



U.S. Bancorp Reports Second Quarter 2021 Results

- Net income of \$2.0 billion and net revenue of \$5.8 billion
- Return on average assets of 1.44% and return on average common equity of 16.3%
- Common Equity Tier 1 capital ratio of 9.9% and strong levels of liquidity

2Q21 Key Financial Data

PROFITABILITY METRICS	2Q21	1Q21	2Q20
Return on average assets (%)	1.44	1.69	.51
Return on average common equity (%)	16.3	19.0	5.3
Return on tangible common equity (%) (a)	20.9	24.3	7.1
Net interest margin (%)	2.53	2.50	2.62
Efficiency ratio (%) (a)	59.0	62.1	57.6
INCOME STATEMENT (b)	2Q21	1Q21	2Q20
Net interest income (taxable-equivalent basis)	\$3,164	\$3,089	\$3,224
Noninterest income	\$2,619	\$2,381	\$2,614
Net income attributable to U.S. Bancorp	\$1,982	\$2,280	\$689
Diluted earnings per common share	\$1.28	\$1.45	\$.41
Dividends declared per common share	\$.42	\$.42	\$.42
BALANCE SHEET (b)	2Q21	1Q21	2Q20
Average total loans	\$294,284	\$293,989	\$318,107
Average total deposits	\$429,210	\$426,364	\$403,303
Net charge-off ratio	.25%	.31%	.55%
Book value per common share (period end)	\$31.74	\$30.53	\$30.46
Basel III standardized CET1 (c)	9.9%	9.9%	9.0%

(a) See Non-GAAP Financial Measures reconciliation on page 16

(b) Dollars in millions, except per share data

(c) CET1 = Common equity tier 1 capital ratio

2Q21 Highlights

- Net income of \$1,982 million and diluted earnings per common share of \$1.28
- Return on average assets of 1.44% and return on average common equity of 16.3%
- Net revenue of \$5,783 million, including \$3,164 million of net interest income and \$2,619 million of noninterest income
- Returned 79% of 2Q earnings to shareholders through dividends and share buybacks
- Average total earning assets growth of 1.3% year-over-year
- Average total deposits growth of 6.4% year-over-year
- Net charge-off ratio of 0.25% in 2Q21 compared with 0.31% in 1Q21 and 0.55% in 2Q20
- Allowance for credit losses declined \$350 million during the quarter given improving economic outlook and credit trends
- Nonperforming assets decreased 11.9% on a linked quarter basis and 9.7% year-over-year
- CET1 capital ratio increased to 9.9% at June 30, 2021, compared with 9.0% at June 30, 2020

CEO Commentary

“Our second quarter 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 the third quarter. 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, U.S. Bancorp

In the Spotlight

2021 Annual Stress Test

The Company’s results for the 2021 stress test reflected a strong financial profile and well-established financial discipline which allowed the Company to maintain strong capital and liquidity positions throughout the recent adverse economic conditions. Based on the stress test results, the Company will be subject to a stress capital buffer of 2.5 percent for the period beginning October 1, 2021 and ending on September 30, 2022. As a result, the Company will recommend that its Board of Directors approve a 9.5 percent increase to its third quarter dividend payable in October 2021.

Focus on Diversity, Equity and Inclusion

U.S. Bank has again been named to DiversityInc’s list of Top 50 Companies for Diversity. The company ranked No. 18 (up from No. 40 last year) on the overall Top 50 List, tying for the largest jump on the list in 2021. The assessment collects data across six key areas: Leadership Accountability, Human Capital Diversity Metrics, Talent Programs, Workforce Practices, Supplier Diversity, and Philanthropy.

U.S. Bank Access Commitment

U.S. Bank recently established the U.S. Bank Access Fund, a \$25 million fund supporting more than 30,000 women of color microbusiness owners over three years, prioritizing Black women business owners. The fund will help sustain and create new job opportunities, provide access to capital, technical assistance and networking opportunities. U.S. Bank leaders will also share expertise with business owners through seminars and roundtables.

U.S. Bank to Acquire the Asset Management Division of PFM

U.S. Bank has entered into a definitive agreement to purchase PFM Asset Management LLC, which is expected to close in the fourth quarter of 2021. Based on March 31, 2021 balances, this transaction will nearly double U.S. Bancorp Asset Management’s market share to more than \$325 billion assets under management and administration, increasing U.S. Bank’s presence nationally and solidifying our position as a leading provider of investment solutions.



INCOME STATEMENT HIGHLIGHTS

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

	2Q 2021	1Q 2021	2Q 2020	Percent Change		YTD 2021	YTD 2020	Percent Change
				2Q21 vs 1Q21	2Q21 vs 2Q20			
Net interest income	\$3,137	\$3,063	\$3,200	2.4	(2.0)	\$6,200	\$6,423	(3.5)
Taxable-equivalent adjustment	27	26	24	3.8	12.5	53	48	10.4
Net interest income (taxable-equivalent basis)	3,164	3,089	3,224	2.4	(1.9)	6,253	6,471	(3.4)
Noninterest income	2,619	2,381	2,614	10.0	.2	5,000	5,139	(2.7)
Total net revenue	5,783	5,470	5,838	5.7	(.9)	11,253	11,610	(3.1)
Noninterest expense	3,387	3,379	3,318	.2	2.1	6,766	6,634	2.0
Income before provision and income taxes	2,396	2,091	2,520	14.6	(4.9)	4,487	4,976	(9.8)
Provision for credit losses	(170)	(827)	1,737	79.4	nm	(997)	2,730	nm
Income before taxes	2,566	2,918	783	(12.1)	nm	5,484	2,246	nm
Income taxes and taxable-equivalent adjustment	578	633	88	(8.7)	nm	1,211	372	nm
Net income	1,988	2,285	695	(13.0)	nm	4,273	1,874	nm
Net (income) loss attributable to noncontrolling interests	(6)	(5)	(6)	(20.0)	--	(11)	(14)	21.4
Net income attributable to U.S. Bancorp	\$1,982	\$2,280	\$689	(13.1)	nm	\$4,262	\$1,860	nm
Net income applicable to U.S. Bancorp common shareholders	\$1,914	\$2,175	\$614	(12.0)	nm	\$4,089	\$1,702	nm
Diluted earnings per common share	\$1.28	\$1.45	\$.41	(11.7)	nm	\$2.73	\$1.12	nm

Net income attributable to U.S. Bancorp was \$1,982 million for the second quarter of 2021, which was \$1,293 million higher than the \$689 million for the second quarter of 2020, and \$298 million lower than the \$2,280 million for the first quarter of 2021. Diluted earnings per common share were \$1.28 in the second quarter of 2021, compared with \$0.41 in the second quarter of 2020 and \$1.45 in the first quarter of 2021.

The increase in net income year-over-year was primarily due to lower provision for credit losses driven by a reserve release as a result of improvement in the global economy combined with government stimulus programs compared with a reserve build during 2020. Net interest income decreased 1.9 percent on a year-over-year taxable-equivalent basis, primarily due to the impact of lower rates compared with a year ago and declining average loan balances, partially offset by the benefit of deposit and funding mix as well as higher loan fees related to the Small Business Administration ("SBA") Paycheck Protection Program. The net interest margin declined from a year ago to 2.53 percent in the second quarter of 2021 primarily due to the mix of earning assets and higher premium amortization within the investment portfolio, partially offset by the net benefit of funding composition and higher loan fees. Noninterest income increased 0.2 percent compared with a year ago driven by improvements in payment services revenue, deposit service charges, and other noninterest income, mostly offset by lower commercial products revenue, mortgage banking revenue, and securities gains. Noninterest expense increased 2.1 percent reflecting increases in personnel expense, primarily related to performance-based incentive compensation and employee benefits expense driven by substantially improving financial results, as well as higher marketing and business development expense and technology and communications expense, partially offset by lower net occupancy and equipment expense and other noninterest expense.

