MINNEAPOLIS, April 19, 2005 – U.S. Bancorp (NYSE: USB) today reported net income of $1,071 million for the first quarter of 2005, compared with $1,008 million for the first quarter of 2004. Net income of $.57 per diluted share in the first quarter of 2005 was higher than the same period of 2004 by $.05 (9.6 percent). Return on average assets and return on average equity were 2.21 percent and 21.9 percent, respectively, for the first quarter of 2005, compared with returns of 2.14 percent and 20.7 percent, respectively, for the first quarter of 2004.

U.S. Bancorp Chairman and Chief Executive Officer Jerry A. Grundhofer said, “Once again, I am pleased to announce record earnings for the first quarter of 2005, along with industry-leading returns on equity and assets. In addition, we returned 108 percent of earnings to our shareholders during the quarter in the form of dividends and share repurchases. Growth in our fee-based businesses, as well as continued improvement in credit quality, were the primary drivers of the Company’s earnings’ growth year-over-year. Fee revenue, excluding the impact of securities losses, grew by over 9 percent, with the payment services categories increasing over 15 percent, driven primarily by investments in the businesses and improvements in the economy. Deposit service charges increased by over 13 percent, driven primarily by increases in net new checking
accounts. Commercial loan growth gained momentum as the quarter progressed, with period-end commercial loan outstandings increasing an annualized 16.1 percent from December 31, 2004. As we enter the second quarter, historically our strongest in producing linked-quarter revenue growth, we expect to achieve our target of 10 percent earnings per share growth for the full year 2005.

“Although average commercial loan balances continued to show encouraging trends this quarter, growing 7.3 percent year-over-year and at an annualized rate of 8.4 percent over the fourth quarter of 2004, loan pricing remains competitive. Tighter credit spreads accounted for 6 of the 12 basis points drop in our net interest margin between the fourth quarter of 2004 and the current quarter. We will continue to compete aggressively on loan pricing, but will remain disciplined on credit structure. Our low-cost position in the industry and extensive fee-based product and service offerings that can be used to penetrate commercial relationships, give us pricing advantages over our competitors. We are confident that this approach to the market will allow us to best capitalize on the strengths of our franchise.

“As many already know, customer service has been, and continues to be, an important focus in this Company. Customer service is our brand and we believe it distinguishes us from our competition. We have been measuring the results of our efforts for just over three years, and I am pleased to report that we have significantly increased the number of retail customers that we define as loyal customers based on their satisfaction with our service, the likelihood that they will remain with the Company and the likelihood that they will recommend U.S. Bank to their friends and relatives.

“Looking ahead, we will continue to enhance this great franchise through growth initiatives designed specifically to increase our market penetration, introduce new products and services and expand our market presence, all the while remaining focused on providing great customer service and improving customer loyalty.

“Finally, I want to thank all 51,000 of our employees for their hard work and dedication, and would like to recognize the nearly 24,000 employees that have been with our Company for five years or longer. We took time this past month to honor these employees for their contributions, as we believe that loyal and experienced employees provide the type of service that attracts and retains loyal customers.”

The Company’s results for the first quarter of 2005 improved over the same period of 2004, as net income rose by $63 million (6.3 percent), primarily due to lower credit costs and growth in.
fee-based products and services. During the first quarter of 2005, the Company recognized a $54 million reparation of its mortgage servicing rights (“MSR”) asset, reflecting rising longer-term interest rates in 2005, compared with the recognition of $109 million of MSR impairment in the first quarter of 2004. The yield on both 10-year Treasury Notes and 30-year Fannie Mae commitments increased approximately 26 to 34 basis points. The Company sold certain investment securities during the first quarter of 2005, resulting in net securities losses of $59 million. The Company realized no securities gains or losses in the first quarter of 2004. Also included in the first quarter of 2004 results was a $35 million expense charge related to the prepayment of certain debt and a $90 million reduction in income tax expense related to the resolution of federal tax examinations.

Total net revenue on a taxable-equivalent basis for the first quarter of 2005 was $36 million (1.2 percent) higher than the first quarter of 2004, primarily reflecting 9.3 percent growth in fee-based revenue across the majority of fee categories. The expansion of the Company’s merchant acquiring business in Europe accounted for approximately 1.9 percent of the change in fee-based revenue year-over-year. Fee based revenue growth was offset somewhat by the unfavorable variances in securities gains (losses) and net interest income.

Total noninterest expense in the first quarter of 2005 was $124 million (8.5 percent) lower than the first quarter of 2004, primarily reflecting the $163 million favorable change in the valuation of mortgage servicing rights and the $35 million debt prepayment expense that was taken in the first quarter of 2004. The expansion of the Company’s merchant acquiring business in Europe added approximately $31 million of expense. In addition, expenses reflected incremental investments in in-store branches, middle-market and community bankers, marketing initiatives and higher pension costs from a year ago.

Provision for credit losses for the first quarter of 2005 was $172 million, a decrease of $63 million (26.8 percent) from the first quarter of 2004. The decrease in the provision for credit losses year-over-year reflected a decrease in total net charge-offs. Net charge-offs in the first quarter of 2005 were $172 million, compared with the fourth quarter of 2004 net charge-offs of $163 million and the first quarter of 2004 net charge-offs of $234 million. The decline in losses from a year ago was primarily the result of declining levels of stressed and nonperforming loans, continuing collection efforts and improving economic conditions. Total nonperforming assets declined to $665 million at March 31, 2005, from $748 million at December 31, 2004 (11.1
percent), and $1,047 million at March 31, 2004 (36.5 percent). The ratio of the allowance for credit losses to nonperforming loans was 404 percent at March 31, 2005, compared with 355 percent at December 31, 2004, and 258 percent at March 31, 2004.

### Net Interest Income

First quarter net interest income on a taxable-equivalent basis was $1,751 million, compared with $1,779 million recorded in the first quarter of 2004. Average earning assets for the period increased over the first quarter of 2004 by $6.9 billion (4.2 percent), primarily driven by a $3.8 billion (9.5 percent) increase in retail loans and a $2.5 billion (7.3 percent) increase in commercial loans, partially offset by a $1.9 billion (4.3 percent) decline in investment securities. The growth in earning assets contributed approximately $83 million of net interest income year-over-year. The positive impact of the growth in earning assets was more than offset by an unfavorable rate variance, which reduced net interest income by approximately $102 million. A reduction in the number of days in the first quarter of 2005 relative to the first quarter of 2004 and a slight decline in loan fees accounted for the remainder of the variance.

Net interest income in the first quarter of 2005 was lower than the fourth quarter of 2004 by $49 million (2.7 percent). Average earning assets grew quarter-over-quarter by $2.4 billion
Growth in most loan categories, including a 2.0 percent increase in total commercial loans and increases in residential mortgages, retail loans and investment securities, drove the increase in average earning assets over the prior quarter. The growth in earning assets contributed approximately $24 million of additional net interest income quarter-over-quarter. The positive impact of the growth in earning assets was more than offset by an unfavorable rate variance, which reduced net interest income by approximately $52 million. Net interest income also declined by approximately $21 million due to fewer days in the first quarter of 2005 relative to the fourth quarter of 2004.

The net interest margin in the first quarter of 2005 was 4.08 percent, compared with 4.29 percent in the first quarter of 2004. The decline in the net interest margin reflected the current lending environment, asset/liability management decisions and the impact of changes in the yield curve from a year ago. Since the first quarter of 2004, credit spreads have tightened by approximately 14 basis points across most lending products due to competitive pricing and a higher proportion of lower spread credit products. The net interest margin also declined due to higher short-term rates and asset/liability decisions designed to maintain a neutral rate risk position, including a 40 percent reduction in the net receive fixed swap position between March 31, 2004, and March 31, 2005. Lower prepayment fees also contributed to the year-over-year decline. Increases in the value of deposits and net free funds helped to partially offset these factors. The net interest margin in the first quarter of 2005 was 12 basis points lower than the net interest margin of 4.20 percent recorded in the fourth quarter of 2004. The decline in the net interest margin from the fourth quarter of 2004 reflected tighter credit spreads (6 basis points), due to increased competition, and changes in loan mix. Lower interest recoveries, higher short-term rates, asset/liability actions designed to maintain a neutral rate risk position and lower loan fees, partially offset by the higher value of deposits and net free funds, accounted for the remainder of the reduction.
<table>
<thead>
<tr>
<th>Components of net interest income</th>
<th>1Q2005</th>
<th>4Q2004</th>
<th>1Q2004</th>
<th>1Q05 vs 4Q04</th>
<th>1Q05 vs 1Q04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income on earning assets</td>
<td>$2,442</td>
<td>$2,397</td>
<td>$2,265</td>
<td>$45</td>
<td>$177</td>
</tr>
<tr>
<td>Expense on interest-bearing liabilities</td>
<td>691</td>
<td>597</td>
<td>486</td>
<td>94</td>
<td>205</td>
</tr>
<tr>
<td>Net interest income</td>
<td>$1,751</td>
<td>$1,800</td>
<td>$1,779</td>
<td>$(49)</td>
<td>$(28)</td>
</tr>
</tbody>
</table>

| Average yields and rates paid    |        |        |        |              |              |
| Earning assets yield             | 5.69%  | 5.59%  | 5.47%  | 0.10%        | 0.22%        |
| Rate paid on interest-bearing liabilities | 1.97% | 1.72%  | 1.45%  | 0.25%        | 0.52%        |
| Gross interest margin            | 3.72%  | 3.87%  | 4.02%  | (0.15)%      | (0.30)%      |
| Net interest margin              | 4.08%  | 4.20%  | 4.29%  | (0.12)%      | (0.21)%      |

| Average balances                 |        |        |        |              |              |
| Investment securities            | $42,813| $42,315| $44,744| $498         | $(1,931)     |
| Loans                            | 127,654| 125,639| 118,810| 2,015        | 8,844        |
| Earning assets                   | 173,294| 170,924| 166,359| 2,370        | 6,935        |
| Interest-bearing liabilities     | 142,052| 138,303| 134,966| 3,749        | 7,086        |
| Net free funds*                  | 31,242 | 32,621 | 31,393 | (1,379)      | (151)        |

* Represents noninterest-bearing deposits, allowance for loan losses, unrealized gain (loss) on available-for-sale securities, non-earning assets, other noninterest-bearing liabilities and equity
Average loans for the first quarter of 2005 were $8.8 billion (7.4 percent) higher than the first quarter of 2004, driven by growth in average retail loans of $3.8 billion (9.5 percent), residential mortgages of $2.2 billion (16.3 percent) and total commercial loans of $2.5 billion (6.4 percent). Total commercial real estate loans also increased slightly year-over-year by $394 million (1.5 percent) relative to the first quarter of 2004. Average loans for the first quarter of 2005 were higher than the fourth quarter of 2004 by $2.0 billion (1.6 percent), reflecting growth in substantially all loan categories.

