



# News Release

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

### **Earnings Per Diluted Common Share of \$0.76**

**Return on average assets of 1.32 percent and average common equity of 13.0 percent**

**MINNEAPOLIS, April 20, 2016** -- U.S. Bancorp (NYSE: USB) today reported net income of \$1,386 million for the first quarter of 2016, or \$0.76 per diluted common share, compared with \$1,431 million, or \$0.76 per diluted common share, in the first quarter of 2015.

Highlights for the first quarter of 2016 included:

- Industry-leading return on average assets of 1.32 percent, return on average common equity of 13.0 percent and efficiency ratio of 54.6 percent
- Returned 80 percent of first quarter earnings to shareholders through dividends and share buybacks
- Average total loans grew 5.8 percent over the first quarter of 2015 and 2.2 percent on a linked quarter basis (1.6 percent excluding the credit card portfolio acquisition at the end of the fourth quarter 2015)
  - Average total commercial loans grew 10.2 percent over the first quarter of 2015 and 3.5 percent over the fourth quarter of 2015
- Average total deposits grew 6.3 percent over the first quarter of 2015 and 0.5 percent on a linked quarter basis
  - Average low-cost deposits, including noninterest-bearing and total savings deposits, grew 9.7 percent year-over-year
- Net interest income grew 4.9 percent year-over-year and 0.6 percent linked quarter
  - Average earnings assets grew 4.8 percent year-over-year, and 1.4 percent on a linked quarter basis
  - Net interest margin of 3.06 percent for the first quarter of 2016 was the same as the fourth quarter of 2015, down 2 basis points from 3.08 percent in the first quarter of 2015
- Payments-related fee revenue grew 5.1 percent year-over-year, driven by an increase in credit and debit card revenue, including the impact of recent portfolio acquisitions, and merchant processing services revenue

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- Credit quality was relatively stable other than energy-related commercial loans, the deterioration of which impacted the amount of nonperforming assets and the provision for credit losses
  - Energy-related commercial nonperforming assets increased \$257 million linked quarter
  - Reserves for energy-related commercial loans were 9.1 percent of outstanding balances at March 31, 2016, compared with 5.4 percent at December 31, 2015
- Strong capital position. At March 31, 2016, the estimated common equity tier 1 capital to risk-weighted assets ratio was 9.2 percent using the Basel III fully implemented standardized approach and was 11.9 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>Percent</b> | <b>Percent</b> |
|  |             |             | <b>Change</b> | <b>Change</b>  |                |
|  | <b>1Q</b>   | <b>4Q</b>   | <b>1Q</b>     | <b>1Q16 vs</b> | <b>1Q16 vs</b> |
|  | <b>2016</b> | <b>2015</b> | <b>2015</b>   | <b>4Q15</b>    | <b>1Q15</b>    |
| Net income attributable to U.S. Bancorp  | \$1,386     | \$1,476     | \$1,431       | (6.1)          | (3.1)          |
| Diluted earnings per common share        | \$ .76      | \$ .80      | \$ .76        | (5.0)          | --             |
| Return on average assets (%)             | 1.32        | 1.41        | 1.44          |                |                |
| Return on average common equity (%)      | 13.0        | 13.7        | 14.1          |                |                |
| Net interest margin (%)                  | 3.06        | 3.06        | 3.08          |                |                |
| Efficiency ratio (%) (a)                 | 54.6        | 53.9        | 54.3          |                |                |
| Tangible efficiency ratio (%) (a)        | 53.7        | 53.0        | 53.4          |                |                |
| Dividends declared per common share      | \$.255      | \$.255      | \$.245        | --             | 4.1            |
| Book value per common share (period end) | \$23.82     | \$23.28     | \$22.20       | 2.3            | 7.3            |

(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 \$1,386 million for the first quarter of 2016, 3.1 percent lower than the \$1,431 million for the first quarter of 2015, and 6.1 percent lower than the \$1,476 million for the fourth quarter of 2015. Diluted earnings per common share were \$0.76 in the first quarter of 2016, the same as the first quarter of 2015 and \$0.04 lower than the \$0.80 reported for fourth quarter of 2015. The decrease in net income year-over-year was primarily due to a higher provision for credit losses driven by energy-related commercial loan downgrades, lower mortgage banking revenue due to lower production and higher noninterest expense driven by higher compensation expense related to the impact of merit increases

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and higher variable compensation expense, as well as compliance-related matters, partially offset by an increase in net interest income driven by strong loan growth. The decrease in net income on a linked quarter basis was principally due to typical seasonality in some of our business lines, a higher provision for credit losses driven by energy-related loans, as well as the impact of the fourth quarter 2015 gain on the sale of the Health Savings Account deposit portfolio (“HSA deposit sale”). The linked quarter seasonality reflects decreases in fee-based revenue, primarily related to payments and deposit services, and lower costs related to investments in tax-advantaged projects. Other expense increases included higher stock-based and other variable compensation expense.

U.S. Bancorp Chairman and Chief Executive Officer Richard K. Davis said, “U.S. Bancorp is off to a solid start in 2016 as we once again delivered industry-leading performance metrics against a backdrop of global concerns driving long-term interest rates lower and continuing pressure in the energy sector. We continued to produce strong loan and deposit growth which combined with a stable net interest margin, resulted in growth in net interest income. Our payments-related businesses remain strong and we continue to invest in those businesses, as demonstrated by the acquisition of the \$1.6 billion retail card portfolio at the end of 2015. Although the pressures from the energy industry negatively impacted the quarter, we took appropriate measures and remain confident that we are well positioned to continue delivering industry-leading returns throughout the year.

“In addition to these strong fundamentals of our business, we also created value for our shareholders as we returned 80 percent of our first quarter earnings back to shareholders through dividends and share buybacks. We remain committed to balancing decisions about operating efficiencies with opportunities for investments in our franchise as we navigate through a slowly recovering economy. This focus by our management team is vital in order to protect our strong financial position and to ensure that we are delivering the products and services that our customers value.

“I am extremely proud that once again, during the first quarter, U.S. Bancorp was named one of the Most Ethical Companies in the World™ by the Ethisphere Institute, and for the sixth year in a row, the number one Superregional bank by FORTUNE magazine. It is a perfect example of how our 67,000 employees work hard every day to be the most trusted choice for our shareholders, customers, and communities. Every quarter we introduce new products and services to our customers that are designed to improve and unify our customers’ experience with us. We have continued to invest heavily in our mobile banking app and were recognized as a leader in this space by both Keynote and Corporate Insights. These are important developments in a dynamic marketplace where customer needs and expectations are evolving

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rapidly. We are proud to have an innovation focus – built on a foundation of trust – backing all our financial and competitive strength.

“U.S. Bancorp continues to deliver consistent, predictable, repeatable, industry-leading financial results. Our shareholders, customers, and communities know that we will do it well and we will do it right. We have a proven track record of success and we remain confident in our ability to address our customers’ and clients’ distinct financial objectives.”

| <b>INCOME STATEMENT HIGHLIGHTS</b>                                   |             |             |             | <b>Table 2</b> |                |
|--|-------------|-------------|-------------|----------------|----------------|
| (Taxable-equivalent basis, \$ in millions,<br>except per-share data) | <b>1Q</b>   | <b>4Q</b>   | <b>1Q</b>   | <b>Percent</b> | <b>Percent</b> |
|  | <b>2016</b> | <b>2015</b> | <b>2015</b> | <b>Change</b>  | <b>Change</b>  |
|  |             |             |             | <b>1Q16 vs</b> | <b>1Q16 vs</b> |
|  |             |             |             | <b>4Q15</b>    | <b>1Q15</b>    |
| Net interest income  | \$2,888     | \$2,871     | \$2,752     | .6             | 4.9            |
| Noninterest income   | 2,149       | 2,340       | 2,154       | (8.2)          | (.2)           |
| Total net revenue  | 5,037       | 5,211       | 4,906       | (3.3)          | 2.7            |
| Noninterest expense  | 2,749       | 2,809       | 2,665       | (2.1)          | 3.2            |
| Income before provision and taxes                                    | 2,288       | 2,402       | 2,241       | (4.7)          | 2.1            |
| Provision for credit losses  | 330         | 305         | 264         | 8.2            | 25.0           |
| Income before taxes  | 1,958       | 2,097       | 1,977       | (6.6)          | (1.0)          |
| Taxable-equivalent adjustment  | 53          | 52          | 54          | 1.9            | (1.9)          |
| Applicable income taxes  | 504         | 556         | 479         | (9.4)          | 5.2            |
| Net income   | 1,401       | 1,489       | 1,444       | (5.9)          | (3.0)          |
| Net (income) loss attributable to<br>noncontrolling interests        | (15)        | (13)        | (13)        | (15.4)         | (15.4)         |
| Net income attributable to U.S. Bancorp                              | \$1,386     | \$1,476     | \$1,431     | (6.1)          | (3.1)          |
| Net income applicable to U.S. Bancorp<br>common shareholders         | \$1,329     | \$1,404     | \$1,365     | (5.3)          | (2.6)          |
| Diluted earnings per common share                                    | \$.76       | \$.80       | \$.76       | (5.0)          | --             |

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| <b>NET INTEREST INCOME</b>                 |                |                |                | <b>Table 3</b> |                |
|--|----------------|----------------|----------------|----------------|----------------|
| (Taxable-equivalent basis; \$ in millions) |                |                |                |                |                |
|  | <b>1Q</b>      | <b>4Q</b>      | <b>1Q</b>      | <b>Change</b>  | <b>Change</b>  |
|  | <b>2016</b>    | <b>2015</b>    | <b>2015</b>    | <b>1Q16 vs</b> | <b>1Q16 vs</b> |
|  |                |                |                | <b>4Q15</b>    | <b>1Q15</b>    |
| <b>Components of net interest income</b>   |                |                |                |                |                |
| Income on earning assets                   | \$3,275        | \$3,209        | \$3,116        | \$66           | \$159          |
| Expense on interest-bearing liabilities    | 387            | 338            | 364            | 49             | 23             |
| Net interest income                        | <u>\$2,888</u> | <u>\$2,871</u> | <u>\$2,752</u> | <u>\$17</u>    | <u>\$136</u>   |
| <b>Average yields and rates paid</b>       |                |                |                |                |                |
| Earning assets yield                       | 3.48%          | 3.42%          | 3.49%          | .06%           | (.01)%         |
| Rate paid on interest-bearing liabilities  | .56            | .50            | .55            | .06            | .01            |
| Gross interest margin                      | <u>2.92%</u>   | <u>2.92%</u>   | <u>2.94%</u>   | <u>-- %</u>    | <u>(.02)%</u>  |
| Net interest margin                        | <u>3.06%</u>   | <u>3.06%</u>   | <u>3.08%</u>   | <u>-- %</u>    | <u>(.02)%</u>  |
| <b>Average balances</b>                    |                |                |                |                |                |
| Investment securities (a)                  | \$106,031      | \$105,536      | \$100,712      | \$495          | \$5,319        |
| Loans                                      | 262,281        | 256,692        | 247,950        | 5,589          | 14,331         |
| Earning assets                             | 378,208        | 373,091        | 360,841        | 5,117          | 17,367         |
| Interest-bearing liabilities               | 279,516        | 269,940        | 267,882        | 9,576          | 11,634         |
| (a) Excludes unrealized gain (loss)        |                |                |                |                |                |

## Net Interest Income

Net interest income on a taxable-equivalent basis in the first quarter of 2016 was \$2,888 million, an increase of \$136 million (4.9 percent) over the first quarter of 2015. The increase was driven by loan growth and higher rates, partially offset by the impact of a continued shift in loan portfolio mix. Average earning assets were \$17.4 billion (4.8 percent) higher than the first quarter of 2015, driven by increases of \$14.3 billion (5.8 percent) in average total loans and \$5.3 billion (5.3 percent) in average investment securities. Net interest income increased \$17 million (0.6 percent) on a linked quarter basis, primarily due to growth in average total loans and the impact of higher rates, partially offset by one less day in the current quarter. Average total loans were \$5.6 billion (2.2 percent) higher on a linked quarter basis (\$4.1 billion (1.6 percent) excluding the credit card portfolio acquisition at the end of the fourth quarter of 2015.)

The net interest margin in the first quarter of 2016 was 3.06 percent, compared with 3.08 percent in the first quarter of 2015, and 3.06 percent in the fourth quarter of 2015. The decrease in the net interest margin on a year-over-year basis primarily reflected the impact of 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

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maturing securities. On a linked quarter basis, the stable net interest margin was principally due to the impact of higher rates, partially offset by the continued change in loan portfolio mix.

