

U.S. Bancorp 3Q19 Earnings Conference Call

October 16, 2019



Forward-looking Statements and Additional Information

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

Today's presentation contains forward-looking statements about U.S. Bancorp. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements and are based on the information available to, and assumptions and estimates made by, management as of the date hereof. These forward-looking statements cover, among other things, anticipated future revenue and expenses and the future plans and prospects of U.S. Bancorp. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated. Deterioration in general business and economic conditions or turbulence in domestic or global financial markets could adversely affect U.S. Bancorp's revenues and the values of its assets and liabilities, reduce the availability of funding to certain financial institutions, lead to a tightening of credit, and increase stock price 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, changes to statutes, regulations, or regulatory policies or practices could affect U.S. Bancorp in substantial and unpredictable ways. U.S. Bancorp's results could also be adversely affected by 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 its investment securities; legal and regulatory developments; litigation; increased competition from both banks and non-banks; changes in the level of tariffs and other trade policies of the United States and its global trading partners; changes in customer behavior and preferences; breaches in data security; failures to safeguard personal information; 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, 2018, 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. In addition, factors other than these risks also could adversely affect U.S. Bancorp's results, and the reader should not consider these risks to be a complete set of all potential risks or uncertainties. Forward-looking statements speak only as of the date hereof, and U.S. Bancorp undertakes no obligation to update them in light of new information or future events.

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



3Q19 Highlights

Income Statement

\$ in millions, except EPS	3Q19	change vs.	
		2Q19	3Q18
Net interest income*	\$3,306	(0.8) %	0.8 %
Noninterest income	2,614	5.0	8.1
Reported net income	1,908	4.8	5.1
<hr/>			
Diluted EPS	\$1.15	5.5 %	8.5 %

Balance Sheet

\$ in billions	3Q19	change vs.	
		2Q19	3Q18
Average earning assets	\$435.7	2.0 %	4.9 %
Average total loans**	292.4	1.1	4.0
Average total deposits	349.9	1.4	6.0

Credit Quality

\$ in millions	3Q19	change vs.	
		2Q19	3Q18
Nonperforming assets	\$979	2.7 %	(2.5) %
NPA ratio	0.33%	-	(3 bps)
Net charge-off ratio	0.48%	(1 bp)	2 bps

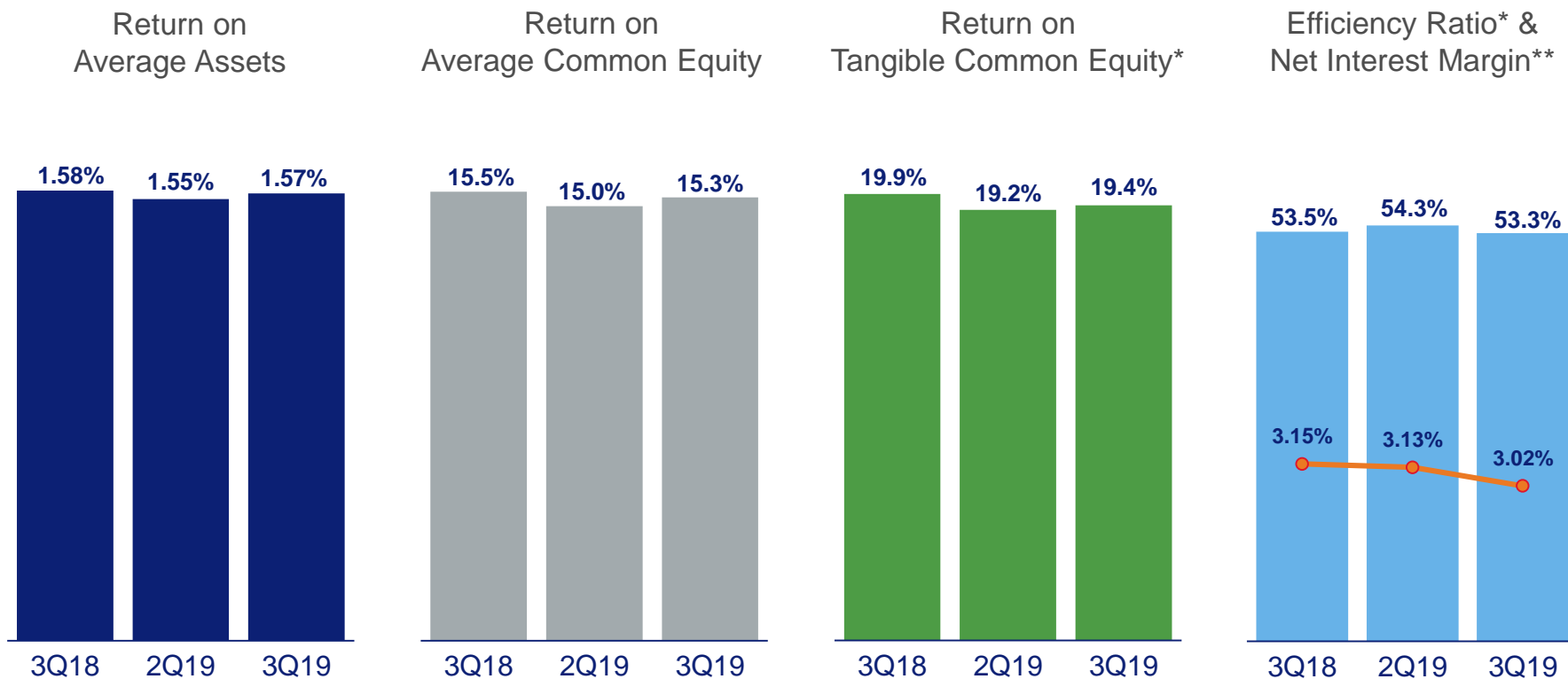
Capital

	3Q19	change vs.	
		2Q19	3Q18
CET1 capital ratio	9.6%	10 bps	60 bps
Book value per share	\$30.26	2.1 %	10.6 %
Payout ratio	80%		