Net income decreased on a linked quarter basis primarily due to higher provision for credit losses as a result of a larger reserve release in the first quarter of 2021, partially offset by 5.7 percent growth in total revenue including increasing net interest income and stronger noninterest income. Net interest income on a taxable-equivalent basis increased 2.4 percent primarily due to higher yields and volumes in the investment portfolio, favorable earning asset mix, higher loan fees, one more day in the quarter, and favorable deposit and funding mix, partially offset by lower loan yields. The net interest margin increased on a linked quarter basis primarily reflecting changes in the investment portfolio mix, favorable funding and deposit mix, and higher loan fees, partially offset by lower loan yields. Noninterest income increased 10.0 percent compared with the first quarter of 2021 driven by increases in payment services revenue, mortgage banking revenue, securities gains, and other noninterest income. Noninterest expense was relatively flat on a linked quarter basis reflecting costs of investments in marketing and business development expense offset by lower personnel expense.



NET INTEREST INCOME								
(Taxable-equivalent basis; \$ in millions)								
	2Q 2021	1Q 2021	2Q 2020	Change		YTD 2021	YTD 2020	Change
				2Q21 vs 1Q21	2Q21 vs 2Q20			
Components of net interest income								
Income on earning assets	\$3,409	\$3,367	\$3,697	\$42	\$(288)	\$6,776	\$7,839	\$(1,063)
Expense on interest-bearing liabilities	245	278	473	(33)	(228)	523	1,368	(845)
Net interest income	\$3,164	\$3,089	\$3,224	\$75	\$(60)	\$6,253	\$6,471	\$(218)
Average yields and rates paid								
Earning assets yield	2.73%	2.73%	3.00%	-- %	(.27)%	2.73%	3.34%	(.61)%
Rate paid on interest-bearing liabilities	.28	.31	.50	(.03)	(.22)	.29	.75	(.46)
Gross interest margin	2.45%	2.42%	2.50%	.03%	(.05)%	2.44%	2.59%	(.15)%
Net interest margin	2.53%	2.50%	2.62%	.03%	(.09)%	2.52%	2.76%	(.24)%
Average balances								
Investment securities (a)	\$160,615	\$145,520	\$120,867	\$15,095	\$39,748	\$153,109	\$120,856	\$32,253
Loans	294,284	293,989	318,107	295	(23,823)	294,138	307,882	(13,744)
Earning assets	500,751	497,711	494,119	3,040	6,632	499,239	470,921	28,318
Interest-bearing liabilities	356,565	360,582	380,320	(4,017)	(23,755)	358,562	366,540	(7,978)

(a) Excludes unrealized gain (loss)

Net interest income on a taxable-equivalent basis in the second quarter of 2021 was \$3,164 million, a decrease of \$60 million (1.9 percent) compared with the second quarter of 2020. The decrease was primarily due to the impact of lower rates compared with a year ago and lower loan volumes, partially offset by the benefit of deposit and funding mix as well as higher loan fees. Average earning assets were \$6.6 billion (1.3 percent) higher than the second quarter of 2020, reflecting an increase of \$39.7 billion (32.9 percent) in average investment securities, while average total loans decreased \$23.8 billion (7.5 percent) due to continued paydowns by corporate customers that accessed the capital markets last year and average other earning assets decreased \$10.8 billion (22.1 percent) primarily driven by lower cash balances as the Company continues to purchase mortgage-backed, U.S. Treasury and state and political securities.

Net interest income on a taxable-equivalent basis increased \$75 million (2.4 percent) on a linked quarter basis primarily due to higher yields and volumes in the investment portfolio, favorable earning asset mix, higher loan fees, one more day in the quarter, and favorable deposit and funding mix, partially offset by lower loan yields. Average earning assets were \$3.0 billion (0.6 percent) higher on a linked quarter basis, reflecting increases of \$15.1 billion (10.4 percent) in average investment securities and a slight increase in average loans, partially offset by a decrease of \$10.1 billion (21.1 percent) in average other earning assets driven by lower cash balances as the Company deployed liquidity to purchase mortgage-backed, U.S. Treasury and state and political securities.

The net interest margin in the second quarter of 2021 was 2.53 percent, compared with 2.62 percent in the second quarter of 2020 and 2.50 percent in the first quarter of 2021. The decrease in the net interest margin from the prior year was primarily due to the mix of earning assets and higher premium amortization within the investment portfolio, partially offset by the net benefit of funding composition and higher loan fees. The increase in the net interest margin on a linked quarter basis reflected changes in the investment portfolio mix, favorable funding and deposit mix, and higher loan fees, partially offset by lower loan yields.

The increase in average investment securities on a year-over-year and linked quarter 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)								
	2Q 2021	1Q 2021	2Q 2020	Percent Change		YTD 2021	YTD 2020	Percent Change
				2Q21 vs 1Q21	2Q21 vs 2Q20			
Commercial	\$97,713	\$96,757	\$122,442	1.0	(20.2)	\$97,237	\$111,385	(12.7)
Lease financing	5,261	5,334	5,597	(1.4)	(6.0)	5,298	5,628	(5.9)
Total commercial	102,974	102,091	128,039	.9	(19.6)	102,535	117,013	(12.4)
Commercial mortgages	27,721	27,968	30,194	(.9)	(8.2)	27,844	29,858	(6.7)
Construction and development	10,843	10,818	10,894	.2	(.5)	10,831	10,725	1.0
Total commercial real estate	38,564	38,786	41,088	(.6)	(6.1)	38,675	40,583	(4.7)
Residential mortgages	73,351	75,201	71,122	(2.5)	3.1	74,271	71,007	4.6
Credit card	21,116	21,144	21,510	(.1)	(1.8)	21,130	22,673	(6.8)
Retail leasing	7,873	7,975	8,412	(1.3)	(6.4)	7,924	8,443	(6.1)
Home equity and second mortgages	11,368	12,062	14,386	(5.8)	(21.0)	11,713	14,612	(19.8)
Other	39,038	36,730	33,550	6.3	16.4	37,890	33,551	12.9
Total other retail	58,279	56,767	56,348	2.7	3.4	57,527	56,606	1.6
Total loans	\$294,284	\$293,989	\$318,107	.1	(7.5)	\$294,138	\$307,882	(4.5)

Average total loans for the second quarter of 2021 were \$23.8 billion (7.5 percent) lower than the second quarter of 2020. The decrease was primarily due to lower total commercial loans (19.6 percent) driven by continued paydowns by corporate customers that accessed the capital markets last year, lower home equity and second mortgages (21.0 percent) as more customers chose to refinance their existing first lien residential mortgage balances during the prior year due to the low interest rate environment, and lower total commercial real estate (6.1 percent) as a result of paydowns. These decreases were partially offset by growth in residential mortgages (3.1 percent) driven by loan repurchases from the Government National Mortgage Association (“GNMA”), as well as growth in other retail loans (16.4 percent) driven by growth in installment loans due to the impact of COVID-19 on recreational vehicle sales.

Average total loans were \$295 million (0.1 percent) higher than the first quarter of 2021 primarily driven by higher total commercial loans (0.9 percent) and higher other retail loans (6.3 percent) driven by growth in installment loans, partially offset by lower residential mortgages (2.5 percent) as a result of customer paydowns.