### Investment Securities

Average investment securities in the first quarter of 2016 were \$5.3 billion (5.3 percent) higher year-over-year and \$495 million (0.5 percent) higher than the prior quarter. These increases were primarily due to purchases of U.S. Treasury securities, net of prepayments and maturities, to support regulatory liquidity coverage ratio requirements.

| <b>AVERAGE LOANS</b>                 |                    |                    |                    | <b>Table 4</b>            |                           |
|--------------------------------------|--------------------|--------------------|--------------------|---------------------------|---------------------------|
| (\$ in millions)                     |                    |                    |                    | <b>Percent<br/>Change</b> | <b>Percent<br/>Change</b> |
|                                      | <b>1Q<br/>2016</b> | <b>4Q<br/>2015</b> | <b>1Q<br/>2015</b> | <b>1Q16 vs<br/>4Q15</b>   | <b>1Q16 vs<br/>1Q15</b>   |
| Commercial                           | \$84,582           | \$81,592           | \$76,183           | 3.7                       | 11.0                      |
| Lease financing                      | 5,238              | 5,211              | 5,325              | .5                        | (1.6)                     |
| Total commercial                     | 89,820             | 86,803             | 81,508             | 3.5                       | 10.2                      |
| Commercial mortgages                 | 31,836             | 31,830             | 33,119             | --                        | (3.9)                     |
| Construction and development         | 10,565             | 10,401             | 9,552              | 1.6                       | 10.6                      |
| Total commercial real estate         | 42,401             | 42,231             | 42,671             | .4                        | (.6)                      |
| Residential mortgages                | 54,208             | 52,970             | 51,426             | 2.3                       | 5.4                       |
| Credit card                          | 20,244             | 18,838             | 17,823             | 7.5                       | 13.6                      |
| Retail leasing                       | 5,179              | 5,265              | 5,819              | (1.6)                     | (11.0)                    |
| Home equity and second mortgages     | 16,368             | 16,241             | 15,897             | .8                        | 3.0                       |
| Other                                | 29,550             | 29,556             | 27,604             | --                        | 7.0                       |
| Total other retail                   | 51,097             | 51,062             | 49,320             | .1                        | 3.6                       |
| Total loans, excluding covered loans | 257,770            | 251,904            | 242,748            | 2.3                       | 6.2                       |
| Covered loans                        | 4,511              | 4,788              | 5,202              | (5.8)                     | (13.3)                    |
| Total loans                          | \$262,281          | \$256,692          | \$247,950          | 2.2                       | 5.8                       |

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Loans

Average total loans were \$14.3 billion (5.8 percent) higher in the first quarter of 2016 than the first quarter of 2015, due to growth in total commercial loans (10.2 percent), credit card loans (13.6 percent), residential mortgages (5.4 percent), and total other retail loans (3.6 percent). These increases were partially offset by a decline in total commercial real estate loans (0.6 percent) and covered loans (13.3 percent). Average total loans were \$5.6 billion (2.2 percent) higher in the first quarter of 2016 than the fourth quarter of 2015. The increase was driven by growth in total commercial loans (3.5 percent), residential mortgages (2.3 percent) and credit card loans (7.5 percent). At the end of the fourth quarter of 2015, the Company acquired a credit card portfolio which increased first quarter of 2016 average credit card loans by approximately \$1.5 billion. Excluding the credit card portfolio acquisition, average total loans in the first quarter of 2016 were approximately \$4.1 billion (1.6 percent) higher than the fourth quarter of 2015 and \$12.8 billion (5.2 percent) higher than the first quarter of 2015.

| <b>AVERAGE DEPOSITS</b>           |             |             |             | <b>Table 5</b> |                |
|-----------------------------------|-------------|-------------|-------------|----------------|----------------|
| (\$ in millions)                  |             |             |             | <b>Percent</b> | <b>Percent</b> |
|                                   | <b>1Q</b>   | <b>4Q</b>   | <b>1Q</b>   | <b>Change</b>  | <b>Change</b>  |
|                                   | <b>2016</b> | <b>2015</b> | <b>2015</b> | <b>1Q16 vs</b> | <b>1Q16 vs</b> |
|                                   |             |             |             | <b>4Q15</b>    | <b>1Q15</b>    |
| Noninterest-bearing deposits      | \$78,569    | \$83,894    | \$74,511    | (6.3)          | 5.4            |
| Interest-bearing savings deposits |             |             |             |                |                |
| Interest checking                 | 57,910      | 57,109      | 54,658      | 1.4            | 5.9            |
| Money market savings              | 86,462      | 82,828      | 73,889      | 4.4            | 17.0           |
| Savings accounts                  | 39,250      | 37,991      | 36,033      | 3.3            | 8.9            |
| Total of savings deposits         | 183,622     | 177,928     | 164,580     | 3.2            | 11.6           |
| Time deposits                     | 33,687      | 32,683      | 39,369      | 3.1            | (14.4)         |
| Total interest-bearing deposits   | 217,309     | 210,611     | 203,949     | 3.2            | 6.6            |
| Total deposits                    | \$295,878   | \$294,505   | \$278,460   | .5             | 6.3            |

Deposits

Average total deposits for the first quarter of 2016 were \$17.4 billion (6.3 percent) higher than the first quarter of 2015. Average noninterest-bearing deposits increased \$4.1 billion (5.4 percent) year-over-year, mainly in Wholesale Banking and Commercial Real Estate and Consumer and Small Business Banking. Average total savings deposits were \$19.0 billion (11.6 percent) higher year-over-year, the result of growth

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in Wholesale Banking and Commercial Real Estate, Consumer and Small Business Banking, and Wealth Management and Securities Services. Growth in Consumer and Small Business Banking total savings deposits included net new account growth of 3.2 percent. Average time deposits were \$5.7 billion (14.4 percent) lower than the prior year quarter. Changes in time deposits are largely related to those deposits managed as an alternative to other wholesale funding sources, based on funding needs and relative pricing.

Average total deposits increased \$1.4 billion (0.5 percent) over the fourth quarter of 2015. Average noninterest-bearing deposits decreased \$5.3 billion (6.3 percent) on a linked quarter basis, due to seasonally lower balances in corporate trust and Wholesale Banking and Commercial Real Estate. Average total savings deposits increased \$5.7 billion (3.2 percent), reflecting increases in Wholesale Banking and Commercial Real Estate and Consumer and Small Business Banking. Average time deposits, which are managed based on funding needs and relative pricing, increased \$1.0 billion (3.1 percent) on a linked quarter basis.

| <b>NONINTEREST INCOME</b>            |                |                |                | <b>Table 6</b> |                |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| (\$ in millions)                     |                |                |                | <b>Percent</b> | <b>Percent</b> |
|                                      | <b>1Q</b>      | <b>4Q</b>      | <b>1Q</b>      | <b>Change</b>  | <b>Change</b>  |
|                                      | <b>2016</b>    | <b>2015</b>    | <b>2015</b>    | <b>1Q16 vs</b> | <b>1Q16 vs</b> |
|                                      |                |                |                | <b>4Q15</b>    | <b>1Q15</b>    |
| Credit and debit card revenue        | \$266          | \$294          | \$241          | (9.5)          | 10.4           |
| Corporate payment products revenue   | 170            | 170            | 170            | --             | --             |
| Merchant processing services         | 373            | 393            | 359            | (5.1)          | 3.9            |
| ATM processing services              | 80             | 79             | 78             | 1.3            | 2.6            |
| Trust and investment management fees | 339            | 336            | 322            | .9             | 5.3            |
| Deposit service charges              | 168            | 182            | 161            | (7.7)          | 4.3            |
| Treasury management fees             | 142            | 139            | 137            | 2.2            | 3.6            |
| Commercial products revenue          | 197            | 222            | 200            | (11.3)         | (1.5)          |
| Mortgage banking revenue             | 187            | 211            | 240            | (11.4)         | (22.1)         |
| Investment products fees             | 40             | 44             | 47             | (9.1)          | (14.9)         |
| Securities gains (losses), net       | 3              | 1              | --             | nm             | nm             |
| Other                                | 184            | 269            | 199            | (31.6)         | (7.5)          |
| <b>Total noninterest income</b>      | <b>\$2,149</b> | <b>\$2,340</b> | <b>\$2,154</b> | <b>(8.2)</b>   | <b>(.2)</b>    |

### Noninterest Income

First quarter noninterest income was \$2,149 million, which was \$5 million (0.2 percent) lower than the first quarter of 2015. The year-over-year decrease in noninterest income was primarily due to a decrease in mortgage banking revenue, partially offset by increases in credit and debit card revenue, trust and investment management fees, and merchant processing services revenue. Mortgage banking revenue decreased \$53

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million (22.1 percent) primarily due to lower origination and sales revenue driven by lower volume (a 10 percent decline) and lower pricing as a result of market competition. Credit and debit card revenue increased \$25 million (10.4 percent) reflecting higher transaction volumes including acquired portfolios. Trust and investment management fees increased \$17 million (5.3 percent), reflecting lower fee waivers. Merchant processing services revenue increased \$14 million (3.9 percent) as a result of higher transaction volumes and equipment sales to merchants related to new chip card technology requirements. Adjusted for the approximate \$9 million impact of foreign currency rate changes, year-over-year merchant processing services revenue growth would have been approximately 6.4 percent.

Noninterest income was \$191 million (8.2 percent) lower in the first quarter of 2016 than the fourth quarter of 2015. The decrease in noninterest income on a linked quarter basis reflected the impact of the fourth quarter 2015 HSA deposit sale along with seasonally lower fee-based revenue. Seasonally lower fee-based revenue includes credit and debit card revenue, merchant processing services revenue and deposit service charges. Credit and debit card revenue decreased \$28 million (9.5 percent), primarily due to seasonally lower transaction volumes, partially offset by the impact of recent portfolio acquisitions. Merchant processing services revenue decreased \$20 million (5.1 percent) as a result of seasonally lower product fees and lower equipment sales to merchants related to chip card technology requirements. Deposit service charges decreased \$14 million (7.7 percent) due to seasonally lower transaction volumes. Commercial products revenue decreased \$25 million (11.3 percent) due to lower commercial leasing revenue and lower syndication fees, while mortgage banking revenue was \$24 million (11.4 percent) lower, driven by an unfavorable change in the valuation of mortgage servicing rights, net of hedging activities. Other income decreased \$85 million (31.6 percent) reflecting the impact of the prior quarter HSA deposit sale, lower sales of tax credits and lower retail leasing revenue due to lower end-of-term gains on auto leases driven by lower used car values.

| <b>NONINTEREST EXPENSE</b>         |                |                |                | <b>Table 7</b> |                |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| (\$ in millions)                   |                |                |                | <b>Percent</b> | <b>Percent</b> |
|                                    | <b>1Q</b>      | <b>4Q</b>      | <b>1Q</b>      | <b>Change</b>  | <b>Change</b>  |
|                                    | <b>2016</b>    | <b>2015</b>    | <b>2015</b>    | <b>1Q16 vs</b> | <b>1Q16 vs</b> |
|                                    |                |                |                | <b>4Q15</b>    | <b>1Q15</b>    |
| Compensation                       | \$1,249        | \$1,212        | \$1,179        | 3.1            | 5.9            |
| Employee benefits                  | 300            | 272            | 317            | 10.3           | (5.4)          |
| Net occupancy and equipment        | 248            | 246            | 247            | .8             | .4             |
| Professional services              | 98             | 125            | 77             | (21.6)         | 27.3           |
| Marketing and business development | 77             | 96             | 70             | (19.8)         | 10.0           |
| Technology and communications      | 233            | 230            | 214            | 1.3            | 8.9            |
| Postage, printing and supplies     | 79             | 74             | 82             | 6.8            | (3.7)          |
| Other intangibles                  | 45             | 46             | 43             | (2.2)          | 4.7            |
| Other                              | 420            | 508            | 436            | (17.3)         | (3.7)          |
| <b>Total noninterest expense</b>   | <b>\$2,749</b> | <b>\$2,809</b> | <b>\$2,665</b> | <b>(2.1)</b>   | <b>3.2</b>     |

### Noninterest Expense

First quarter noninterest expense was \$2,749 million, which was \$84 million (3.2 percent) higher than the first quarter of 2015 primarily due to increased compensation expense, professional services expense, and technology and communications expense, partially offset by lower employee benefits and other noninterest expense. Compensation expense increased \$70 million (5.9 percent), principally due to the impact of merit increases and one additional day in the first quarter of 2016 along with higher variable compensation including performance-based incentives and stock-based compensation, which included a one-time all-employee grant. Professional services expense increased \$21 million (27.3 percent) primarily due to compliance-related matters, while technology and communications expense increased \$19 million (8.9 percent) reflecting acquisition conversion costs. Offsetting these increases were lower employee benefits expense of \$17 million (5.4 percent), mainly due to lower pension costs, and a \$16 million (3.7 percent) decrease in other noninterest expense, primarily reflecting the impact of lower mortgage servicing-related expenses as well as proceeds from an insurance recovery.

