

U.S. Bancorp Investor Conference

Credit Administration

P.W. (Bill) Parker

Executive Vice President

September 5, 2007



Forward-looking Statements

This presentation contains forward-looking statements about U.S. Bancorp. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements. These statements often include the words “may,” “could,” “would,” “should,” “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans,” “targets,” “potentially,” “probably,” “projects,” “outlook” or similar expressions. These forward-looking statements cover, among other things, anticipated future revenue and expenses and the future plans and prospects of the Company. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated, including changes in general business and economic conditions, changes in interest rates, legal and regulatory developments, increased competition from both banks and non-banks, changes in customer behavior and preferences, 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, legal risk, and regulatory and compliance risk. For discussion of these and other risks that may cause actual results to differ from expectations, refer to our Annual Report on Form 10-K for the year ended December 31, 2006, on file with the Securities and Exchange Commission, including the sections entitled “Risk Factors” and “Corporate Risk Profile.” Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update them in light of new information or future events.

Credit Administration

Overview:

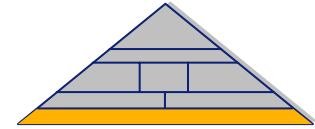
- ✓ Overall portfolio asset quality is strong
- ✓ Low levels of Nonperforming Assets relative to the peer group
- ✓ Disciplined credit process
- ✓ Minimal credit exposure to Asset Backed Commercial Paper
- ✓ Controlled exposure to Leveraged Transactions
- ✓ Modest exposure in subprime loans – \$4.1 billion, 2.8% of total loans
- ✓ Moderate exposure to the stress in the mortgage banking industry - \$1.3 billion, 0.9% of total loans

Credit Administration

- ✓ Credit process
- ✓ Portfolio review
- ✓ Peer Comparison

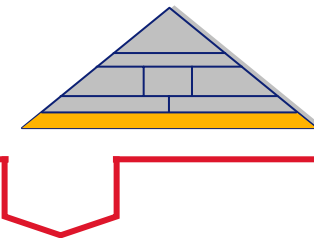


Credit Process



- ✓ The Executive Credit Management Group (ECMG) proactively manages the portfolio approving all credit policies and reviewing forecasts of key credit metrics and portfolio performance
- ✓ The ECMG meets every other week (since May of 2001) and the members include:
 - Chief Executive Officer
 - Chief Financial Officer
 - Chief Credit Officer
 - Business Line Vice Chairs
- ✓ Monthly credit portfolio reviews with all lines of business lead by the Vice Chairs to manage credit risk within the portfolios timely

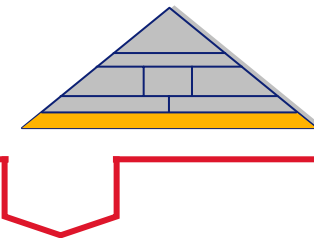
Credit Process



Wholesale and Community Banking

- ✓ Individual lender and manager accountability - lending authority assigned based on experience
- ✓ Prudent credit policies specifying underwriting and monitoring requirements
- ✓ Credit officers, independent of the business line, have higher levels of lending authority and support the business units in their credit decisions
- ✓ Risk Rating accuracy verified by a less than 0.6% variance to Shared National Credit results

Credit Process



Retail & Small Business Banking

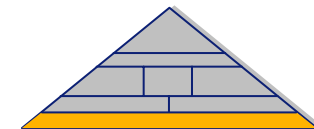
- ✓ Centralized underwriting and collections are performed at servicing centers
- ✓ Combination of standard credit scoring systems and customized underwriting processes are used to assess credit risk
- ✓ Credit policies set specific underwriting criteria and risk/return hurdles with constraints established for higher risk portfolios
- ✓ Portfolio monitoring is based on credit performance trends, early warning systems and risk/return metrics

Credit Administration

- ✓ Credit process
- ✓ Portfolio review
- ✓ Peer Comparison

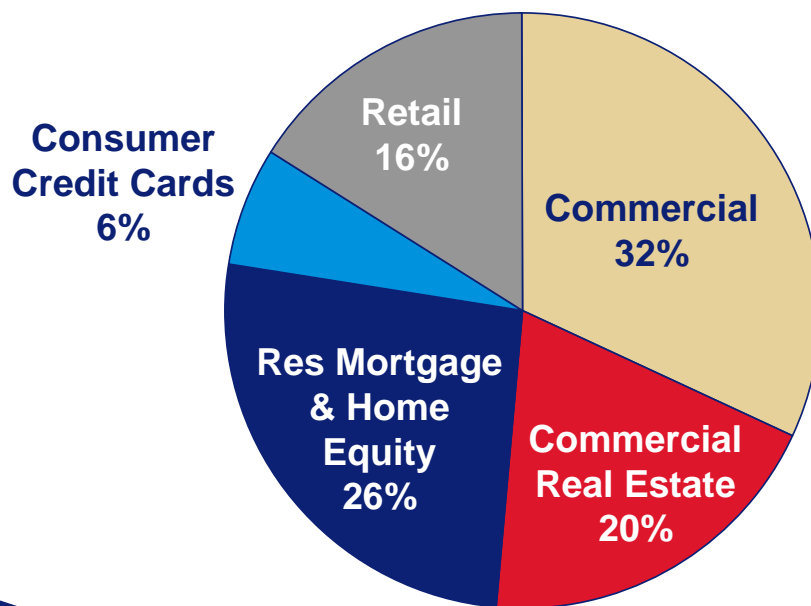


Loan Portfolio



By Loan Type, \$145.7 Billion

- ✓ Well balanced portfolio between Commercial and Consumer loans diversifies risk
- ✓ Loan portfolio is more weighted toward Credit Card and less in Residential Mortgages and Home Equity than most peers



