U.S. Bancorp 1Q16 Earnings Conference Call

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April 20, 2016

usbancorp

Forward-looking Statements and Additional Information

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

This presentation contains forward-looking statements about U.S. Bancorp. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements and are based on the information available to, and assumptions and estimates made by, management as of the date hereof. These forward-looking statements cover, among other things, anticipated future revenue and expenses and the future plans and prospects of U.S. Bancorp. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated. A reversal or slowing of the current economic recovery or another severe contraction could adversely affect U.S. Bancorp's revenues and the values of its assets and liabilities. Global financial markets could experience a recurrence of significant turbulence, which could reduce the availability of funding to certain financial institutions and lead to a tightening of credit, a reduction of business activity, and increased market volatility. Stress in the commercial real estate markets, as well as a downturn in the residential real estate markets, could cause credit losses and deterioration in asset values. In addition, U.S. Bancorp's business and financial performance is likely to be negatively impacted by recently enacted and future legislation and regulation. U.S. Bancorp's results could also be adversely affected by deterioration in general business and economic conditions; changes in interest rates; deterioration in the credit quality of its loan portfolios or in the value of the collateral securing those loans; deterioration in the value of securities held in its investment securities portfolio; legal and regulatory developments; litigation; increased competition from both banks and non-banks; changes in customer behavior and preferences; breaches in data security; effects of mergers and acquisitions and related integration; effects of critical accounting policies and judgments; and management's ability to effectively manage credit risk, market risk, operational risk, compliance risk, strategic risk, interest rate risk, liquidity risk and reputational risk.

For discussion of these and other risks that may cause actual results to differ from expectations, refer to U.S. Bancorp's Annual Report on Form 10-K for the year ended December 31, 2015, on file with the Securities and Exchange Commission, including the sections entitled "Risk Factors" and "Corporate Risk Profile" contained in Exhibit 13, and all subsequent filings with the Securities and Exchange Commission under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934. However, factors other than these also could adversely affect U.S. Bancorp's results, and the reader should not consider these factors to be a complete set of all potential risks or uncertainties. Forward-looking statements speak only as of the date hereof, and U.S. Bancorp undertakes no obligation to update them in light of new information or future events.

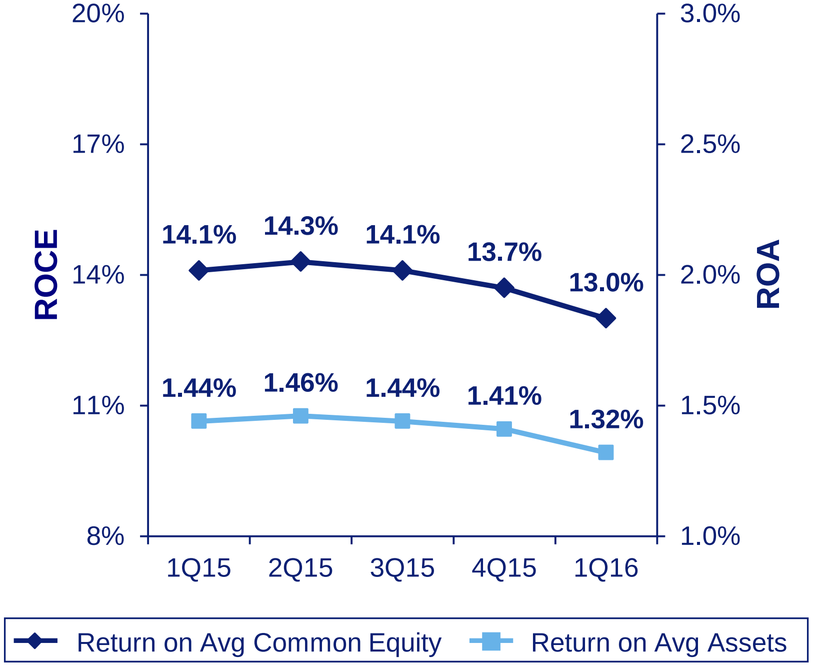
This presentation includes non-GAAP financial measures to describe U.S. Bancorp's performance. The calculations of these measures are provided within or in the appendix of the presentation. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.

1Q16 Highlights

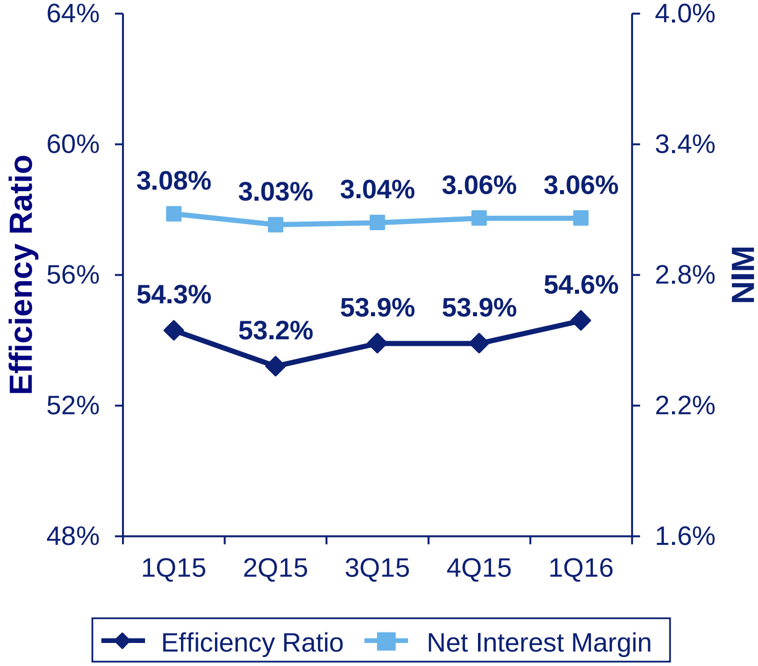
- Net income of $1.4 billion; $0.76 per diluted common share.
- Average loans grew 2.2% vs. 4Q15 (1.6% excluding the Fidelity card portfolio acquisition) and 5.8% vs 1Q15 (5.2% excluding the Fidelity card portfolio acquisition).
- Average deposits grew 0.5% vs. 4Q15 and 6.3% vs. 1Q15.
- Continued strength in payment-related fee revenue led by a year-over-year increase in credit and debit card revenue of 10.4%
- Nonperforming assets increased 12.9% linked quarter, primarily driven by deterioration in the energy portfolio. Excluding the energy portfolio, credit quality was stable.
- Linked quarter NCOs were up 3% or $10 million to $315 million. The NCO ratio was up 1bp to 0.48%
- Returned 80% of earnings to shareholders through dividends and share buybacks

