TREASURY MONTHLY INTERMEDIATION SNAPSHOT

Name of institution: U.S. Bancorp | **Submission date: 1/30/09** | **Person to be contacted regarding this report: Anthony D. Kelley**

PART I. QUANTITATIVE OVERVIEW

SCHEDULE A: CONSUMER LENDING (Millions $)	OCT	2008 NOV	DEC	Key	Comments
1. First Mortgage					
a. Average Loan Balance (Daily Average Total Outstanding)	$26,337	$29,480	$35,066	Residential Real Estate includes Loans held for sale and all 1-4 family secured by closed end first liens. Average balances include the acquisition of Downey and PFF. 90% of originations are held for sale.	**Residential Mortgage (1-4 family) originations were high due to lower interest rates and an increase in the demand for refinancing.**
b. Total Originations	$2,873	$2,532	$2,985	Includes both loans originated for the balance sheet as well as loans originated for sale.	
(1) Refinancings	$1,158	$990	$1,367	Of the originations during the month, the amount that were for the refinance of current mortgage.	
(2) New Home Purchases	$1,715	$1,542	$1,618	Of the originations during the month, the amount that was for new home purchases.	
2. Home Equity					
a. Average Total Loan Balance	$18,327	$18,640	$19,105	Home equity includes all 1-4 family open end revolving and closed end junior liens.	**Overall demand for home equity decreased during the quarter given the continued decline in home values.**
b. Originations (New Lines+Line Increases)	$596	$418	$413	Originations include the loan amount for closed end junior liens and the line amount for open-end revolving.	
c. Total Used and Unused Commitments	$34,125	$34,769	$34,838	Ending balance for Total Used and Ending unfunded for Unused Commitments.	
3. US Card - Managed					
a. Average Total Loan Balance - Managed	$12,674	$12,849	$13,399	Credit card includes consumer credit cards only.	**Credit Card balances and commitments increased during the fourth quarter primarily due to higher utilization of existing accounts and new account originations.**
b. New Account Originations (Initial Line Amt)	$942	$829	$1,115	Originations include initial line amounts for new cards but not line increases for existing customers.	
c. Total Used and Unused Commitments	$69,874	$70,105	$71,139	Ending balance for Total Used and Ending unfunded for Unused Commitments.	
4. Other Consumer					
a. Average Total Loan Balance	$28,376	$28,433	$28,611	Other consumer includes consumer installment loans, other revolving (i.e. overdraft lines and unsecured lines of credit), consumer leases, student loans, and consumer loans secured by securities.	**Demand for auto loans and leases remains high due to fewer lending programs being offered by competitors.**
b. Originations	$893	$769	$1,030	Originations during the month of the above mentioned products.	

SCHEDULE B: COMMERCIAL LENDING (Millions $)	OCT	NOV	DEC	Key	Comments
1. C & I					
a. Average Total Loan and Lease Balance	$52,997	$54,057	$54,831	Commercial loans include loans to depository institutions, agricultural loans to others than farmers, commercial and industrial loans, leases, loans to finance RE not secured by RE, and all other loans (i.e. State and Political and tax exempt.)	**Many borrowers are increasing line usage to offset reductions in operating cash flow. Demand to finance expansion or growth initiatives is weak.**
b. Renewal of Existing Accounts	$3,612	$3,050	$4,851	Renewal of existing accounts represents the commitment balance.	
c. New Commitments	$2,753	$2,087	$4,222	New commitments issued during the month for either new or existing customers	
2. Commercial Real Estate					
a. Average Total Loan and Lease Balance	$35,181	$35,649	$36,530	Commercial RE loans include construction loans, land development loans, secured by farmland, secured by multifamily, and other commercial RE loans.	**Increased activity due to the lack of a CMBS market for short term bridge financing to complete projects. New loan demand on construction lending is down due to current market conditions and the decrease in construction activity.**
b. Renewal of Existing Accounts	$758	$991	$1,706	Renewal of existing accounts represents the commitment balance.	
c. New Commitments	$944	$568	$940	New commitments issued during the month for either new or existing customers	
SCHEDULE C: OTHER INTERMEDIATION ACTIVITIES (Millions $)					
1. MBS/ABS Net Purchased Volume					
a. Mortgage Backed Securities	$0	$1	$611	MBS/ABS includes net securities acquired during the quarter. Activity in the fourth quarter was all MBS.	**Activity represents replacing attrition and the expectation of increased prepayment speeds.**
b. Asset Backed Securities	$0	$0	$0		
2. Secured Lending (Repo, PB, Margin Lending)					
a. Average Total Matched Book (Repo/Reverse Repo)[1]	$0	$0	$0		**Not applicable**
b. Average Total Debit Balances[2]	$0	$0	$0		
3. Underwriting					
a. Total Equity Underwriting	$0	$0	$0		**Not applicable**
b. Total Debt Underwriting	$0	$0	$0		

Notes:
1. Not applicable if matched book activity does not exceed $50 billion.
2. Applicable only for institutions offering prime brokerage or other margin lending services to clients.