Peer Group Averages

Consumer Credit Cards 2%
Res Mort & Home Equity 36%

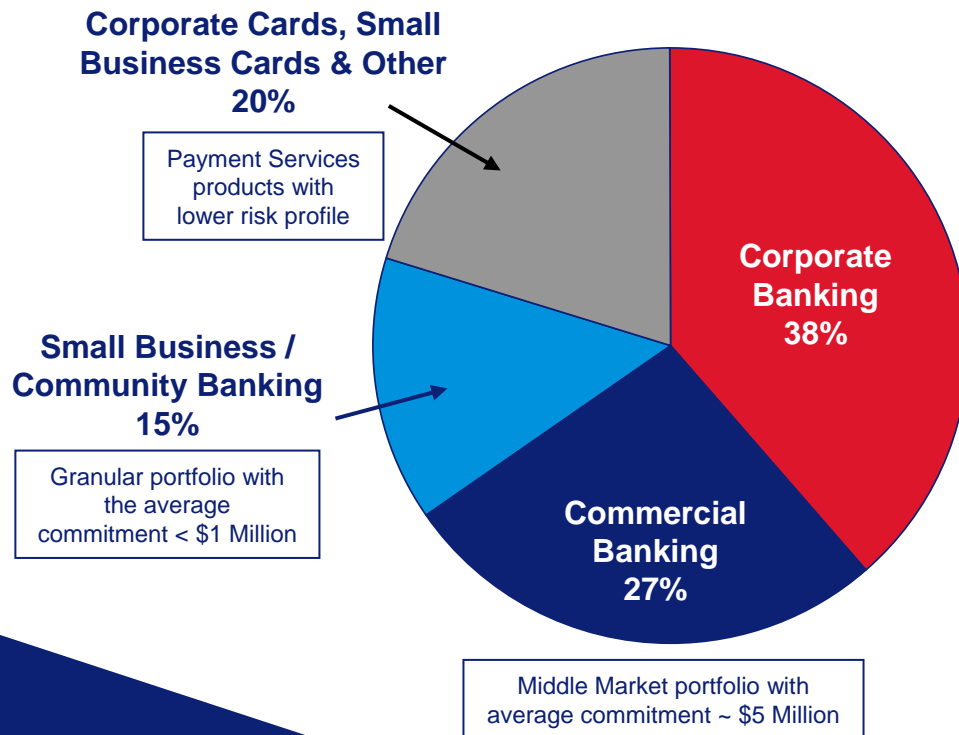
As of 6/30/07

Peer Banks: BAC, BBT, CMA, FITB, KEY,
NCC, PNC, RF, STI, USB, WB, WFC and WM

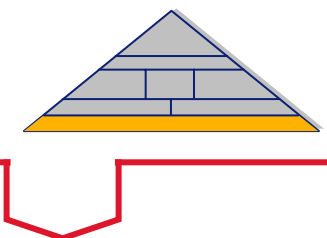
Commercial Loans

By Business Line, \$46.5 Billion

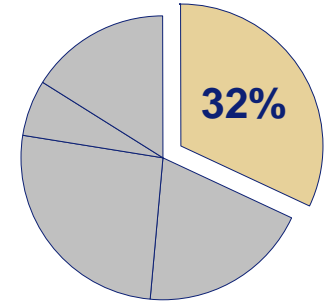
- ✓ Loans are balanced within multiple business lines & products serving customers in Small Business/Community, Middle Market and Large Corporate



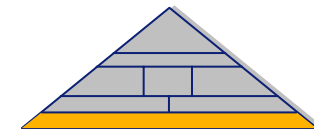
Over two-thirds of the credit exposure is to companies with an investment grade at or near investment grade rating



Total Loans \$145.7 Billion



Commercial Loans



Mortgage Banking Division

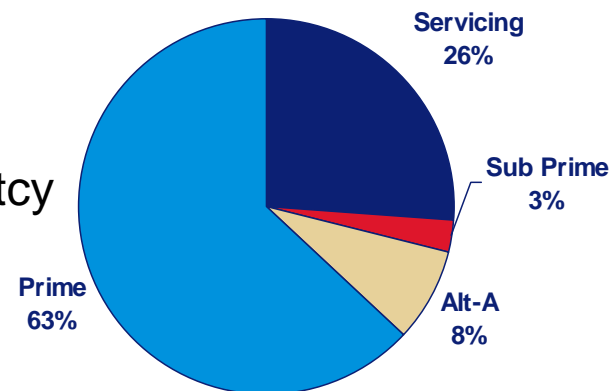
(\$1.3 Billion, 0.9% of the total loan portfolio)

- ✓ The Mortgage Banking division has been in existence for over 20 years
- ✓ Very low loss experience
- ✓ There are 45 relationships comprised primarily of mortgage warehouse lines secured by home mortgages held for sale or securitization

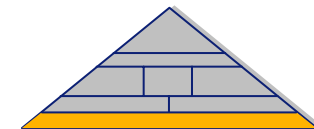
Liquidity Issues in the Mortgage Industry

- ✓ Over a dozen mortgage lenders have filed bankruptcy
- ✓ 2 of our customers have filed
- ✓ Limited collateral exposure to subprime and Alt-A products
- ✓ Liquidity has returned for Agency & Prime/Jumbos