Performance Ratios

Return on Average Common Equity and Return on Average Assets



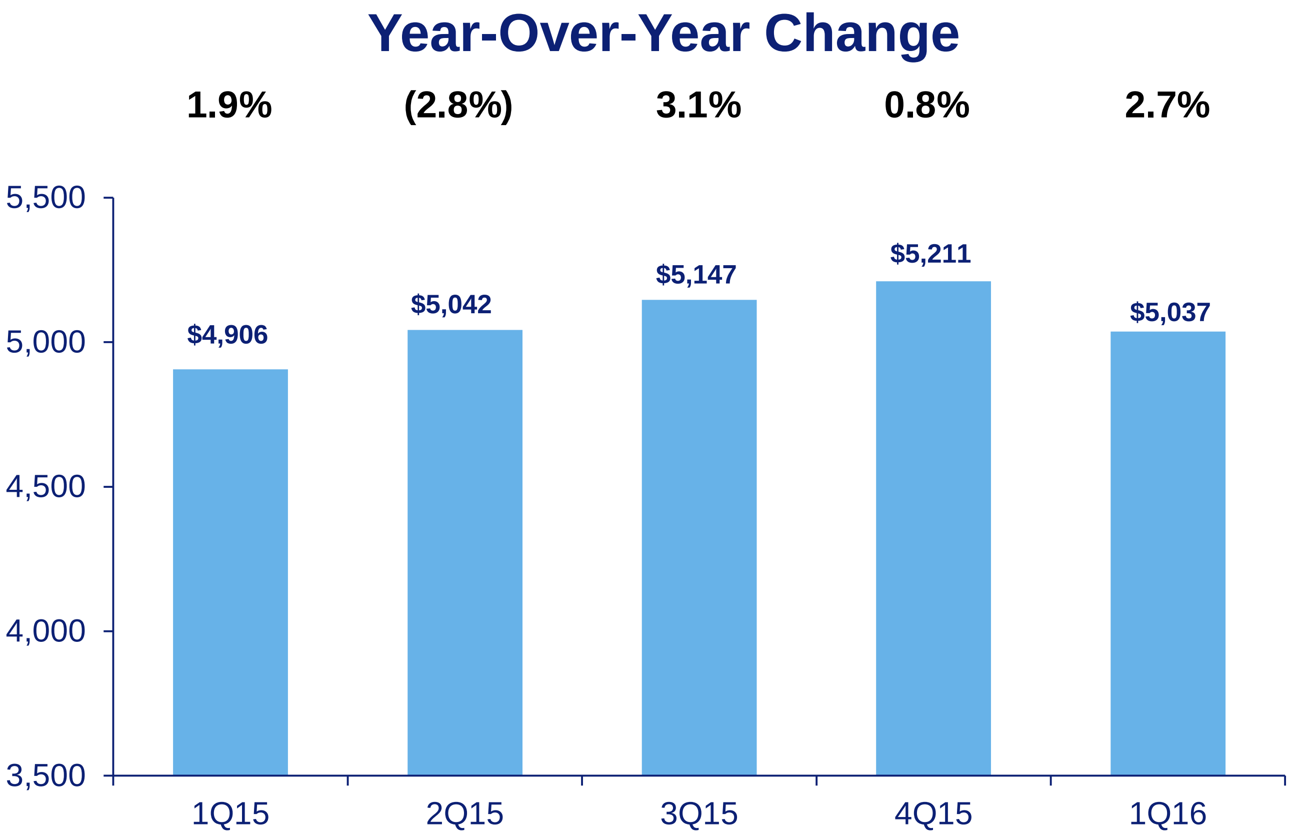
Efficiency Ratio and Net Interest Margin



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

Revenue Growth

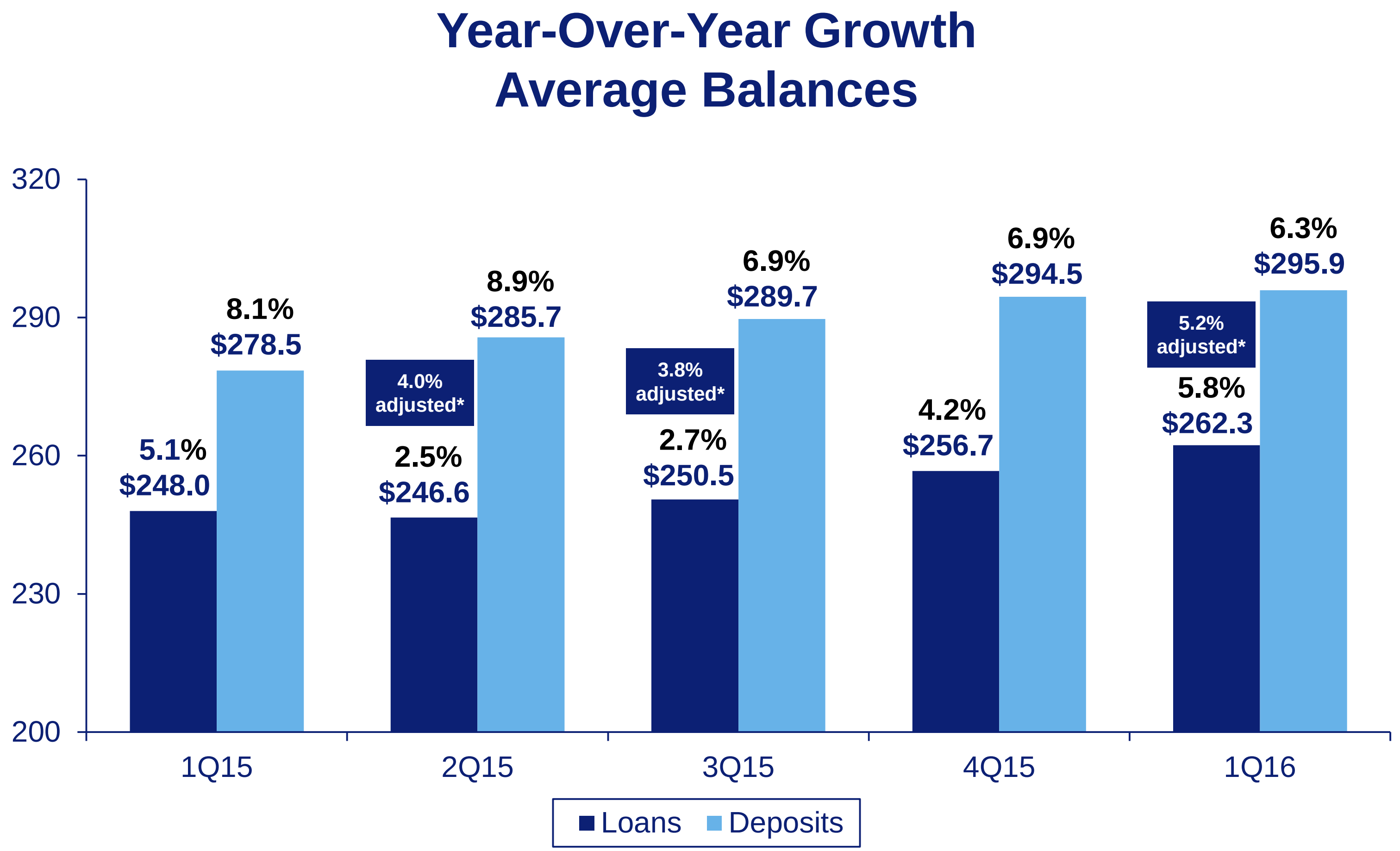
$ in millions



Notable items: 3Q15 Visa gain $135 million, student loan market value adjustment ($58) million
Taxable-equivalent basis

