



U.S. Bancorp Reports Fourth Quarter and Full Year 2018 Results

- Record net revenue and diluted earnings per share for 4Q18 and Full Year
- Record net income for the Full Year

4Q18 and Full Year Key Financial Data

PROFITABILITY METRICS				Full Year	Full Year
	4Q18	3Q18	4Q17	2018	2017
Return on average assets (%)	1.59	1.58	1.46	1.55	1.39
Return on average common equity (%)	15.8	15.5	14.7	15.4	13.8
Return on tangible common equity (%) (a)	20.2	19.9	18.8	19.8	17.6
Net interest margin (%)	3.15	3.15	3.11	3.14	3.10
Efficiency ratio (%) (a)	56.3	53.5	69.8	55.1	58.5

INCOME STATEMENT (b)				Full Year	Full Year
	4Q18	3Q18	4Q17	2018	2017
Net interest income (taxable-equivalent basis)	\$3,331	\$3,281	\$3,228	\$13,035	\$12,585
Noninterest income	\$2,498	\$2,418	\$2,370	\$9,602	\$9,317
Net income attributable to U.S. Bancorp	\$1,856	\$1,815	\$1,682	\$7,096	\$6,218
Diluted earnings per common share	\$1.10	\$1.06	\$0.97	\$4.14	\$3.51
Dividends declared per common share	\$0.37	\$0.37	\$0.30	\$1.34	\$1.16

BALANCE SHEET (b)				Full Year	Full Year
	4Q18	3Q18	4Q17	2018	2017
Average total loans	\$283,677	\$281,065	\$279,751	\$280,701	\$276,537
Average total deposits	\$334,365	\$330,121	\$339,162	\$333,462	\$333,514
Net charge-off ratio	.49%	.46%	.46%	.48%	.48%
Book value per common share (period end)	\$28.01	\$27.35	\$26.34		
Basel III standardized CET1 (c)	9.1%	9.0%	9.1%		

(a) See Non-GAAP Financial Measures reconciliation on pages 16-17

(b) Dollars in millions, except per share data

(c) CET1 = Common equity tier 1 capital ratio, 4Q17 as if fully implemented

4Q18 and Full Year Highlights

- Net income of \$1,856 million and diluted earnings per common share of \$1.10 for 4Q18, including \$45 million of notable items, net of taxes, representing an increase of \$0.03 per diluted common share
- Industry leading return on average assets of 1.59% and return on average common equity of 15.8% for 4Q18
- Return on tangible common equity of 20.2% for 4Q18
- Returned 80% of 4Q earnings to shareholders through dividends and share buybacks
- Net interest income grew 4.0% year-over-year (3.2% on a taxable-equivalent basis)
- Average total loans increased 0.9% and 1.4% compared to 3Q18 and 4Q17, respectively (1.5% and 2.6% excluding the impact of loan sales)
- Total noninterest income grew 5.4% year-over-year, driven by payments revenue and trust and investment management fees
- Full year net income of \$7,096 million and diluted earnings per common share of \$4.14
- Positive operating leverage for full year 2018 with net revenue increase of 3.4% and noninterest expense decrease of 2.5%. Excluding notable items, net revenue increase of 3.0% and noninterest expense increase of 2.7%.

CEO Commentary

“Fourth quarter results capped a strong year for U.S. Bank and the momentum we are seeing in our lending and fee businesses positions us well for 2019. This quarter we achieved record revenue and EPS and delivered a best-in-class return on tangible common equity of 20.2%. These strong results enabled us to return 80% to our shareholders through dividends and share repurchases. Loan growth accelerated in the fourth quarter even as we maintained our consistent and disciplined underwriting standards. Furthermore, we continued to see strong sales activity and expanded customer relationships across all of our businesses supported by our investments in technology and innovation, as well as our employees’ dedication to helping to make our customers’ financial lives simpler and more productive. I want to thank our employees for their efforts this year and every year, and for their unwavering commitment to making U.S. Bank the most trusted choice for our customers.”

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

In the Spotlight

Termination of AML-Related Consent Order

U.S. Bancorp recently announced that the Office of the Comptroller of the Currency has terminated its 2015 consent order related to the Company’s Anti-Money Laundering (AML) and Bank Secrecy Act (BSA) program and controls. Since 2014, U.S. Bancorp has made significant investments to risk management and compliance to enhance and strengthen our programs.

Elavon Acquisitions enhance Payments Capabilities

Recent acquisitions of financial technologies companies Electronic Transaction Systems and CenPOS, Inc. by Elavon, a global merchant payment processing provider and subsidiary of USB, enhances its eCommerce offerings and integrated payments capabilities.

U.S. Bank Pullman Community Center

The U.S. Bank Pullman Community Center, a 135,000-square-foot facility, recently opened in the historic Pullman neighborhood of Chicago and is the latest result of significant community investment U.S. Bank has made in the Pullman community since 2009. U.S. Bank has partnered with the community to help welcome major retailers, a grocery store, healthcare, workout facilities, restaurants and several plants and distribution centers to the community.

Digital Small Business Lending

We launched a fully digital small business lending experience in the third quarter that has successfully fostered small business digital adoption during the past few months. Small businesses, on a national basis, have started borrowing through the digital experience, and two-thirds of funded deals were approved in one day or less.



INCOME STATEMENT HIGHLIGHTS

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

	4Q 2018	3Q 2018	4Q 2017	Percent Change		Full Year 2018	Full Year 2017	Percent Change
				4Q18 vs 3Q18	4Q18 vs 4Q17			
Net interest income	\$3,303	\$3,251	\$3,175	1.6	4.0	\$12,919	\$12,380	4.4
Taxable-equivalent adjustment	28	30	53	(6.7)	(47.2)	116	205	(43.4)
Net interest income (taxable-equivalent basis)	3,331	3,281	3,228	1.5	3.2	13,035	12,585	3.6
Noninterest income	2,498	2,418	2,370	3.3	5.4	9,602	9,317	3.1
Total net revenue	5,829	5,699	5,598	2.3	4.1	22,637	21,902	3.4
Noninterest expense	3,280	3,044	3,899	7.8	(15.9)	12,464	12,790	(2.5)
Income before provision and income taxes	2,549	2,655	1,699	(4.0)	50.0	10,173	9,112	11.6
Provision for credit losses	368	343	335	7.3	9.9	1,379	1,390	(.8)
Income before taxes	2,181	2,312	1,364	(5.7)	59.9	8,794	7,722	13.9
Income taxes and taxable-equivalent adjustment	319	490	(322)	(34.9)	nm	1,670	1,469	13.7
Net income	1,862	1,822	1,686	2.2	10.4	7,124	6,253	13.9
Net (income) loss attributable to noncontrolling interests	(6)	(7)	(4)	14.3	(50.0)	(28)	(35)	20.0
Net income attributable to U.S. Bancorp	\$1,856	\$1,815	\$1,682	2.3	10.3	\$7,096	\$6,218	14.1
Net income applicable to U.S. Bancorp common shareholders	\$1,777	\$1,732	\$1,611	2.6	10.3	\$6,784	\$5,913	14.7
Diluted earnings per common share	\$1.10	\$1.06	\$.97	3.8	13.4	\$4.14	\$3.51	17.9

Net income attributable to U.S. Bancorp was \$1,856 million for the fourth quarter of 2018, which was 10.3 percent higher than the \$1,682 million for the fourth quarter of 2017, and 2.3 percent higher than the \$1,815 million for the third quarter of 2018. Diluted earnings per common share were \$1.10 in the fourth quarter of 2018, compared with \$0.97 in the fourth quarter of 2017 and \$1.06 in the third quarter of 2018. The fourth quarter of 2018 included \$0.03 per diluted common share of notable items related to the impact of the gain from the sale of the Company's ATM servicing business and the sale of a majority of the Company's FDIC covered loans, charges related to severance, certain asset impairments, an accrual for legal matters, and the favorable impact to deferred tax assets and liabilities related to changes in estimates from tax reform.

The increase in net income year-over-year was due to total net revenue growth of 4.1 percent and a decrease in noninterest expense of 15.9 percent. Net interest income increased 4.0 percent (3.2 percent on a taxable-equivalent basis), mainly a result of the impact of rising interest rates on assets, earning assets growth, and higher yields on reinvestment of securities, partially offset by higher rates on deposits and funding mix. Excluding the notable items, noninterest income increased 2.2 percent compared with a year ago, driven by strong growth in payment services revenue and trust and investment management fees, along with higher other noninterest revenue, partially offset by decreases in mortgage banking revenue and ATM processing services. Excluding the notable items, noninterest expense increased 1.0 percent primarily due to increased compensation expense supporting business growth and compliance programs, merit increases, and variable compensation related to revenue growth, higher employee benefits expense, an increase in legal and professional expense, and higher technology and communications expense in support of business growth. Partially offsetting these increases was lower other noninterest expense driven by lower costs related to tax-advantaged projects, lower FDIC assessment costs, and a reduction in mortgage servicing costs.