Mortgage Banking
Distribution of Collateral



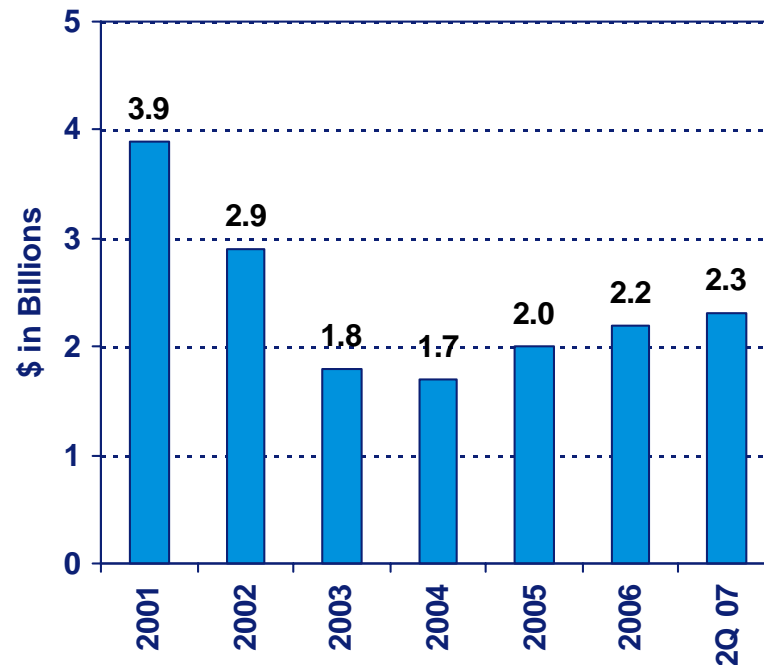
Commercial Loans



Leveraged Transaction Portfolio

- ✓ Portfolio is not under stress
- ✓ Maintained disciplined approach to underwriting
- ✓ Portfolio constraints monitored quarterly
- ✓ Senior Debt multiples averaging 3.75x vs. the current market of 5-6x
- ✓ Enterprise Value Reliant transactions are originated with well established sponsors or existing customer

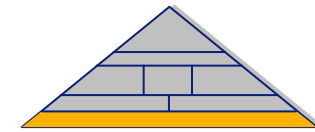
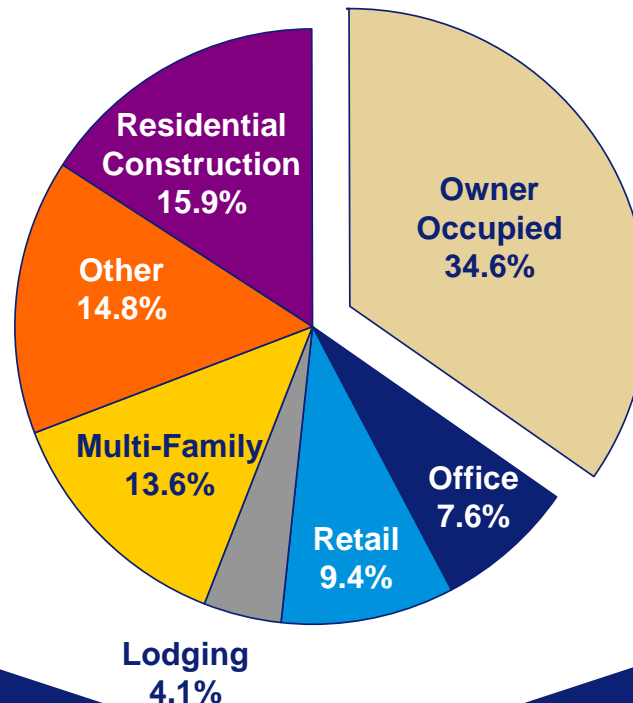
Leveraged Transactions
(Outstanding Loans in Billions)



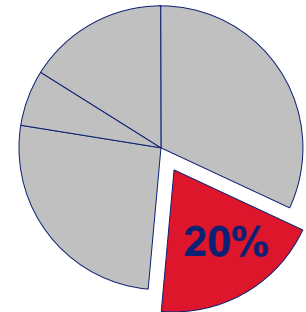
Commercial Real Estate

By Property Type, \$28.4 Billion

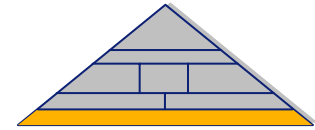
- ✓ Over one third of the portfolio is owner occupied loans primarily to Small Business, Community and Middle Market relationships
- ✓ The balance of the portfolio is well diversified by Property Type



Total Loans
\$145.7 Billion

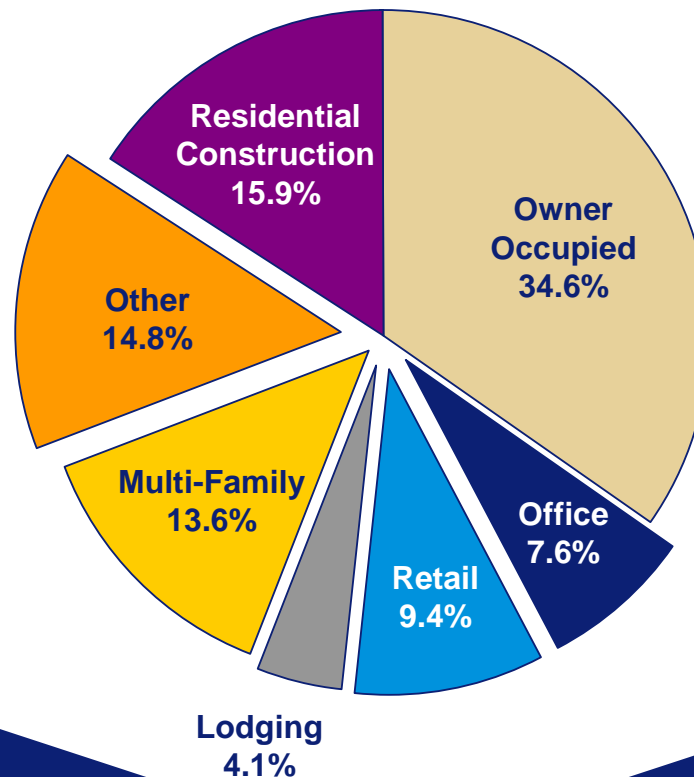


Commercial Real Estate



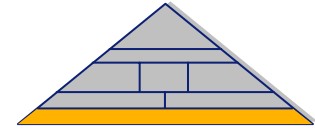
Investor Properties, \$14.1 Billion

- ✓ Most commercial real estate segments of Office, Retail, Lodging, Multi-Family and Other Commercial Properties are strong
- ✓ Stable vacancy rates and increasing rents