AVERAGE DEPOSITS								
(\$ in millions)	2Q 2021	1Q 2021	2Q 2020	Percent Change		YTD 2021	YTD 2020	Percent Change
				2Q21 vs 1Q21	2Q21 vs 2Q20			
Noninterest-bearing deposits	\$125,297	\$118,352	\$95,106	5.9	31.7	\$121,844	\$84,624	44.0
Interest-bearing savings deposits								
Interest checking	103,356	97,385	83,789	6.1	23.4	100,387	80,573	24.6
Money market savings	113,673	124,825	129,692	(8.9)	(12.4)	119,218	125,819	(5.2)
Savings accounts	62,102	58,848	51,237	5.5	21.2	60,484	49,643	21.8
Total savings deposits	279,131	281,058	264,718	(.7)	5.4	280,089	256,035	9.4
Time deposits	24,782	26,954	43,479	(8.1)	(43.0)	25,862	42,394	(39.0)
Total interest-bearing deposits	303,913	308,012	308,197	(1.3)	(1.4)	305,951	298,429	2.5
Total deposits	\$429,210	\$426,364	\$403,303	.7	6.4	\$427,795	\$383,053	11.7

Average total deposits for the second quarter of 2021 were \$25.9 billion (6.4 percent) higher than the second quarter of 2020, including approximately \$7 billion related to the acquisition of deposit balances from State Farm Bank in the fourth quarter of 2020. Average noninterest-bearing deposits increased \$30.2 billion (31.7 percent) across all business lines. Average total savings deposits were \$14.4 billion (5.4 percent) higher year-over-year driven by Consumer and Business Banking. Average time deposits were \$18.7 billion (43.0 percent) lower than the prior year quarter primarily within Corporate and Commercial Banking. 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 \$2.8 billion (0.7 percent) from the first quarter of 2021. On a linked quarter basis, average noninterest-bearing deposits increased \$6.9 billion (5.9 percent) driven by Corporate and Commercial Banking, Wealth Management and Investment Services and Consumer and Business Banking. Average total savings deposits decreased \$1.9 billion (0.7 percent) compared with the first quarter of 2021 primarily due to decreases in Wealth Management and Investment Services, partially offset by increases in Consumer and Business Banking. Average time deposits, which are managed based on funding needs, relative pricing and liquidity characteristics, decreased \$2.2 billion (8.1 percent) on a linked quarter basis across all business lines.

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 and government stimulus programs.



NONINTEREST INCOME								
(\$ in millions)								
				Percent Change		YTD 2021	YTD 2020	Percent Change
	2Q 2021	1Q 2021	2Q 2020	2Q21 vs 1Q21	2Q21 vs 2Q20			
Credit and debit card revenue	\$396	\$336	\$284	17.9	39.4	\$732	\$588	24.5
Corporate payment products revenue	138	126	101	9.5	36.6	264	246	7.3
Merchant processing services	374	318	266	17.6	40.6	692	603	14.8
Trust and investment management fees	446	444	434	.5	2.8	890	861	3.4
Deposit service charges	176	161	133	9.3	32.3	337	342	(1.5)
Treasury management fees	160	147	137	8.8	16.8	307	280	9.6
Commercial products revenue	280	280	355	--	(21.1)	560	601	(6.8)
Mortgage banking revenue	346	299	648	15.7	(46.6)	645	1,043	(38.2)
Investment products fees	60	55	45	9.1	33.3	115	94	22.3
Securities gains (losses), net	43	25	81	72.0	(46.9)	68	131	(48.1)
Other	200	190	130	5.3	53.8	390	350	11.4
Total noninterest income	\$2,619	\$2,381	\$2,614	10.0	.2	\$5,000	\$5,139	(2.7)

Second quarter noninterest income of \$2,619 million was \$5 million (0.2 percent) higher than the second quarter of 2020. During 2020, payment services revenue had been adversely affected by the impact of the pandemic on consumer and business spending, particularly related to travel and entertainment activities. However, spending has continued to strengthen across most sectors driven by government stimulus, local jurisdictions reducing restrictions and consumer behaviors normalizing. As a result, payments services revenue increased \$257 million (39.5 percent) compared with the second quarter of 2020. The components of payments revenue included strong growth in credit and debit card revenue of \$112 million (39.4 percent) driven by higher net interchange revenue related to sales volume and prepaid card processing activities related to government stimulus programs as well as stronger transaction and cash advance fees, higher corporate payment products revenue of \$37 million (36.6 percent) reflecting improving business spending, and higher merchant processing services revenue of \$108 million (40.6 percent) driven by higher sales volume. Deposit service charges increased \$43 million (32.3 percent) primarily due to customer activity and ATM processing revenue. Other noninterest income increased \$70 million (53.8 percent) primarily due to higher retail leasing end of term residual gains and related fees and higher tax-advantaged investment syndication revenue. Mostly offsetting favorable impacts on noninterest income, mortgage banking revenue decreased \$302 million (46.6 percent) driven by lower production volume and related gain on sale margins, partially offset by the favorable net impact of the change in fair value of mortgage servicing rights, net of hedging activities. Commercial products revenue decreased \$75 million (21.1 percent) primarily due to lower capital markets activity and trading revenue, partially offset by higher non-yield loan fees as a result of higher unused commitments.

Noninterest income was \$238 million (10.0 percent) higher in the second quarter of 2021 compared with the first quarter of 2021. Payment services revenue increased \$128 million (16.4 percent) compared with the first quarter of 2021 as the global economy continues to recover from the impacts of the COVID-19 pandemic. Credit and debit card revenue increased \$60 million (17.9 percent), corporate payment products revenue increased \$12 million (9.5 percent) and merchant processing services increased \$56 million (17.6 percent) all primarily driven by higher sales volume. Mortgage banking revenue increased \$47 million (15.7 percent) due to the favorable net impact of the change in fair value of mortgage servicing rights, net of hedging activities, partially offset by lower production volume and related gain on sale margins.



NONINTEREST EXPENSE								
(\$ in millions)								
	2Q 2021	1Q 2021	2Q 2020	Percent Change		YTD 2021	YTD 2020	Percent Change
				2Q21 vs 1Q21	2Q21 vs 2Q20			
Compensation	\$1,798	\$1,803	\$1,685	(.3)	6.7	\$3,601	\$3,305	9.0
Employee benefits	337	384	314	(12.2)	7.3	721	666	8.3
Net occupancy and equipment	258	263	271	(1.9)	(4.8)	521	547	(4.8)
Professional services	108	98	106	10.2	1.9	206	205	.5
Marketing and business development	90	48	67	87.5	34.3	138	141	(2.1)
Technology and communications	362	359	309	.8	17.2	721	598	20.6
Postage, printing and supplies	65	69	72	(5.8)	(9.7)	134	144	(6.9)
Other intangibles	40	38	43	5.3	(7.0)	78	85	(8.2)
Other	329	317	451	3.8	(27.1)	646	943	(31.5)
Total noninterest expense	\$3,387	\$3,379	\$3,318	.2	2.1	\$6,766	\$6,634	2.0

Second quarter noninterest expense of \$3,387 million was \$69 million (2.1 percent) higher than the second quarter of 2020 reflecting increases in compensation expense, employee benefits expense, marketing and business development expense, and technology and communications expense, partially offset by lower net occupancy and equipment expense and other noninterest expense. Compensation expense increased \$113 million (6.7 percent) compared with the second quarter of 2020 due to performance-based incentives, merit, and revenue-related compensation driven by business production. Employee benefits expense increased \$23 million (7.3 percent) primarily due to payroll taxes and related benefits, higher medical claims expense, and higher pension expense. Marketing and business development expense increased \$23 million (34.3 percent) due to the timing of marketing campaigns supporting business development. Technology and communications expense increased \$53 million (17.2 percent) primarily due to higher call center volume related to prepaid cards and capital expenditures supporting business technology investments. These increases were partially offset by lower net occupancy and equipment expense of \$13 million (4.8 percent) primarily due to branch optimization initiatives and lower other noninterest expense of \$122 million (27.1 percent) primarily due to higher COVID-19 related accruals in the second quarter of 2020 including recognizing liabilities related to future delivery exposures for merchant and airline processing as well as lower costs related to tax-advantaged projects and lower FDIC insurance expense in the current year quarter.

Noninterest expense increased \$8 million (0.2 percent) on a linked quarter basis primarily driven by an increase of \$42 million (87.5 percent) in marketing and business development expense primarily due to the timing of marketing campaigns supporting business development. Mostly offsetting unfavorable impacts on noninterest expense, compensation expense decreased \$5 million (0.3 percent) driven by the impact of seasonally higher stock-based compensation in the first quarter partially offset by the impact of seasonal merit increases, one additional day in the second quarter, performance-based incentives, and higher variable compensation. Employee benefits decreased \$47 million (12.2 percent) driven by higher payroll taxes in the first quarter.