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PART II. QUALITATIVE OVERVIEW

Please provide a brief overview of the intermediation activity during the month. This discussion should include a general commentary on the lending environment, loan demand, any changes in lending standards and terms, and any other intermediation activity.

Company Description: Minneapolis-based U.S. Bancorp ("USB"), with $266 billion in assets, is the parent company of U.S. Bank. The Company operates 2,791 banking offices and 4,897 ATMs in 24 states, and provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses and institutions.

Total Average Loans and Leases: In the fourth quarter of 2008, U.S. Bancorp's average loans and leases increased 6.4 percent (3.1 percent excluding acquisitions, 12.4 percent annualized) over the third quarter of 2008. Total commercial loans grew 4.3 percent, driven primarily by new account originations and the utilization of credit lines. Total commercial real estate grew 2.9 percent. Consumer Loans increased 3.6 percent as credit card balances and home equity and second mortgages increased during the quarter.

C&I: Loan demand related to business investment and growth initiatives (e.g. expansion capex and/or acquisitions) is weak, but many customers have increased borrowing in order to offset reduced operating cash flow and/or to finance operating activities that would have normally been executed in the public markets or the private non-bank markets. Generally, the Bank's underwriting standards have not changed, however, new transactions are being underwritten with financing structures and leverage levels that consider risks that reflect the current state of market conditions. We are benefiting from a flight-to-quality, as we continue to see new lending opportunities and actively work with existing customers on new money requests, extensions, amendments and waivers.

Demand for Small Business credit is still relatively strong, evidenced by new application volume. This application volume reflects the flight-to-quality effect to banks with liquidity and strong capital levels. Approval rates are generally lower than prior year, due to weakening performance of borrowers in higher risk segments (e.g., contractors). Common metrics of origination quality, such as booked credit scores and proportion of high risk industries, are similar or better than they were a year ago.

CRE: Overall new loan demand for commercial real estate is down due to the lack of new construction activity and the condition of the real estate markets. Our investor and developer portfolio has historically focused on construction lending, so new deal requests have decreased, but bridge or short term financing is experiencing demand. The lack of a permanent or CMBS market has brought many clients to the Bank to seek short term financing of completed projects. In general, our underwriting standards tightened somewhat to reflect the uncertainties in the market.

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First Mortgage: Overall demand for residential mortgages continues to remain high. With the current turmoil in the industry, U.S. Bank continues to experience strong levels of mortgage applications driven by customer concern regarding with whom they conduct business and the Bank's ability to fund qualifying customers. Over ninety percent of the originations are approved under government agency programs and are underwritten based on standards for approval under those programs. For mortgage loans retained in the Bank's portfolio, loan-to-value standards have changed to reflect the current real estate market conditions and continued decline in home prices, however, several program enhancements were implemented in an effort to offer credit to more qualified customers based on regional market conditions.

Credit Card: Overall demand for credit card balances remains strong. The Bank's portfolio is primarily a prime portfolio and lending criteria for new accounts has remained consistent with that standard. Payment rates (payments/balances) have decreased, revolve rates (percent of accounts revolving) have increased, and average balances have increased. This is partially offset by a reduction in the average transaction volume per account which is a reflection of the slowing economy and lower consumer spending. During the fourth quarter of 2008, the Bank experienced seasonally higher application volume and origination of new accounts.

Consumer Loans: Overall demand for new loans remains high in the consumer loan portfolio as competitors continue to exit some of these lending programs. Specifically, within the auto loan and lease portfolio, demand remains strong as other lenders have either reduced their programs or eliminated them entirely. Over the last twelve months, changes in underwriting standards have been made to respond to the changing market conditions for new and used auto values and changing residual values for auto leases. Also, demand for revolving credit and student loans remains strong, while home equity demand has declined.