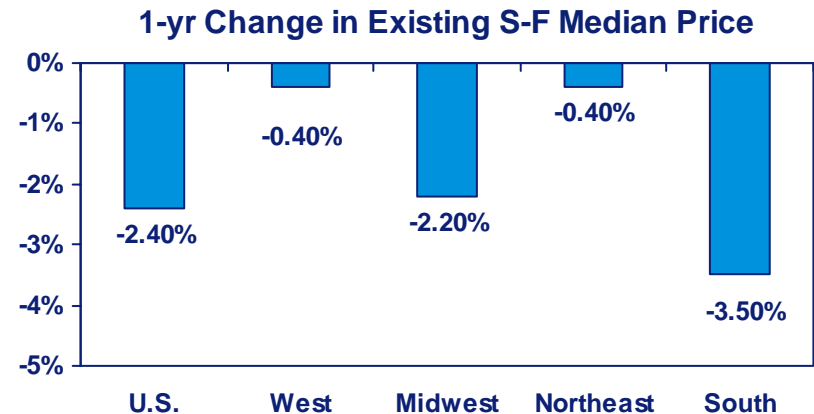
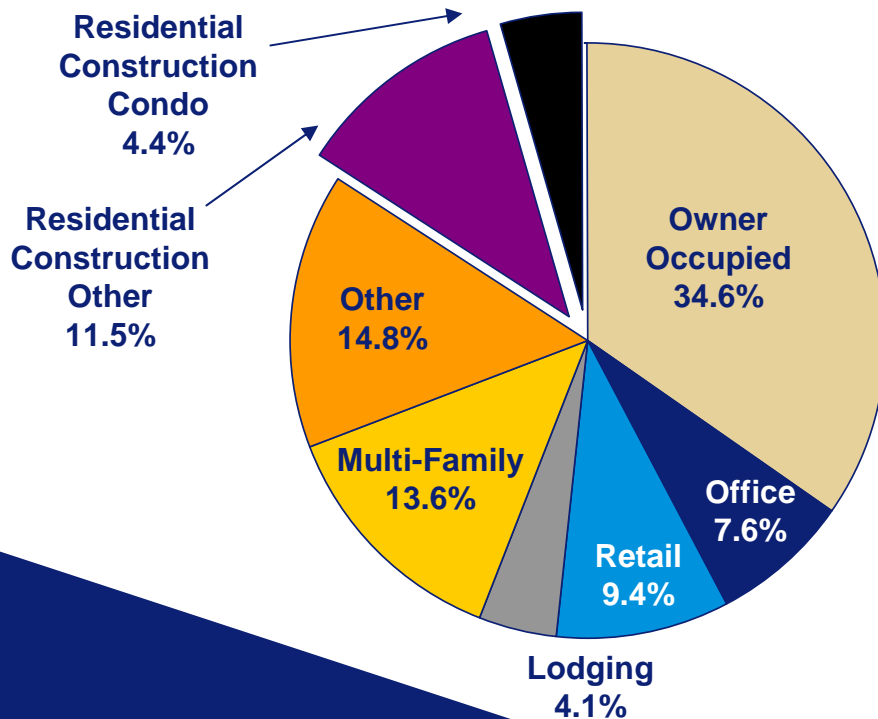
As of 6/30/07

Commercial Real Estate

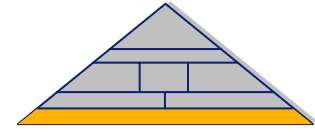


Residential Construction, \$4.5 Billion

- ✓ Residential Construction portfolio shows signs of stress
- ✓ Year over year change in home sales and prices have impacted certain regions more than others

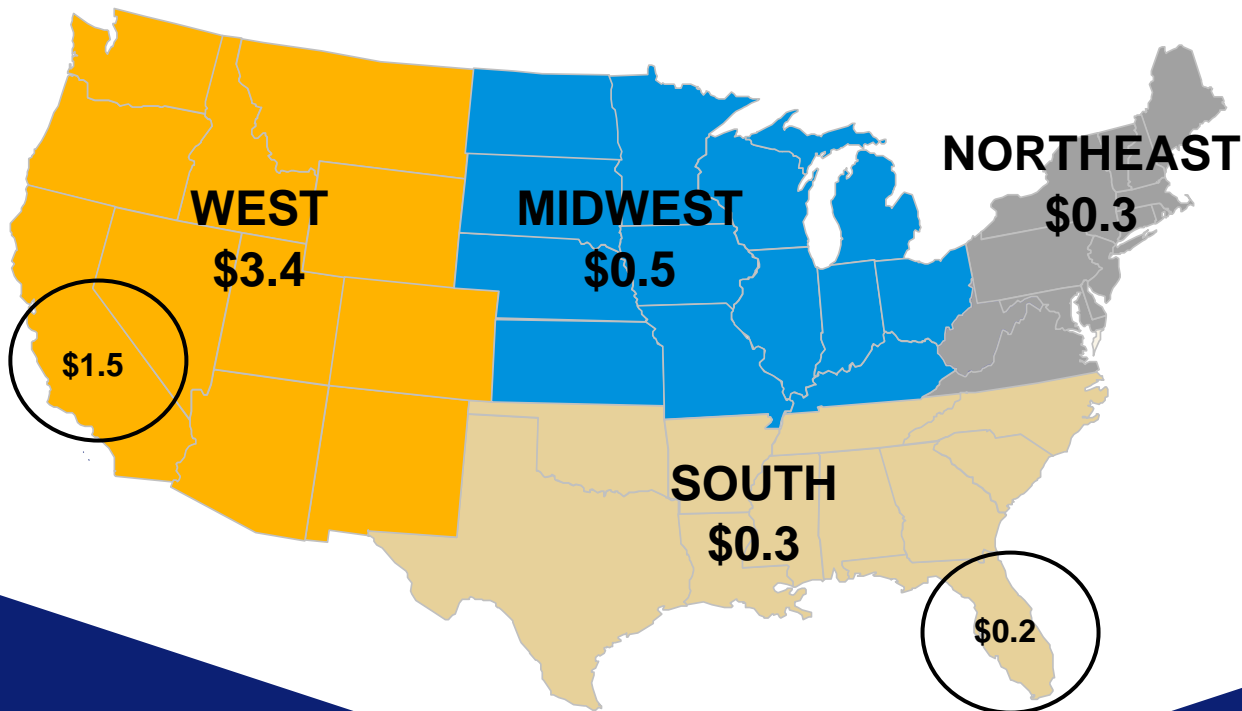


Commercial Real Estate



Residential Construction, \$4.5 Billion

- ✓ Limited exposure to condo projects - \$1.3 Billion
- ✓ Condo projects have generally been made to clients with previous bank lending history

