

Upward trajectory

"Our Q2 results were indicative of steadily improving economic conditions and continued execution of our strategic growth plan across our business lines and markets. As of late June, total sales volumes for each of our three payments businesses exceeded 2019 levels for the first time since the beginning of the pandemic. For a second consecutive quarter, credit quality was better than expected as our net charge-off ratio set another record low. Our capital and liquidity positions remain strong and following the results of the Federal Reserve's stress test in late June we announced that we will recommend that our Board of Directors approve a 9.5% increase in our common dividend payable in Q3. As we head into the second half of 2021, we are well positioned to benefit from improving economic conditions; however, we are even more excited about the significant secular growth opportunities we see driving industry leading returns over the longer term. I want to thank our employees for their continued dedication to help our clients, communities, and shareholders."

Andy Cecere

Chairman, President and CEO

Q2 revenue

\$5,783 million

Net revenue

\$1,982 million

Net income

1.44%

Return on average assets

16.3%

Return on average common equity



ABOUT US

U.S. Bancorp (NYSE:USB), with nearly 70,000 employees and \$559 billion in assets as of June 30, 2021, is the parent company of U.S. Bank National Association.

Founded in 1863, Minneapolis based U.S. Bank is committed to serving its millions of retail, business, wealth management, payment, corporate, commercial, and investment services customers around the world as a trusted financial partner. Learn more at usb.com/about.



Our strategic pillars

Our strategy is how we will grow; it comes to life by activating our pillars.



Being the Most Trusted Choice



Driving One U.S. Bank



Striving for Simplicity



Creating the Future Now

Q2 results brief



\$1,982M

Net income



59.0%

Efficiency ratio



16.3%

Return on average common equity



1.44%

Return on average assets



\$1.28

Diluted EPS

Revenue mix by business line



42%

Consumer and Business Banking

27%

Payment Services

17%

Corporate & Commercial Banking

14%

Wealth Management and Investment Services

2Q 2021 YTD taxable-equivalent basis.

Business line revenue percentages exclude Treasury and Corporate Support.



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Indicators of an improving economy

Second quarter earnings demonstrate the economy is rebounding and our business mix proves once again to create value, despite external factors.

There are many reasons we have an optimistic outlook for the latter part of 2021. The economy is moving toward pre-pandemic levels and consumer and business spending activity continues to improve. The strengthening economy also helped our payments business.

Setting aside travel and leisure, volumes in each of our payments businesses continue to rebound.

We expect that momentum to continue as airlines report that leisure travel is back to pre-pandemic rates and business travel is starting to pick up. Each of our three payments businesses – retail, corporate and merchant – saw strong revenue growth on both a linked-quarter and a year-over-year basis, reflective of the improving economy and the increased spend activity.

We expect our payments business to normalize more in Q3 as the economy continues to improve and as we invest to generate customer account acquisition. Our unique business mix lets us continually tweak to create value regardless of external factors.

Last year, we saw mortgage banking hit a high in Q2 and slow from there. Today, we're seeing revenues find an equilibrium with a 60/40 split of new versus refinanced mortgages.

Positive economic indicators combined with our business mix, award-winning digital capabilities and comprehensive payments and banking capabilities show that we're well positioned to deliver growth and industry-leading returns during the cyclical recovery we expect to play out over the next several quarters.



It's all about the money (movement)

Banking and payments made simple for our customers by moving money quickly, safely and seamlessly.

What if you could streamline funds from customer card payments to pay your vendors on the same day? Or if you could see your refund or reimbursement in your bank account the same day the other party completes the transaction? U.S. Bank uses tech tools to make banking and payments simple for our customers by moving money quickly and safely. And with payments and banking linked, we have the ability to do it all in one place.

Historically, businesses have faced challenges when trying to move money quickly. The lag can stem from delays caused by manual deposits going from a merchant payment vendor or credit card processor to a bank to another payment system. So, while a small business might make a credit card sale today, they might not actually see those funds in their account for several days.

Today, customers are accustomed to digital speed. And with our [business solutions and tools](#), we're able to speed up the current of cash flow from a lazy river to hydropower.