Noninterest expense decreased \$60 million (2.1 percent) on a linked quarter basis driven by seasonally lower costs related to investments in tax-advantaged projects and lower professional services expense, partially offset by higher compensation and employee benefits expense. Other noninterest expense decreased \$88 million (17.3 percent) reflecting seasonally lower costs related to investments in tax-advantaged projects and the insurance recovery. Professional services expense was \$27 million (21.6 percent) lower compared

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with the fourth quarter of 2015 due to lower costs related to legal and other compliance-related matters. Partially offsetting these declines was an increase in compensation expense of \$37 million (3.1 percent) reflecting the seasonal impact of variable compensation including stock-based compensation grants, and a \$28 million (10.3 percent) increase in employee benefits expense, driven by seasonally higher payroll tax expense.

#### Provision for Income Taxes

The provision for income taxes for the first quarter of 2016 resulted in a tax rate on a taxable-equivalent basis of 28.4 percent (effective tax rate of 26.5 percent), compared with 27.0 percent (effective tax rate of 24.9 percent) in the first quarter of 2015, and 29.0 percent (effective tax rate of 27.2 percent) in the fourth quarter of 2015. The year-over-year increase was the result of resolution of certain tax matters in the first quarter of 2015.

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| <b>ALLOWANCE FOR CREDIT LOSSES</b>  |             |              |             |              |             |              |             | <b>Table 8</b> |             |              |
|---|-------------|--------------|-------------|--------------|-------------|--------------|-------------|----------------|-------------|--------------|
| (\$ in millions)  | <b>1Q</b>   |              | <b>4Q</b>   |              | <b>3Q</b>   |              | <b>2Q</b>   |                | <b>1Q</b>   |              |
|   | <b>2016</b> | <b>% (b)</b> | <b>2015</b> | <b>% (b)</b> | <b>2015</b> | <b>% (b)</b> | <b>2015</b> | <b>% (b)</b>   | <b>2015</b> | <b>% (b)</b> |
| Balance, beginning of period  | \$4,306     |              | \$4,306     |              | \$4,326     |              | \$4,351     |                | \$4,375     |              |
| Net charge-offs   |             |              |             |              |             |              |             |                |             |              |
| Commercial  | 78          | .37          | 58          | .28          | 68          | .34          | 39          | .20            | 40          | .21          |
| Lease financing   | 5           | .38          | 5           | .38          | 3           | .23          | 3           | .23            | 3           | .23          |
| Total commercial  | 83          | .37          | 63          | .29          | 71          | .33          | 42          | .20            | 43          | .21          |
| Commercial mortgages  | (2)         | (.03)        | 2           | .02          | --          | --           | 4           | .05            | (1)         | (.01)        |
| Construction and development  | (3)         | (.11)        | (2)         | (.08)        | (11)        | (.43)        | (3)         | (.12)          | (17)        | (.72)        |
| Total commercial real estate  | (5)         | (.05)        | --          | --           | (11)        | (.10)        | 1           | .01            | (18)        | (.17)        |
| Residential mortgages   | 19          | .14          | 16          | .12          | 25          | .19          | 33          | .26            | 35          | .28          |
| Credit card   | 164         | 3.26         | 166         | 3.50         | 153         | 3.38         | 169         | 3.85           | 163         | 3.71         |
| Retail leasing  | 1           | .08          | 1           | .08          | 2           | .14          | 1           | .07            | 1           | .07          |
| Home equity and second mortgages  | 2           | .05          | 6           | .15          | 7           | .17          | 11          | .28            | 14          | .36          |
| Other   | 51          | .69          | 53          | .71          | 45          | .65          | 39          | .62            | 41          | .60          |
| Total other retail  | 54          | .43          | 60          | .47          | 54          | .44          | 51          | .43            | 56          | .46          |
| Total net charge-offs, excluding covered loans  | 315         | .49          | 305         | .48          | 292         | .47          | 296         | .49            | 279         | .47          |
| Covered loans   | --          | --           | --          | --           | --          | --           | --          | --             | --          | --           |
| Total net charge-offs   | 315         | .48          | 305         | .47          | 292         | .46          | 296         | .48            | 279         | .46          |
| Provision for credit losses   | 330         |              | 305         |              | 282         |              | 281         |                | 264         |              |
| Other changes (a)   | (1)         |              | --          |              | (10)        |              | (10)        |                | (9)         |              |
| Balance, end of period  | \$4,320     |              | \$4,306     |              | \$4,306     |              | \$4,326     |                | \$4,351     |              |
| Components  |             |              |             |              |             |              |             |                |             |              |
| Allowance for loan losses   | \$3,853     |              | \$3,863     |              | \$3,965     |              | \$4,013     |                | \$4,023     |              |
| Liability for unfunded credit commitments   | 467         |              | 443         |              | 341         |              | 313         |                | 328         |              |
| Total allowance for credit losses   | \$4,320     |              | \$4,306     |              | \$4,306     |              | \$4,326     |                | \$4,351     |              |
| Gross charge-offs   | \$405       |              | \$381       |              | \$372       |              | \$380       |                | \$383       |              |
| Gross recoveries  | \$90        |              | \$76        |              | \$80        |              | \$84        |                | \$104       |              |
| Allowance for credit losses as a percentage of  |             |              |             |              |             |              |             |                |             |              |
| Period-end loans, excluding covered loans   | 1.65        |              | 1.67        |              | 1.71        |              | 1.76        |                | 1.79        |              |
| Nonperforming loans, excluding covered loans  | 302         |              | 360         |              | 347         |              | 348         |                | 321         |              |
| Nonperforming assets, excluding covered assets  | 255         |              | 288         |              | 280         |              | 279         |                | 261         |              |
| Period-end loans  | 1.63        |              | 1.65        |              | 1.69        |              | 1.74        |                | 1.77        |              |
| Nonperforming loans   | 303         |              | 361         |              | 347         |              | 349         |                | 322         |              |
| Nonperforming assets  | 251         |              | 283         |              | 275         |              | 274         |                | 257         |              |
| (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  |             |              |             |              |             |              |             |                |             |              |

(MORE)

### Credit Quality

The Company's provision for credit losses for the first quarter of 2016 was \$330 million, which was \$25 million (8.2 percent) higher than the prior quarter and \$66 million (25.0 percent) higher than the first quarter of 2015. The increase in provision was driven by deterioration in the Company's energy-related commercial loan portfolio, reflected by an increase in the Company's criticized and nonperforming loans. Credit quality, excluding the energy-related loan portfolio, was relatively stable.

The provision for credit losses was \$15 million higher than net charge-offs in the first quarter of 2016, equal to net charge-offs in the fourth quarter of 2015 and \$15 million lower than net charge-offs in the first quarter of 2015. The first quarter provision reflects an increase in energy-related credit reserves partially offset by lower reserves related to the Company's retail portfolios. Total net charge-offs in the first quarter of 2016 were \$315 million, compared with \$305 million in the fourth quarter of 2015, and \$279 million in the first quarter of 2015. Net charge-offs increased \$10 million (3.3 percent) compared with the fourth quarter of 2015 mainly due to higher commercial loan charge-offs primarily related to the energy portfolio. Net charge-offs increased \$36 million (12.9 percent) compared with the first quarter of 2015 primarily due to higher commercial loan net charge-offs mainly related to the energy portfolio, partially offset by lower charge-offs related to residential mortgages. The net charge-off ratio was 0.48 percent in the first quarter of 2016 compared with 0.47 percent in the fourth quarter of 2015 and 0.46 percent in the first quarter of 2015.

Nonperforming assets increased to \$1,719 million at March 31, 2016, compared with \$1,523 million at December 31, 2015, and \$1,696 million at March 31, 2015. The ratio of nonperforming assets to loans and other real estate was 0.65 percent at March 31, 2016, compared with 0.58 percent at December 31, 2015, and 0.69 percent at March 31, 2015. The increase in nonperforming assets on both a year-over-year and linked quarter basis was driven by commercial loans to energy-related businesses, partially offset by improvements in the Company's residential and commercial real estate portfolios. Accruing loans 90 days or more past due were \$804 million (\$528 million excluding covered loans) at March 31, 2016 compared with \$831 million (\$541 million excluding covered loans) at December 31, 2015, and \$880 million (\$521 million excluding covered loans) at March 31, 2015.

The allowance for credit losses was \$4,320 million at March 31, 2016, compared with \$4,306 at December 31, 2015, and \$4,351 at March 31, 2015. The ratio of the allowance for credit losses to period-end loans was 1.63 percent at March 31, 2016, compared with 1.65 percent at December 31, 2015, and 1.77 percent at March 31, 2015. The ratio of the allowance for credit losses to nonperforming loans was 303

(MORE)

percent at March 31, 2016, compared with 361 percent at December 31, 2015, and 322 percent at March 31, 2015.

At March 31, 2016, approximately \$3.4 billion of commercial loans (\$11.9 billion of commitments) were to customers in energy-related businesses. Energy-related loans represent 1.3 percent of the Company's total loans outstanding. The continued uncertainty in energy prices has resulted in further deterioration of a portion of these loans which led to an increase in criticized commitments and nonperforming loans on both a year-over-year and linked quarter basis. Energy-related criticized commitments increased by \$2.3 billion in the quarter. Excluding energy-related commitments, criticized assets were 4.8 percent higher linked quarter. Energy-related nonperforming loans increased by \$257 million in the first quarter of 2016. Excluding energy-related loans, nonperforming assets decreased 4.1 percent linked quarter. At March 31, 2016, the Company had credit reserves of 9.1 percent of total outstanding energy loan balances, compared with 5.4 percent of total outstanding energy loan balances at December 31, 2015.

| <b>DELINQUENT LOAN RATIOS AS A PERCENT OF ENDING LOAN BALANCES</b>                     |               |               |               |               | <b>Table 9</b> |
|--|---------------|---------------|---------------|---------------|----------------|
| (Percent)  | <b>Mar 31</b> | <b>Dec 31</b> | <b>Sep 30</b> | <b>Jun 30</b> | <b>Mar 31</b>  |
|  | <b>2016</b>   | <b>2015</b>   | <b>2015</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   | .04           | .03           | .05           | .05           | .07            |
| Residential mortgages  | .31           | .33           | .33           | .30           | .33            |
| Credit card  | 1.10          | 1.09          | 1.10          | 1.03          | 1.19           |
| Other retail   | .15           | .15           | .14           | .14           | .15            |
| Total loans, excluding covered loans   | .20           | .21           | .20           | .19           | .22            |
| Covered loans  | 6.23          | 6.31          | 6.57          | 6.66          | 7.01           |
| Total loans  | .30           | .32           | .32           | .32           | .36            |
| Delinquent loan ratios - 90 days or more past due <b>including</b> nonperforming loans |               |               |               |               |                |
| Commercial   | .57           | .25           | .25           | .16           | .16            |
| Commercial real estate   | .28           | .33           | .39           | .46           | .58            |
| Residential mortgages  | 1.54          | 1.66          | 1.73          | 1.80          | 1.95           |
| Credit card  | 1.14          | 1.13          | 1.16          | 1.12          | 1.32           |
| Other retail   | .45           | .46           | .47           | .51           | .55            |
| Total loans, excluding covered loans   | .75           | .67           | .70           | .70           | .77            |
| Covered loans  | 6.39          | 6.48          | 6.80          | 6.88          | 7.25           |
| Total loans  | .84           | .78           | .81           | .82           | .91            |