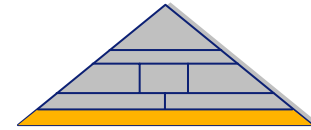


Condos: Top States

Florida	\$0.2
New York	\$0.1
Pennsylvania	\$0.1

\$ in Billions, as of 6/30/07

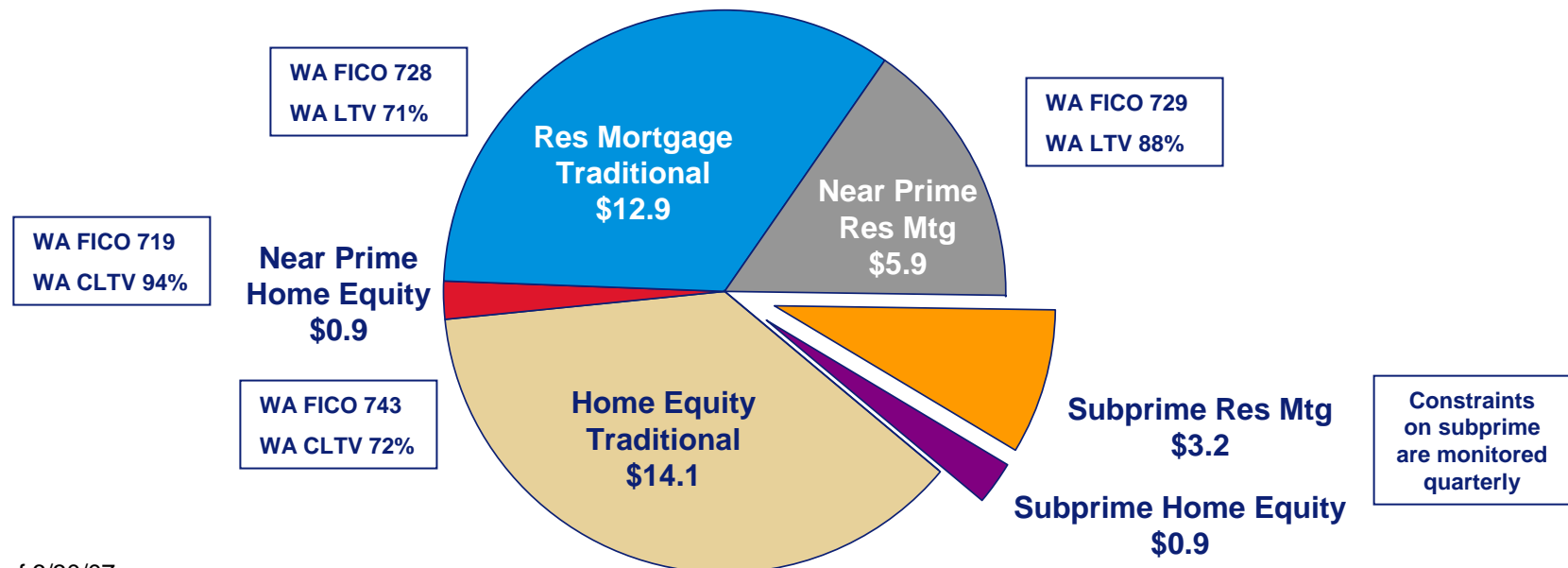
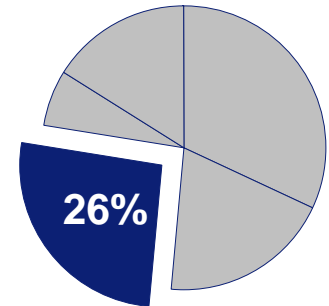
Residential Mortgage & Home Equity



By Loan Type, \$37.9 Billion

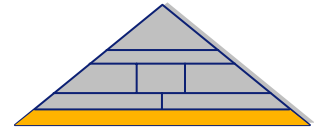
- ✓ Portfolio is primarily to customers with high FICO scores
- ✓ No negative amortization products
- ✓ The Consumer Finance Company originates loans to near prime and subprime customers
- ✓ Overall exposure to subprime loans is low, representing 2.8% of the total USB loan portfolio

Total Loans
\$145.7 Billion



As of 6/30/07

Residential Mortgage & Home Equity



Subprime Loans, \$4.1 Billion

Residential Mortgages - \$3.2 Billion

Weighted Average FICO = 622

Weighted Average LTV = 87%

Top States:

- ✓ Ohio \$0.3
- ✓ Florida \$0.2
- ✓ Michigan \$0.2

Subprime Residential Mortgages			
\$ in Billions	LTV		
	LTV ≤80%	LTV >80% LTV ≤90%	LTV >90%
FICO > 660	7%	4%	13%
FICO >620 FICO ≤659	9%	5%	14%
FICO <620	19%	15%	14%

Home Equity - \$0.9 Billion

Weighted Average FICO = 652

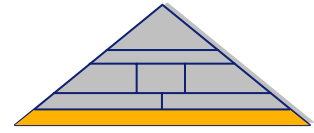
Weighted Average LTV = 97%

Top States:

- ✓ Ohio \$0.1
- ✓ Colorado \$0.1
- ✓ California \$0.1

Subprime Home Equity			
\$ in Billions	LTV		
	LTV ≤80%	LTV >80% LTV ≤90%	LTV >90%
FICO > 700	1%	1%	19%
FICO >660 FICO ≤699	2%	2%	16%
FICO <660	8%	11%	40%

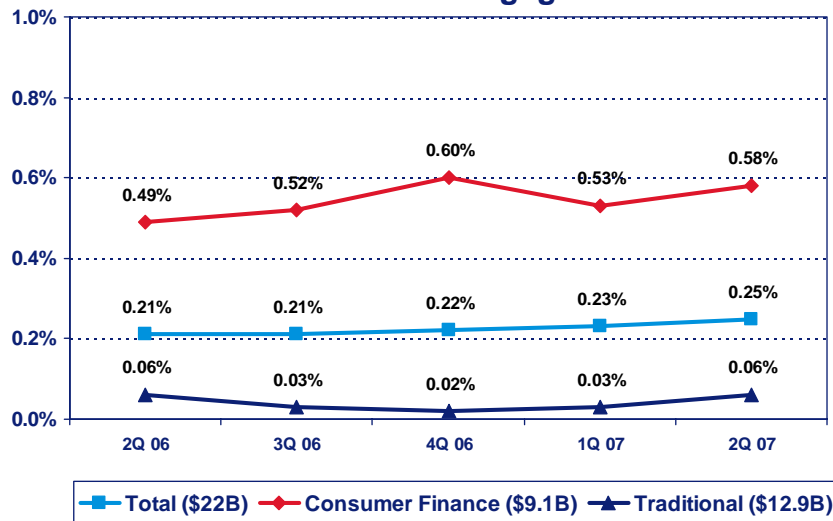
Residential Mortgage & Home Equity



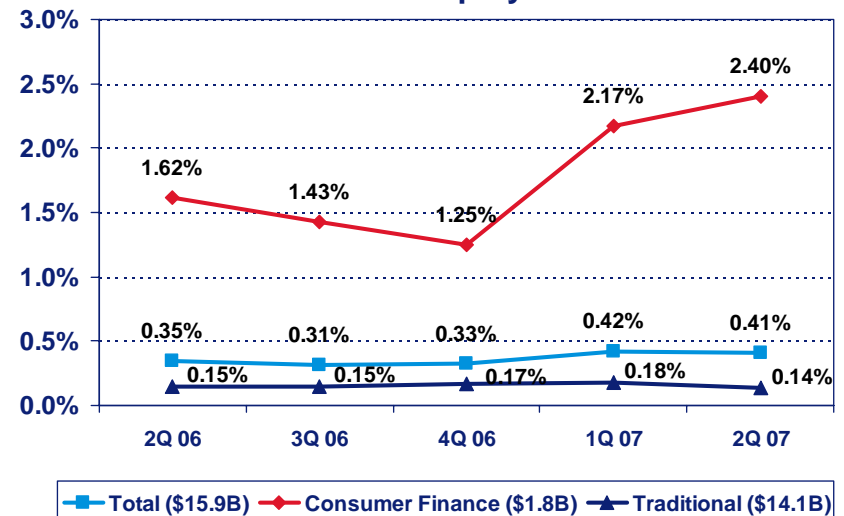
Residential Mortgages & Home Equity, \$37.9 Billion

- ✓ Credit trends continue to show strong credit quality in the traditional portfolio
- ✓ Increase to losses are primarily with loans in the Consumer Finance company

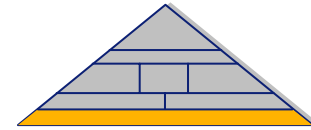
Residential Mortgages



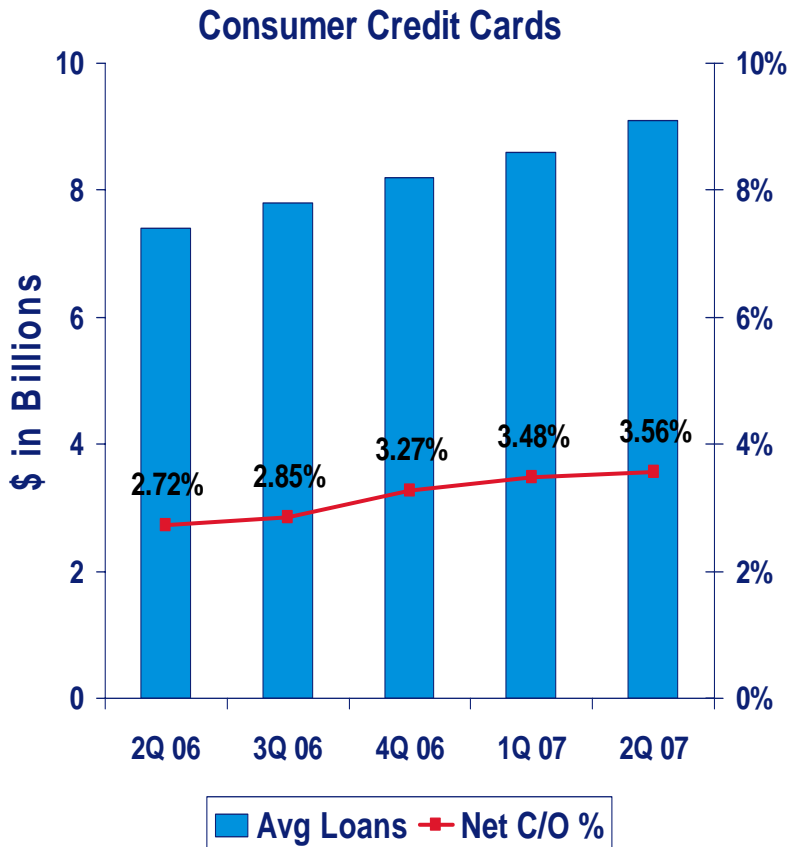
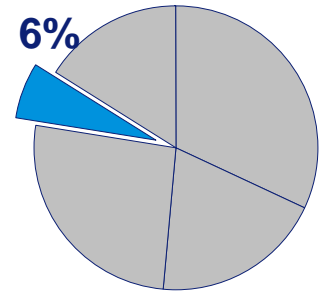
Home Equity