Net income increased on a linked quarter basis primarily driven by total net revenue growth of 2.3 percent offset by an increase in noninterest expense of 7.8 percent. Net interest income increased 1.6 percent (1.5 percent on a taxable-equivalent basis) due to the impact of rising interest rates on assets, earning assets growth, and interest recoveries, partially offset by higher rates on deposits and funding mix. Excluding the notable items, noninterest income increased 0.2 percent compared with the third quarter of 2018 driven by higher payment services revenue primarily due to seasonally higher credit and debit card revenue and higher commercial products revenue, partially offset by lower ATM processing services due to the ATM servicing sale. Excluding the notable items, noninterest expense increased 2.0 percent primarily driven by compensation expense due to timing of payroll cycles and variable compensation related to revenue growth, along with an increase in employee benefits expense due to higher medical costs, seasonally higher professional services expense, and seasonally higher costs related to investments in tax-advantaged projects. Partially offsetting these increases was lower FDIC assessment costs.



NET INTEREST INCOME								
(Taxable-equivalent basis; \$ in millions)								
	4Q 2018	3Q 2018	4Q 2017	Change		Full Year 2018	Full Year 2017	Change
				4Q18 vs 3Q18	4Q18 vs 4Q17			
Components of net interest income								
Income on earning assets	\$4,341	\$4,155	\$3,785	\$186	\$556	\$16,298	\$14,559	\$1,739
Expense on interest-bearing liabilities	1,010	874	557	136	453	3,263	1,974	1,289
Net interest income	<u>\$3,331</u>	<u>\$3,281</u>	<u>\$3,228</u>	<u>\$50</u>	<u>\$103</u>	<u>\$13,035</u>	<u>\$12,585</u>	<u>\$450</u>
Average yields and rates paid								
Earning assets yield	4.11%	3.98%	3.64%	.13%	.47%	3.93%	3.58%	.35%
Rate paid on interest-bearing liabilities	1.26	1.10	.72	.16	.54	1.04	.65	.39
Gross interest margin	2.85%	2.88%	2.92%	(.03)%	(.07)%	2.89%	2.93%	(.04)%
Net interest margin	<u>3.15%</u>	<u>3.15%</u>	<u>3.11%</u>	<u>-- %</u>	<u>.04%</u>	<u>3.14%</u>	<u>3.10%</u>	<u>.04%</u>
Average balances								
Investment securities (a)	\$114,138	\$113,547	\$113,287	\$591	\$851	\$113,940	\$111,820	\$2,120
Loans	283,677	281,065	279,751	2,612	3,926	280,701	276,537	4,164
Earning assets	420,472	415,177	413,510	5,295	6,962	415,067	406,421	8,646
Interest-bearing liabilities	319,289	314,816	308,976	4,473	10,313	314,506	302,204	12,302

(a) Excludes unrealized gain (loss)

Net interest income on a taxable-equivalent basis in the fourth quarter of 2018 was \$3,331 million, an increase of \$103 million (3.2 percent) over the fourth quarter of 2017. The increase was principally driven by the impact of rising interest rates, earning assets growth, and higher yields on securities, partially offset by higher rates on deposits and funding mix shift, as well as the impact of tax reform which reduced the taxable-equivalent adjustment benefit related to tax exempt assets. Average earning assets were \$7.0 billion (1.7 percent) higher than the fourth quarter of 2017, reflecting increases of \$3.9 billion (1.4 percent) in average total loans and \$3.0 billion (18.0 percent) in average other earning assets. Excluding the impact of the second quarter of 2018 sale of the Company's federally guaranteed student loan portfolio and the fourth quarter of 2018 sale of the majority of the Company's FDIC covered loans, average total loans grew 2.6 percent compared with the fourth quarter of 2017.

Net interest income on a taxable-equivalent basis increased \$50 million (1.5 percent) on a linked quarter basis primarily driven by the impact of higher interest rates on assets and earning assets growth, partially offset by higher rates on deposits and funding mix shift. Average earning assets were \$5.3 billion (1.3 percent) higher on a linked quarter basis, reflecting increases of \$2.6 billion (0.9 percent) in average total loans and \$2.1 billion (11.8 percent) in average other earning assets. Excluding the impact of the fourth quarter of 2018 sale of the majority of FDIC covered loans, total average loans grew 1.5 percent over the third quarter of 2018.

The net interest margin in the fourth quarter of 2018 was 3.15 percent, compared with 3.11 percent in the fourth quarter of 2017 and 3.15 percent in the third quarter of 2018. The increase in the net interest margin year-over-year was primarily due to higher interest rates, partially offset by deposit and funding mix, lower loan spreads due to mix, higher cash balances, and the impact of tax reform. Net interest margin was flat on a linked quarter basis reflecting the impact of higher rates on assets and higher interest recoveries, offset by deposit and funding mix, as well as higher cash balances.

Average investment securities in the fourth quarter of 2018 increased \$851 million (0.8 percent) from the fourth quarter of 2017 and \$591 million (0.5 percent) from the third quarter of 2018 due to purchases of U.S. Treasury, mortgage-backed and state and political securities, net of prepayments and maturities.



AVERAGE LOANS								
(\$ in millions)	4Q 2018	3Q 2018	4Q 2017	Percent Change		Full Year 2018	Full Year 2017	Percent Change
				4Q18 vs 3Q18	4Q18 vs 4Q17			
Commercial	\$95,025	\$93,541	\$92,101	1.6	3.2	\$93,342	\$90,393	3.3
Lease financing	5,490	5,507	5,457	(.3)	.6	5,512	5,511	--
Total commercial	100,515	99,048	97,558	1.5	3.0	98,854	95,904	3.1
Commercial mortgages	28,930	28,362	29,543	2.0	(2.1)	28,793	30,430	(5.4)
Construction and development	11,219	11,180	11,466	.3	(2.2)	11,184	11,647	(4.0)
Total commercial real estate	40,149	39,542	41,009	1.5	(2.1)	39,977	42,077	(5.0)
Residential mortgages	64,476	62,042	59,639	3.9	8.1	61,893	58,784	5.3
Credit card	22,396	21,774	21,218	2.9	5.6	21,672	20,906	3.7
Retail leasing	8,489	8,383	7,982	1.3	6.4	8,253	7,354	12.2
Home equity and second mortgages	16,065	16,000	16,299	.4	(1.4)	16,076	16,278	(1.2)
Other	31,587	31,520	32,856	.2	(3.9)	31,807	31,784	.1
Total other retail	56,141	55,903	57,137	.4	(1.7)	56,136	55,416	1.3
Covered loans (a)	--	2,756	3,190	nm	nm	2,169	3,450	(37.1)
Total loans	<u>\$283,677</u>	<u>\$281,065</u>	<u>\$279,751</u>	.9	1.4	<u>\$280,701</u>	<u>\$276,537</u>	1.5

(a) During the fourth quarter of 2018, the majority of the Company's covered loans were sold or the loss share coverage expired.

At December 31, 2018, remaining acquired loan balances are included in the portfolio type they would have otherwise been included in had the loss share coverage not been in place.

Average total loans were \$3.9 billion (1.4 percent) higher than the fourth quarter of 2017. Excluding the impact of the second quarter of 2018 sale of the Company's federally guaranteed student loan portfolio and the fourth quarter of 2018 sale of the majority of the Company's FDIC covered loans, average total loans grew 2.6 percent over the prior year quarter. The increase was due to growth in residential mortgages (8.1 percent), total commercial loans (3.0 percent), credit card loans (5.6 percent), and retail leasing (6.4 percent). These increases were partially offset by a decrease in total commercial real estate loans (2.1 percent) due to customers paying down balances and a decrease in other loans (3.9 percent) impacted by the sale of student loans.

Average total loans were \$2.6 billion (0.9 percent) higher than the third quarter of 2018 driven by growth in residential mortgages (3.9 percent) and total commercial loans (1.5 percent), partially offset by the sale of covered loans in the fourth quarter of 2018. Excluding the impact of the fourth quarter of 2018 covered loans sale, total average loans grew 1.5 percent over the third quarter of 2018.