(MORE)

| <b>ASSET QUALITY</b>  |               | <b>Table 10</b> |               |               |               |  |
|---|---------------|-----------------|---------------|---------------|---------------|--|
| (\$ in millions)  |               |                 |               |               |               |  |
|   | <b>Mar 31</b> | <b>Dec 31</b>   | <b>Sep 30</b> | <b>Jun 30</b> | <b>Mar 31</b> |  |
|   | <b>2016</b>   | <b>2015</b>     | <b>2015</b>   | <b>2015</b>   | <b>2015</b>   |  |
| Nonperforming loans   |               |                 |               |               |               |  |
| Commercial  | \$457         | \$160           | \$157         | \$78          | \$74          |  |
| Lease financing   | 16            | 14              | 12            | 12            | 13            |  |
| Total commercial  | 473           | 174             | 169           | 90            | 87            |  |
| Commercial mortgages  | 94            | 92              | 105           | 116           | 142           |  |
| Construction and development  | 10            | 35              | 39            | 59            | 75            |  |
| Total commercial real estate  | 104           | 127             | 144           | 175           | 217           |  |
| Residential mortgages   | 677           | 712             | 735           | 769           | 825           |  |
| Credit card   | 7             | 9               | 12            | 16            | 22            |  |
| Other retail  | 157           | 162             | 171           | 178           | 187           |  |
| Total nonperforming loans, excluding covered loans  | 1,418         | 1,184           | 1,231         | 1,228         | 1,338         |  |
| Covered loans   | 7             | 8               | 11            | 11            | 12            |  |
| Total nonperforming loans   | 1,425         | 1,192           | 1,242         | 1,239         | 1,350         |  |
| Other real estate (a)   | 242           | 280             | 276           | 287           | 293           |  |
| Covered other real estate (a)   | 33            | 32              | 31            | 35            | 37            |  |
| Other nonperforming assets  | 19            | 19              | 18            | 16            | 16            |  |
| Total nonperforming assets (b)  | \$1,719       | \$1,523         | \$1,567       | \$1,577       | \$1,696       |  |
| Total nonperforming assets, excluding covered assets  | \$1,679       | \$1,483         | \$1,525       | \$1,531       | \$1,647       |  |
| Accruing loans 90 days or more past due, excluding covered loans                                | \$528         | \$541           | \$510         | \$469         | \$521         |  |
| Accruing loans 90 days or more past due   | \$804         | \$831           | \$825         | \$801         | \$880         |  |
| Performing restructured loans, excluding GNMA and covered loans                                 | \$2,735       | \$2,766         | \$2,746       | \$2,815       | \$2,684       |  |
| Performing restructured GNMA and covered loans  | \$1,851       | \$1,944         | \$2,031       | \$2,111       | \$2,186       |  |
| Nonperforming assets to loans plus ORE, excluding covered assets (%)                            | .64           | .58             | .61           | .63           | .68           |  |
| Nonperforming assets to loans plus ORE (%)  | .65           | .58             | .61           | .63           | .69           |  |
| (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>1Q</b>    | <b>4Q</b>    | <b>3Q</b>    | <b>2Q</b>    | <b>1Q</b>       |
|   | <b>2016</b>  | <b>2015</b>  | <b>2015</b>  | <b>2015</b>  | <b>2015</b>     |
| Beginning shares outstanding  | 1,745        | 1,754        | 1,767        | 1,780        | 1,786           |
| Shares issued for stock incentive plans,<br>acquisitions and other corporate purposes | 3            | 1            | 3            | 1            | 6               |
| Shares repurchased  | (16)         | (10)         | (16)         | (14)         | (12)            |
| Ending shares outstanding   | <u>1,732</u> | <u>1,745</u> | <u>1,754</u> | <u>1,767</u> | <u>1,780</u>    |

### Capital Management

Total U.S. Bancorp shareholders' equity was \$46.8 billion at March 31, 2016, compared with \$46.1 billion at December 31, 2015, and \$44.3 billion at March 31, 2015. During the first quarter, the Company returned 80 percent of earnings to shareholders through dividends and share buybacks.

(MORE)



| <b>CAPITAL POSITION</b>   |               |               |               |               | <b>Table 12</b> |
|---|---------------|---------------|---------------|---------------|-----------------|
| (\$ in millions)  | <b>Mar 31</b> | <b>Dec 31</b> | <b>Sep 30</b> | <b>Jun 30</b> | <b>Mar 31</b>   |
|   | <b>2016</b>   | <b>2015</b>   | <b>2015</b>   | <b>2015</b>   | <b>2015</b>     |
| Total U.S. Bancorp shareholders' equity   | \$46,755      | \$46,131      | \$45,075      | \$44,537      | \$44,277        |
| <b>Standardized Approach</b>  |               |               |               |               |                 |
| Basel III transitional standardized approach  |               |               |               |               |                 |
| Common equity tier 1 capital  | \$32,827      | \$32,612      | \$32,124      | \$31,674      | \$31,308        |
| Tier 1 capital  | 38,532        | 38,431        | 37,197        | 36,748        | 36,382          |
| Total risk-based capital  | 45,412        | 45,313        | 44,015        | 43,526        | 43,558          |
| 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 risk-weighted assets estimated for the Basel III fully implemented standardized approach  | 9.2           | 9.1           | 9.2           | 9.2           | 9.2             |
| <b>Advanced Approaches</b>  |               |               |               |               |                 |
| Common equity tier 1 capital to risk-weighted assets for the Basel III transitional advanced approaches   | 12.3          | 12.5          | 13.0          | 12.9          | 12.3            |
| Common equity tier 1 capital to risk-weighted assets estimated for the Basel III fully implemented advanced approaches  | 11.9          | 11.9          | 12.4          | 12.4          | 11.8            |
| <b>Tangible common equity to tangible assets</b>  | 7.7           | 7.6           | 7.7           | 7.5           | 7.6             |
| <b>Tangible common equity to risk-weighted assets</b>   | 9.3           | 9.2           | 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. |               |               |               |               |                 |

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 9.2 percent at March 31, 2016, compared with 9.1 percent at December 31, 2015, and 9.2 percent at March 31, 2015. The estimated common equity tier 1 capital to risk-weighted assets ratio using the Basel III fully implemented advanced approaches method was 11.9 percent at March 31, 2016, compared with 11.9 percent at December 31, 2015, and 11.8 percent at March 31, 2015.

(MORE)

**On Wednesday, April 20, 2016, at 8:00 a.m. CDT, Richard K. Davis, chairman and chief executive officer, and Kathy Rogers, vice chair 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 43811314. For those unable to participate during the live call, a recording will be available at approximately 11:00 a.m. CDT on Wednesday, April 20 and be accessible through Wednesday, April 27 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 43811314.**

Minneapolis-based U.S. Bancorp (“USB”), with \$429 billion in assets as of March 31, 2016, is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. The Company operates 3,129 banking offices in 25 states and 4,954 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; 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 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 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 measures disclosed by the Company may be considered non-GAAP financial measures.

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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(MORE)

# U.S. Bancorp

## Consolidated Statement of Income

Three Months Ended

(Dollars and Shares in Millions, Except Per Share Data)

(Unaudited)

|  | March 31, |         |
|--|-----------|---------|
|  | 2016      | 2015    |
| <b>Interest Income</b>                                     |           |         |
| Loans  | \$2,644   | \$2,493 |
| Loans held for sale  | 31        | 41      |
| Investment securities                                      | 517       | 495     |
| Other interest income                                      | 29        | 32      |
| Total interest income                                      | 3,221     | 3,061   |
| <b>Interest Expense</b>                                    |           |         |
| Deposits   | 139       | 118     |
| Short-term borrowings                                      | 65        | 61      |
| Long-term debt   | 182       | 184     |
| Total interest expense                                     | 386       | 363     |
| Net interest income  | 2,835     | 2,698   |
| Provision for credit losses                                | 330       | 264     |
| Net interest income after provision for credit losses      | 2,505     | 2,434   |
| <b>Noninterest Income</b>                                  |           |         |
| Credit and debit card revenue                              | 266       | 241     |
| Corporate payment products revenue                         | 170       | 170     |
| Merchant processing services                               | 373       | 359     |
| ATM processing services                                    | 80        | 78      |
| Trust and investment management fees                       | 339       | 322     |
| Deposit service charges                                    | 168       | 161     |
| Treasury management fees                                   | 142       | 137     |
| Commercial products revenue                                | 197       | 200     |
| Mortgage banking revenue                                   | 187       | 240     |
| Investment products fees                                   | 40        | 47      |
| Securities gains (losses), net                             | 3         | --      |
| Other  | 184       | 199     |
| Total noninterest income                                   | 2,149     | 2,154   |
| <b>Noninterest Expense</b>                                 |           |         |
| Compensation   | 1,249     | 1,179   |
| Employee benefits  | 300       | 317     |
| Net occupancy and equipment                                | 248       | 247     |
| Professional services                                      | 98        | 77      |
| Marketing and business development                         | 77        | 70      |
| Technology and communications                              | 233       | 214     |
| Postage, printing and supplies                             | 79        | 82      |
| Other intangibles  | 45        | 43      |
| Other  | 420       | 436     |
| Total noninterest expense                                  | 2,749     | 2,665   |
| Income before income taxes                                 | 1,905     | 1,923   |
| Applicable income taxes                                    | 504       | 479     |
| Net income   | 1,401     | 1,444   |
| Net (income) loss attributable to noncontrolling interests | (15)      | (13)    |
| Net income attributable to U.S. Bancorp                    | \$1,386   | \$1,431 |
| Net income applicable to U.S. Bancorp common shareholders  | \$1,329   | \$1,365 |
| Earnings per common share                                  | \$.77     | \$.77   |
| Diluted earnings per common share                          | \$.76     | \$.76   |
| Dividends declared per common share                        | \$.255    | \$.245  |
| Average common shares outstanding                          | 1,737     | 1,781   |
| Average diluted common shares outstanding                  | 1,743     | 1,789   |

## U.S. Bancorp

### Consolidated Ending Balance Sheet

| (Dollars in Millions)                         | March 31,<br>2016 | December 31,<br>2015 | March 31,<br>2015 |
|---|-------------------|----------------------|-------------------|
| <b>Assets</b>                                 | (Unaudited)       |                      | (Unaudited)       |
| Cash and due from banks                       | \$10,981          | \$11,147             | \$14,072          |
| Investment securities                         |                   |                      |                   |
| Held-to-maturity                              | 42,113            | 43,590               | 45,597            |
| Available-for-sale                            | 64,912            | 61,997               | 56,826            |
| Loans held for sale                           | 4,005             | 3,184                | 8,012             |
| Loans   |                   |                      |                   |
| Commercial                                    | 91,277            | 88,402               | 82,732            |
| Commercial real estate                        | 42,743            | 42,137               | 42,409            |
| Residential mortgages                         | 54,955            | 53,496               | 51,089            |
| Credit card                                   | 19,957            | 21,012               | 17,504            |
| Other retail                                  | 51,161            | 51,206               | 46,449            |
| Total loans, excluding covered loans          | 260,093           | 256,253              | 240,183           |
| Covered loans                                 | 4,429             | 4,596                | 5,118             |
| Total loans                                   | 264,522           | 260,849              | 245,301           |
| Less allowance for loan losses                | (3,853)           | (3,863)              | (4,023)           |
| Net loans                                     | 260,669           | 256,986              | 241,278           |
| Premises and equipment                        | 2,486             | 2,513                | 2,575             |
| Goodwill                                      | 9,368             | 9,361                | 9,363             |
| Other intangible assets                       | 3,042             | 3,350                | 3,033             |
| Other assets                                  | 31,062            | 29,725               | 29,477            |
| Total assets                                  | \$428,638         | \$421,853            | \$410,233         |
| <b>Liabilities and Shareholders' Equity</b>   |                   |                      |                   |
| Deposits                                      |                   |                      |                   |
| Noninterest-bearing                           | \$80,407          | \$83,766             | \$79,220          |
| Interest-bearing                              | 225,941           | 216,634              | 207,381           |
| Total deposits                                | 306,348           | 300,400              | 286,601           |
| Short-term borrowings                         | 23,777            | 27,877               | 28,226            |
| Long-term debt                                | 34,872            | 32,078               | 35,104            |
| Other liabilities                             | 16,248            | 14,681               | 15,337            |
| Total liabilities                             | 381,245           | 375,036              | 365,268           |
| Shareholders' equity                          |                   |                      |                   |
| Preferred stock                               | 5,501             | 5,501                | 4,756             |
| Common stock                                  | 21                | 21                   | 21                |
| Capital surplus                               | 8,368             | 8,376                | 8,315             |
| Retained earnings                             | 47,267            | 46,377               | 43,463            |
| Less treasury stock                           | (13,658)          | (13,125)             | (11,564)          |
| Accumulated other comprehensive income (loss) | (744)             | (1,019)              | (714)             |
| Total U.S. Bancorp shareholders' equity       | 46,755            | 46,131               | 44,277            |
| Noncontrolling interests                      | 638               | 686                  | 688               |
| Total equity                                  | 47,393            | 46,817               | 44,965            |
| Total liabilities and equity                  | \$428,638         | \$421,853            | \$410,233         |

U.S. Bancorp

**Non-GAAP Financial Measures**

| (Dollars in Millions, Unaudited)   | March 31,<br>2016 | December 31,<br>2015 | September 30,<br>2015 | June 30,<br>2015 | March 31,<br>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           |
| <b>Ratios *</b>  |                   |                      |                       |                  |                   |
| 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.