* Taxable-equivalent basis; see slide 25 for calculation

** Excluding the impact of FDIC covered loans sold in 4Q18, average total loans grew 4.7% vs. 3Q18

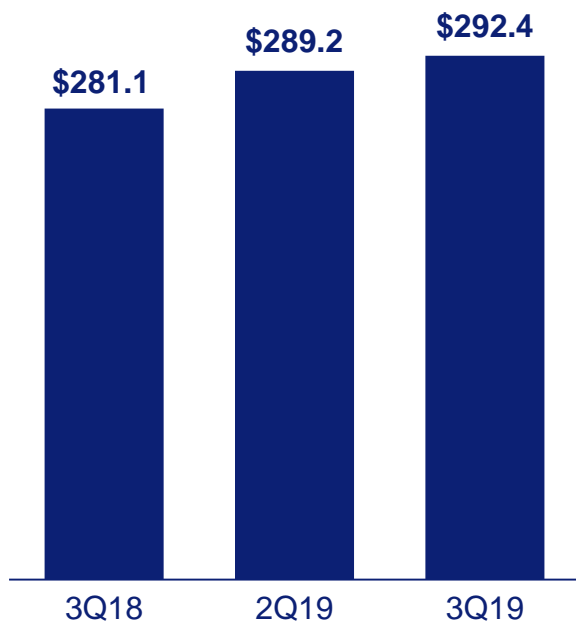
Performance Ratios



* Non-GAAP; see slides 25 and 26 for calculations

** Net interest margin on a taxable-equivalent basis

Average Loans

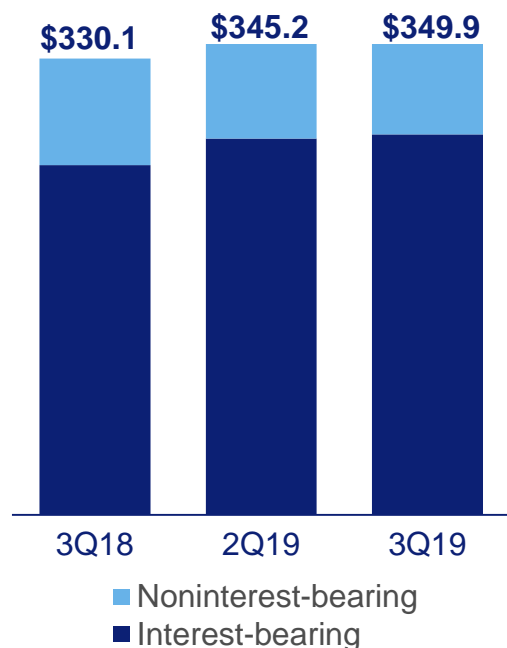


+1.1% linked quarter
+4.0% year-over-year

(Three months ended 9/30/19)	Avg. Balances	Change vs.	
		2Q19	3Q18
Commercial	\$103.6	0.4 %	4.7 %
Commercial Real Estate	39.0	(1.0)	(1.4)
Residential Mortgages	68.6	2.7	10.6
Credit Card	23.7	3.7	8.8
Retail	57.5	0.9	2.9
Covered	-	-	nm
Total loans	\$292.4	1.1 %	4.0 %
Total loans excluding FDIC covered loans sold in 4Q18			4.7 %

- On a linked quarter basis, average total loan growth was driven by growth in residential mortgages and credit card loans.
- On a year-over-year basis, growth in average total loans was primarily driven by growth in residential mortgages, total commercial loans, credit card loans and total other retail loans.
- Year-over-year average total loan growth was partially offset by a decrease in total commercial real estate loans given the later stage of the business cycle.

Average Deposits



+1.4% linked quarter
 +6.0% year-over-year

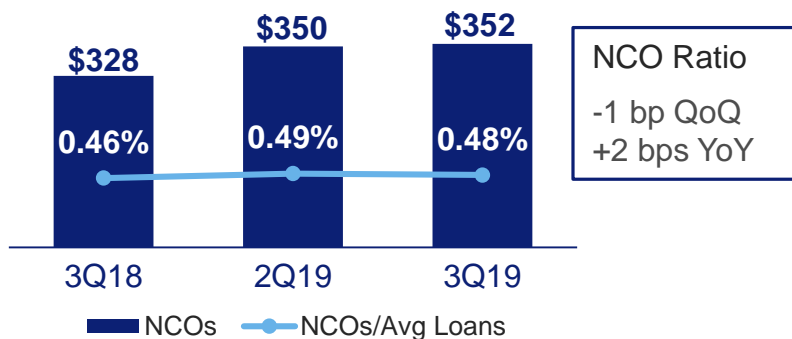
Interest-bearing Deposits

(Three months ended 9/30/19)	Average Balances	Change vs.		Rates	Change vs. 2Q19
		2Q19	3Q18		
Money market savings	\$114.5	5.4 %	13.7 %	1.55 %	(0.06) %
Interest checking	72.0	2.2	3.9	0.31	0.01
Savings accounts	46.3	0.8	3.3	0.25	0.02
Time deposits	42.5	(9.7)	11.7	1.97	(0.15)
Total interest-bearing deposits	\$275.3	1.2 %	8.9 %	1.07 %	(0.05) %

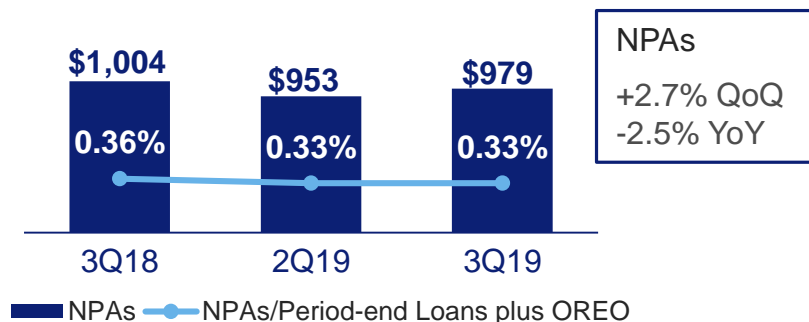
- Average noninterest-bearing (NIB) deposits increased on a linked quarter basis.
- Average total savings deposits (which include money market, interest checking and savings accounts) grew on both a linked quarter and year-over-year basis, reflecting growth across all business lines.
- Average time deposits, which are managed based on funding needs, relative pricing and liquidity characteristics, declined on a linked quarter basis. Year-over-year growth, in part, reflects consumer deposit migration as customers seek higher yields.
- Year-over-year, average NIB deposits declined due to balance migration to interest-bearing deposits as well as customers' continued deployment of business deposits.