The big differentiators between U.S. Bank and other fintechs in the payment arena are our speed and scale. Our technologies already talk to one another and other systems, creating quick and seamless communication. And since our customer service options run the gamut from in-person assistance at our branches to completely DIY, we can meet the needs of any given customer on any given day.



Unicorn dinosaurs make great bankers

We're evolving from a bank industry model that's going extinct.

U.S. Bank is what Forbes calls a “unicorn dinosaur,” or a large, high-performing company that embraces industry disruption, effectively adopts digital solutions, and evolves practices as needs change.

Five years ago, one study¹ predicted banks would need to develop a complex network of third parties and vendors to survive. By the time the study was published, U.S. Bank was already building out these capabilities and talent internally and working with third parties in anticipation of disruption.

Throughout the first half of 2021, we've grown our business with [State Farm](#) and [MUFG Union Bank](#). Recently, we announced the acquisition of [PFM's Asset Management](#) business, which PFM will continue to operate as a separate entity while we expand our range with a wide array of client relationships and product offerings.

These include local government investment pools, outsourced chief investment officer services and separately managed accounts in both fixed income and multi-asset class strategies.

We also expanded our agreement with cloud-banking software provider [nCino, Inc.](#), to enhance the wholesale lending experience for clients. Our commercial banking clients will benefit from improved cycle time and even fewer paper-based interactions with the new platform. This development advances our overall digital strategy and is central to our commercial lending strategy aimed at further digitizing processes, driving growth and speed to market.

Source: [Forbes](#); ¹[Deloitte](#)



The evolution of banking

We're always adapting to help people and businesses make the most of their financial (and other) goals.

In addition to modernizing financial tools for our customers, we're also revolutionizing how we support customers to meet their individual needs and wants:

Dream it and achieve it. We all have goals, but sometimes don't know how to start the journey to achieve them. Want to run a marathon or buy a boat? How about changing a career to pursue your passion? The [U.S. Bank Goals Coach program](#) was developed by psychologists, not bankers, to help anyone – even non-customers – overcome roadblocks in the way of fulfilling their dreams. Goals Coaching is a new way that lets us connect with people in new and meaningful ways. Our coaches don't sell or promote products but rather have access to the expertise of 70,000 U.S. Bank employees at their fingertips to help bridge the space between a person and their goal.

Keep it positive. We know that there are times when money is tight for our customers. That's why we're working to help our customers keep their account balances positive by using

artificial intelligence to anticipate cash flow gaps and alert customers on their U.S. Bank Mobile App when it looks like they're heading toward a negative balance. We also launched new account options that include auto-capped spending limits.

Do it yourself or together. Since we launched personalized insights in our award-winning mobile app, our customers have tapped into 2 billion personalized insights, used co-browse with a banker in more than 1.2 million sessions, and enlisted the help of the U.S. Bank Smart Assistant more than 1 million times.

Get ahead with crypto. [Cryptocurrency](#) has captured the curiosity of millions and the interest of institutional investors. We're staying at the forefront of this new technology by introducing a new product for managing institutional crypto assets and investing in an asset tokenization firm. We also were chosen to administer digital-investor NYDIG's bitcoin exchange-traded fund, pending regulatory approvals.



We're all in this together

Our company has again been recognized for our diversity, equity and inclusion work to support, build and cultivate advancement of our employees and our stakeholders in the community.

The impact of COVID-19 hit us all hard, but it disproportionately exacerbated documented economic and racial disparities in our communities. We stepped up to help, with community outreach, new programs, dedicated funding and community investments.

While our efforts continue to receive top marks from the [Human Rights Campaign](#), [DiversityInc](#), [Working Mother](#) and more, we know that the work to improve systematic economical and racial disparities is a heavy and ongoing lift. Our [U.S. Bank Access Commitment](#) specifically leverages our employees' skillsets and expertise to advance change.

Read more about U.S. Bank Access Commitment at usbank.com/diversity.



A bond of equity

We were proud to help design an innovative bond that will be used for targeted and measurable racial equity results. Issued by Enterprise Community Loan Fund, a Community Development Financial Institution (CDFI), this was the first CDFI-issued racial equity bond. The funds will be used to provide loans to housing developers of color.