Loan and Deposit Growth

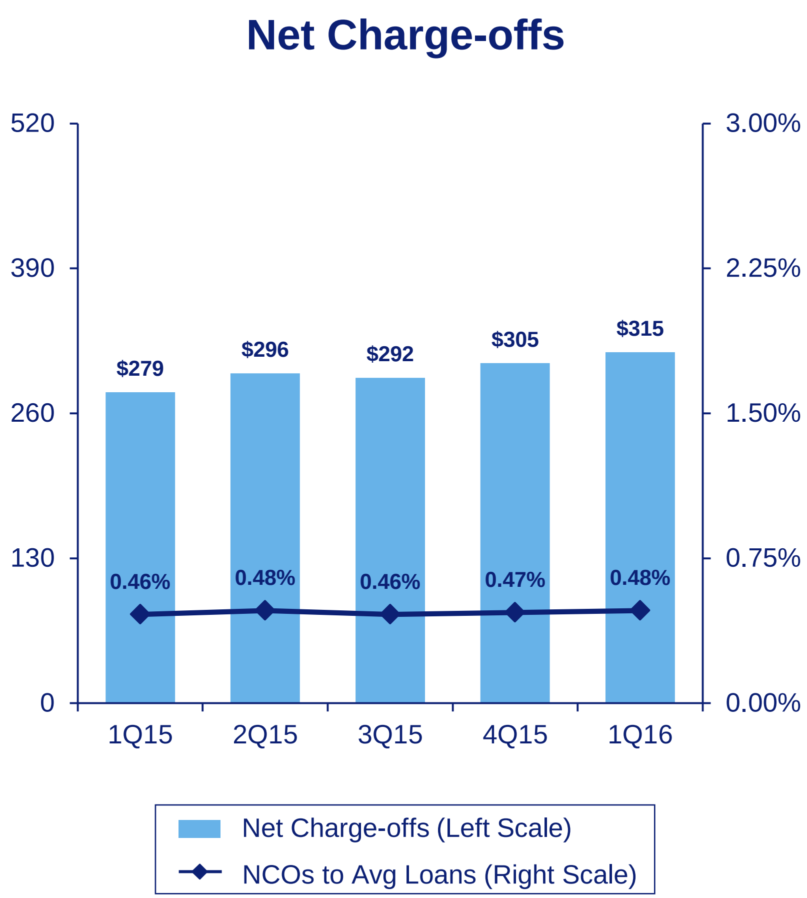
$ in billions

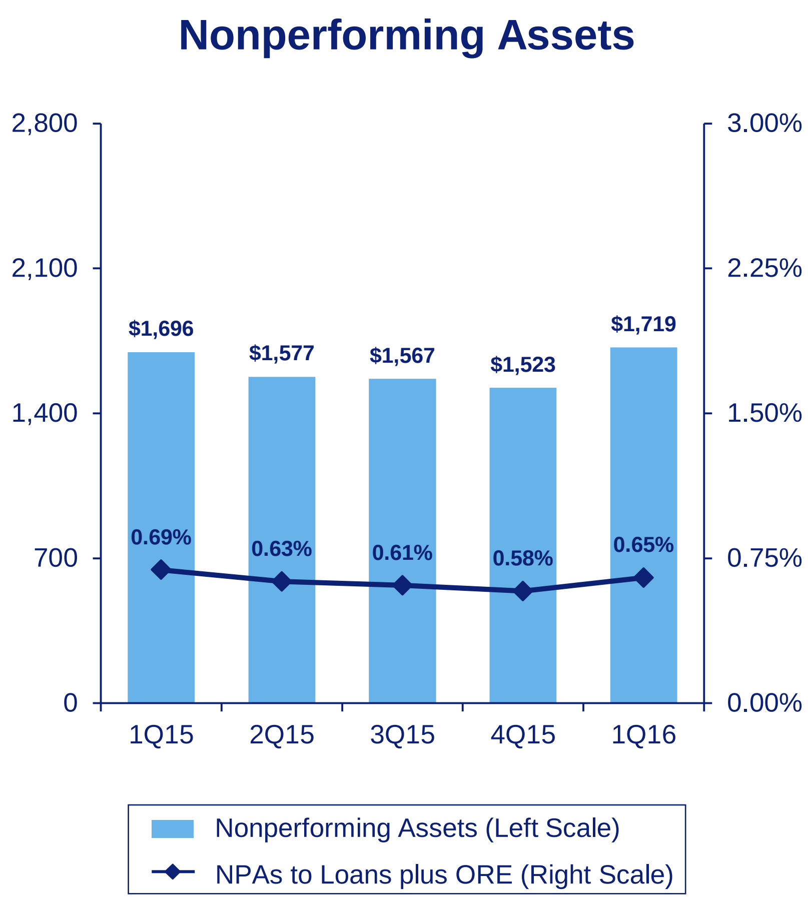


* Adjusted loan growth excludes student loans, which were transferred from held for sale at the end of 1Q15 and returned to held for investment during 3Q15 and the acquisition of the Fidelity credit card portfolio at the end of 4Q15

Credit Quality

$ in millions



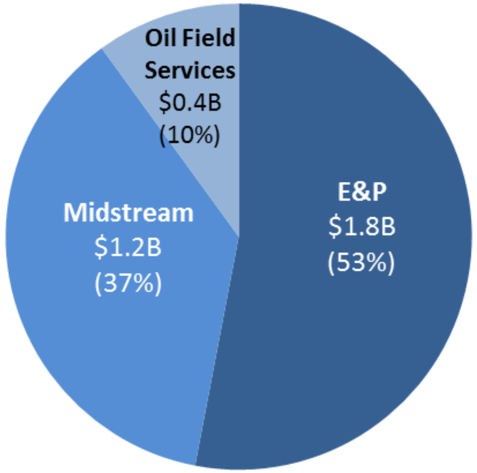


Energy Credit

		Energy		% Change	% Change		All Other		% Change	% Change
	1Q16	4Q15	1Q15	vs. 4Q15	vs. 1Q15	1Q16	4Q15	1Q15	vs. 4Q15	vs. 1Q15
Loans	$3,417	$3,183	$3,345	7%	2%	$261,105	$257,666	$241,956	1%	8%
Commitments	11,931	12,118	12,564	-2%	-5%	544,426	536,286	496,328	2%	10%
Nonperforming Assets	$276	$19	$1	NM	NM	$1,443	$1,504	$1,695	-4%	-15%
NPAs/Loans + OREO %	8.08%	0.60%	0.03%			0.55%	0.58%	0.70%		

Energy					
	1Q16	4Q15	1Q15	Q-Q	Y-Y
Reserves	$310	$172	$87	80%	256%
Reserves to Loans %	**9.1%**	**5.4%**	**2.6%**		
Criticized Commitments	4,167	1,886	1,564	121%	166%
Total Criticized/Commitments	35%	16%	12%		
Investment Grade %					
Total Loans	17%				
Total Commitments	43%				
Unfunded Commitments	54%				

Loans by Segment



$ in millions, ending balances

Earnings Summary

$ and shares in millions, except per-share data

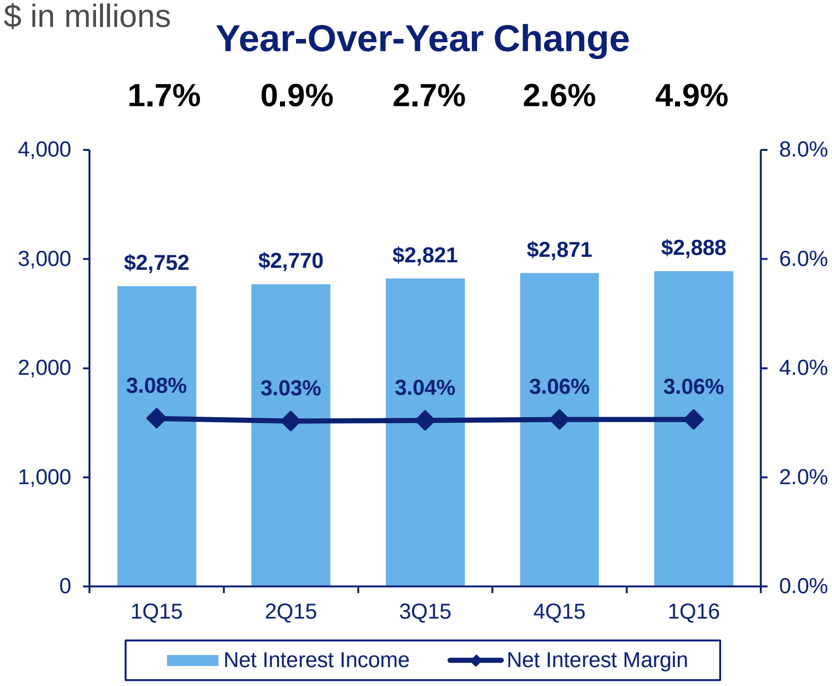
	1Q16	4Q15	1Q15	% B/(W) vs 4Q15	% B/(W) vs 1Q15
Net Interest Income	$ 2,888	$ 2,871	$ 2,752	0.6	4.9
Noninterest Income	2,149	2,340	2,154	(8.2)	(0.2)
Net Revenue	**5,037**	**5,211**	**4,906**	(3.3)	2.7
Noninterest Expense	2,749	2,809	2,665	2.1	(3.2)
Operating Income	**2,288**	**2,402**	**2,241**	**(4.7)**	**2.1**
Net Charge-offs	315	305	279	(3.3)	(12.9)
Excess Provision	15	-	(15)	-	-
Income before Taxes	**1,958**	**2,097**	**1,977**	**(6.6)**	**(1.0)**
Applicable Income Taxes	557	608	533	8.4	(4.5)
Noncontrolling Interests	(15)	(13)	(13)	(15.4)	(15.4)
Net Income	**1,386**	**1,476**	**1,431**	**(6.1)**	**(3.1)**
Preferred Dividends/Other	57	72	66	20.8	13.6
NI to Common	**$ 1,329**	**$ 1,404**	**$ 1,365**	**(5.3)**	**(2.6)**
Diluted EPS	$0.76	$ 0.80	$ 0.76	(5.0)	-
Average Diluted Shares	1,743	1,754	1,789	0.6	2.6

