



U.S. Bancorp Reports Fourth Quarter and Full Year 2020 Results

- Record full year revenue of \$23.3 billion
- Full year net income of \$5.0 billion and diluted earnings per share of \$3.06
- Common Equity Tier 1 capital ratio of 9.7% and strong levels of liquidity

4Q20 and Full Year Key Financial Data

PROFITABILITY METRICS	4Q20	3Q20	4Q19	Full Year	Full Year
				2020	2019
Return on average assets (%)	1.10	1.17	1.21	.93	1.45
Return on average common equity (%)	12.1	12.8	11.8	10.0	14.1
Return on tangible common equity (%) (a)	15.6	16.6	15.2	13.2	18.0
Net interest margin (%)	2.57	2.67	2.92	2.68	3.06
Efficiency ratio (%) (a)	58.8	56.6	60.3	57.8	55.8

INCOME STATEMENT (b)	4Q20	3Q20	4Q19	Full Year	Full Year
				2020	2019
Net interest income (taxable-equivalent basis)	\$3,201	\$3,252	\$3,231	\$12,924	\$13,155
Noninterest income	\$2,550	\$2,712	\$2,436	\$10,401	\$9,831
Net income attributable to U.S. Bancorp	\$1,519	\$1,580	\$1,486	\$4,959	\$6,914
Diluted earnings per common share	\$.95	\$.99	\$.90	\$3.06	\$4.16
Dividends declared per common share	\$.42	\$.42	\$.42	\$1.68	\$1.58

BALANCE SHEET (b)	4Q20	3Q20	4Q19	Full Year	Full Year
				2020	2019
Average total loans	\$302,308	\$311,018	\$294,865	\$307,269	\$290,686
Average total deposits	\$422,413	\$405,523	\$356,452	\$398,615	\$346,812
Net charge-off ratio	.58%	.66%	.52%	.58%	.50%
Book value per common share (period end)	\$31.26	\$30.93	\$29.90		
Basel III standardized CET1 (c)	9.7%	9.4%	9.1%		

(a) See Non-GAAP Financial Measures reconciliation on page 17

(b) Dollars in millions, except per share data

(c) CET1 = Common equity tier 1 capital ratio

4Q20 and Full Year Highlights

- Net income of \$1,519 million and diluted earnings per common share of \$0.95 for 4Q20
- Return on average assets of 1.10% and return on average common equity of 12.1% for 4Q20
- Net revenue of \$5,751 million, including \$3,201 million of net interest income and \$2,550 million of noninterest income in 4Q20
- Net charge-off ratio of .58% in 4Q20 compared with .66% in 3Q20 and .52% in the 4Q19
- Full year net income of \$4,959 million and diluted earnings per common share of \$3.06
- Full year return on average assets of 0.93% and return on average common equity of 10.0%
- Full year average total loans growth of 5.7%
- Full year average total deposits growth of 14.9%
- CET1 capital ratio increased to 9.7% at December 31, 2020 compared with 9.1% at December 31, 2019

CEO Commentary

“Our fourth quarter and full year results highlighted the value of our diversified business model, which allowed us to deliver industry-leading results for our shareholders despite the economic headwinds the entire banking industry faced. This was an extraordinary year that brought both challenges and opportunities. I’m proud of how we came together to support our customers and communities as they faced various individual obstacles brought on by COVID-19 and other global issues. As we look ahead to 2021, I’m confident in our ability to create shareholder value as we continue to invest in our digital capabilities, technology and people to drive revenue growth and efficiency improvement. I want to thank all our employees for being flexible, for being resilient, and for bringing our core values to life for the benefit of our customers every day”

— Andy Cecere, Chairman, President and CEO, U.S. Bancorp

In the Spotlight

December 2020 Stress Test

The Company’s results for the December 2020 stress test reflected the strength of its balance sheet, its diverse businesses and strong financial discipline. Based on the results, the Company remains subject to the minimum stress capital buffer of 2.5 percent. The Company also expects to maintain its current quarterly dividend of \$0.42 per common share and begin repurchasing common shares in the first quarter of 2021 under a previously announced \$3 billion common stock repurchase program.

Person of the Year

U.S. Bank’s Chief Diversity Officer, Greg Cunningham, was recognized by Twin Cities Business Magazine as one of three top business leaders following the themes of three significant happenings in 2020, which included economic challenges, COVID-19 and calls for equity. Greg leads the Company’s cultural and economic growth through diversity, equity and inclusion priorities.

Improving Digital Capabilities to Serve Customers

The U.S. Bank Mobile App was ranked No. 1 in customer service features in Business Insider Intelligence’s fourth annual US Mobile Banking Competitive Edge Study. In addition, S&P Global’s 2020 US Mobile Banking Market Report found that U.S. Bank had the most features in its app of any national or large regional bank, tied for first with one other bank.

Acquisition of Debt Servicing and Securities Custody Services Portfolio

U.S. Bank announced an agreement to acquire the Debt Servicing and Securities Custody Services client portfolio of MUFG Union Bank. Under the terms of this transaction, U.S. Bank will acquire approximately 600 client relationships, representing \$320 billion in assets under custody and administration. This transaction builds on U.S. Bank’s position as a leading provider of corporate trust, institutional trust and fund custody services, as well as increases its presence on the West Coast.



INCOME STATEMENT HIGHLIGHTS

(\$ in millions, except per-share data)

	4Q 2020	3Q 2020	4Q 2019	Percent Change		Full Year 2020	Full Year 2019	Percent Change
				4Q20 vs 3Q20	4Q20 vs 4Q19			
Net interest income	\$3,175	\$3,227	\$3,207	(1.6)	(1.0)	\$12,825	\$13,052	(1.7)
Taxable-equivalent adjustment	26	25	24	4.0	8.3	99	103	(3.9)
Net interest income (taxable-equivalent basis)	3,201	3,252	3,231	(1.6)	(.9)	12,924	13,155	(1.8)
Noninterest income	2,550	2,712	2,436	(6.0)	4.7	10,401	9,831	5.8
Total net revenue	5,751	5,964	5,667	(3.6)	1.5	23,325	22,986	1.5
Noninterest expense	3,364	3,371	3,401	(.2)	(1.1)	13,369	12,785	4.6
Income before provision and income taxes	2,387	2,593	2,266	(7.9)	5.3	9,956	10,201	(2.4)
Provision for credit losses	441	635	395	(30.6)	11.6	3,806	1,504	nm
Income before taxes	1,946	1,958	1,871	(.6)	4.0	6,150	8,697	(29.3)
Income taxes and taxable-equivalent adjustment	421	372	378	13.2	11.4	1,165	1,751	(33.5)
Net income	1,525	1,586	1,493	(3.8)	2.1	4,985	6,946	(28.2)
Net (income) loss attributable to noncontrolling interests	(6)	(6)	(7)	--	14.3	(26)	(32)	18.8
Net income attributable to U.S. Bancorp	\$1,519	\$1,580	\$1,486	(3.9)	2.2	\$4,959	\$6,914	(28.3)
Net income applicable to U.S. Bancorp common shareholders	\$1,425	\$1,494	\$1,408	(4.6)	1.2	\$4,621	\$6,583	(29.8)
Diluted earnings per common share	\$.95	\$.99	\$.90	(4.0)	5.6	\$3.06	\$4.16	(26.4)

Net income attributable to U.S. Bancorp was \$1,519 million for the fourth quarter of 2020, which was 2.2 percent higher than the \$1,486 million for the fourth quarter of 2019, and 3.9 percent lower than the \$1,580 million for the third quarter of 2020. Diluted earnings per common share were \$0.95 in the fourth quarter of 2020, compared with \$0.90 in the fourth quarter of 2019 and \$0.99 in the third quarter of 2020. The fourth quarter of 2019 included \$(0.18) per diluted common share of notable items related to restructuring charges including severance and certain asset impairments, and an increased derivative liability related to Visa shares previously sold by the Company.

The increase in net income year-over-year was primarily due to higher noninterest income as well as lower noninterest expense, partially offset by lower net interest income and higher provision for credit losses. The components of net income are being adversely impacted by the COVID-19 environment resulting in significantly lower interest rates and consumer and business spending activities as well as changes in credit quality. The provision for credit losses takes into account expected loss estimates considering various factors including the economic outlook, changing credit quality, ongoing new loan production and acquired loans. Net interest income decreased 0.9 percent on a year-over-year basis, primarily due to the impact of lower rates compared with a year ago, partially offset by the benefit of deposit and funding mix, loan growth and higher loan fees. The net interest margin declined from a year ago to 2.57 percent in the fourth quarter of 2020 primarily due to the impact of a lower yield curve, loan mix, decisions to maintain higher levels of liquidity, and higher premium amortization within the investment portfolio, partially offset by the net benefit of deposit repricing and funding composition. Noninterest income increased 4.7 percent compared with a year ago, driven by significant growth in mortgage banking revenue due to refinancing production and growth in commercial products revenue primarily due to commitment fees on unused lines. Growth in these fee categories was partially offset by a decline in payment services revenue and deposit service charges related to lower consumer and business spending. Excluding a prior year notable item in other noninterest income for a valuation charge of \$140 million for an increased derivative liability related to Visa shares previously sold by the Company, total noninterest income decreased 1.0 percent in the fourth quarter of 2020 compared with the fourth quarter of 2019. Noninterest expense decreased 1.1 percent despite approximately \$22 million of costs related to the COVID-19 environment and an increase in revenue-related production expenses of approximately \$96 million in the fourth quarter of 2020. Excluding prior year notable items in other noninterest expense related to severance charges and other accruals of \$200 million, total noninterest expense increased 5.1 percent in the fourth quarter of 2020 compared with the fourth quarter of 2019 reflecting business investments, COVID-19 costs and revenue-related expenses.