Read more at usbank.com/diversity.

USB Capital Position

Common equity tier 1 capital ratio*	9.9%
Tier 1 capital ratio	11.5%
Total risk-based capital ratio	13.4%
Leverage ratio	8.5%

Calculated under the Basel III standardized approach.

*Ratios calculated in accordance with transitional regulatory requirements related to the current expected credit losses methodology.

USB Total Assets

Rank	Company	\$Billions
1	J.P. Morgan	3,684
2	Bank of America	3,030
3	Wells Fargo	1,946
4	U.S. Bancorp	559
5	PNC	554
6	Truist Financial	522
7	Fifth Third	205
8	Citizens Financial	185
9	KeyCorp	181
10	Regions	156

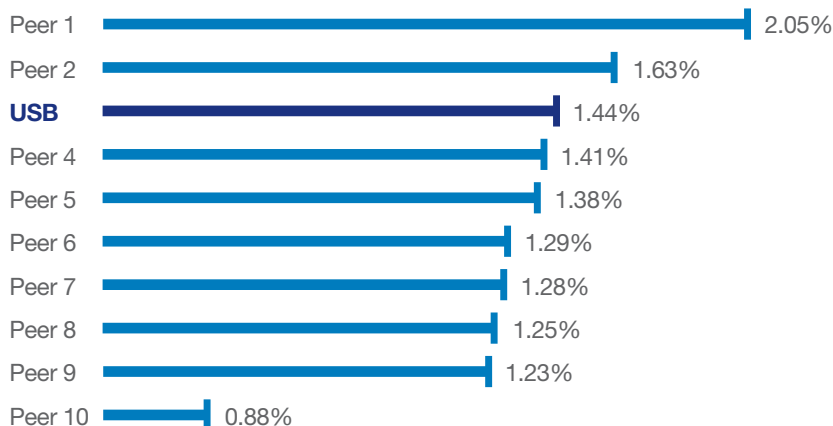
Source: Company reports
Assets as of June 30, 2021

USB Market Value

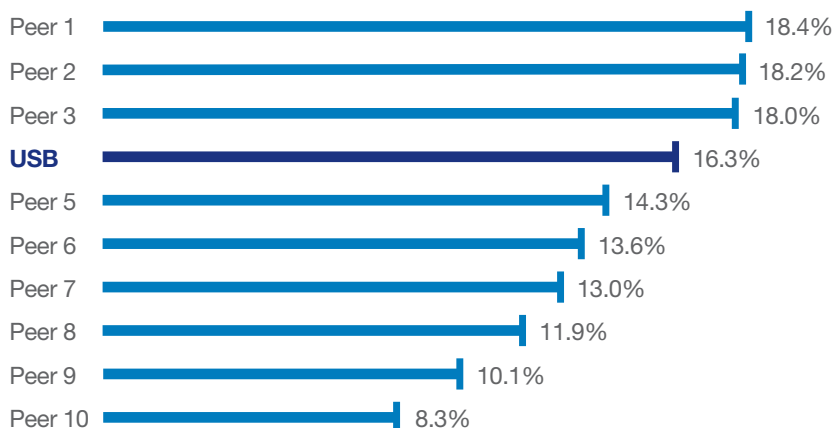
Rank	Company	\$Billions
1	J.P. Morgan	456
2	Bank of America	323
3	Wells Fargo	183
4	U.S. Bancorp	83
5	PNC	78
6	Truist Financial	73
7	Fifth Third	25
8	Citizens Financial	19
9	Regions	18
10	KeyCorp	18