Taxable-equivalent basis

Net Interest Income

Net Interest Income

$ in millions



Key Points

vs. 1Q15

- Average earning assets grew $17.4 billion, or 4.8%
- Net interest margin lower 2 bps (3.06% vs. 3.08%)
  - Higher rates offset by a continued shift in loan portfolio mix, as well as lower average rates on new securities purchases and lower reinvestment rates on maturing securities

vs. 4Q15

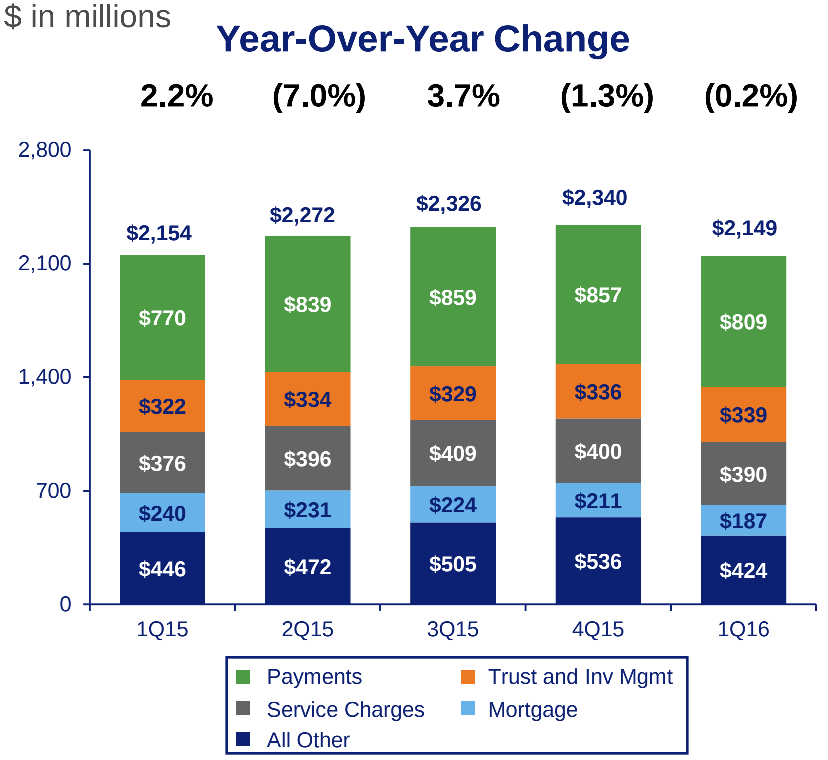
- Average earning assets grew $5.1 billion, or 1.4%
- Net interest margin flat (3.06% vs. 3.06%)
  - Principally due to the impact of higher rates, partially offset by the continued change in loan portfolio mix

Taxable-equivalent basis

Noninterest Income

Noninterest Income

$ in millions



Key Points

vs. 1Q15

- Noninterest income decreased $5 million, or 0.2%
  - Higher credit and debit card revenue (10.4% increase) due to higher transaction volumes including acquired portfolios and higher merchant processing services revenue (3.9% increase) due to higher transaction volumes and equipment sales to merchants
  - Higher trust and investment management fees (5.3% increase) reflecting lower fee waivers
  - Lower mortgage banking revenue (22.1% decrease) primarily due to lower origination and sales revenue driven by lower volume and lower pricing as a result of market competition

vs. 4Q15

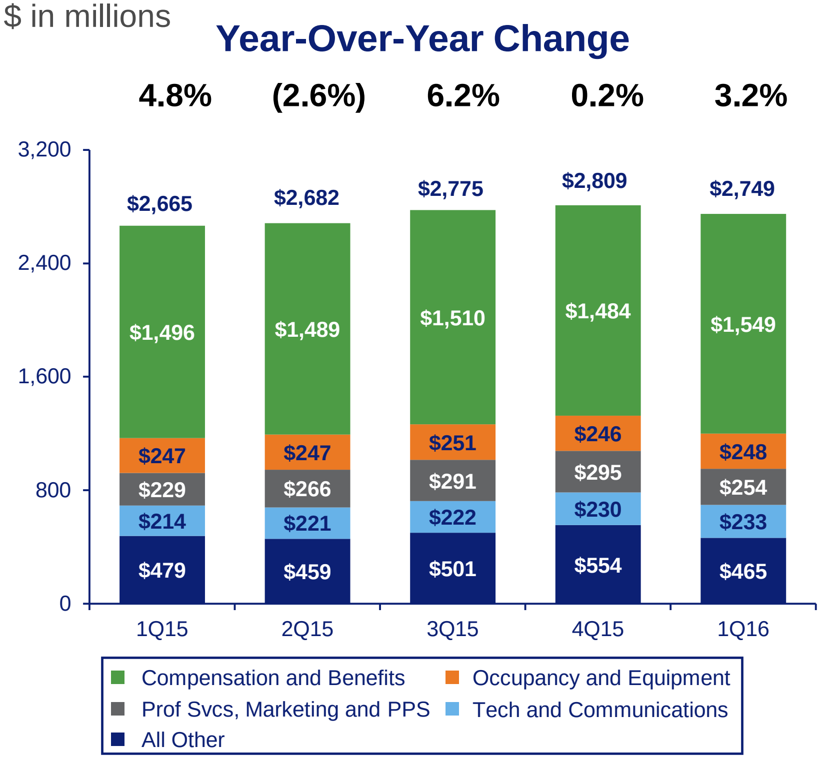
- Noninterest income decreased $191 million, or 8.2%
  - Lower credit and debit card revenue (9.5% decrease) primarily due to seasonally lower sales volumes partially offset by recent portfolio acquisitions, and lower merchant processing revenues (5.1% decrease) due to seasonally lower product fees and lower equipment sales to merchants
  - Lower mortgage banking revenue (11.4% decrease) primarily due to an unfavorable change in the value of mortgage servicing rights
  - Lower commercial products revenue (11.3% decrease) due to lower commercial leasing revenue and lower syndication fees
  - Lower other income (31.6% decrease) due to the HSA deposit sale in 4Q15, lower sales of tax credits and lower retail leasing revenue

Notable items: 3Q15 Visa gain $135 million, student loan market value adjustment ($58) million
Payments = credit and debit card, corporate payment products and merchant processing
Service charges = deposit service charges, treasury management and ATM processing

Noninterest Expense

Noninterest Expense

$ in millions



Key Points

vs. 1Q15

- Noninterest expense increased $84 million, or 3.2%
  - Higher compensation (5.9% increase) reflecting the impact of merit increases and one additional day in the quarter
  - Higher professional services expense (27.3% increase) primarily due to compliance-related matters
  - Higher technology expense (8.9% increase) reflecting acquisition conversion costs
  - Lower employee benefits expense (5.4% decrease) mainly due to lower pension costs
  - Lower other noninterest expense (3.7% decrease) reflecting the impact of lower mortgage servicing expenses and proceeds from an insurance recovery

vs. 4Q15

- Noninterest expense decreased $60 million, or 2.1%
  - Higher compensation expense (3.1% increase) reflecting the seasonal impact of variable compensation including stock-based compensation grants
  - Lower professional services expense (21.6% decrease) due to lower costs related to legal and compliance-related matters
  - Lower other noninterest expense (17.3% decrease) reflecting seasonally lower costs related to investments in tax-advantaged projects

Notable items: 3Q15 elevated expenses related to mortgage-related compliance and the company-wide talent upgrade costs $60 million

Capital Position

$ in billions

	1Q16	4Q15	3Q15	2Q15	1Q15
Total U.S. Bancorp shareholders' equity	46.7	$ 46.1	$ 45.1	$ 44.5	$ 44.3
Standardized Approach					
Basel III transitional standardized approach					
Common equity tier 1 capital ratio	9.5%	9.6%	9.6%	9.5%	9.6%
Tier 1 capital ratio	11.1%	11.3%	11.1%	11.0%	11.1%
Total risk-based capital ratio	13.1%	13.3%	13.1%	13.1%	13.3%
Leverage ratio	9.3%	9.5%	9.3%	9.2%	9.3%
Common equity tier 1 capital to RWA* estimated for the Basel III fully implemented standardized approach	9.2%	9.1%	9.2%	9.2%	9.2%
Advanced Approaches					
Common equity tier 1 capital to RWA for the Basel III transitional advanced approaches	12.3%	12.5%	13.0%	12.9%	12.3%
Common equity tier 1 capital to RWA estimated for the Basel III fully implemented advanced approaches	11.9%	11.9%	12.4%	12.4%	11.8%
Tangible common equity ratio	7.7%	7.6%	7.7%	7.5%	7.6%
Tangible common equity as a % of RWA	9.3%	9.2%	9.3%	9.2%	9.3%