Credit Quality

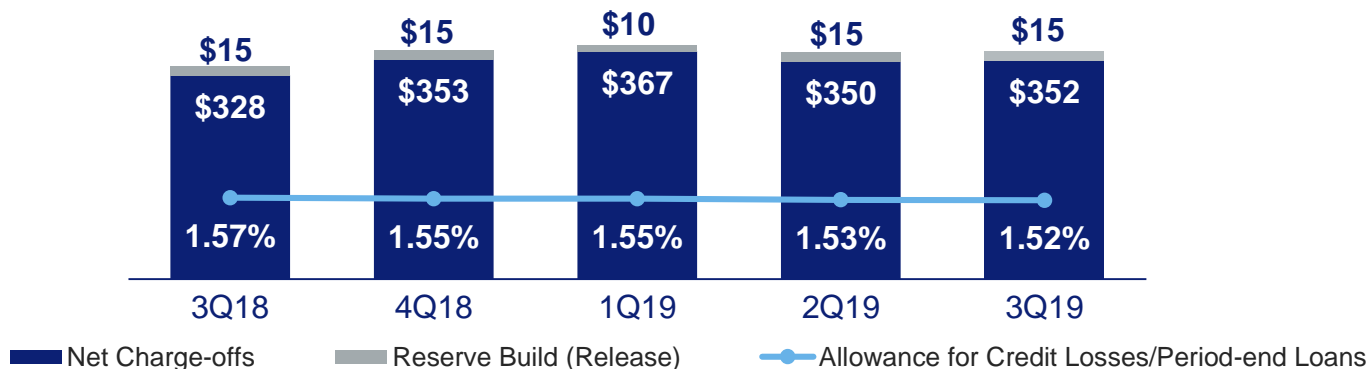
Net Charge-offs



Nonperforming Assets



Provision for Credit Losses

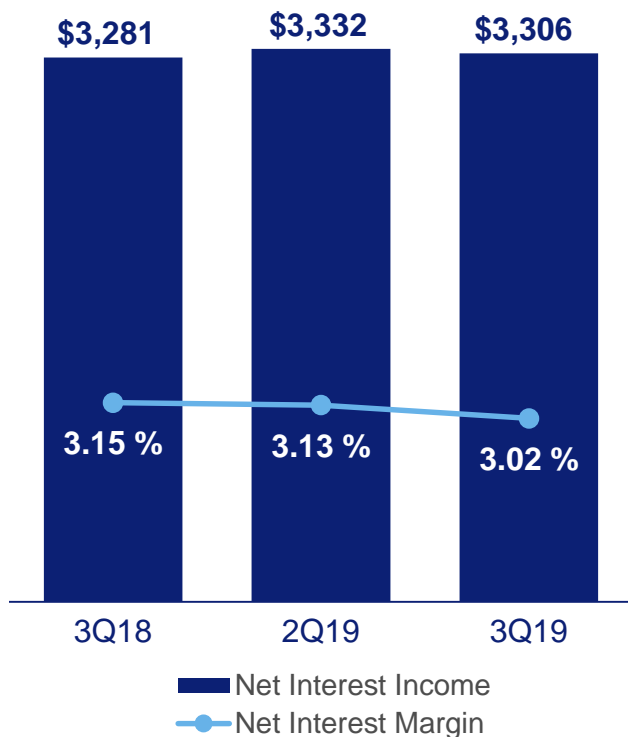


Earnings Summary

\$ and shares in millions, except EPS

	3Q19	2Q19	3Q18	Reported % Change	
				vs. 2Q19	vs. 3Q18
Net Interest Income	\$3,281	\$3,305	\$3,251	(0.7)	0.9
Taxable-equivalent Adjustment	25	27	30	(7.4)	(16.7)
Net Interest Income (taxable-equivalent basis)	3,306	3,332	3,281	(0.8)	0.8
Noninterest Income	2,614	2,490	2,418	5.0	8.1
Net Revenue	5,920	5,822	5,699	1.7	3.9
Noninterest Expense	3,144	3,153	3,044	(0.3)	3.3
Operating Income	2,776	2,669	2,655	4.0	4.6
Net Charge-offs	352	350	328	0.6	7.3
Excess Provision	15	15	15	-	-
Income Before Taxes	2,409	2,304	2,312	4.6	4.2
Applicable Income Taxes	492	476	490	3.4	0.4
Net Income	1,917	1,828	1,822	4.9	5.2
Noncontrolling Interests	(9)	(7)	(7)	(28.6)	(28.6)
Net Income to Company	1,908	1,821	1,815	4.8	5.1
Preferred Dividends/Other	87	80	83	8.8	4.8
Net Income to Common	\$1,821	\$1,741	\$1,732	4.6	5.1
Diluted EPS	\$1.15	\$1.09	\$1.06	5.5	8.5
Average Diluted Shares	1,578	1,592	1,633	(0.9)	(3.4)

Net Interest Income



-0.8% linked quarter

+0.8% year-over-year

Linked Quarter

- Net interest income decreased, primarily driven by the impact of declining rates, the flatter yield curve and lower interest recoveries, partially offset by growth in earning assets and an additional day in the third quarter.
- The net interest margin declined, primarily due to changes in the yield curve during the quarter as well as higher cash balances.

Year-over-Year

- Net interest income growth was primarily driven by growth in earning assets and higher yields on reinvested securities, partially offset by declining rates and a flatter yield curve, as well as deposit and funding mix.
- The net interest margin declined, primarily due to the impacts of the yield curve, deposit and funding mix, and higher cash balances.

Noninterest Income



+5.0% linked quarter

+8.1% year-over-year

Linked Quarter

- Payment services revenue growth was driven by seasonally higher corporate payment products sales volume and merchant processing services fee revenue.
- Mortgage banking revenue growth reflects higher origination and sales volumes as well as a favorable change in the valuation of mortgage servicing rights, net of hedging activities.
- Other noninterest income increased primarily due to higher equity investment income.

Year-over-Year

- Payment services revenue growth reflects higher sales volumes across all businesses.
- Commercial products revenue increased, primarily due to higher corporate bond fees and trading revenue.
- Mortgage banking revenue increased, reflecting higher origination and sales volumes.
- Other noninterest income increased, primarily due to higher equity investment income and transition services agreement revenue associated with the sale of the Company's ATM third-party servicing business in 2018.
- Deposit service charges declined, primarily due to the 2018 sale of the Company's ATM third-party servicing business.

\$ in millions

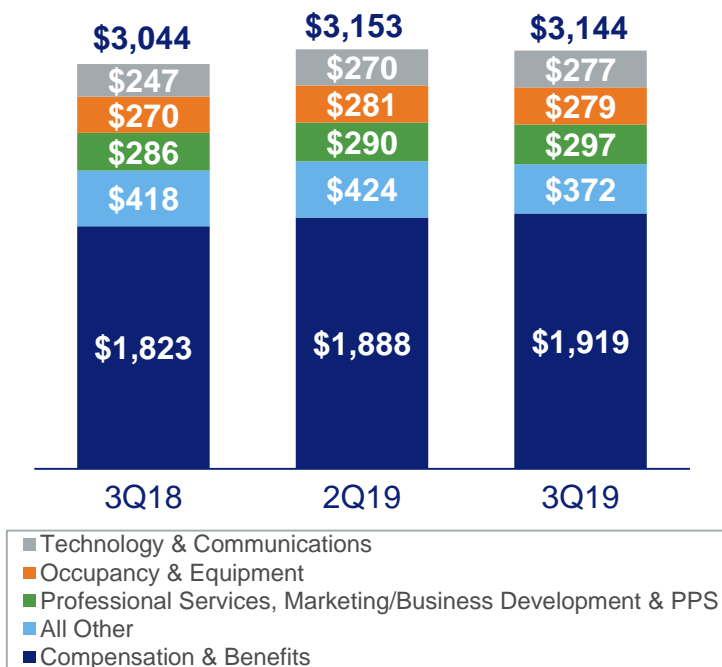
Payments = credit and debit card, corporate payment products and merchant processing

Service charges = deposit service charges and treasury management

All other = commercial products, investment products fees, securities gains (losses) and other



Noninterest Expense



-0.3% linked quarter

+3.3% year-over-year

Linked Quarter

- Compensation expense increased primarily due to an additional day in the third quarter and variable compensation related to business production.
- Employee benefits expense increased primarily due to increased medical costs.
- Other noninterest expense decreased due to lower costs related to tax-advantaged projects and a decrease in merchant related reserves.

Year-over-Year

- Compensation expense increased, primarily due to the impact of merit increases and higher variable compensation related to business production.
- Employee benefits expense increased, primarily due to increased medical costs.
- Technology and communications expense increased, primarily driven by capital expenditures to support business growth.
- Other noninterest expense decreased due to lower FDIC assessment costs and lower costs related to tax-advantaged projects.



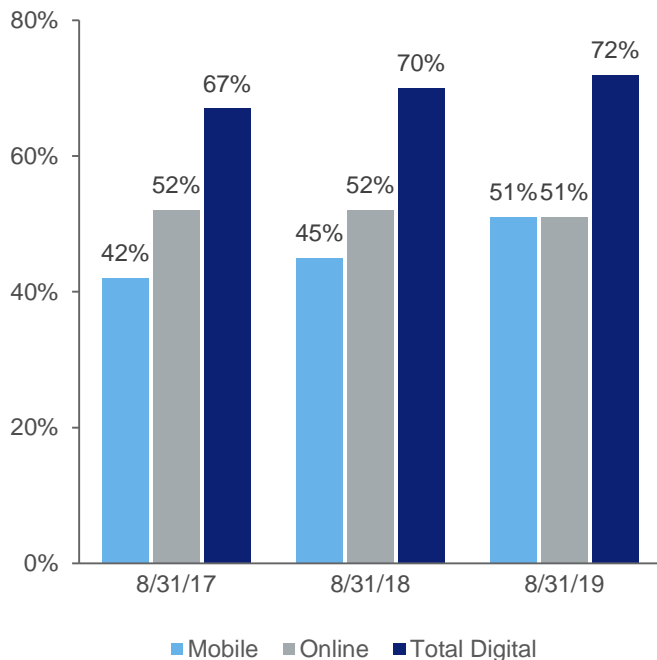
Capital Position

\$ in billions	3Q19	2Q19	1Q19	4Q18	3Q18
Total U.S. Bancorp shareholders' equity	\$53.5	\$52.9	\$52.1	\$51.0	\$50.4
Basel III Standardized Approach					
Common equity tier 1 capital ratio	9.6%	9.5%	9.3%	9.1%	9.0%
Tier 1 capital ratio	11.2%	11.0%	10.9%	10.7%	10.6%
Total risk-based capital ratio	13.2%	13.0%	12.8%	12.6%	12.6%
Leverage ratio	9.3%	9.3%	9.2%	9.0%	9.0%
Basel III Advanced Approaches					
Common equity tier 1 capital ratio	12.6%	12.3%	12.0%	11.8%	11.8%
Tangible common equity to tangible assets*	8.0%	7.9%	7.9%	7.8%	7.7%
Tangible common equity to risk-weighted assets*	9.7%	9.7%	9.5%	9.4%	9.3%