Average investment securities in the first quarter of 2005 were $1.9 billion (4.3 percent) lower than in the first quarter of 2004. The decline principally reflected the repositioning of the investment portfolio in mid-2004 as part of asset/liability risk management decisions to acquire variable rate and shorter-term fixed securities while selling more longer-term fixed rate mortgage-backed securities. Investment securities at March 31, 2005, were $2.3 billion lower than at March 31, 2004, but $1.6 billion higher than the balance at December 31, 2004. During the first quarter of 2005, the Company retained its mix of approximately 39 percent variable rate securities while
investing in some principal-only and fixed-rate securities to economically hedge the MSR portfolio against a flattening yield curve.

<table>
<thead>
<tr>
<th>AVERAGE DEPOSITS</th>
<th>Table 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>($ in millions)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1Q 2005</td>
</tr>
<tr>
<td>Noninterest-bearing deposits</td>
<td>$28,417</td>
</tr>
<tr>
<td>Interest-bearing deposits</td>
<td></td>
</tr>
<tr>
<td>Interest checking</td>
<td>23,146</td>
</tr>
<tr>
<td>Money market accounts</td>
<td>30,264</td>
</tr>
<tr>
<td>Savings accounts</td>
<td>5,968</td>
</tr>
<tr>
<td>Savings products</td>
<td>59,378</td>
</tr>
<tr>
<td>Time certificates of deposit less than $100,000</td>
<td>12,978</td>
</tr>
<tr>
<td>Time deposits greater than $100,000</td>
<td>18,650</td>
</tr>
<tr>
<td>Total interest-bearing deposits</td>
<td>91,006</td>
</tr>
<tr>
<td>Total deposits</td>
<td>$119,423</td>
</tr>
</tbody>
</table>

Average noninterest-bearing deposits for the first quarter of 2005 were lower than the first quarter of 2004 by $608 million (2.1 percent). The year-over-year change in the average balance of noninterest-bearing deposits was impacted by product changes in the Consumer Banking business line. In late 2004, the Company migrated approximately $1.3 billion of noninterest-bearing deposit balances to interest checking accounts as an enhancement to its Silver Elite Checking product. Average branch-based noninterest-bearing deposits in the first quarter of 2005, excluding the migration of certain high-value customers to Silver Elite Checking, were higher by approximately $599 million (5.4 percent) over the same quarter of 2004, as net new checking account growth continued to gain momentum. Average noninterest-bearing deposits in other areas, including commercial banking, private client, corporate trust, and mortgage, also increased year-over-year. These favorable variances were offset, however, by expected declines in average noninterest-bearing deposits in corporate banking as business customers utilize their excess liquidity.

Average total savings products declined year-over-year by $1.9 billion (3.0 percent), principally due to a reduction in average money market account balances, partially offset by higher
interest checking and savings accounts balances. Average branch-based interest checking deposits increased by $2.6 billion (18.0 percent) over the same quarter of 2004, in part, due to the change in the Silver Elite Checking product, as well as new account growth. Average branch-based interest checking deposits, excluding Silver Elite Checking, were higher by approximately $1.3 billion (9.2 percent) year-over-year. This positive variance in branch-based interest checking account deposits was partially offset by reductions in other areas, including broker dealer and institutional trust. Average money market account balances declined by $4.1 billion (12.0 percent) year-over-year, with the largest declines in government banking, national corporate banking, and the branches. These reductions were partially offset by strong growth in corporate trust deposits. The overall decrease in average money market account balances year-over-year was the result of the Company’s decision to lag deposit pricing, given modest loan growth and excess liquidity throughout 2004. A portion of the money market balances migrated to time deposits greater than $100,000 as rates increased on the time deposit products.

Average time certificates less than $100,000 were lower in the first quarter of 2005 than the first quarter of 2004 by $640 million (4.7 percent), as older, higher rate certificates continued to mature. This reduction was more than offset by an increase year-over-year of average time deposits greater than $100,000, most notably in corporate banking.

Average noninterest-bearing deposits for the first quarter of 2005 were $1.4 billion (4.8 percent) lower than the fourth quarter of 2004. Average noninterest-bearing deposits were somewhat impacted quarter-over-quarter by the change in the Silver Elite Checking product. Average branch-related products, excluding Silver Elite Checking, declined by approximately $212 million (1.8 percent) quarter-over-quarter. Average savings products were higher in the current quarter than the fourth quarter of 2004 by $1.0 billion (1.7 percent), primarily due to increases in interest checking, partially driven by the Silver Elite Checking product switch from noninterest-beariing accounts to interest checking accounts. Average branch-related interest checking balances, excluding Silver Elite Checking, rose by 2.4 percent in the first quarter of 2005 over the prior quarter. Average money market account balances declined by $691 million (2.2 percent) as the Company continued to lag deposit pricing. Time certificates of deposit less than $100,000 increased modestly from the fourth quarter of 2004, while time deposits greater than $100,000 rose by $3.2 billion (20.7 percent), primarily due to growth in foreign branch time deposits and corporate banking customer balances.
### Noninterest Income

<table>
<thead>
<tr>
<th>Noninterest Income Category</th>
<th>1Q 2005 ($ in millions)</th>
<th>4Q 2005 ($ in millions)</th>
<th>1Q 2004 ($ in millions)</th>
<th>4Q 2004 ($ in millions)</th>
<th>Percent Change 1Q05 vs 1Q04</th>
<th>Percent Change 1Q05 vs 4Q04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit and debit card revenue</td>
<td>$154</td>
<td>$184</td>
<td>$142</td>
<td>(16.3%</td>
<td>8.5%</td>
<td></td>
</tr>
<tr>
<td>Corporate payment products revenue</td>
<td>107</td>
<td>101</td>
<td>95</td>
<td>5.9%</td>
<td>12.6%</td>
<td></td>
</tr>
<tr>
<td>ATM processing services</td>
<td>47</td>
<td>43</td>
<td>42</td>
<td>9.3%</td>
<td>11.9%</td>
<td></td>
</tr>
<tr>
<td>Merchant processing services</td>
<td>178</td>
<td>181</td>
<td>141</td>
<td>(1.7%</td>
<td>26.2%</td>
<td></td>
</tr>
<tr>
<td>Trust and investment management fees</td>
<td>247</td>
<td>241</td>
<td>249</td>
<td>2.5%</td>
<td>(0.8%)</td>
<td></td>
</tr>
<tr>
<td>Deposit service charges</td>
<td>210</td>
<td>212</td>
<td>185</td>
<td>(0.9%</td>
<td>13.5%</td>
<td></td>
</tr>
<tr>
<td>Treasury management fees</td>
<td>107</td>
<td>110</td>
<td>118</td>
<td>(2.7%</td>
<td>(9.3%)</td>
<td></td>
</tr>
<tr>
<td>Commercial products revenue</td>
<td>96</td>
<td>108</td>
<td>110</td>
<td>(11.1%</td>
<td>(12.7%)</td>
<td></td>
</tr>
<tr>
<td>Mortgage banking revenue</td>
<td>102</td>
<td>96</td>
<td>94</td>
<td>6.3%</td>
<td>8.5%</td>
<td></td>
</tr>
<tr>
<td>Investment products fees and commissions</td>
<td>39</td>
<td>37</td>
<td>39</td>
<td>5.4%</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>Securities losses, net</td>
<td>(59)</td>
<td>(21)</td>
<td>--</td>
<td>nm</td>
<td>nm</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>154</td>
<td>143</td>
<td>103</td>
<td>7.7%</td>
<td>49.5%</td>
<td></td>
</tr>
<tr>
<td><strong>Total noninterest income</strong></td>
<td><strong>$1,382</strong></td>
<td><strong>$1,435</strong></td>
<td><strong>$1,318</strong></td>
<td><strong>(3.7%)</strong></td>
<td><strong>4.9%</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Noninterest Income**