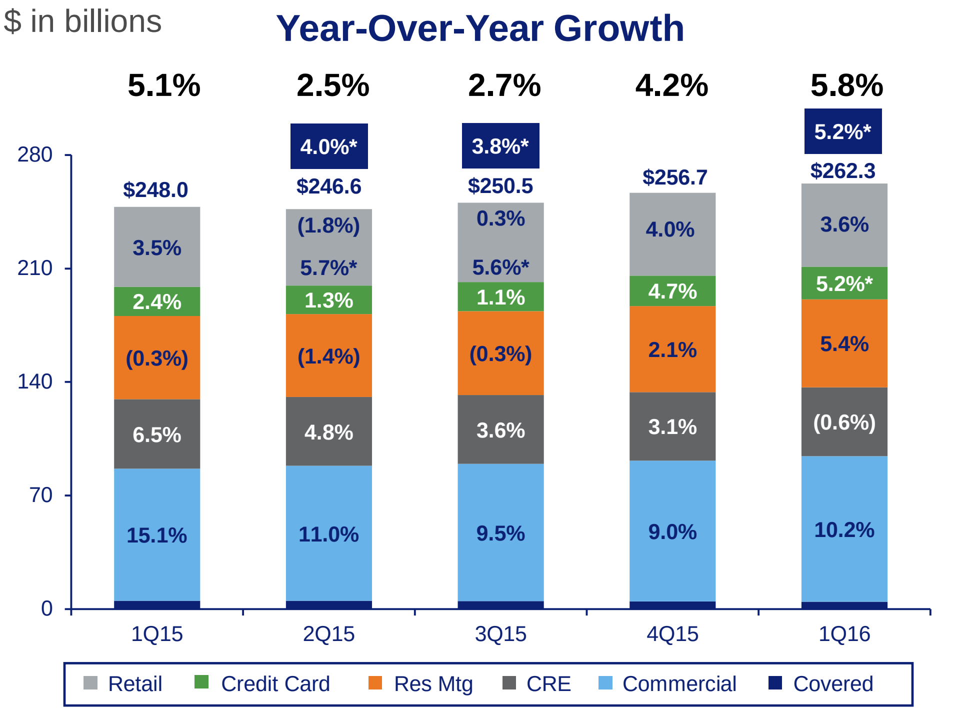
* RWA = risk-weighted assets

Appendix

Average Loans

Average Loans

$ in billions



Key Points

vs. 1Q15

- Average total loans increased by $14.3 billion, or 5.8% (5.2% growth excluding the Fidelity portfolio acquisition at end of 4Q15)
- Average total commercial loans increased $8.3 billion, or 10.2%
- Average retail loans increased 3.6% driven by growth in auto loans

vs. 4Q15

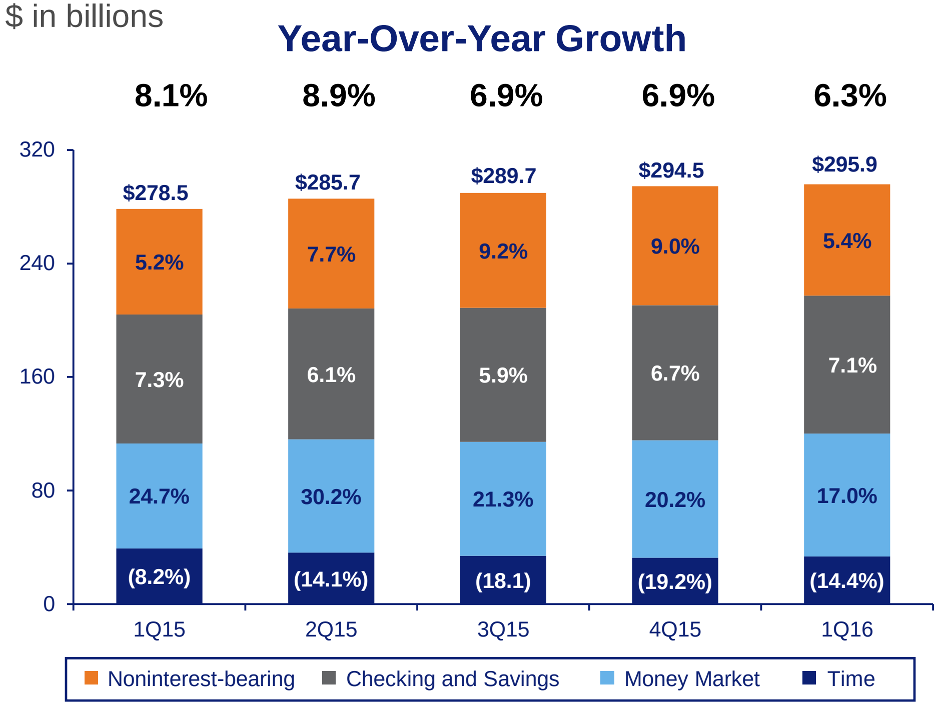
- Average total loans increased by $5.6 billion, or 2.2% (1.6% growth excluding the Fidelity portfolio acquisition at end of 4Q15)
- Average total commercial loans increased $3.0 billion, or 3.5%

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

Average Deposits

Average Deposits

$ in billions



Key Points

vs. 1Q15

- Average total deposits increased by $17.4 billion, or 6.3%
- Average low-cost deposits (NIB, interest checking, money market and savings) increased by $23.1 billion, or 9.7%

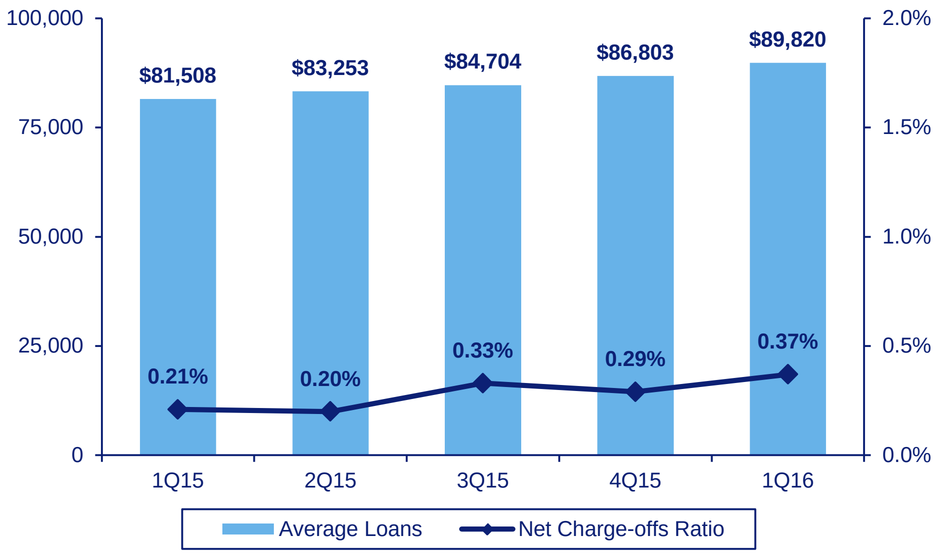
vs. 4Q15

- Average total deposits increased by $1.4 billion, or 0.5%
- Average low-cost deposits increased by $0.4 billion, or 0.1%