Provision for Income Taxes

The provision for income taxes for the second quarter of 2021 resulted in a tax rate of 22.5 percent on a taxable-equivalent basis (effective tax rate of 21.7 percent), compared with 11.2 percent on a taxable-equivalent basis (effective tax rate of 8.4 percent) in the second quarter of 2020, and a tax rate of 21.7 percent on a taxable-equivalent basis (effective tax rate of 21.0 percent) in the first quarter of 2021. The increase in the tax rate year-over-year was due to the marginal impact of providing taxes on higher pretax earnings in the second quarter of 2021.



ALLOWANCE FOR CREDIT LOSSES										
(\$ in millions)										
	2Q		1Q		4Q		3Q		2Q	
	2021	% (a)	2021	% (a)	2020	% (a)	2020	% (a)	2020	% (a)
Balance, beginning of period	\$6,960		\$8,010		\$8,010		\$7,890		\$6,590	
Net charge-offs										
Commercial	26	.11	52	.22	142	.56	167	.60	105	.34
Lease financing	1	.08	4	.30	8	.57	11	.78	6	.43
Total commercial	27	.11	56	.22	150	.56	178	.61	111	.35
Commercial mortgages	--	--	(12)	(.17)	82	1.12	85	1.13	19	.25
Construction and development	--	--	5	.19	2	.07	(2)	(.07)	3	.11
Total commercial real estate	--	--	(7)	(.07)	84	.83	83	.81	22	.22
Residential mortgages	(10)	(.05)	(5)	(.03)	(7)	(.04)	(3)	(.02)	(3)	(.02)
Credit card	148	2.81	144	2.76	165	2.99	201	3.63	229	4.28
Retail leasing	(1)	(.05)	1	.05	9	.43	20	.94	33	1.58
Home equity and second mortgages	(3)	(.11)	(2)	(.07)	(3)	(.09)	(2)	(.06)	--	--
Other	19	.20	36	.40	43	.48	38	.43	45	.54
Total other retail	15	.10	35	.25	49	.34	56	.39	78	.56
Total net charge-offs	180	.25	223	.31	441	.58	515	.66	437	.55
Provision for credit losses	(170)		(827)		441		635		1,737	
Balance, end of period	<u>\$6,610</u>		<u>\$6,960</u>		<u>\$8,010</u>		<u>\$8,010</u>		<u>\$7,890</u>	
Components										
Allowance for loan losses	\$6,026		\$6,343		\$7,314		\$7,407		\$7,383	
Liability for unfunded credit commitments	584		617		696		603		507	
Total allowance for credit losses	<u>\$6,610</u>		<u>\$6,960</u>		<u>\$8,010</u>		<u>\$8,010</u>		<u>\$7,890</u>	
Gross charge-offs	\$314		\$374		\$556		\$611		\$522	
Gross recoveries	\$134		\$151		\$115		\$96		\$85	
Allowance for credit losses as a percentage of										
Period-end loans	2.23		2.36		2.69		2.61		2.54	
Nonperforming loans	649		617		654		678		737	
Nonperforming assets	624		579		617		631		673	

(a) Annualized and calculated on average loan balances



The Company's provision for credit losses for the second quarter of 2021 was a benefit of \$170 million, which was \$657 million higher than the prior quarter and \$1,907 million lower than the second quarter of 2020. During the first half of 2021, factors affecting economic conditions, including passing of additional government stimulus, widespread vaccine availability in the U.S. and reduced levels of new virus cases, have contributed to an economic recovery. However, rising inflationary concerns and the impact of pandemic stress continue to weigh on select portfolios. In addition to these factors, expected loss estimates considered various factors including customer specific information impacting changes in risk ratings, projected delinquencies and potential effects of diminishing liquidity without support of mortgage forbearance and direct federal stimulus. Currently, consumer credit trends continue to perform better than expected, while select commercial portfolios continue to be monitored for structural shifts associated with the pandemic.

Total net charge-offs in the second quarter of 2021 were \$180 million, compared with \$223 million in the first quarter of 2021, and \$437 million in the second quarter of 2020. The net charge-off ratio was 0.25 percent in the second quarter of 2021, compared with 0.31 percent in the first quarter of 2021 and 0.55 percent in the second quarter of 2020. Net charge-offs decreased \$43 million (19.3 percent) compared with the first quarter of 2021 mainly due to lower total commercial and total other retail net charge-offs. Charge-off rates benefitted from improving economic conditions, borrower liquidity and strong asset prices in the market that support repayment and recovery on problem loans. Net charge-offs decreased \$257 million (58.8 percent) compared with the second quarter of 2020 reflecting improvement across most loan categories with the largest drivers being total commercial, credit card and total other retail net charge-offs.

The allowance for credit losses was \$6,610 million at June 30, 2021, compared with \$6,960 million at March 31, 2021, and \$7,890 million at June 30, 2020. The decrease on a linked quarter basis was driven by improvement in the global economy and strong portfolio performance compared with the reserve build during 2020 driven by the concerns associated with the economic impact of COVID-19. The ratio of the allowance for credit losses to period-end loans was 2.23 percent at June 30, 2021, compared with 2.36 percent at March 31, 2021, and 2.54 percent at June 30, 2020. The ratio of the allowance for credit losses to nonperforming loans was 649 percent at June 30, 2021, compared with 617 percent at March 31, 2021, and 737 percent at June 30, 2020.

Nonperforming assets were \$1,059 million at June 30, 2021, compared with \$1,202 million at March 31, 2021, and \$1,173 million at June 30, 2020. The ratio of nonperforming assets to loans and other real estate was 0.36 percent at June 30, 2021, compared with 0.41 percent at March 31, 2021, and 0.38 percent at June 30, 2020. The year-over-year decrease in nonperforming assets was primarily due to a decrease in total commercial nonperforming loans, partially offset by an increase in total commercial real estate nonperforming loans. The decrease in nonperforming assets on a linked quarter basis was driven by decreases in the commercial and commercial real estate portfolios. Accruing loans 90 days or more past due were \$376 million at June 30, 2021, compared with \$476 million at March 31, 2021, and \$556 million at June 30, 2020. The Company expects credit quality to return to more normalized levels over time as the economy rebounds and consumer spending resumes. However, some manageable levels of elevated nonperforming assets in certain industries and loan categories impacted by the pandemic may experience longer recovery periods.



DELINQUENT LOAN RATIOS AS A PERCENT OF ENDING LOAN BALANCES					
(Percent)	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
	2021	2021	2020	2020	2020
Delinquent loan ratios - 90 days or more past due excluding nonperforming loans					
Commercial	.04	.06	.05	.06	.07
Commercial real estate	.01	.01	.01	--	--
Residential mortgages	.16	.19	.18	.15	.16
Credit card	.70	.95	.88	.91	1.22
Other retail	.10	.12	.15	.14	.16
Total loans	.13	.16	.16	.15	.18
Delinquent loan ratios - 90 days or more past due including nonperforming loans					
Commercial	.32	.39	.42	.48	.45
Commercial real estate	.81	.94	1.15	.82	.48
Residential mortgages	.49	.54	.50	.46	.50
Credit card	.70	.95	.88	.91	1.22
Other retail	.39	.42	.42	.40	.48
Total loans	.47	.54	.57	.53	.52

ASSET QUALITY (a)					
(\$ in millions)	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
	2021	2021	2020	2020	2020
Nonperforming loans					
Commercial	\$247	\$298	\$321	\$403	\$403
Lease financing	44	49	54	56	53
Total commercial	291	347	375	459	456
Commercial mortgages	224	266	411	323	188
Construction and development	88	90	39	7	7
Total commercial real estate	312	356	450	330	195
Residential mortgages	244	253	245	240	242
Credit card	--	--	--	--	--
Other retail	171	172	154	152	178
Total nonperforming loans	1,018	1,128	1,224	1,181	1,071
Other real estate	17	19	24	35	52
Other nonperforming assets	24	55	50	54	50
Total nonperforming assets	\$1,059	\$1,202	\$1,298	\$1,270	\$1,173
Accruing loans 90 days or more past due	\$376	\$476	\$477	\$461	\$556
Nonperforming assets to loans plus ORE (%)	.36	.41	.44	.41	.38