First quarter noninterest income was $1,382 million, an increase of $64 million (4.9 percent) from the same quarter of 2004, but $53 million (3.7 percent) lower than the fourth quarter of 2004. The increase in noninterest income over the first quarter of 2004 was driven by favorable variances in the majority of fee income categories, slightly offset by a $59 million increase in losses on the sale of securities. Credit and debit card revenue and corporate payment products revenue were both higher in the first quarter of 2005 than the first quarter of 2004 by $12 million, or 8.5 percent and 12.6 percent, respectively. The growth in credit and debit card revenue was driven by higher transaction volumes and rate changes. The corporate payment products revenue growth reflected growth in sales, card usage, rate changes and the recent acquisition of a small fleet card business. ATM processing services revenue was higher by $5 million (11.9 percent) in the first quarter of 2005 than the same quarter of the prior year due to increases in transaction volumes and sales. Merchant processing services revenue was higher in the first quarter of 2005 than the same quarter of 2004 by $37 million (26.2 percent), reflecting an increase in same store sales volume, new business, higher equipment fees, and the recent expansion of the Company’s...
merchant acquiring business in Europe. The recent European acquisitions accounted for approximately $26 million of the total increase. Deposit service charges were higher year-over-year by $25 million (13.5 percent) due to account growth, revenue enhancement initiatives and transaction-related fees. The favorable variance year-over-year in mortgage banking revenue of $8 million (8.5 percent) was primarily due to higher loan servicing revenue. Other income was higher by $51 million (49.5 percent), primarily due to higher income from equity investments relative to the same quarter of 2004. Partially offsetting these positive variances year-over-year were commercial products revenue, treasury management fees and trust and investment management fees, which declined by $14 million (12.7 percent), $11 million (9.3 percent), and $2 million (.8 percent), respectively. Commercial products revenue declined due to reductions in loan syndication fees and leasing revenues. The decrease in treasury management fees was primarily due to higher earnings credit on customers’ compensating balances. Trust and investment management fees declined as revenues generated by favorable equity market valuations and core balance growth were more than offset by a change in the mix of fund balances and customers’ migration from paying for services with fees to paying with compensating balances.

Noninterest income was lower in the first quarter of 2005 than the fourth quarter of 2004 by $53 million (3.7 percent), primarily due to a $38 million unfavorable change in gains (losses) on the sale of securities and seasonally lower credit and debit card revenue, merchant processing services revenue and deposit services charges, in addition to declines in commercial products revenue and treasury management fees. Credit and debit card revenue and merchant processing services declined by $30 million (16.3 percent) and $3 million (1.7 percent), respectively, reflecting seasonally lower consumer spending after the holidays. Deposit service charges were lower by $2 million (.9 percent) in the first quarter of 2005 compared with the fourth quarter of 2004, also reflecting the seasonality of transaction-related fees. Commercial products revenue was lower quarter-over-quarter due to reductions in loan syndication fees, leasing revenue and international product revenue, while treasury management fees were lower in the current quarter by $3 million (2.7 percent) than the prior quarter, primarily due to higher interest earnings credits being received by customers that are maintaining compensating balances and fewer business processing days. Offsetting these negative variances were increases in corporate payment products revenue, ATM processing services, trust and investment management fees, mortgage banking revenue, investment products fees and commissions and other income. Corporate
payment products revenue was higher quarter-over-quarter by $6 million (5.9 percent), primarily due to stronger transaction volumes and the acquisition of a small fleet card business. ATM processing services revenue was higher than the prior quarter by $4 million (9.3 percent), primarily due to new ATM installs and one-time incentive payments. The $6 million (2.5 percent) increase in trust and investment management fees in the first quarter of 2005 over the prior quarter was primarily due to the impact of higher equity market valuations and core account growth. Mortgage banking revenue rose quarter-over-quarter by $6 million (6.3 percent), as a result of higher originations and sales. Investment products fees and commissions increased by $2 million (5.4 percent) quarter-over-quarter due to higher investment sales. Other income increased by $11 million (7.7 percent) in the first quarter of 2005 primarily due to higher revenue from equity investments relative to the fourth quarter of 2004.
Noninterest Expense

First quarter noninterest expense totaled $1,331 million, a decrease of $124 million (8.5 percent) from the same quarter of 2004 and a $248 million (15.7 percent) decrease from the fourth quarter of 2004. The decrease in expense year-over-year was primarily driven by the $163 million favorable change in the valuation of mortgage servicing rights, as well as the decrease of $35 million in debt prepayment charges relative to the first quarter of 2004. Offsetting these favorable variances were increases in compensation, employee benefits, professional services, marketing and business development, technology and communications, postage, printing and supplies and other expense. Included in the first quarter of 2005 was approximately $31 million related to the recent European acquisitions completed during 2004. Compensation expense was higher year-over-year by $31 million (5.8 percent), principally due to business expansion of in-store branches, investments in commercial and community bankers, and the expansion of the Company’s merchant acquiring business in Europe and other initiatives. Employee benefits increased year-over-year by $16 million (16.0 percent), primarily as a result of higher pension expense and payroll taxes. Professional services and marketing and business development were higher in the first quarter of 2005 than the first quarter of 2004 by $4 million (12.5 percent) and $8 million (22.9 percent).
percent), respectively, due to general growth in business activity and timing of marketing programs. Technology and communications expense rose by $4 million (3.9 percent), reflecting technology investments that increased software expense amortization, in addition to outside data processing. Other expense was higher in the first quarter than the same quarter of 2004 by $4 million (2.3 percent), primarily due to increases in loan-related expense, affordable housing operating costs and processing costs for payment services products, the result of increases in transaction volume year-over-year.

Noninterest expense in the first quarter of 2005 was lower than the fourth quarter of 2004 by $248 million (15.7 percent). The decrease in noninterest expense in the first quarter of 2005 from the fourth quarter of 2004 was primarily driven by the $113 million debt prepayment charge taken in the fourth quarter of 2004, as well as an $86 million favorable change in the valuation of mortgage servicing rights quarter-over-quarter. Favorable variances were also recorded in substantially all other expense categories. The decrease in compensation expense of $12 million (2.1 percent) in the first quarter from the prior quarter was primarily due to higher deferred compensation costs in the fourth quarter of 2004. The quarter-over-quarter decrease in net occupancy and equipment costs of $9 million (5.5 percent) primarily reflected lower depreciation and building maintenance services. Professional services expense, marketing and business development and technology and communications declined quarter-over-quarter by $9 million (20.0 percent), $6 million (12.2 percent) and $10 million (8.6 percent), respectively. The variance in professional services fees primarily reflected higher year-end activity in the fourth quarter of 2004 related to business activity, regulatory compliance, tax-related costs, and affordable housing, while lower marketing and business development reflected the timing of marketing programs. Technology and communications declined relative to the prior quarter due to a write-off of capitalized software replaced during the fourth quarter of 2004. The positive variance in postage, printing and supplies quarter-over-quarter primarily reflected the new account-related expense in the fourth quarter of 2004. Other expense was lower in the first quarter of 2005 than the fourth quarter of 2004, primarily due to lower fraud losses, loan expense and affordable housing operating costs. Offsetting these decreases in expense was an unfavorable change in employee benefits of $18 million (18.4 percent), primarily due to timing of payroll taxes and 401K expense.
## Allowance for Credit Losses

**Table 8**

($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>1Q</th>
<th>4Q</th>
<th>3Q</th>
<th>2Q</th>
<th>1Q</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance, beginning of period</strong></td>
<td>$2,269</td>
<td>$2,370</td>
<td>$2,370</td>
<td>$2,370</td>
<td>$2,369</td>
</tr>
<tr>
<td><strong>Net charge-offs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td>14</td>
<td>8</td>
<td>2</td>
<td>36</td>
<td>54</td>
</tr>
<tr>
<td>Lease financing</td>
<td>13</td>
<td>10</td>
<td>19</td>
<td>19</td>
<td>21</td>
</tr>
<tr>
<td>Total commercial</td>
<td>27</td>
<td>18</td>
<td>21</td>
<td>55</td>
<td>75</td>
</tr>
<tr>
<td>Commercial mortgages</td>
<td>4</td>
<td>9</td>
<td>3</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Construction and development</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>--</td>
<td>5</td>
</tr>
<tr>
<td>Total commercial real estate</td>
<td>6</td>
<td>10</td>
<td>6</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>Residential mortgages</td>
<td>9</td>
<td>8</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Credit card</td>
<td>65</td>
<td>61</td>
<td>65</td>
<td>63</td>
<td>63</td>
</tr>
<tr>
<td>Retail leasing</td>
<td>8</td>
<td>9</td>
<td>9</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>Home equity and second mortgages</td>
<td>17</td>
<td>18</td>
<td>18</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Other retail</td>
<td>40</td>
<td>39</td>
<td>40</td>
<td>47</td>
<td>49</td>
</tr>
<tr>
<td>Total retail</td>
<td>130</td>
<td>127</td>
<td>132</td>
<td>140</td>
<td>143</td>
</tr>
<tr>
<td><strong>Total net charge-offs</strong></td>
<td>172</td>
<td>163</td>
<td>166</td>
<td>204</td>
<td>234</td>
</tr>
<tr>
<td><strong>Provision for credit losses</strong></td>
<td>172</td>
<td>64</td>
<td>166</td>
<td>204</td>
<td>235</td>
</tr>
<tr>
<td><strong>Acquisitions and other changes</strong></td>
<td>--</td>
<td>(2)</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Balance, end of period</strong></td>
<td>$2,269</td>
<td>$2,269</td>
<td>$2,370</td>
<td>$2,370</td>
<td>$2,370</td>
</tr>
</tbody>
</table>

