	3.92 %	3.42 %
90 days or more past due	2.89	2.50	2.90	2.52	2.61
Nonperforming loans	14.45	14.70	14.69	15.30	15.21
<b>Other Borrowers</b>					
Loans outstanding	\$516	\$552	\$591	\$625	\$672
Nonperforming loans	22	24	24	25	26
<b>Delinquency Ratios</b>					
30-89 days past due	1.36 %	1.45 %	1.19 %	1.60 %	1.34 %
90 days or more past due	1.36	1.45	1.35	1.12	1.04
Nonperforming loans	4.26	4.35	4.06	4.00	3.87
<b>Loans Purchased From GNMA Mortgage Pools*</b>					
Loans outstanding	\$3,854	\$4,452	\$4,724	\$4,810	\$4,875

	Three Months Ended				
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
<b>Prime Borrowers</b>					
Net charge-offs	\$9	\$11	\$14	\$11	\$15
Net charge-off ratio	.07 %	.09 %	.12 %	.09 %	.13 %
<b>Sub-Prime Borrowers</b>					
Net charge-offs	\$2	\$3	\$4	\$4	\$8
Net charge-off ratio	.81 %	1.19 %	1.54 %	1.46 %	2.82 %
<b>Other Borrowers</b>					
Net charge-offs	\$1	\$1	\$1	\$1	\$2
Net charge-off ratio	.75 %	.71 %	.67 %	.62 %	1.15 %
<b>Loans Purchased From GNMA Mortgage Pools</b>					
Net charge-offs	\$--	\$2	\$--	\$--	\$--
Net charge-off ratio	-- %	.18 %	-- %	-- %	-- %

\* Past due GNMA loans are excluded from delinquency ratios as their repayments are primarily insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs.

U.S. Bancorp

**Residential Mortgages**

(Dollars in Millions, Unaudited)

September 30, 2016	Loans Outstanding	As a Percent of Total Loan Balances	Weighted Average Credit Score		Weighted Average Loan-to-Value	
			At Origination	Updated	At Origination	Updated
<b>PORTFOLIO PROFILE</b>						
Prime Borrowers	\$50,890	90 %	757	784	70 %	59 %
Sub-Prime Borrowers	969	2	620	641	87	73
Other Borrowers	516	1	702	710	89	72
Loans Purchased From GNMA Mortgage Pools	3,854	7	*	*	*	*
Total	\$56,229	100 %	754	780	70 %	59 %

Three Months Ended September 30, 2016	Loans Originated	Weighted Average Credit Score	Weighted Average Loan-to-Value
<b>LOAN ORIGINATIONS</b>			
Prime Borrowers	\$4,401	759	69 %
Sub-Prime Borrowers	--	--	--
Other Borrowers	--	--	--
Loans Purchased From GNMA Mortgage Pools	--	*	*
Total	\$4,401	759	69 %

September 30, 2016	Loans Outstanding	As a Percent of Total Loan Balances	Nonperforming Loans	As a Percent of Loan Balances
<b>LOAN PORTFOLIO BY GEOGRAPHY - TOP STATES</b>				
<b>Prime Borrowers</b>				
California	\$14,510	28.5 %	\$36	.2 %
Minnesota	3,920	7.7	34	.9
Washington	3,089	6.1	31	1.0
Colorado	3,073	6.0	16	.5
Illinois	2,768	5.5	40	1.4
Other	23,530	46.2	295	1.3
Total	\$50,890	100.0 %	\$452	.9 %
<b>Sub-Prime Borrowers</b>				
Ohio	\$79	8.2 %	\$12	15.2 %
Pennsylvania	64	6.6	10	15.6
Florida	61	6.3	10	16.4
Tennessee	49	5.1	5	10.2
North Carolina	43	4.4	5	11.6
Other	673	69.4	98	14.6
Total	\$969	100.0 %	\$140	14.4 %
<b>Other Borrowers</b>				
Missouri	\$45	8.7 %	\$2	4.4 %
Ohio	44	8.5	2	4.5
Minnesota	41	8.0	1	2.4
California	36	7.0	1	2.8
Illinois	33	6.4	2	6.1
Other	317	61.4	14	4.4
Total	\$516	100.0 %	\$22	4.3 %
<b>Loans Purchased From GNMA Mortgage Pools</b>				
Ohio	\$438	11.4 %	\$ --	-- %
Florida	319	8.3	--	--
New York	235	6.1	--	--
Illinois	214	5.5	--	--
Texas	200	5.2	--	--
Other	2,448	63.5	--	--
Total	\$3,854	100.0 %	\$ --	-- %

\* Not applicable.