Net income decreased on a linked quarter basis primarily due to lower total net revenue, partially offset by a lower provision for credit losses. The Company's pre-provision income decreased 7.9 percent on a linked quarter basis, driven by lower total net revenue of 3.6 percent, partially offset by a decrease in noninterest expense of 0.2 percent on a linked quarter basis. Net interest income decreased 1.6 percent primarily due to a decline in average loan balances, higher premium amortization expense and lower reinvestment yields in the investment portfolio, partially offset by the benefit of deposit and funding mix as well as higher loan fees. The net interest margin decreased on a linked quarter basis, primarily reflecting the impact of higher cash balances and premium amortization. Noninterest income decreased 6.0 percent compared with the third quarter of 2020 driven by lower payment services revenue, deposit service charges, commercial products revenue and mortgage banking revenue, partially offset by higher other noninterest income driven by tax-advantaged investment syndication revenue in the fourth quarter. Noninterest expense decreased 0.2 percent on a linked quarter basis, reflecting lower personnel expense, mostly offset by continued business investment in digital capabilities and business development expense.



NET INTEREST INCOME								
(Taxable-equivalent basis; \$ in millions)								
	4Q 2020	3Q 2020	4Q 2019	Change		Full Year 2020	Full Year 2019	Change
				4Q20 vs 3Q20	4Q20 vs 4Q19			
Components of net interest income								
Income on earning assets	\$3,505	\$3,598	\$4,281	\$(93)	\$(776)	\$14,942	\$17,607	\$(2,665)
Expense on interest-bearing liabilities	304	346	1,050	(42)	(746)	2,018	4,452	(2,434)
Net interest income	\$3,201	\$3,252	\$3,231	\$(51)	\$(30)	\$12,924	\$13,155	\$(231)
Average yields and rates paid								
Earning assets yield	2.81%	2.95%	3.87%	(.14)%	(1.06)%	3.10%	4.09%	(.99)%
Rate paid on interest-bearing liabilities	.33	.39	1.22	(.06)	(.89)	.56	1.34	(.78)
Gross interest margin	2.48%	2.56%	2.65%	(.08)%	(.17)%	2.54%	2.75%	(.21)%
Net interest margin	2.57%	2.67%	2.92%	(.10)%	(.35)%	2.68%	3.06%	(.38)%
Average balances								
Investment securities (a)	\$133,430	\$128,565	\$121,668	\$4,865	\$11,762	\$125,954	\$117,150	\$8,804
Loans	302,308	311,018	294,865	(8,710)	7,443	307,269	290,686	16,583
Earning assets	497,437	486,104	439,770	11,333	57,667	481,402	430,537	50,865
Interest-bearing liabilities	362,445	357,739	341,848	4,706	20,597	363,298	332,658	30,640

(a) Excludes unrealized gain (loss)

Net interest income on a taxable-equivalent basis in the fourth quarter of 2020 was \$3,201 million, a decrease of \$30 million (0.9 percent) compared with the fourth quarter of 2019. The decrease was primarily due to the impact of lower rates compared with a year ago, partially offset by deposit and funding mix, loan growth and higher loan fees. Average earning assets were \$57.7 billion (13.1 percent) higher than the fourth quarter of 2019, reflecting increases of \$7.4 billion (2.5 percent) in average total loans, \$11.8 billion (9.7 percent) in average investment securities, and \$34.9 billion in average other earning assets including cash balances being maintained for liquidity given the current economic environment.

Net interest income on a taxable-equivalent basis decreased \$51 million (1.6 percent) on a linked quarter basis primarily due to a decline in average loan balances, higher premium amortization expense and lower reinvestment yields in the investment portfolio, partially offset by the benefit of deposit and funding mix as well as higher loan fees. Average earning assets were \$11.3 billion (2.3 percent) higher on a linked quarter basis, reflecting increases of \$4.9 billion (3.8 percent) in average investment securities and \$14.3 billion (37.1 percent) in average other earning assets, partially offset by a decrease of \$8.7 billion (2.8 percent) in average total loans, primarily due to continued paydowns by corporate customers that accessed the capital markets during the year.

The net interest margin in the fourth quarter of 2020 was 2.57 percent, compared with 2.92 percent in the fourth quarter of 2019 and 2.67 percent in the third quarter of 2020. The decrease in the net interest margin from the prior year was primarily due to the impact of a lower yield curve and decisions to maintain higher cash balances for liquidity, partially offset by deposit and funding mix. The decrease in net interest margin on a linked quarter basis reflects the impact of higher cash balances and premium amortization in the investment portfolio, partially offset by favorable loan and deposit mix. The Company's higher liquidity levels, on a linked quarter basis, were related to the acquisition of approximately \$10 billion of deposit balances from State Farm Bank in the fourth quarter of 2020.

The increase in average investment securities on a linked quarter and year-over-year basis was due to purchases of mortgage-backed, U.S. Treasury and state and political securities net of prepayments and maturities.



AVERAGE LOANS								
(\$ in millions)								
	4Q 2020	3Q 2020	4Q 2019	Percent Change		Full Year 2020	Full Year 2019	Percent Change
				4Q20 vs 3Q20	4Q20 vs 4Q19			
Commercial	\$100,863	\$109,899	\$98,362	(8.2)	2.5	\$108,367	\$97,697	10.9
Lease financing	5,558	5,590	5,549	(.6)	.2	5,600	5,501	1.8
Total commercial	106,421	115,489	103,911	(7.9)	2.4	113,967	103,198	10.4
Commercial mortgages	29,004	29,849	29,133	(2.8)	(.4)	29,641	28,595	3.7
Construction and development	11,094	11,080	10,589	.1	4.8	10,907	10,791	1.1
Total commercial real estate	40,098	40,929	39,722	(2.0)	.9	40,548	39,386	3.0
Residential mortgages	76,809	75,786	69,909	1.3	9.9	73,667	67,747	8.7
Credit card	21,937	22,052	24,107	(.5)	(9.0)	22,332	23,309	(4.2)
Retail leasing	8,299	8,438	8,486	(1.6)	(2.2)	8,405	8,515	(1.3)
Home equity and second mortgages	12,816	13,551	15,221	(5.4)	(15.8)	13,894	15,659	(11.3)
Other	35,928	34,773	33,509	3.3	7.2	34,456	32,872	4.8
Total other retail	57,043	56,762	57,216	.5	(.3)	56,755	57,046	(.5)
Total loans	\$302,308	\$311,018	\$294,865	(2.8)	2.5	\$307,269	\$290,686	5.7

Average total loans for the fourth quarter of 2020 were \$7.4 billion (2.5 percent) higher than the fourth quarter of 2019. The increase was primarily due to higher total commercial loans (2.4 percent), including the impact of loans made under the SBA's Paycheck Protection Program, along with growth in residential mortgages (9.9 percent) given the lower interest rate environment and GNMA buybacks, in addition to growth in other retail loans (7.2 percent) driven by growth in installment loans due to the COVID-19 impact on recreational vehicle sales. These increases were partially offset by lower credit card loans (9.0 percent) and home equity and second mortgages (15.8 percent).

Average total loans were \$8.7 billion (2.8 percent) lower than the third quarter of 2020 primarily driven by lower total commercial loans (7.9 percent), reflecting continued paydowns by corporate customers, partially offset by higher residential mortgages (1.3 percent) given the lower interest rate environment and GNMA buybacks.



AVERAGE DEPOSITS								
(\$ in millions)	4Q 2020	3Q 2020	4Q 2019	Percent Change		Full Year 2020	Full Year 2019	Percent Change
				4Q20 vs 3Q20	4Q20 vs 4Q19			
Noninterest-bearing deposits	\$115,148	\$109,375	\$74,313	5.3	55.0	\$98,539	\$73,863	33.4
Interest-bearing savings deposits								
Interest checking	91,384	84,494	75,563	8.2	20.9	84,276	72,553	16.2
Money market savings	127,390	124,115	116,619	2.6	9.2	125,786	109,849	14.5
Savings accounts	55,730	53,499	46,945	4.2	18.7	52,142	46,130	13.0
Total savings deposits	274,504	262,108	239,127	4.7	14.8	262,204	228,532	14.7
Time deposits	32,761	34,040	43,012	(3.8)	(23.8)	37,872	44,417	(14.7)
Total interest-bearing deposits	307,265	296,148	282,139	3.8	8.9	300,076	272,949	9.9
Total deposits	\$422,413	\$405,523	\$356,452	4.2	18.5	\$398,615	\$346,812	14.9

Average total deposits for the fourth quarter of 2020 were \$66.0 billion (18.5 percent) higher than the fourth quarter of 2019, including approximately \$10 billion related to the acquisition of deposit balances from State Farm Bank in the fourth quarter of 2020. Average noninterest-bearing deposits increased \$40.8 billion (55.0 percent) across all business lines. Average total savings deposits were \$35.4 billion (14.8 percent) higher year-over-year driven by Consumer and Business Banking, Corporate and Commercial Banking, and Wealth Management and Investment Services. Average time deposits were \$10.3 billion (23.8 percent) lower than the prior year quarter. Changes in time deposits are largely related to those deposits managed as an alternative to other funding sources, based largely on relative pricing and liquidity characteristics.

Average total deposits increased \$16.9 billion (4.2 percent) from the third quarter of 2020, including the acquired deposit balances. On a linked quarter basis, average noninterest-bearing deposits increased \$5.8 billion (5.3 percent) driven by Corporate and Commercial Banking. Average total savings deposits increased \$12.4 billion (4.7 percent) compared with the third quarter of 2020 primarily due to increases in Consumer and Business Banking and Wealth Management and Investment Services. Average time deposits, which are managed based on funding needs, relative pricing and liquidity characteristics, decreased \$1.3 billion (3.8 percent) on a linked quarter basis primarily within Corporate and Commercial Banking, partially offset by increases in Consumer and Business Banking.