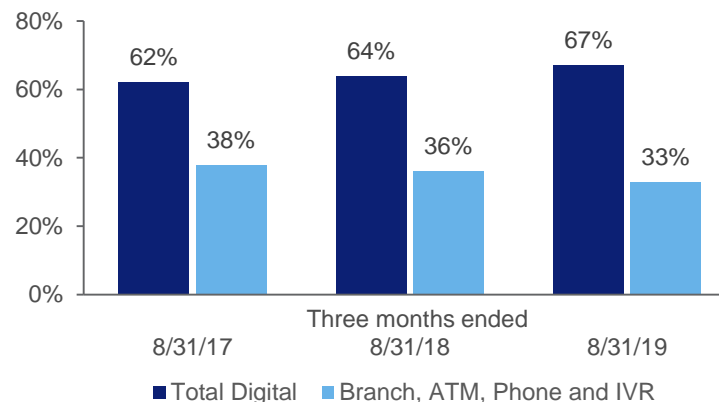
* Non-GAAP; see slide 27 for calculations

Digital Engagement Trends

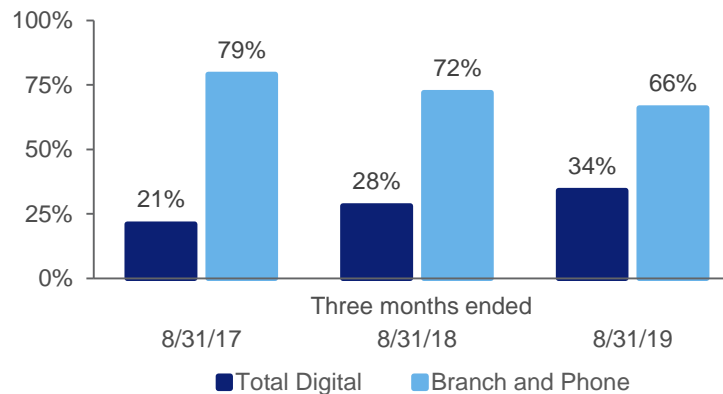
**Digital Active Customers
(% of Total Active Customers)***



Transactions (% of Total)



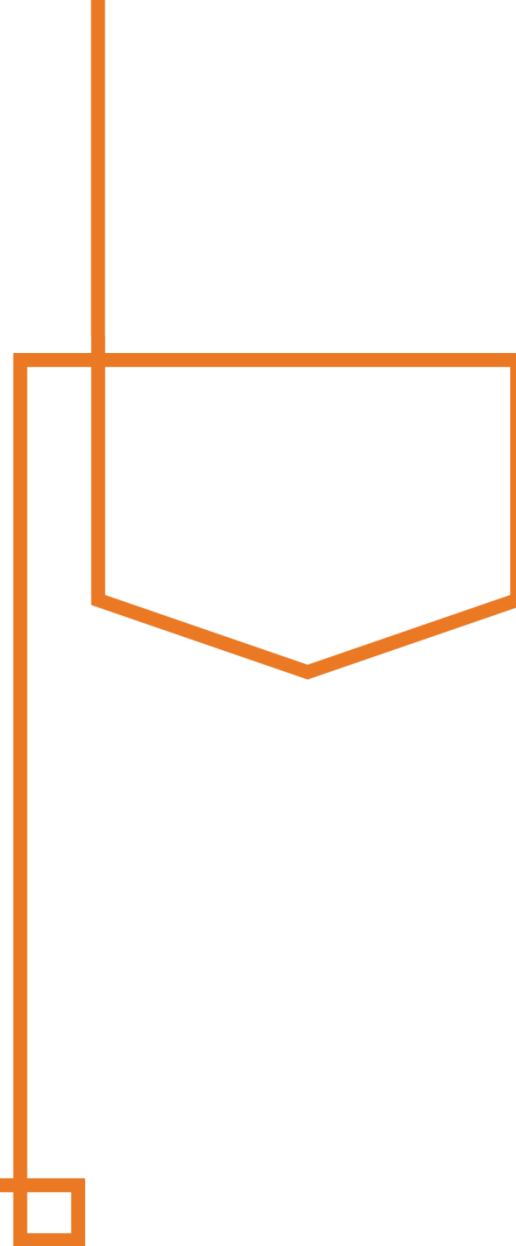
Loan Sales (% of Total)



* Represents core Consumer Banking customers active in at least one channel in the previous 90 days
Total Digital includes both online and mobile platforms



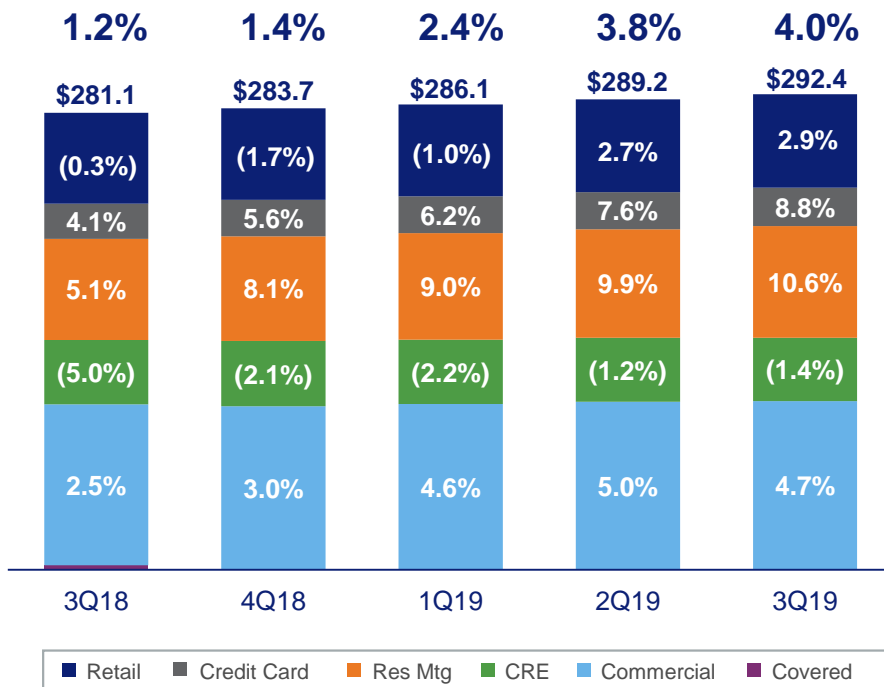
Appendix



Average Loans

Average Loans (\$bn)