# **Supplemental Consolidated Schedules**

**1Q 2016**



## U.S. Bancorp

### Income Statement Highlights

| (Dollars and Shares in Millions, Except Per Share Data)<br>(Unaudited) | Three Months Ended |                      |                   | Percent Change<br>v. March 31, 2016 |                   |
|--|--------------------|----------------------|-------------------|-------------------------------------|-------------------|
|  | March 31,<br>2016  | December 31,<br>2015 | March 31,<br>2015 | December 31,<br>2015                | March 31,<br>2015 |
| Net interest income (taxable-equivalent basis)                         | \$2,888            | \$2,871              | \$2,752           | .6 %                                | 4.9 %             |
| Noninterest income   | 2,149              | 2,340                | 2,154             | (8.2)                               | (.2)              |
| Total net revenue  | 5,037              | 5,211                | 4,906             | (3.3)                               | 2.7               |
| Noninterest expense  | 2,749              | 2,809                | 2,665             | (2.1)                               | 3.2               |
| Income before provision and income taxes                               | 2,288              | 2,402                | 2,241             | (4.7)                               | 2.1               |
| Provision for credit losses  | 330                | 305                  | 264               | 8.2                                 | 25.0              |
| Income before income taxes   | 1,958              | 2,097                | 1,977             | (6.6)                               | (1.0)             |
| Taxable-equivalent adjustment  | 53                 | 52                   | 54                | 1.9                                 | (1.9)             |
| Applicable income taxes  | 504                | 556                  | 479               | (9.4)                               | 5.2               |
| Net income   | 1,401              | 1,489                | 1,444             | (5.9)                               | (3.0)             |
| Net (income) loss attributable to noncontrolling interests             | (15)               | (13)                 | (13)              | (15.4)                              | (15.4)            |
| Net income attributable to U.S. Bancorp                                | \$1,386            | \$1,476              | \$1,431           | (6.1)                               | (3.1)             |
| Net income applicable to U.S. Bancorp common shareholders              | \$1,329            | \$1,404              | \$1,365           | (5.3)                               | (2.6)             |
| Diluted earnings per common share                                      | \$.76              | \$.80                | \$.76             | (5.0)                               | --                |
| Revenue per diluted common share (a)                                   | \$2.89             | \$2.97               | \$2.74            | (2.7)                               | 5.5               |
| <b>Financial Ratios</b>  |                    |                      |                   |                                     |                   |
| Net interest margin (b)  | 3.06 %             | 3.06 %               | 3.08 %            |                                     |                   |
| Interest yield on average loans (b)                                    | 4.09               | 4.04                 | 4.11              |                                     |                   |
| Rate paid on interest-bearing liabilities (b)                          | .56                | .50                  | .55               |                                     |                   |
| Return on average assets   | 1.32               | 1.41                 | 1.44              |                                     |                   |
| Return on average common equity  | 13.0               | 13.7                 | 14.1              |                                     |                   |
| Efficiency ratio (c)   | 54.6               | 53.9                 | 54.3              |                                     |                   |
| Tangible efficiency ratio (d)  | 53.7               | 53.0                 | 53.4              |                                     |                   |

(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

## Quarterly Consolidated Statement of Income

| (Dollars and Shares in Millions, Except Per Share Data)<br>(Unaudited) | Three Months Ended |                      |                       |                  |                   |
|--|--------------------|----------------------|-----------------------|------------------|-------------------|
|  | March 31,<br>2016  | December 31,<br>2015 | September 30,<br>2015 | June 30,<br>2015 | March 31,<br>2015 |
| <b>Interest Income</b>   |                    |                      |                       |                  |                   |
| Loans  | \$2,644            | \$2,583              | \$2,520               | \$2,463          | \$2,493           |
| Loans held for sale  | 31                 | 40                   | 60                    | 65               | 41                |
| Investment securities  | 517                | 499                  | 502                   | 505              | 495               |
| Other interest income  | 29                 | 34                   | 35                    | 35               | 32                |
| Total interest income  | 3,221              | 3,156                | 3,117                 | 3,068            | 3,061             |
| <b>Interest Expense</b>  |                    |                      |                       |                  |                   |
| Deposits   | 139                | 113                  | 113                   | 113              | 118               |
| Short-term borrowings  | 65                 | 56                   | 66                    | 62               | 61                |
| Long-term debt   | 182                | 168                  | 170                   | 177              | 184               |
| Total interest expense   | 386                | 337                  | 349                   | 352              | 363               |
| Net interest income  | 2,835              | 2,819                | 2,768                 | 2,716            | 2,698             |
| Provision for credit losses  | 330                | 305                  | 282                   | 281              | 264               |
| Net interest income after provision for credit losses                  | 2,505              | 2,514                | 2,486                 | 2,435            | 2,434             |
| <b>Noninterest Income</b>  |                    |                      |                       |                  |                   |
| Credit and debit card revenue  | 266                | 294                  | 269                   | 266              | 241               |
| Corporate payment products revenue                                     | 170                | 170                  | 190                   | 178              | 170               |
| Merchant processing services   | 373                | 393                  | 400                   | 395              | 359               |
| ATM processing services  | 80                 | 79                   | 81                    | 80               | 78                |
| Trust and investment management fees                                   | 339                | 336                  | 329                   | 334              | 322               |
| Deposit service charges  | 168                | 182                  | 185                   | 174              | 161               |
| Treasury management fees   | 142                | 139                  | 143                   | 142              | 137               |
| Commercial products revenue  | 197                | 222                  | 231                   | 214              | 200               |
| Mortgage banking revenue   | 187                | 211                  | 224                   | 231              | 240               |
| Investment products fees   | 40                 | 44                   | 46                    | 48               | 47                |
| Securities gains (losses), net   | 3                  | 1                    | (1)                   | --               | --                |
| Other  | 184                | 269                  | 229                   | 210              | 199               |
| Total noninterest income   | 2,149              | 2,340                | 2,326                 | 2,272            | 2,154             |
| <b>Noninterest Expense</b>   |                    |                      |                       |                  |                   |
| Compensation   | 1,249              | 1,212                | 1,225                 | 1,196            | 1,179             |
| Employee benefits  | 300                | 272                  | 285                   | 293              | 317               |
| Net occupancy and equipment  | 248                | 246                  | 251                   | 247              | 247               |
| Professional services  | 98                 | 125                  | 115                   | 106              | 77                |
| Marketing and business development                                     | 77                 | 96                   | 99                    | 96               | 70                |
| Technology and communications  | 233                | 230                  | 222                   | 221              | 214               |
| Postage, printing and supplies   | 79                 | 74                   | 77                    | 64               | 82                |
| Other intangibles  | 45                 | 46                   | 42                    | 43               | 43                |
| Other  | 420                | 508                  | 459                   | 416              | 436               |
| Total noninterest expense  | 2,749              | 2,809                | 2,775                 | 2,682            | 2,665             |
| Income before income taxes   | 1,905              | 2,045                | 2,037                 | 2,025            | 1,923             |
| Applicable income taxes  | 504                | 556                  | 534                   | 528              | 479               |
| Net income   | 1,401              | 1,489                | 1,503                 | 1,497            | 1,444             |
| Net (income) loss attributable to noncontrolling interests             | (15)               | (13)                 | (14)                  | (14)             | (13)              |
| Net income attributable to U.S. Bancorp                                | \$1,386            | \$1,476              | \$1,489               | \$1,483          | \$1,431           |
| Net income applicable to U.S. Bancorp common shareholders              | \$1,329            | \$1,404              | \$1,422               | \$1,417          | \$1,365           |
| Earnings per common share  | \$.77              | \$.80                | \$.81                 | \$.80            | \$.77             |
| Diluted earnings per common share                                      | \$.76              | \$.80                | \$.81                 | \$.80            | \$.76             |
| Dividends declared per common share                                    | \$.255             | \$.255               | \$.255                | \$.255           | \$.245            |
| Average common shares outstanding                                      | 1,737              | 1,747                | 1,758                 | 1,771            | 1,781             |
| Average diluted common shares outstanding                              | 1,743              | 1,754                | 1,766                 | 1,779            | 1,789             |
| <b>Financial Ratios</b>  |                    |                      |                       |                  |                   |
| Net interest margin (a)  | 3.06 %             | 3.06 %               | 3.04 %                | 3.03 %           | 3.08 %            |
| Interest yield on average loans (a)                                    | 4.09               | 4.04                 | 4.04                  | 4.05             | 4.11              |
| Rate paid on interest-bearing liabilities (a)                          | .56                | .50                  | .52                   | .52              | .55               |
| Return on average assets   | 1.32               | 1.41                 | 1.44                  | 1.46             | 1.44              |
| Return on average common equity  | 13.0               | 13.7                 | 14.1                  | 14.3             | 14.1              |
| Efficiency ratio (b)   | 54.6               | 53.9                 | 53.9                  | 53.2             | 54.3              |
| Tangible efficiency ratio (c)  | 53.7               | 53.0                 | 53.1                  | 52.3             | 53.4              |

(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)                         | March 31,<br>2016 | December 31,<br>2015 | September 30,<br>2015 | June 30,<br>2015 | March 31,<br>2015 |
|---|-------------------|----------------------|-----------------------|------------------|-------------------|
| <b>Assets</b>                                 | (Unaudited)       |                      | (Unaudited)           | (Unaudited)      | (Unaudited)       |
| Cash and due from banks                       | \$10,981          | \$11,147             | \$10,450              | \$17,925         | \$14,072          |
| Investment securities                         |                   |                      |                       |                  |                   |
| Held-to-maturity                              | 42,113            | 43,590               | 44,690                | 46,233           | 45,597            |
| Available-for-sale                            | 64,912            | 61,997               | 60,396                | 57,078           | 56,826            |
| Loans held for sale                           | 4,005             | 3,184                | 4,472                 | 8,498            | 8,012             |
| Loans   |                   |                      |                       |                  |                   |
| Commercial                                    | 91,277            | 88,402               | 85,539                | 84,620           | 82,732            |
| Commercial real estate                        | 42,743            | 42,137               | 42,478                | 42,258           | 42,409            |
| Residential mortgages                         | 54,955            | 53,496               | 52,349                | 51,337           | 51,089            |
| Credit card                                   | 19,957            | 21,012               | 18,583                | 17,788           | 17,504            |
| Other retail                                  | 51,161            | 51,206               | 51,051                | 47,652           | 46,449            |
| Total loans, excluding covered loans          | 260,093           | 256,253              | 250,000               | 243,655          | 240,183           |
| Covered loans                                 | 4,429             | 4,596                | 4,791                 | 4,984            | 5,118             |
| Total loans                                   | 264,522           | 260,849              | 254,791               | 248,639          | 245,301           |
| Less allowance for loan losses                | (3,853)           | (3,863)              | (3,965)               | (4,013)          | (4,023)           |
| Net loans                                     | 260,669           | 256,986              | 250,826               | 244,626          | 241,278           |
| Premises and equipment                        | 2,486             | 2,513                | 2,515                 | 2,551            | 2,575             |
| Goodwill                                      | 9,368             | 9,361                | 9,368                 | 9,374            | 9,363             |
| Other intangible assets                       | 3,042             | 3,350                | 3,176                 | 3,225            | 3,033             |
| Other assets                                  | 31,062            | 29,725               | 30,050                | 29,565           | 29,477            |
| Total assets                                  | \$428,638         | \$421,853            | \$415,943             | \$419,075        | \$410,233         |
| <b>Liabilities and Shareholders' Equity</b>   |                   |                      |                       |                  |                   |
| Deposits                                      |                   |                      |                       |                  |                   |
| Noninterest-bearing                           | \$80,407          | \$83,766             | \$83,549              | \$86,189         | \$79,220          |
| Interest-bearing                              | 225,941           | 216,634              | 211,715               | 210,659          | 207,381           |
| Total deposits                                | 306,348           | 300,400              | 295,264               | 296,848          | 286,601           |
| Short-term borrowings                         | 23,777            | 27,877               | 26,915                | 27,784           | 28,226            |
| Long-term debt                                | 34,872            | 32,078               | 32,504                | 34,141           | 35,104            |
| Other liabilities                             | 16,248            | 14,681               | 15,493                | 15,071           | 15,337            |
| Total liabilities                             | 381,245           | 375,036              | 370,176               | 373,844          | 365,268           |
| Shareholders' equity                          |                   |                      |                       |                  |                   |
| Preferred stock                               | 5,501             | 5,501                | 4,756                 | 4,756            | 4,756             |
| Common stock                                  | 21                | 21                   | 21                    | 21               | 21                |
| Capital surplus                               | 8,368             | 8,376                | 8,362                 | 8,335            | 8,315             |
| Retained earnings                             | 47,267            | 46,377               | 45,413                | 44,434           | 43,463            |
| Less treasury stock                           | (13,658)          | (13,125)             | (12,756)              | (12,144)         | (11,564)          |
| Accumulated other comprehensive income (loss) | (744)             | (1,019)              | (721)                 | (865)            | (714)             |
| Total U.S. Bancorp shareholders' equity       | 46,755            | 46,131               | 45,075                | 44,537           | 44,277            |
| Noncontrolling interests                      | 638               | 686                  | 692                   | 694              | 688               |
| Total equity                                  | 47,393            | 46,817               | 45,767                | 45,231           | 44,965            |
| Total liabilities and equity                  | \$428,638         | \$421,853            | \$415,943             | \$419,075        | \$410,233         |