The growth in average noninterest-bearing deposits and total average savings deposits year-over-year was primarily a result of the actions by the federal government to increase liquidity in the financial system, customers maintaining balance sheet liquidity by utilizing existing credit facilities and government stimulus programs. The year-over-year increase in average noninterest-bearing deposits in Payment Services was driven by state unemployment distributions on prepaid debit cards.



NONINTEREST INCOME								
(\$ in millions)								
	4Q 2020	3Q 2020	4Q 2019	Percent Change		Full Year 2020	Full Year 2019	Percent Change
				4Q20 vs 3Q20	4Q20 vs 4Q19			
Credit and debit card revenue	\$362	\$388	\$378	(6.7)	(4.2)	\$1,338	\$1,413	(5.3)
Corporate payment products revenue	126	125	158	.8	(20.3)	497	664	(25.2)
Merchant processing services	311	347	409	(10.4)	(24.0)	1,261	1,601	(21.2)
Trust and investment management fees	441	434	438	1.6	.7	1,736	1,673	3.8
Deposit service charges	165	170	231	(2.9)	(28.6)	677	909	(25.5)
Treasury management fees	143	145	140	(1.4)	2.1	568	578	(1.7)
Commercial products revenue	239	303	226	(21.1)	5.8	1,143	934	22.4
Mortgage banking revenue	468	553	244	(15.4)	91.8	2,064	874	nm
Investment products fees	50	48	48	4.2	4.2	192	186	3.2
Securities gains (losses), net	34	12	26	nm	30.8	177	73	nm
Other	211	187	138	12.8	52.9	748	926	(19.2)
Total noninterest income	\$2,550	\$2,712	\$2,436	(6.0)	4.7	\$10,401	\$9,831	5.8

Fourth quarter noninterest income of \$2,550 million was \$114 million (4.7 percent) higher than the fourth quarter of 2019. In the fourth quarter of 2019, other noninterest income included a valuation charge of \$140 million for an increased derivative liability related to Visa shares previously sold by the Company. Excluding this notable item, noninterest income decreased \$26 million (1.0 percent) compared with the fourth quarter of 2019 reflecting lower payment services revenue, deposit service charges and other noninterest income, partially offset by strong growth in mortgage banking revenue and higher commercial products revenue. Payment services revenue decreased \$146 million (15.4 percent) compared with the fourth quarter of 2019 driven by lower consumer and business spending as a result of the COVID-19 pandemic. Credit and debit card revenue was lower by \$16 million (4.2 percent) due to lower net interchange revenue related to sales volumes, partially offset by higher prepaid fees as a result of government stimulus programs in 2020. Also impacting payment services revenue, corporate payment products revenue decreased \$32 million (20.3 percent) and merchant processing services revenue decreased \$98 million (24.0 percent) primarily due to lower sales volume. Deposit service charges decreased \$66 million (28.6 percent) primarily due to lower consumer spending activities. Other noninterest income, excluding the prior year notable item, decreased \$67 million (24.1 percent) driven by higher equity investment income in the fourth quarter of 2019, partially offset by higher retail leasing end of term residual gains and tax-advantaged investment syndication revenue in the fourth quarter of 2020. Partially offsetting these decreases, mortgage banking revenue experienced strong growth of \$224 million (91.8 percent) compared with the fourth quarter of 2019 due to higher mortgage production driven by refinancing activities and stronger gain on sale margins, partially offset by the unfavorable net impact of the change in fair value of mortgage servicing rights, net of hedging activities. Commercial products revenue increased \$13 million (5.8 percent) primarily due to higher commercial loan and commercial leasing fees.

Noninterest income was \$162 million (6.0 percent) lower in the fourth quarter of 2020 compared with the third quarter of 2020, reflecting lower payment services revenue, commercial products revenue and mortgage banking revenue, partially offset by higher other noninterest income and gains on the sale of securities. Payment services revenue decreased \$61 million (7.1 percent) compared with the third quarter of 2020, in part due to seasonality. The decline was driven by \$26 million (6.7 percent) lower credit and debit card revenue, primarily due to the timing of stimulus payments through prepaid card processing in the third quarter of 2020, and lower merchant processing services revenue of \$36 million (10.4 percent) due to the impact of economic shutdowns in Europe and certain domestic regions and sales volumes. Commercial products revenue decreased \$64 million (21.1 percent) primarily due to lower capital markets activities, partially offset by stronger commercial loan and commercial leasing fees. Mortgage banking revenue decreased \$85 million (15.4 percent) due to lower production volume and related gain on sales as well as the unfavorable net impact of the change in fair value of mortgage servicing rights, net of hedging activities. Other noninterest income increased \$24 million (12.8 percent) primarily due to higher tax-advantaged investment syndication revenue.



NONINTEREST EXPENSE								
(\$ in millions)								
	4Q 2020	3Q 2020	4Q 2019	Percent Change		Full Year 2020	Full Year 2019	Percent Change
				4Q20 vs 3Q20	4Q20 vs 4Q19			
Compensation	\$1,643	\$1,687	\$1,597	(2.6)	2.9	\$6,635	\$6,325	4.9
Employee benefits	302	335	315	(9.9)	(4.1)	1,303	1,286	1.3
Net occupancy and equipment	269	276	286	(2.5)	(5.9)	1,092	1,123	(2.8)
Professional services	123	102	139	20.6	(11.5)	430	454	(5.3)
Marketing and business development	105	72	117	45.8	(10.3)	318	426	(25.4)
Technology and communications	362	334	291	8.4	24.4	1,294	1,095	18.2
Postage, printing and supplies	74	70	71	5.7	4.2	288	290	(.7)
Other intangibles	47	44	44	6.8	6.8	176	168	4.8
Other	439	451	541	(2.7)	(18.9)	1,833	1,618	13.3
Total noninterest expense	\$3,364	\$3,371	\$3,401	(.2)	(1.1)	\$13,369	\$12,785	4.6

Fourth quarter noninterest expense of \$3,364 million was \$37 million (1.1 percent) lower than the fourth quarter of 2019. In the fourth quarter of 2019, other noninterest expense included notable items related to severance charges and other accruals of \$200 million. The current quarter included approximately \$118 million of incremental costs related to the prepaid card business (\$44 million), expenses related to COVID-19 (\$22 million) and revenue-related expenses (\$52 million) primarily due to higher mortgage production in addition to business investments, including digital capabilities. Excluding the impact of the prior year notable items, noninterest expense increased \$163 million (5.1 percent) compared with the fourth quarter of 2019 reflecting higher compensation expense, technology and communications expense and other noninterest expense, partially offset by lower net occupancy and equipment expense, professional services expense and marketing and business development expense. Compensation expense increased \$46 million (2.9 percent) compared with the fourth quarter of 2019 due to merit and variable compensation related to business production in mortgage banking. Technology and communications expense increased \$71 million (24.4 percent) primarily due to the impact of increased call center volume related to prepaid cards and capital expenditures supporting business technology investments. Other noninterest expense, excluding the prior year notable items, increased \$98 million (28.7 percent) which reflected higher expenses for revenue-related costs and COVID-19, merger-related costs related to acquired deposits and higher state franchise taxes, partially offset by lower costs related to tax-advantaged projects. These increases were partially offset by lower net occupancy and equipment expense of \$17 million (5.9 percent) due to branch optimization initiatives, lower professional services expense of \$16 million (11.5 percent) primarily due to fewer initiatives in the current year and lower marketing and business development expense of \$12 million (10.3 percent) due to a reduction in travel as a result of COVID-19.

Noninterest expense decreased \$7 million (0.2 percent) on a linked quarter basis reflecting lower compensation and employee benefits expense, mostly offset by higher professional services expense, marketing and business development expense and technology and communications expense. Compensation expense decreased \$44 million (2.6 percent) primarily due to lower business incentives while employee benefits expense decreased \$33 million (9.9 percent) primarily due to lower medical claims expense. Partially offsetting these decreases, professional services expense increased \$21 million (20.6 percent) primarily due to seasonally higher spending on business investments. Marketing and business development expense increased \$33 million (45.8 percent) due to the timing of marketing campaigns supporting business development, and technology and communications expense increased \$28 million (8.4 percent) driven by increased call center volume related to prepaid debit cards and software license expense.

Provision for Income Taxes

The provision for income taxes for the fourth quarter of 2020 resulted in a tax rate of 21.6 percent on a taxable-equivalent basis (effective tax rate of 20.6 percent), compared with 20.2 percent on a taxable-equivalent basis (effective tax rate of 19.2 percent) in the fourth quarter of 2019, and a tax rate of 19.0 percent on a taxable-equivalent basis (effective tax rate of 18.0 percent) in the third quarter of 2020.