AVERAGE DEPOSITS								
(\$ in millions)	4Q 2018	3Q 2018	4Q 2017	Percent Change		Full Year 2018	Full Year 2017	Percent Change
				4Q18 vs 3Q18	4Q18 vs 4Q17			
Noninterest-bearing deposits	\$77,160	\$77,192	\$82,303	--	(6.2)	\$78,196	\$81,933	(4.6)
Interest-bearing savings deposits								
Interest checking	71,013	69,330	70,717	2.4	.4	70,154	67,953	3.2
Money market savings	99,594	100,688	105,348	(1.1)	(5.5)	101,732	106,476	(4.5)
Savings accounts	44,544	44,848	43,772	(.7)	1.8	44,713	43,393	3.0
Total savings deposits	215,151	214,866	219,837	.1	(2.1)	216,599	217,822	(.6)
Time deposits	42,054	38,063	37,022	10.5	13.6	38,667	33,759	14.5
Total interest-bearing deposits	257,205	252,929	256,859	1.7	.1	255,266	251,581	1.5
Total deposits	\$334,365	\$330,121	\$339,162	1.3	(1.4)	\$333,462	\$333,514	--

Average total deposits for the fourth quarter of 2018 were \$4.8 billion (1.4 percent) lower than the fourth quarter of 2017. Average noninterest-bearing deposits decreased \$5.1 billion (6.2 percent) year-over-year primarily due to decreases in business deposits within Corporate and Commercial Banking and corporate trust balances within Wealth Management and Investment Services. Average total savings deposits were \$4.7 billion (2.1 percent) lower year-over-year driven by decreases in Wealth Management and Investment Services and Corporate and Commercial Banking, partially offset by an increase in Consumer and Business Banking. Average time deposits were \$5.0 billion (13.6 percent) higher than the prior year quarter. Changes in time deposits are largely related to those deposits managed as an alternative to other funding sources such as wholesale borrowing, based largely on relative pricing and liquidity characteristics.

Average total deposits increased \$4.2 billion (1.3 percent) from the third quarter of 2018. On a linked quarter basis, average noninterest-bearing deposits were essentially flat reflecting seasonal growth in Wealth Management and Investment Services balances, offset by decreases in balances within Corporate and Commercial Banking. Average total savings deposits increased \$285 million (0.1 percent) primarily due to increases in Corporate and Commercial Banking, partially offset by decreases in Wealth Management and Investment Services and Consumer and Business Banking. Average time deposits increased \$4.0 billion (10.5 percent) during the quarter. Average time deposit growth partially reflects consumer customers' migration to certificates of deposit for higher yields. In addition, the balance of time deposits is managed based on funding needs, relative pricing and liquidity characteristics.



NONINTEREST INCOME								
(\$ in millions)	4Q 2018	3Q 2018	4Q 2017	Percent Change		Full Year 2018	Full Year 2017	Percent Change
				4Q18 vs 3Q18	4Q18 vs 4Q17			
Credit and debit card revenue	\$382	\$344	\$342	11.0	11.7	\$1,401	\$1,289	8.7
Corporate payment products revenue	163	169	148	(3.6)	10.1	644	575	12.0
Merchant processing services	389	392	374	(.8)	4.0	1,531	1,486	3.0
ATM processing services	54	85	80	(36.5)	(32.5)	308	303	1.7
Trust and investment management fees	409	411	394	(.5)	3.8	1,619	1,522	6.4
Deposit service charges	199	198	194	.5	2.6	762	732	4.1
Treasury management fees	143	146	152	(2.1)	(5.9)	594	618	(3.9)
Commercial products revenue	225	216	224	4.2	.4	895	954	(6.2)
Mortgage banking revenue	171	174	202	(1.7)	(15.3)	720	834	(13.7)
Investment products fees	48	47	45	2.1	6.7	188	173	8.7
Securities gains (losses), net	5	10	10	(50.0)	(50.0)	30	57	(47.4)
Other	310	226	205	37.2	51.2	910	774	17.6
Total noninterest income	\$2,498	\$2,418	\$2,370	3.3	5.4	\$9,602	\$9,317	3.1

Fourth quarter noninterest income of \$2,498 million was \$128 million (5.4 percent) higher than the fourth quarter of 2017 led by strong growth in payment services revenue and trust and investment management fees. Payment services revenue increased \$70 million (8.1 percent) due to higher credit and debit card revenue of \$40 million (11.7 percent), an increase in corporate payment products revenue of \$15 million (10.1 percent), and higher merchant processing services of \$15 million (4.0 percent) all driven by higher sales volumes. Trust and investment management fees increased \$15 million (3.8 percent) due to business growth. Other noninterest income included the impacts of notable items related to the gain from the sale of the Company's ATM servicing business of \$340 million and charges for asset impairments related to the sale of a majority of the Company's covered loans and other certain assets of \$264 million. Excluding these notable items, other noninterest income increased year-over-year primarily due to higher equity investment income. Partially offsetting these increases was a decline in mortgage banking revenue of \$31 million (15.3 percent) primarily due to lower mortgage production. Also, ATM processing services decreased \$26 million (32.5 percent) due to the sale of the Company's ATM servicing business.

Noninterest income was \$80 million (3.3 percent) higher in the fourth quarter of 2018 compared with the third quarter of 2018 reflecting higher payment services revenue as credit and debit card revenue grew \$38 million (11.0 percent) due to seasonally higher sales volumes, partially offset by seasonally lower corporate payment products revenue of \$6 million (3.6 percent). Due to the sale of the Company's ATM third party servicing business, ATM processing services fees declined \$31 million (36.5 percent) in the fourth quarter. Excluding the notable items, noninterest income increased 0.2 percent on a linked quarter basis.



NONINTEREST EXPENSE								
(\$ in millions)	4Q 2018	3Q 2018	4Q 2017	Percent Change		Full Year 2018	Full Year 2017	Percent Change
				4Q18 vs 3Q18	4Q18 vs 4Q17			
Compensation	\$1,568	\$1,529	\$1,499	2.6	4.6	\$6,162	\$5,746	7.2
Employee benefits	308	294	291	4.8	5.8	1,231	1,134	8.6
Net occupancy and equipment	266	270	259	(1.5)	2.7	1,063	1,019	4.3
Professional services	133	96	114	38.5	16.7	407	419	(2.9)
Marketing and business development	115	106	251	8.5	(54.2)	429	542	(20.8)
Technology and communications	254	247	236	2.8	7.6	978	903	8.3
Postage, printing and supplies	80	84	79	(4.8)	1.3	324	323	.3
Other intangibles	41	41	44	--	(6.8)	161	175	(8.0)
Other	515	377	1,126	36.6	(54.3)	1,709	2,529	(32.4)
Total noninterest expense	\$3,280	\$3,044	\$3,899	7.8	(15.9)	\$12,464	\$12,790	(2.5)

Fourth quarter noninterest expense of \$3,280 million was \$619 million (15.9 percent) lower than the fourth quarter of 2017. Included in the fourth quarter are Company expenses related to severance charges and accruals of legal matters of \$174 million in 2018 and incurred expenses of \$825 million in 2017 related to a special employee bonus and contribution to its foundation as well as the settlement of a regulatory matter. Excluding the impact of the notable items, fourth quarter noninterest expense was 1.0 percent higher than fourth quarter of 2017 primarily due to an increase in compensation expense driven by the impact of hiring to support business growth and compliance programs, merit increases, and higher variable compensation related to business production. Employee benefits expense increased primarily due to higher medical costs compared with a year ago. Partially offsetting these increases was a decrease in other noninterest expense due to lower costs related to tax-advantaged projects, lower FDIC assessment costs, driven by the elimination of the surcharge in the fourth quarter of 2018, and a reduction in mortgage servicing costs.

Noninterest expense increased \$236 million (7.8 percent) on a linked quarter basis. Excluding the impact of the notable items, fourth quarter noninterest expense increased 2.0 percent primarily due to an increase in compensation expense, including higher incentives, seasonally higher professional services expenses, and growth in other noninterest expense due to seasonally higher costs related to tax-advantaged projects, partially offset by lower FDIC assessment costs driven by the elimination of the surcharge in the fourth quarter of 2018.