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



COMMON SHARES					
(Millions)	2Q 2021	1Q 2021	4Q 2020	3Q 2020	2Q 2020
Beginning shares outstanding	1,497	1,507	1,506	1,506	1,506
Shares issued for stock incentive plans, acquisitions and other corporate purposes	1	3	1	--	--
Shares repurchased	(15)	(13)	--	--	--
Ending shares outstanding	1,483	1,497	1,507	1,506	1,506

CAPITAL POSITION					
(\$ in millions)	Jun 30 2021	Mar 31 2021	Dec 31 2020	Sep 30 2020	Jun 30 2020
Total U.S. Bancorp shareholders' equity	\$53,039	\$51,678	\$53,095	\$52,565	\$51,850
Basel III Standardized Approach (a)					
Common equity tier 1 capital	\$39,691	\$39,103	\$38,045	\$37,485	\$36,351
Tier 1 capital	46,103	45,517	44,474	43,916	42,781
Total risk-based capital	53,625	53,625	52,602	52,086	51,457
Common equity tier 1 capital ratio	9.9 %	9.9 %	9.7 %	9.4 %	9.0 %
Tier 1 capital ratio	11.5	11.5	11.3	11.0	10.6
Total risk-based capital ratio	13.4	13.5	13.4	13.1	12.8
Leverage ratio	8.5	8.4	8.3	8.3	8.0
Tangible common equity to tangible assets (b)	6.8	6.6	6.9	7.0	6.7
Tangible common equity to risk-weighted assets (b)	9.3	9.1	9.5	9.3	9.0
Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the current expected credit losses methodology (b)	9.5	9.5	9.3	9.0	8.7

(a) 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 16

Total U.S. Bancorp shareholders' equity was \$53.0 billion at June 30, 2021, compared with \$51.7 billion at March 31, 2021, and \$51.9 billion at June 30, 2020. The Federal Reserve has announced that the capital restrictions instituted in the third quarter of 2020 in response to the economic uncertainty from the pandemic will expire on June 30, 2021. Based on the results of the 2021 Annual Stress Test, the Company will recommend that its Board of Directors approve a 9.5 percent increase to its third quarter dividend payable in October 2021. The Company's existing share repurchase program announced in December 2020 which authorizes the repurchase of up to \$3.0 billion of its common stock beginning January 1, 2021, remains in effect.

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 9.9 percent at June 30, 2021, and at March 31, 2021, compared with 9.0 percent at June 30, 2020. 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 9.5 percent at June 30, 2021, and at March 31, 2021, compared with 8.7 percent at June 30, 2020.



Investor Conference Call

On Thursday, July 15, 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 8286744. For those unable to participate during the live call, a recording will be available at approximately 11 a.m. CT on Thursday, July 15 and will be accessible until Thursday, July 22 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 8286744.

About U.S. Bancorp

U.S. Bancorp, 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. The Minneapolis-based company serves millions of customers locally, nationally and globally through a diversified mix of businesses: Consumer and Business Banking; Payment Services; Corporate & Commercial Banking; and Wealth Management and Investment Services. The company has been recognized for its approach to digital innovation, social responsibility, and customer service, including being named one of the 2021 World's Most Ethical Companies and Fortune's most admired superregional bank. Learn more at usbank.com/about.

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. 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, including as a result of work-from-home arrangements; 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, 2020, 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. 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 the 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 June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Interest Income				
Loans	\$2,677	\$2,949	\$5,401	\$6,260
Loans held for sale	55	52	122	96
Investment securities	618	630	1,135	1,322
Other interest income	32	41	65	110
Total interest income	3,382	3,672	6,723	7,788
Interest Expense				
Deposits	82	194	167	719
Short-term borrowings	18	34	34	105
Long-term debt	145	244	322	541
Total interest expense	245	472	523	1,365
Net interest income	3,137	3,200	6,200	6,423
Provision for credit losses	(170)	1,737	(997)	2,730
Net interest income after provision for credit losses	3,307	1,463	7,197	3,693
Noninterest Income				
Credit and debit card revenue	396	284	732	588
Corporate payment products revenue	138	101	264	246
Merchant processing services	374	266	692	603
Trust and investment management fees	446	434	890	861
Deposit service charges	176	133	337	342
Treasury management fees	160	137	307	280
Commercial products revenue	280	355	560	601
Mortgage banking revenue	346	648	645	1,043
Investment products fees	60	45	115	94
Securities gains (losses), net	43	81	68	131
Other	200	130	390	350
Total noninterest income	2,619	2,614	5,000	5,139
Noninterest Expense				
Compensation	1,798	1,685	3,601	3,305
Employee benefits	337	314	721	666
Net occupancy and equipment	258	271	521	547
Professional services	108	106	206	205
Marketing and business development	90	67	138	141
Technology and communications	362	309	721	598
Postage, printing and supplies	65	72	134	144
Other intangibles	40	43	78	85
Other	329	451	646	943
Total noninterest expense	3,387	3,318	6,766	6,634
Income before income taxes	2,539	759	5,431	2,198
Applicable income taxes	551	64	1,158	324
Net income	1,988	695	4,273	1,874
Net (income) loss attributable to noncontrolling interests	(6)	(6)	(11)	(14)
Net income attributable to U.S. Bancorp	\$1,982	\$689	\$4,262	\$1,860
Net income applicable to U.S. Bancorp common shareholders	\$1,914	\$614	\$4,089	\$1,702
Earnings per common share	\$1.29	\$0.41	\$2.73	\$1.13
Diluted earnings per common share	\$1.28	\$0.41	\$2.73	\$1.12
Dividends declared per common share	\$0.42	\$0.42	\$0.84	\$0.84
Average common shares outstanding	1,489	1,506	1,495	1,512
Average diluted common shares outstanding	1,490	1,507	1,497	1,513



CONSOLIDATED ENDING BALANCE SHEET

(Dollars in Millions)	June 30, 2021	December 31, 2020	June 30, 2020
Assets	(Unaudited)		(Unaudited)
Cash and due from banks	\$44,573	\$62,580	\$52,392
Available-for-sale investment securities	160,288	136,840	128,120
Loans held for sale	5,856	8,761	8,178
Loans			
Commercial	103,521	102,871	120,261
Commercial real estate	38,770	39,311	41,076
Residential mortgages	73,366	76,155	71,329
Credit card	21,816	22,346	21,257
Other retail	59,439	57,024	56,412
Total loans	296,912	297,707	310,335
Less allowance for loan losses	(6,026)	(7,314)	(7,383)
Net loans	290,886	290,393	302,952
Premises and equipment	3,295	3,468	3,616
Goodwill	9,911	9,918	9,842
Other intangible assets	3,363	2,864	2,518
Other assets	40,714	39,081	39,034
Total assets	\$558,886	\$553,905	\$546,652
Liabilities and Shareholders' Equity			
Deposits			
Noninterest-bearing	135,143	\$118,089	\$109,723
Interest-bearing	302,039	311,681	303,583
Total deposits	437,182	429,770	413,306
Short-term borrowings	13,413	11,766	20,595
Long-term debt	36,360	41,297	42,579
Other liabilities	18,257	17,347	17,692
Total liabilities	505,212	500,180	494,172
Shareholders' equity			
Preferred stock	5,968	5,983	5,984
Common stock	21	21	21
Capital surplus	8,518	8,511	8,483
Retained earnings	67,039	64,188	62,526
Less treasury stock	(27,305)	(25,930)	(25,962)
Accumulated other comprehensive income (loss)	(1,202)	322	798
Total U.S. Bancorp shareholders' equity	53,039	53,095	51,850
Noncontrolling interests	635	630	630
Total equity	53,674	53,725	52,480
Total liabilities and equity	\$558,886	\$553,905	\$546,652