ALLOWANCE FOR CREDIT LOSSES										
(\$ in millions)										
	4Q		3Q		2Q		1Q		4Q	
	2020	% (a)	2020	% (a)	2020	% (a)	2020	% (a)	2019	% (a)
Balance, beginning of period	\$8,010		\$7,890		\$6,590		\$4,491		\$4,481	
Change in accounting principle (b)	--		--		--		1,499		--	
Net charge-offs										
Commercial	142	.56	167	.60	105	.34	69	.28	74	.30
Lease financing	8	.57	11	.78	6	.43	5	.36	4	.29
Total commercial	150	.56	178	.61	111	.35	74	.28	78	.30
Commercial mortgages	82	1.12	85	1.13	19	.25	(1)	(.01)	7	.10
Construction and development	2	.07	(2)	(.07)	3	.11	(1)	(.04)	--	--
Total commercial real estate	84	.83	83	.81	22	.22	(2)	(.02)	7	.07
Residential mortgages	(7)	(.04)	(3)	(.02)	(3)	(.02)	1	.01	(1)	(.01)
Credit card	165	2.99	201	3.63	229	4.28	234	3.95	230	3.79
Retail leasing (c)	9	.43	20	.94	33	1.58	19	.90	4	.19
Home equity and second mortgages	(3)	(.09)	(2)	(.06)	--	--	1	.03	--	--
Other	43	.48	38	.43	45	.54	66	.79	67	.79
Total other retail	49	.34	56	.39	78	.56	86	.61	71	.49
Total net charge-offs	441	.58	515	.66	437	.55	393	.53	385	.52
Provision for credit losses	441		635		1,737		993		395	
Balance, end of period	<u>\$8,010</u>		<u>\$8,010</u>		<u>\$7,890</u>		<u>\$6,590</u>		<u>\$4,491</u>	
Components										
Allowance for loan losses	\$7,314		\$7,407		\$7,383		\$6,216		\$4,020	
Liability for unfunded credit commitments	696		603		507		374		471	
Total allowance for credit losses	<u>\$8,010</u>		<u>\$8,010</u>		<u>\$7,890</u>		<u>\$6,590</u>		<u>\$4,491</u>	
Gross charge-offs	\$556		\$611		\$522		\$491		\$479	
Gross recoveries	\$115		\$96		\$85		\$98		\$94	
Allowance for credit losses as a percentage of										
Period-end loans	2.69		2.61		2.54		2.07		1.52	
Nonperforming loans	654		678		737		809		649	
Nonperforming assets	617		631		673		697		542	

(a) Annualized and calculated on average loan balances

(b) Effective January 1, 2020, the Company adopted accounting guidance which changed impairment recognition of financial instruments to a model that is based on expected losses rather than incurred losses

(c) Includes end of term losses on residual lease values as of January 1, 2020



The Company's provision for credit losses for the fourth quarter of 2020 was \$441 million, which was \$194 million lower than the prior quarter and \$46 million higher than the fourth quarter of 2019. During the fourth quarter of 2020, economic conditions continued to moderate in line with management's expectations. Economic projections for both the gross domestic product and unemployment levels improved from the third quarter. In addition to these factors, expected loss estimates consider various factors including potential mitigating effects of government stimulus, estimated duration and severity of the health crisis, customer specific information impacting changes in risk ratings, projected delinquencies and the impact of industry-wide loan modification efforts designed to limit long term effects of the pandemic, among other factors.

Total net charge-offs in the fourth quarter of 2020 were \$441 million, compared with \$515 million in the third quarter of 2020, and \$385 million in the fourth quarter of 2019. The net charge-off ratio was 0.58 percent in the fourth quarter of 2020, compared with 0.66 percent in the third quarter of 2020 and 0.52 percent in the fourth quarter of 2019. Net charge-offs decreased \$74 million (14.4 percent) compared with the third quarter of 2020 mainly due to lower total commercial and credit card net charge-offs. Net charge-offs increased \$56 million (14.5 percent) compared with the fourth quarter of 2019 primarily due to higher total commercial and total commercial real estate net charge-offs, partly offset by lower credit card and other retail net charge-offs. The year-over-year increase in retail leasing net charge-offs reflects the inclusion of end of term losses on residual lease values as of January 1, 2020.

The allowance for credit losses was \$8,010 million at December 31, 2020, and at September 30, 2020, compared with \$4,491 million at December 31, 2019. The increase year-over-year was due to the impact of the change in accounting principle on January 1, 2020, which added \$1.5 billion to the allowance for credit losses, along with the reserve build driven by the potential economic impact of COVID-19. The ratio of the allowance for credit losses to period-end loans was 2.69 percent at December 31, 2020, compared with 2.61 percent at September 30, 2020, and 1.52 percent at December 31, 2019. The ratio of the allowance for credit losses to nonperforming loans was 654 percent at December 31, 2020, compared with 678 percent at September 30, 2020, and 649 percent at December 31, 2019.

Nonperforming assets were \$1,298 million at December 31, 2020, compared with \$1,270 million at September 30, 2020, and \$829 million at December 31, 2019. The ratio of nonperforming assets to loans and other real estate was 0.44 percent at December 31, 2020, compared with 0.41 percent at September 30, 2020, and 0.28 percent at December 31, 2019. The year-over-year increase in nonperforming assets was primarily due to increases in total commercial and total commercial real estate nonperforming loans. Accruing loans 90 days or more past due were \$506 million at December 31, 2020, compared with \$461 million at September 30, 2020, and \$605 million at December 31, 2019. The Company expects credit quality metrics, including nonperforming assets, to remain elevated and volatility in net charge-offs given current economic conditions.



DELINQUENT LOAN RATIOS AS A PERCENT OF ENDING LOAN BALANCES

(Percent)	Dec 31 2020	Sep 30 2020	Jun 30 2020	Mar 31 2020	Dec 31 2019
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 Delinquent loan ratios - 90 days or more past due **excluding** nonperforming loans

Commercial	.05	.06	.07	.06	.08
Commercial real estate	.01	--	--	--	.01
Residential mortgages	.22	.15	.16	.15	.17
Credit card	.88	.91	1.22	1.29	1.23
Other retail	.15	.14	.16	.17	.17
Total loans	.17	.15	.18	.18	.20

 Delinquent loan ratios - 90 days or more past due **including** nonperforming loans

Commercial	.42	.48	.45	.31	.27
Commercial real estate	1.15	.82	.48	.25	.21
Residential mortgages	.54	.46	.50	.49	.51
Credit card	.88	.91	1.22	1.29	1.23
Other retail	.42	.40	.48	.45	.46
Total loans	.58	.53	.52	.44	.44

ASSET QUALITY (a)

(\$ in millions)	Dec 31 2020	Sep 30 2020	Jun 30 2020	Mar 31 2020	Dec 31 2019
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Nonperforming loans					
Commercial	\$321	\$403	\$403	\$276	\$172
Lease financing	54	56	53	33	32
Total commercial	375	459	456	309	204
Commercial mortgages	411	323	188	89	74
Construction and development	39	7	7	12	8
Total commercial real estate	450	330	195	101	82
Residential mortgages	245	240	242	243	241
Credit card	--	--	--	--	--
Other retail	154	152	178	162	165
Total nonperforming loans	1,224	1,181	1,071	815	692
Other real estate	24	35	52	70	78
Other nonperforming assets	50	54	50	61	59
Total nonperforming assets	\$1,298	\$1,270	\$1,173	\$946	\$829
Accruing loans 90 days or more past due	\$506	\$461	\$556	\$579	\$605
Performing restructured loans, excluding GNMA	\$2,177	\$2,004	\$1,994	\$2,080	\$2,129
Performing restructured GNMA	\$1,434	\$1,415	\$1,522	\$1,619	\$1,622
Nonperforming assets to loans plus ORE (%)	.44	.41	.38	.30	.28

(a) Throughout this document, nonperforming assets and related ratios do not include accruing loans 90 days or more past due

COMMON SHARES					
(Millions)	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4Q 2019
Beginning shares outstanding	1,506	1,506	1,506	1,534	1,571
Shares issued for stock incentive plans, acquisitions and other corporate purposes	1	--	--	3	3
Shares repurchased	--	--	--	(31)	(40)
Ending shares outstanding	<u>1,507</u>	<u>1,506</u>	<u>1,506</u>	<u>1,506</u>	<u>1,534</u>

CAPITAL POSITION					
(\$ in millions)	Dec 31 2020	Sep 30 2020	Jun 30 2020	Mar 31 2020	Dec 31 2019
Total U.S. Bancorp shareholders' equity	\$53,095	\$52,565	\$51,850	\$51,532	\$51,853
Basel III Standardized Approach (a)					
Common equity tier 1 capital	\$38,045	\$37,485	\$36,351	\$36,224	\$35,713
Tier 1 capital	44,474	43,916	42,781	42,651	41,721
Total risk-based capital	52,602	52,086	51,457	51,277	49,744
Common equity tier 1 capital ratio	9.7 %	9.4 %	9.0 %	9.0 %	9.1 %
Tier 1 capital ratio	11.3	11.0	10.6	10.5	10.7
Total risk-based capital ratio	13.4	13.1	12.8	12.7	12.7
Leverage ratio	8.3	8.3	8.0	8.8	8.8
Tangible common equity to tangible assets (b)	6.9	7.0	6.7	6.7	7.5
Tangible common equity to risk-weighted assets (b)	9.5	9.3	9.0	8.9	9.3
Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the current expected credit losses methodology (b)	9.3	9.0	8.7	8.6	

(a) 2020 amounts and ratios calculated in accordance with transitional regulatory requirements related to the current expected credit losses methodology

(b) See Non-GAAP Financial Measures reconciliation on page 17

Total U.S. Bancorp shareholders' equity was \$53.1 billion at December 31, 2020, compared with \$52.6 billion at September 30, 2020, and \$51.9 billion at December 31, 2019. Beginning in March and continuing through the remainder of 2020, the Company suspended all common stock repurchases except for those done exclusively in connection with its stock-based compensation programs. This action was initially taken to maintain strong capital levels given the impact and uncertainties of COVID-19 on the economy and global markets. Due to continued economic uncertainty, the Federal Reserve Board implemented measures beginning in the third quarter of 2020 and extending through the first quarter of 2021, restricting capital distributions of all large bank holding companies, including U.S. Bancorp. These restrictions include capping common stock dividends at existing rates and limiting the aggregate amount of common stock dividends and share repurchases to an amount not exceeding the average net income of the four preceding calendar quarters. Based on the results of the December 2020 Federal Reserve Stress Test the Company announced its Board of Directors had approved an authorization to repurchase up to \$3.0 billion of its common stock beginning January 1, 2021.