Provision for Income Taxes

The provision for income taxes for the fourth quarter of 2018 resulted in a tax rate of 14.6 percent on a taxable-equivalent basis (effective tax rate of 13.5 percent), compared with a tax benefit of 23.6 percent on a taxable-equivalent basis (effective tax benefit of 28.6 percent) in the fourth quarter of 2017, and a tax rate of 21.2 percent on a taxable-equivalent basis (effective tax rate of 20.2 percent) in the third quarter of 2018. The tax benefit in the fourth quarter of 2017 reflected the impact of tax reform legislation that was enacted during that quarter. The 2018 tax rates reflected the reduced statutory tax rate for corporations from 35 percent to 21 percent effective beginning in 2018 and the fourth quarter of 2018 tax rates reflected the favorable impact of deferred tax assets and liabilities adjustments related to tax reform estimates. Excluding the changes in estimates related to deferred tax assets and liabilities, the taxable-equivalent rate was 20.1 percent in the fourth quarter of 2018.



ALLOWANCE FOR CREDIT LOSSES										
(\$ in millions)	4Q		3Q		2Q		1Q		4Q	
	2018	% (b)	2018	% (b)	2018	% (b)	2018	% (b)	2017	% (b)
Balance, beginning of period	\$4,426		\$4,411		\$4,417		\$4,417		\$4,407	
Net charge-offs										
Commercial	64	.27	63	.27	54	.23	56	.25	22	.09
Lease financing	3	.22	3	.22	4	.29	4	.29	6	.44
Total commercial	67	.26	66	.26	58	.24	60	.25	28	.11
Commercial mortgages	(8)	(.11)	(5)	(.07)	--	--	(4)	(.06)	18	.24
Construction and development	1	.04	(4)	(.14)	--	--	1	.04	--	--
Total commercial real estate	(7)	(.07)	(9)	(.09)	--	--	(3)	(.03)	18	.17
Residential mortgages	2	.01	4	.03	4	.03	7	.05	10	.07
Credit card	219	3.88	206	3.75	210	3.97	211	4.02	205	3.83
Retail leasing	3	.14	3	.14	3	.15	3	.15	3	.15
Home equity and second mortgages	1	.02	(1)	(.02)	(2)	(.05)	(1)	(.03)	(2)	(.05)
Other	68	.85	59	.74	59	.76	64	.79	63	.76
Total other retail	72	.51	61	.43	60	.43	66	.47	64	.44
Total net charge-offs	353	.49	328	.46	332	.48	341	.49	325	.46
Provision for credit losses	368		343		327		341		335	
Other changes (a)	--		--		(1)		--		--	
Balance, end of period	<u>\$4,441</u>		<u>\$4,426</u>		<u>\$4,411</u>		<u>\$4,417</u>		<u>\$4,417</u>	
Components										
Allowance for loan losses	\$3,973		\$3,954		\$3,920		\$3,918		\$3,925	
Liability for unfunded credit commitments	468		472		491		499		492	
Total allowance for credit losses	<u>\$4,441</u>		<u>\$4,426</u>		<u>\$4,411</u>		<u>\$4,417</u>		<u>\$4,417</u>	
Gross charge-offs	\$442		\$428		\$437		\$453		\$464	
Gross recoveries	\$89		\$100		\$105		\$112		\$139	
Allowance for credit losses as a percentage of										
Period-end loans	1.55		1.57		1.57		1.59		1.58	
Nonperforming loans	544		544		484		431		438	
Nonperforming assets	449		441		404		367		368	

(a) Includes net changes in credit losses to be reimbursed by the FDIC and reductions in the allowance for covered loans where the reversal of a previously recorded allowance was offset by an associated decrease in the indemnification asset, and the impact of any loan sales.

(b) Annualized and calculated on average loan balances



Credit quality was relatively stable on both a linked quarter and year-over-year basis. The Company's provision for credit losses for the fourth quarter of 2018 was \$368 million, which was \$25 million (7.3 percent) higher than the prior quarter and \$33 million (9.9 percent) higher than the fourth quarter of 2017.

Total net charge-offs in the fourth quarter of 2018 were \$353 million, compared with \$328 million in the third quarter of 2018, and \$325 million in the fourth quarter of 2017. Net charge-offs increased \$25 million (7.6 percent) compared with the third quarter of 2018 mainly due to seasonally lower credit card net charge-offs in the third quarter and higher total other retail net charge-offs in the fourth quarter. Net charge-offs increased \$28 million (8.6 percent) compared with the fourth quarter of 2017 primarily due to higher total commercial and credit card net charge-offs, partially offset by lower total commercial real estate net charge-offs. The net charge-off ratio was 0.49 percent in the fourth quarter of 2018, compared with 0.46 percent in both the third quarter of 2018 and in the fourth quarter of 2017.

The allowance for credit losses was \$4,441 million at December 31, 2018, compared with \$4,426 million at September 30, 2018, and \$4,417 million at December 31, 2017. The ratio of the allowance for credit losses to period-end loans was 1.55 percent at December 31, 2018, compared with 1.57 percent at September 30, 2018, and 1.58 percent at December 31, 2017. The ratio of the allowance for credit losses to nonperforming loans was 544 percent at December 31, 2018, and at September 30, 2018, compared with 438 percent at December 31, 2017.

Nonperforming assets were \$989 million at December 31, 2018, compared with \$1,004 million at September 30, 2018, and \$1,200 million at December 31, 2017. The ratio of nonperforming assets to loans and other real estate was 0.34 percent at December 31, 2018, compared with 0.36 percent at September 30, 2018, and 0.43 percent at December 31, 2017. The year-over-year decrease in nonperforming assets was driven by improvements in nonperforming residential mortgages, total commercial loans, total commercial real estate and other real estate owned. Accruing loans 90 days or more past due were \$584 million at December 31, 2018, compared with \$551 million at September 30, 2018, and \$720 million at December 31, 2017.

DELINQUENT LOAN RATIOS AS A PERCENT OF ENDING LOAN BALANCES					
(Percent)	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
	2018	2018	2018	2018	2017
Delinquent loan ratios - 90 days or more past due excluding nonperforming loans					
Commercial	.07	.06	.06	.06	.06
Commercial real estate	--	.01	.01	.01	.01
Residential mortgages	.18	.19	.18	.22	.22
Credit card	1.25	1.18	1.15	1.29	1.28
Other retail	.19	.17	.16	.18	.17
Covered loans	--	.86	4.46	4.57	4.74
Total loans	.20	.20	.23	.25	.26
Delinquent loan ratios - 90 days or more past due including nonperforming loans					
Commercial	.27	.28	.28	.37	.31
Commercial real estate	.29	.27	.27	.31	.37
Residential mortgages	.63	.69	.84	.93	.96
Credit card	1.25	1.18	1.15	1.29	1.28
Other retail	.54	.49	.48	.48	.46
Covered loans	--	.86	4.68	4.77	4.93
Total loans	.49	.48	.55	.62	.62



ASSET QUALITY (a)					
(\$ in millions)					
	Dec 31 2018	Sep 30 2018	Jun 30 2018	Mar 31 2018	Dec 31 2017
Nonperforming loans					
Commercial	\$186	\$193	\$199	\$274	\$225
Lease financing	23	23	25	27	24
Total commercial	209	216	224	301	249
Commercial mortgages	76	77	72	86	108
Construction and development	39	28	32	33	34
Total commercial real estate	115	105	104	119	142
Residential mortgages	296	317	400	430	442
Credit card	--	--	--	--	1
Other retail	197	175	178	168	168
Covered loans	--	--	6	6	6
Total nonperforming loans	817	813	912	1,024	1,008
Other real estate	111	100	108	124	141
Covered other real estate	--	19	20	20	21
Other nonperforming assets	61	72	51	36	30
Total nonperforming assets	\$989	\$1,004	\$1,091	\$1,204	\$1,200
Accruing loans 90 days or more past due	\$584	\$551	\$640	\$702	\$720
Performing restructured loans, excluding GNMA	\$2,218	\$2,272	\$2,194	\$2,222	\$2,338
Performing restructured GNMA	\$1,639	\$1,668	\$1,665	\$1,566	\$1,681
Nonperforming assets to loans plus ORE (%)	.34	.36	.39	.43	.43

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



COMMON SHARES					
(Millions)	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017
Beginning shares outstanding	1,623	1,636	1,649	1,656	1,667
Shares issued for stock incentive plans, acquisitions and other corporate purposes	1	1	--	4	1
Shares repurchased	(16)	(14)	(13)	(11)	(12)
Ending shares outstanding	1,608	1,623	1,636	1,649	1,656