U.S. Bancorp  
**Home Equity and Second Mortgages**

(Dollars in Millions, Unaudited)	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
<b>Prime Borrowers</b>					
Loans outstanding	\$15,970	\$15,946	\$15,762	\$15,782	\$15,547
Nonperforming loans	106	111	113	117	127
<b>Delinquency Ratios</b>					
30-89 days past due	.36 %	.32 %	.35 %	.31 %	.30 %
90 days or more past due	.22	.21	.23	.23	.22
Nonperforming loans	.66	.70	.72	.74	.82
<b>Sub-Prime Borrowers</b>					
Loans outstanding	\$167	\$176	\$186	\$195	\$204
Nonperforming loans	9	9	9	9	10
<b>Delinquency Ratios</b>					
30-89 days past due	2.39 %	2.27 %	1.61 %	2.56 %	1.96 %
90 days or more past due	1.20	.57	1.08	1.03	.98
Nonperforming loans	5.39	5.11	4.84	4.62	4.90
<b>Other Borrowers</b>					
Loans outstanding	\$330	\$359	\$384	\$407	\$437
Nonperforming loans	9	9	9	10	11
<b>Delinquency Ratios</b>					
30-89 days past due	1.82 %	1.39 %	1.30 %	1.23 %	1.37 %
90 days or more past due	.91	1.11	1.04	.74	.92
Nonperforming loans	2.72	2.51	2.35	2.45	2.52

	Three Months Ended				
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
<b>Prime Borrowers</b>					
Net charge-offs	\$1	\$(2)	\$2	\$4	\$5
Net charge-off ratio	.02 %	(.05) %	.05 %	.10 %	.13 %
<b>Sub-Prime Borrowers</b>					
Net charge-offs	\$--	\$(1)	\$--	\$1	\$1
Net charge-off ratio	-- %	(2.25) %	-- %	2.00 %	1.92 %
<b>Other Borrowers</b>					
Net charge-offs	\$--	\$2	\$--	\$1	\$1
Net charge-off ratio	-- %	2.19 %	-- %	.95 %	.89 %

U.S. Bancorp

**Home Equity and Second Mortgages**

(Dollars in Millions, Unaudited)

September 30, 2016	Loans Outstanding	As a Percent of Total Loan Balances	Weighted Average Credit Score		Weighted Average Loan-to-Value	
			At Origination	Updated	At Origination	Updated
<b>PORTFOLIO PROFILE</b>						
Prime Borrowers	\$15,970	97 %	754	773	72 %	66 %
Sub-Prime Borrowers	167	1	655	676	89	86
Other Borrowers	330	2	693	714	70	61
Total	\$16,467	100 %	752	771	72 %	66 %

Three Months Ended September 30, 2016	Loans Originated	Weighted Average Credit Score	Weighted Average Loan-to-Value
<b>LOAN ORIGINATIONS</b>			
Prime Borrowers	\$1,771	766	72 %
Sub-Prime Borrowers	--	--	--
Other Borrowers	--	--	--
Total	\$1,771	766	72 %

September 30, 2016	Loans Outstanding	As a Percent of Total Loan Balances	Nonperforming Loans	As a Percent of Loan Balances
<b>LOAN PORTFOLIO BY GEOGRAPHY - TOP STATES</b>				
<b>Prime Borrowers</b>				
California	\$3,471	21.7 %	\$21	.6 %
Minnesota	2,076	13.0	11	.5
Colorado	1,264	7.9	7	.6
Illinois	1,256	7.9	7	.6
Washington	1,014	6.4	9	.9
Other	6,889	43.1	51	.7
Total	\$15,970	100.0 %	\$106	.7 %
<b>Sub-Prime Borrowers</b>				
Minnesota	\$16	9.6 %	\$1	6.3 %
Ohio	16	9.6	1	6.3
Missouri	11	6.6	1	9.1
Washington	10	6.0	1	10.0
Illinois	9	5.4	1	11.1
Other	105	62.8	4	3.8
Total	\$167	100.0 %	\$9	5.4 %
<b>Other Borrowers</b>				
California	\$127	38.5 %	\$5	3.9 %
Minnesota	22	6.7	--	--
Ohio	19	5.8	--	--
Washington	18	5.4	--	--
Colorado	18	5.4	1	5.6
Other	126	38.2	3	2.4
Total	\$330	100.0 %	\$9	2.7 %