All regulatory ratios continue to be in excess of "well-capitalized" requirements. The common equity tier 1 capital to risk-weighted assets ratio using the Basel III standardized approach was 9.7 percent at December 31, 2020, compared with 9.4 percent at September 30, 2020, and 9.1 percent at December 31, 2019. The Company's common equity tier 1 capital to risk-weighted assets ratio, reflecting the full implementation of the current expected credit losses methodology was 9.3 percent at December 31, 2020, compared with 9.0 percent at September 30, 2020.



Investor Conference Call

On Wednesday, January 20, 2021, at 8 a.m. CT, Chairman, President and Chief Executive Officer Andy Cecere and Vice Chair and Chief Financial Officer Terry Dolan will host a conference call to review the financial results. The conference call will be available online or by telephone. To access the webcast and presentation, visit U.S. Bancorp's website at usbank.com and click on "About Us," "Investor Relations" and "Webcasts & Presentations." To access the conference call from locations within the United States and Canada, please dial 866.316.1409. Participants calling from outside the United States and Canada, please dial 706.634.9086. The conference ID number for all participants is 9599926. For those unable to participate during the live call, a recording will be available at approximately 11:00 a.m. CT on Wednesday, January 20 and will be accessible until Wednesday, February 3 at 10:59 p.m. CT. To access the recorded message within the United States and Canada, please dial 855.859.2056. If calling from outside the United States and Canada, please dial 404.537.3406 to access the recording. The conference ID is 9599926.

About U.S. Bancorp

U.S. Bancorp, with nearly 70,000 employees and \$554 billion in assets as of December 31, 2020, is the parent company of U.S. Bank National Association, the fifth-largest commercial bank in the United States. The Minneapolis-based bank blends its relationship teams, branches and ATM network with mobile and online tools that allow customers to bank how, when and where they prefer. U.S. Bank is committed to serving its millions of retail, business, wealth management, payment, commercial and corporate, and investment services customers across the country and around the world as a trusted financial partner, a commitment recognized by the Ethisphere Institute naming the bank one of the 2020 World's Most Ethical Companies. Visit U.S. Bank at www.usbank.com or follow on social media to stay up to date with company news.

Forward-looking Statements

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995:

This press release 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 and are based on the information available to, and assumptions and estimates made by, management as of the date hereof. The forward-looking statements contained in this press release include, among other things, anticipated U.S. Bancorp capital distributions by dividends and share repurchases. There can be no assurance that U.S. Bancorp will return this or any amount of capital to its shareholders in the form of dividends or share repurchases in the future.

These forward-looking statements cover, among other things, anticipated future revenue and expenses and the future plans and prospects of U.S. Bancorp. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated. The COVID-19 pandemic is adversely affecting U.S. Bancorp, its customers, counterparties, employees, and third-party service providers, and the ultimate extent of the impacts on its business, financial position, results of operations, liquidity, and prospects is uncertain. Continued deterioration in general business and economic conditions or turbulence in domestic or global financial markets could adversely affect U.S. Bancorp's revenues and the values of its assets and liabilities, reduce the availability of funding to certain financial institutions, lead to a tightening of credit, and increase stock price volatility. In addition, changes to statutes, regulations, or regulatory policies or practices could affect U.S. Bancorp in substantial and unpredictable ways. U.S. Bancorp's results could also be adversely affected by changes in interest rates; further increases in unemployment rates; deterioration in the credit quality of its loan portfolios or in the value of the collateral securing those loans; deterioration in the value of its investment securities; legal and regulatory developments; litigation; increased competition from both banks and non-banks; civil unrest; changes in customer behavior and preferences; breaches in data security; failures to safeguard personal information; 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, compliance risk, strategic risk, interest rate risk, liquidity risk and reputation risk.

For discussion of these and other risks that may cause actual results to differ from expectations, refer to U.S. Bancorp's Annual Report on Form 10-K for the year ended December 31, 2019, on file with the Securities and Exchange Commission, including the sections entitled "Corporate Risk Profile" and "Risk Factors" contained in Exhibit 13, and all subsequent filings with the Securities and Exchange Commission under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, including the section entitled "Risk Factors" in the Quarterly Report on Form 10-Q for the quarter ended September 30, 2020. In addition, factors other than these risks also could adversely affect U.S. Bancorp's results, and the reader should not consider these risks



to be a complete set of all potential risks or uncertainties. Forward-looking statements speak only as of the date hereof, and U.S. Bancorp undertakes no obligation to update them in light of new information or future events.

Non-GAAP Financial Measures

In addition to capital ratios defined by banking regulators, the Company considers various other measures when evaluating capital utilization and adequacy, including:

- Tangible common equity to tangible assets
- Tangible common equity to risk-weighted assets
- Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the current expected credit losses methodology, and
- Return on tangible common equity.

These capital measures are viewed by management as useful additional methods of evaluating the Company's utilization of its capital held and the level of capital available to withstand unexpected negative market or economic conditions. Additionally, presentation of these measures allows investors, analysts and banking regulators to assess the Company's capital position relative to other financial services companies. These capital measures are not defined in generally accepted accounting principles ("GAAP"), or are not currently effective or defined in banking regulations. In addition, certain of these measures differ from currently effective capital ratios defined by banking regulations principally in that the currently effective ratios, which are subject to certain transitional provisions, temporarily exclude the impact of 2020 adoption of accounting guidance related to impairment of financial instruments based on the current expected credit losses methodology. As a result, these capital measures disclosed by the Company may be considered non-GAAP financial measures. Management believes this information helps investors assess trends in the Company's capital adequacy.

The Company also discloses net interest income and related ratios and analysis on a taxable-equivalent basis, which may also be considered non-GAAP financial measures. The Company believes this presentation to be the preferred industry measurement of net interest income as it provides a relevant comparison of net interest income arising from taxable and tax-exempt sources. In addition, certain performance measures, including the efficiency ratio and net interest margin utilize net interest income on a taxable-equivalent basis.

There may be limits in the usefulness of these measures to investors. As a result, the Company encourages readers to consider the consolidated financial statements and other financial information contained in this press release in their entirety, and not to rely on any single financial measure. A table follows that shows the Company's calculation of these non-GAAP financial measures.





CONSOLIDATED STATEMENT OF INCOME

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Interest Income				
Loans	\$2,866	\$3,422	\$12,018	\$14,099
Loans held for sale	59	55	216	162
Investment securities	520	709	2,428	2,893
Other interest income	34	69	178	340
Total interest income	3,479	4,255	14,840	17,494
Interest Expense				
Deposits	101	654	950	2,855
Short-term borrowings	17	79	141	360
Long-term debt	186	315	924	1,227
Total interest expense	304	1,048	2,015	4,442
Net interest income	3,175	3,207	12,825	13,052
Provision for credit losses	441	395	3,806	1,504
Net interest income after provision for credit losses	2,734	2,812	9,019	11,548
Noninterest Income				
Credit and debit card revenue	362	378	1,338	1,413
Corporate payment products revenue	126	158	497	664
Merchant processing services	311	409	1,261	1,601
Trust and investment management fees	441	438	1,736	1,673
Deposit service charges	165	231	677	909
Treasury management fees	143	140	568	578
Commercial products revenue	239	226	1,143	934
Mortgage banking revenue	468	244	2,064	874
Investment products fees	50	48	192	186
Securities gains (losses), net	34	26	177	73
Other	211	138	748	926
Total noninterest income	2,550	2,436	10,401	9,831
Noninterest Expense				
Compensation	1,643	1,597	6,635	6,325
Employee benefits	302	315	1,303	1,286
Net occupancy and equipment	269	286	1,092	1,123
Professional services	123	139	430	454
Marketing and business development	105	117	318	426
Technology and communications	362	291	1,294	1,095
Postage, printing and supplies	74	71	288	290
Other intangibles	47	44	176	168
Other	439	541	1,833	1,618
Total noninterest expense	3,364	3,401	13,369	12,785
Income before income taxes	1,920	1,847	6,051	8,594
Applicable income taxes	395	354	1,066	1,648
Net income	1,525	1,493	4,985	6,946
Net (income) loss attributable to noncontrolling interests	(6)	(7)	(26)	(32)
Net income attributable to U.S. Bancorp	\$1,519	\$1,486	\$4,959	\$6,914
Net income applicable to U.S. Bancorp common shareholders	\$1,425	\$1,408	\$4,621	\$6,583
Earnings per common share	\$.95	\$.91	\$3.06	\$4.16
Diluted earnings per common share	\$.95	\$.90	\$3.06	\$4.16
Dividends declared per common share	\$.42	\$.42	\$1.68	\$1.58
Average common shares outstanding	1,507	1,556	1,509	1,581
Average diluted common shares outstanding	1,508	1,558	1,510	1,583



