



# News Release

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## **U.S. BANCORP REPORTS FOURTH QUARTER AND FULL YEAR 2016 EARNINGS**

### **Record Net Income and Earnings Per Share for the Full Year 2016**

**Full year return on average assets of 1.36 percent and average common equity of 13.4 percent**

**Returned 79 percent of full year earnings to shareholders**

**MINNEAPOLIS, January 18, 2017** -- U.S. Bancorp (NYSE: USB) today reported net income of \$1,478 million for the fourth quarter of 2016, or \$0.82 per diluted common share, compared with \$1,476 million, or \$0.80 per diluted common share, in the fourth quarter of 2015.

Highlights for the full year of 2016 included:

- Record diluted earnings per common share of \$3.24, which was 2.5 percent higher than 2015
- Industry-leading return on average assets of 1.36 percent and average common equity of 13.4 percent
- Returned 79 percent of 2016 earnings to shareholders through dividends and share buybacks

Highlights for the fourth quarter of 2016 included:

- Average total loans grew 1.1 percent on a linked quarter basis and 6.2 percent over the fourth quarter of 2015
- Average total deposits grew 3.3 percent on a linked quarter basis and 11.8 percent over the fourth quarter of 2015
- Net interest income (taxable-equivalent basis) grew 2.1 percent on a linked quarter basis and 4.6 percent year-over-year
  - Average earning assets grew 2.1 percent on a linked quarter basis and 7.7 percent year-over-year
  - Net interest margin of 2.98 percent for the fourth quarter of 2016 was unchanged from the third quarter of 2016, and down 8 basis points from the fourth quarter of 2015, primarily due to changes in the loan and investment portfolio mix and higher average cash balances

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- Noninterest income increased 3.9 percent on a year-over-year basis
  - Payment services revenue increased 4.0 percent (5.6 percent excluding the impact of foreign currency rate changes)
  - Trust and investment management fees increased 9.5 percent
  - Mortgage banking revenue increased 13.7 percent
- Credit quality was stable relative to the third quarter and year-over-year
- Strong capital position. At December 31, 2016, the estimated common equity tier 1 capital to risk-weighted assets ratio was 9.1 percent using the Basel III fully implemented standardized approach and was 11.7 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>4Q</b>   | <b>3Q</b>   | <b>4Q</b>   | <b>Percent</b> | <b>Percent</b> |                  |                  |                |
|  | <b>2016</b> | <b>2016</b> | <b>2015</b> | <b>Change</b>  | <b>Change</b>  | <b>Full Year</b> | <b>Full Year</b> | <b>Percent</b> |
|  |             |             |             | <b>4Q16 vs</b> | <b>4Q16 vs</b> | <b>2016</b>      | <b>2015</b>      | <b>Change</b>  |
|  |             |             |             | <b>3Q16</b>    | <b>4Q15</b>    |                  |                  |                |
| Net income attributable to U.S. Bancorp  | \$1,478     | \$1,502     | \$1,476     | (1.6)          | .1             | \$5,888          | \$5,879          | .2             |
| Diluted earnings per common share        | \$.82       | \$.84       | \$.80       | (2.4)          | 2.5            | \$3.24           | \$3.16           | 2.5            |
| Return on average assets (%)             | 1.32        | 1.36        | 1.41        |                |                | 1.36             | 1.44             |                |
| Return on average common equity (%)      | 13.1        | 13.5        | 13.7        |                |                | 13.4             | 14.0             |                |
| Net interest margin (%)                  | 2.98        | 2.98        | 3.06        |                |                | 3.01             | 3.05             |                |
| Efficiency ratio (%) (a)                 | 55.3        | 54.5        | 53.9        |                |                | 54.9             | 53.8             |                |
| Tangible efficiency ratio (%) (a)        | 54.5        | 53.7        | 53.0        |                |                | 54.0             | 53.0             |                |
| Dividends declared per common share      | \$.280      | \$.280      | \$.255      | --             | 9.8            | \$1.070          | \$1.010          | 5.9            |
| Book value per common share (period end) | \$24.63     | \$24.78     | \$23.28     | (.6)           | 5.8            |                  |                  |                |

(a) See Non-GAAP Financial Measures reconciliation on page 21

Net income attributable to U.S. Bancorp was \$1,478 million for the fourth quarter of 2016, 0.1 percent higher than the \$1,476 million for the fourth quarter of 2015, and 1.6 percent lower than the \$1,502 million for the third quarter of 2016. Diluted earnings per common share of \$0.82 in the fourth quarter of 2016 were \$0.02 higher than the fourth quarter of 2015 and \$0.02 lower than the third quarter of 2016. The increase in net income year-over-year was principally due to total net revenue growth, including an increase in net interest income of 4.6 percent on a taxable-equivalent basis (4.8 percent as reported on a GAAP basis), mainly a result of loan growth, and an increase in noninterest income of 3.9 percent, driven by higher payment services revenue, trust and investment management fees and mortgage banking revenue. This

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increase was partially offset by higher noninterest expense related to increased compensation expense due to hiring to support business growth and compliance programs as well as merit increases and higher variable compensation expense. The decrease in net income on a linked quarter basis was principally due to a seasonal increase in noninterest expense of 2.5 percent driven by investments in tax-advantaged projects and professional services expense, along with an increase in the provision for credit losses due to loan growth. These increases were partially offset by an increase in total net revenue of 0.9 percent, reflecting an increase in net interest income of 2.1 percent on a taxable-equivalent basis and as reported on a GAAP basis, partially offset by a decrease in noninterest income of 0.6 percent driven by lower mortgage banking revenue.

U.S. Bancorp Chairman and Chief Executive Officer Richard K. Davis said, “U.S. Bancorp delivered an outstanding performance in 2016 with record net income, EPS, and revenue. In a challenging year where the economic environment was often unpredictable, we delivered industry-leading returns, we made important investments in our long-term growth strategy, and we returned 79 percent of our earnings to shareholders through dividends and share buybacks.

“As importantly, the fundamental elements of our core businesses are solid and we are well positioned for growth as we enter 2017. With an intense focus on our customers and providing them with innovative products and services, we are optimistic we will continue to create outstanding value for our shareholders, customers, and communities.

“Our success in 2016 was a result of the tremendous efforts of our 70,000 employees working hard as One U.S. Bank to help our customers build financially secure futures – and they did it with ethics and integrity. For the second year, the Ethisphere Institute named U.S. Bank to its World’s Most Ethical Companies list. For the tenth year, the Ponemon Institute named U.S. Bank the Most Trusted Bank. For the sixth year, *FORTUNE* magazine named U.S. Bank the number one superregional bank. And for the first time, *MONEY* magazine named U.S. Bank the Best Big Bank. We are proud of these achievements because they are a reflection of our people and our culture. As usual, you can expect U.S. Bank to deliver consistent, predictable, and repeatable results.”

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| <b>INCOME STATEMENT HIGHLIGHTS</b>                         |             |             |             |                |                |                  |                  | <b>Table 2</b> |
|--|-------------|-------------|-------------|----------------|----------------|------------------|------------------|----------------|
| (\$ in millions, except per-share data)                    |             |             |             |                |                |                  |                  |                |
|  | <b>4Q</b>   | <b>3Q</b>   | <b>4Q</b>   | <b>Percent</b> | <b>Percent</b> | <b>Full Year</b> | <b>Full Year</b> | <b>Percent</b> |
|  | <b>2016</b> | <b>2016</b> | <b>2015</b> | <b>Change</b>  | <b>Change</b>  | <b>2016</b>      | <b>2015</b>      | <b>Change</b>  |
|  |             |             |             | <b>4Q16 vs</b> | <b>4Q16 vs</b> |                  |                  |                |
|  |             |             |             | <b>3Q16</b>    | <b>4Q15</b>    |                  |                  |                |
| Net interest income  | \$2,955     | \$2,893     | \$2,819     | 2.1            | 4.8            | \$11,528         | \$11,001         | 4.8            |
| Taxable-equivalent adjustment                              | 49          | 50          | 52          | (2.0)          | (5.8)          | 203              | 213              | (4.7)          |
| Net interest income (taxable-equivalent basis)             | 3,004       | 2,943       | 2,871       | 2.1            | 4.6            | 11,731           | 11,214           | 4.6            |
| Noninterest income   | 2,431       | 2,445       | 2,340       | (.6)           | 3.9            | 9,577            | 9,092            | 5.3            |
| Total net revenue  | 5,435       | 5,388       | 5,211       | .9             | 4.3            | 21,308           | 20,306           | 4.9            |
| Noninterest expense  | 3,004       | 2,931       | 2,809       | 2.5            | 6.9            | 11,676           | 10,931           | 6.8            |
| Income before provision and income taxes                   | 2,431       | 2,457       | 2,402       | (1.1)          | 1.2            | 9,632            | 9,375            | 2.7            |
| Provision for credit losses                                | 342         | 325         | 305         | 5.2            | 12.1           | 1,324            | 1,132            | 17.0           |
| Income before taxes  | 2,089       | 2,132       | 2,097       | (2.0)          | (.4)           | 8,308            | 8,243            | .8             |
| Income taxes and taxable-equivalent adjustment             | 598         | 616         | 608         | (2.9)          | (1.6)          | 2,364            | 2,310            | 2.3            |
| Net income   | 1,491       | 1,516       | 1,489       | (1.6)          | .1             | 5,944            | 5,933            | .2             |
| Net (income) loss attributable to noncontrolling interests | (13)        | (14)        | (13)        | 7.1            | --             | (56)             | (54)             | (3.7)          |
| Net income attributable to U.S. Bancorp                    | \$1,478     | \$1,502     | \$1,476     | (1.6)          | .1             | \$5,888          | \$5,879          | .2             |
| Net income applicable to U.S. Bancorp common shareholders  | \$1,391     | \$1,434     | \$1,404     | (3.0)          | (.9)           | \$5,589          | \$5,608          | (.3)           |
| Diluted earnings per common share                          | \$.82       | \$.84       | \$.80       | (2.4)          | 2.5            | \$3.24           | \$3.16           | 2.5            |

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| <b>NET INTEREST INCOME</b>                 |             |             |             |                |                |                  |                  | <b>Table 3</b> |
|--|-------------|-------------|-------------|----------------|----------------|------------------|------------------|----------------|
| (Taxable-equivalent basis; \$ in millions) |             |             |             |                |                |                  |                  |                |
|  | <b>4Q</b>   | <b>3Q</b>   | <b>4Q</b>   | <b>Change</b>  | <b>Change</b>  | <b>Full Year</b> | <b>Full Year</b> |                |
|  | <b>2016</b> | <b>2016</b> | <b>2015</b> | <b>4Q16 vs</b> | <b>4Q16 vs</b> | <b>2016</b>      | <b>2015</b>      | <b>Change</b>  |
|  |             |             |             | <b>3Q16</b>    | <b>4Q15</b>    |                  |                  |                |
| Components of net interest income          |             |             |             |                |                |                  |                  |                |
| Income on earning assets                   | \$3,424     | \$3,371     | \$3,209     | \$53           | \$215          | \$13,375         | \$12,619         | \$756          |
| Expense on interest-bearing liabilities    | 420         | 428         | 338         | (8)            | 82             | 1,644            | 1,405            | 239            |
| Net interest income                        | \$3,004     | \$2,943     | \$2,871     | \$61           | \$133          | \$11,731         | \$11,214         | \$517          |
| Average yields and rates paid              |             |             |             |                |                |                  |                  |                |
| Earning assets yield                       | 3.40%       | 3.41%       | 3.42%       | (.01)%         | (.02)%         | 3.43%            | 3.43%            | .00%           |
| Rate paid on interest-bearing liabilities  | .57         | .59         | .50         | (.02)          | .07            | .57              | .52              | .05            |
| Gross interest margin                      | 2.83%       | 2.82%       | 2.92%       | .01%           | (.09)%         | 2.86%            | 2.91%            | (.05)%         |
| Net interest margin                        | 2.98%       | 2.98%       | 3.06%       | -- %           | (.08)%         | 3.01%            | 3.05%            | (.04)%         |
| Average balances                           |             |             |             |                |                |                  |                  |                |
| Investment securities (a)                  | \$110,386   | \$108,109   | \$105,536   | \$2,277        | \$4,850        | \$107,922        | \$103,161        | \$4,761        |
| Loans                                      | 272,671     | 269,637     | 256,692     | 3,034          | 15,979         | 267,811          | 250,459          | 17,352         |
| Earning assets                             | 401,971     | 393,783     | 373,091     | 8,188          | 28,880         | 389,877          | 367,445          | 22,432         |
| Interest-bearing liabilities               | 295,288     | 290,331     | 269,940     | 4,957          | 25,348         | 287,760          | 269,474          | 18,286         |
| (a) Excludes unrealized gain (loss)        |             |             |             |                |                |                  |                  |                |

### Net Interest Income

Net interest income on a taxable-equivalent basis in the fourth quarter of 2016 was \$3,004 million, an increase of \$133 million (4.6 percent) over the fourth quarter of 2015. The increase was principally driven by loan growth partially offset by a lower net interest margin. Average earning assets were \$28.9 billion (7.7 percent) higher than the fourth quarter of 2015, driven by increases of \$16.0 billion (6.2 percent) in average total loans, \$4.9 billion (4.6 percent) in average investment securities and higher average cash balances. Net interest income on a taxable-equivalent basis increased \$61 million (2.1 percent) linked quarter, primarily due to growth in average earning assets. Average earning assets were \$8.2 billion (2.1 percent) higher on a linked quarter basis, reflecting growth in average total loans of \$3.0 billion (1.1 percent), average investment securities of \$2.3 billion (2.1 percent) and higher average cash balances.