Year-over-Year Growth



Key Points

vs. 3Q18

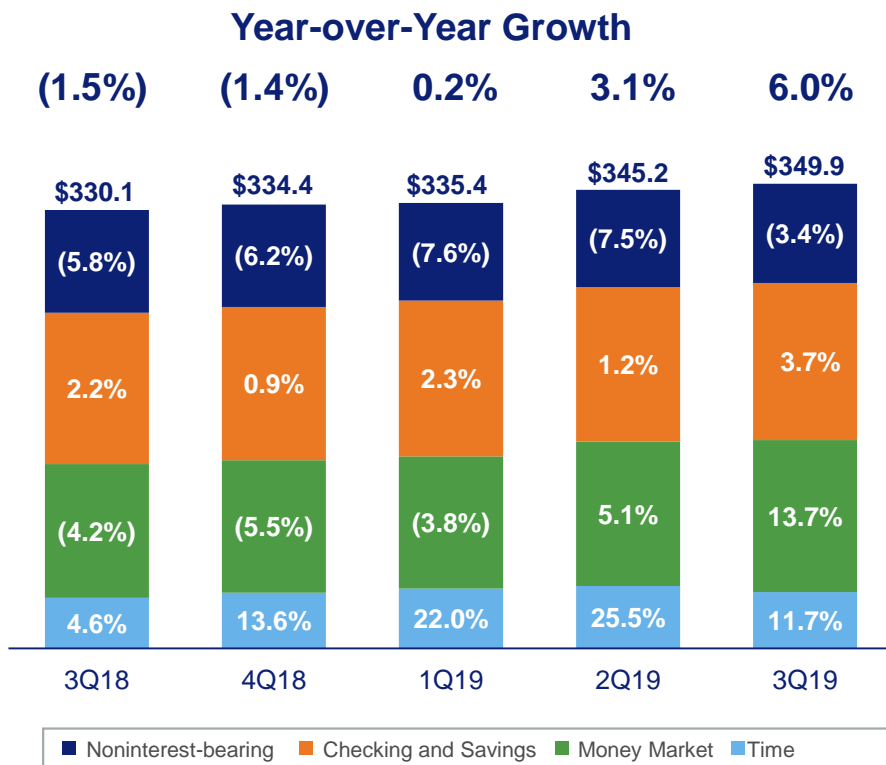
- Average total loans increased by \$11.3 billion, or 4.0%
- Average residential mortgage loans increased by \$6.6 billion, or 10.6%
- Average commercial loans increased by \$4.6 billion, or 4.7%
- Average credit card loans increased by \$1.9 billion, or 8.8%
- Average retail loans increased by \$1.6 billion, or 2.9%
- Average commercial real estate loans decreased by \$0.6 billion, or 1.4%

vs. 2Q19

- Average total loans increased by \$3.2 billion, or 1.1%
- Average residential mortgage loans increased by \$1.8 billion, or 2.7%
- Average credit card loans increased by \$0.9 billion, or 3.7%

Average Deposits

Average Deposits (\$bn)



Key Points

vs. 3Q18

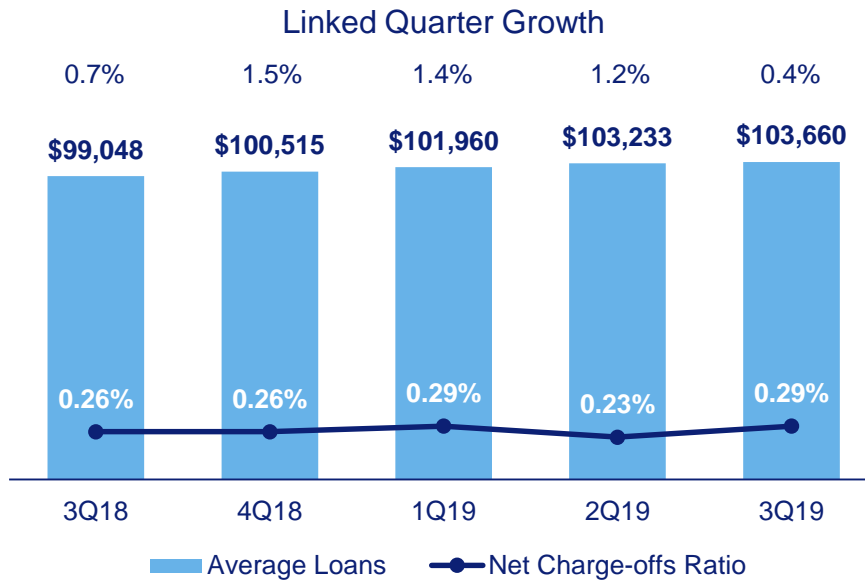
- Average total deposits increased by \$19.8 billion, or 6.0%
- Average low-cost deposits (NIB, interest checking, savings and money market) increased by \$15.4 billion, or 5.3%

vs. 2Q19

- Average total deposits increased by \$4.7 billion, or 1.4%
- Average low-cost deposits (NIB, interest checking, savings and money market) increased by \$9.3 billion, or 3.1%

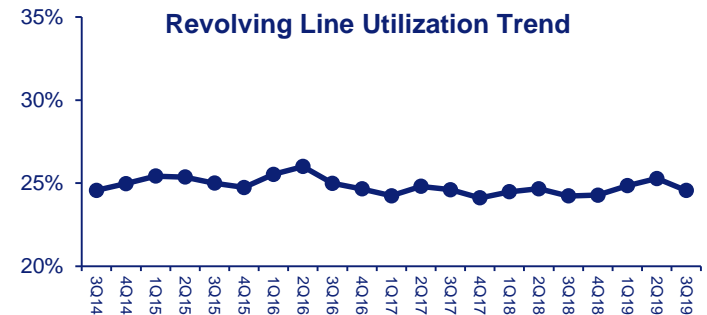
Credit Quality – Commercial

Average Loans (\$mm) and Net Charge-offs Ratio



Key Statistics

\$mm	3Q18	2Q19	3Q19
Average Loans	\$99,048	\$103,233	\$103,660
30-89 Delinquencies	0.23%	0.34%	0.43%
90+ Delinquencies	0.06%	0.26%	0.10%
Nonperforming Loans	0.22%	0.27%	0.30%

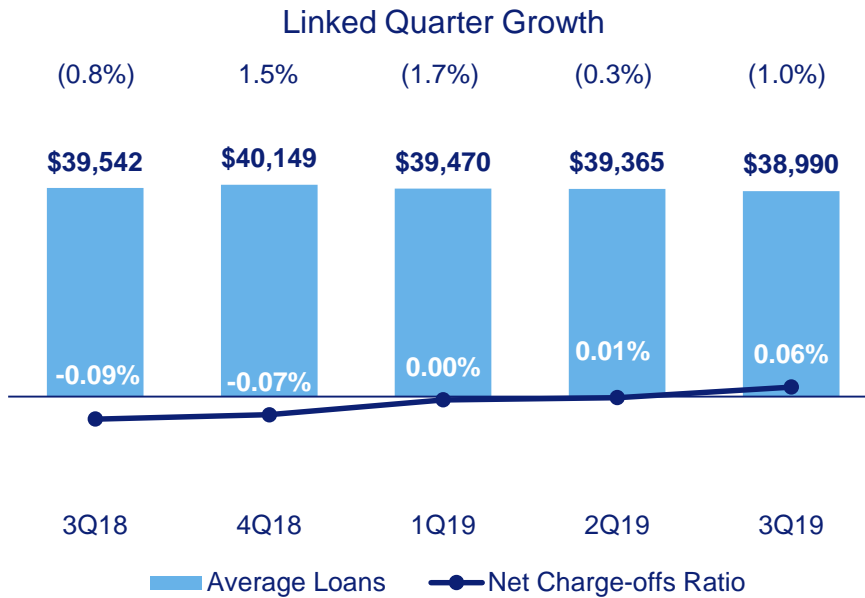


Key Points

- Linked quarter growth was modest at 0.4% and year-over-year growth was 4.7%
- Decrease in late stage delinquencies driven by a prior administrative delinquency that is substantially resolved
- Net charge-offs increased on a linked quarter basis due to lower recoveries, but remain at historically low levels