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

| (Dollars in Millions, Unaudited)                | March 31,<br>2016 | December 31,<br>2015 | September 30,<br>2015 | June 30,<br>2015 | March 31,<br>2015 |
|---|-------------------|----------------------|-----------------------|------------------|-------------------|
| <b>Assets</b>                                   |                   |                      |                       |                  |                   |
| Investment securities                           | \$106,031         | \$105,536            | \$103,943             | \$102,391        | \$100,712         |
| Loans held for sale                             | 3,167             | 4,047                | 6,835                 | 7,908            | 4,338             |
| Loans   |                   |                      |                       |                  |                   |
| Commercial                                      |                   |                      |                       |                  |                   |
| Commercial                                      | 84,582            | 81,592               | 79,486                | 77,932           | 76,183            |
| Lease financing                                 | 5,238             | 5,211                | 5,218                 | 5,321            | 5,325             |
| Total commercial                                | 89,820            | 86,803               | 84,704                | 83,253           | 81,508            |
| Commercial real estate                          |                   |                      |                       |                  |                   |
| Commercial mortgages                            | 31,836            | 31,830               | 32,083                | 32,499           | 33,119            |
| Construction and development                    | 10,565            | 10,401               | 10,233                | 9,947            | 9,552             |
| Total commercial real estate                    | 42,401            | 42,231               | 42,316                | 42,446           | 42,671            |
| Residential mortgages                           | 54,208            | 52,970               | 51,831                | 51,114           | 51,426            |
| Credit card                                     | 20,244            | 18,838               | 17,944                | 17,613           | 17,823            |
| Other retail                                    |                   |                      |                       |                  |                   |
| Retail leasing                                  | 5,179             | 5,265                | 5,480                 | 5,696            | 5,819             |
| Home equity and second mortgages                | 16,368            | 16,241               | 16,083                | 15,958           | 15,897            |
| Other   | 29,550            | 29,556               | 27,286                | 25,415           | 27,604            |
| Total other retail                              | 51,097            | 51,062               | 48,849                | 47,069           | 49,320            |
| Total loans, excluding covered loans            | 257,770           | 251,904              | 245,644               | 241,495          | 242,748           |
| Covered loans                                   | 4,511             | 4,788                | 4,892                 | 5,065            | 5,202             |
| Total loans                                     | 262,281           | 256,692              | 250,536               | 246,560          | 247,950           |
| Other earning assets                            | 6,729             | 6,816                | 7,951                 | 9,569            | 7,841             |
| Total earning assets                            | 378,208           | 373,091              | 369,265               | 366,428          | 360,841           |
| Allowance for loan losses                       | (3,864)           | (3,972)              | (4,031)               | (4,051)          | (4,088)           |
| Unrealized gain (loss) on investment securities | 648               | 540                  | 607                   | 794              | 905               |
| Other assets                                    | 46,565            | 45,463               | 44,598                | 44,730           | 44,178            |
| Total assets                                    | \$421,557         | \$415,122            | \$410,439             | \$407,901        | \$401,836         |
| <b>Liabilities and Shareholders' Equity</b>     |                   |                      |                       |                  |                   |
| Noninterest-bearing deposits                    | \$78,569          | \$83,894             | \$80,940              | \$77,347         | \$74,511          |
| Interest-bearing deposits                       |                   |                      |                       |                  |                   |
| Interest checking                               | 57,910            | 57,109               | 56,888                | 55,205           | 54,658            |
| Money market savings                            | 86,462            | 82,828               | 80,338                | 79,898           | 73,889            |
| Savings accounts                                | 39,250            | 37,991               | 37,480                | 37,071           | 36,033            |
| Time deposits                                   | 33,687            | 32,683               | 34,046                | 36,223           | 39,369            |
| Total interest-bearing deposits                 | 217,309           | 210,611              | 208,752               | 208,397          | 203,949           |
| Short-term borrowings                           | 27,399            | 27,094               | 27,525                | 27,758           | 29,497            |
| Long-term debt                                  | 34,808            | 32,235               | 33,202                | 34,418           | 34,436            |
| Total interest-bearing liabilities              | 279,516           | 269,940              | 269,479               | 270,573          | 267,882           |
| Other liabilities                               | 16,056            | 14,826               | 14,463                | 14,778           | 14,678            |
| Shareholders' equity                            |                   |                      |                       |                  |                   |
| Preferred equity                                | 5,501             | 5,072                | 4,756                 | 4,756            | 4,756             |
| Common equity                                   | 41,237            | 40,701               | 40,111                | 39,758           | 39,322            |
| Total U.S. Bancorp shareholders' equity         | 46,738            | 45,773               | 44,867                | 44,514           | 44,078            |
| Noncontrolling interests                        | 678               | 689                  | 690                   | 689              | 687               |
| Total equity                                    | 47,416            | 46,462               | 45,557                | 45,203           | 44,765            |
| Total liabilities and equity                    | \$421,557         | \$415,122            | \$410,439             | \$407,901        | \$401,836         |

U.S. Bancorp

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

For the Three Months Ended March 31,  
2016 2015

| (Dollars in Millions)<br>(Unaudited)                        | 2016                |                | Yields<br>and<br>Rates | 2015                |                | Yields<br>and<br>Rates | % Change<br>Average<br>Balances |
|---|---------------------|----------------|------------------------|---------------------|----------------|------------------------|---------------------------------|
|   | Average<br>Balances | Interest       |                        | Average<br>Balances | Interest       |                        |                                 |
| <b>Assets</b>   |                     |                |                        |                     |                |                        |                                 |
| Investment securities                                       | \$106,031           | \$545          | 2.06 %                 | \$100,712           | \$526          | 2.09 %                 | 5.3 %                           |
| Loans held for sale   | 3,167               | 31             | 3.92                   | 4,338               | 41             | 3.75                   | (27.0)                          |
| Loans (b)   |                     |                |                        |                     |                |                        |                                 |
| Commercial  | 89,820              | 624            | 2.79                   | 81,508              | 556            | 2.76                   | 10.2                            |
| Commercial real estate                                      | 42,401              | 416            | 3.94                   | 42,671              | 413            | 3.92                   | (.6)                            |
| Residential mortgages                                       | 54,208              | 509            | 3.76                   | 51,426              | 489            | 3.82                   | 5.4                             |
| Credit card   | 20,244              | 549            | 10.91                  | 17,823              | 475            | 10.81                  | 13.6                            |
| Other retail  | 51,097              | 520            | 4.09                   | 49,320              | 505            | 4.15                   | 3.6                             |
| Total loans, excluding covered loans                        | 257,770             | 2,618          | 4.08                   | 242,748             | 2,438          | 4.06                   | 6.2                             |
| Covered loans   | 4,511               | 52             | 4.63                   | 5,202               | 79             | 6.04                   | (13.3)                          |
| Total loans   | 262,281             | 2,670          | 4.09                   | 247,950             | 2,517          | 4.11                   | 5.8                             |
| Other earning assets  | 6,729               | 29             | 1.75                   | 7,841               | 32             | 1.67                   | (14.2)                          |
| Total earning assets  | 378,208             | 3,275          | 3.48                   | 360,841             | 3,116          | 3.49                   | 4.8                             |
| Allowance for loan losses                                   | (3,864)             |                |                        | (4,088)             |                |                        | 5.5                             |
| Unrealized gain (loss) on investment securities             | 648                 |                |                        | 905                 |                |                        | (28.4)                          |
| Other assets  | 46,565              |                |                        | 44,178              |                |                        | 5.4                             |
| Total assets  | <u>\$421,557</u>    |                |                        | <u>\$401,836</u>    |                |                        | 4.9                             |
| <b>Liabilities and Shareholders' Equity</b>                 |                     |                |                        |                     |                |                        |                                 |
| Noninterest-bearing deposits                                | \$78,569            |                |                        | \$74,511            |                |                        | 5.4 %                           |
| Interest-bearing deposits                                   |                     |                |                        |                     |                |                        |                                 |
| Interest checking   | 57,910              | 7              | .05                    | 54,658              | 8              | .06                    | 5.9                             |
| Money market savings  | 86,462              | 73             | .34                    | 73,889              | 42             | .23                    | 17.0                            |
| Savings accounts  | 39,250              | 9              | .09                    | 36,033              | 12             | .14                    | 8.9                             |
| Time deposits   | 33,687              | 50             | .60                    | 39,369              | 56             | .57                    | (14.4)                          |
| Total interest-bearing deposits                             | 217,309             | 139            | .26                    | 203,949             | 118            | .23                    | 6.6                             |
| Short-term borrowings                                       | 27,399              | 66             | .97                    | 29,497              | 62             | .85                    | (7.1)                           |
| Long-term debt  | 34,808              | 182            | 2.10                   | 34,436              | 184            | 2.17                   | 1.1                             |
| Total interest-bearing liabilities                          | 279,516             | 387            | .56                    | 267,882             | 364            | .55                    | 4.3                             |
| Other liabilities   | 16,056              |                |                        | 14,678              |                |                        | 9.4                             |
| Shareholders' equity  |                     |                |                        |                     |                |                        |                                 |
| Preferred equity  | 5,501               |                |                        | 4,756               |                |                        | 15.7                            |
| Common equity   | 41,237              |                |                        | 39,322              |                |                        | 4.9                             |
| Total U.S. Bancorp shareholders' equity                     | 46,738              |                |                        | 44,078              |                |                        | 6.0                             |
| Noncontrolling interests                                    | 678                 |                |                        | 687                 |                |                        | (1.3)                           |
| Total equity  | 47,416              |                |                        | 44,765              |                |                        | 5.9                             |
| Total liabilities and equity                                | <u>\$421,557</u>    |                |                        | <u>\$401,836</u>    |                |                        | 4.9                             |
| Net interest income   |                     | <u>\$2,888</u> |                        |                     | <u>\$2,752</u> |                        |                                 |
| Gross interest margin                                       |                     |                | 2.92 %                 |                     |                | 2.94 %                 |                                 |
| Gross interest margin without taxable-equivalent increments |                     |                | 2.86                   |                     |                | 2.88                   |                                 |
| <b>Percent of Earning Assets</b>                            |                     |                |                        |                     |                |                        |                                 |
| Interest income   |                     |                | 3.48 %                 |                     |                | 3.49 %                 |                                 |
| Interest expense  |                     |                | .42                    |                     |                | .41                    |                                 |
| Net interest margin   |                     |                | 3.06 %                 |                     |                | 3.08 %                 |                                 |
| Net interest margin without taxable-equivalent increments   |                     |                | 3.00 %                 |                     |                | 3.02 %                 |                                 |

(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.