### Components

- **Allowance for loan losses**: $2,082, $2,080, $2,184, $2,190, $2,186
- **Liability for unfunded credit commitments**: 187, 189, 186, 180, 184
- **Total allowance for credit losses**: $2,269, $2,269, $2,370, $2,370, $2,370

<table>
<thead>
<tr>
<th></th>
<th>1Q</th>
<th>4Q</th>
<th>3Q</th>
<th>2Q</th>
<th>1Q</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross charge-offs</strong></td>
<td>$231</td>
<td>$235</td>
<td>$260</td>
<td>$274</td>
<td>$305</td>
</tr>
<tr>
<td><strong>Gross recoveries</strong></td>
<td>$59</td>
<td>$72</td>
<td>$94</td>
<td>$70</td>
<td>$71</td>
</tr>
<tr>
<td><strong>Net charge-offs to average loans (%)</strong></td>
<td>0.55</td>
<td>0.52</td>
<td>0.54</td>
<td>0.68</td>
<td>0.79</td>
</tr>
</tbody>
</table>

### Allowance as a percentage of:

- **Period-end loans**: 1.76, 1.80, 1.90, 1.93, 1.98
- **Nonperforming loans**: 404, 355, 337, 299, 258
- **Nonperforming assets**: 341, 303, 294, 260, 226

### Credit Quality

The allowance for credit losses was $2,269 million at March 31, 2005, equal to the allowance for credit losses at December 31, 2004, and lower than the allowance for credit losses of $2,370...
million at March 31, 2004. The ratio of the allowance for credit losses to period-end loans was 1.76 percent at March 31, 2005, compared with 1.80 percent at December 31, 2004, and 1.98 percent at March 31, 2004. The ratio of the allowance for credit losses to nonperforming loans was 404 percent at March 31, 2005, compared with 355 percent at December 31, 2004, and 258 percent at March 31, 2004. Total net charge-offs in the first quarter of 2005 were $172 million, compared with the fourth quarter of 2004 net charge-offs of $163 million and the first quarter of 2004 net charge-offs of $234 million.

Commercial and commercial real estate loan net charge-offs were $33 million for the first quarter of 2005, or .20 percent of average loans outstanding, compared with $28 million, or .16 percent of average loans outstanding, in the fourth quarter of 2004 and $84 million, or .51 percent of average loans outstanding, in the first quarter of 2004. The decline in net charge-offs continues to be broad-based across most industries within the commercial loan portfolio.

Retail loan net charge-offs of $130 million in the first quarter of 2005 were $3 million (2.4 percent) higher than the fourth quarter of 2004 and $13 million (9.1 percent) lower than the first quarter of 2004. Retail loan net charge-offs as a percent of average loans outstanding were 1.22 percent in the first quarter of 2005, compared with 1.18 percent and 1.45 percent in the fourth quarter of 2004 and first quarter of 2004, respectively. Lower levels of retail loan net charge-offs principally reflected the Company’s ongoing improvement in collection efforts and risk management.
The overall level of net charge-offs in the first quarter of 2005 reflected the Company’s ongoing efforts to reduce the overall risk profile of the organization.
### ASSET QUALITY

<table>
<thead>
<tr>
<th></th>
<th>Mar 31</th>
<th>Dec 31</th>
<th>Sep 30</th>
<th>Jun 30</th>
<th>Mar 31</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nonperforming loans</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td>$254</td>
<td>$289</td>
<td>$348</td>
<td>$416</td>
<td>$511</td>
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<tr>
<td>Lease financing</td>
<td>70</td>
<td>91</td>
<td>91</td>
<td>111</td>
<td>116</td>
</tr>
<tr>
<td><strong>Total commercial</strong></td>
<td>324</td>
<td>380</td>
<td>439</td>
<td>527</td>
<td>627</td>
</tr>
<tr>
<td>Commercial mortgages</td>
<td>159</td>
<td>175</td>
<td>166</td>
<td>164</td>
<td>185</td>
</tr>
<tr>
<td>Construction and development</td>
<td>21</td>
<td>25</td>
<td>35</td>
<td>41</td>
<td>44</td>
</tr>
<tr>
<td><strong>Commercial real estate</strong></td>
<td>180</td>
<td>200</td>
<td>201</td>
<td>205</td>
<td>229</td>
</tr>
<tr>
<td>Residential mortgages</td>
<td>41</td>
<td>43</td>
<td>46</td>
<td>42</td>
<td>42</td>
</tr>
<tr>
<td>Retail</td>
<td>16</td>
<td>17</td>
<td>17</td>
<td>18</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total nonperforming loans</strong></td>
<td>561</td>
<td>640</td>
<td>703</td>
<td>792</td>
<td>918</td>
</tr>
<tr>
<td>Other real estate</td>
<td>66</td>
<td>72</td>
<td>69</td>
<td>70</td>
<td>76</td>
</tr>
<tr>
<td>Other nonperforming assets</td>
<td>38</td>
<td>36</td>
<td>33</td>
<td>49</td>
<td>53</td>
</tr>
<tr>
<td><strong>Total nonperforming assets</strong></td>
<td>$665</td>
<td>$748</td>
<td>$805</td>
<td>$911</td>
<td>$1,047</td>
</tr>
<tr>
<td><strong>Accruing loans 90 days or more past due</strong></td>
<td>$285</td>
<td>$294</td>
<td>$292</td>
<td>$293</td>
<td>$319</td>
</tr>
<tr>
<td><strong>Nonperforming assets to loans plus ORE (%)</strong></td>
<td>0.52</td>
<td>0.59</td>
<td>0.64</td>
<td>0.74</td>
<td>0.87</td>
</tr>
</tbody>
</table>

*does not include accruing loans 90 days or more past due

Nonperforming assets at March 31, 2005, totaled $665 million, compared with $748 million at December 31, 2004, and $1,047 million at March 31, 2004. The ratio of nonperforming assets to loans and other real estate was .52 percent at March 31, 2005, compared with .59 percent at December 31, 2004, and .87 percent at March 31, 2004.
Total shareholders’ equity was $19.2 billion at March 31, 2005, compared with $19.5 billion at March 31, 2004. The decrease was the result of corporate earnings offset by share buybacks and dividends.

Tangible common equity to assets was 6.2 percent at March 31, 2005, compared with 6.4 percent at December 31, 2004, and at March 31, 2004. The Tier 1 capital ratio was 8.6 percent at March 31, 2005, and at December 31, 2004, compared with 8.9 percent at March 31, 2004. The total risk-based capital ratio was 13.3 percent at March 31, 2005, compared with 13.1 percent at December 31, 2004, and 13.3 percent at March 31, 2004. The leverage ratio was 7.9 percent at March 31, 2005, and at December 31, 2004, compared with 8.0 percent at March 31, 2004. All regulatory ratios continue to be in excess of stated “well capitalized” requirements.
On December 21, 2004, the Board of Directors of U.S. Bancorp approved an authorization to repurchase up to 150 million shares of outstanding common stock during the following 24 months. This repurchase program replaced the Company’s previous program. During the first quarter of 2005, the Company repurchased 20 million shares of common stock under these authorizations. As of March 31, 2005, there were approximately 125 million shares remaining to be repurchased under the current authorization.
## LINE OF BUSINESS FINANCIAL PERFORMANCE*

<table>
<thead>
<tr>
<th>Business Line</th>
<th>Net Income</th>
<th>Percent Change</th>
<th>1Q 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q  4Q  1Q</td>
<td>1Q04  1Q04</td>
<td>Earnings</td>
</tr>
<tr>
<td>2005  2004  2004</td>
<td>4Q04  1Q04</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale Banking</td>
<td>$270  $284  $240</td>
<td>(4.9)  12.5</td>
<td>25 %</td>
</tr>
<tr>
<td>Consumer Banking</td>
<td>405  370  260</td>
<td>9.5  55.8</td>
<td>38 %</td>
</tr>
<tr>
<td>Private Client, Trust and Asset Management</td>
<td>114  102  104</td>
<td>11.8  9.6</td>
<td>11 %</td>
</tr>
<tr>
<td>Payment Services</td>
<td>164  181  152</td>
<td>(9.4)  7.9</td>
<td>15 %</td>
</tr>
<tr>
<td>Treasury and Corporate Support</td>
<td>118  119  252</td>
<td>(0.8) (53.2)</td>
<td>11 %</td>
</tr>
<tr>
<td>Consolidated Company</td>
<td>$1,071 $1,056  $1,008</td>
<td>1.4  6.3</td>
<td>100 %</td>
</tr>
</tbody>
</table>

* preliminary data

### Lines of Business

Within the Company, financial performance is measured by major lines of business which include Wholesale Banking, Consumer Banking, Private Client, Trust and Asset Management, Payment Services, and Treasury and Corporate Support. These operating segments are components of the Company about which financial information is available and is evaluated regularly in deciding how to allocate resources and assess performance. Noninterest expenses incurred by centrally managed operations or business lines that directly support another business line’s operations are charged to the applicable business line based on its utilization of those services primarily measured by the volume of customer activities. These allocated expenses are reported as net shared services expense. Designations, assignments and allocations may change from time to time as management systems are enhanced, methods of evaluating performance or product lines change or business segments are realigned to better respond to our diverse customer base. During 2005, certain organization and methodology changes were made and, accordingly, prior period results have been restated and presented on a comparable basis.

