U.S. Bancorp Discloses Summary Results of Dodd-Frank Act Stress Test

6/23/2016

MINNEAPOLIS--(BUSINESS WIRE)--Jun. 23, 2016-- Today, U.S. Bancorp (the "Company") disclosed a summary of its Dodd-Frank Act Stress Test ("DFAST") results. The disclosure includes the Company's projected stressed minimum and end-of-period capital ratios for the period from the first quarter of 2016 through the first quarter of 2018. The projections assume annual common stock dividends equal to the quarterly average dollar amount of common stock dividends that the Company paid in the previous year and no redemption or repurchase of any capital instrument, in addition to estimates of losses, revenues, net income before taxes and loan losses by type of loan over the same time period. The projections were made under the "supervisory severely adverse scenario" defined by the Federal Reserve. This hypothetical stressed economic scenario is designed to assess the overall strength and resilience of the banking industry and does not necessarily represent future economic conditions expected by the Company.

A summary of the Company's DFAST results are included in the table below. The Company's DFAST results may differ from those calculated and published by the Federal Reserve due to differences in models, methodologies and tax rate, among other things. A document summarizing the risks and methodologies used to calculate the results, as well as an analysis of the significant reasons for the changes in capital ratios under the hypothetical stressed economic scenario is available on the Company's website. The results can be found at: **http://phx.corporate-ir.net/phoenix.zhtml?c=117565&p=irol-doddfrank**

**CCAR 2016**
**U.S. Bancorp Disclosure**

DoddFrank Act Stress Test Results 2016
Projected stressed capital ratios, riskweighted assets, losses, revenues, net income before taxes, and loan losses

**Supervisory-defined severely adverse scenario**
**U.S. Bancorp**

**Capital ratios, actual 2015:Q4 and projected 2016:Q1-2018:Q1**
**Percent**

| | Actual | Projected stressed capital ratios [1] | |
|---|---|---|---|
| Regulatory ratio | 2015: Q4 | Ending | Minimum |
| Common equity tier 1 capital ratio | 9.6% | 8.3% | 8.3% |
| Tier 1 capital ratio | 11.3% | 10.0% | 10.0% |
| Total capital ratio | 13.3% | 12.0% | 12.0% |
| Tier 1 leverage ratio | 9.5% | 8.5% | 8.5% |

[1] The capital ratios are calculated using capital action assumptions provided within the Dodd-Frank Act stress testing rule. See 12 CFR 252-56(b). These projections represent hypothetical estimates that involve an economic outcome that is more adverse than expected. The minimum capital ratio presented is for the period 2016:Q1 to 2018:Q1.

### Projected loan losses, by type of loan, 2016:Q1-2018:Q1

| Loan type | Billions of dollars | Portfolio loss rates (percent) [1] |
|---|---|---|
| Loan Losses | 12.0 | 4.6% |
| First-lien mortgages, domestic | 1.3 | 2.2% |
| Junior liens and HELOCs, domestic | 0.5 | 2.9% |
| Commercial and industrial [2] | 2.5 | 3.6% |
| Commercial real estate, domestic | 2.2 | 5.9% |
| Credit cards | 3.7 | 15.1% |
| Other consumer [3] | 1.0 | 3.1% |
| Other loans [4] | 0.9 | 3.8% |

[1] Average loan balances used to calculate portfolio loss rates exclude loans held for sale and loans held for investment under the fair-value option, and are calculated over nine quarters.

[2] Commercial and industrial loans include small- and medium-enterprise loans and corporate cards.

[3] Other consumer loans include student loans and automobile loans.

[4] Other loans include international real estate loans.

*Note: Estimates may not sum precisely due to rounding.*

### Risk-weighted assets, actual 2015:Q4 and projected 2018:Q1
**Billions of dollars**

| Item | Actual 2015:Q4 | Projected 2018:Q1 |
|---|---|---|
| Risk-weighted assets [1] | 341.4 | 330.5 |

1 For each quarter, risk-weighted assets are calculated under the Board's standardized capital risk-based approach in 12 CFR part 217, subpart D.