Credit Quality – Commercial Loans

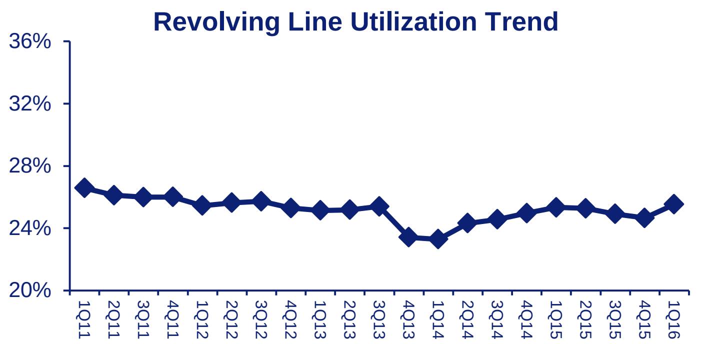
$ in millions

Average Loans and Net Charge-offs Ratios



Key Statistics

	1Q15	4Q15	1Q16
Average Loans	$81,508	$86,803	$89,820
30-89 Delinquencies	0.23%	0.36%	0.21%
90+ Delinquencies	0.05%	0.05%	0.05%
Nonperforming Loans	0.11%	0.20%	0.52%



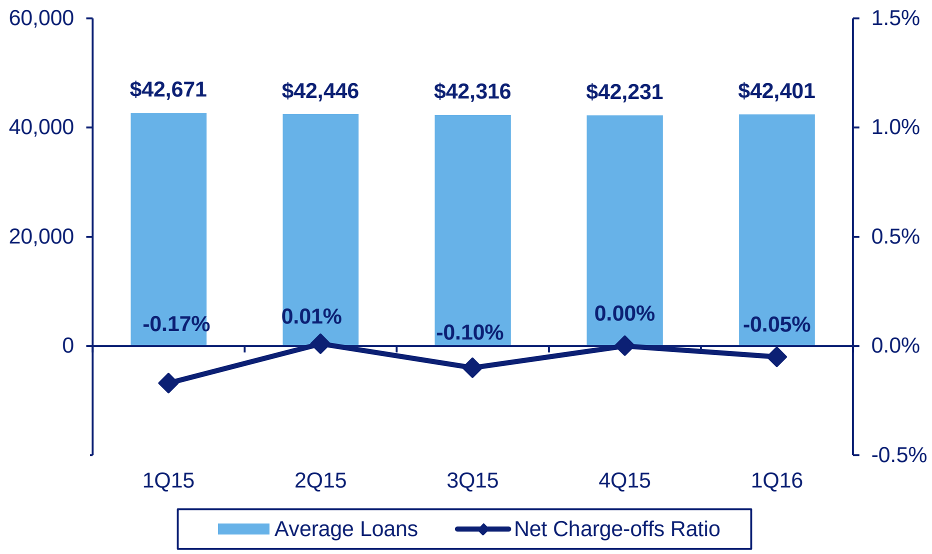
Key Points

- Average linked quarter loan growth of 3.5% and year-over-year loan growth of 10.2% demonstrates continued momentum with customers
- Net charge-offs increased on a linked quarter basis but remained at historically low levels
- Nonperforming loans increased primarily due to weakness in energy
- Line utilization remained relatively stable

Credit Quality – Commercial Real Estate

$ in millions

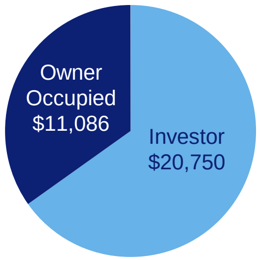
Average Loans and Net Charge-offs Ratios



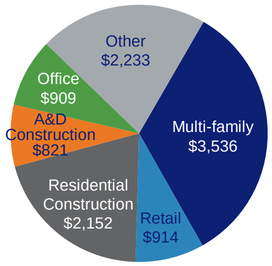
Key Statistics

	1Q15	4Q15	1Q16
Average Loans	$42,671	$42,231	$42,401
30-89 Delinquencies	0.24%	0.21%	0.19%
90+ Delinquencies	0.07%	0.03%	0.04%
Nonperforming Loans	0.51%	0.30%	0.24%
Performing TDRs*	$259	$209	$212

CRE Mortgage



CRE Construction



Key Points

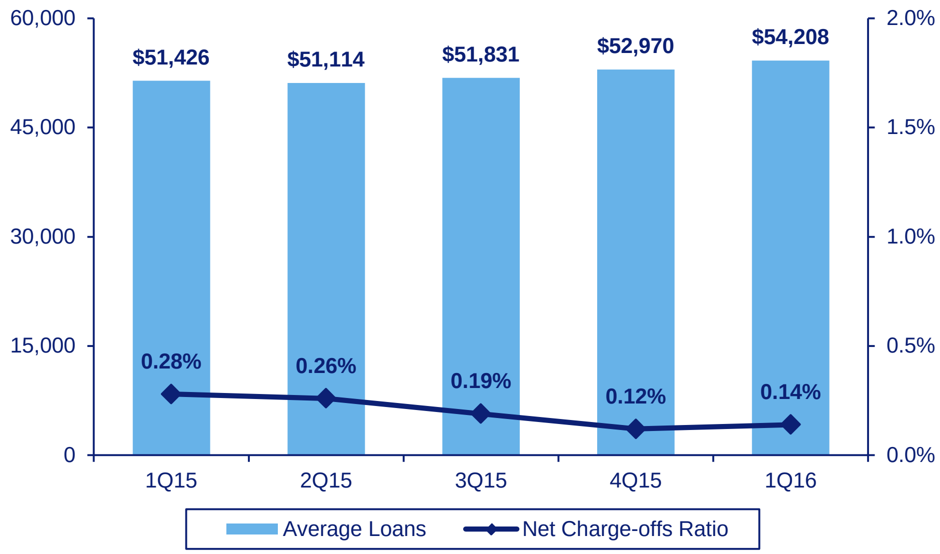
- Year-over-year average loans decreased 0.6% due to disciplined underwriting
- Nonperforming loans remained at historically low levels
- Recoveries within the CRE portfolio continued to largely offset loan charge-offs

* TDR = troubled debt restructuring

Credit Quality – Residential Mortgage

$ in millions

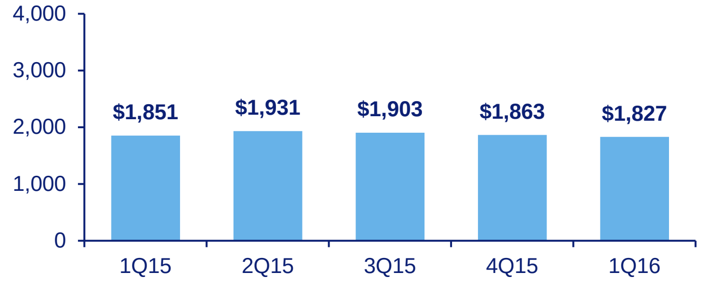
Average Loans and Net Charge-offs Ratios



Key Statistics

	1Q15	4Q15	1Q16
Average Loans	$51,426	$52,970	$54,208
30-89 Delinquencies	0.38%	0.32%	0.24%
90+ Delinquencies	0.33%	0.33%	0.31%
Nonperforming Loans	1.61%	1.33%	1.23%

Residential Mortgage Performing TDRs*



*Excludes GNMA loans, whose repayments are insured by the FHA or guaranteed by the Department of VA ($1,820 million in 1Q16)

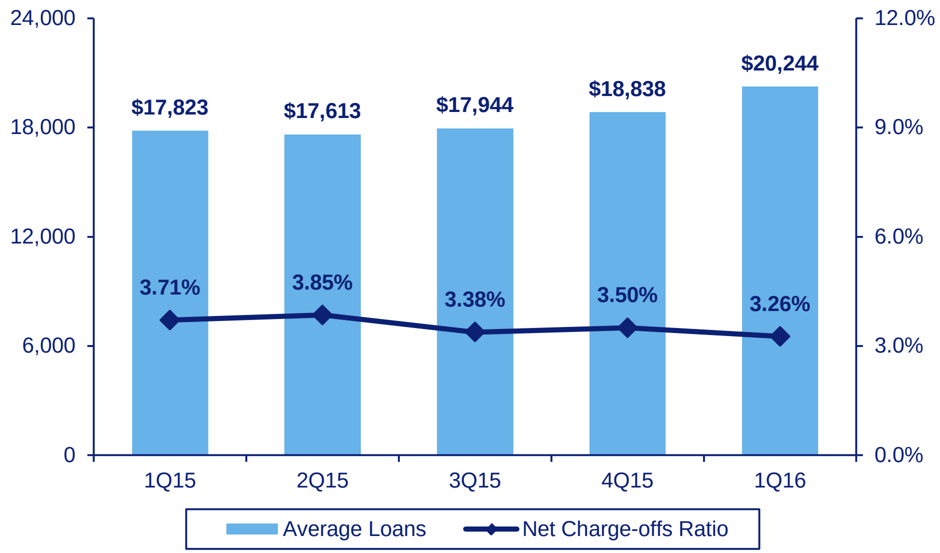
Key Points

- Originations continued to be high credit quality (weighted average FICO 757, weighted average LTV 69%)
- 86% of the balances have been originated since the beginning of 2009; the origination quality metrics and performance to date have significantly outperformed prior vintages with similar seasoning