NON-GAAP FINANCIAL MEASURES

(Dollars in Millions, Unaudited)	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Total equity	\$53,674	\$52,308	\$53,725	\$53,195	\$52,480
Preferred stock	(5,968)	(5,968)	(5,983)	(5,984)	(5,984)
Noncontrolling interests	(635)	(630)	(630)	(630)	(630)
Goodwill (net of deferred tax liability) (1)	(8,987)	(8,992)	(9,014)	(8,992)	(8,954)
Intangible assets, other than mortgage servicing rights	(650)	(675)	(654)	(676)	(678)
Tangible common equity (a)	37,434	36,043	37,444	36,913	36,234
Common equity tier 1 capital, determined in accordance with transitional regulatory capital requirements related to the current expected credit losses methodology implementation	39,691	39,103	38,045	37,485	36,351
Adjustments (2)	(1,732)	(1,732)	(1,733)	(1,733)	(1,702)
Common equity tier 1 capital, reflecting the full implementation of the current expected credit losses methodology (b)	37,959	37,371	36,312	35,752	34,649
Total assets	558,886	553,375	553,905	540,455	546,652
Goodwill (net of deferred tax liability) (1)	(8,987)	(8,992)	(9,014)	(8,992)	(8,954)
Intangible assets, other than mortgage servicing rights	(650)	(675)	(654)	(676)	(678)
Tangible assets (c)	549,249	543,708	544,237	530,787	537,020
Risk-weighted assets, determined in accordance with prescribed regulatory capital requirements effective for the Company (d)	401,301 *	396,351	393,648	397,657	401,832
Adjustments (3)	(1,027) *	(1,440)	(1,471)	(1,449)	(1,394)
Risk-weighted assets, reflecting the full implementation of the current expected credit losses methodology (e)	400,274 *	394,911	392,177	396,208	400,438
Ratios *					
Tangible common equity to tangible assets (a)/(c)	6.8 %	6.6 %	6.9 %	7.0 %	6.7 %
Tangible common equity to risk-weighted assets (a)/(d)	9.3	9.1	9.5	9.3	9.0
Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the current expected credit losses methodology (b)/(e)	9.5	9.5	9.3	9.0	8.7
	Three Months Ended				
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Net income applicable to U.S. Bancorp common shareholders	\$1,914	\$2,175	\$1,425	\$1,494	\$614
Intangibles amortization (net-of-tax)	32	30	37	35	34
Net income applicable to U.S. Bancorp common shareholders, excluding intangibles amortization	1,946	2,205	1,462	1,529	648
Annualized net income applicable to U.S. Bancorp common shareholders, excluding intangible amortization (f)	7,805	8,943	5,816	6,083	2,606
Average total equity	53,593	53,359	53,801	53,046	52,871
Average preferred stock	(5,968)	(6,213)	(6,217)	(5,984)	(5,984)
Average noncontrolling interests	(631)	(630)	(630)	(630)	(630)
Average goodwill (net of deferred tax liability) (1)	(9,003)	(9,010)	(9,003)	(8,975)	(8,960)
Average intangible assets, other than mortgage servicing rights	(662)	(649)	(673)	(711)	(706)
Average tangible common equity (g)	37,329	36,857	37,278	36,746	36,591
Return on tangible common equity (f)/(g)	20.9 %	24.3 %	15.6 %	16.6 %	7.1 %
Net interest income	\$3,137	\$3,063	\$3,175	\$3,227	\$3,200
Taxable-equivalent adjustment (4)	27	26	26	25	24
Net interest income, on a taxable-equivalent basis	3,164	3,089	3,201	3,252	3,224
Net interest income, on a taxable-equivalent basis (as calculated above)	3,164	3,089	3,201	3,252	3,224
Noninterest income	2,619	2,381	2,550	2,712	2,614
Less: Securities gains (losses), net	43	25	34	12	81
Total net revenue, excluding net securities gains (losses) (h)	5,740	5,445	5,717	5,952	5,757
Noninterest expense (i)	3,387	3,379	3,364	3,371	3,318
Efficiency ratio (i)/(h)	59.0 %	62.1 %	58.8 %	56.6 %	57.6 %

* 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.

**Supplemental
Consolidated
Schedules**
2Q 2021





QUARTERLY CONSOLIDATED STATEMENT OF INCOME

(Dollars and Shares in Millions, Except Per Share Data)
(Unaudited)

	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Interest Income					
Loans	\$2,677	\$2,724	\$2,866	\$2,892	\$2,949
Loans held for sale	55	67	59	61	52
Investment securities	618	517	520	586	630
Other interest income	32	33	34	34	41
Total interest income	3,382	3,341	3,479	3,573	3,672
Interest Expense					
Deposits	82	85	101	130	194
Short-term borrowings	18	16	17	19	34
Long-term debt	145	177	186	197	244
Total interest expense	245	278	304	346	472
Net interest income	3,137	3,063	3,175	3,227	3,200
Provision for credit losses	(170)	(827)	441	635	1,737
Net interest income after provision for credit losses	3,307	3,890	2,734	2,592	1,463
Noninterest Income					
Credit and debit card revenue	396	336	362	388	284
Corporate payment products revenue	138	126	126	125	101
Merchant processing services	374	318	311	347	266
Trust and investment management fees	446	444	441	434	434
Deposit service charges	176	161	165	170	133
Treasury management fees	160	147	143	145	137
Commercial products revenue	280	280	239	303	355
Mortgage banking revenue	346	299	468	553	648
Investment products fees	60	55	50	48	45
Securities gains (losses), net	43	25	34	12	81
Other	200	190	211	187	130
Total noninterest income	2,619	2,381	2,550	2,712	2,614
Noninterest Expense					
Compensation	1,798	1,803	1,643	1,687	1,685
Employee benefits	337	384	302	335	314
Net occupancy and equipment	258	263	269	276	271
Professional services	108	98	123	102	106
Marketing and business development	90	48	105	72	67
Technology and communications	362	359	362	334	309
Postage, printing and supplies	65	69	74	70	72
Other intangibles	40	38	47	44	43
Other	329	317	439	451	451
Total noninterest expense	3,387	3,379	3,364	3,371	3,318
Income before income taxes	2,539	2,892	1,920	1,933	759
Applicable income taxes	551	607	395	347	64
Net income	1,988	2,285	1,525	1,586	695
Net (income) loss attributable to noncontrolling interests	(6)	(5)	(6)	(6)	(6)
Net income attributable to U.S. Bancorp	\$1,982	\$2,280	\$1,519	\$1,580	\$689
Net income applicable to U.S. Bancorp common shareholders	\$1,914	\$2,175	\$1,425	\$1,494	\$614
Earnings per common share	\$1.29	\$1.45	\$.95	\$.99	\$.41
Diluted earnings per common share	\$1.28	\$1.45	\$.95	\$.99	\$.41
Dividends declared per common share	\$.42	\$.42	\$.42	\$.42	\$.42
Average common shares outstanding	1,489	1,502	1,507	1,506	1,506
Average diluted common shares outstanding	1,490	1,503	1,508	1,507	1,507
Financial Ratios					
Net interest margin (taxable-equivalent basis)	2.53 %	2.50 %	2.57 %	2.67 %	2.62 %
Return on average assets	1.44	1.69	1.10	1.17	.51
Return on average common equity	16.3	19.0	12.1	12.8	5.3
Efficiency ratio	59.0	62.1	58.8	56.6	57.6