CAPITAL POSITION					
(\$ in millions)	Dec 31 2018	Sep 30 2018	Jun 30 2018	Mar 31 2018	Dec 31 2017
Total U.S. Bancorp shareholders' equity	\$51,029	\$50,375	\$49,628	\$49,187	\$49,040
Basel III Standardized Approach (a)					
Common equity tier 1 capital	\$34,724	\$34,097	\$34,161	\$33,539	\$34,369
Tier 1 capital	40,741	40,114	39,611	38,991	39,806
Total risk-based capital	48,178	47,531	47,258	46,640	47,503
Fully implemented common equity tier 1 capital ratio (a)	9.1 %	9.0 %	9.1 %	9.0 %	9.1 % (b)
Tier 1 capital ratio	10.7	10.6	10.5	10.4	10.8
Total risk-based capital ratio	12.6	12.6	12.6	12.5	12.9
Leverage ratio	9.0	9.0	8.9	8.8	8.9
Basel III Advanced Approaches (a)					
Fully implemented common equity tier 1 capital ratio (a)	11.8	11.8	11.6	11.5	11.6 (b)
Tangible common equity to tangible assets (b)	7.8	7.7	7.8	7.7	7.6
Tangible common equity to risk-weighted assets (b)	9.4	9.3	9.3	9.3	9.4
Common equity tier 1 capital ratio calculated under the transitional standardized approach (a)	--	--	--	--	9.3
Common equity tier 1 capital ratio calculated under the transitional advanced approaches (a)	--	--	--	--	12.0
(a) Beginning January 1, 2018, the regulatory capital requirements fully reflect implementation of Basel III. Prior to 2018, the Company's capital ratios reflected certain transitional adjustments. Basel III includes two comprehensive methodologies for calculating risk-weighted assets: a general standardized approach and more risk-sensitive advanced approaches, with the Company's capital adequacy being evaluated against the methodology that is most restrictive.					
(b) See Non-GAAP Financial Measures reconciliation on page 16					

Total U.S. Bancorp shareholders' equity was \$51.0 billion at December 31, 2018, compared with \$50.4 billion at September 30, 2018, and \$49.0 billion at December 31, 2017. During the fourth quarter, the Company returned 80 percent of earnings to shareholders through dividends and share buybacks.

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 9.1 percent at December 31, 2018, compared with 9.0 percent at September 30, 2018, and 9.3 percent at December 31, 2017. The common equity tier 1 capital to risk-weighted assets ratio using the Basel III advanced approaches method was 11.8 percent at December 31, 2018, and at September 30, 2018, compared with 12.0 percent at December 31, 2017.



Investor Conference Call

On Wednesday, January 16, 2019, at 8:00 a.m. CST, Andy Cecere, chairman, president and chief executive officer, and Terry Dolan, vice chairman and chief financial officer, 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 1486427. For those unable to participate during the live call, a recording will be available at approximately 11:00 a.m. CST on Wednesday, January 16 and will be accessible until Wednesday, January 23 at 11:00 p.m. CST. 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 1486427.

About U.S. Bancorp

U.S. Bancorp, with 74,000 employees and \$467 billion in assets as of December 31, 2018, is the parent company of U.S. Bank, 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 a 2018 World's Most Ethical Company. Visit U.S. Bank at www.usbank.com or follow on social media to stay up to date with company news.

Forward-looking Statements

The following information appears in accordance with 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. 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. Stress in the commercial real estate markets, as well as a downturn in the residential real estate markets, could cause credit losses and deterioration in asset values. 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; 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; changes in the level of tariffs and other trade policies of the United States and its global trading partners; 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 reputational 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, 2017, 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. However, factors other than these also could adversely affect U.S. Bancorp's results, and the reader should not consider these factors 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
- 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 defined in banking regulations. As a result, these capital measures disclosed by the Company may be considered non-GAAP financial measures. In addition, certain capital measures related to prior periods are presented on the same basis as those capital measures in the current period. The effective capital ratios defined by banking regulations for these periods were subject to certain transitional provisions. 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,	
	2018	2017	2018	2017
Interest Income				
Loans	\$3,475	\$3,060	\$13,120	\$11,788
Loans held for sale	57	40	165	144
Investment securities	689	579	2,616	2,232
Other interest income	90	51	272	182
Total interest income	4,311	3,730	16,173	14,346
Interest Expense				
Deposits	606	311	1,869	1,041
Short-term borrowings	113	45	378	141
Long-term debt	289	199	1,007	784
Total interest expense	1,008	555	3,254	1,966
Net interest income	3,303	3,175	12,919	12,380
Provision for credit losses	368	335	1,379	1,390
Net interest income after provision for credit losses	2,935	2,840	11,540	10,990
Noninterest Income				
Credit and debit card revenue	382	342	1,401	1,289
Corporate payment products revenue	163	148	644	575
Merchant processing services	389	374	1,531	1,486
ATM processing services	54	80	308	303
Trust and investment management fees	409	394	1,619	1,522
Deposit service charges	199	194	762	732
Treasury management fees	143	152	594	618
Commercial products revenue	225	224	895	954
Mortgage banking revenue	171	202	720	834
Investment products fees	48	45	188	173
Securities gains (losses), net	5	10	30	57
Other	310	205	910	774
Total noninterest income	2,498	2,370	9,602	9,317
Noninterest Expense				
Compensation	1,568	1,499	6,162	5,746
Employee benefits	308	291	1,231	1,134
Net occupancy and equipment	266	259	1,063	1,019
Professional services	133	114	407	419
Marketing and business development	115	251	429	542
Technology and communications	254	236	978	903
Postage, printing and supplies	80	79	324	323
Other intangibles	41	44	161	175
Other	515	1,126	1,709	2,529
Total noninterest expense	3,280	3,899	12,464	12,790
Income before income taxes	2,153	1,311	8,678	7,517
Applicable income taxes	291	(375)	1,554	1,264
Net income	1,862	1,686	7,124	6,253
Net (income) loss attributable to noncontrolling interests	(6)	(4)	(28)	(35)
Net income attributable to U.S. Bancorp	\$1,856	\$1,682	\$7,096	\$6,218
Net income applicable to U.S. Bancorp common shareholders	\$1,777	\$1,611	\$6,784	\$5,913
Earnings per common share	\$1.10	\$.97	\$4.15	\$3.53
Diluted earnings per common share	\$1.10	\$.97	\$4.14	\$3.51
Dividends declared per common share	\$.37	\$.30	\$1.34	\$1.16
Average common shares outstanding	1,615	1,659	1,634	1,677
Average diluted common shares outstanding	1,618	1,664	1,638	1,683



CONSOLIDATED ENDING BALANCE SHEET

(Dollars in Millions)	December 31, 2018	December 31, 2017
Assets		
Cash and due from banks	\$21,453	\$19,505
Investment securities		
Held-to-maturity	46,050	44,362
Available-for-sale	66,115	68,137
Loans held for sale	2,056	3,554
Loans		
Commercial	102,444	97,561
Commercial real estate	39,539	40,463
Residential mortgages	65,034	59,783
Credit card	23,363	22,180
Other retail	56,430	57,324
Covered loans	--	3,121
Total loans	<u>286,810</u>	<u>280,432</u>
Less allowance for loan losses	(3,973)	(3,925)
Net loans	<u>282,837</u>	<u>276,507</u>
Premises and equipment	2,457	2,432
Goodwill	9,369	9,434
Other intangible assets	3,392	3,228
Other assets	33,645	34,881
Total assets	<u>\$467,374</u>	<u>\$462,040</u>
Liabilities and Shareholders' Equity		
Deposits		
Noninterest-bearing	\$81,811	\$87,557
Interest-bearing	263,664	259,658
Total deposits	<u>345,475</u>	<u>347,215</u>
Short-term borrowings	14,139	16,651
Long-term debt	41,340	32,259
Other liabilities	14,763	16,249
Total liabilities	<u>415,717</u>	<u>412,374</u>
Shareholders' equity		
Preferred stock	5,984	5,419
Common stock	21	21
Capital surplus	8,469	8,464
Retained earnings	59,065	54,142
Less treasury stock	(20,188)	(17,602)
Accumulated other comprehensive income (loss)	(2,322)	(1,404)
Total U.S. Bancorp shareholders' equity	<u>51,029</u>	<u>49,040</u>
Noncontrolling interests	628	626
Total equity	<u>51,657</u>	<u>49,666</u>
Total liabilities and equity	<u>\$467,374</u>	<u>\$462,040</u>