The net interest margin in the fourth quarter of 2016 was 2.98 percent, compared with 3.06 percent in the fourth quarter of 2015, and 2.98 percent in the third quarter of 2016. The decrease in the net interest margin of 8 basis points on a year-over-year basis was principally due to lower yields on securities purchases, lower reinvestment rates on maturing securities and maintaining higher cash balances. On a

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linked quarter basis, net interest margin was impacted by higher average cash balances as well as lower average rates on new securities purchases and lower reinvestment rates on maturing securities, offset by the favorable impact of interest rates on loans.

### Investment Securities

Average investment securities in the fourth quarter of 2016 were \$4.9 billion (4.6 percent) higher year-over-year and \$2.3 billion (2.1 percent) higher than the prior quarter. These increases were primarily due to purchases of U.S. Treasury and U.S. government agency-backed securities, net of prepayments and maturities, to support liquidity.

| AVERAGE LOANS                        |           |           |           |         |         |           |           | Table 4 |
|--------------------------------------|-----------|-----------|-----------|---------|---------|-----------|-----------|---------|
| (\$ in millions)                     |           |           |           |         |         |           |           |         |
|                                      | 4Q        | 3Q        | 4Q        | Percent | Percent |           |           |         |
|                                      | 2016      | 2016      | 2015      | Change  | Change  | Full Year | Full Year | Percent |
|                                      |           |           |           | 4Q16 vs | 4Q16 vs | 2016      | 2015      | Change  |
|                                      |           |           |           | 3Q16    | 4Q15    |           |           |         |
| Commercial                           | \$88,448  | \$87,067  | \$81,592  | 1.6     | 8.4     | \$86,754  | \$78,815  | 10.1    |
| Lease financing                      | 5,359     | 5,302     | 5,211     | 1.1     | 2.8     | 5,289     | 5,268     | .4      |
| Total commercial                     | 93,807    | 92,369    | 86,803    | 1.6     | 8.1     | 92,043    | 84,083    | 9.5     |
| Commercial mortgages                 | 31,767    | 31,888    | 31,830    | (.4)    | (.2)    | 31,860    | 32,378    | (1.6)   |
| Construction and development         | 11,624    | 11,486    | 10,401    | 1.2     | 11.8    | 11,180    | 10,037    | 11.4    |
| Total commercial real estate         | 43,391    | 43,374    | 42,231    | --      | 2.7     | 43,040    | 42,415    | 1.5     |
| Residential mortgages                | 56,718    | 56,284    | 52,970    | .8      | 7.1     | 55,682    | 51,840    | 7.4     |
| Credit card                          | 20,942    | 20,628    | 18,838    | 1.5     | 11.2    | 20,490    | 18,057    | 13.5    |
| Retail leasing                       | 6,191     | 5,773     | 5,265     | 7.2     | 17.6    | 5,619     | 5,563     | 1.0     |
| Home equity and second mortgages     | 16,444    | 16,470    | 16,241    | (.2)    | 1.2     | 16,419    | 16,046    | 2.3     |
| Other                                | 31,245    | 30,608    | 29,556    | 2.1     | 5.7     | 30,292    | 27,470    | 10.3    |
| Total other retail                   | 53,880    | 52,851    | 51,062    | 1.9     | 5.5     | 52,330    | 49,079    | 6.6     |
| Total loans, excluding covered loans | 268,738   | 265,506   | 251,904   | 1.2     | 6.7     | 263,585   | 245,474   | 7.4     |
| Covered loans                        | 3,933     | 4,131     | 4,788     | (4.8)   | (17.9)  | 4,226     | 4,985     | (15.2)  |
| Total loans                          | \$272,671 | \$269,637 | \$256,692 | 1.1     | 6.2     | \$267,811 | \$250,459 | 6.9     |

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Loans

Average total loans were \$16.0 billion (6.2 percent) higher in the fourth quarter of 2016 than the fourth quarter of 2015 (5.6 percent excluding the credit card portfolio acquisition at the end of the fourth quarter of 2015). The increase was due to growth in total commercial loans (8.1 percent), residential mortgages (7.1 percent), total other retail loans (5.5 percent), total commercial real estate (2.7 percent) and credit card loans (11.2 percent). Excluding the credit card portfolio acquisition, credit card loans were 2.6 percent higher than the fourth quarter of 2015. These increases were partially offset by a decrease in the run-off covered loans portfolio (17.9 percent). Average total loans were \$3.0 billion (1.1 percent) higher in the fourth quarter of 2016 than the third quarter of 2016. This increase was driven by linked quarter growth in total commercial loans (1.6 percent), total other retail loans (1.9 percent), residential mortgages (0.8 percent), and credit card loans (1.5 percent).

| AVERAGE DEPOSITS                  |           |           |           |         |         |           |           | Table 5 |
|-----------------------------------|-----------|-----------|-----------|---------|---------|-----------|-----------|---------|
| (\$ in millions)                  |           |           |           |         |         |           |           |         |
|                                   | 4Q        | 3Q        | 4Q        | Percent | Percent | Full Year | Full Year | Percent |
|                                   | 2016      | 2016      | 2015      | Change  | Change  | 2016      | 2015      | Change  |
|                                   |           |           |           | 4Q16 vs | 4Q16 vs |           |           |         |
|                                   |           |           |           | 3Q16    | 4Q15    |           |           |         |
| Noninterest-bearing deposits      | \$84,892  | \$82,021  | \$83,894  | 3.5     | 1.2     | \$81,176  | \$79,203  | 2.5     |
| Interest-bearing savings deposits |           |           |           |         |         |           |           |         |
| Interest checking                 | 64,647    | 63,456    | 57,109    | 1.9     | 13.2    | 61,726    | 55,974    | 10.3    |
| Money market savings              | 106,637   | 99,921    | 82,828    | 6.7     | 28.7    | 96,518    | 79,266    | 21.8    |
| Savings accounts                  | 41,310    | 40,695    | 37,991    | 1.5     | 8.7     | 40,382    | 37,150    | 8.7     |
| Total of savings deposits         | 212,594   | 204,072   | 177,928   | 4.2     | 19.5    | 198,626   | 172,390   | 15.2    |
| Time deposits                     | 31,697    | 32,455    | 32,683    | (2.3)   | (3.0)   | 33,008    | 35,558    | (7.2)   |
| Total interest-bearing deposits   | 244,291   | 236,527   | 210,611   | 3.3     | 16.0    | 231,634   | 207,948   | 11.4    |
| Total deposits                    | \$329,183 | \$318,548 | \$294,505 | 3.3     | 11.8    | \$312,810 | \$287,151 | 8.9     |

Deposits

Average total deposits for the fourth quarter of 2016 were \$34.7 billion (11.8 percent) higher than the fourth quarter of 2015. Average noninterest-bearing deposits increased \$1.0 billion (1.2 percent) year-over-year mainly in Consumer and Small Business Banking, partially offset by a decline in deposits within Wealth Management and Securities Services. Average total savings deposits were \$34.7 billion (19.5 percent) higher year-over-year, the result of growth across all business lines. Average time deposits were \$1.0 billion (3.0 percent) lower than the prior year quarter. Changes in time deposits are largely related to those deposits

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

Average total deposits increased \$10.6 billion (3.3 percent) over the third quarter of 2016. On a linked quarter basis, average noninterest-bearing deposits grew \$2.9 billion (3.5 percent) and average total savings deposits grew \$8.5 billion (4.2 percent) reflecting increases across all business lines. Average time deposits, which are managed based on funding needs, relative pricing, and liquidity characteristics, decreased \$758 million (2.3 percent) on a linked quarter basis.

| <b>NONINTEREST INCOME</b>            |                |                |                |                |                |                  |                  | <b>Table 6</b> |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|----------------|
| (\$ in millions)                     |                |                |                |                |                |                  |                  |                |
|                                      | <b>4Q</b>      | <b>3Q</b>      | <b>4Q</b>      | <b>Percent</b> | <b>Percent</b> |                  |                  |                |
|                                      | <b>2016</b>    | <b>2016</b>    | <b>2015</b>    | <b>Change</b>  | <b>Change</b>  | <b>Full Year</b> | <b>Full Year</b> | <b>Percent</b> |
|                                      |                |                |                | <b>4Q16 vs</b> | <b>4Q16 vs</b> | <b>2016</b>      | <b>2015</b>      | <b>Change</b>  |
|                                      |                |                |                | <b>3Q16</b>    | <b>4Q15</b>    |                  |                  |                |
| Credit and debit card revenue        | \$316          | \$299          | \$294          | 5.7            | 7.5            | \$1,177          | \$1,070          | 10.0           |
| Corporate payment products revenue   | 171            | 190            | 170            | (10.0)         | .6             | 712              | 708              | .6             |
| Merchant processing services         | 404            | 412            | 393            | (1.9)          | 2.8            | 1,592            | 1,547            | 2.9            |
| ATM processing services              | 87             | 87             | 79             | --             | 10.1           | 338              | 318              | 6.3            |
| Trust and investment management fees | 368            | 362            | 336            | 1.7            | 9.5            | 1,427            | 1,321            | 8.0            |
| Deposit service charges              | 186            | 192            | 182            | (3.1)          | 2.2            | 725              | 702              | 3.3            |
| Treasury management fees             | 147            | 147            | 139            | --             | 5.8            | 583              | 561              | 3.9            |
| Commercial products revenue          | 217            | 219            | 222            | (.9)           | (2.3)          | 871              | 867              | .5             |
| Mortgage banking revenue             | 240            | 314            | 211            | (23.6)         | 13.7           | 979              | 906              | 8.1            |
| Investment products fees             | 38             | 41             | 44             | (7.3)          | (13.6)         | 158              | 185              | (14.6)         |
| Securities gains (losses), net       | 6              | 10             | 1              | (40.0)         | nm             | 22               | --               | nm             |
| Other                                | 251            | 172            | 269            | 45.9           | (6.7)          | 993              | 907              | 9.5            |
| <b>Total noninterest income</b>      | <b>\$2,431</b> | <b>\$2,445</b> | <b>\$2,340</b> | <b>(.6)</b>    | <b>3.9</b>     | <b>\$9,577</b>   | <b>\$9,092</b>   | <b>5.3</b>     |

### Noninterest Income

Fourth quarter noninterest income was \$2,431 million, which was \$91 million (3.9 percent) higher than the fourth quarter of 2015, reflecting increases in payment services revenue, trust and investment management fees, and mortgage banking revenue, partially offset by a decline in other noninterest income. Credit and debit card revenue increased \$22 million (7.5 percent) reflecting higher transaction volumes including the impact of acquired portfolios. Merchant processing services revenue increased \$11 million (2.8 percent) as a result of an increase in product fees and higher volumes. Adjusted for the approximate \$11 million impact of foreign currency rate changes, year-over-year merchant processing services revenue increased approximately 5.6 percent. Trust and investment management fees increased \$32 million (9.5

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percent) reflecting lower money market fee waivers along with account growth, an increase in assets under management, and improved market conditions. Mortgage banking revenue increased \$29 million (13.7 percent) over a year ago driven by higher origination and sales volumes. Other income decreased \$18 million (6.7 percent) compared with the prior year quarter, primarily reflecting lower income from leasing residuals and the impact of a gain on the sale of a deposit portfolio in the fourth quarter of 2015 partially offset by stronger trading income and higher fourth quarter 2016 equity investment income.