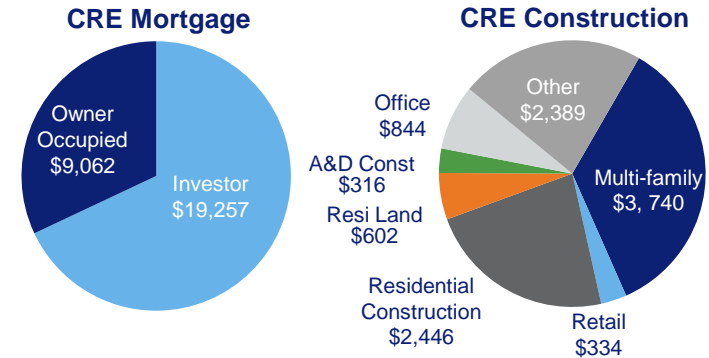
Credit Quality – Commercial Real Estate

Average Loans (\$mm) and Net Charge-offs Ratio



Key Statistics

\$mm	3Q18	2Q19	3Q19
Average Loans	\$39,542	\$39,365	\$38,990
30-89 Delinquencies	0.08%	0.07%	0.13%
90+ Delinquencies	0.01%	0.00%	0.01%
Nonperforming Loans	0.26%	0.23%	0.23%
Performing TDRs*	\$222	\$137	\$145



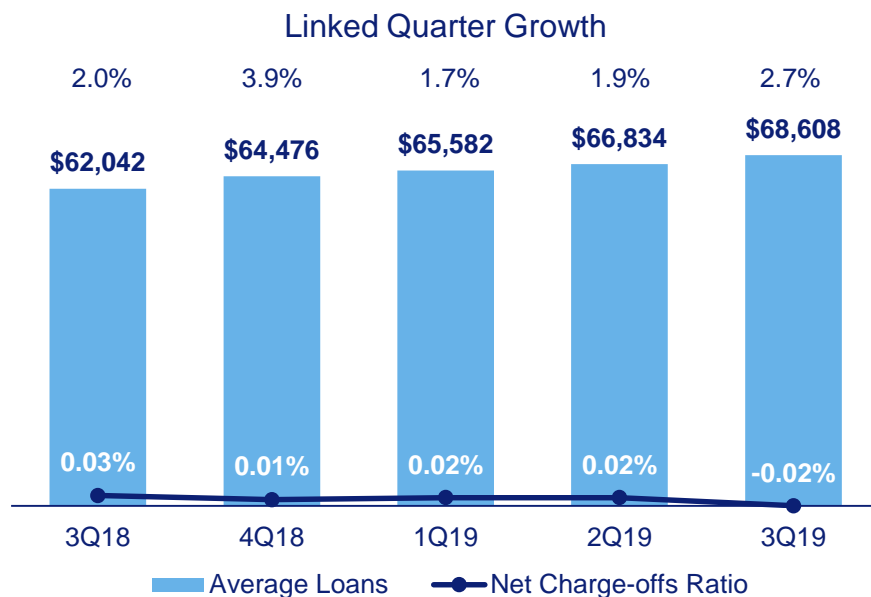
Key Points

- Average loans decreased by 1.0% on a linked quarter basis and were down year-over-year as well due to high market liquidity resulting in continued early payoffs
- Credit quality remains strong and stable; nonperforming loans remain low

* TDR = troubled debt restructuring

Credit Quality – Residential Mortgage

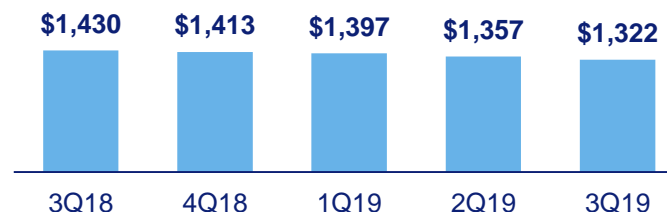
Average Loans (\$mm) and Net Charge-offs Ratio



Key Statistics

\$mm	3Q18	2Q19	3Q19
Average Loans	\$62,042	\$66,834	\$68,608
30-89 Delinquencies	0.27%	0.26%	0.24%
90+ Delinquencies	0.19%	0.17%	0.17%
Nonperforming Loans	0.50%	0.39%	0.36%

Residential Mortgage Performing TDRs*



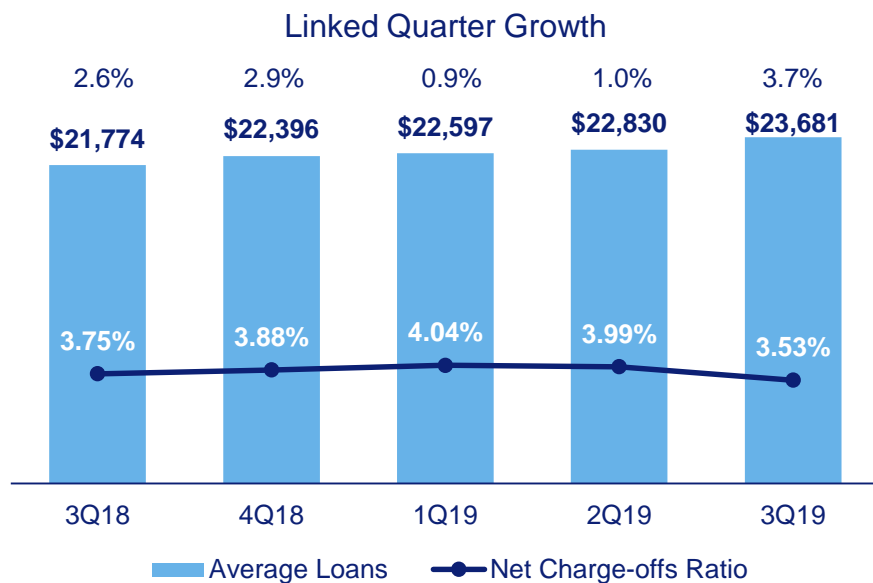
Key Points

- Originations continued to be high credit quality (weighted average FICO of 763, weighted average LTV of 72%)
- More than 93% of balances have been originated since the beginning of 2009; the origination quality metrics and performance to date have significantly outperformed prior vintages with similar seasoning

* Excludes GNMA loans, whose repayments are insured by the FHA or guaranteed by the Department of VA (\$1,690 million in 3Q19)

Credit Quality – Credit Card

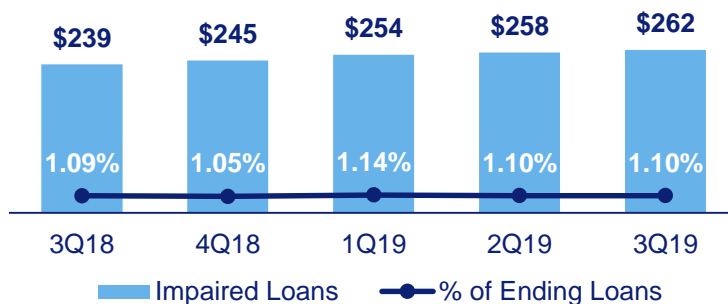
Average Loans (\$mm) and Net Charge-offs Ratio



Key Statistics

\$mm	3Q18	2Q19	3Q19
Average Loans	\$21,774	\$22,830	\$23,681
30-89 Delinquencies	1.42%	1.23%	1.33%
90+ Delinquencies	1.18%	1.14%	1.16%
Nonperforming Loans	0.00%	0.00%	0.00%