### Projected losses, revenue, and net income before taxes through 2018:Q1

| Item | Billions of dollars | Percent of average assets [1] |
|---|---|---|
| Pre-provision net revenue [2] | 15.7 | 3.8% |
| Other revenue [3] | (0.0) | |
| *less* | | |
| Provisions | 15.2 | |

| | | |
|---|---|---|
| Realized losses/gains on securities (AFS/HTM) | 0.1 | |
| Trading and counterparty losses [4] | -- | |
| Other losses/gains [5] | 0.2 | |
| *equals* | | |
| Net income before taxes | 0.2 | 0.1% |
| **Memo items** | | |
| Other comprehensive income [6] | (0.3) | |
| *Other effects on capital* | ***Actual 2015:Q4*** | ***2018:Q1*** |
| AOCI included in capital (billions of dollars) [7] | (0.4) | (1.3) |

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[1] Average assets is the nine-quarter average of total assets.

[2] Pre-provision net revenue includes losses from operational-risk events, mortgage repurchase expenses, and other real estate owned (OREO) costs.

[3] Other revenue includes one-time income and (expense) items not included in pre-provision net revenue.

[4] Trading and counterparty losses include mark-to-market and credit valuation adjustments (CVA) losses and losses arising from the counterparty default scenario component applied to derivatives, securities lending, and repurchase agreement activities.

[5] Other losses/gains includes projected change in fair value of loans held for sale and loans held for investment measured under the fair-value option, and goodwill impairment losses.

[6] Other comprehensive income (OCI) is only calculated for advanced approaches Bank Holding Companies (BHCs), and other BHCs that opt into advanced approaches treatment of Accumulated Other Comprehensive Income (AOCI).

[7] Certain aspects of AOCI are subject to transition arrangements for inclusion in projected regulatory capital. The transition arrangements are 40 percent included in projected regulatory capital for 2015, 60 percent included in projected regulatory capital for 2016, 80 percent included in projected regulatory capital for 2017, and 100 percent included in projected regulatory capital for 2018. See CFR 217.300(b)(3).

U.S. Bancorp (NYSE: USB), with $429 billion in assets as of March 31, 2016, is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. The Company operates 3,129 banking offices in 25 states and 4,954 ATMs and provides a comprehensive line of banking, investment, mortgage, trust and payment services products to consumers, businesses and institutions. Visit U.S. Bancorp on the web at **www.usbank.com**.

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. The forward looking statements contained in this press release include, among other things, projected future capital ratios, risk-weighted assets, revenue, net income before taxes, and loan losses of U.S. Bancorp based on a hypothetical scenario containing assumptions that may not come to pass in the future. There can be no assurance that U.S. Bancorp's actual results would match the results disclosed herein if the assumed scenario was to occur.

Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated. A reversal or slowing of the current economic recovery or another severe contraction could adversely affect U.S. Bancorp's revenues and the values of its assets and liabilities. Global financial markets could experience a recurrence of significant turbulence, which could reduce the availability of funding to certain financial institutions and lead to a tightening of credit, a reduction of business activity, and increased market volatility. Stress in the commercial real estate markets, as well as a downturn in the residential real estate markets, could cause credit losses and deterioration in asset values. In addition, U.S. Bancorp's business and financial performance is likely to be negatively impacted by recently enacted and future legislation and regulation. U.S. Bancorp's results could also be adversely affected by deterioration in general business and economic conditions; changes in interest rates; deterioration in the credit quality of its loan portfolios or in the value of the collateral securing those loans; deterioration in the value of securities held in its investment securities portfolio; legal and regulatory developments; litigation; increased competition from both banks and non-banks; changes in customer behavior and preferences; breaches in data security; effects of mergers and acquisitions and related integration; effects of critical accounting policies and judgments; and management's ability to effectively manage credit risk, market risk, operational risk, compliance risk, strategic risk, interest rate risk, liquidity risk and reputational risk.

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

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