Noninterest income was \$14 million (0.6 percent) lower in the fourth quarter of 2016 than the third quarter of 2016 principally driven by lower mortgage banking revenue and seasonally lower corporate payment products revenue, partially offset by seasonally higher credit and debit card revenue and an increase in other noninterest income. Mortgage banking revenue decreased \$74 million (23.6 percent) reflecting lower origination and sales volume, while corporate payment products revenue was \$19 million (10.0 percent) lower, reflecting seasonally lower government-related transaction volumes. Credit and debit card revenue increased \$17 million (5.7 percent), driven by seasonally higher sales volumes. The increase in other income of \$79 million (45.9 percent) was primarily driven by changes in equity investment income.

| <b>NONINTEREST EXPENSE</b>         |                |                |                |                |                |                  |                  | <b>Table 7</b> |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|----------------|
| (\$ in millions)                   |                |                |                |                |                |                  |                  |                |
|                                    | <b>4Q</b>      | <b>3Q</b>      | <b>4Q</b>      | <b>Percent</b> | <b>Percent</b> |                  |                  |                |
|                                    | <b>2016</b>    | <b>2016</b>    | <b>2015</b>    | <b>Change</b>  | <b>Change</b>  | <b>Full Year</b> | <b>Full Year</b> | <b>Percent</b> |
|                                    |                |                |                | <b>4Q16 vs</b> | <b>4Q16 vs</b> | <b>2016</b>      | <b>2015</b>      | <b>Change</b>  |
|                                    |                |                |                | <b>3Q16</b>    | <b>4Q15</b>    |                  |                  |                |
| Compensation                       | \$1,357        | \$1,329        | \$1,212        | 2.1            | 12.0           | \$5,212          | \$4,812          | 8.3            |
| Employee benefits                  | 261            | 280            | 272            | (6.8)          | (4.0)          | 1,119            | 1,167            | (4.1)          |
| Net occupancy and equipment        | 247            | 250            | 246            | (1.2)          | .4             | 988              | 991              | (.3)           |
| Professional services              | 156            | 127            | 125            | 22.8           | 24.8           | 502              | 423              | 18.7           |
| Marketing and business development | 107            | 102            | 96             | 4.9            | 11.5           | 435              | 361              | 20.5           |
| Technology and communications      | 238            | 243            | 230            | (2.1)          | 3.5            | 955              | 887              | 7.7            |
| Postage, printing and supplies     | 75             | 80             | 74             | (6.3)          | 1.4            | 311              | 297              | 4.7            |
| Other intangibles                  | 45             | 45             | 46             | --             | (2.2)          | 179              | 174              | 2.9            |
| Other                              | 518            | 475            | 508            | 9.1            | 2.0            | 1,975            | 1,819            | 8.6            |
| Total noninterest expense          | <u>\$3,004</u> | <u>\$2,931</u> | <u>\$2,809</u> | 2.5            | 6.9            | <u>\$11,676</u>  | <u>\$10,931</u>  | 6.8            |

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### Noninterest Expense

Fourth quarter noninterest expense was \$3,004 million, \$195 million (6.9 percent) higher than the fourth quarter of 2015, primarily due to higher compensation, professional services and marketing expenses. Compensation expense increased \$145 million (12.0 percent) principally due to the impact of hiring to support business growth and compliance programs, merit increases, and higher variable compensation. Professional services increased \$31 million (24.8 percent) primarily due to compliance programs and implementation costs of capital investments to support business growth. Marketing increased \$11 million (11.5 percent) to support new business development. Partially offsetting these increases was an \$11 million (4.0 percent) decrease in employee benefits expense mainly due to lower pension and healthcare costs.

Noninterest expense increased \$73 million (2.5 percent) on a linked quarter basis driven by higher other noninterest expense, professional services expense and compensation expense. Other noninterest expense increased \$43 million (9.1 percent) primarily due to seasonally higher costs related to investments in tax-advantaged projects. Professional services expense was \$29 million (22.8 percent) higher due to seasonally higher costs across a majority of the lines of business including capital investments, and risk and compliance activities. Compensation expense increased \$28 million (2.1 percent) primarily due to increased staffing to support business investment and compliance programs. Partially offsetting these increases was a \$19 million (6.8 percent) decrease in employee benefits expense driven by lower healthcare costs.

### Provision for Income Taxes

The provision for income taxes for the fourth quarter of 2016 resulted in a tax rate on a taxable-equivalent basis of 28.6 percent (effective tax rate of 26.9 percent), compared with 29.0 percent (effective tax rate of 27.2 percent) in the fourth quarter of 2015, and 28.9 percent (effective tax rate of 27.2 percent) in the third quarter of 2016.

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| <b>ALLOWANCE FOR CREDIT LOSSES</b>  |             |              |             |              |             |              |             | <b>Table 8</b> |             |              |
|---|-------------|--------------|-------------|--------------|-------------|--------------|-------------|----------------|-------------|--------------|
| (\$ in millions)  | <b>4Q</b>   |              | <b>3Q</b>   |              | <b>2Q</b>   |              | <b>1Q</b>   |                | <b>4Q</b>   |              |
|   | <b>2016</b> | <b>% (b)</b> | <b>2016</b> | <b>% (b)</b> | <b>2016</b> | <b>% (b)</b> | <b>2016</b> | <b>% (b)</b>   | <b>2015</b> | <b>% (b)</b> |
| Balance, beginning of period  | \$4,338     |              | \$4,329     |              | \$4,320     |              | \$4,306     |                | \$4,306     |              |
| Net charge-offs   |             |              |             |              |             |              |             |                |             |              |
| Commercial  | 71          | .32          | 84          | .38          | 74          | .34          | 78          | .37            | 58          | .28          |
| Lease financing   | 5           | .37          | 3           | .23          | 5           | .38          | 5           | .38            | 5           | .38          |
| Total commercial  | 76          | .32          | 87          | .37          | 79          | .34          | 83          | .37            | 63          | .29          |
| Commercial mortgages  | (3)         | (.04)        | 5           | .06          | (4)         | (.05)        | (2)         | (.03)          | 2           | .02          |
| Construction and development  | (6)         | (.21)        | (4)         | (.14)        | 4           | .15          | (3)         | (.11)          | (2)         | (.08)        |
| Total commercial real estate  | (9)         | (.08)        | 1           | .01          | --          | --           | (5)         | (.05)          | --          | --           |
| Residential mortgages   | 12          | .08          | 12          | .08          | 17          | .12          | 19          | .14            | 16          | .12          |
| Credit card   | 181         | 3.44         | 161         | 3.11         | 170         | 3.39         | 164         | 3.26           | 166         | 3.50         |
| Retail leasing  | 1           | .06          | 1           | .07          | 2           | .15          | 1           | .08            | 1           | .08          |
| Home equity and second mortgages  | (1)         | (.02)        | 1           | .02          | (1)         | (.02)        | 2           | .05            | 6           | .15          |
| Other   | 62          | .79          | 52          | .68          | 50          | .68          | 51          | .69            | 53          | .71          |
| Total other retail  | 62          | .46          | 54          | .41          | 51          | .40          | 54          | .43            | 60          | .47          |
| Total net charge-offs, excluding covered loans  | 322         | .48          | 315         | .47          | 317         | .49          | 315         | .49            | 305         | .48          |
| Covered loans   | --          | --           | --          | --           | --          | --           | --          | --             | --          | --           |
| Total net charge-offs   | 322         | .47          | 315         | .46          | 317         | .48          | 315         | .48            | 305         | .47          |
| Provision for credit losses   | 342         |              | 325         |              | 327         |              | 330         |                | 305         |              |
| Other changes (a)   | (1)         |              | (1)         |              | (1)         |              | (1)         |                | --          |              |
| Balance, end of period  | \$4,357     |              | \$4,338     |              | \$4,329     |              | \$4,320     |                | \$4,306     |              |
| Components  |             |              |             |              |             |              |             |                |             |              |
| Allowance for loan losses   | \$3,813     |              | \$3,797     |              | \$3,806     |              | \$3,853     |                | \$3,863     |              |
| Liability for unfunded credit commitments   | 544         |              | 541         |              | 523         |              | 467         |                | 443         |              |
| Total allowance for credit losses   | \$4,357     |              | \$4,338     |              | \$4,329     |              | \$4,320     |                | \$4,306     |              |
| Gross charge-offs   | \$405       |              | \$398       |              | \$407       |              | \$405       |                | \$381       |              |
| Gross recoveries  | \$83        |              | \$83        |              | \$90        |              | \$90        |                | \$76        |              |
| Allowance for credit losses as a percentage of  |             |              |             |              |             |              |             |                |             |              |
| Period-end loans, excluding covered loans   | 1.60        |              | 1.61        |              | 1.62        |              | 1.65        |                | 1.67        |              |
| Nonperforming loans, excluding covered loans  | 317         |              | 309         |              | 311         |              | 302         |                | 360         |              |
| Nonperforming assets, excluding covered assets  | 275         |              | 264         |              | 263         |              | 255         |                | 288         |              |
| Period-end loans  | 1.59        |              | 1.60        |              | 1.61        |              | 1.63        |                | 1.65        |              |
| Nonperforming loans   | 318         |              | 310         |              | 312         |              | 303         |                | 361         |              |
| Nonperforming assets  | 272         |              | 261         |              | 259         |              | 251         |                | 283         |              |
| (a) Includes net changes in credit losses to be reimbursed by the FDIC and reductions in the allowance for covered loans where the reversal of a previously recorded allowance was offset by an associated decrease in the indemnification asset, and the impact of any loan sales. |             |              |             |              |             |              |             |                |             |              |
| (b) Annualized and calculated on average loan balances  |             |              |             |              |             |              |             |                |             |              |

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## Credit Quality

The Company's provision for credit losses for the fourth quarter of 2016 was \$342 million, which was \$17 million (5.2 percent) higher than the prior quarter and \$37 million (12.1 percent) higher than the fourth quarter of 2015. Credit quality was relatively stable compared with the third quarter of 2016.

The provision for credit losses was \$20 million higher than net charge-offs in the fourth quarter of 2016, \$10 million higher than net charge-offs in the third quarter of 2016, and equal to net charge-offs in the fourth quarter of 2015. The reserve build for the fourth quarter of 2016 was driven by portfolio growth, partially offset by improvement in residential mortgage and home equity credit quality. Total net charge-offs in the fourth quarter of 2016 were \$322 million, compared with \$315 million in the third quarter of 2016, and \$305 million in the fourth quarter of 2015. Net charge-offs increased \$7 million (2.2 percent) compared with the third quarter of 2016 reflecting a seasonal increase in credit card loan net charge-offs, offset by declines in commercial and commercial real estate loan net charge-offs. Net charge-offs increased \$17 million (5.6 percent) compared with the fourth quarter of 2015 primarily due to higher commercial and credit card loan net charge-offs, partially offset by lower charge-offs related to commercial real estate and residential mortgages. The net charge-off ratio was 0.47 percent in the fourth quarter of 2016, compared with 0.46 percent in the third quarter of 2016 and 0.47 percent in the fourth quarter of 2015.

The allowance for credit losses was \$4,357 million at December 31, 2016, compared with \$4,338 million at September 30, 2016, and \$4,306 million at December 31, 2015. The ratio of the allowance for credit losses to period-end loans was 1.59 percent at December 31, 2016, compared with 1.60 percent at September 30, 2016, and 1.65 percent at December 31, 2015. The ratio of the allowance for credit losses to nonperforming loans was 318 percent at December 31, 2016, compared with 310 percent at September 30, 2016, and 361 percent at December 31, 2015.

Nonperforming assets were \$1,603 million at December 31, 2016, compared with \$1,664 million at September 30, 2016, and \$1,523 million at December 31, 2015. The ratio of nonperforming assets to loans and other real estate was 0.59 percent at December 31, 2016, compared with 0.61 percent at September 30, 2016, and 0.58 percent at December 31, 2015. The \$61 million (3.7 percent) decrease in nonperforming assets on a linked quarter basis was driven by improvements in commercial loans, residential mortgages and other real estate. The \$80 million (5.3 percent) increase in nonperforming assets on a year-over-year basis was driven by commercial loans within the energy portfolio, partially offset by improvements in the Company's residential portfolio. Accruing loans 90 days or more past due were \$764 million (\$552 million

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excluding covered loans) at December 31, 2016, compared with \$748 million (\$518 million excluding covered loans) at September 30, 2016, and \$831 million (\$541 million excluding covered loans) at December 31, 2015.

| <b>DELINQUENT LOAN RATIOS AS A PERCENT OF ENDING LOAN BALANCES</b>                            |               |               |               |               | <b>Table 9</b> |
|---|---------------|---------------|---------------|---------------|----------------|
| (Percent)   | <b>Dec 31</b> | <b>Sep 30</b> | <b>Jun 30</b> | <b>Mar 31</b> | <b>Dec 31</b>  |
|   | <b>2016</b>   | <b>2016</b>   | <b>2016</b>   | <b>2016</b>   | <b>2015</b>    |
| <b>Delinquent loan ratios - 90 days or more past due <i>excluding</i> nonperforming loans</b> |               |               |               |               |                |
| Commercial  | .06           | .05           | .05           | .05           | .05            |
| Commercial real estate  | .02           | .02           | .03           | .04           | .03            |
| Residential mortgages   | .27           | .28           | .27           | .31           | .33            |
| Credit card   | 1.16          | 1.11          | .98           | 1.10          | 1.09           |
| Other retail  | .15           | .14           | .13           | .15           | .15            |
| Total loans, excluding covered loans  | .20           | .19           | .18           | .20           | .21            |
| Covered loans   | 5.53          | 5.72          | 5.81          | 6.23          | 6.31           |
| Total loans   | .28           | .28           | .27           | .30           | .32            |
| <b>Delinquent loan ratios - 90 days or more past due <i>including</i> nonperforming loans</b> |               |               |               |               |                |
| Commercial  | .57           | .61           | .58           | .57           | .25            |
| Commercial real estate  | .31           | .26           | .27           | .28           | .33            |
| Residential mortgages   | 1.31          | 1.37          | 1.39          | 1.54          | 1.66           |
| Credit card   | 1.18          | 1.13          | 1.00          | 1.14          | 1.13           |
| Other retail  | .45           | .42           | .43           | .45           | .46            |
| Total loans, excluding covered loans  | .71           | .72           | .70           | .75           | .67            |
| Covered loans   | 5.68          | 5.89          | 5.98          | 6.39          | 6.48           |
| Total loans   | .78           | .79           | .79           | .84           | .78            |