CONSOLIDATED ENDING BALANCE SHEET

(Dollars in Millions)	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Assets	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)
Cash and due from banks	\$44,573	\$43,501	\$62,580	\$44,047	\$52,392
Available-for-sale investment securities	160,288	156,003	136,840	134,032	128,120
Loans held for sale	5,856	8,991	8,761	7,618	8,178
Loans					
Commercial	103,521	104,158	102,871	110,764	120,261
Commercial real estate	38,770	38,432	39,311	40,380	41,076
Residential mortgages	73,366	73,624	76,155	76,789	71,329
Credit card	21,816	20,872	22,346	21,898	21,257
Other retail	59,439	57,341	57,024	57,154	56,412
Total loans	296,912	294,427	297,707	306,985	310,335
Less allowance for loan losses	(6,026)	(6,343)	(7,314)	(7,407)	(7,383)
Net loans	290,886	288,084	290,393	299,578	302,952
Premises and equipment	3,295	3,388	3,468	3,516	3,616
Goodwill	9,911	9,905	9,918	9,889	9,842
Other intangible assets	3,363	3,462	2,864	2,654	2,518
Other assets	40,714	40,041	39,081	39,121	39,034
Total assets	\$558,886	\$553,375	\$553,905	\$540,455	\$546,652
Liabilities and Shareholders' Equity					
Deposits					
Noninterest-bearing	\$135,143	\$126,754	\$118,089	\$114,583	\$109,723
Interest-bearing	302,039	307,007	311,681	298,634	303,583
Total deposits	437,182	433,761	429,770	413,217	413,306
Short-term borrowings	13,413	12,098	11,766	13,723	20,595
Long-term debt	36,360	37,419	41,297	42,443	42,579
Other liabilities	18,257	17,789	17,347	17,877	17,692
Total liabilities	505,212	501,067	500,180	487,260	494,172
Shareholders' equity					
Preferred stock	5,968	5,968	5,983	5,984	5,984
Common stock	21	21	21	21	21
Capital surplus	8,518	8,487	8,511	8,516	8,483
Retained earnings	67,039	65,740	64,188	63,391	62,526
Less treasury stock	(27,305)	(26,443)	(25,930)	(25,959)	(25,962)
Accumulated other comprehensive income (loss)	(1,202)	(2,095)	322	612	798
Total U.S. Bancorp shareholders' equity	53,039	51,678	53,095	52,565	51,850
Noncontrolling interests	635	630	630	630	630
Total equity	53,674	52,308	53,725	53,195	52,480
Total liabilities and equity	\$558,886	\$553,375	\$553,905	\$540,455	\$546,652



CONSOLIDATED QUARTERLY AVERAGE BALANCE SHEET

(Dollars in Millions, Unaudited)	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Assets					
Investment securities	\$160,615	\$145,520	\$133,430	\$128,565	\$120,867
Loans held for sale	7,825	10,032	8,871	7,983	6,307
Loans					
Commercial					
Commercial	97,713	96,757	100,863	109,899	122,442
Lease financing	5,261	5,334	5,558	5,590	5,597
Total commercial	102,974	102,091	106,421	115,489	128,039
Commercial real estate					
Commercial mortgages	27,721	27,968	29,004	29,849	30,194
Construction and development	10,843	10,818	11,094	11,080	10,894
Total commercial real estate	38,564	38,786	40,098	40,929	41,088
Residential mortgages	73,351	75,201	76,809	75,786	71,122
Credit card	21,116	21,144	21,937	22,052	21,510
Other retail					
Retail leasing	7,873	7,975	8,299	8,438	8,412
Home equity and second mortgages	11,368	12,062	12,816	13,551	14,386
Other	39,038	36,730	35,928	34,773	33,550
Total other retail	58,279	56,767	57,043	56,762	56,348
Total loans	294,284	293,989	302,308	311,018	318,107
Other earning assets	38,027	48,170	52,828	38,538	48,838
Total earning assets	500,751	497,711	497,437	486,104	494,119
Allowance for loan losses	(6,310)	(7,272)	(7,461)	(7,824)	(6,543)
Unrealized gain (loss) on investment securities	851	1,838	3,014	3,655	3,499
Other assets	56,073	56,457	55,571	54,967	53,231
Total assets	\$551,365	\$548,734	\$548,561	\$536,902	\$544,306
Liabilities and Shareholders' Equity					
Noninterest-bearing deposits	\$125,297	\$118,352	\$115,148	\$109,375	\$95,106
Interest-bearing deposits					
Interest checking	103,356	97,385	91,384	84,494	83,789
Money market savings	113,673	124,825	127,390	124,115	129,692
Savings accounts	62,102	58,848	55,730	53,499	51,237
Time deposits	24,782	26,954	32,761	34,040	43,479
Total interest-bearing deposits	303,913	308,012	307,265	296,148	308,197
Short-term borrowings	16,462	13,107	12,770	18,049	25,738
Long-term debt	36,190	39,463	42,410	43,542	46,385
Total interest-bearing liabilities	356,565	360,582	362,445	357,739	380,320
Other liabilities	15,910	16,441	17,167	16,742	16,009
Shareholders' equity					
Preferred equity	5,968	6,213	6,217	5,984	5,984
Common equity	46,994	46,516	46,954	46,432	46,257
Total U.S. Bancorp shareholders' equity	52,962	52,729	53,171	52,416	52,241
Noncontrolling interests	631	630	630	630	630
Total equity	53,593	53,359	53,801	53,046	52,871
Total liabilities and equity	\$551,365	\$548,734	\$548,561	\$536,902	\$544,306



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

(Dollars in Millions) (Unaudited)	2021			2020			% Change Average Balances
	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	
For the Three Months Ended June 30,							
Assets							
Investment securities	\$160,615	\$635	1.58 %	\$120,867	\$645	2.13 %	32.9 %
Loans held for sale	7,825	55	2.78	6,307	52	3.30	24.1
Loans (b)							
Commercial	102,974	676	2.63	128,039	833	2.61	(19.6)
Commercial real estate	38,564	306	3.18	41,088	360	3.53	(6.1)
Residential mortgages	73,351	621	3.38	71,122	635	3.58	3.1
Credit card	21,116	554	10.54	21,510	552	10.33	(1.8)
Other retail	58,279	530	3.64	56,348	579	4.13	3.4
Total loans	294,284	2,687	3.66	318,107	2,959	3.74	(7.5)
Other earning assets	38,027	32	.34	48,838	41	.33	(22.1)
Total earning assets	500,751	3,409	2.73	494,119	3,697	3.00	1.3
Allowance for loan losses	(6,310)			(6,543)			3.6
Unrealized gain (loss) on investment securities	851			3,499			(75.7)
Other assets	56,073			53,231			5.3
Total assets	<u>\$551,365</u>			<u>\$544,306</u>			1.3
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$125,297			\$95,106			31.7 %
Interest-bearing deposits							
Interest checking	103,356	7	.03	83,789	12	.05	23.4
Money market savings	113,673	50	.18	129,692	95	.30	(12.4)
Savings accounts	62,102	1	.01	51,237	11	.09	21.2
Time deposits	24,782	24	.39	43,479	76	.70	(43.0)
Total interest-bearing deposits	303,913	82	.11	308,197	194	.25	(1.4)
Short-term borrowings	16,462	18	.43	25,738	35	.54	(36.0)
Long-term debt	36,190	145	1.61	46,385	244	2.11	(22.0)
Total interest-bearing liabilities	356,565	245	.28	380,320	473	.50	(6.2)
Other liabilities	15,910			16,009			(.6)
Shareholders' equity							
Preferred equity	5,968			5,984			(.3)
Common equity	46,994			46,257			1.6
Total U.S. Bancorp shareholders' equity	52,962			52,241			1.4
Noncontrolling interests	631			630			.2
Total equity	53,593			52,871			1.4
Total liabilities and equity	<u>\$551,365</u>			<u>\$544,306</u>			1.3
Net interest income		\$3,164			\$3,224		
Gross interest margin			2.45 %			2.50 %	
Gross interest margin without taxable-equivalent increments			2.43			2.48	
Percent of Earning Assets							
Interest income			2.73 %			3.00 %	
Interest expense			.20			.38	
Net interest margin			2.53 %			2.62 %	
Net interest margin without taxable-equivalent increments			2.51 %			2.60 %	

(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)