Consumer Credit Cards



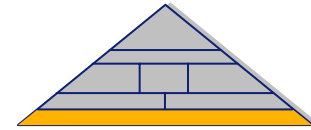
Total Loans
\$145.7 Billion



Credit Cards, \$9.4 Billion

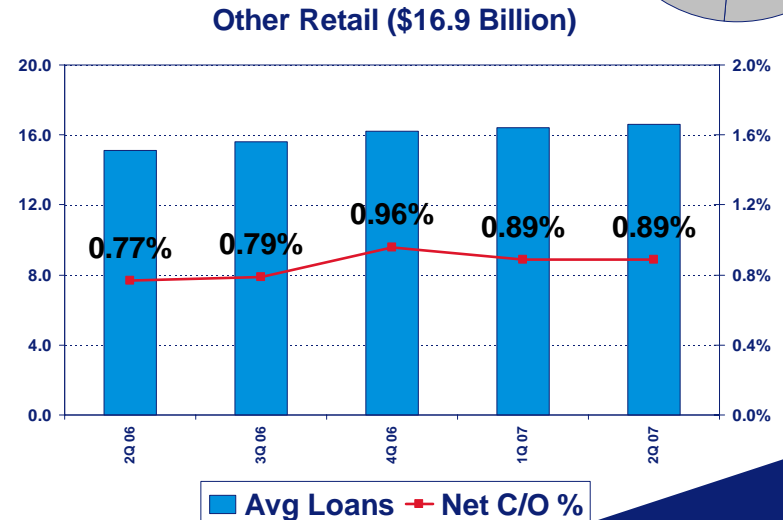
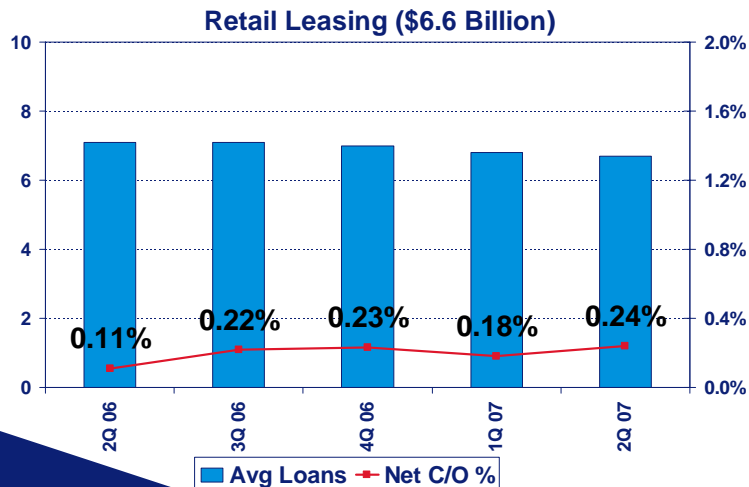
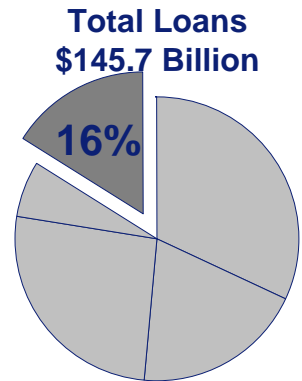
- ✓ Growth and credit quality within the credit card portfolio are strong
- ✓ The consumer credit card portfolio represents 40% of net charge-offs and only 6% of the total loan portfolio
- ✓ Consistently rank in the top of the peer group with net charge-off rates

Retail Portfolio



Other Retail, \$23.5 Billion

- ✓ Portfolio is comprised primarily of Auto Loans & Leases, Installment Loans, Unsecured Lines of Credit and Student Loans
- ✓ Stable credit trends in both portfolios