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| <b>ASSET QUALITY</b>  |               | <b>Table 10</b> |               |               |               |  |
|---|---------------|-----------------|---------------|---------------|---------------|--|
| (\$ in millions)  |               |                 |               |               |               |  |
|   | <b>Dec 31</b> | <b>Sep 30</b>   | <b>Jun 30</b> | <b>Mar 31</b> | <b>Dec 31</b> |  |
|   | <b>2016</b>   | <b>2016</b>     | <b>2016</b>   | <b>2016</b>   | <b>2015</b>   |  |
| Nonperforming loans   |               |                 |               |               |               |  |
| Commercial  | \$443         | \$477           | \$450         | \$457         | \$160         |  |
| Lease financing   | 40            | 40              | 39            | 16            | 14            |  |
| Total commercial  | 483           | 517             | 489           | 473           | 174           |  |
| Commercial mortgages  | 87            | 98              | 91            | 94            | 92            |  |
| Construction and development  | 37            | 7               | 12            | 10            | 35            |  |
| Total commercial real estate  | 124           | 105             | 103           | 104           | 127           |  |
| Residential mortgages   | 595           | 614             | 628           | 677           | 712           |  |
| Credit card   | 3             | 4               | 5             | 7             | 9             |  |
| Other retail  | 157           | 153             | 157           | 157           | 162           |  |
| Total nonperforming loans, excluding covered loans  | 1,362         | 1,393           | 1,382         | 1,418         | 1,184         |  |
| Covered loans   | 6             | 7               | 7             | 7             | 8             |  |
| Total nonperforming loans   | 1,368         | 1,400           | 1,389         | 1,425         | 1,192         |  |
| Other real estate (a)   | 186           | 213             | 229           | 242           | 280           |  |
| Covered other real estate (a)   | 26            | 28              | 34            | 33            | 32            |  |
| Other nonperforming assets  | 23            | 23              | 20            | 19            | 19            |  |
| Total nonperforming assets (b)  | \$1,603       | \$1,664         | \$1,672       | \$1,719       | \$1,523       |  |
| Total nonperforming assets, excluding covered assets  | \$1,571       | \$1,629         | \$1,631       | \$1,679       | \$1,483       |  |
| Accruing loans 90 days or more past due, excluding covered loans                                | \$552         | \$518           | \$478         | \$528         | \$541         |  |
| Accruing loans 90 days or more past due   | \$764         | \$748           | \$724         | \$804         | \$831         |  |
| Performing restructured loans, excluding GNMA and covered loans                                 | \$2,557       | \$2,672         | \$2,676       | \$2,735       | \$2,766       |  |
| Performing restructured GNMA and covered loans  | \$1,604       | \$1,375         | \$1,602       | \$1,851       | \$1,944       |  |
| Nonperforming assets to loans plus ORE, excluding covered assets (%)                            | .58           | .61             | .62           | .64           | .58           |  |
| Nonperforming assets to loans plus ORE (%)  | .59           | .61             | .62           | .65           | .58           |  |
| (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>4Q</b>    | <b>3Q</b>    | <b>2Q</b>    | <b>1Q</b>    | <b>4Q</b>       |
|   | <b>2016</b>  | <b>2016</b>  | <b>2016</b>  | <b>2016</b>  | <b>2015</b>     |
| Beginning shares outstanding  | 1,705        | 1,719        | 1,732        | 1,745        | 1,754           |
| Shares issued for stock incentive plans,<br>acquisitions and other corporate purposes | 6            | 2            | 2            | 3            | 1               |
| Shares repurchased  | (14)         | (16)         | (15)         | (16)         | (10)            |
| Ending shares outstanding   | <u>1,697</u> | <u>1,705</u> | <u>1,719</u> | <u>1,732</u> | <u>1,745</u>    |

| <b>CAPITAL POSITION</b>   |               |               |               |               | <b>Table 12</b> |
|---|---------------|---------------|---------------|---------------|-----------------|
| (\$ in millions)  | <b>Dec 31</b> | <b>Sep 30</b> | <b>Jun 30</b> | <b>Mar 31</b> | <b>Dec 31</b>   |
|   | <b>2016</b>   | <b>2016</b>   | <b>2016</b>   | <b>2016</b>   | <b>2015</b>     |
| Total U.S. Bancorp shareholders' equity   | \$47,298      | \$47,759      | \$47,390      | \$46,755      | \$46,131        |
| <b>Standardized Approach</b>  |               |               |               |               |                 |
| Basel III transitional standardized approach  |               |               |               |               |                 |
| Common equity tier 1 capital  | \$33,720      | \$33,827      | \$33,444      | \$32,827      | \$32,612        |
| Tier 1 capital  | 39,421        | 39,531        | 39,148        | 38,532        | 38,431          |
| Total risk-based capital  | 47,355        | 47,452        | 47,049        | 45,412        | 45,313          |
| Common equity tier 1 capital ratio  | 9.4 %         | 9.5 %         | 9.5 %         | 9.5 %         | 9.6 %           |
| Tier 1 capital ratio  | 11.0          | 11.1          | 11.1          | 11.1          | 11.3            |
| Total risk-based capital ratio  | 13.2          | 13.3          | 13.4          | 13.1          | 13.3            |
| Leverage ratio  | 9.0           | 9.2           | 9.3           | 9.3           | 9.5             |
| Common equity tier 1 capital to risk-weighted assets<br>estimated for the Basel III fully implemented<br>standardized approach (a)  | 9.1           | 9.3           | 9.3           | 9.2           | 9.1             |
| <b>Advanced Approaches</b>  |               |               |               |               |                 |
| Common equity tier 1 capital to risk-weighted assets<br>for the Basel III transitional advanced approaches  | 12.2          | 12.4          | 12.3          | 12.3          | 12.5            |
| Common equity tier 1 capital to risk-weighted assets<br>estimated for the Basel III fully implemented<br>advanced approaches (a)  | 11.7          | 12.1          | 12.0          | 11.9          | 11.9            |
| <b>Tangible common equity to tangible assets (a)</b>  | 7.5           | 7.5           | 7.6           | 7.7           | 7.6             |
| <b>Tangible common equity to risk-weighted assets (a)</b>   | 9.2           | 9.3           | 9.3           | 9.3           | 9.2             |
| 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. |               |               |               |               |                 |
| (a) See Non-GAAP Financial Measures reconciliation on page 21   |               |               |               |               |                 |

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## Capital Management

Total U.S. Bancorp shareholders' equity was \$47.3 billion at December 31, 2016, compared with \$47.8 billion at September 30, 2016, and \$46.1 billion at December 31, 2015. During the fourth quarter, the Company returned 81 percent of earnings to shareholders through dividends and share buybacks.

All regulatory ratios continue to be in excess of "well-capitalized" requirements. The estimated common equity tier 1 capital to risk-weighted assets ratio using the Basel III fully implemented standardized approach was 9.1 percent at December 31, 2016, compared with 9.3 percent at September 30, 2016, and 9.1 percent at December 31, 2015. The decline from the third quarter of 2016 in the common equity tier 1 ratio was principally due to the impact of rising interest rates on unrealized gains (losses) of securities available-for-sale. The estimated common equity tier 1 capital to risk-weighted assets ratio using the Basel III fully implemented advanced approaches method was 11.7 percent at December 31, 2016, compared with 12.1 percent at September 30, 2016, and 11.9 percent at December 31, 2015.

**On Wednesday, January 18, 2017, at 8:00 a.m. CST, Richard K. Davis, chairman and chief executive officer, and Terry Dolan, vice chairman and chief financial officer, will host a conference call to review the financial results. The conference call will be available online or by telephone. To access the webcast and presentation, go to [www.usbank.com](http://www.usbank.com) and click on "About U.S. Bank." The "Webcasts & Presentations" link can be found under the Investor/Shareholder information heading, which is at the left side near the bottom of the page. To access the conference call from locations within the United States and Canada, please dial 866-316-1409. Participants calling from outside the United States and Canada, please dial 706-634-9086. The conference ID number for all participants is 17948161. For those unable to participate during the live call, a recording will be available at approximately 11:00 a.m. CST on Wednesday, January 18 and be accessible through Wednesday, January 25 at 11:00 p.m. CST. 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 17948161.**

Minneapolis-based U.S. Bancorp (NYSE: USB), with \$446 billion in assets as of December 31, 2016, is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. The Company operates 3,106 banking offices in 25 states and 4,842 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).

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### Forward-Looking Statements

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

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

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

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### Non-GAAP Financial Measures

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

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

These capital measures are viewed by management as useful additional methods of reflecting the level of capital available to withstand unexpected market or economic conditions. Additionally, presentation of these measures allows investors, analysts and banking regulators to assess the Company's capital position relative to other financial services companies. These measures differ from currently effective capital ratios defined by banking regulations principally in that the numerator of the currently effective ratios, which are subject to certain transitional provisions, temporarily excludes a portion of unrealized gains and losses related to available-for-sale securities and retirement plan obligations, and includes a portion of capital related to intangible assets, other than mortgage servicing rights. These capital measures are not defined in generally accepted accounting principles ("GAAP"), or are not currently effective or defined in federal banking regulations. As a result, these capital measures disclosed by the Company may be considered non-GAAP financial measures.

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

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

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(MORE)

U.S. Bancorp  
**Consolidated Statement of Income**

| (Dollars and Shares in Millions, Except Per Share Data)<br>(Unaudited) | Three Months Ended<br>December 31, |         | Year Ended<br>December 31, |          |
|--|------------------------------------|---------|----------------------------|----------|
|  | 2016                               | 2015    | 2016                       | 2015     |
| <b>Interest Income</b>   |                                    |         |                            |          |
| Loans  | \$2,771                            | \$2,583 | \$10,810                   | \$10,059 |
| Loans held for sale  | 44                                 | 40      | 154                        | 206      |
| Investment securities  | 523                                | 499     | 2,078                      | 2,001    |
| Other interest income  | 36                                 | 34      | 125                        | 136      |
| Total interest income  | 3,374                              | 3,156   | 13,167                     | 12,402   |
| <b>Interest Expense</b>  |                                    |         |                            |          |
| Deposits   | 170                                | 113     | 622                        | 457      |
| Short-term borrowings  | 62                                 | 56      | 263                        | 245      |
| Long-term debt   | 187                                | 168     | 754                        | 699      |
| Total interest expense   | 419                                | 337     | 1,639                      | 1,401    |
| Net interest income  | 2,955                              | 2,819   | 11,528                     | 11,001   |
| Provision for credit losses  | 342                                | 305     | 1,324                      | 1,132    |
| Net interest income after provision for credit losses                  | 2,613                              | 2,514   | 10,204                     | 9,869    |
| <b>Noninterest Income</b>  |                                    |         |                            |          |
| Credit and debit card revenue  | 316                                | 294     | 1,177                      | 1,070    |
| Corporate payment products revenue                                     | 171                                | 170     | 712                        | 708      |
| Merchant processing services   | 404                                | 393     | 1,592                      | 1,547    |
| ATM processing services  | 87                                 | 79      | 338                        | 318      |
| Trust and investment management fees                                   | 368                                | 336     | 1,427                      | 1,321    |
| Deposit service charges  | 186                                | 182     | 725                        | 702      |
| Treasury management fees   | 147                                | 139     | 583                        | 561      |
| Commercial products revenue  | 217                                | 222     | 871                        | 867      |
| Mortgage banking revenue   | 240                                | 211     | 979                        | 906      |
| Investment products fees   | 38                                 | 44      | 158                        | 185      |
| Securities gains (losses), net   | 6                                  | 1       | 22                         | --       |
| Other  | 251                                | 269     | 993                        | 907      |
| Total noninterest income   | 2,431                              | 2,340   | 9,577                      | 9,092    |
| <b>Noninterest Expense</b>   |                                    |         |                            |          |
| Compensation   | 1,357                              | 1,212   | 5,212                      | 4,812    |
| Employee benefits  | 261                                | 272     | 1,119                      | 1,167    |
| Net occupancy and equipment  | 247                                | 246     | 988                        | 991      |
| Professional services  | 156                                | 125     | 502                        | 423      |
| Marketing and business development                                     | 107                                | 96      | 435                        | 361      |
| Technology and communications  | 238                                | 230     | 955                        | 887      |
| Postage, printing and supplies   | 75                                 | 74      | 311                        | 297      |
| Other intangibles  | 45                                 | 46      | 179                        | 174      |
| Other  | 518                                | 508     | 1,975                      | 1,819    |
| Total noninterest expense  | 3,004                              | 2,809   | 11,676                     | 10,931   |
| Income before income taxes   | 2,040                              | 2,045   | 8,105                      | 8,030    |
| Applicable income taxes  | 549                                | 556     | 2,161                      | 2,097    |
| Net income   | 1,491                              | 1,489   | 5,944                      | 5,933    |
| Net (income) loss attributable to noncontrolling interests             | (13)                               | (13)    | (56)                       | (54)     |
| Net income attributable to U.S. Bancorp                                | \$1,478                            | \$1,476 | \$5,888                    | \$5,879  |
| Net income applicable to U.S. Bancorp common shareholders              | \$1,391                            | \$1,404 | \$5,589                    | \$5,608  |
| Earnings per common share  | \$.82                              | \$.80   | \$3.25                     | \$3.18   |
| Diluted earnings per common share                                      | \$.82                              | \$.80   | \$3.24                     | \$3.16   |
| Dividends declared per common share                                    | \$.280                             | \$.255  | \$1.070                    | \$1.010  |
| Average common shares outstanding                                      | 1,700                              | 1,747   | 1,718                      | 1,764    |
| Average diluted common shares outstanding                              | 1,705                              | 1,754   | 1,724                      | 1,772    |

