

TREASURY MONTHLY INTERMEDIATION SNAPSHOT						
Name of institution: U.S. Bancorp		Submission date: 2/27/09			Person to be contacted about this report: Anthony D. Kelley	
PART I. QUANTITATIVE OVERVIEW						
SCHEDULE A: CONSUMER LENDING (Millions \$)		2008 NOV	DEC	2009 JAN	Key	Comments
1. First Mortgage						
a. Average Loan Balance (Daily Average Total Outstanding)	\$29,480	\$35,066	\$35,085	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.	Includes both loans originated for the balance sheet as well as loans originated for sale.	
b. Total Originations	\$2,532	\$2,985	\$4,041	Includes both loans originated for the balance sheet as well as loans originated for sale.		
(1) Refinancings	\$990	\$1,367	\$2,990	Of the originations during the month, the amount that were for the refinance of a current mortgage.		
(2) New Home Purchases	\$1,542	\$1,618	\$1,051	Of the originations during the month, the amount that was for new home purchases.		
2. Home Equity						
a. Average Total Loan Balance	\$18,640	\$19,105	\$19,206	Home equity includes all 1-4 family open end revolving and closed end junior liens.	Overall demand for home equity decreased during the month given the continued decline in home values.	
b. Originations (New Lines+Line Increases)	\$419	\$413	\$348	Originations include the loan amount for closed end junior liens and the line amount for open-end revolving.		
c. Total Used and Unused Commitments	\$34,769	\$34,838	\$34,813	Ending balance for Total Used and Ending unfunded for Unused Commitments.		
3. US Card - Managed						
a. Average Total Loan Balance - Managed	\$12,849	\$13,399	\$13,586	Credit card includes consumer credit cards only.	Credit Card balances increased during the month primarily due to higher utilization of existing accounts and new account originations.	
b. New Account Originations (Initial Line Amt)	\$829	\$1,115	\$691	Originations include initial line amounts for new cards but not line increases for existing customers.		
c. Total Used and Unused Commitments	\$70,105	\$71,139	\$70,950	Ending balance for Total Used and Ending unfunded for Unused Lines		
4. Other Consumer						
a. Average Total Loan Balance	\$28,433	\$28,611	\$29,186	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. Student loan originations also increased during the month.	
b. Originations	\$769	\$1,030	\$1,383	Originations during the month of the above mentioned products.		

SCHEDULE B: COMMERCIAL LENDING (Millions \$)				NOV	DEC	JAN	Key	Comments
<b>1. C &amp; I</b>								
a. Average Total Loan and Lease Balance	\$54,057	\$54,831	\$55,520	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.)			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	\$3,050	\$4,851	\$4,177	Renewal of existing accounts represents the commitment balance.				
c. New Commitments	\$2,087	\$4,222	\$2,044	New commitments issued during the month for either new or existing customers				
<b>2. Commercial Real Estate</b>								
a. Average Total Loan and Lease Balance	\$35,649	\$36,530	\$37,071	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	\$991	\$1,706	\$676	Renewal of existing accounts represents the commitment balance.				
c. New Commitments	\$568	\$940	\$506	New commitments issued during the month for either new or existing customers				
<b>SCHEDULE C: OTHER INTERMEDIATION ACTIVITIES (Millions \$)</b>								
<b>1. MBS/ABS Net Purchased Volume</b>								
a. Mortgage Backed Securities	\$1	\$611	\$1,491	MBS/ABS includes net securities acquired during the quarter. Activity in the fourth quarter was all MBS.				
b. Asset Backed Securities	\$0	\$0	\$0					
<b>2. Secured Lending (Repo, PB, Margin Lending)</b>								
a. Average Total Matched Book (Repo/Reverse Repo) <sup>1</sup>	\$0	\$0	\$0					
b. Average Total Debit Balances <sup>2</sup>	\$0	\$0	\$0					
<b>3. Underwriting</b>								
a. Total Equity Underwriting	\$0	\$0	\$0					
b. Total Debt Underwriting	\$0	\$0	\$0					
<b>Notes:</b> 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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Reporting month(s): Nov-Dec-Jan 2009

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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 Loans and Leases

During the month of January 2009, total commercial loans grew 1.3 percent when compared to December 2008, driven primarily by new account originations and the utilization of credit lines. Total commercial real estate grew 1.5 percent. Residential mortgages on the balance sheet remained flat, while originations of mortgages held for sale increased substantially during the month. Consumer loans increased 1.4 percent as credit card balances and student loans increased during the month.

### C&I

Loan demand related to business investment and growth initiatives (e.g. expansion capex and/or acquisitions) continues to be 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 did not change during the month, however, new transactions continue to be 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. Approval rates are still 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.

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## **CRE**

Overall new loan demand for commercial real estate remains low 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 still in demand. The lack of a permanent or CMBS market continues to bring 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.

## **First Mortgage**

Overall demand for residential mortgages during the month was high due to the favorable interest rate environment concluding with over \$4.0 billion in originations. Refinance activity was high during the month. 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, underwriting guidelines have not changed; however, loan-to-value standards continue to reflect current real estate market conditions and continued declines in home prices.

## **Credit Card**

Overall demand for credit card balances remains strong with an increase of \$187 million in card balances during the month representing a slight increase in line utilization. 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 remained flat to December 2008. 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 January 2009, the Bank experienced seasonally consistent application volume and new account originations compared to prior month.

## **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 high as other lenders have either reduced their programs or eliminated them entirely. Also, demand for revolving credit and student loans remains strong, while home equity demand has declined due to continued declines in home prices. 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.