Source: Bloomberg
Market Value as of July 23, 2021

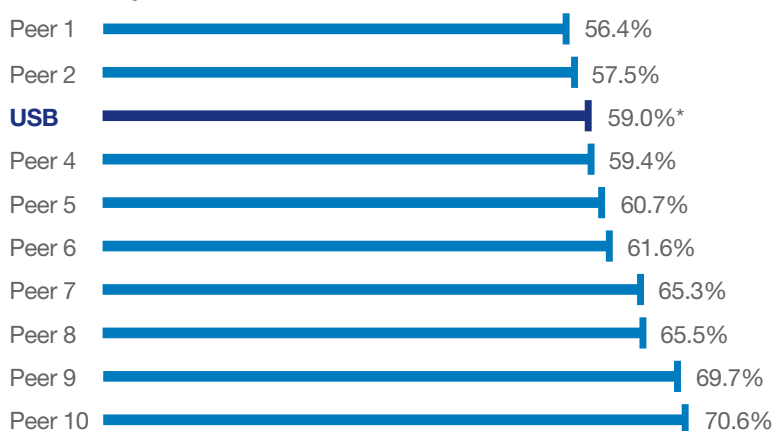
Return on Average Assets



Return on Average Common Equity



Efficiency Ratio



Source: Company reports; Peer banks: BAC, CFG, FITB, JPM, KEY, PNC, RF, TFC and WFC.

*Non-GAAP; see slide 26 of Exhibit 99.2 of Form 8-K filed July 15, 2021 for calculation.

U.S. Bancorp Ratings

Moody's = A2
S&P = A+
Fitch = A+
DBRS = AA

2Q21 FINANCIAL OVERVIEW

The senior unsecured debt ratings established for U.S. Bancorp by Moody's, Standard and Poor's, Fitch, and Dominion Bond Rating Service reflect the rating agencies' recognition of the strong, consistent financial performance of the company and the quality of the balance sheet.

Long-Term Senior Debt Ratings

Holding Company: Peer Group		Moody's		S&P		Fitch		DBRS	
		Rating	Outlook	Rating	Outlook	Rating	Outlook	Rating	Outlook
1	U.S. Bancorp	A2	s	A+	s	A+	s	AA	s
2	JPMorgan Chase & Co.	A2	op	A-	op	AA-	s	AAL	s
3	Wells Fargo & Co.	A1	on	BBB+	s	A+	on	AAL	on
4	Bank of America Corp	A2	s	A-	op	AA-	s	AH	s
5	Truist Financial Corp.	A3	s	A-	op	A	s	AH	op
6	PNC Financial Services Group, Inc.	A3	s	A-	op	A	s	AH	s
7	Fifth Third Bancorp	Baa1	s	BBB+	s	A-	s	A	on
8	KeyCorp	Baa1	s	BBB+	s	A-	s	A	s
9	Regions Financial Corp.	Baa2	s	BBB+	s	BBB+	op	AL	s
10	Citizens Financial Group, Inc.	NR	NR	BBB+	s	BBB+	op	AL	s

Long-Term Bank Deposits

Bank Level: Peer Group		Moody's		S&P*		Fitch		DBRS	
		Rating	Outlook	Rating	Outlook	Rating	Outlook	Rating	Outlook
1	U.S. Bank NA	Aa2	s	AA-	s	AA	s	AAH	s
2	Wells Fargo Bank NA	Aa1	on	A+	s	AA	on	AA	on
3	JPMorgan Chase NA	Aa1	s	A+	op	AA+	s	AA	s
4	Bank of American NA	Aa2	s	A+	op	AA+	s	AAL	s
5	Truist Bank	Aa3	s	A	op	AA-	s	AAL	op
6	PNC Bank, National Association	Aa3	s	A	op	AA-	s	AAL	s
7	Fifth Third NA	A1	s	A-	s	A	s	AH	on
8	KeyBank NA	A1	s	A-	s	A	s	AH	s
9	Citizens Bank NA	A1	s	A-	s	A-	op	A	s
10	Regions Bank	A2	s	A-	s	A-	op	A	s

Accurate as of July 13, 2021

*S&P does not provide a deposit rating; the long-term issuer credit rating is shown

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U.S. Bank is an equal opportunity employer committed to creating a diverse workforce. We consider all qualified applicants without regard to race, religion, color, sex, national origin, age, sexual orientation, gender identity, disability or veteran status, among other factors.

Some of the information provided here has been obtained from third party sources believed to be reliable, but it is not guaranteed as to accuracy or completeness.
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