## U.S. Bancorp

# Consolidated Ending Balance Sheet

| (Dollars in Millions)                         | December 31,<br>2016 | December 31,<br>2015 |
|---|----------------------|----------------------|
| <b>Assets</b>                                 |                      |                      |
| Cash and due from banks                       | \$15,705             | \$11,147             |
| Investment securities                         |                      |                      |
| Held-to-maturity                              | 42,991               | 43,590               |
| Available-for-sale                            | 66,284               | 61,997               |
| Loans held for sale                           | 4,826                | 3,184                |
| Loans   |                      |                      |
| Commercial                                    | 93,386               | 88,402               |
| Commercial real estate                        | 43,098               | 42,137               |
| Residential mortgages                         | 57,274               | 53,496               |
| Credit card                                   | 21,749               | 21,012               |
| Other retail                                  | 53,864               | 51,206               |
| Total loans, excluding covered loans          | 269,371              | 256,253              |
| Covered loans                                 | 3,836                | 4,596                |
| Total loans                                   | 273,207              | 260,849              |
| Less allowance for loan losses                | (3,813)              | (3,863)              |
| Net loans                                     | 269,394              | 256,986              |
| Premises and equipment                        | 2,443                | 2,513                |
| Goodwill                                      | 9,344                | 9,361                |
| Other intangible assets                       | 3,303                | 3,350                |
| Other assets                                  | 31,674               | 29,725               |
| Total assets                                  | \$445,964            | \$421,853            |
| <b>Liabilities and Shareholders' Equity</b>   |                      |                      |
| Deposits                                      |                      |                      |
| Noninterest-bearing                           | \$86,097             | \$83,766             |
| Interest-bearing                              | 248,493              | 216,634              |
| Total deposits                                | 334,590              | 300,400              |
| Short-term borrowings                         | 13,963               | 27,877               |
| Long-term debt                                | 33,323               | 32,078               |
| Other liabilities                             | 16,155               | 14,681               |
| Total liabilities                             | 398,031              | 375,036              |
| Shareholders' equity                          |                      |                      |
| Preferred stock                               | 5,501                | 5,501                |
| Common stock                                  | 21                   | 21                   |
| Capital surplus                               | 8,440                | 8,376                |
| Retained earnings                             | 50,151               | 46,377               |
| Less treasury stock                           | (15,280)             | (13,125)             |
| Accumulated other comprehensive income (loss) | (1,535)              | (1,019)              |
| Total U.S. Bancorp shareholders' equity       | 47,298               | 46,131               |
| Noncontrolling interests                      | 635                  | 686                  |
| Total equity                                  | 47,933               | 46,817               |
| Total liabilities and equity                  | \$445,964            | \$421,853            |

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

| (Dollars in Millions, Unaudited)   | December 31,<br>2016 | September 30,<br>2016 | June 30,<br>2016 | March 31,<br>2016 | December 31,<br>2015 |
|--|----------------------|-----------------------|------------------|-------------------|----------------------|
| Total equity   | \$47,933             | \$48,399              | \$48,029         | \$47,393          | \$46,817             |
| Preferred stock  | (5,501)              | (5,501)               | (5,501)          | (5,501)           | (5,501)              |
| Noncontrolling interests   | (635)                | (640)                 | (639)            | (638)             | (686)                |
| Goodwill (net of deferred tax liability) (1)   | (8,203)              | (8,239)               | (8,246)          | (8,270)           | (8,295)              |
| Intangible assets, other than mortgage servicing rights  | (712)                | (756)                 | (796)            | (820)             | (838)                |
| Tangible common equity (a)   | 32,882               | 33,263                | 32,847           | 32,164            | 31,497               |
| Tangible common equity (as calculated above)   | 32,882               | 33,263                | 32,847           | 32,164            | 31,497               |
| Adjustments (2)  | (55)                 | 97                    | 133              | 99                | 67                   |
| Common equity tier 1 capital estimated for the Basel III fully implemented standardized and advanced approaches (b)              | 32,827               | 33,360                | 32,980           | 32,263            | 31,564               |
| Total assets   | 445,964              | 454,134               | 438,463          | 428,638           | 421,853              |
| Goodwill (net of deferred tax liability) (1)   | (8,203)              | (8,239)               | (8,246)          | (8,270)           | (8,295)              |
| Intangible assets, other than mortgage servicing rights  | (712)                | (756)                 | (796)            | (820)             | (838)                |
| Tangible assets (c)  | 437,049              | 445,139               | 429,421          | 419,548           | 412,720              |
| Risk-weighted assets, determined in accordance with prescribed transitional standardized approach regulatory requirements (d)    | 358,237 *            | 356,733               | 351,462          | 346,227           | 341,360              |
| Adjustments (3)  | 4,027 *              | 3,165                 | 3,079            | 3,485             | 3,892                |
| Risk-weighted assets estimated for the Basel III fully implemented standardized approach (e)                                     | 362,264 *            | 359,898               | 354,541          | 349,712           | 345,252              |
| Risk-weighted assets, determined in accordance with prescribed transitional advanced approaches regulatory requirements          | 277,141 *            | 272,832               | 271,495          | 267,309           | 261,668              |
| Adjustments (4)  | 4,295 *              | 3,372                 | 3,283            | 3,707             | 4,099                |
| Risk-weighted assets estimated for the Basel III fully implemented advanced approaches (f)                                       | 281,436 *            | 276,204               | 274,778          | 271,016           | 265,767              |
| <b>Ratios *</b>  |                      |                       |                  |                   |                      |
| Tangible common equity to tangible assets (a)/(c)  | 7.5 %                | 7.5 %                 | 7.6 %            | 7.7 %             | 7.6 %                |
| Tangible common equity to risk-weighted assets (a)/(d)   | 9.2                  | 9.3                   | 9.3              | 9.3               | 9.2                  |
| Common equity tier 1 capital to risk-weighted assets estimated for the Basel III fully implemented standardized approach (b)/(e) | 9.1                  | 9.3                   | 9.3              | 9.2               | 9.1                  |
| Common equity tier 1 capital to risk-weighted assets estimated for the Basel III fully implemented advanced approaches (b)/(f)   | 11.7                 | 12.1                  | 12.0             | 11.9              | 11.9                 |

|  | Three Months Ended   |                       |                  |                   |                      | Year Ended           |                      |
|--|----------------------|-----------------------|------------------|-------------------|----------------------|----------------------|----------------------|
|  | December 31,<br>2016 | September 30,<br>2016 | June 30,<br>2016 | March 31,<br>2016 | December 31,<br>2015 | December 31,<br>2016 | December 31,<br>2015 |
| Net interest income  | \$2,955              | \$2,893               | \$2,845          | \$2,835           | \$2,819              | \$11,528             | \$11,001             |
| Taxable-equivalent adjustment (5)  | 49                   | 50                    | 51               | 53                | 52                   | 203                  | 213                  |
| Net interest income, on a taxable-equivalent basis                       | 3,004                | 2,943                 | 2,896            | 2,888             | 2,871                | 11,731               | 11,214               |
| Net interest income, on a taxable-equivalent basis (as calculated above) | 3,004                | 2,943                 | 2,896            | 2,888             | 2,871                | 11,731               | 11,214               |
| Noninterest income   | 2,431                | 2,445                 | 2,552            | 2,149             | 2,340                | 9,577                | 9,092                |
| Less: Securities gains (losses), net                                     | 6                    | 10                    | 3                | 3                 | 1                    | 22                   | --                   |
| Total net revenue, excluding net securities gains (losses) (g)           | 5,429                | 5,378                 | 5,445            | 5,034             | 5,210                | 21,286               | 20,306               |
| Noninterest expense (h)  | 3,004                | 2,931                 | 2,992            | 2,749             | 2,809                | 11,676               | 10,931               |
| Less: Intangible amortization  | 45                   | 45                    | 44               | 45                | 46                   | 179                  | 174                  |
| Noninterest expense, excluding intangible amortization (i)               | 2,959                | 2,886                 | 2,948            | 2,704             | 2,763                | 11,497               | 10,757               |
| Efficiency ratio (h)/(g)   | 55.3 %               | 54.5 %                | 54.9 %           | 54.6 %            | 53.9 %               | 54.9 %               | 53.8 %               |
| Tangible efficiency ratio (i)/(g)  | 54.5                 | 53.7                  | 54.1             | 53.7              | 53.0                 | 54.0                 | 53.0                 |

\* Preliminary data. Subject to change prior to filings with applicable regulatory agencies.

(1) Includes goodwill related to certain investments in unconsolidated financial institutions per prescribed regulatory requirements.

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

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

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

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

# **Supplemental Consolidated Schedules**

**4Q 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. December 31, 2016 |                      |
|--|----------------------|-----------------------|----------------------|--|----------------------|
|  | December 31,<br>2016 | September 30,<br>2016 | December 31,<br>2015 | September 30,<br>2016                  | December 31,<br>2015 |
| Net interest income  | \$2,955              | \$2,893               | \$2,819              | 2.1 %                                  | 4.8 %                |
| Taxable-equivalent adjustment  | 49                   | 50                    | 52                   | (2.0)                                  | (5.8)                |
| Net interest income (taxable-equivalent basis)                         | 3,004                | 2,943                 | 2,871                | 2.1                                    | 4.6                  |
| Noninterest income   | 2,431                | 2,445                 | 2,340                | (.6)                                   | 3.9                  |
| Total net revenue  | 5,435                | 5,388                 | 5,211                | .9                                     | 4.3                  |
| Noninterest expense  | 3,004                | 2,931                 | 2,809                | 2.5                                    | 6.9                  |
| Income before provision and income taxes                               | 2,431                | 2,457                 | 2,402                | (1.1)                                  | 1.2                  |
| Provision for credit losses  | 342                  | 325                   | 305                  | 5.2                                    | 12.1                 |
| Income before income taxes   | 2,089                | 2,132                 | 2,097                | (2.0)                                  | (.4)                 |
| Income taxes and taxable-equivalent adjustment                         | 598                  | 616                   | 608                  | (2.9)                                  | (1.6)                |
| Net income   | 1,491                | 1,516                 | 1,489                | (1.6)                                  | .1                   |
| Net (income) loss attributable to noncontrolling interests             | (13)                 | (14)                  | (13)                 | 7.1                                    | --                   |
| Net income attributable to U.S. Bancorp                                | \$1,478              | \$1,502               | \$1,476              | (1.6)                                  | .1                   |
| Net income applicable to U.S. Bancorp common shareholders              | \$1,391              | \$1,434               | \$1,404              | (3.0)                                  | (.9)                 |
| Diluted earnings per common share                                      | \$.82                | \$.84                 | \$.80                | (2.4)                                  | 2.5                  |
| Revenue per diluted common share (a)                                   | \$3.18               | \$3.13                | \$2.97               | 1.6                                    | 7.1                  |
| <b>Financial Ratios</b>  |                      |                       |                      |  |                      |
| Net interest margin (b)  | 2.98 %               | 2.98 %                | 3.06 %               |  |                      |
| Interest yield on average loans (b)                                    | 4.08                 | 4.07                  | 4.04                 |  |                      |
| Rate paid on interest-bearing liabilities (b)                          | .57                  | .59                   | .50                  |  |                      |
| Return on average assets   | 1.32                 | 1.36                  | 1.41                 |  |                      |
| Return on average common equity  | 13.1                 | 13.5                  | 13.7                 |  |                      |
| Efficiency ratio   | 55.3                 | 54.5                  | 53.9                 |  |                      |
| Tangible efficiency ratio  | 54.5                 | 53.7                  | 53.0                 |  |                      |