Wholesale Banking offers lending, depository, treasury management and other financial services to middle market, large corporate and public sector clients. Wholesale Banking contributed $270 million of the Company’s net income in the first quarter of 2005, a 12.5 percent
increase over the same period of 2004, but a 4.9 percent decrease from the fourth quarter of 2004. The increase in Wholesale Banking’s first quarter 2005 contribution over the first quarter of 2004 was primarily the result of favorable variances in total net revenue (3.9 percent) and the provision for credit losses, which benefited from a $31 million decline in net charge-offs quarter-over-quarter. Offsetting these positive variances was an increase in total noninterest expense of 3.4 percent. Total net revenue in the first quarter of 2005 included positive changes in both net interest income (2.1 percent) and noninterest income (10.1 percent). The increase in net interest income was primarily due to an increase in average loans outstanding and wider deposit spreads, partially offset by tighter credit spreads. The increase in noninterest income was primarily the result of growth in other revenue related to equity investments, partially offset by reductions in commercial products revenue and treasury management fees. The decline in commercial products revenue (15.1 percent) was driven by lower loan syndication fees and leasing revenue, while treasury management fees were lower (10.7 percent) year-over-year due to higher earnings credit on customers’ compensating balances. Wholesale Banking’s unfavorable variance in total noninterest expense year-over-year was primarily the result of higher compensation and employee benefits and net shared services expense. The decrease in Wholesale Banking’s contribution to net income in the first quarter of 2005 from the fourth quarter of 2004 was the result of unfavorable variances in total net revenue (3.5 percent) and the provision for credit losses, partially offset by a decline in total noninterest expense (5.6 percent). Total net revenue was lower on a linked quarter basis, with reductions in both net interest income (3.4 percent) and noninterest income (1.8 percent). The unfavorable variance quarter-over-quarter in net interest income was primarily attributed to tighter credit spreads, partially offset by wider deposit spreads and an increase in average loans outstanding. The decrease in noninterest income quarter-over-quarter was primarily due to unfavorable variances in commercial products revenue and treasury management fees, partially offset by an increase in other income. The decrease in total noninterest expense was principally due to lower net shared services and other expense, partially offset by higher compensation and employee benefits. Net charge-offs of $3 million in the first quarter of 2005, compared with net recoveries of $8 million in the fourth quarter of 2004, drove the unfavorable variance in the provision for credit losses from the prior quarter.

Consumer Banking delivers products and services to the broad consumer market and small businesses through banking offices, telemarketing, on-line services, direct mail and automated
teller machines ("ATMs"). It encompasses community banking, metropolitan banking, small business banking, including lending guaranteed by the Small Business Administration, small-ticket leasing, consumer lending, mortgage banking, workplace banking, student banking, 24-hour banking, and investment product and insurance sales. Consumer Banking contributed $405 million of the Company’s net income in the first quarter of 2005, a 55.8 percent increase over the same period of 2004 and a 9.5 percent increase over the fourth quarter of 2004. During the first quarter, the retail banking business segment grew net income by 26.4 percent and 5.3 percent over the first quarter of 2004 and the fourth quarter of 2004, respectively. The contribution of the mortgage banking business also increased over the previous reporting periods. The increase in the mortgage banking business’s contribution over the first quarter of 2004 was primarily the result of a reduction in total noninterest expense, driven by the $163 million favorable change in MSR valuation. Fee-based revenue related to mortgage production and servicing improved year-over-year by 7.4 percent. The increase in total noninterest expense, excluding the change in MSR valuation, was primarily due to an increase in other intangible amortization, the result of the growing servicing portfolio. The mortgage banking business line’s contribution rose in the first quarter of 2005 over the previous quarter, primarily due to the favorable change in the MSR valuation net of offsetting securities gains (losses).

For the Consumer Banking business, as a whole, the favorable variance in MSR valuation year-over-year of $163 million was only partially offset by a $54 million unfavorable variance in gains (losses) on the sale of securities year-over-year. Total net revenue was higher than the same quarter of the 2004 by 4.3 percent, primarily due to increases in both net interest income (9.5 percent) and noninterest income (6.2 percent). Consumer Banking’s results also benefited from a reduction in the provision for credit losses (25.9 percent), while total noninterest expense, excluding the change in MSR valuations, was higher (2.6 percent) than the first quarter of 2004. Net interest income was higher year-over-year as a result of higher deposit spreads. Noninterest income improved in the first quarter of 2005 over the same period of 2004, primarily due to growth in deposit service charges (13.6 percent) and mortgage banking revenue (7.4 percent). Total noninterest expense, excluding the change in MSR valuation, in the first quarter of 2005 was slightly higher than the first quarter of 2004, primarily due to an increase in compensation and employee benefits (3.4 percent) and net shared services. A reduction in net charge-offs year-over-year drove the positive variance in the business line’s provision for credit losses.
The increase in Consumer Banking’s contribution in the first quarter of 2005 over the fourth quarter of 2004 was the net result of favorable variances in total noninterest expense (15.2 percent) and the provision for credit losses (8.0 percent), offset by an unfavorable variance in total net revenue (4.7 percent). A $54 million unfavorable change in securities gains (losses) was the primary driver of the decline in total net revenue. Net interest income was slightly lower quarter-over-quarter due to tighter credit spreads, partially offset by higher average loan balances and deposit spreads relative to the prior quarter. Noninterest income, excluding securities gains (losses), was lower than the prior quarter primarily due to other revenue. The favorable variance in total noninterest expense quarter-over-quarter was driven by the change in MSR valuation, lower net shared services expense and a reduction in other expense, primarily losses and loan-related expense. Offsetting these favorable variances in expense was an increase in compensation and employee benefits.

Private Client, Trust and Asset Management provides trust, private banking, financial advisory, investment management and mutual fund servicing through five businesses: Private Client Group, Corporate Trust, Asset Management, Institutional Trust and Custody, and Fund Services, LLC. Private Client, Trust and Asset Management contributed $114 million of the Company’s net income earnings in the first quarter of 2005, 9.6 percent higher than the same period of 2004 and 11.8 percent higher than the fourth quarter of 2004. The increase in the business line’s contribution in the first quarter of 2005 over the first quarter of 2004 was the result of favorable variances in total net revenue (6.3 percent), partially offset by an increase in total noninterest expense (3.5 percent). Net interest income was favorably impacted year-over-year by strong deposit growth and deposit spreads, while noninterest income was essentially equal to the same quarter of 2004, as gains from equity market valuations were more than offset by lower fees, partially due to a change in the mix of fund balances and customers’ migration from paying for services with fees to paying with compensating balances. Total noninterest expense was slightly higher year-over-year due to a modest increase in compensation and employee benefits, net shared services expense and other expense. The increase in the business line’s contribution (11.8 percent) in the first quarter of 2005 over the fourth quarter of 2004 was primarily the result of higher total net revenue (2.9 percent) and lower total noninterest expense (4.3 percent). Net interest income and noninterest income rose quarter-over-quarter by 4.0 percent and 2.4 percent, respectively. The increase in net interest income was primarily driven by growth in average deposits and favorable (MORE)
deposit spreads, while noninterest income increased due to equity market valuations and core account growth. Total noninterest expense was slightly lower in the first quarter due to net shared services expense and other expense, which reflected lower losses relative to the prior quarter. Partially offsetting these favorable variances was an increase quarter-over-quarter in incentive-based compensation and employee benefits.

Payment Services includes consumer and business credit cards, debit cards, corporate and purchasing card services, consumer lines of credit, ATM processing, and merchant processing. Payment Services contributed $164 million of the Company’s net income in the first quarter of 2005, a 7.9 percent increase over the same period of 2004, but a 9.4 percent decrease from the fourth quarter of 2004. The increase in Payment Services’ contribution in the first quarter of 2005 over the same period of 2004 was the result of higher total net revenue (11.1 percent) and a lower provision for credit losses (4.3 percent), partially offset by an increase in total noninterest expense (20.6 percent). The increase in total net revenue year-over-year was primarily due to growth in noninterest income (16.2 percent), partially offset by lower net interest income (3.4 percent), which primarily reflected higher corporate card balances and rebates. The increase in noninterest income was principally the result of growth in credit and debit card revenue (9.2 percent), corporate payment products revenue (12.6 percent), ATM processing services revenue (13.8 percent) and merchant processing services revenue (26.2 percent). All categories benefited from higher transaction volumes and some rate changes. The increase in merchant processing revenue also included approximately $26 million associated with the expansion of the Company’s merchant acquiring business in Europe. The growth in total noninterest expense year-over-year primarily reflected an increase in processing expense related to the business line’s revenue growth, including approximately $31 million associated with the European merchant acquiring business. The decrease in Payment Services’ contribution in the first quarter of 2005 from the fourth quarter of 2004 was primarily due to lower total net revenue (4.0 percent) and a slightly higher provision for credit losses (3.5 percent). Net interest income decreased 1.4 percent, while fee-based revenue declined by 4.8 percent due to seasonally lower retail credit card sales volumes and merchant processing fees.

