

ModernGraham Valuation

Company Name:

U.S. Bancorp

Company Ticker USB

Date of Analysis

11/5/2015



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass all 6 of the following tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$75,106,815,588	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Pass
3. Dividend Record	Dividend Payments for 10 years prior		Pass
4. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	37.74%	Pass
5. Moderate PEmg Ratio	PEmg < 20	14.26	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.70	Pass

Enterprising Investor; must pass all 3 of the following tests, or be suitable for the Defensive Investor.

1. Earnings Stability	Positive EPS for 5 years prior		Pass
2. Dividend Record	Currently Pays Dividend		Pass
3. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	2.99
MG Growth Estimate	9.22%
MG Value	\$80.58
MG Value based on 3% Growth	\$43.36
MG Value based on 0% Growth	\$25.42
Market Implied Growth Rate	2.88%

MG Opinion

Current Price	\$42.66
% of Intrinsic Value	52.94%
Opinion	Undervalued

Stage 3: Information for Further Research

Graham Number	\$39.50
PEmg	14.26
PB Ratio	1.70
Dividend Yield	2.32%
Number of Consecutive Years of Dividend Growth	5

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.08	Next Fiscal Year Estimate	\$2.99
Dec14	\$3.08	Dec14	\$2.84
Dec13	\$3.00	Dec13	\$2.54
Dec12	\$2.84	Dec12	\$2.19
Dec11	\$2.46	Dec11	\$1.85
Dec10	\$1.73	Dec10	\$1.66
Dec09	\$0.97	Dec09	\$1.75
Dec08	\$1.61	Dec08	\$2.17
Dec07	\$2.43	Dec07	\$2.41
Dec06	\$2.61	Dec06	\$2.32
Dec05	\$2.42	Dec05	\$2.05
Dec04	\$2.18	Dec04	\$1.79
Dec03	\$1.93	Dec03	\$1.60
Dec02	\$1.65	Dec02	\$1.48
Dec01	\$0.88	Dec01	\$1.42
Dec00	\$1.50	Dec00	\$1.66
Dec99	\$2.06	Dec99	\$1.62
Dec98	\$1.78	Balance Sheet Information Jun15	
Dec97	\$1.11	Long-Term Debt	\$34,141,000,000
Dec96	\$1.57	Total Assets	\$419,075,000,000
Dec95	\$0.47	Intangible Assets	\$12,599,000,000
		Total Liabilities	\$374,538,000,000
		Shares Outstanding (Diluted Average)	1,779,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

[The Best Companies of the Banking Industry – October 2015](#)

[The 8 Best Stocks For Value Investors This Week – 8/8/15](#)

[US Bancorp Analysis – August 2015 Update \\$USB](#)

[47 Companies in the Spotlight This Week – 5/16/15](#)

[U.S. Bancorp Quarterly Valuation – May 2015 \\$USB](#)

Other ModernGraham posts about related companies

[Starwood Property Trust Inc. Valuation – October 2015 Update \\$STWD](#)

[The Best Companies of the Banking Industry – October 2015](#)

[Comerica Inc. Valuation – October 2015 Update \\$CMA](#)

[Bank of New York Mellon Corporation Analysis – October 2015 Update \\$BK](#)

[Fifth Third Bancorp Analysis – October 2015 Update \\$FITB](#)

[Huntington Bancshares Inc. Analysis – October 2015 Update \\$HBAN](#)

[JPMorgan Chase & Co. Analysis – September 2015 Update \\$JPM](#)

[Citigroup Inc. Analysis – September 2015 Update \\$C](#)

[Wells Fargo & Co. Analysis – September 2015 Update \\$WFC](#)

[People's United Financial Inc. Analysis – August 2015 Update \\$PBCT](#)