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

(b) On a taxable-equivalent basis

## U.S. Bancorp

### Income Statement Highlights

| (Dollars and Shares in Millions, Except Per Share Data)<br>(Unaudited) | Year Ended           |                      | Percent<br>Change |
|--|----------------------|----------------------|-------------------|
|  | December 31,<br>2016 | December 31,<br>2015 |                   |
| Net interest income  | \$11,528             | \$11,001             | 4.8 %             |
| Taxable-equivalent adjustment  | 203                  | 213                  | (4.7)             |
| Net interest income (taxable-equivalent basis)                         | 11,731               | 11,214               | 4.6               |
| Noninterest income   | 9,577                | 9,092                | 5.3               |
| Total net revenue  | 21,308               | 20,306               | 4.9               |
| Noninterest expense  | 11,676               | 10,931               | 6.8               |
| Income before provision and income taxes                               | 9,632                | 9,375                | 2.7               |
| Provision for credit losses  | 1,324                | 1,132                | 17.0              |
| Income before income taxes   | 8,308                | 8,243                | .8                |
| Income taxes and taxable-equivalent adjustment                         | 2,364                | 2,310                | 2.3               |
| Net income   | 5,944                | 5,933                | .2                |
| Net (income) loss attributable to noncontrolling interests             | (56)                 | (54)                 | (3.7)             |
| Net income attributable to U.S. Bancorp                                | \$5,888              | \$5,879              | .2                |
| Net income applicable to U.S. Bancorp common shareholders              | \$5,589              | \$5,608              | (.3)              |
| Diluted earnings per common share                                      | \$3.24               | \$3.16               | 2.5               |
| Revenue per diluted common share (a)                                   | \$12.35              | \$11.46              | 7.8               |
| <b>Financial Ratios</b>  |                      |                      |                   |
| Net interest margin (b)  | 3.01 %               | 3.05 %               |                   |
| Interest yield on average loans (b)                                    | 4.08                 | 4.06                 |                   |
| Rate paid on interest-bearing liabilities (b)                          | .57                  | .52                  |                   |
| Return on average assets   | 1.36                 | 1.44                 |                   |
| Return on average common equity  | 13.4                 | 14.0                 |                   |
| Efficiency ratio   | 54.9                 | 53.8                 |                   |
| Tangible efficiency ratio  | 54.0                 | 53.0                 |                   |

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

(b) On a taxable-equivalent basis



U.S. Bancorp

**Quarterly Consolidated Statement of Income**

| (Dollars and Shares in Millions, Except Per Share Data)<br>(Unaudited) | Three Months Ended   |                       |                  |                   |                      |
|--|----------------------|-----------------------|------------------|-------------------|----------------------|
|  | December 31,<br>2016 | September 30,<br>2016 | June 30,<br>2016 | March 31,<br>2016 | December 31,<br>2015 |
| <b>Interest Income</b>   |                      |                       |                  |                   |                      |
| Loans  | \$2,771              | \$2,731               | \$2,664          | \$2,644           | \$2,583              |
| Loans held for sale  | 44                   | 43                    | 36               | 31                | 40                   |
| Investment securities  | 523                  | 515                   | 523              | 517               | 499                  |
| Other interest income  | 36                   | 31                    | 29               | 29                | 34                   |
| Total interest income  | 3,374                | 3,320                 | 3,252            | 3,221             | 3,156                |
| <b>Interest Expense</b>  |                      |                       |                  |                   |                      |
| Deposits   | 170                  | 161                   | 152              | 139               | 113                  |
| Short-term borrowings  | 62                   | 70                    | 66               | 65                | 56                   |
| Long-term debt   | 187                  | 196                   | 189              | 182               | 168                  |
| Total interest expense   | 419                  | 427                   | 407              | 386               | 337                  |
| Net interest income  | 2,955                | 2,893                 | 2,845            | 2,835             | 2,819                |
| Provision for credit losses  | 342                  | 325                   | 327              | 330               | 305                  |
| Net interest income after provision for credit losses                  | 2,613                | 2,568                 | 2,518            | 2,505             | 2,514                |
| <b>Noninterest Income</b>  |                      |                       |                  |                   |                      |
| Credit and debit card revenue  | 316                  | 299                   | 296              | 266               | 294                  |
| Corporate payment products revenue                                     | 171                  | 190                   | 181              | 170               | 170                  |
| Merchant processing services   | 404                  | 412                   | 403              | 373               | 393                  |
| ATM processing services  | 87                   | 87                    | 84               | 80                | 79                   |
| Trust and investment management fees                                   | 368                  | 362                   | 358              | 339               | 336                  |
| Deposit service charges  | 186                  | 192                   | 179              | 168               | 182                  |
| Treasury management fees   | 147                  | 147                   | 147              | 142               | 139                  |
| Commercial products revenue  | 217                  | 219                   | 238              | 197               | 222                  |
| Mortgage banking revenue   | 240                  | 314                   | 238              | 187               | 211                  |
| Investment products fees   | 38                   | 41                    | 39               | 40                | 44                   |
| Securities gains (losses), net   | 6                    | 10                    | 3                | 3                 | 1                    |
| Other  | 251                  | 172                   | 386              | 184               | 269                  |
| Total noninterest income   | 2,431                | 2,445                 | 2,552            | 2,149             | 2,340                |
| <b>Noninterest Expense</b>   |                      |                       |                  |                   |                      |
| Compensation   | 1,357                | 1,329                 | 1,277            | 1,249             | 1,212                |
| Employee benefits  | 261                  | 280                   | 278              | 300               | 272                  |
| Net occupancy and equipment  | 247                  | 250                   | 243              | 248               | 246                  |
| Professional services  | 156                  | 127                   | 121              | 98                | 125                  |
| Marketing and business development                                     | 107                  | 102                   | 149              | 77                | 96                   |
| Technology and communications  | 238                  | 243                   | 241              | 233               | 230                  |
| Postage, printing and supplies   | 75                   | 80                    | 77               | 79                | 74                   |
| Other intangibles  | 45                   | 45                    | 44               | 45                | 46                   |
| Other  | 518                  | 475                   | 562              | 420               | 508                  |
| Total noninterest expense  | 3,004                | 2,931                 | 2,992            | 2,749             | 2,809                |
| Income before income taxes   | 2,040                | 2,082                 | 2,078            | 1,905             | 2,045                |
| Applicable income taxes  | 549                  | 566                   | 542              | 504               | 556                  |
| Net income   | 1,491                | 1,516                 | 1,536            | 1,401             | 1,489                |
| Net (income) loss attributable to noncontrolling interests             | (13)                 | (14)                  | (14)             | (15)              | (13)                 |
| Net income attributable to U.S. Bancorp                                | \$1,478              | \$1,502               | \$1,522          | \$1,386           | \$1,476              |
| Net income applicable to U.S. Bancorp common shareholders              | \$1,391              | \$1,434               | \$1,435          | \$1,329           | \$1,404              |
| Earnings per common share  | \$.82                | \$.84                 | \$.83            | \$.77             | \$.80                |
| Diluted earnings per common share                                      | \$.82                | \$.84                 | \$.83            | \$.76             | \$.80                |
| Dividends declared per common share                                    | \$.280               | \$.280                | \$.255           | \$.255            | \$.255               |
| Average common shares outstanding                                      | 1,700                | 1,710                 | 1,725            | 1,737             | 1,747                |
| Average diluted common shares outstanding                              | 1,705                | 1,716                 | 1,731            | 1,743             | 1,754                |
| <b>Financial Ratios</b>  |                      |                       |                  |                   |                      |
| Net interest margin (a)  | 2.98 %               | 2.98 %                | 3.02 %           | 3.06 %            | 3.06 %               |
| Interest yield on average loans (a)                                    | 4.08                 | 4.07                  | 4.05             | 4.09              | 4.04                 |
| Rate paid on interest-bearing liabilities (a)                          | .57                  | .59                   | .58              | .56               | .50                  |
| Return on average assets   | 1.32                 | 1.36                  | 1.43             | 1.32              | 1.41                 |
| Return on average common equity  | 13.1                 | 13.5                  | 13.8             | 13.0              | 13.7                 |
| Efficiency ratio   | 55.3                 | 54.5                  | 54.9             | 54.6              | 53.9                 |
| Tangible efficiency ratio  | 54.5                 | 53.7                  | 54.1             | 53.7              | 53.0                 |

(a) On a taxable-equivalent basis

# U.S. Bancorp

## Consolidated Ending Balance Sheet

| (Dollars in Millions)                         | December 31,<br>2016 | September 30,<br>2016 | June 30,<br>2016 | March 31,<br>2016 | December 31,<br>2015 |
|---|----------------------|-----------------------|------------------|-------------------|----------------------|
| <b>Assets</b>                                 |                      | (Unaudited)           | (Unaudited)      | (Unaudited)       |                      |
| Cash and due from banks                       | \$15,705             | \$23,664              | \$14,038         | \$10,981          | \$11,147             |
| Investment securities                         |                      |                       |                  |                   |                      |
| Held-to-maturity                              | 42,991               | 42,873                | 42,030           | 42,113            | 43,590               |
| Available-for-sale                            | 66,284               | 67,155                | 66,490           | 64,912            | 61,997               |
| Loans held for sale                           | 4,826                | 5,575                 | 4,311            | 4,005             | 3,184                |
| Loans   |                      |                       |                  |                   |                      |
| Commercial                                    | 93,386               | 93,201                | 92,514           | 91,277            | 88,402               |
| Commercial real estate                        | 43,098               | 43,468                | 43,290           | 42,743            | 42,137               |
| Residential mortgages                         | 57,274               | 56,229                | 55,904           | 54,955            | 53,496               |
| Credit card                                   | 21,749               | 20,706                | 20,571           | 19,957            | 21,012               |
| Other retail                                  | 53,864               | 53,664                | 52,008           | 51,161            | 51,206               |
| Total loans, excluding covered loans          | 269,371              | 267,268               | 264,287          | 260,093           | 256,253              |
| Covered loans                                 | 3,836                | 4,021                 | 4,234            | 4,429             | 4,596                |
| Total loans                                   | 273,207              | 271,289               | 268,521          | 264,522           | 260,849              |
| Less allowance for loan losses                | (3,813)              | (3,797)               | (3,806)          | (3,853)           | (3,863)              |
| Net loans                                     | 269,394              | 267,492               | 264,715          | 260,669           | 256,986              |
| Premises and equipment                        | 2,443                | 2,449                 | 2,459            | 2,486             | 2,513                |
| Goodwill                                      | 9,344                | 9,357                 | 9,359            | 9,368             | 9,361                |
| Other intangible assets                       | 3,303                | 2,887                 | 2,852            | 3,042             | 3,350                |
| Other assets                                  | 31,674               | 32,682                | 32,209           | 31,062            | 29,725               |
| Total assets                                  | \$445,964            | \$454,134             | \$438,463        | \$428,638         | \$421,853            |
| <b>Liabilities and Shareholders' Equity</b>   |                      |                       |                  |                   |                      |
| Deposits                                      |                      |                       |                  |                   |                      |
| Noninterest-bearing                           | \$86,097             | \$89,101              | \$86,572         | \$80,407          | \$83,766             |
| Interest-bearing                              | 248,493              | 245,494               | 231,018          | 225,941           | 216,634              |
| Total deposits                                | 334,590              | 334,595               | 317,590          | 306,348           | 300,400              |
| Short-term borrowings                         | 13,963               | 15,695                | 18,433           | 23,777            | 27,877               |
| Long-term debt                                | 33,323               | 37,978                | 36,941           | 34,872            | 32,078               |
| Other liabilities                             | 16,155               | 17,467                | 17,470           | 16,248            | 14,681               |
| Total liabilities                             | 398,031              | 405,735               | 390,434          | 381,245           | 375,036              |
| Shareholders' equity                          |                      |                       |                  |                   |                      |
| Preferred stock                               | 5,501                | 5,501                 | 5,501            | 5,501             | 5,501                |
| Common stock                                  | 21                   | 21                    | 21               | 21                | 21                   |
| Capital surplus                               | 8,440                | 8,429                 | 8,402            | 8,368             | 8,376                |
| Retained earnings                             | 50,151               | 49,231                | 48,269           | 47,267            | 46,377               |
| Less treasury stock                           | (15,280)             | (14,844)              | (14,241)         | (13,658)          | (13,125)             |
| Accumulated other comprehensive income (loss) | (1,535)              | (579)                 | (562)            | (744)             | (1,019)              |
| Total U.S. Bancorp shareholders' equity       | 47,298               | 47,759                | 47,390           | 46,755            | 46,131               |
| Noncontrolling interests                      | 635                  | 640                   | 639              | 638               | 686                  |
| Total equity                                  | 47,933               | 48,399                | 48,029           | 47,393            | 46,817               |
| Total liabilities and equity                  | \$445,964            | \$454,134             | \$438,463        | \$428,638         | \$421,853            |