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

For the Three Months Ended  
 March 31, 2016 December 31, 2015

| (Dollars in Millions)<br>(Unaudited)                        | Average<br>Balances | Interest       | Yields<br>and<br>Rates | Average<br>Balances | Interest       | Yields<br>and<br>Rates | % Change<br>Average<br>Balances |
|---|---------------------|----------------|------------------------|---------------------|----------------|------------------------|---------------------------------|
| <b>Assets</b>   |                     |                |                        |                     |                |                        |                                 |
| Investment securities                                       | \$106,031           | \$545          | 2.06 %                 | \$105,536           | \$528          | 2.00 %                 | .5 %                            |
| Loans held for sale   | 3,167               | 31             | 3.92                   | 4,047               | 40             | 3.94                   | (21.7)                          |
| Loans (b)   |                     |                |                        |                     |                |                        |                                 |
| Commercial  | 89,820              | 624            | 2.79                   | 86,803              | 585            | 2.68                   | 3.5                             |
| Commercial real estate                                      | 42,401              | 416            | 3.94                   | 42,231              | 417            | 3.92                   | .4                              |
| Residential mortgages                                       | 54,208              | 509            | 3.76                   | 52,970              | 501            | 3.77                   | 2.3                             |
| Credit card   | 20,244              | 549            | 10.91                  | 18,838              | 525            | 11.06                  | 7.5                             |
| Other retail  | 51,097              | 520            | 4.09                   | 51,062              | 525            | 4.08                   | .1                              |
| Total loans, excluding covered loans                        | <u>257,770</u>      | <u>2,618</u>   | 4.08                   | <u>251,904</u>      | <u>2,553</u>   | 4.03                   | 2.3                             |
| Covered loans   | 4,511               | 52             | 4.63                   | 4,788               | 55             | 4.60                   | (5.8)                           |
| Total loans   | <u>262,281</u>      | <u>2,670</u>   | 4.09                   | <u>256,692</u>      | <u>2,608</u>   | 4.04                   | 2.2                             |
| Other earning assets  | 6,729               | 29             | 1.75                   | 6,816               | 33             | 1.95                   | (1.3)                           |
| Total earning assets  | <u>378,208</u>      | <u>3,275</u>   | 3.48                   | <u>373,091</u>      | <u>3,209</u>   | 3.42                   | 1.4                             |
| Allowance for loan losses                                   | (3,864)             |                |                        | (3,972)             |                |                        | 2.7                             |
| Unrealized gain (loss) on investment securities             | 648                 |                |                        | 540                 |                |                        | 20.0                            |
| Other assets  | 46,565              |                |                        | 45,463              |                |                        | 2.4                             |
| Total assets  | <u>\$421,557</u>    |                |                        | <u>\$415,122</u>    |                |                        | 1.6                             |
| <b>Liabilities and Shareholders' Equity</b>                 |                     |                |                        |                     |                |                        |                                 |
| Noninterest-bearing deposits                                | \$78,569            |                |                        | \$83,894            |                |                        | (6.3) %                         |
| Interest-bearing deposits                                   |                     |                |                        |                     |                |                        |                                 |
| Interest checking   | 57,910              | 7              | .05                    | 57,109              | 7              | .05                    | 1.4                             |
| Money market savings  | 86,462              | 73             | .34                    | 82,828              | 53             | .25                    | 4.4                             |
| Savings accounts  | 39,250              | 9              | .09                    | 37,991              | 8              | .09                    | 3.3                             |
| Time deposits   | 33,687              | 50             | .60                    | 32,683              | 45             | .54                    | 3.1                             |
| Total interest-bearing deposits                             | <u>217,309</u>      | <u>139</u>     | .26                    | <u>210,611</u>      | <u>113</u>     | .21                    | 3.2                             |
| Short-term borrowings                                       | 27,399              | 66             | .97                    | 27,094              | 57             | .82                    | 1.1                             |
| Long-term debt  | 34,808              | 182            | 2.10                   | 32,235              | 168            | 2.08                   | 8.0                             |
| Total interest-bearing liabilities                          | <u>279,516</u>      | <u>387</u>     | .56                    | <u>269,940</u>      | <u>338</u>     | .50                    | 3.5                             |
| Other liabilities   | 16,056              |                |                        | 14,826              |                |                        | 8.3                             |
| Shareholders' equity  |                     |                |                        |                     |                |                        |                                 |
| Preferred equity  | 5,501               |                |                        | 5,072               |                |                        | 8.5                             |
| Common equity   | 41,237              |                |                        | 40,701              |                |                        | 1.3                             |
| Total U.S. Bancorp shareholders' equity                     | <u>46,738</u>       |                |                        | <u>45,773</u>       |                |                        | 2.1                             |
| Noncontrolling interests                                    | 678                 |                |                        | 689                 |                |                        | (1.6)                           |
| Total equity  | <u>47,416</u>       |                |                        | <u>46,462</u>       |                |                        | 2.1                             |
| Total liabilities and equity                                | <u>\$421,557</u>    |                |                        | <u>\$415,122</u>    |                |                        | 1.6                             |
| Net interest income   |                     | <u>\$2,888</u> |                        |                     | <u>\$2,871</u> |                        |                                 |
| Gross interest margin                                       |                     |                | 2.92 %                 |                     |                | 2.92 %                 |                                 |
| Gross interest margin without taxable-equivalent increments |                     |                | <u>2.86</u>            |                     |                | <u>2.86</u>            |                                 |
| <b>Percent of Earning Assets</b>                            |                     |                |                        |                     |                |                        |                                 |
| Interest income   |                     |                | 3.48 %                 |                     |                | 3.42 %                 |                                 |
| Interest expense  |                     |                | .42                    |                     |                | .36                    |                                 |
| Net interest margin   |                     |                | <u>3.06 %</u>          |                     |                | <u>3.06 %</u>          |                                 |
| Net interest margin without taxable-equivalent increments   |                     |                | <u>3.00 %</u>          |                     |                | <u>3.00 %</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  
**Loan Portfolio**

|                                      | March 31, 2016 |                  | December 31, 2015 |                  | September 30, 2015 |                  | June 30, 2015 |                  | March 31, 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                           | \$85,986       | 32.5 %           | \$83,116          | 31.9 %           | \$80,313           | 31.5 %           | \$79,323      | 31.9 %           | \$77,394       | 31.5 %           |
| Lease financing                      | 5,291          | 2.0              | 5,286             | 2.0              | 5,226              | 2.1              | 5,297         | 2.1              | 5,338          | 2.2              |
| Total commercial                     | 91,277         | 34.5             | 88,402            | 33.9             | 85,539             | 33.6             | 84,620        | 34.0             | 82,732         | 33.7             |
| <b>Commercial real estate</b>        |                |                  |                   |                  |                    |                  |               |                  |                |                  |
| Commercial mortgages                 | 31,936         | 12.1             | 31,773            | 12.2             | 32,089             | 12.6             | 32,060        | 12.9             | 32,755         | 13.4             |
| Construction and development         | 10,807         | 4.1              | 10,364            | 3.9              | 10,389             | 4.1              | 10,198        | 4.1              | 9,654          | 3.9              |
| Total commercial real estate         | 42,743         | 16.2             | 42,137            | 16.1             | 42,478             | 16.7             | 42,258        | 17.0             | 42,409         | 17.3             |
| <b>Residential mortgages</b>         |                |                  |                   |                  |                    |                  |               |                  |                |                  |
| Residential mortgages                | 41,742         | 15.8             | 40,425            | 15.5             | 39,341             | 15.4             | 38,310        | 15.4             | 38,153         | 15.5             |
| Home equity loans, first liens       | 13,213         | 5.0              | 13,071            | 5.0              | 13,008             | 5.1              | 13,027        | 5.2              | 12,936         | 5.3              |
| Total residential mortgages          | 54,955         | 20.8             | 53,496            | 20.5             | 52,349             | 20.5             | 51,337        | 20.6             | 51,089         | 20.8             |
| <b>Credit card</b>                   | 19,957         | 7.5              | 21,012            | 8.1              | 18,583             | 7.3              | 17,788        | 7.2              | 17,504         | 7.2              |
| <b>Other retail</b>                  |                |                  |                   |                  |                    |                  |               |                  |                |                  |
| Retail leasing                       | 5,268          | 2.0              | 5,232             | 2.0              | 5,387              | 2.1              | 5,616         | 2.3              | 5,796          | 2.3              |
| Home equity and second mortgages     | 16,332         | 6.2              | 16,384            | 6.3              | 16,188             | 6.3              | 16,071        | 6.5              | 15,859         | 6.5              |
| Revolving credit                     | 3,220          | 1.2              | 3,354             | 1.3              | 3,334              | 1.3              | 3,289         | 1.3              | 3,233          | 1.3              |
| Installment                          | 7,162          | 2.7              | 7,030             | 2.7              | 6,949              | 2.7              | 6,741         | 2.7              | 6,345          | 2.6              |
| Automobile                           | 16,657         | 6.3              | 16,587            | 6.3              | 16,484             | 6.5              | 15,935        | 6.4              | 15,216         | 6.2              |
| Student                              | 2,522          | .9               | 2,619             | 1.0              | 2,709              | 1.1              | --            | --               | --             | --               |
| Total other retail                   | 51,161         | 19.3             | 51,206            | 19.6             | 51,051             | 20.0             | 47,652        | 19.2             | 46,449         | 18.9             |
| Total loans, excluding covered loans | 260,093        | 98.3             | 256,253           | 98.2             | 250,000            | 98.1             | 243,655       | 98.0             | 240,183        | 97.9             |
| <b>Covered loans</b>                 | 4,429          | 1.7              | 4,596             | 1.8              | 4,791              | 1.9              | 4,984         | 2.0              | 5,118          | 2.1              |
| Total loans                          | \$264,522      | 100.0 %          | \$260,849         | 100.0 %          | \$254,791          | 100.0 %          | \$248,639     | 100.0 %          | \$245,301      | 100.0 %          |

U.S. Bancorp

**Supplemental Financial Data**

| (Dollars in Millions, Unaudited)   | March 31,<br>2016 | December 31,<br>2015 | September 30,<br>2015 | June 30,<br>2015 | March 31,<br>2015 |
|------------------------------------|-------------------|----------------------|-----------------------|------------------|-------------------|
| <b>Book value of intangibles</b>   |                   |                      |                       |                  |                   |
| Goodwill                           | \$9,368           | \$9,361              | \$9,368               | \$9,374          | \$9,363           |
| Merchant processing contracts      | 128               | 135                  | 144                   | 154              | 162               |
| Core deposit benefits              | 186               | 194                  | 205                   | 214              | 225               |
| Mortgage servicing rights          | 2,222             | 2,512                | 2,397                 | 2,481            | 2,250             |
| Trust relationships                | 71                | 75                   | 80                    | 86               | 91                |
| Other identified intangibles       | 435               | 434                  | 350                   | 290              | 305               |
| Total                              | <u>\$12,410</u>   | <u>\$12,711</u>      | <u>\$12,544</u>       | <u>\$12,599</u>  | <u>\$12,396</u>   |
| <b>Three Months Ended</b>          |                   |                      |                       |                  |                   |
|                                    | March 31,<br>2016 | December 31,<br>2015 | September 30,<br>2015 | June 30,<br>2015 | March 31,<br>2015 |
| <b>Amortization of intangibles</b> |                   |                      |                       |                  |                   |
| Merchant processing contracts      | \$7               | \$9                  | \$8                   | \$9              | \$9               |
| Core deposit benefits              | 9                 | 10                   | 10                    | 10               | 10                |
| Trust relationships                | 4                 | 5                    | 6                     | 5                | 5                 |
| Other identified intangibles       | 25                | 22                   | 18                    | 19               | 19                |
| Total                              | <u>\$45</u>       | <u>\$46</u>          | <u>\$42</u>           | <u>\$43</u>      | <u>\$43</u>       |



# **Supplemental Credit Schedules**

**1Q 2016**

# U.S. Bancorp

## Residential Mortgages

| (Dollars in Millions, Unaudited)                 | March 31,<br>2016 | December 31,<br>2015 | September 30,<br>2015 | June 30,<br>2015 | March 31,<br>2015 |
|--|-------------------|----------------------|-----------------------|------------------|-------------------|
| <b>Prime Borrowers</b>                           |                   |                      |                       |                  |                   |
| Loans outstanding                                | \$48,605          | \$46,989             | \$45,691              | \$44,516         | \$43,957          |
| Nonperforming loans                              | 501               | 523                  | 540                   | 566              | 605               |
| <b>Delinquency Ratios</b>                        |                   |                      |                       |                  |                   |
| 30-89 days past due                              | .21 %             | .25 %                | .29 %                 | .32 %            | .30 %             |
| 90 days or more past due                         | .27               | .30                  | .30                   | .27              | .29               |
| Nonperforming loans                              | 1.03              | 1.12                 | 1.18                  | 1.27             | 1.38              |
| <b>Sub-Prime Borrowers</b>                       |                   |                      |                       |                  |                   |
| Loans outstanding                                | \$1,035           | \$1,072              | \$1,111               | \$1,150          | \$1,191           |
| Nonperforming loans                              | 152               | 164                  | 169                   | 176              | 194               |
| <b>Delinquency Ratios</b>                        |                   |                      |                       |                  |                   |
| 30-89 days past due                              | 2.41 %            | 3.92 %               | 3.42 %                | 3.83 %           | 3.78 %            |
| 90 days or more past due                         | 2.90              | 2.52                 | 2.61                  | 2.35             | 2.77              |
| Nonperforming loans                              | 14.69             | 15.30                | 15.21                 | 15.30            | 16.29             |
| <b>Other Borrowers</b>                           |                   |                      |                       |                  |                   |
| Loans outstanding                                | \$591             | \$625                | \$672                 | \$726            | \$775             |
| Nonperforming loans                              | 24                | 25                   | 26                    | 27               | 26                |
| <b>Delinquency Ratios</b>                        |                   |                      |                       |                  |                   |
| 30-89 days past due                              | 1.19 %            | 1.60 %               | 1.34 %                | 1.24 %           | 1.42 %            |
| 90 days or more past due                         | 1.35              | 1.12                 | 1.04                  | 1.10             | .90               |
| Nonperforming loans                              | 4.06              | 4.00                 | 3.87                  | 3.72             | 3.36              |
| <b>Loans Purchased From GNMA Mortgage Pools*</b> |                   |                      |                       |                  |                   |
| Loans outstanding                                | \$4,724           | \$4,810              | \$4,875               | \$4,945          | \$5,166           |

|   | Three Months Ended |                      |                       |                  |                   |
|---|--------------------|----------------------|-----------------------|------------------|-------------------|
|   | March 31,<br>2016  | December 31,<br>2015 | September 30,<br>2015 | June 30,<br>2015 | March 31,<br>2015 |
| <b>Prime Borrowers</b>                          |                    |                      |                       |                  |                   |
| Net charge-offs                                 | \$14               | \$11                 | \$15                  | \$22             | \$21              |
| Net charge-off ratio                            | .12 %              | .09 %                | .13 %                 | .20 %            | .19 %             |
| <b>Sub-Prime Borrowers</b>                      |                    |                      |                       |                  |                   |
| Net charge-offs                                 | \$4                | \$4                  | \$8                   | \$8              | \$10              |
| Net charge-off ratio                            | 1.54 %             | 1.46 %               | 2.82 %                | 2.76 %           | 3.37 %            |
| <b>Other Borrowers</b>                          |                    |                      |                       |                  |                   |
| Net charge-offs                                 | \$1                | \$1                  | \$2                   | \$2              | \$2               |
| Net charge-off ratio                            | .67 %              | .62 %                | 1.15 %                | 1.08 %           | 1.03 %            |
| <b>Loans Purchased From GNMA Mortgage Pools</b> |                    |                      |                       |                  |                   |
| Net charge-offs                                 | \$--               | \$--                 | \$--                  | \$1              | \$2               |
| Net charge-off ratio                            | -- %               | -- %                 | -- %                  | .08 %            | .16 %             |