Credit Quality – Credit Card

$ in millions

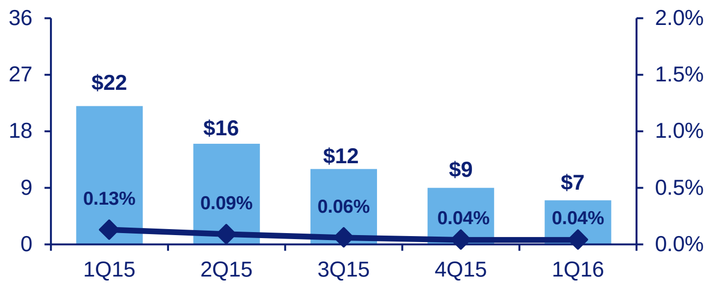
Average Loans and Net Charge-offs Ratios



Key Statistics

	1Q15	4Q15	1Q16
Average Loans	$17,823	$18,838	$20,244
30-89 Delinquencies	1.16%	1.15%	1.09%
90+ Delinquencies	1.19%	1.09%	1.10%
Nonperforming Loans	0.13%	0.04%	0.04%

Credit Card Nonperforming Loans



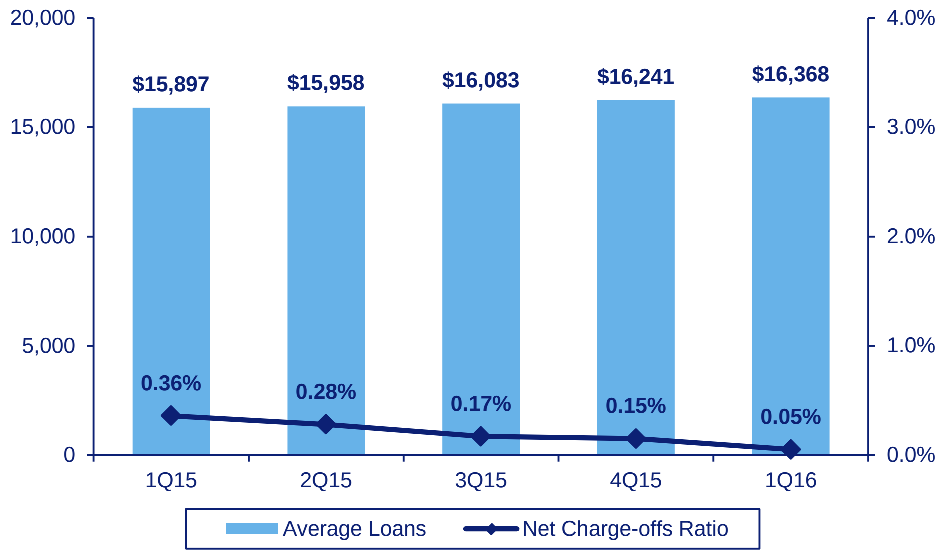
Key Points

- Year-over-year growth in average loans of 13.6% driven, in part, by Fidelity portfolio acquisition at the end of 4Q15
- Origination strength was driven by high credit quality accounts with a commitment weighted average FICO of 758

Credit Quality – Home Equity

$ in millions

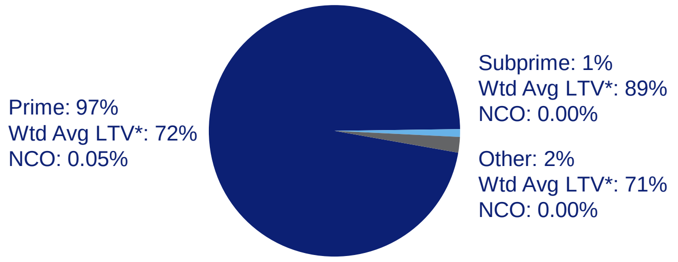
Average Loans and Net Charge-offs Ratios



Key Statistics

	1Q15	4Q15	1Q16
Average Loans	$15,897	$16,241	$16,368
30-89 Delinquencies	0.41%	0.36%	0.39%
90+ Delinquencies	0.25%	0.25%	0.26%
Nonperforming Loans	1.07%	0.83%	0.80%

Home Equity



*LTV at origination

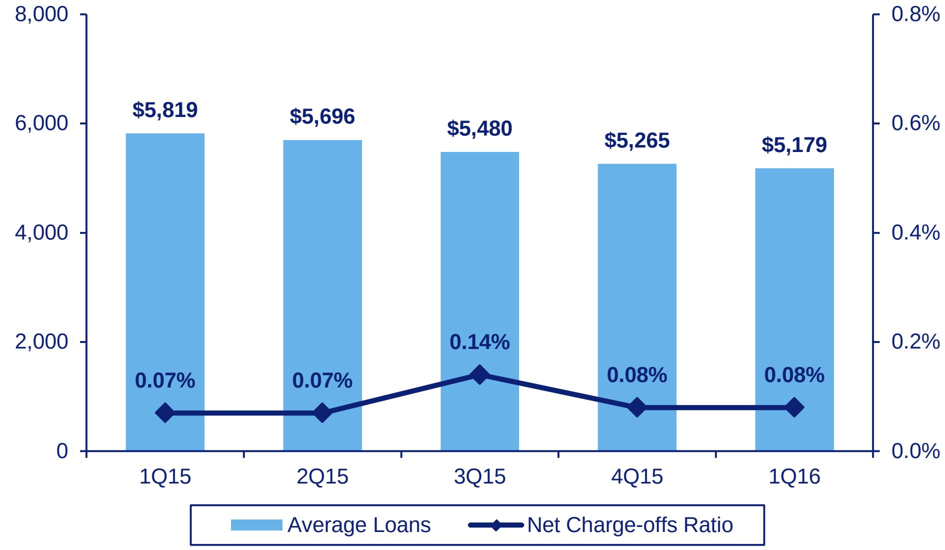
Key Points

- High-quality originations (weighted average FICO on commitments was 763, weighted average CLTV 71%) originated primarily through the retail branch network to existing bank customers on their primary residences
- Net charge-offs ratio continued to decline on a linked quarter and year-over-year basis

Credit Quality – Retail Leasing

$ in millions

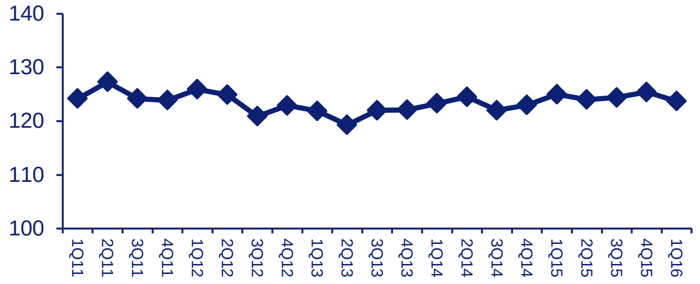
Average Loans and Net Charge-offs Ratios



Key Statistics

	1Q15	4Q15	1Q16
Average Loans	$5,819	$5,265	$5,179
30-89 Delinquencies	0.12%	0.21%	0.17%
90+ Delinquencies	0.00%	0.02%	0.02%
Nonperforming Loans	0.02%	0.06%	0.04%