CONSOLIDATED ENDING BALANCE SHEET

(Dollars in Millions)	December 31, 2020	December 31, 2019
Assets		
Cash and due from banks	\$62,580	\$22,405
Available-for-sale investment securities	136,840	122,613
Loans held for sale	8,761	5,578
Loans		
Commercial	102,871	103,863
Commercial real estate	39,311	39,746
Residential mortgages	76,155	70,586
Credit card	22,346	24,789
Other retail	57,024	57,118
Total loans	297,707	296,102
Less allowance for loan losses	(7,314)	(4,020)
Net loans	290,393	292,082
Premises and equipment	3,468	3,702
Goodwill	9,918	9,655
Other intangible assets	2,864	3,223
Other assets	39,081	36,168
Total assets	<u>\$553,905</u>	<u>\$495,426</u>
Liabilities and Shareholders' Equity		
Deposits		
Noninterest-bearing	\$118,089	\$75,590
Interest-bearing	311,681	286,326
Total deposits	429,770	361,916
Short-term borrowings	11,766	23,723
Long-term debt	41,297	40,167
Other liabilities	17,347	17,137
Total liabilities	500,180	442,943
Shareholders' equity		
Preferred stock	5,983	5,984
Common stock	21	21
Capital surplus	8,511	8,475
Retained earnings	64,188	63,186
Less treasury stock	(25,930)	(24,440)
Accumulated other comprehensive income (loss)	322	(1,373)
Total U.S. Bancorp shareholders' equity	53,095	51,853
Noncontrolling interests	630	630
Total equity	53,725	52,483
Total liabilities and equity	<u>\$553,905</u>	<u>\$495,426</u>



NON-GAAP FINANCIAL MEASURES

(Dollars in Millions, Unaudited)	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Total equity	\$53,725	\$53,195	\$52,480	\$52,162	\$52,483
Preferred stock	(5,983)	(5,984)	(5,984)	(5,984)	(5,984)
Noncontrolling interests	(630)	(630)	(630)	(630)	(630)
Goodwill (net of deferred tax liability) (1)	(9,014)	(8,992)	(8,954)	(8,958)	(8,788)
Intangible assets, other than mortgage servicing rights	(654)	(676)	(678)	(742)	(677)
Tangible common equity (a)	37,444	36,913	36,234	35,848	36,404
Common equity tier 1 capital, determined in accordance with transitional regulatory capital requirements related to the current expected credit losses methodology implementation	38,045	37,485	36,351	36,224	
Adjustments (2)	(1,733)	(1,733)	(1,702)	(1,377)	
Common equity tier 1 capital, reflecting the full implementation of the current expected credit losses methodology (b)	36,312	35,752	34,649	34,847	
Total assets	553,905	540,455	546,652	542,909	495,426
Goodwill (net of deferred tax liability) (1)	(9,014)	(8,992)	(8,954)	(8,958)	(8,788)
Intangible assets, other than mortgage servicing rights	(654)	(676)	(678)	(742)	(677)
Tangible assets (c)	544,237	530,787	537,020	533,209	485,961
Risk-weighted assets, determined in accordance with prescribed regulatory capital requirements effective for the Company (d)	393,648 *	397,657	401,832	404,627	391,269
Adjustments (3)	(1,471) *	(1,449)	(1,394)	(958)	
Risk-weighted assets, reflecting the full implementation of the current expected credit losses methodology (e)	392,177 *	396,208	400,438	403,669	
Ratios *					
Tangible common equity to tangible assets (a)/(c)	6.9 %	7.0 %	6.7 %	6.7 %	7.5 %
Tangible common equity to risk-weighted assets (a)/(d)	9.5	9.3	9.0	8.9	9.3
Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the current expected credit losses methodology (b)/(e)	9.3	9.0	8.7	8.6	
	Three Months Ended				
	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Net income applicable to U.S. Bancorp common shareholders	\$1,425	\$1,494	\$614	\$1,088	\$1,408
Intangibles amortization (net-of-tax)	37	35	34	33	35
Net income applicable to U.S. Bancorp common shareholders, excluding intangibles amortization	1,462	1,529	648	1,121	1,443
Annualized net income applicable to U.S. Bancorp common shareholders, excluding intangible amortization (f)	5,816	6,083	2,606	4,509	5,725
Average total equity	53,801	53,046	52,871	51,776	53,777
Average preferred stock	(6,217)	(5,984)	(5,984)	(5,984)	(5,984)
Average noncontrolling interests	(630)	(630)	(630)	(630)	(630)
Average goodwill (net of deferred tax liability) (1)	(9,003)	(8,975)	(8,960)	(8,825)	(8,796)
Average intangible assets, other than mortgage servicing rights	(673)	(711)	(706)	(688)	(683)
Average tangible common equity (g)	37,278	36,746	36,591	35,649	37,684
Return on tangible common equity (f)/(g)	15.6 %	16.6 %	7.1 %	12.6 %	15.2 %
Net interest income	\$3,175	\$3,227	\$3,200	\$3,223	\$3,207
Taxable-equivalent adjustment (4)	26	25	24	24	24
Net interest income, on a taxable-equivalent basis	3,201	3,252	3,224	3,247	3,231
Net interest income, on a taxable-equivalent basis (as calculated above)	3,201	3,252	3,224	3,247	3,231
Noninterest income	2,550	2,712	2,614	2,525	2,436
Less: Securities gains (losses), net	34	12	81	50	26
Total net revenue, excluding net securities gains (losses) (h)	5,717	5,952	5,757	5,722	5,641
Noninterest expense (i)	3,364	3,371	3,318	3,316	3,401
Less: Intangible amortization	47	44	43	42	44
Noninterest expense, excluding intangible amortization (j)	3,317	3,327	3,275	3,274	3,357
Efficiency ratio (i)/(h)	58.8 %	56.6 %	57.6 %	58.0 %	60.3 %
Tangible efficiency ratio (j)/(h)	58.0	55.9	56.9	57.2	59.5

* Preliminary data. Subject to change prior to filings with applicable regulatory agencies.

(1) Includes goodwill related to certain investments in unconsolidated financial institutions per prescribed regulatory requirements.

(2) Includes the estimated increase in the allowance for credit losses related to the adoption of the current expected credit losses methodology net of deferred taxes.

(3) Includes the impact of the estimated increase in the allowance for credit losses related to the adoption of the current expected credit losses methodology.

(4) Based on a federal income tax rate of 21 percent for those assets and liabilities whose income or expense is not included for federal income tax purposes.



NON-GAAP FINANCIAL MEASURES

(Dollars in Millions, Unaudited)	Year Ended	
	December 31, 2020	December 31, 2019
Net income applicable to U.S. Bancorp common shareholders	\$4,621	\$6,583
Intangibles amortization (net-of-tax)	139	133
Net income applicable to U.S. Bancorp common shareholders, excluding intangibles amortization (a)	4,760	6,716
Average total equity	52,246	53,252
Average preferred stock	(6,042)	(5,984)
Average noncontrolling interests	(630)	(629)
Average goodwill (net of deferred tax liability) (1)	(8,941)	(8,742)
Average intangible assets, other than mortgage servicing rights	(694)	(681)
Average tangible common equity (b)	35,939	37,216
Return on tangible common equity (a)/(b)	13.2 %	18.0 %
Net interest income	\$12,825	\$13,052
Taxable-equivalent adjustment (2)	99	103
Net interest income, on a taxable-equivalent basis	12,924	13,155
Net interest income, on a taxable-equivalent basis (as calculated above)	12,924	13,155
Noninterest income	10,401	9,831
Less: Securities gains (losses), net	177	73
Total net revenue, excluding net securities gains (losses) (c)	23,148	22,913
Noninterest expense (d)	13,369	12,785
Less: Intangible amortization	176	168
Noninterest expense, excluding intangible amortization (e)	13,193	12,617
Efficiency ratio (d)/(c)	57.8 %	55.8 %
Tangible efficiency ratio (e)/(c)	57.0	55.1

(1) Includes goodwill related to certain investments in unconsolidated financial institutions per prescribed regulatory requirements.

(2) Based on a federal income tax rate of 21 percent for those assets and liabilities whose income or expense is not included for federal income tax purposes.

**Supplemental
Consolidated
Schedules**
4Q 2020



QUARTERLY CONSOLIDATED STATEMENT OF INCOME

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Interest Income					
Loans	\$2,866	\$2,892	\$2,949	\$3,311	\$3,422
Loans held for sale	59	61	52	44	55
Investment securities	520	586	630	692	709
Other interest income	34	34	41	69	69
Total interest income	3,479	3,573	3,672	4,116	4,255
Interest Expense					
Deposits	101	130	194	525	654
Short-term borrowings	17	19	34	71	79
Long-term debt	186	197	244	297	315
Total interest expense	304	346	472	893	1,048
Net interest income	3,175	3,227	3,200	3,223	3,207
Provision for credit losses	441	635	1,737	993	395
Net interest income after provision for credit losses	2,734	2,592	1,463	2,230	2,812
Noninterest Income					
Credit and debit card revenue	362	388	284	304	378
Corporate payment products revenue	126	125	101	145	158
Merchant processing services	311	347	266	337	409
Trust and investment management fees	441	434	434	427	438
Deposit service charges	165	170	133	209	231
Treasury management fees	143	145	137	143	140
Commercial products revenue	239	303	355	246	226
Mortgage banking revenue	468	553	648	395	244
Investment products fees	50	48	45	49	48
Securities gains (losses), net	34	12	81	50	26
Other	211	187	130	220	138
Total noninterest income	2,550	2,712	2,614	2,525	2,436
Noninterest Expense					
Compensation	1,643	1,687	1,685	1,620	1,597
Employee benefits	302	335	314	352	315
Net occupancy and equipment	269	276	271	276	286
Professional services	123	102	106	99	139
Marketing and business development	105	72	67	74	117
Technology and communications	362	334	309	289	291
Postage, printing and supplies	74	70	72	72	71
Other intangibles	47	44	43	42	44
Other	439	451	451	492	541
Total noninterest expense	3,364	3,371	3,318	3,316	3,401
Income before income taxes	1,920	1,933	759	1,439	1,847
Applicable income taxes	395	347	64	260	354
Net income	1,525	1,586	695	1,179	1,493
Net (income) loss attributable to noncontrolling interests	(6)	(6)	(6)	(8)	(7)
Net income attributable to U.S. Bancorp	\$1,519	\$1,580	\$689	\$1,171	\$1,486
Net income applicable to U.S. Bancorp common shareholders	\$1,425	\$1,494	\$614	\$1,088	\$1,408
Earnings per common share	\$.95	\$.99	\$.41	\$.72	\$.91
Diluted earnings per common share	\$.95	\$.99	\$.41	\$.72	\$.90
Dividends declared per common share	\$.42	\$.42	\$.42	\$.42	\$.42
Average common shares outstanding	1,507	1,506	1,506	1,518	1,556
Average diluted common shares outstanding	1,508	1,507	1,507	1,519	1,558
Financial Ratios					
Net interest margin (taxable-equivalent basis)	2.57 %	2.67 %	2.62 %	2.91 %	2.92 %
Return on average assets	1.10	1.17	.51	.95	1.21
Return on average common equity	12.1	12.8	5.3	9.7	11.8
Efficiency ratio	58.8	56.6	57.6	58.0	60.3
Tangible efficiency ratio	58.0	55.9	56.9	57.2	59.5