Credit Card Restructured Loans



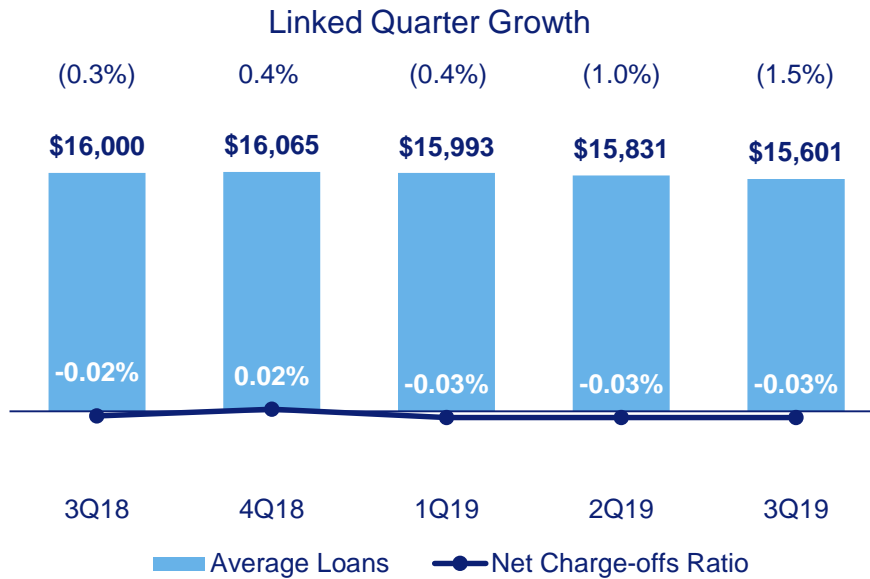
Key Points

- Year-over-year average loan growth of 8.8% was driven by origination of new accounts and portfolio acquisitions
- Commitment weighted average FICO on new originations remained strong at 775
- Year-over-year delinquency was stable and charge-offs were favorably driven by stronger collection results



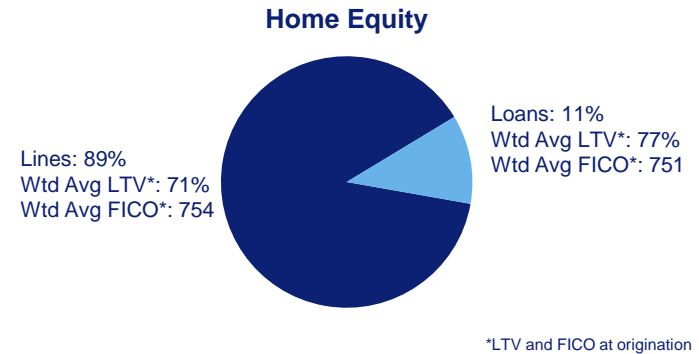
Credit Quality – Home Equity

Average Loans (\$mm) and Net Charge-offs Ratio



Key Statistics

\$mm	3Q18	2Q19	3Q19
Average Loans	\$16,000	\$15,831	\$15,601
30-89 Delinquencies	0.45%	0.51%	0.55%
90+ Delinquencies	0.32%	0.34%	0.34%
Nonperforming Loans	0.78%	0.75%	0.75%

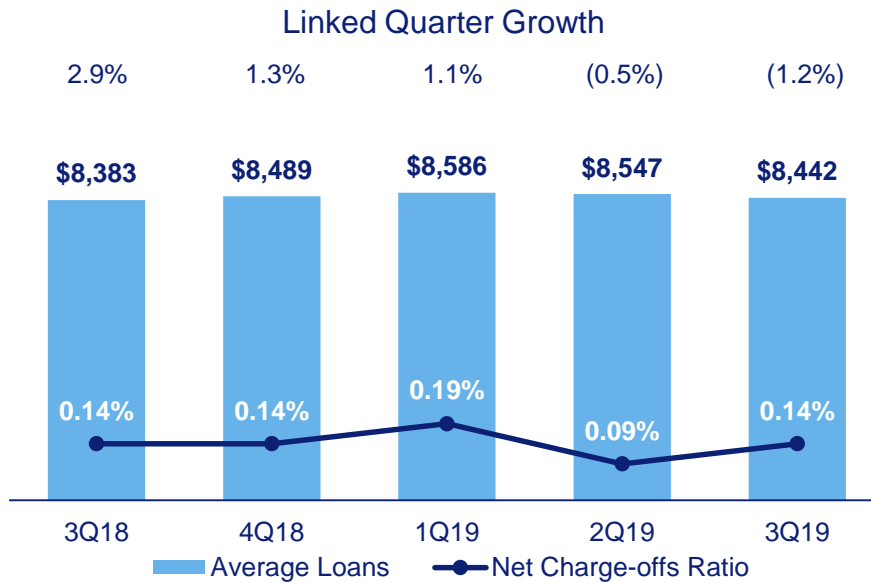


Key Points

- High-quality originations (weighted average FICO on commitments of 781, weighted average CLTV of 68%) were originated primarily through the retail branch network to existing bank customers on their primary residences
- Net charge-offs were stable year-over-year with strong recoveries due to continued strength in home values

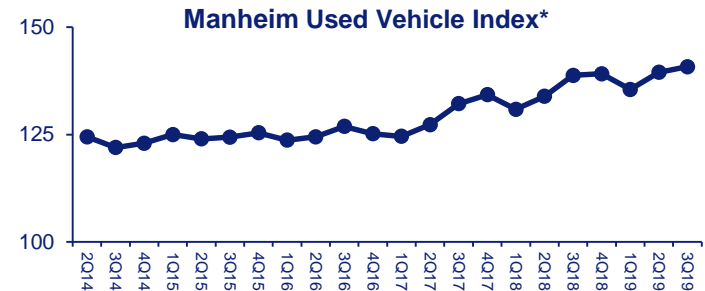
Credit Quality – Retail Leasing

Average Loans (\$mm) and Net Charge-offs Ratio



Key Statistics

\$mm	3Q18	2Q19	3Q19
Average Loans	\$8,383	\$8,547	\$8,442
30-89 Delinquencies	0.38%	0.45%	0.48%
90+ Delinquencies	0.02%	0.02%	0.05%
Nonperforming Loans	0.13%	0.13%	0.14%



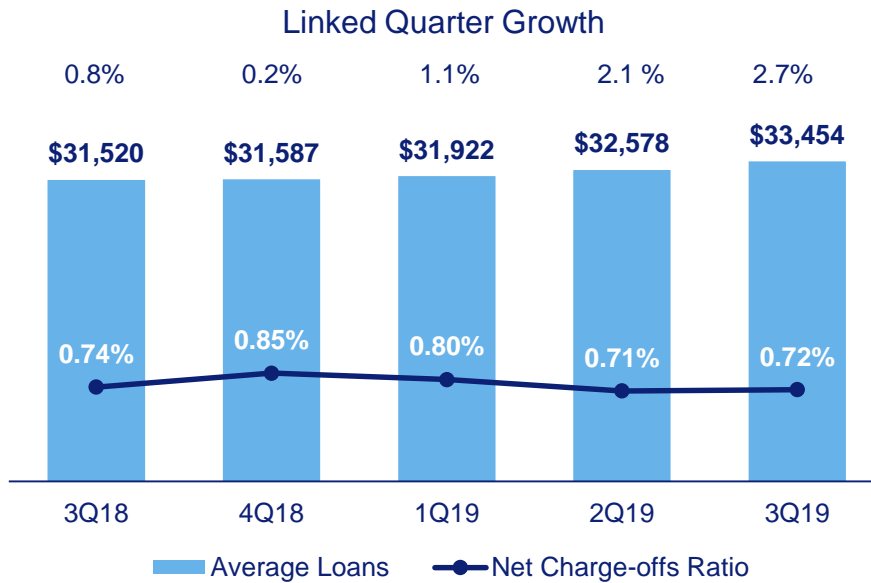
Key Points

- Continued high-quality originations during 3Q19 (weighted average FICO of 780)
- Delinquencies and net charge-offs remained at low levels