Treasury and Corporate Support includes the Company’s investment portfolios, funding, capital management and asset securitization activities, interest rate risk management, the net effect of transfer pricing related to average balances and the residual aggregate of expenses associated
with business activities managed on a corporate basis, including enterprise-wide operations and administrative support functions. Operational expenses incurred by Treasury and Corporate Support on behalf of the other business lines are allocated back to the appropriate business unit, primarily based on customer transaction volume and account activities, deposit balances and employee levels and are identified as net shared services expense. Treasury and Corporate Support recorded net income of $118 million in the first quarter of 2005, compared with net income of $252 million in the first quarter of 2004 and $119 million in the fourth quarter of 2004. The decrease in net income in the current quarter from the first quarter of 2004 was largely due to lower total net revenue (42.3 percent) and the $90 million tax benefit realized by the Company in the first quarter of 2004. Partially offsetting these unfavorable variances was total noninterest expense, which was lower year-over-year by 48.1 percent. The unfavorable change in net interest income (47.7 percent) year-over-year reflected the Company’s asset/liability management decisions to invest in lower-yield floating-rate securities, higher-cost fixed funding and repositioning of the balance sheet for changes in the interest rate environment. Partially offsetting this negative variance was a favorable change in noninterest income in the first quarter of 2005 over the same quarter of 2004, primarily the result of other revenue related to income from equity investments. The decrease in total noninterest expense year-over-year was driven by a $35 million debt prepayment charge taken in the first quarter of 2004. Net income in the first quarter of 2005 was essentially equal to net income in the fourth quarter of 2004, the net result of unfavorable variances in net interest income (17.2 percent) and the provision for credit losses, offset by favorable variances in securities gains (losses) and total noninterest expense. Total net interest income declined quarter-over-quarter, primarily due to the continuing asset/liability management decisions of the Company, while noninterest income benefited quarter-over-quarter from equity investments. The decrease in total noninterest expense quarter-over-quarter primarily reflected the debt prepayment charge of $113 million taken in the fourth quarter of 2004. The unfavorable variance in the provision for credit losses was the result of the release of a portion of the allowance for credit losses in the fourth quarter of 2004.

Additional schedules containing more detailed information about the Company’s business line results are available on the web at usbank.com or by calling Investor Relations at 612-303-0781.
CHAIRMAN AND CHIEF EXECUTIVE OFFICER, JERRY A. GRUNDHOFER, AND VICE CHAIRMAN AND CHIEF FINANCIAL OFFICER, DAVID M. MOFFETT, WILL HOST A CONFERENCE CALL TO REVIEW THE FINANCIAL RESULTS ON TUESDAY, APRIL 19, 2005, AT 2:00 P.M. (CDT). To access the conference call, please dial 800-540-0559 and ask for the U.S. Bancorp earnings conference call. Participants calling from outside the United States, please call 785-832-1508. For those unable to participate during the live call, a recording of the call will be available approximately one hour after the conference call ends on Tuesday, April 19, 2005, and will run through Tuesday, April 26, 2005, at 11:00 p.m. (CDT). To access the recorded message dial 800-753-5207. If calling from outside the United States, please dial 402-220-2156. After April 26th, a recording of the call will continue to be available by webcast on the U.S. Bancorp web site at usbank.com.

Minneapolis-based U.S. Bancorp (“USB”), with $198 billion in assets, is the 6th largest financial services holding company in the United States. The Company operates 2,377 banking offices and 4,654 ATMs, and provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses and institutions. U.S. Bancorp is the parent company of U.S. Bank. Visit U.S. Bancorp on the web at usbank.com.
Forward-Looking Statements

This press release contains forward-looking statements. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements. These statements often include the words “may,” “could,” “would,” “should,” “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans,” “targets,” “potentially,” “probably,” “projects,” “outlook” or similar expressions. These forward-looking statements cover, among other things, anticipated future revenue and expenses and the future prospects of the Company. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated, including the following, in addition to those contained in the Company's reports on file with the SEC: (i) general economic or industry conditions could be less favorable than expected, resulting in a deterioration in credit quality, a change in the allowance for credit losses, or a reduced demand for credit or fee-based products and services; (ii) changes in the domestic interest rate environment could reduce net interest income and could increase credit losses; (iii) inflation, changes in securities market conditions and monetary fluctuations could adversely affect the value or credit quality of the Company's assets, or the availability and terms of funding necessary to meet the Company's liquidity needs; (iv) changes in the extensive laws, regulations and policies governing financial services companies could alter the Company's business environment or affect operations; (v) the potential need to adapt to industry changes in information technology systems, on which the Company is highly dependent, could present operational issues or require significant capital spending; (vi) competitive pressures could intensify and affect the Company's profitability, including as a result of continued industry consolidation, the increased availability of financial services from non-banks, technological developments, or bank regulatory reform; (vii) changes in consumer spending and savings habits could adversely affect the Company’s results of operations; (viii) changes in the financial performance and condition of the Company’s borrowers could negatively affect repayment of such borrowers’ loans; (ix) acquisitions may not produce revenue enhancements or cost savings at levels or within time frames originally anticipated, or may result in unforeseen integration difficulties; (x) capital investments in the Company's businesses may not produce expected growth in earnings anticipated at the time of the expenditure; and (xi) acts or threats of terrorism, and/or political and military actions taken by the U.S. or other governments in response to acts or threats of terrorism or otherwise could adversely affect general economic or industry conditions. Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update them in light of new information or future events.

###
## U.S. Bancorp
### Consolidated Statement of Income

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

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2005</th>
<th>March 31, 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>$1,911</td>
<td>$1,747</td>
</tr>
<tr>
<td>Loans held for sale</td>
<td>21</td>
<td>20</td>
</tr>
<tr>
<td>Investment securities</td>
<td>476</td>
<td>469</td>
</tr>
<tr>
<td>Other interest income</td>
<td>27</td>
<td>22</td>
</tr>
<tr>
<td><strong>Total interest income</strong></td>
<td>$2,435</td>
<td>$2,258</td>
</tr>
<tr>
<td><strong>Interest Expense</strong></td>
<td></td>
<td></td>
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<tr>
<td>Deposits</td>
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<td>Short-term borrowings</td>
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<tr>
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<td>209</td>
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<tr>
<td><strong>Total interest expense</strong></td>
<td>$691</td>
<td>$486</td>
</tr>
<tr>
<td><strong>Net interest income</strong></td>
<td>$1,744</td>
<td>$1,772</td>
</tr>
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<td><strong>Provision for credit losses</strong></td>
<td>$172</td>
<td>$235</td>
</tr>
<tr>
<td><strong>Net interest income after provision for credit losses</strong></td>
<td>$1,572</td>
<td>$1,537</td>
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<tr>
<td><strong>Noninterest Income</strong></td>
<td></td>
<td></td>
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<tr>
<td>Credit and debit card revenue</td>
<td>$154</td>
<td>$142</td>
</tr>
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<td>Corporate payment products revenue</td>
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<td>95</td>
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<td>42</td>
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<td>Merchant processing services</td>
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<td>141</td>
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<td>Trust and investment management fees</td>
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<td>249</td>
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<td>Deposit service charges</td>
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<tr>
<td>Treasury management fees</td>
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<td>118</td>
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<tr>
<td>Commercial products revenue</td>
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<td>110</td>
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<tr>
<td>Mortgage banking revenue</td>
<td>102</td>
<td>94</td>
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<td>Investment products fees and commissions</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>Securities losses, net</td>
<td>(59)</td>
<td>--</td>
</tr>
<tr>
<td>Other</td>
<td>154</td>
<td>103</td>
</tr>
<tr>
<td><strong>Total noninterest income</strong></td>
<td>$1,382</td>
<td>$1,318</td>
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<td><strong>Noninterest Expense</strong></td>
<td></td>
<td></td>
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<tr>
<td>Compensation</td>
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<td>536</td>
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<td>Employee benefits</td>
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<td>100</td>
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<td>Net occupancy and equipment</td>
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<td>156</td>
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<td>Professional services</td>
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<td>32</td>
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<tr>
<td>Marketing and business development</td>
<td>43</td>
<td>35</td>
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<tr>
<td>Technology and communications</td>
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<td>102</td>
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<tr>
<td>Postage, printing and supplies</td>
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<td>62</td>
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<td>Other intangibles</td>
<td>71</td>
<td>226</td>
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<tr>
<td>Debt prepayment</td>
<td>--</td>
<td>35</td>
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<tr>
<td>Other</td>
<td>175</td>
<td>171</td>
</tr>
<tr>
<td><strong>Total noninterest expense</strong></td>
<td>$1,331</td>
<td>$1,455</td>
</tr>
<tr>
<td><strong>Income before income taxes</strong></td>
<td>$1,623</td>
<td>$1,400</td>
</tr>
<tr>
<td><strong>Applicable income taxes</strong></td>
<td>552</td>
<td>392</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$1,071</td>
<td>$1,008</td>
</tr>
</tbody>
</table>

Earnings per share                                    $0.58         $0.53
Diluted earnings per share                            $0.57         $0.52
Dividends declared per share                          $0.30         $0.24
Average common shares outstanding                    1,852         1,915
Average diluted common shares outstanding             1,880         1,941
U.S. Bancorp  
**Consolidated Ending Balance Sheet**

(Dollars in Millions)  