CONSOLIDATED ENDING BALANCE SHEET

(Dollars in Millions)	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Assets					
Cash and due from banks	\$62,580	\$44,047	\$52,392	\$46,805	\$22,405
Available-for-sale investment securities	136,840	134,032	128,120	123,681	122,613
Loans held for sale	8,761	7,618	8,178	4,623	5,578
Loans		(Unaudited)	(Unaudited)	(Unaudited)	
Commercial	102,871	110,764	120,261	126,317	103,863
Commercial real estate	39,311	40,380	41,076	40,980	39,746
Residential mortgages	76,155	76,789	71,329	71,175	70,586
Credit card	22,346	21,898	21,257	22,781	24,789
Other retail	57,024	57,154	56,412	57,052	57,118
Total loans	297,707	306,985	310,335	318,305	296,102
Less allowance for loan losses	(7,314)	(7,407)	(7,383)	(6,216)	(4,020)
Net loans	290,393	299,578	302,952	312,089	292,082
Premises and equipment	3,468	3,516	3,616	3,660	3,702
Goodwill	9,918	9,889	9,842	9,836	9,655
Other intangible assets	2,864	2,654	2,518	2,629	3,223
Other assets	39,081	39,121	39,034	39,586	36,168
Total assets	\$553,905	\$540,455	\$546,652	\$542,909	\$495,426
Liabilities and Shareholders' Equity					
Deposits					
Noninterest-bearing	\$118,089	\$114,583	\$109,723	\$91,432	\$75,590
Interest-bearing	311,681	298,634	303,583	303,422	286,326
Total deposits	429,770	413,217	413,306	394,854	361,916
Short-term borrowings	11,766	13,723	20,595	26,344	23,723
Long-term debt	41,297	42,443	42,579	52,298	40,167
Other liabilities	17,347	17,877	17,692	17,251	17,137
Total liabilities	500,180	487,260	494,172	490,747	442,943
Shareholders' equity					
Preferred stock	5,983	5,984	5,984	5,984	5,984
Common stock	21	21	21	21	21
Capital surplus	8,511	8,516	8,483	8,452	8,475
Retained earnings	64,188	63,391	62,526	62,544	63,186
Less treasury stock	(25,930)	(25,959)	(25,962)	(25,972)	(24,440)
Accumulated other comprehensive income (loss)	322	612	798	503	(1,373)
Total U.S. Bancorp shareholders' equity	53,095	52,565	51,850	51,532	51,853
Noncontrolling interests	630	630	630	630	630
Total equity	53,725	53,195	52,480	52,162	52,483
Total liabilities and equity	\$553,905	\$540,455	\$546,652	\$542,909	\$495,426



CONSOLIDATED QUARTERLY AVERAGE BALANCE SHEET

(Dollars in Millions, Unaudited)	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Assets					
Investment securities	\$133,430	\$128,565	\$120,867	\$120,843	\$121,668
Loans held for sale	8,871	7,983	6,307	4,748	5,265
Loans					
Commercial					
Commercial	100,863	109,899	122,442	100,329	98,362
Lease financing	5,558	5,590	5,597	5,658	5,549
Total commercial	106,421	115,489	128,039	105,987	103,911
Commercial real estate					
Commercial mortgages	29,004	29,849	30,194	29,523	29,133
Construction and development	11,094	11,080	10,894	10,555	10,589
Total commercial real estate	40,098	40,929	41,088	40,078	39,722
Residential mortgages	76,809	75,786	71,122	70,892	69,909
Credit card	21,937	22,052	21,510	23,836	24,107
Other retail					
Retail leasing	8,299	8,438	8,412	8,474	8,486
Home equity and second mortgages	12,816	13,551	14,386	14,838	15,221
Other	35,928	34,773	33,550	33,552	33,509
Total other retail	57,043	56,762	56,348	56,864	57,216
Total loans	302,308	311,018	318,107	297,657	294,865
Other earning assets	52,828	38,538	48,838	24,474	17,972
Total earning assets	497,437	486,104	494,119	447,722	439,770
Allowance for loan losses	(7,461)	(7,824)	(6,543)	(5,588)	(4,012)
Unrealized gain (loss) on investment securities	3,014	3,655	3,499	1,426	416
Other assets	55,571	54,967	53,231	51,247	49,679
Total assets	\$548,561	\$536,902	\$544,306	\$494,807	\$485,853
Liabilities and Shareholders' Equity					
Noninterest-bearing deposits	\$115,148	\$109,375	\$95,106	\$74,142	\$74,313
Interest-bearing deposits					
Interest checking	91,384	84,494	83,789	77,359	75,563
Money market savings	127,390	124,115	129,692	121,946	116,619
Savings accounts	55,730	53,499	51,237	48,048	46,945
Time deposits	32,761	34,040	43,479	41,309	43,012
Total interest-bearing deposits	307,265	296,148	308,197	288,662	282,139
Short-term borrowings	12,770	18,049	25,738	20,253	18,411
Long-term debt	42,410	43,542	46,385	43,846	41,298
Total interest-bearing liabilities	362,445	357,739	380,320	352,761	341,848
Other liabilities	17,167	16,742	16,009	16,128	15,915
Shareholders' equity					
Preferred equity	6,217	5,984	5,984	5,984	5,984
Common equity	46,954	46,432	46,257	45,162	47,163
Total U.S. Bancorp shareholders' equity	53,171	52,416	52,241	51,146	53,147
Noncontrolling interests	630	630	630	630	630
Total equity	53,801	53,046	52,871	51,776	53,777
Total liabilities and equity	\$548,561	\$536,902	\$544,306	\$494,807	\$485,853



CONSOLIDATED DAILY AVERAGE BALANCE SHEET AND RELATED YIELDS AND RATES (a)

(Dollars in Millions) (Unaudited)	For the Three Months Ended December 31,			For the Three Months Ended December 31,			% Change Average Balances
	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	
Assets							
Investment securities	\$133,430	\$535	1.60 %	\$121,668	\$723	2.38 %	9.7 %
Loans held for sale	8,871	59	2.65	5,265	55	4.21	68.5
Loans (b)							
Commercial	106,421	700	2.62	103,911	991	3.78	2.4
Commercial real estate	40,098	328	3.25	39,722	445	4.45	.9
Residential mortgages	76,809	681	3.54	69,909	664	3.80	9.9
Credit card	21,937	598	10.86	24,107	677	11.13	(9.0)
Other retail	57,043	569	3.97	57,216	657	4.56	(.3)
Total loans	302,308	2,876	3.79	294,865	3,434	4.63	2.5
Other earning assets	52,828	35	.26	17,972	69	1.52	*
Total earning assets	497,437	3,505	2.81	439,770	4,281	3.87	13.1
Allowance for loan losses	(7,461)			(4,012)			(86.0)
Unrealized gain (loss) on investment securities	3,014			416			*
Other assets	55,571			49,679			11.9
Total assets	<u>\$548,561</u>			<u>\$485,853</u>			12.9
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$115,148			\$74,313			55.0 %
Interest-bearing deposits							
Interest checking	91,384	7	.03	75,563	56	.29	20.9
Money market savings	127,390	54	.17	116,619	380	1.29	9.2
Savings accounts	55,730	4	.03	46,945	31	.26	18.7
Time deposits	32,761	36	.43	43,012	187	1.73	(23.8)
Total interest-bearing deposits	307,265	101	.13	282,139	654	.92	8.9
Short-term borrowings	12,770	17	.53	18,411	81	1.74	(30.6)
Long-term debt	42,410	186	1.75	41,298	315	3.03	2.7
Total interest-bearing liabilities	362,445	304	.33	341,848	1,050	1.22	6.0
Other liabilities	17,167			15,915			7.9
Shareholders' equity							
Preferred equity	6,217			5,984			3.9
Common equity	46,954			47,163			(.4)
Total U.S. Bancorp shareholders' equity	53,171			53,147			--
Noncontrolling interests	630			630			--
Total equity	53,801			53,777			--
Total liabilities and equity	<u>\$548,561</u>			<u>\$485,853</u>			12.9
Net interest income		\$3,201			\$3,231		
Gross interest margin			2.48 %			2.65 %	
Gross interest margin without taxable-equivalent increments			2.46			2.63	
Percent of Earning Assets							
Interest income			2.81 %			3.87 %	
Interest expense			.24			.95	
Net interest margin			2.57 %			2.92 %	
Net interest margin without taxable-equivalent increments			2.55 %			2.90 %	

* Not meaningful

(a) Interest and rates are presented on a fully taxable-equivalent basis based on a federal income tax rate of 21 percent.