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

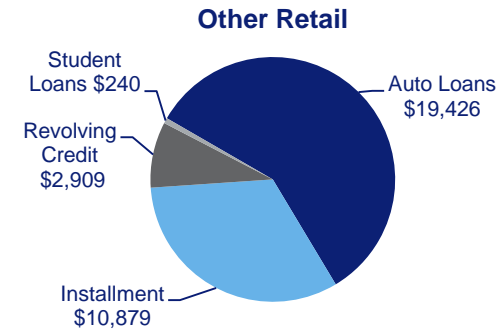
Credit Quality – Other Retail

Average Loans (\$mm) and Net Charge-offs Ratio



Key Statistics

\$mm	3Q18	2Q19	3Q19
Average Loans	\$31,520	\$32,578	\$33,454
30-89 Delinquencies	0.83%	0.80%	0.78%
90+ Delinquencies	0.14%	0.13%	0.14%
Nonperforming Loans	0.12%	0.12%	0.13%



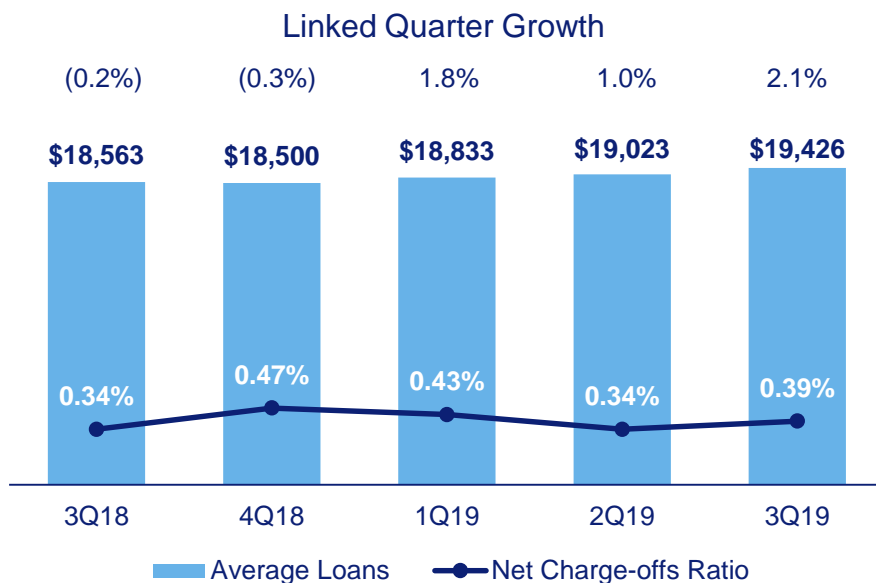
Key Points

- Loan growth continues to be driven by auto and installment loans
- Net charge-offs, delinquencies and nonperforming loans were all relatively stable



Credit Quality – Auto Loans

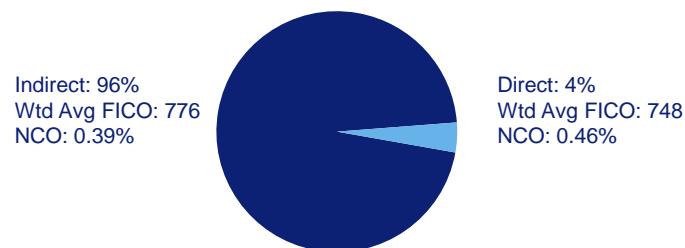
Average Loans (\$mm) and Net Charge-offs Ratio



Key Statistics

\$mm	3Q18	2Q19	3Q19
Average Loans	\$18,563	\$19,023	\$19,426
30-89 Delinquencies	1.00%	1.01%	1.04%
90+ Delinquencies	0.08%	0.09%	0.11%
Nonperforming Loans	0.14%	0.15%	0.18%

Indirect and Direct Channel



Key Points

- Loan growth continues to be driven by high quality originations in the indirect channel (weighted average FICO of 783)
- Net charge-offs, delinquencies and nonperforming loans were all relatively stable

Non-GAAP Financial Measures

(Dollars in Millions, Unaudited)

	Three Months Ended		
	September 30, 2019	June 30, 2019	September 30, 2018
Net interest income	\$3,281	\$3,305	\$3,251
Taxable-equivalent adjustment (1)	25	27	30
Net interest income, on a taxable-equivalent basis	3,306	3,332	3,281
Net interest income, on a taxable-equivalent basis (as calculated above)	3,306	3,332	3,281
Noninterest income	2,614	2,490	2,418
Less: Securities gains (losses), net	25	17	10
Total net revenue, excluding net securities gains (losses) (a)	5,895	5,805	5,689
Noninterest expense (b)	3,144	3,153	3,044
Efficiency ratio (b)/(a)	53.3 %	54.3 %	53.5 %

(1) Based on a federal income tax rate of 21 percent for those assets and liabilities whose income or expense is not included for federal income tax purposes.

Non-GAAP Financial Measures

(Dollars in Millions, Unaudited)	Three Months Ended		
	September 30, 2019	June 30, 2019	September 30, 2018
Net income applicable to U.S. Bancorp common shareholders	\$1,821	\$1,741	\$1,732
Intangibles amortization (net-of-tax)	33	33	32
Net income applicable to U.S. Bancorp common shareholders, excluding intangibles amortization	1,854	1,774	1,764
Annualized net income applicable to U.S. Bancorp common shareholders, excluding intangibles amortization (a)	7,356	7,115	6,998
Average total equity	53,921	53,066	50,768
Average preferred stock	(5,984)	(5,984)	(5,714)
Average noncontrolling interests	(629)	(628)	(630)
Average goodwill (net of deferred tax liability) (1)	(8,725)	(8,715)	(8,620)
Average intangible assets, other than mortgage servicing rights	(689)	(681)	(584)
Average tangible common equity (b)	37,894	37,058	35,220
Return on tangible common equity (a)/(b)	19.4 %	19.2 %	19.9 %

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

Non-GAAP Financial Measures

(Dollars in Millions, Unaudited)	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Total equity	\$54,147	\$53,540	\$52,686	\$51,657	\$51,007
Preferred stock	(5,984)	(5,984)	(5,984)	(5,984)	(5,984)
Noncontrolling interests	(630)	(627)	(629)	(628)	(632)
Goodwill (net of deferred tax liability) (1)	(8,781)	(8,708)	(8,716)	(8,549)	(8,682)
Intangible assets, other than mortgage servicing rights	(687)	(703)	(685)	(601)	(627)
Tangible common equity (a)	38,065	37,518	36,672	35,895	35,082
Total assets	487,671	481,719	475,775	467,374	464,607
Goodwill (net of deferred tax liability) (1)	(8,781)	(8,708)	(8,716)	(8,549)	(8,682)
Intangible assets, other than mortgage servicing rights	(687)	(703)	(685)	(601)	(627)
Tangible assets (b)	478,203	472,308	466,374	458,224	455,298
Risk-weighted assets, determined in accordance with the Basel III standardized approach (c)	390,622 *	388,709	384,394	381,661	377,713
Ratios *					
Tangible common equity to tangible assets (a)/(b)	8.0 %	7.9 %	7.9 %	7.8 %	7.7 %
Tangible common equity to risk-weighted assets (a)/(c)	9.7	9.7	9.5	9.4	9.3

* 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.

U.S. Bancorp 3Q19 Earnings Conference Call

October 16, 2019