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2005</th>
<th>December 31, 2004</th>
<th>March 31, 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td>(Unaudited)</td>
<td>(Unaudited)</td>
<td>(Unaudited)</td>
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<td>Held-to-maturity</td>
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<td>127</td>
<td>137</td>
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<td>Available-for-sale</td>
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<td>41,354</td>
<td>45,268</td>
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<td>1,439</td>
<td>1,644</td>
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<tr>
<td>Loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td>41,540</td>
<td>40,173</td>
<td>39,006</td>
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<tr>
<td>Commercial real estate</td>
<td>27,363</td>
<td>27,585</td>
<td>27,215</td>
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<td>Residential mortgages</td>
<td>16,572</td>
<td>15,367</td>
<td>13,717</td>
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<tr>
<td>Retail</td>
<td>43,430</td>
<td>43,190</td>
<td>39,945</td>
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<td>Total loans</td>
<td>128,905</td>
<td>126,315</td>
<td>119,883</td>
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<tr>
<td>Less allowance for loan losses</td>
<td>(2,082)</td>
<td>(2,080)</td>
<td>(2,186)</td>
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<tr>
<td>Net loans</td>
<td>126,823</td>
<td>124,235</td>
<td>117,697</td>
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<tr>
<td>Premises and equipment</td>
<td>1,877</td>
<td>1,890</td>
<td>1,924</td>
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<td>Customers' liability on acceptances</td>
<td>91</td>
<td>95</td>
<td>148</td>
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<tr>
<td>Goodwill</td>
<td>6,277</td>
<td>6,241</td>
<td>6,095</td>
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<tr>
<td>Other intangible assets</td>
<td>2,533</td>
<td>2,387</td>
<td>2,025</td>
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<td>10,246</td>
<td>11,000</td>
<td>10,030</td>
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<tr>
<td><strong>Total assets</strong></td>
<td><strong>198,466</strong></td>
<td><strong>195,104</strong></td>
<td><strong>192,145</strong></td>
</tr>
</tbody>
</table>

|                  |                |                   |                |
| **Liabilities and Shareholders' Equity** |                |                   |                |
| Deposits         |                |                   |                |
| Noninterest-bearing | $28,880     | $30,756           | $31,086        |
| Interest-bearing | 71,751         | 71,936            | 74,262         |
| Time deposits greater than $100,000 | 19,087       | 18,049            | 13,616         |
| **Total deposits** | 119,718       | 120,741           | 118,964        |
| Short-term borrowings | 14,273       | 13,084            | 13,431         |
| Long-term debt   | 38,071         | 34,739            | 33,568         |
| Acceptances outstanding | 91          | 95                | 148            |
| Other liabilities | 7,105          | 6,906             | 6,582          |
| **Total liabilities** | 179,258       | 175,565           | 172,693        |
| **Shareholders' equity** |            |                   |                |
| Common stock     | 20            | 20                | 20             |
| Capital surplus  | 5,889          | 5,902             | 5,832          |
| Retained earnings | 17,276        | 16,758            | 15,059         |
| Less treasury stock | (3,590)    | (3,125)           | (1,853)        |
| Other comprehensive income | (387)     | (16)             | 394            |
| **Total shareholders' equity** | 19,208        | 19,539            | 19,452         |
| **Total liabilities and shareholders' equity** | **198,466**  | **195,104**       | **192,145**    |
Supplemental Analyst Schedules

1Q 2005
**U.S. Bancorp**

**Income Statement Highlights**

Financial Results and Ratios

<table>
<thead>
<tr>
<th>(Dollars and Shares in Millions, Except Per Share Data)</th>
<th>March 31, 2005</th>
<th>December 31, 2004</th>
<th>March 31, 2004</th>
<th>December 31, 2004</th>
<th>March 31, 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income (taxable-equivalent basis)</td>
<td>$1,751</td>
<td>$1,800</td>
<td>$1,779</td>
<td>(2.7) %</td>
<td>(1.6) %</td>
</tr>
<tr>
<td>Noninterest income</td>
<td>1,382</td>
<td>1,435</td>
<td>1,318</td>
<td>(3.7) %</td>
<td>4.9</td>
</tr>
<tr>
<td>Total net revenue</td>
<td>3,133</td>
<td>3,235</td>
<td>3,097</td>
<td>(3.2) %</td>
<td>1.2</td>
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<tr>
<td>Noninterest expense</td>
<td>1,331</td>
<td>1,579</td>
<td>1,455</td>
<td>(15.7) %</td>
<td>(8.5)</td>
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<tr>
<td>Income before provision and income taxes</td>
<td>1,802</td>
<td>1,656</td>
<td>1,642</td>
<td>8.8</td>
<td>9.7</td>
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<tr>
<td>Provision for credit losses</td>
<td>172</td>
<td>64</td>
<td>235</td>
<td>*</td>
<td>(26.8)</td>
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<tr>
<td>Income before income taxes</td>
<td>1,630</td>
<td>1,592</td>
<td>1,407</td>
<td>2.4</td>
<td>15.8</td>
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<tr>
<td>Taxable-equivalent adjustment</td>
<td>7</td>
<td>8</td>
<td>7</td>
<td>(12.5) %</td>
<td>--</td>
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<tr>
<td>Applicable income taxes</td>
<td>552</td>
<td>528</td>
<td>392</td>
<td>4.5</td>
<td>40.8</td>
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<tr>
<td>Net income</td>
<td>$1,071</td>
<td>$1,056</td>
<td>$1,008</td>
<td>1.4</td>
<td>6.3</td>
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<tr>
<td>Diluted earnings per share</td>
<td>$.57</td>
<td>$.56</td>
<td>$.52</td>
<td>1.8</td>
<td>9.6</td>
</tr>
</tbody>
</table>

**Financial Ratios**

- Net interest margin**
  - 4.08 %
  - 4.20 %
  - 4.29 %

- Interest yield on average loans**
  - 6.08 %
  - 5.97 %
  - 5.93 %

- Rate paid on interest-bearing liabilities
  - 1.97 %
  - 1.72 %
  - 1.45 %

- Return on average assets
  - 2.21 %
  - 2.16 %
  - 2.14 %

- Return on average equity
  - 21.9 %
  - 21.2 %
  - 20.7 %

- Efficiency ratio***
  - 41.7 %
  - 48.5 %
  - 47.0 %

- Tangible efficiency ratio****
  - 39.5 %
  - 43.6 %
  - 39.7 %

---

* Not meaningful

** On a taxable-equivalent basis

*** Computed as noninterest expense divided by the sum of net interest income on a taxable-equivalent basis and noninterest income excluding securities gains (losses), net

**** Computed as noninterest expense divided by the sum of net interest income on a taxable-equivalent basis and noninterest income excluding securities gains (losses), net and intangible amortization
U.S. Bancorp
Quarterly Consolidated Statement of Income

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
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<td>$1,878</td>
<td>$1,803</td>
<td>$1,740</td>
<td>$1,747</td>
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<td>Loans held for sale</td>
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<td>23</td>
<td>21</td>
<td>27</td>
<td>20</td>
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<td>Investment securities</td>
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<td>461</td>
<td>453</td>
<td>444</td>
<td>469</td>
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<td>Other interest income</td>
<td>27</td>
<td>27</td>
<td>26</td>
<td>25</td>
<td>22</td>
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<tr>
<td><strong>Total interest income</strong></td>
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<tr>
<td>Deposits</td>
<td>308</td>
<td>250</td>
<td>222</td>
<td>205</td>
<td>227</td>
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<tr>
<td>Short-term borrowings</td>
<td>112</td>
<td>80</td>
<td>74</td>
<td>59</td>
<td>50</td>
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<tr>
<td>Long-term debt</td>
<td>271</td>
<td>267</td>
<td>232</td>
<td>200</td>
<td>209</td>
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<tr>
<td><strong>Total interest expense</strong></td>
<td>691</td>
<td>597</td>
<td>528</td>
<td>464</td>
<td>486</td>
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<tr>
<td><strong>Net interest income</strong></td>
<td>1,744</td>
<td>1,792</td>
<td>1,775</td>
<td>1,772</td>
<td>1,772</td>
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<tr>
<td>Provision for credit losses</td>
<td>172</td>
<td>64</td>
<td>166</td>
<td>204</td>
<td>235</td>
</tr>
<tr>
<td><strong>Net interest income after provision for credit losses</strong></td>
<td>1,572</td>
<td>1,728</td>
<td>1,609</td>
<td>1,568</td>
<td>1,537</td>
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<tr>
<td><strong>Noninterest Income</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Credit and debit card revenue</td>
<td>154</td>
<td>184</td>
<td>164</td>
<td>159</td>
<td>142</td>
</tr>
<tr>
<td>Corporate payment products revenue</td>
<td>107</td>
<td>101</td>
<td>108</td>
<td>103</td>
<td>95</td>
</tr>
<tr>
<td>ATM processing services</td>
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<td>43</td>
<td>45</td>
<td>45</td>
<td>42</td>
</tr>
<tr>
<td>Merchant processing services</td>
<td>178</td>
<td>181</td>
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<td>165</td>
<td>141</td>
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<tr>
<td>Trust and investment management fees</td>
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<td>241</td>
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<tr>
<td>Deposit service charges</td>
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<td>185</td>
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<tr>
<td>Treasury management fees</td>
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<td>110</td>
<td>118</td>
<td>121</td>
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<td>Commercial products revenue</td>
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<td>110</td>
<td>94</td>
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<td>Investment products fees and commissions</td>
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<td>37</td>
<td>43</td>
<td>39</td>
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<td>Securities gains (losses), net</td>
<td>(59)</td>
<td>(21)</td>
<td>88</td>
<td>(172)</td>
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</tr>
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<td>Other</td>
<td>154</td>
<td>143</td>
<td>125</td>
<td>107</td>
<td>103</td>
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<tr>
<td><strong>Total noninterest income</strong></td>
<td>1,382</td>
<td>1,435</td>
<td>1,524</td>
<td>1,242</td>
<td>1,318</td>
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<tr>
<td><strong>Noninterest Expense</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation</td>
<td>567</td>
<td>579</td>
<td>564</td>
<td>573</td>
<td>536</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>116</td>
<td>98</td>
<td>100</td>
<td>91</td>
<td>100</td>
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<tr>
<td>Net occupancy and equipment</td>
<td>154</td>
<td>163</td>
<td>159</td>
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<td>35</td>
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<tr>
<td>Marketing and business development</td>
<td>43</td>
<td>49</td>
<td>61</td>
<td>49</td>
<td>35</td>
</tr>
<tr>
<td>Technology and communications</td>
<td>106</td>
<td>116</td>
<td>110</td>
<td>102</td>
<td>102</td>
</tr>
<tr>
<td>Postage, printing and supplies</td>
<td>63</td>
<td>65</td>
<td>61</td>
<td>60</td>
<td>62</td>
</tr>
<tr>
<td>Other intangibles</td>
<td>71</td>
<td>161</td>
<td>210</td>
<td>(47)</td>
<td>226</td>
</tr>
<tr>
<td>Debt prepayment</td>
<td>--</td>
<td>113</td>
<td>5</td>
<td>2</td>
<td>35</td>
</tr>
<tr>
<td>Other</td>
<td>175</td>
<td>190</td>
<td>211</td>
<td>215</td>
<td>171</td>
</tr>
<tr>
<td><strong>Total noninterest expense</strong></td>
<td>1,331</td>
<td>1,579</td>
<td>1,518</td>
<td>1,233</td>
<td>1,455</td>
</tr>
<tr>
<td><strong>Income before income taxes</strong></td>
<td>1,623</td>
<td>1,584</td>
<td>1,615</td>
<td>1,577</td>
<td>1,400</td>
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<tr>
<td><strong>Applicable income taxes</strong></td>
<td>552</td>
<td>528</td>
<td>549</td>
<td>540</td>
<td>392</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$1,071</td>
<td>$1,056</td>
<td>$1,066</td>
<td>$1,037</td>
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</table>