NON-GAAP FINANCIAL MEASURES

(Dollars in Millions, Unaudited)	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Total equity	\$51,657	\$51,007	\$50,257	\$49,812	\$49,666
Preferred stock	(5,984)	(5,984)	(5,419)	(5,419)	(5,419)
Noncontrolling interests	(628)	(632)	(629)	(625)	(626)
Goodwill (net of deferred tax liability) (1)	(8,549)	(8,682)	(8,585)	(8,609)	(8,613)
Intangible assets, other than mortgage servicing rights	(601)	(627)	(571)	(608)	(583)
Tangible common equity (a)	35,895	35,082	35,053	34,551	34,425
Total assets	467,374	464,607	461,329	460,119	462,040
Goodwill (net of deferred tax liability) (1)	(8,549)	(8,682)	(8,585)	(8,609)	(8,613)
Intangible assets, other than mortgage servicing rights	(601)	(627)	(571)	(608)	(583)
Tangible assets (b)	458,224	455,298	452,173	450,902	452,844
Risk-weighted assets, determined in accordance with the Basel III standardized approach (c)	381,661 *	377,713	375,466	373,141	367,771
Tangible common equity (as calculated above)					34,425
Adjustments (2)					(550)
Common equity tier 1 capital estimated for the Basel III fully implemented standardized and advanced approaches (d)					33,875
Risk-weighted assets, determined in accordance with prescribed transitional standardized approach regulatory requirements					367,771
Adjustments (3)					4,473
Risk-weighted assets estimated for the Basel III fully implemented standardized approach (e)					372,244
Risk-weighted assets, determined in accordance with prescribed transitional advanced approaches regulatory requirements					287,211
Adjustments (4)					4,769
Risk-weighted assets estimated for the Basel III fully implemented advanced approaches (f)					291,980
Ratios *					
Tangible common equity to tangible assets (a)/(b)	7.8 %	7.7 %	7.8 %	7.7 %	7.6 %
Tangible common equity to risk-weighted assets (a)/(c)	9.4	9.3	9.3	9.3	9.4
Common equity tier 1 capital to risk-weighted assets estimated for the Basel III fully implemented standardized approach (d)/(e)					9.1
Common equity tier 1 capital to risk-weighted assets estimated for the Basel III fully implemented advanced approaches (d)/(f)					11.6

	Three Months Ended				
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Net income applicable to U.S. Bancorp common shareholders	\$1,777	\$1,732	\$1,678	\$1,597	\$1,611
Intangibles amortization (net-of-tax)	32	32	32	31	28
Net income applicable to U.S. Bancorp common shareholders, excluding intangibles amortization	1,809	1,764	1,710	1,628	1,639
Annualized net income applicable to U.S. Bancorp common shareholders, excluding intangibles amortization (g)	7,177	6,998	6,859	6,602	6,503
Average total equity	51,370	50,768	49,950	49,450	49,461
Less: Average preferred stock	5,984	5,714	5,419	5,419	5,419
Less: Average noncontrolling interests	630	630	628	625	627
Less: Average goodwill (net of deferred tax liability) (1)	8,574	8,620	8,602	8,627	8,154
Less: Average intangible assets, other than mortgage servicing rights	605	584	588	603	591
Average U.S. Bancorp common shareholders' equity, excluding intangible assets (h)	35,577	35,220	34,713	34,176	34,670
Return on tangible common equity (g)/(h)	20.2 %	19.9 %	19.8 %	19.3 %	18.8 %

* 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 net losses on cash flow hedges included in accumulated other comprehensive income (loss) and other adjustments.

(3) Includes higher risk-weighting for unfunded loan commitments, investment securities, residential mortgages, mortgage servicing rights and other adjustments.

(4) Primarily reflects higher risk-weighting for mortgage servicing rights.



NON-GAAP FINANCIAL MEASURES

(Dollars in Millions, Unaudited)	Three Months Ended					Year Ended	
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Net interest income	\$3,303	\$3,251	\$3,197	\$3,168	\$3,175	\$12,919	\$12,380
Taxable-equivalent adjustment (1)	28	30	29	29	53	116	205
Net interest income, on a taxable-equivalent basis	3,331	3,281	3,226	3,197	3,228	13,035	12,585
Net interest income, on a taxable-equivalent basis (as calculated above)	3,331	3,281	3,226	3,197	3,228	13,035	12,585
Noninterest income	2,498	2,418	2,414	2,272	2,370	9,602	9,317
Less: Securities gains (losses), net	5	10	10	5	10	30	57
Total net revenue, excluding net securities gains (losses) (a)	5,824	5,689	5,630	5,464	5,588	22,607	21,845
Noninterest expense (b)	3,280	3,044	3,085	3,055	3,899	12,464	12,790
Less: Intangible amortization	41	41	40	39	44	161	175
Noninterest expense, excluding intangible amortization (c)	3,239	3,003	3,045	3,016	3,855	12,303	12,615
Efficiency ratio (b)/(a)	56.3 %	53.5 %	54.8 %	55.9 %	69.8 %	55.1 %	58.5 %
Tangible efficiency ratio (c)/(a)	55.6	52.8	54.1	55.2	69.0	54.4	57.7

(1) Interest and rates are presented on a fully taxable-equivalent basis based on a federal income tax rate of 21 percent for 2018 and 35 percent for 2017.

**Supplemental
Consolidated
Schedules**
4Q 2018



QUARTERLY CONSOLIDATED STATEMENT OF INCOME

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Interest Income					
Loans	\$3,475	\$3,353	\$3,197	\$3,095	\$3,060
Loans held for sale	57	36	39	33	40
Investment securities	689	661	653	613	579
Other interest income	90	73	59	50	51
Total interest income	4,311	4,123	3,948	3,791	3,730
Interest Expense					
Deposits	606	491	427	345	311
Short-term borrowings	113	104	86	75	45
Long-term debt	289	277	238	203	199
Total interest expense	1,008	872	751	623	555
Net interest income	3,303	3,251	3,197	3,168	3,175
Provision for credit losses	368	343	327	341	335
Net interest income after provision for credit losses	2,935	2,908	2,870	2,827	2,840
Noninterest Income					
Credit and debit card revenue	382	344	351	324	342
Corporate payment products revenue	163	169	158	154	148
Merchant processing services	389	392	387	363	374
ATM processing services	54	85	90	79	80
Trust and investment management fees	409	411	401	398	394
Deposit service charges	199	198	183	182	194
Treasury management fees	143	146	155	150	152
Commercial products revenue	225	216	234	220	224
Mortgage banking revenue	171	174	191	184	202
Investment products fees	48	47	47	46	45
Securities gains (losses), net	5	10	10	5	10
Other	310	226	207	167	205
Total noninterest income	2,498	2,418	2,414	2,272	2,370
Noninterest Expense					
Compensation	1,568	1,529	1,542	1,523	1,499
Employee benefits	308	294	299	330	291
Net occupancy and equipment	266	270	262	265	259
Professional services	133	96	95	83	114
Marketing and business development	115	106	111	97	251
Technology and communications	254	247	242	235	236
Postage, printing and supplies	80	84	80	80	79
Other intangibles	41	41	40	39	44
Other	515	377	414	403	1,126
Total noninterest expense	3,280	3,044	3,085	3,055	3,899
Income before income taxes	2,153	2,282	2,199	2,044	1,311
Applicable income taxes	291	460	441	362	(375)
Net income	1,862	1,822	1,758	1,682	1,686
Net (income) loss attributable to noncontrolling interests	(6)	(7)	(8)	(7)	(4)
Net income attributable to U.S. Bancorp	\$1,856	\$1,815	\$1,750	\$1,675	\$1,682
Net income applicable to U.S. Bancorp common shareholders	\$1,777	\$1,732	\$1,678	\$1,597	\$1,611
Earnings per common share	\$1.10	\$1.06	\$1.02	\$0.97	\$0.97
Diluted earnings per common share	\$1.10	\$1.06	\$1.02	\$0.96	\$0.97
Dividends declared per common share	\$0.37	\$0.37	\$0.30	\$0.30	\$0.30
Average common shares outstanding	1,615	1,629	1,642	1,652	1,659
Average diluted common shares outstanding	1,618	1,633	1,646	1,657	1,664
Financial Ratios					
Net interest margin (taxable-equivalent basis)	3.15 %	3.15 %	3.13 %	3.13 %	3.11 %
Return on average assets	1.59	1.58	1.54	1.50	1.46
Return on average common equity	15.8	15.5	15.3	14.9	14.7
Efficiency ratio	56.3	53.5	54.8	55.9	69.8
Tangible efficiency ratio	55.6	52.8	54.1	55.2	69.0