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

| (Dollars in Millions, Unaudited)                | December 31,<br>2016 | September 30,<br>2016 | June 30,<br>2016 | March 31,<br>2016 | December 31,<br>2015 |
|---|----------------------|-----------------------|------------------|-------------------|----------------------|
| <b>Assets</b>                                   |                      |                       |                  |                   |                      |
| Investment securities                           | \$110,386            | \$108,109             | \$107,132        | \$106,031         | \$105,536            |
| Loans held for sale                             | 5,054                | 4,691                 | 3,796            | 3,167             | 4,047                |
| Loans   |                      |                       |                  |                   |                      |
| Commercial                                      |                      |                       |                  |                   |                      |
| Commercial                                      | 88,448               | 87,067                | 86,899           | 84,582            | 81,592               |
| Lease financing                                 | 5,359                | 5,302                 | 5,255            | 5,238             | 5,211                |
| Total commercial                                | 93,807               | 92,369                | 92,154           | 89,820            | 86,803               |
| Commercial real estate                          |                      |                       |                  |                   |                      |
| Commercial mortgages                            | 31,767               | 31,888                | 31,950           | 31,836            | 31,830               |
| Construction and development                    | 11,624               | 11,486                | 11,038           | 10,565            | 10,401               |
| Total commercial real estate                    | 43,391               | 43,374                | 42,988           | 42,401            | 42,231               |
| Residential mortgages                           | 56,718               | 56,284                | 55,501           | 54,208            | 52,970               |
| Credit card                                     | 20,942               | 20,628                | 20,140           | 20,244            | 18,838               |
| Other retail                                    |                      |                       |                  |                   |                      |
| Retail leasing                                  | 6,191                | 5,773                 | 5,326            | 5,179             | 5,265                |
| Home equity and second mortgages                | 16,444               | 16,470                | 16,394           | 16,368            | 16,241               |
| Other   | 31,245               | 30,608                | 29,748           | 29,550            | 29,556               |
| Total other retail                              | 53,880               | 52,851                | 51,468           | 51,097            | 51,062               |
| Total loans, excluding covered loans            | 268,738              | 265,506               | 262,251          | 257,770           | 251,904              |
| Covered loans                                   | 3,933                | 4,131                 | 4,331            | 4,511             | 4,788                |
| Total loans                                     | 272,671              | 269,637               | 266,582          | 262,281           | 256,692              |
| Other earning assets                            | 13,860               | 11,346                | 7,858            | 6,729             | 6,816                |
| Total earning assets                            | 401,971              | 393,783               | 385,368          | 378,208           | 373,091              |
| Allowance for loan losses                       | (3,801)              | (3,818)               | (3,863)          | (3,864)           | (3,972)              |
| Unrealized gain (loss) on investment securities | 21                   | 933                   | 771              | 648               | 540                  |
| Other assets                                    | 46,712               | 46,965                | 46,474           | 46,565            | 45,463               |
| Total assets                                    | \$444,903            | \$437,863             | \$428,750        | \$421,557         | \$415,122            |
| <b>Liabilities and Shareholders' Equity</b>     |                      |                       |                  |                   |                      |
| Noninterest-bearing deposits                    | \$84,892             | \$82,021              | \$79,171         | \$78,569          | \$83,894             |
| Interest-bearing deposits                       |                      |                       |                  |                   |                      |
| Interest checking                               | 64,647               | 63,456                | 60,842           | 57,910            | 57,109               |
| Money market savings                            | 106,637              | 99,921                | 92,904           | 86,462            | 82,828               |
| Savings accounts                                | 41,310               | 40,695                | 40,258           | 39,250            | 37,991               |
| Time deposits                                   | 31,697               | 32,455                | 34,211           | 33,687            | 32,683               |
| Total interest-bearing deposits                 | 244,291              | 236,527               | 228,215          | 217,309           | 210,611              |
| Short-term borrowings                           | 15,288               | 15,929                | 21,103           | 27,399            | 27,094               |
| Long-term debt                                  | 35,709               | 37,875                | 36,478           | 34,808            | 32,235               |
| Total interest-bearing liabilities              | 295,288              | 290,331               | 285,796          | 279,516           | 269,940              |
| Other liabilities                               | 16,450               | 17,081                | 15,961           | 16,056            | 14,826               |
| Shareholders' equity                            |                      |                       |                  |                   |                      |
| Preferred equity                                | 5,501                | 5,501                 | 5,501            | 5,501             | 5,072                |
| Common equity                                   | 42,134               | 42,290                | 41,683           | 41,237            | 40,701               |
| Total U.S. Bancorp shareholders' equity         | 47,635               | 47,791                | 47,184           | 46,738            | 45,773               |
| Noncontrolling interests                        | 638                  | 639                   | 638              | 678               | 689                  |
| Total equity                                    | 48,273               | 48,430                | 47,822           | 47,416            | 46,462               |
| Total liabilities and equity                    | \$444,903            | \$437,863             | \$428,750        | \$421,557         | \$415,122            |

**Consolidated Daily Average Balance Sheet and Related Yields and Rates (a)**For the Three Months Ended December 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                                       | \$110,386           | \$547          | 1.98 %                 | \$105,536           | \$528          | 2.00 %                 | 4.6 %                           |
| Loans held for sale   | 5,054               | 44             | 3.53                   | 4,047               | 40             | 3.94                   | 24.9                            |
| Loans (b)   |                     |                |                        |                     |                |                        |                                 |
| Commercial  | 93,807              | 676            | 2.87                   | 86,803              | 585            | 2.68                   | 8.1                             |
| Commercial real estate                                      | 43,391              | 429            | 3.93                   | 42,231              | 417            | 3.92                   | 2.7                             |
| Residential mortgages                                       | 56,718              | 522            | 3.68                   | 52,970              | 501            | 3.77                   | 7.1                             |
| Credit card   | 20,942              | 581            | 11.03                  | 18,838              | 525            | 11.06                  | 11.2                            |
| Other retail  | 53,880              | 541            | 3.99                   | 51,062              | 525            | 4.08                   | 5.5                             |
| Total loans, excluding covered loans                        | 268,738             | 2,749          | 4.07                   | 251,904             | 2,553          | 4.03                   | 6.7                             |
| Covered loans   | 3,933               | 48             | 4.91                   | 4,788               | 55             | 4.60                   | (17.9)                          |
| Total loans   | 272,671             | 2,797          | 4.08                   | 256,692             | 2,608          | 4.04                   | 6.2                             |
| Other earning assets  | 13,860              | 36             | 1.05                   | 6,816               | 33             | 1.95                   | *                               |
| Total earning assets  | 401,971             | 3,424          | 3.40                   | 373,091             | 3,209          | 3.42                   | 7.7                             |
| Allowance for loan losses                                   | (3,801)             |                |                        | (3,972)             |                |                        | 4.3                             |
| Unrealized gain (loss) on investment securities             | 21                  |                |                        | 540                 |                |                        | (96.1)                          |
| Other assets  | 46,712              |                |                        | 45,463              |                |                        | 2.7                             |
| Total assets  | <u>\$444,903</u>    |                |                        | <u>\$415,122</u>    |                |                        | 7.2                             |
| <b>Liabilities and Shareholders' Equity</b>                 |                     |                |                        |                     |                |                        |                                 |
| Noninterest-bearing deposits                                | \$84,892            |                |                        | \$83,894            |                |                        | 1.2 %                           |
| Interest-bearing deposits                                   |                     |                |                        |                     |                |                        |                                 |
| Interest checking   | 64,647              | 13             | .08                    | 57,109              | 7              | .05                    | 13.2                            |
| Money market savings  | 106,637             | 102            | .38                    | 82,828              | 53             | .25                    | 28.7                            |
| Savings accounts  | 41,310              | 8              | .08                    | 37,991              | 8              | .09                    | 8.7                             |
| Time deposits   | 31,697              | 47             | .59                    | 32,683              | 45             | .54                    | (3.0)                           |
| Total interest-bearing deposits                             | 244,291             | 170            | .28                    | 210,611             | 113            | .21                    | 16.0                            |
| Short-term borrowings                                       | 15,288              | 63             | 1.63                   | 27,094              | 57             | .82                    | (43.6)                          |
| Long-term debt  | 35,709              | 187            | 2.10                   | 32,235              | 168            | 2.08                   | 10.8                            |
| Total interest-bearing liabilities                          | 295,288             | 420            | .57                    | 269,940             | 338            | .50                    | 9.4                             |
| Other liabilities   | 16,450              |                |                        | 14,826              |                |                        | 11.0                            |
| Shareholders' equity  |                     |                |                        |                     |                |                        |                                 |
| Preferred equity  | 5,501               |                |                        | 5,072               |                |                        | 8.5                             |
| Common equity   | 42,134              |                |                        | 40,701              |                |                        | 3.5                             |
| Total U.S. Bancorp shareholders' equity                     | 47,635              |                |                        | 45,773              |                |                        | 4.1                             |
| Noncontrolling interests                                    | 638                 |                |                        | 689                 |                |                        | (7.4)                           |
| Total equity  | 48,273              |                |                        | 46,462              |                |                        | 3.9                             |
| Total liabilities and equity                                | <u>\$444,903</u>    |                |                        | <u>\$415,122</u>    |                |                        | 7.2                             |
| Net interest income   |                     | <u>\$3,004</u> |                        |                     | <u>\$2,871</u> |                        |                                 |
| Gross interest margin                                       |                     |                | 2.83 %                 |                     |                | 2.92 %                 |                                 |
| Gross interest margin without taxable-equivalent increments |                     |                | 2.78                   |                     |                | 2.86                   |                                 |
| <b>Percent of Earning Assets</b>                            |                     |                |                        |                     |                |                        |                                 |
| Interest income   |                     |                | 3.40 %                 |                     |                | 3.42 %                 |                                 |
| Interest expense  |                     |                | .42                    |                     |                | .36                    |                                 |
| Net interest margin   |                     |                | 2.98 %                 |                     |                | 3.06 %                 |                                 |
| Net interest margin without taxable-equivalent increments   |                     |                | 2.93 %                 |                     |                | 3.00 %                 |                                 |

\* Not meaningful

(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  
December 31, 2016 September 30, 2016

| (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                                       | \$110,386           | \$547          | 1.98 %                 | \$108,109           | \$539          | 2.00 %                 | 2.1 %                           |
| Loans held for sale   | 5,054               | 44             | 3.53                   | 4,691               | 43             | 3.68                   | 7.7                             |
| Loans (b)   |                     |                |                        |                     |                |                        |                                 |
| Commercial  | 93,807              | 676            | 2.87                   | 92,369              | 654            | 2.82                   | 1.6                             |
| Commercial real estate                                      | 43,391              | 429            | 3.93                   | 43,374              | 429            | 3.94                   | --                              |
| Residential mortgages                                       | 56,718              | 522            | 3.68                   | 56,284              | 522            | 3.70                   | .8                              |
| Credit card   | 20,942              | 581            | 11.03                  | 20,628              | 569            | 10.98                  | 1.5                             |
| Other retail  | 53,880              | 541            | 3.99                   | 52,851              | 535            | 4.02                   | 1.9                             |
| Total loans, excluding covered loans                        | 268,738             | 2,749          | 4.07                   | 265,506             | 2,709          | 4.06                   | 1.2                             |
| Covered loans   | 3,933               | 48             | 4.91                   | 4,131               | 49             | 4.76                   | (4.8)                           |
| Total loans   | 272,671             | 2,797          | 4.08                   | 269,637             | 2,758          | 4.07                   | 1.1                             |
| Other earning assets  | 13,860              | 36             | 1.05                   | 11,346              | 31             | 1.09                   | 22.2                            |
| Total earning assets  | 401,971             | 3,424          | 3.40                   | 393,783             | 3,371          | 3.41                   | 2.1                             |
| Allowance for loan losses                                   | (3,801)             |                |                        | (3,818)             |                |                        | .4                              |
| Unrealized gain (loss) on investment securities             | 21                  |                |                        | 933                 |                |                        | (97.7)                          |
| Other assets  | 46,712              |                |                        | 46,965              |                |                        | (.5)                            |
| Total assets  | <u>\$444,903</u>    |                |                        | <u>\$437,863</u>    |                |                        | 1.6                             |
| <b>Liabilities and Shareholders' Equity</b>                 |                     |                |                        |                     |                |                        |                                 |
| Noninterest-bearing deposits                                | \$84,892            |                |                        | \$82,021            |                |                        | 3.5 %                           |
| Interest-bearing deposits                                   |                     |                |                        |                     |                |                        |                                 |
| Interest checking   | 64,647              | 13             | .08                    | 63,456              | 12             | .08                    | 1.9                             |
| Money market savings  | 106,637             | 102            | .38                    | 99,921              | 92             | .36                    | 6.7                             |
| Savings accounts  | 41,310              | 8              | .08                    | 40,695              | 9              | .09                    | 1.5                             |
| Time deposits   | 31,697              | 47             | .59                    | 32,455              | 48             | .59                    | (2.3)                           |
| Total interest-bearing deposits                             | 244,291             | 170            | .28                    | 236,527             | 161            | .27                    | 3.3                             |
| Short-term borrowings                                       | 15,288              | 63             | 1.63                   | 15,929              | 71             | 1.78                   | (4.0)                           |
| Long-term debt  | 35,709              | 187            | 2.10                   | 37,875              | 196            | 2.06                   | (5.7)                           |
| Total interest-bearing liabilities                          | 295,288             | 420            | .57                    | 290,331             | 428            | .59                    | 1.7                             |
| Other liabilities   | 16,450              |                |                        | 17,081              |                |                        | (3.7)                           |
| Shareholders' equity  |                     |                |                        |                     |                |                        |                                 |
| Preferred equity  | 5,501               |                |                        | 5,501               |                |                        | --                              |
| Common equity   | 42,134              |                |                        | 42,290              |                |                        | (.4)                            |
| Total U.S. Bancorp shareholders' equity                     | 47,635              |                |                        | 47,791              |                |                        | (.3)                            |
| Noncontrolling interests                                    | 638                 |                |                        | 639                 |                |                        | (.2)                            |
| Total equity  | 48,273              |                |                        | 48,430              |                |                        | (.3)                            |
| Total liabilities and equity                                | <u>\$444,903</u>    |                |                        | <u>\$437,863</u>    |                |                        | 1.6                             |
| Net interest income   |                     | <u>\$3,004</u> |                        |                     | <u>\$2,943</u> |                        |                                 |
| Gross interest margin                                       |                     |                | 2.83 %                 |                     |                | 2.82 %                 |                                 |
| Gross interest margin without taxable-equivalent increments |                     |                | 2.78                   |                     |                | 2.77                   |                                 |
| <b>Percent of Earning Assets</b>                            |                     |                |                        |                     |                |                        |                                 |
| Interest income   |                     |                | 3.40 %                 |                     |                | 3.41 %                 |                                 |
| Interest expense  |                     |                | .42                    |                     |                | .43                    |                                 |
| Net interest margin   |                     |                | 2.98 %                 |                     |                | 2.98 %                 |                                 |
| Net interest margin without taxable-equivalent increments   |                     |                | 2.93 %                 |                     |                | 2.93 %                 |                                 |