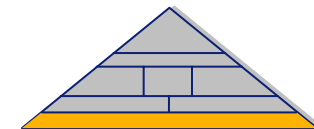


Credit Administration

- ✓ Credit process
- ✓ Portfolio review
- ✓ Peer Comparison



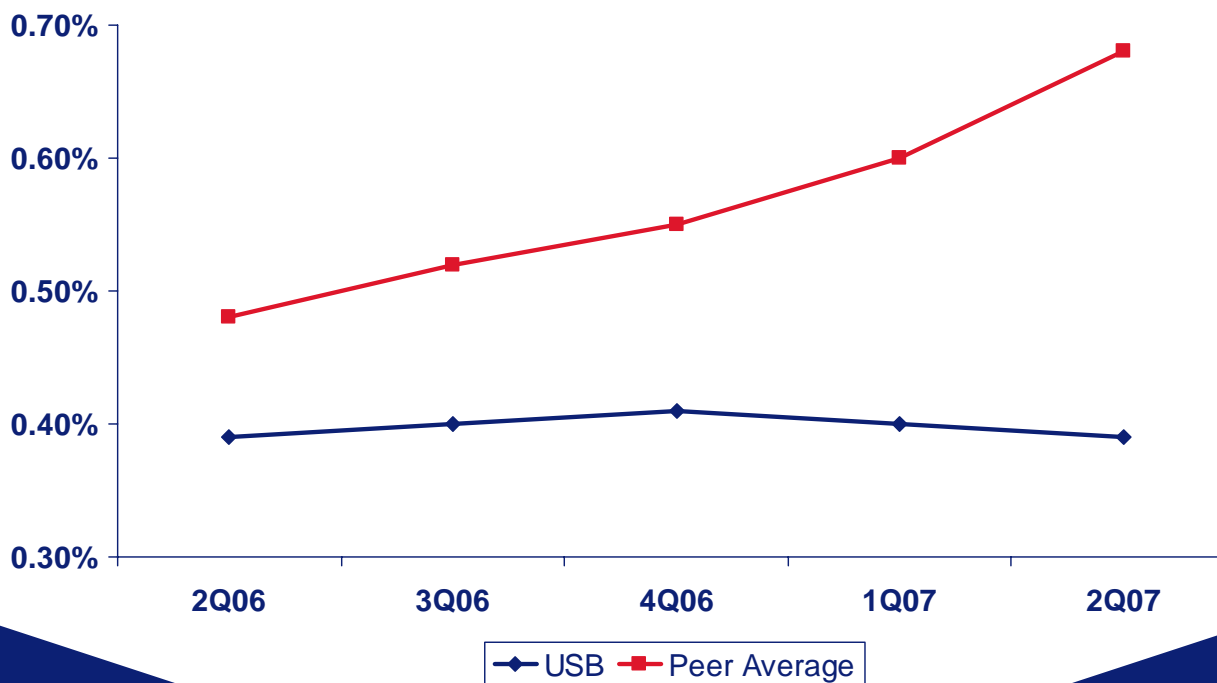
Peer Comparison



Credit Quality Statistics, NPA Ratio

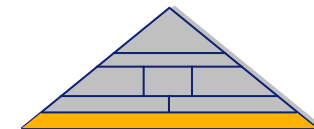
- ✓ Consistently rank near the top of the peer group in NPA Ratio

Nonperforming Asset Ratio



Source: company reports
Peer Banks: BAC, BBT, CMA, FITB, KEY,
NCC, PNC, RF, STI, USB, WB, WFC and WM

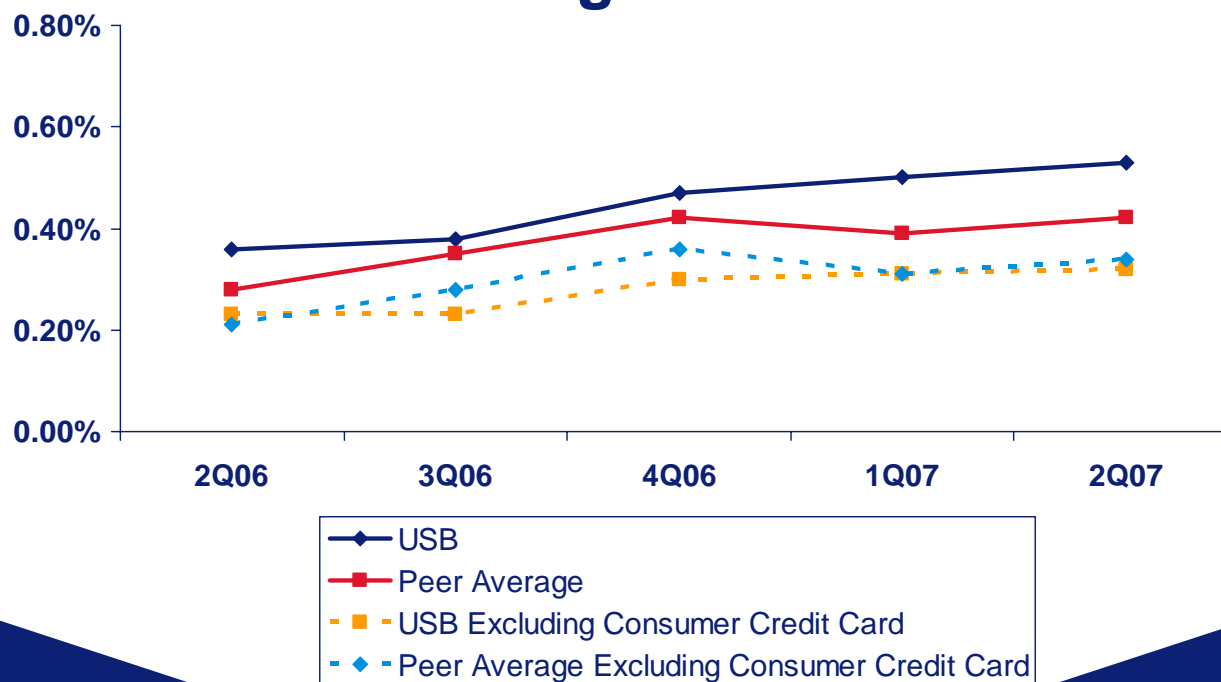
Peer Comparison



Credit Quality Statistics, Net Charge-offs

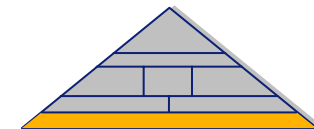
- ✓ Net charge-offs are high relative to peers due to the balance sheet mix

Net Charge-off Ratio



Source: company reports
Peer Banks: BAC, BBT, CMA, FITB, KEY,
NCC, PNC, RF, STI, USB, WB, WFC and WM

Peer Comparison



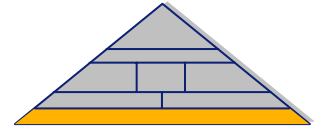
Credit Quality Statistics, 2Q07

- ✓ Allowance coverage ratios support an adequate allowance

<u>2Q07</u>	<u>USB</u>	<u>Peer Median</u>
Allowance / Total Loans	1.55%	1.17%
Allowance / NPAs	400%	191%

Source: company reports
Peer Banks: BAC, BBT, CMA, FITB, KEY,
NCC, PNC, RF, STI, USB, WB, WFC and WM

Credit Administration



Summary

- ✓ Overall portfolio asset quality and credit metrics are strong
- ✓ Manageable stress in Mortgage Banking and subprime lending
- ✓ Adequate reserves for credit risk inherent in the portfolio

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Credit Administration

P.W. (Bill) Parker

Executive Vice President

September 5, 2007