(b) Interest income and rates on loans include loan fees. Nonaccrual loans are included in average loan balances.



CONSOLIDATED DAILY AVERAGE BALANCE SHEET AND RELATED YIELDS AND RATES (a)

For the Three Months Ended							
December 31, 2020				September 30, 2020			
(Dollars in Millions) (Unaudited)	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	% Change Average Balances
Assets							
Investment securities	\$133,430	\$535	1.60 %	\$128,565	\$602	1.87 %	3.8 %
Loans held for sale	8,871	59	2.65	7,983	61	3.06	11.1
Loans (b)							
Commercial	106,421	700	2.62	115,489	718	2.48	(7.9)
Commercial real estate	40,098	328	3.25	40,929	341	3.31	(2.0)
Residential mortgages	76,809	681	3.54	75,786	687	3.62	1.3
Credit card	21,937	598	10.86	22,052	583	10.51	(.5)
Other retail	57,043	569	3.97	56,762	572	4.01	.5
Total loans	<u>302,308</u>	<u>2,876</u>	3.79	<u>311,018</u>	<u>2,901</u>	3.72	(2.8)
Other earning assets	52,828	35	.26	38,538	34	.35	37.1
Total earning assets	<u>497,437</u>	<u>3,505</u>	2.81	<u>486,104</u>	<u>3,598</u>	2.95	2.3
Allowance for loan losses	(7,461)			(7,824)			4.6
Unrealized gain (loss) on investment securities	3,014			3,655			(17.5)
Other assets	55,571			54,967			1.1
Total assets	<u>\$548,561</u>			<u>\$536,902</u>			2.2
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$115,148			\$109,375			5.3 %
Interest-bearing deposits							
Interest checking	91,384	7	.03	84,494	7	.04	8.2
Money market savings	127,390	54	.17	124,115	68	.22	2.6
Savings accounts	55,730	4	.03	53,499	5	.04	4.2
Time deposits	32,761	36	.43	34,040	50	.58	(3.8)
Total interest-bearing deposits	<u>307,265</u>	<u>101</u>	.13	<u>296,148</u>	<u>130</u>	.17	3.8
Short-term borrowings	12,770	17	.53	18,049	19	.43	(29.2)
Long-term debt	42,410	186	1.75	43,542	197	1.80	(2.6)
Total interest-bearing liabilities	<u>362,445</u>	<u>304</u>	.33	<u>357,739</u>	<u>346</u>	.39	1.3
Other liabilities	17,167			16,742			2.5
Shareholders' equity							
Preferred equity	6,217			5,984			3.9
Common equity	46,954			46,432			1.1
Total U.S. Bancorp shareholders' equity	<u>53,171</u>			<u>52,416</u>			1.4
Noncontrolling interests	630			630			--
Total equity	<u>53,801</u>			<u>53,046</u>			1.4
Total liabilities and equity	<u>\$548,561</u>			<u>\$536,902</u>			2.2
Net interest income		<u>\$3,201</u>			<u>\$3,252</u>		
Gross interest margin			2.48 %			2.56 %	
Gross interest margin without taxable-equivalent increments			<u>2.46</u>			<u>2.54</u>	
Percent of Earning Assets							
Interest income			2.81 %			2.95 %	
Interest expense			.24			.28	
Net interest margin			<u>2.57 %</u>			<u>2.67 %</u>	
Net interest margin without taxable-equivalent increments			<u>2.55 %</u>			<u>2.65 %</u>	

(a) Interest and rates are presented on a fully taxable-equivalent basis based on a federal income tax rate of 21 percent.

(b) Interest income and rates on loans include loan fees. Nonaccrual loans are included in average loan balances.



CONSOLIDATED DAILY AVERAGE BALANCE SHEET AND RELATED YIELDS AND RATES (a)

For the Year Ended December 31,							
2020				2019			
(Dollars in Millions) (Unaudited)	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	% Change Average Balances
Assets							
Investment securities	\$125,954	\$2,488	1.98 %	\$117,150	\$2,950	2.52 %	7.5 %
Loans held for sale	6,985	216	3.10	3,769	162	4.30	85.3
Loans (b)							
Commercial	113,967	3,192	2.80	103,198	4,229	4.10	10.4
Commercial real estate	40,548	1,457	3.59	39,386	1,919	4.87	3.0
Residential mortgages	73,667	2,666	3.62	67,747	2,644	3.90	8.7
Credit card	22,332	2,392	10.71	23,309	2,680	11.50	(4.2)
Other retail	56,755	2,352	4.14	57,046	2,682	4.70	(.5)
Total loans	<u>307,269</u>	<u>12,059</u>	3.92	<u>290,686</u>	<u>14,154</u>	4.87	5.7
Other earning assets	41,194	179	.43	18,932	341	1.80	*
Total earning assets	<u>481,402</u>	<u>14,942</u>	3.10	<u>430,537</u>	<u>17,607</u>	4.09	11.8
Allowance for loan losses	(6,858)			(4,007)			(71.2)
Unrealized gain (loss) on investment securities	2,901			(117)			*
Other assets	53,762			49,240			9.2
Total assets	<u>\$531,207</u>			<u>\$475,653</u>			11.7
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$98,539			\$73,863			33.4 %
Interest-bearing deposits							
Interest checking	84,276	65	.08	72,553	227	.31	16.2
Money market savings	125,786	528	.42	109,849	1,637	1.49	14.5
Savings accounts	52,142	46	.09	46,130	111	.24	13.0
Time deposits	37,872	311	.82	44,417	880	1.98	(14.7)
Total interest-bearing deposits	<u>300,076</u>	<u>950</u>	.32	<u>272,949</u>	<u>2,855</u>	1.05	9.9
Short-term borrowings	19,182	144	.75	18,137	370	2.04	5.8
Long-term debt	44,040	924	2.10	41,572	1,227	2.95	5.9
Total interest-bearing liabilities	<u>363,298</u>	<u>2,018</u>	.56	<u>332,658</u>	<u>4,452</u>	1.34	9.2
Other liabilities	16,494			15,880			3.9
Shareholders' equity							
Preferred equity	6,042			5,984			1.0
Common equity	46,204			46,639			(.9)
Total U.S. Bancorp shareholders' equity	<u>52,246</u>			<u>52,623</u>			(.7)
Noncontrolling interests	630			629			.2
Total equity	<u>52,876</u>			<u>53,252</u>			(.7)
Total liabilities and equity	<u>\$531,207</u>			<u>\$475,653</u>			11.7
Net interest income		<u>\$12,924</u>			<u>\$13,155</u>		
Gross interest margin			2.54 %			2.75 %	
Gross interest margin without taxable-equivalent increments			<u>2.52</u>			<u>2.73</u>	
Percent of Earning Assets							
Interest income			3.10 %			4.09 %	
Interest expense			.42			1.03	
Net interest margin			<u>2.68 %</u>			<u>3.06 %</u>	
Net interest margin without taxable-equivalent increments			<u>2.66 %</u>			<u>3.04 %</u>	

* Not meaningful

(a) Interest and rates are presented on a fully taxable-equivalent basis based on a federal income tax rate of 21 percent.

(b) Interest income and rates on loans include loan fees. Nonaccrual loans are included in average loan balances.

LOAN PORTFOLIO

(Dollars in Millions) (Unaudited)	December 31, 2020		September 30, 2020		June 30, 2020		March 31, 2020		December 31, 2019	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Commercial										
Commercial	\$97,315	32.7 %	\$105,109	34.2 %	\$114,621	37.0 %	\$120,670	37.9 %	\$98,168	33.2 %
Lease financing	5,556	1.9	5,655	1.9	5,640	1.8	5,647	1.8	5,695	1.9
Total commercial	102,871	34.6	110,764	36.1	120,261	38.8	126,317	39.7	103,863	35.1
Commercial real estate										
Commercial mortgages	28,472	9.6	29,264	9.6	30,098	9.7	30,124	9.5	29,404	9.9
Construction and development	10,839	3.6	11,116	3.6	10,978	3.5	10,856	3.4	10,342	3.5
Total commercial real estate	39,311	13.2	40,380	13.2	41,076	13.2	40,980	12.9	39,746	13.4
Residential mortgages										
Residential mortgages	66,525	22.4	66,952	21.8	61,169	19.7	60,708	19.1	59,865	20.2
Home equity loans, first liens	9,630	3.2	9,837	3.2	10,160	3.3	10,467	3.3	10,721	3.6
Total residential mortgages	76,155	25.6	76,789	25.0	71,329	23.0	71,175	22.4	70,586	23.8
Credit card	22,346	7.5	21,898	7.1	21,257	6.8	22,781	7.1	24,789	8.4
Other retail										
Retail leasing	8,150	2.7	8,405	2.7	8,412	2.7	8,495	2.7	8,490	2.9
Home equity and second mortgages	12,472	4.2	13,208	4.3	13,932	4.5	14,836	4.6	15,036	5.1
Revolving credit	2,688	.9	2,660	.9	2,625	.8	2,786	.9	2,899	1.0
Installment	13,823	4.6	13,513	4.4	12,556	4.1	11,540	3.6	11,038	3.7
Automobile	19,722	6.6	19,188	6.2	18,694	6.0	19,189	6.0	19,435	6.5
Student	169	.1	180	.1	193	.1	206	.1	220	.1
Total other retail	57,024	19.1	57,154	18.6	56,412	18.2	57,052	17.9	57,118	19.3
Total loans	\$297,707	100.0 %	\$306,985	100.0 %	\$310,335	100.0 %	\$318,305	100.0 %	\$296,102	100.0 %