\* 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)

| March 31, 2016                           | Loans<br>Outstanding | As a Percent<br>of Total Loan<br>Balances | Weighted Average Credit Score |         | Weighted Average Loan-to-Value |         |
|--|----------------------|---|-------------------------------|---------|--------------------------------|---------|
|  |                      |   | At<br>Origination             | Updated | At<br>Origination              | Updated |
| <b>PORTFOLIO PROFILE</b>                 |                      |   |                               |         |                                |         |
| Prime Borrowers                          | \$48,605             | 88 %                                      | 757                           | 782     | 70 %                           | 61 %    |
| Sub-Prime Borrowers                      | 1,035                | 2   | 620                           | 637     | 87                             | 78      |
| Other Borrowers                          | 591                  | 1   | 702                           | 709     | 89                             | 77      |
| Loans Purchased From GNMA Mortgage Pools | 4,724                | 9   | *                             | *       | *                              | *       |
| Total                                    | \$54,955             | 100 %                                     | 753                           | 778     | 71 %                           | 62 %    |

| Three Months Ended March 31, 2016        | Loans<br>Originated | Weighted<br>Average<br>Credit Score | Weighted<br>Average<br>Loan-to-Value |
|--|---------------------|-------------------------------------|--------------------------------------|
| <b>LOAN ORIGINATIONS</b>                 |                     |                                     |                                      |
| Prime Borrowers                          | \$4,195             | 757                                 | 69 %                                 |
| Sub-Prime Borrowers                      | --                  | --                                  | --                                   |
| Other Borrowers                          | --                  | --                                  | --                                   |
| Loans Purchased From GNMA Mortgage Pools | --                  | *                                   | *                                    |
| Total                                    | \$4,195             | 757                                 | 69 %                                 |

| March 31, 2016                                  | Loans<br>Outstanding | As a Percent<br>of Total Loan<br>Balances | Nonperforming<br>Loans | As a Percent<br>of Loan<br>Balances |
|---|----------------------|---|------------------------|-------------------------------------|
| <b>LOAN PORTFOLIO BY GEOGRAPHY - TOP STATES</b> |                      |   |                        |                                     |
| <b>Prime Borrowers</b>                          |                      |   |                        |                                     |
| California                                      | \$13,078             | 26.9 %                                    | \$32                   | .2 %                                |
| Minnesota                                       | 3,820                | 7.8                                       | 41                     | 1.1                                 |
| Colorado  | 2,958                | 6.1                                       | 20                     | .7                                  |
| Washington                                      | 2,951                | 6.1                                       | 33                     | 1.1                                 |
| Illinois  | 2,715                | 5.6                                       | 44                     | 1.6                                 |
| Other   | 23,083               | 47.5                                      | 331                    | 1.4                                 |
| Total   | \$48,605             | 100.0 %                                   | \$501                  | 1.0 %                               |
| <b>Sub-Prime Borrowers</b>                      |                      |   |                        |                                     |
| Ohio  | \$84                 | 8.1 %                                     | \$13                   | 15.5 %                              |
| Pennsylvania                                    | 69                   | 6.7                                       | 11                     | 15.9                                |
| Florida   | 64                   | 6.2                                       | 12                     | 18.8                                |
| Tennessee                                       | 52                   | 5.0                                       | 5                      | 9.6                                 |
| Missouri  | 46                   | 4.4                                       | 4                      | 8.7                                 |
| Other   | 720                  | 69.6                                      | 107                    | 14.9                                |
| Total   | \$1,035              | 100.0 %                                   | \$152                  | 14.7 %                              |
| <b>Other Borrowers</b>                          |                      |   |                        |                                     |
| Ohio  | \$50                 | 8.4 %                                     | \$2                    | 4.0 %                               |
| Missouri  | 50                   | 8.4                                       | 2                      | 4.0                                 |
| Minnesota                                       | 46                   | 7.8                                       | 1                      | 2.2                                 |
| California                                      | 40                   | 6.8                                       | 1                      | 2.5                                 |
| Illinois  | 37                   | 6.3                                       | 2                      | 5.4                                 |
| Other   | 368                  | 62.3                                      | 16                     | 4.3                                 |
| Total   | \$591                | 100.0 %                                   | \$24                   | 4.1 %                               |
| <b>Loans Purchased From GNMA Mortgage Pools</b> |                      |   |                        |                                     |
| Ohio  | \$535                | 11.3 %                                    | \$ --                  | -- %                                |
| Florida   | 422                  | 8.9                                       | --                     | --                                  |
| New York  | 297                  | 6.3                                       | --                     | --                                  |
| Illinois  | 245                  | 5.2                                       | --                     | --                                  |
| Indiana   | 236                  | 5.0                                       | --                     | --                                  |
| Other   | 2,989                | 63.3                                      | --                     | --                                  |
| Total   | \$4,724              | 100.0 %                                   | \$ --                  | -- %                                |

\* Not applicable.

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**Home Equity and Second Mortgages**

| (Dollars in Millions, Unaudited) | March 31,<br>2016 | December 31,<br>2015 | September 30,<br>2015 | June 30,<br>2015 | March 31,<br>2015 |
|----------------------------------|-------------------|----------------------|-----------------------|------------------|-------------------|
| <b>Prime Borrowers</b>           |                   |                      |                       |                  |                   |
| Loans outstanding                | \$15,762          | \$15,782             | \$15,547              | \$15,390         | \$15,137          |
| Nonperforming loans              | 113               | 117                  | 127                   | 133              | 145               |
| <b>Delinquency Ratios</b>        |                   |                      |                       |                  |                   |
| 30-89 days past due              | .35 %             | .31 %                | .30 %                 | .32 %            | .36 %             |
| 90 days or more past due         | .23               | .23                  | .22                   | .23              | .23               |
| Nonperforming loans              | .72               | .74                  | .82                   | .87              | .96               |
| <b>Sub-Prime Borrowers</b>       |                   |                      |                       |                  |                   |
| Loans outstanding                | \$186             | \$195                | \$204                 | \$215            | \$227             |
| Nonperforming loans              | 9                 | 9                    | 10                    | 12               | 13                |
| <b>Delinquency Ratios</b>        |                   |                      |                       |                  |                   |
| 30-89 days past due              | 1.61 %            | 2.56 %               | 1.96 %                | 2.79 %           | 2.20 %            |
| 90 days or more past due         | 1.08              | 1.03                 | .98                   | .93              | .88               |
| Nonperforming loans              | 4.84              | 4.62                 | 4.90                  | 5.58             | 5.73              |
| <b>Other Borrowers</b>           |                   |                      |                       |                  |                   |
| Loans outstanding                | \$384             | \$407                | \$437                 | \$466            | \$495             |
| Nonperforming loans              | 9                 | 10                   | 11                    | 12               | 12                |
| <b>Delinquency Ratios</b>        |                   |                      |                       |                  |                   |
| 30-89 days past due              | 1.30 %            | 1.23 %               | 1.37 %                | .86 %            | .81 %             |
| 90 days or more past due         | 1.04              | .74                  | .92                   | .43              | .61               |
| Nonperforming loans              | 2.35              | 2.45                 | 2.52                  | 2.57             | 2.42              |

|                            | Three Months Ended |                      |                       |                  |                   |
|----------------------------|--------------------|----------------------|-----------------------|------------------|-------------------|
|                            | March 31,<br>2016  | December 31,<br>2015 | September 30,<br>2015 | June 30,<br>2015 | March 31,<br>2015 |
| <b>Prime Borrowers</b>     |                    |                      |                       |                  |                   |
| Net charge-offs            | \$2                | \$4                  | \$5                   | \$9              | \$11              |
| Net charge-off ratio       | .05 %              | .10 %                | .13 %                 | .24 %            | .29 %             |
| <b>Sub-Prime Borrowers</b> |                    |                      |                       |                  |                   |
| Net charge-offs            | \$--               | \$1                  | \$1                   | \$1              | \$2               |
| Net charge-off ratio       | -- %               | 2.00 %               | 1.92 %                | 1.83 %           | 3.51 %            |
| <b>Other Borrowers</b>     |                    |                      |                       |                  |                   |
| Net charge-offs            | \$--               | \$1                  | \$1                   | \$1              | \$1               |
| Net charge-off ratio       | -- %               | .95 %                | .89 %                 | .84 %            | .81 %             |

U.S. Bancorp

**Home Equity and Second Mortgages**

(Dollars in Millions, Unaudited)

| March 31, 2016           | Loans<br>Outstanding | As a Percent<br>of Total Loan<br>Balances | Weighted Average Credit Score |         | Weighted Average Loan-to-Value |         |
|--------------------------|----------------------|---|-------------------------------|---------|--------------------------------|---------|
|                          |                      |   | At<br>Origination             | Updated | At<br>Origination              | Updated |
| <b>PORTFOLIO PROFILE</b> |                      |   |                               |         |                                |         |
| Prime Borrowers          | \$15,762             | 97 %                                      | 754                           | 771     | 72 %                           | 69 %    |
| Sub-Prime Borrowers      | 186                  | 1   | 655                           | 673     | 89                             | 92      |
| Other Borrowers          | 384                  | 2   | 694                           | 715     | 71                             | 65      |
| Total                    | \$16,332             | 100 %                                     | 751                           | 768     | 72 %                           | 69 %    |

| Three Months Ended March 31, 2016 | Loans<br>Originated | Weighted<br>Average<br>Credit Score | Weighted<br>Average<br>Loan-to-Value |
|-----------------------------------|---------------------|-------------------------------------|--------------------------------------|
| <b>LOAN ORIGINATIONS</b>          |                     |                                     |                                      |
| Prime Borrowers                   | \$1,623             | 763                                 | 71 %                                 |
| Sub-Prime Borrowers               | --                  | --                                  | --                                   |
| Other Borrowers                   | --                  | --                                  | --                                   |
| Total                             | \$1,623             | 763                                 | 71 %                                 |

| March 31, 2016                                  | Loans<br>Outstanding | As a Percent<br>of Total Loan<br>Balances | Nonperforming<br>Loans | As a Percent<br>of Loan<br>Balances |
|---|----------------------|---|------------------------|-------------------------------------|
| <b>LOAN PORTFOLIO BY GEOGRAPHY - TOP STATES</b> |                      |   |                        |                                     |
| <b>Prime Borrowers</b>                          |                      |   |                        |                                     |
| California                                      | \$3,287              | 20.8 %                                    | \$21                   | .6 %                                |
| Minnesota                                       | 2,124                | 13.5                                      | 13                     | .6                                  |
| Colorado  | 1,260                | 8.0                                       | 7                      | .6                                  |
| Illinois  | 1,226                | 7.8                                       | 8                      | .7                                  |
| Washington                                      | 1,021                | 6.5                                       | 10                     | 1.0                                 |
| Other   | 6,844                | 43.4                                      | 54                     | .8                                  |
| Total   | \$15,762             | 100.0 %                                   | \$113                  | .7 %                                |
| <b>Sub-Prime Borrowers</b>                      |                      |   |                        |                                     |
| Minnesota                                       | \$18                 | 9.7 %                                     | \$1                    | 5.6 %                               |
| Ohio  | 17                   | 9.1                                       | 1                      | 5.9                                 |
| Missouri  | 12                   | 6.5                                       | --                     | --                                  |
| Colorado  | 11                   | 5.9                                       | 1                      | 9.1                                 |
| Washington                                      | 11                   | 5.9                                       | --                     | --                                  |
| Other   | 117                  | 62.9                                      | 6                      | 5.1                                 |
| Total   | \$186                | 100.0 %                                   | \$9                    | 4.8 %                               |
| <b>Other Borrowers</b>                          |                      |   |                        |                                     |
| California                                      | \$152                | 39.6 %                                    | \$5                    | 3.3 %                               |
| Minnesota                                       | 24                   | 6.2                                       | --                     | --                                  |
| Colorado  | 23                   | 6.0                                       | --                     | --                                  |
| Ohio  | 21                   | 5.5                                       | 1                      | 4.8                                 |
| Washington                                      | 21                   | 5.5                                       | --                     | --                                  |
| Other   | 143                  | 37.2                                      | 3                      | 2.1                                 |
| Total   | \$384                | 100.0 %                                   | \$9                    | 2.3 %                               |