(Dollars in Millions) (Unaudited)	For the Three Months Ended						% Change Average Balances
	June 30, 2021			March 31, 2021			
	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	
Assets							
Investment securities	\$160,615	\$635	1.58 %	\$145,520	\$534	1.47 %	10.4 %
Loans held for sale	7,825	55	2.78	10,032	67	2.69	(22.0)
Loans (b)							
Commercial	102,974	676	2.63	102,091	673	2.67	.9
Commercial real estate	38,564	306	3.18	38,786	305	3.19	(.6)
Residential mortgages	73,351	621	3.38	75,201	645	3.44	(2.5)
Credit card	21,116	554	10.54	21,144	578	11.08	(.1)
Other retail	58,279	530	3.64	56,767	532	3.80	2.7
Total loans	294,284	2,687	3.66	293,989	2,733	3.76	.1
Other earning assets	38,027	32	.34	48,170	33	.27	(21.1)
Total earning assets	500,751	3,409	2.73	497,711	3,367	2.73	.6
Allowance for loan losses	(6,310)			(7,272)			13.2
Unrealized gain (loss) on investment securities	851			1,838			(53.7)
Other assets	56,073			56,457			(.7)
Total assets	\$551,365			\$548,734			.5
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$125,297			\$118,352			5.9 %
Interest-bearing deposits							
Interest checking	103,356	7	.03	97,385	6	.02	6.1
Money market savings	113,673	50	.18	124,825	50	.16	(8.9)
Savings accounts	62,102	1	.01	58,848	2	.01	5.5
Time deposits	24,782	24	.39	26,954	27	.41	(8.1)
Total interest-bearing deposits	303,913	82	.11	308,012	85	.11	(1.3)
Short-term borrowings	16,462	18	.43	13,107	16	.51	25.6
Long-term debt	36,190	145	1.61	39,463	177	1.81	(8.3)
Total interest-bearing liabilities	356,565	245	.28	360,582	278	.31	(1.1)
Other liabilities	15,910			16,441			(3.2)
Shareholders' equity							
Preferred equity	5,968			6,213			(3.9)
Common equity	46,994			46,516			1.0
Total U.S. Bancorp shareholders' equity	52,962			52,729			.4
Noncontrolling interests	631			630			.2
Total equity	53,593			53,359			.4
Total liabilities and equity	\$551,365			\$548,734			.5
Net interest income		\$3,164			\$3,089		
Gross interest margin			2.45 %			2.42 %	
Gross interest margin without taxable-equivalent increments			2.43			2.40	
Percent of Earning Assets							
Interest income			2.73 %			2.73 %	
Interest expense			.20			.23	
Net interest margin			2.53 %			2.50 %	
Net interest margin without taxable-equivalent increments			2.51 %			2.48 %	

(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)

(Dollars in Millions) (Unaudited)	2021		Yields and Rates	2020		Yields and Rates	% Change Average Balances
	Average Balances	Interest		Average Balances	Interest		
For the Six Months Ended June 30,							
Assets							
Investment securities	\$153,109	\$1,169	1.53 %	\$120,856	\$1,351	2.24 %	26.7 %
Loans held for sale	8,922	122	2.73	5,527	96	3.49	61.4
Loans (b)							
Commercial	102,535	1,349	2.65	117,013	1,774	3.05	(12.4)
Commercial real estate	38,675	611	3.18	40,583	788	3.91	(4.7)
Residential mortgages	74,271	1,266	3.41	71,007	1,298	3.66	4.6
Credit card	21,130	1,132	10.81	22,673	1,211	10.74	(6.8)
Other retail	57,527	1,062	3.72	56,606	1,211	4.30	1.6
Total loans	294,138	5,420	3.71	307,882	6,282	4.10	(4.5)
Other earning assets	43,070	65	.31	36,656	110	.60	17.5
Total earning assets	499,239	6,776	2.73	470,921	7,839	3.34	6.0
Allowance for loan losses	(6,788)			(6,066)			(11.9)
Unrealized gain (loss) on investment securities	1,342			2,462			(45.5)
Other assets	56,264			52,239			7.7
Total assets	<u>\$550,057</u>			<u>\$519,556</u>			5.9
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$121,844			\$84,624			44.0 %
Interest-bearing deposits							
Interest checking	100,387	13	.03	80,573	51	.13	24.6
Money market savings	119,218	100	.17	125,819	406	.65	(5.2)
Savings accounts	60,484	3	.01	49,643	37	.15	21.8
Time deposits	25,862	51	.40	42,394	225	1.07	(39.0)
Total interest-bearing deposits	305,951	167	.11	298,429	719	.48	2.5
Short-term borrowings	14,794	34	.47	22,995	108	.94	(35.7)
Long-term debt	37,817	322	1.71	45,116	541	2.41	(16.2)
Total interest-bearing liabilities	358,562	523	.29	366,540	1,368	.75	(2.2)
Other liabilities	16,174			16,069			.7
Shareholders' equity							
Preferred equity	6,090			5,984			1.8
Common equity	46,756			45,709			2.3
Total U.S. Bancorp shareholders' equity	52,846			51,693			2.2
Noncontrolling interests	631			630			.2
Total equity	53,477			52,323			2.2
Total liabilities and equity	<u>\$550,057</u>			<u>\$519,556</u>			5.9
Net interest income		\$6,253			\$6,471		
Gross interest margin			2.44 %			2.59 %	
Gross interest margin without taxable-equivalent increments			2.42			2.57	
Percent of Earning Assets							
Interest income			2.73 %			3.34 %	
Interest expense			.21			.58	
Net interest margin			2.52 %			2.76 %	
Net interest margin without taxable-equivalent increments			2.50 %			2.74 %	

(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)	June 30, 2021		March 31, 2021		December 31, 2020		September 30, 2020		June 30, 2020	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Commercial										
Commercial	\$98,232	33.1 %	\$98,847	33.6 %	\$97,315	32.7 %	\$105,109	34.2 %	\$114,621	37.0 %
Lease financing	5,289	1.8	5,311	1.8	5,556	1.9	5,655	1.9	5,640	1.8
Total commercial	103,521	34.9	104,158	35.4	102,871	34.6	110,764	36.1	120,261	38.8
Commercial real estate										
Commercial mortgages	28,017	9.5	27,649	9.4	28,472	9.6	29,264	9.6	30,098	9.7
Construction and development	10,753	3.6	10,783	3.6	10,839	3.6	11,116	3.6	10,978	3.5
Total commercial real estate	38,770	13.1	38,432	13.0	39,311	13.2	40,380	13.2	41,076	13.2
Residential mortgages										
Residential mortgages	64,168	21.6	64,238	21.8	66,525	22.4	66,952	21.8	61,169	19.7
Home equity loans, first liens	9,198	3.1	9,386	3.2	9,630	3.2	9,837	3.2	10,160	3.3
Total residential mortgages	73,366	24.7	73,624	25.0	76,155	25.6	76,789	25.0	71,329	23.0
Credit card	21,816	7.3	20,872	7.1	22,346	7.5	21,898	7.1	21,257	6.8
Other retail										
Retail leasing	7,799	2.6	7,880	2.7	8,150	2.7	8,405	2.7	8,412	2.7
Home equity and second mortgages	11,163	3.8	11,679	4.0	12,472	4.2	13,208	4.3	13,932	4.5
Revolving credit	2,628	.9	2,536	.9	2,688	.9	2,660	.9	2,625	.8
Installment	15,632	5.3	14,562	4.9	13,823	4.6	13,513	4.4	12,556	4.1
Automobile	22,070	7.4	20,527	7.0	19,722	6.6	19,188	6.2	18,694	6.0
Student	147	--	157	--	169	.1	180	.1	193	.1
Total other retail	59,439	20.0	57,341	19.5	57,024	19.1	57,154	18.6	56,412	18.2
Total loans	\$296,912	100.0 %	\$294,427	100.0 %	\$297,707	100.0 %	\$306,985	100.0 %	\$310,335	100.0 %