(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 Year Ended December 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                                       | \$107,922           | \$2,181         | 2.02 %                 | \$103,161           | \$2,120         | 2.05 %                 | 4.6 %                           |
| Loans held for sale   | 4,181               | 154             | 3.70                   | 5,784               | 206             | 3.56                   | (27.7)                          |
| Loans (b)   |                     |                 |                        |                     |                 |                        |                                 |
| Commercial  | 92,043              | 2,596           | 2.82                   | 84,083              | 2,281           | 2.71                   | 9.5                             |
| Commercial real estate                                      | 43,040              | 1,698           | 3.94                   | 42,415              | 1,650           | 3.89                   | 1.5                             |
| Residential mortgages                                       | 55,682              | 2,070           | 3.72                   | 51,840              | 1,966           | 3.79                   | 7.4                             |
| Credit card   | 20,490              | 2,237           | 10.92                  | 18,057              | 1,969           | 10.90                  | 13.5                            |
| Other retail  | 52,330              | 2,114           | 4.04                   | 49,079              | 2,020           | 4.12                   | 6.6                             |
| Total loans, excluding covered loans                        | 263,585             | 10,715          | 4.06                   | 245,474             | 9,886           | 4.03                   | 7.4                             |
| Covered loans   | 4,226               | 200             | 4.73                   | 4,985               | 271             | 5.42                   | (15.2)                          |
| Total loans   | 267,811             | 10,915          | 4.08                   | 250,459             | 10,157          | 4.06                   | 6.9                             |
| Other earning assets  | 9,963               | 125             | 1.26                   | 8,041               | 136             | 1.69                   | 23.9                            |
| Total earning assets  | 389,877             | 13,375          | 3.43                   | 367,445             | 12,619          | 3.43                   | 6.1                             |
| Allowance for loan losses                                   | (3,837)             |                 |                        | (4,035)             |                 |                        | 4.9                             |
| Unrealized gain (loss) on investment securities             | 593                 |                 |                        | 710                 |                 |                        | (16.5)                          |
| Other assets  | 46,680              |                 |                        | 44,745              |                 |                        | 4.3                             |
| Total assets  | <u>\$433,313</u>    |                 |                        | <u>\$408,865</u>    |                 |                        | 6.0                             |
| <b>Liabilities and Shareholders' Equity</b>                 |                     |                 |                        |                     |                 |                        |                                 |
| Noninterest-bearing deposits                                | \$81,176            |                 |                        | \$79,203            |                 |                        | 2.5 %                           |
| Interest-bearing deposits                                   |                     |                 |                        |                     |                 |                        |                                 |
| Interest checking   | 61,726              | 42              | .07                    | 55,974              | 30              | .05                    | 10.3                            |
| Money market savings  | 96,518              | 349             | .36                    | 79,266              | 192             | .24                    | 21.8                            |
| Savings accounts  | 40,382              | 34              | .09                    | 37,150              | 40              | .11                    | 8.7                             |
| Time deposits   | 33,008              | 197             | .60                    | 35,558              | 195             | .55                    | (7.2)                           |
| Total interest-bearing deposits                             | 231,634             | 622             | .27                    | 207,948             | 457             | .22                    | 11.4                            |
| Short-term borrowings                                       | 19,906              | 268             | 1.34                   | 27,960              | 249             | .89                    | (28.8)                          |
| Long-term debt  | 36,220              | 754             | 2.08                   | 33,566              | 699             | 2.08                   | 7.9                             |
| Total interest-bearing liabilities                          | 287,760             | 1,644           | .57                    | 269,474             | 1,405           | .52                    | 6.8                             |
| Other liabilities   | 16,389              |                 |                        | 14,686              |                 |                        | 11.6                            |
| Shareholders' equity  |                     |                 |                        |                     |                 |                        |                                 |
| Preferred equity  | 5,501               |                 |                        | 4,836               |                 |                        | 13.8                            |
| Common equity   | 41,838              |                 |                        | 39,977              |                 |                        | 4.7                             |
| Total U.S. Bancorp shareholders' equity                     | 47,339              |                 |                        | 44,813              |                 |                        | 5.6                             |
| Noncontrolling interests                                    | 649                 |                 |                        | 689                 |                 |                        | (5.8)                           |
| Total equity  | 47,988              |                 |                        | 45,502              |                 |                        | 5.5                             |
| Total liabilities and equity                                | <u>\$433,313</u>    |                 |                        | <u>\$408,865</u>    |                 |                        | 6.0                             |
| Net interest income   |                     | <u>\$11,731</u> |                        |                     | <u>\$11,214</u> |                        |                                 |
| Gross interest margin                                       |                     |                 | 2.86 %                 |                     |                 | 2.91 %                 |                                 |
| Gross interest margin without taxable-equivalent increments |                     |                 | 2.81                   |                     |                 | 2.85                   |                                 |
| <b>Percent of Earning Assets</b>                            |                     |                 |                        |                     |                 |                        |                                 |
| Interest income   |                     |                 | 3.43 %                 |                     |                 | 3.43 %                 |                                 |
| Interest expense  |                     |                 | .42                    |                     |                 | .38                    |                                 |
| Net interest margin   |                     |                 | 3.01 %                 |                     |                 | 3.05 %                 |                                 |
| Net interest margin without taxable-equivalent increments   |                     |                 | 2.96 %                 |                     |                 | 2.99 %                 |                                 |

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

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

U.S. Bancorp  
**Loan Portfolio**

|                                      | December 31, 2016 |                  | September 30, 2016 |                  | June 30, 2016 |                  | March 31, 2016 |                  | December 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                           | \$87,928          | 32.2 %           | \$87,851           | 32.4 %           | \$87,179      | 32.4 %           | \$85,986       | 32.5 %           | \$83,116          | 31.9 %           |
| Lease financing                      | 5,458             | 2.0              | 5,350              | 2.0              | 5,335         | 2.0              | 5,291          | 2.0              | 5,286             | 2.0              |
| Total commercial                     | 93,386            | 34.2             | 93,201             | 34.4             | 92,514        | 34.4             | 91,277         | 34.5             | 88,402            | 33.9             |
| <b>Commercial real estate</b>        |                   |                  |                    |                  |               |                  |                |                  |                   |                  |
| Commercial mortgages                 | 31,592            | 11.6             | 31,916             | 11.8             | 32,129        | 12.0             | 31,936         | 12.1             | 31,773            | 12.2             |
| Construction and development         | 11,506            | 4.2              | 11,552             | 4.2              | 11,161        | 4.1              | 10,807         | 4.1              | 10,364            | 3.9              |
| Total commercial real estate         | 43,098            | 15.8             | 43,468             | 16.0             | 43,290        | 16.1             | 42,743         | 16.2             | 42,137            | 16.1             |
| <b>Residential mortgages</b>         |                   |                  |                    |                  |               |                  |                |                  |                   |                  |
| Residential mortgages                | 43,632            | 16.0             | 42,846             | 15.8             | 42,534        | 15.8             | 41,742         | 15.8             | 40,425            | 15.5             |
| Home equity loans, first liens       | 13,642            | 5.0              | 13,383             | 4.9              | 13,370        | 5.0              | 13,213         | 5.0              | 13,071            | 5.0              |
| Total residential mortgages          | 57,274            | 21.0             | 56,229             | 20.7             | 55,904        | 20.8             | 54,955         | 20.8             | 53,496            | 20.5             |
| <b>Credit card</b>                   | 21,749            | 7.9              | 20,706             | 7.6              | 20,571        | 7.7              | 19,957         | 7.5              | 21,012            | 8.1              |
| <b>Other retail</b>                  |                   |                  |                    |                  |               |                  |                |                  |                   |                  |
| Retail leasing                       | 6,316             | 2.3              | 6,076              | 2.2              | 5,512         | 2.1              | 5,268          | 2.0              | 5,232             | 2.0              |
| Home equity and second mortgages     | 16,369            | 6.0              | 16,467             | 6.1              | 16,481        | 6.1              | 16,332         | 6.2              | 16,384            | 6.3              |
| Revolving credit                     | 3,282             | 1.2              | 3,247              | 1.2              | 3,225         | 1.2              | 3,220          | 1.2              | 3,354             | 1.3              |
| Installment                          | 8,087             | 3.0              | 7,983              | 2.9              | 7,567         | 2.8              | 7,162          | 2.7              | 7,030             | 2.7              |
| Automobile                           | 17,571            | 6.4              | 17,559             | 6.5              | 16,799        | 6.3              | 16,657         | 6.3              | 16,587            | 6.3              |
| Student                              | 2,239             | .8               | 2,332              | .9               | 2,424         | .9               | 2,522          | .9               | 2,619             | 1.0              |
| Total other retail                   | 53,864            | 19.7             | 53,664             | 19.8             | 52,008        | 19.4             | 51,161         | 19.3             | 51,206            | 19.6             |
| Total loans, excluding covered loans | 269,371           | 98.6             | 267,268            | 98.5             | 264,287       | 98.4             | 260,093        | 98.3             | 256,253           | 98.2             |
| <b>Covered loans</b>                 | 3,836             | 1.4              | 4,021              | 1.5              | 4,234         | 1.6              | 4,429          | 1.7              | 4,596             | 1.8              |
| Total loans                          | \$273,207         | 100.0 %          | \$271,289          | 100.0 %          | \$268,521     | 100.0 %          | \$264,522      | 100.0 %          | \$260,849         | 100.0 %          |

U.S. Bancorp

**Supplemental Financial Data**

| (Dollars in Millions, Unaudited)   | December 31,<br>2016 | September 30,<br>2016 | June 30,<br>2016 | March 31,<br>2016 | December 31,<br>2015 |
|------------------------------------|----------------------|-----------------------|------------------|-------------------|----------------------|
| <b>Book value of intangibles</b>   |                      |                       |                  |                   |                      |
| Goodwill                           | \$9,344              | \$9,357               | \$9,359          | \$9,368           | \$9,361              |
| Merchant processing contracts      | 108                  | 117                   | 124              | 128               | 135                  |
| Core deposit benefits              | 161                  | 169                   | 178              | 186               | 194                  |
| Mortgage servicing rights          | 2,591                | 2,131                 | 2,056            | 2,222             | 2,512                |
| Trust relationships                | 59                   | 63                    | 67               | 71                | 75                   |
| Other identified intangibles       | 384                  | 407                   | 427              | 435               | 434                  |
| Total                              | <b>\$12,647</b>      | <b>\$12,244</b>       | <b>\$12,211</b>  | <b>\$12,410</b>   | <b>\$12,711</b>      |
| <b>Three Months Ended</b>          |                      |                       |                  |                   |                      |
|                                    | December 31,<br>2016 | September 30,<br>2016 | June 30,<br>2016 | March 31,<br>2016 | December 31,<br>2015 |
| <b>Amortization of intangibles</b> |                      |                       |                  |                   |                      |
| Merchant processing contracts      | \$7                  | \$7                   | \$7              | \$7               | \$9                  |
| Core deposit benefits              | 8                    | 9                     | 8                | 9                 | 10                   |
| Trust relationships                | 4                    | 4                     | 4                | 4                 | 5                    |
| Other identified intangibles       | 26                   | 25                    | 25               | 25                | 22                   |
| Total                              | <b>\$45</b>          | <b>\$45</b>           | <b>\$44</b>      | <b>\$45</b>       | <b>\$46</b>          |