CONSOLIDATED ENDING BALANCE SHEET

(Dollars in Millions)	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Assets		(Unaudited)	(Unaudited)	(Unaudited)	
Cash and due from banks	\$21,453	\$20,082	\$19,021	\$19,246	\$19,505
Investment securities					
Held-to-maturity	46,050	46,046	46,055	44,612	44,362
Available-for-sale	66,115	64,912	66,347	67,125	68,137
Loans held for sale	2,056	4,533	3,256	4,777	3,554
Loans					
Commercial	102,444	99,273	99,357	98,097	97,561
Commercial real estate	39,539	39,966	39,399	40,140	40,463
Residential mortgages	65,034	62,904	61,309	60,477	59,783
Credit card	23,363	21,869	21,566	20,901	22,180
Other retail	56,430	56,049	55,723	55,317	57,324
Covered loans	--	1,400	2,823	2,979	3,121
Total loans	286,810	281,461	280,177	277,911	280,432
Less allowance for loan losses	(3,973)	(3,954)	(3,920)	(3,918)	(3,925)
Net loans	282,837	277,507	276,257	273,993	276,507
Premises and equipment	2,457	2,438	2,431	2,441	2,432
Goodwill	9,369	9,530	9,425	9,440	9,434
Other intangible assets	3,392	3,544	3,415	3,388	3,228
Other assets	33,645	36,015	35,122	35,097	34,881
Total assets	\$467,374	\$464,607	\$461,329	\$460,119	\$462,040
Liabilities and Shareholders' Equity					
Deposits					
Noninterest-bearing	\$81,811	\$77,146	\$82,215	\$82,211	\$87,557
Interest-bearing	263,664	254,032	257,865	262,315	259,658
Total deposits	345,475	331,178	340,080	344,526	347,215
Short-term borrowings	14,139	23,868	18,136	17,703	16,651
Long-term debt	41,340	40,894	37,172	33,201	32,259
Other liabilities	14,763	17,660	15,684	14,877	16,249
Total liabilities	415,717	413,600	411,072	410,307	412,374
Shareholders' equity					
Preferred stock	5,984	5,984	5,419	5,419	5,419
Common stock	21	21	21	21	21
Capital surplus	8,469	8,479	8,468	8,438	8,464
Retained earnings	59,065	57,878	56,742	55,549	54,142
Less treasury stock	(20,188)	(19,414)	(18,707)	(18,047)	(17,602)
Accumulated other comprehensive income (loss)	(2,322)	(2,573)	(2,315)	(2,193)	(1,404)
Total U.S. Bancorp shareholders' equity	51,029	50,375	49,628	49,187	49,040
Noncontrolling interests	628	632	629	625	626
Total equity	51,657	51,007	50,257	49,812	49,666
Total liabilities and equity	\$467,374	\$464,607	\$461,329	\$460,119	\$462,040



CONSOLIDATED QUARTERLY AVERAGE BALANCE SHEET

(Dollars in Millions, Unaudited)	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Assets					
Investment securities	\$114,138	\$113,547	\$114,578	\$113,493	\$113,287
Loans held for sale	3,134	3,109	3,545	3,134	3,921
Loans					
Commercial					
Commercial	95,025	93,541	92,835	91,933	92,101
Lease financing	5,490	5,507	5,518	5,532	5,457
Total commercial	100,515	99,048	98,353	97,465	97,558
Commercial real estate					
Commercial mortgages	28,930	28,362	28,710	29,176	29,543
Construction and development	11,219	11,180	11,147	11,190	11,466
Total commercial real estate	40,149	39,542	39,857	40,366	41,009
Residential mortgages	64,476	62,042	60,834	60,174	59,639
Credit card	22,396	21,774	21,220	21,284	21,218
Other retail					
Retail leasing	8,489	8,383	8,150	7,982	7,982
Home equity and second mortgages	16,065	16,000	16,048	16,195	16,299
Other	31,587	31,520	31,265	32,874	32,856
Total other retail	56,141	55,903	55,463	57,051	57,137
Covered loans	--	2,756	2,897	3,048	3,190
Total loans	283,677	281,065	278,624	279,388	279,751
Other earning assets	19,523	17,456	15,929	15,834	16,551
Total earning assets	420,472	415,177	412,676	411,849	413,510
Allowance for loan losses	(3,966)	(3,930)	(3,929)	(3,933)	(3,923)
Unrealized gain (loss) on investment securities	(2,009)	(1,686)	(1,654)	(1,244)	(416)
Other assets	47,779	47,355	47,396	47,616	46,927
Total assets	\$462,276	\$456,916	\$454,489	\$454,288	\$456,098
Liabilities and Shareholders' Equity					
Noninterest-bearing deposits	\$77,160	\$77,192	\$78,987	\$79,482	\$82,303
Interest-bearing deposits					
Interest checking	71,013	69,330	69,918	70,358	70,717
Money market savings	99,594	100,688	103,333	103,367	105,348
Savings accounts	44,544	44,848	45,069	44,388	43,772
Time deposits	42,054	38,063	37,515	36,985	37,022
Total interest-bearing deposits	257,205	252,929	255,835	255,098	256,859
Short-term borrowings	21,520	22,186	20,602	22,862	16,800
Long-term debt	40,564	39,701	35,780	33,655	35,317
Total interest-bearing liabilities	319,289	314,816	312,217	311,615	308,976
Other liabilities	14,457	14,140	13,335	13,741	15,358
Shareholders' equity					
Preferred equity	5,984	5,714	5,419	5,419	5,419
Common equity	44,756	44,424	43,903	43,406	43,415
Total U.S. Bancorp shareholders' equity	50,740	50,138	49,322	48,825	48,834
Noncontrolling interests	630	630	628	625	627
Total equity	51,370	50,768	49,950	49,450	49,461
Total liabilities and equity	\$462,276	\$456,916	\$454,489	\$454,288	\$456,098



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

For the Three Months Ended December 31,
2018 2017

(Dollars in Millions) (Unaudited)	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	% Change Average Balances
Assets							
Investment securities	\$114,138	\$703	2.46 %	\$113,287	\$605	2.14 %	.8 %
Loans held for sale	3,134	57	7.33	3,921	40	4.10	(20.1)
Loans (b)							
Commercial	100,515	1,010	3.99	97,558	834	3.39	3.0
Commercial real estate	40,149	502	4.96	41,009	453	4.39	(2.1)
Residential mortgages	64,476	652	4.04	59,639	553	3.70	8.1
Credit card	22,396	669	11.85	21,218	610	11.40	5.6
Other retail	56,141	658	4.65	57,137	595	4.14	(1.7)
Covered loans	--	--	--	3,190	44	5.48	*
Total loans	283,677	3,491	4.89	279,751	3,089	4.39	1.4
Other earning assets	19,523	90	1.84	16,551	51	1.24	18.0
Total earning assets	420,472	4,341	4.11	413,510	3,785	3.64	1.7
Allowance for loan losses	(3,966)			(3,923)			(1.1)
Unrealized gain (loss) on investment securities	(2,009)			(416)			*
Other assets	47,779			46,927			1.8
Total assets	<u>\$462,276</u>			<u>\$456,098</u>			1.4
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$77,160			\$82,303			(6.2) %
Interest-bearing deposits							
Interest checking	71,013	55	.31	70,717	28	.16	.4
Money market savings	99,594	334	1.33	105,348	184	.69	(5.5)
Savings accounts	44,544	19	.18	43,772	8	.07	1.8
Time deposits	42,054	198	1.87	37,022	91	.98	13.6
Total interest-bearing deposits	257,205	606	.94	256,859	311	.48	.1
Short-term borrowings	21,520	115	2.12	16,800	47	1.14	28.1
Long-term debt	40,564	289	2.83	35,317	199	2.23	14.9
Total interest-bearing liabilities	319,289	1,010	1.26	308,976	557	.72	3.3
Other liabilities	14,457			15,358			(5.9)
Shareholders' equity							
Preferred equity	5,984			5,419			10.4
Common equity	44,756			43,415			3.1
Total U.S. Bancorp shareholders' equity	50,740			48,834			3.9
Noncontrolling interests	630			627			.5
Total equity	51,370			49,461			3.9
Total liabilities and equity	<u>\$462,276</u>			<u>\$456,098</u>			1.4
Net interest income		<u>\$3,331</u>			<u>\$3,228</u>		
Gross interest margin			2.85 %			2.92 %	
Gross interest margin without taxable-equivalent increments			2.82			2.87	
Percent of Earning Assets							
Interest income			4.11 %			3.64 %	
Interest expense			.96			.53	
Net interest margin			3.15 %			3.11 %	
Net interest margin without taxable-equivalent increments			3.12 %			3.06 %	

* Not meaningful

(a) Interest and rates are presented on a fully taxable-equivalent basis based on a federal income tax rate of 21 percent for 2018 and 35 percent for 2017.