Manheim Used Vehicle Index*



Key Points

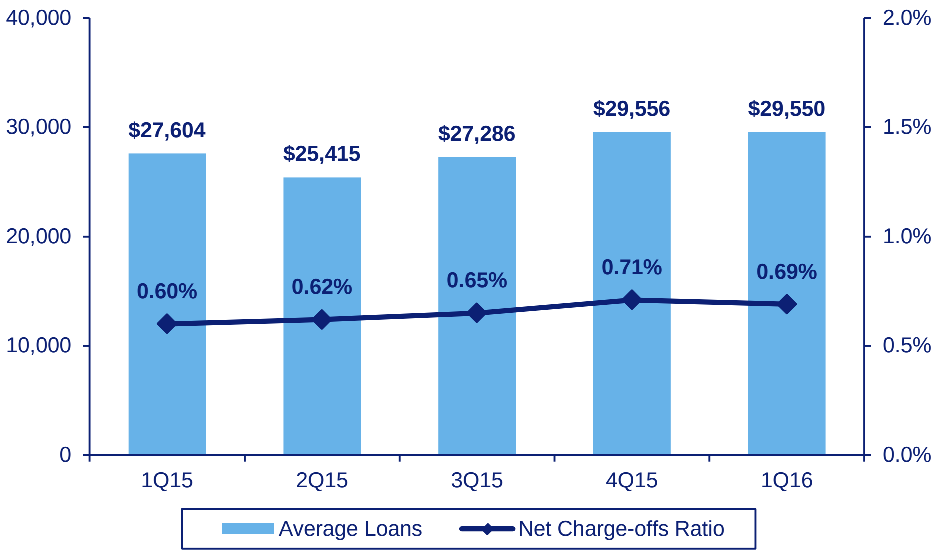
- Continued high-quality originations (weighted average FICO 788) support the portfolio's stable credit profile
- Delinquencies, nonperforming loans, and net charge-offs remained at very low levels

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

Credit Quality – Other Retail

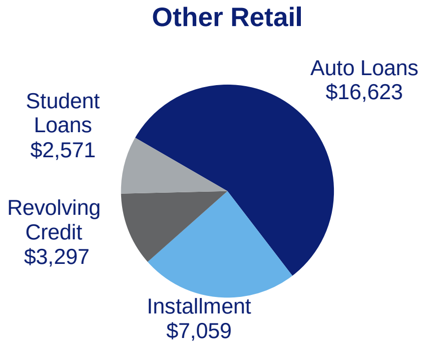
$ in millions

Average Loans and Net Charge-offs Ratios



Key Statistics

	1Q15	4Q15	1Q16
Average Loans	$27,604	$29,556	$29,550
30-89 Delinquencies	0.44%	0.52%	0.42%
90+ Delinquencies	0.11%	0.11%	0.10%
Nonperforming Loans	0.06%	0.08%	0.08%



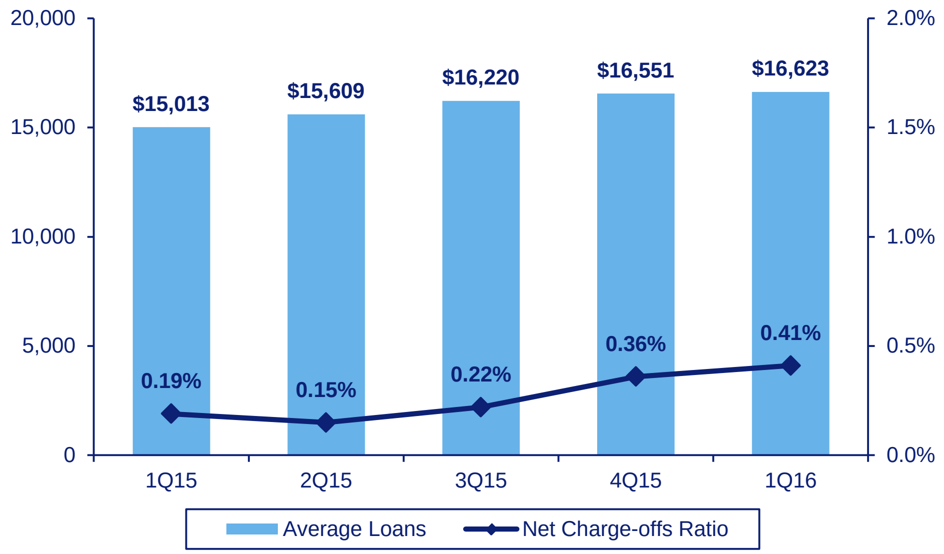
Key Points

- Overall growth continued to be driven by auto loans and installment, which were up 10.7% and 12.5% year-over-year, respectively
- Delinquency rates, nonperforming loans, and net charge-offs remained stable

Credit Quality – Auto Loans

$ in millions

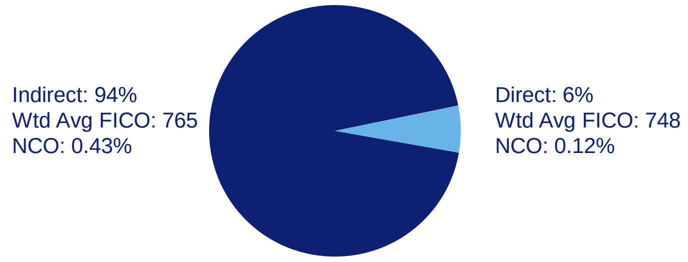
Average Loans and Net Charge-offs Ratios



Key Statistics

	1Q15	4Q15	1Q16
Average Loans	$15,013	$16,551	$16,623
30-89 Delinquencies	0.30%	0.51%	0.39%
90+ Delinquencies	0.01%	0.04%	0.02%
Nonperforming Loans	0.03%	0.07%	0.07%

Indirect and Direct Channel



Key Points

- Continued growth in auto loans driven by high-quality originations in the indirect channel (weighted average FICO 770)
- Net charge-offs were up slightly year-over-year, driven by maturation of growth initiatives

Auto loans are included in Other Retail category

Non-GAAP Financial Measures

(Dollars in Millions, Unaudited)	March 31, 2016		December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Total equity	$47,393		$46,817	$45,767	$45,231	$44,965
Preferred stock	(5,501)		(5,501)	(4,756)	(4,756)	(4,756)
Noncontrolling interests	(638)		(686)	(692)	(694)	(688)
Goodwill (net of deferred tax liability) (1)	(8,270)		(8,295)	(8,324)	(8,350)	(8,360)
Intangible assets, other than mortgage servicing rights	(820)		(838)	(779)	(744)	(783)
Tangible common equity (a)	32,164		31,497	31,216	30,687	30,378
Tangible common equity (as calculated above)	32,164		31,497	31,216	30,687	30,378
Adjustments (2)	99		67	118	125	158
Common equity tier 1 capital estimated for the Basel III fully implemented standardized and advanced approaches (b)	32,263		31,564	31,334	30,812	30,536
Total assets	428,638		421,853	415,943	419,075	410,233
Goodwill (net of deferred tax liability) (1)	(8,270)		(8,295)	(8,324)	(8,350)	(8,360)
Intangible assets, other than mortgage servicing rights	(820)		(838)	(779)	(744)	(783)
Tangible assets (c)	419,548		412,720	406,840	409,981	401,090
Risk-weighted assets, determined in accordance with prescribed transitional standardized approach regulatory requirements (d)	346,227	*	341,360	336,227	333,177	327,709
Adjustments (3)	3,485	*	3,892	3,532	3,532	3,153
Risk-weighted assets estimated for the Basel III fully implemented standardized approach (e)	349,712	*	345,252	339,759	336,709	330,862
Risk-weighted assets, determined in accordance with prescribed transitional advanced approaches regulatory requirements	267,309	*	261,668	248,048	245,038	254,892
Adjustments (4)	3,707	*	4,099	3,723	3,721	3,321
Risk-weighted assets estimated for the Basel III fully implemented advanced approaches (f)	271,016	*	265,767	251,771	248,759	258,213
Ratios*						
Tangible common equity to tangible assets (a)/(c)	7.7	%	7.6 %	7.7 %	7.5 %	7.6 %
Tangible common equity to risk-weighted assets (a)/(d)	9.3		9.2	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)	9.2		9.1	9.2	9.2	9.2
Common equity tier 1 capital to risk-weighted assets estimated for the Basel III fully implemented advanced approaches (b)/(f)	11.9		11.9	12.4	12.4	11.8

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

U.S. Bancorp 1Q16 Earnings Conference Call

April 20, 2016

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