(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)	December 31, 2018			September 30, 2018			% Change Average Balances
	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	
Assets							
Investment securities	\$114,138	\$703	2.46 %	\$113,547	\$677	2.38 %	.5 %
Loans held for sale	3,134	57	7.33	3,109	36	4.64	.8
Loans (b)							
Commercial	100,515	1,010	3.99	99,048	986	3.95	1.5
Commercial real estate	40,149	502	4.96	39,542	480	4.82	1.5
Residential mortgages	64,476	652	4.04	62,042	588	3.79	3.9
Credit card	22,396	669	11.85	21,774	650	11.84	2.9
Other retail	56,141	658	4.65	55,903	622	4.42	.4
Covered loans	--	--	--	2,756	44	6.35	*
Total loans	<u>283,677</u>	<u>3,491</u>	4.89	<u>281,065</u>	<u>3,370</u>	4.76	.9
Other earning assets	19,523	90	1.84	17,456	72	1.64	11.8
Total earning assets	<u>420,472</u>	<u>4,341</u>	4.11	<u>415,177</u>	<u>4,155</u>	3.98	1.3
Allowance for loan losses	(3,966)			(3,930)			(.9)
Unrealized gain (loss) on investment securities	(2,009)			(1,686)			(19.2)
Other assets	47,779			47,355			.9
Total assets	<u>\$462,276</u>			<u>\$456,916</u>			1.2
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$77,160			\$77,192			-- %
Interest-bearing deposits							
Interest checking	71,013	55	.31	69,330	37	.21	2.4
Money market savings	99,594	334	1.33	100,688	286	1.13	(1.1)
Savings accounts	44,544	19	.18	44,848	17	.14	(.7)
Time deposits	42,054	198	1.87	38,063	151	1.58	10.5
Total interest-bearing deposits	<u>257,205</u>	<u>606</u>	.94	<u>252,929</u>	<u>491</u>	.77	1.7
Short-term borrowings	21,520	115	2.12	22,186	106	1.90	(3.0)
Long-term debt	40,564	289	2.83	39,701	277	2.77	2.2
Total interest-bearing liabilities	<u>319,289</u>	<u>1,010</u>	1.26	<u>314,816</u>	<u>874</u>	1.10	1.4
Other liabilities	14,457			14,140			2.2
Shareholders' equity							
Preferred equity	5,984			5,714			4.7
Common equity	44,756			44,424			.7
Total U.S. Bancorp shareholders' equity	<u>50,740</u>			<u>50,138</u>			1.2
Noncontrolling interests	630			630			--
Total equity	<u>51,370</u>			<u>50,768</u>			1.2
Total liabilities and equity	<u>\$462,276</u>			<u>\$456,916</u>			1.2
Net interest income		<u>\$3,331</u>			<u>\$3,281</u>		
Gross interest margin			2.85 %			2.88 %	
Gross interest margin without taxable-equivalent increments			2.82			2.85	
Percent of Earning Assets							
Interest income			4.11 %			3.98 %	
Interest expense			.96			.83	
Net interest margin			3.15 %			3.15 %	
Net interest margin without taxable-equivalent increments			3.12 %			3.12 %	

* 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 Year Ended December 31,
2018 2017

(Dollars in Millions) (Unaudited)	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	% Change Average Balances
Assets							
Investment securities	\$113,940	\$2,674	2.35 %	\$111,820	\$2,328	2.08 %	1.9 %
Loans held for sale	3,230	165	5.12	3,574	144	4.04	(9.6)
Loans (b)							
Commercial	98,854	3,795	3.84	95,904	3,131	3.26	3.1
Commercial real estate	39,977	1,881	4.71	42,077	1,788	4.25	(5.0)
Residential mortgages	61,893	2,366	3.82	58,784	2,180	3.71	5.3
Credit card	21,672	2,545	11.74	20,906	2,358	11.28	3.7
Other retail	56,136	2,466	4.39	55,416	2,272	4.10	1.3
Covered loans	2,169	134	6.17	3,450	175	5.07	(37.1)
Total loans	280,701	13,187	4.70	276,537	11,904	4.30	1.5
Other earning assets	17,196	272	1.58	14,490	183	1.26	18.7
Total earning assets	415,067	16,298	3.93	406,421	14,559	3.58	2.1
Allowance for loan losses	(3,939)			(3,862)			(2.0)
Unrealized gain (loss) on investment securities	(1,650)			(348)			*
Other assets	47,536			46,371			2.5
Total assets	\$457,014			\$448,582			1.9
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$78,196			\$81,933			(4.6) %
Interest-bearing deposits							
Interest checking	70,154	150	.21	67,953	84	.12	3.2
Money market savings	101,732	1,078	1.06	106,476	644	.61	(4.5)
Savings accounts	44,713	56	.13	43,393	32	.07	3.0
Time deposits	38,667	585	1.51	33,759	281	.83	14.5
Total interest-bearing deposits	255,266	1,869	.73	251,581	1,041	.41	1.5
Short-term borrowings	21,790	387	1.78	15,022	149	1.00	45.1
Long-term debt	37,450	1,007	2.69	35,601	784	2.20	5.2
Total interest-bearing liabilities	314,506	3,263	1.04	302,204	1,974	.65	4.1
Other liabilities	13,921			15,348			(9.3)
Shareholders' equity							
Preferred equity	5,636			5,490			2.7
Common equity	44,127			42,976			2.7
Total U.S. Bancorp shareholders' equity	49,763			48,466			2.7
Noncontrolling interests	628			631			(.5)
Total equity	50,391			49,097			2.6
Total liabilities and equity	\$457,014			\$448,582			1.9
Net interest income		\$13,035			\$12,585		
Gross interest margin			2.89 %			2.93 %	
Gross interest margin without taxable-equivalent increments			2.86			2.88	
Percent of Earning Assets							
Interest income			3.93 %			3.58 %	
Interest expense			.79			.48	
Net interest margin			3.14 %			3.10 %	
Net interest margin without taxable-equivalent increments			3.11 %			3.05 %	

* Not meaningful

(a) Interest and rates are presented on a fully taxable-equivalent basis based on a federal income tax rate of 21 percent for 2018 and 35 percent for 2017.

(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, 2018		September 30, 2018		June 30, 2018		March 31, 2018		December 31, 2017	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Commercial										
Commercial	\$96,849	33.8 %	\$93,692	33.3 %	\$93,786	33.5 %	\$92,511	33.3 %	\$91,958	32.8 %
Lease financing	5,595	1.9	5,581	2.0	5,571	2.0	5,586	2.0	5,603	2.0
Total commercial	102,444	35.7	99,273	35.3	99,357	35.5	98,097	35.3	97,561	34.8
Commercial real estate										
Commercial mortgages	28,596	10.0	28,633	10.2	28,187	10.0	28,982	10.4	29,367	10.5
Construction and development	10,943	3.8	11,333	4.0	11,212	4.0	11,158	4.0	11,096	4.0
Total commercial real estate	39,539	13.8	39,966	14.2	39,399	14.0	40,140	14.4	40,463	14.5
Residential mortgages										
Residential mortgages	53,034	18.5	50,614	18.0	48,682	17.4	47,583	17.1	46,685	16.6
Home equity loans, first liens	12,000	4.2	12,290	4.3	12,627	4.5	12,894	4.7	13,098	4.7
Total residential mortgages	65,034	22.7	62,904	22.3	61,309	21.9	60,477	21.8	59,783	21.3
Credit card	23,363	8.1	21,869	7.8	21,566	7.7	20,901	7.5	22,180	7.9
Other retail										
Retail leasing	8,546	3.0	8,447	3.0	8,253	3.0	8,048	2.9	7,988	2.8
Home equity and second mortgages	16,122	5.6	15,966	5.7	16,083	5.7	16,030	5.8	16,327	5.8
Revolving credit	3,088	1.1	3,129	1.1	3,144	1.1	3,061	1.1	3,183	1.1
Installment	9,676	3.4	9,666	3.4	9,363	3.4	9,089	3.3	8,989	3.2
Automobile	18,719	6.5	18,547	6.6	18,567	6.6	18,762	6.7	18,934	6.8
Student	279	.1	294	.1	313	.1	327	.1	1,903	.7
Total other retail	56,430	19.7	56,049	19.9	55,723	19.9	55,317	19.9	57,324	20.4
Covered loans	--	--	1,400	.5	2,823	1.0	2,979	1.1	3,121	1.1
Total loans	\$286,810	100.0 %	\$281,461	100.0 %	\$280,177	100.0 %	\$277,911	100.0 %	\$280,432	100.0 %