<table>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per share</td>
<td>$.58</td>
<td>$.57</td>
<td>$.57</td>
<td>$.55</td>
<td>$.53</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>$.57</td>
<td>$.56</td>
<td>$.56</td>
<td>$.54</td>
<td>$.52</td>
</tr>
<tr>
<td>Dividends declared per share</td>
<td>$.30</td>
<td>$.30</td>
<td>$.24</td>
<td>$.24</td>
<td>$.24</td>
</tr>
<tr>
<td>Average common shares outstanding</td>
<td>1,852</td>
<td>1,865</td>
<td>1,877</td>
<td>1,892</td>
<td>1,915</td>
</tr>
<tr>
<td>Average diluted common shares outstanding</td>
<td>1,880</td>
<td>1,894</td>
<td>1,904</td>
<td>1,913</td>
<td>1,941</td>
</tr>
</tbody>
</table>

**Financial Ratios**

Net interest margin* | 4.08 % | 4.20 % | 4.22 % | 4.28 % | 4.29 %
Interest yield on average loans* | 6.08 % | 5.97 % | 5.86 % | 5.79 % | 5.93 %
Rate paid on interest-bearing liabilities | 1.97 % | 1.72 % | 1.55 % | 1.38 % | 1.45 %
Return on average assets | 2.21 % | 2.16 % | 2.21 % | 2.19 % | 2.14 %
Return on average equity | 21.9 % | 21.2 % | 21.9 % | 21.9 % | 20.7 %
Efficiency ratio** | 41.7 % | 48.5 % | 47.2 % | 38.6 % | 47.0 %
Tangible efficiency ratio*** | 39.5 % | 43.6 % | 40.6 % | 40.1 % | 39.7 %

* On a taxable-equivalent basis
** Computed as noninterest expense divided by the sum of net interest income on a taxable-equivalent basis and noninterest income excluding securities gains (losses), net
*** Computed as noninterest expense divided by the sum of net interest income on a taxable-equivalent basis and noninterest income excluding securities gains (losses), net and intangible amortization
## U.S. Bancorp

### Consolidated Ending Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td>(Unaudited)</td>
<td>(Unaudited)</td>
<td>(Unaudited)</td>
<td>(Unaudited)</td>
<td>(Unaudited)</td>
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<tr>
<td>Cash and due from banks</td>
<td>$5,881</td>
<td>$6,336</td>
<td>$6,969</td>
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<td>$7,177</td>
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<td>Held-to-maturity</td>
<td>121</td>
<td>127</td>
<td>120</td>
<td>125</td>
<td>137</td>
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<tr>
<td>Available-for-sale</td>
<td>42,982</td>
<td>41,354</td>
<td>39,534</td>
<td>40,160</td>
<td>45,268</td>
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<td>Loans held for sale</td>
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<td>1,439</td>
<td>1,372</td>
<td>1,383</td>
<td>1,644</td>
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<tr>
<td>Loans</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Commercial</td>
<td>41,540</td>
<td>40,173</td>
<td>40,151</td>
<td>40,065</td>
<td>39,006</td>
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<td>Commercial real estate</td>
<td>27,363</td>
<td>27,585</td>
<td>27,414</td>
<td>27,204</td>
<td>27,215</td>
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<td>Residential mortgages</td>
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<td>15,367</td>
<td>14,741</td>
<td>14,380</td>
<td>13,717</td>
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<td>Retail</td>
<td>43,430</td>
<td>43,190</td>
<td>42,520</td>
<td>41,181</td>
<td>39,945</td>
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<tr>
<td>Total loans</td>
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<td>126,315</td>
<td>124,826</td>
<td>122,830</td>
<td>119,883</td>
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<td>Less allowance for loan losses</td>
<td>(2,082)</td>
<td>(2,080)</td>
<td>(2,184)</td>
<td>(2,190)</td>
<td>(2,186)</td>
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<tr>
<td>Net loans</td>
<td>126,823</td>
<td>124,235</td>
<td>122,642</td>
<td>120,640</td>
<td>117,697</td>
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<td>Premises and equipment</td>
<td>1,877</td>
<td>1,890</td>
<td>1,894</td>
<td>1,893</td>
<td>1,924</td>
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<td>Customers' liability on acceptances</td>
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<td>95</td>
<td>146</td>
<td>169</td>
<td>148</td>
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<td>Goodwill</td>
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<td>6,241</td>
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<td>6,226</td>
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<td>2,387</td>
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<td>2,025</td>
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<td>11,000</td>
<td>11,522</td>
<td>9,737</td>
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<td>Total assets</td>
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<td>$195,104</td>
<td>$192,844</td>
<td>$190,284</td>
<td>$192,145</td>
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### Liabilities and Shareholders' Equity

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</thead>
<tbody>
<tr>
<td><strong>Deposits</strong></td>
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<td>(Unaudited)</td>
<td>(Unaudited)</td>
<td>(Unaudited)</td>
<td>(Unaudited)</td>
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<tr>
<td>Noninterest-bearing</td>
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<td>$31,585</td>
<td>$32,786</td>
<td>$31,086</td>
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<td>71,936</td>
<td>70,011</td>
<td>71,314</td>
<td>74,262</td>
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<td>Time deposits greater than $100,000</td>
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<td>18,049</td>
<td>13,971</td>
<td>15,827</td>
<td>13,616</td>
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<td>Total deposits</td>
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<td>120,741</td>
<td>115,567</td>
<td>119,927</td>
<td>118,964</td>
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<td>Short-term borrowings</td>
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<td>12,648</td>
<td>11,592</td>
<td>13,431</td>
</tr>
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<td>Long-term debt</td>
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<td>34,739</td>
<td>38,004</td>
<td>33,665</td>
<td>33,568</td>
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<td>Acceptances outstanding</td>
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<td>95</td>
<td>146</td>
<td>169</td>
<td>148</td>
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<td>Other liabilities</td>
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<td>6,906</td>
<td>6,879</td>
<td>6,256</td>
<td>6,582</td>
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<td>Total liabilities</td>
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<td>175,565</td>
<td>173,244</td>
<td>171,609</td>
<td>172,693</td>
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<tr>
<td>Common stock</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
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<tr>
<td>Capital surplus</td>
<td>5,889</td>
<td>5,902</td>
<td>5,868</td>
<td>5,860</td>
<td>5,832</td>
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<td>Retained earnings</td>
<td>17,276</td>
<td>16,758</td>
<td>16,260</td>
<td>15,644</td>
<td>15,059</td>
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<td>Less treasury stock</td>
<td>(3,590)</td>
<td>(3,125)</td>
<td>(2,710)</td>
<td>(2,316)</td>
<td>(1,853)</td>
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<td>(16)</td>
<td>162</td>
<td>(533)</td>
<td>394</td>
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<td>Total shareholders' equity</td>
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<td>19,539</td>
<td>19,600</td>
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<td>Total liabilities and shareholders' equity</td>
<td>$198,466</td>
<td>$195,104</td>
<td>$192,844</td>
<td>$190,284</td>
<td>$192,145</td>
</tr>
</tbody>
</table>
### U.S. Bancorp

#### Consolidated Quarterly Average Balance Sheet

**(Dollars in Millions, Unaudited)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment securities</td>
<td>$42,813</td>
<td>$42,315</td>
<td>$42,502</td>
<td>$42,489</td>
<td>$44,744</td>
</tr>
<tr>
<td>Loans held for sale</td>
<td>1,429</td>
<td>1,598</td>
<td>1,405</td>
<td>1,987</td>
<td>1,445</td>
</tr>
<tr>
<td>Loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td>36,083</td>
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<td>34,457</td>
<td>34,484</td>
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<td>4,860</td>
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<td>39,317</td>
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<tr>
<td>Commercial mortgages</td>
<td>20,268</td>
<td>20,286</td>
<td>20,231</td>
<td>20,477</td>
<td>20,554</td>
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<td>Construction and development</td>
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<td>7,360</td>
<td>6,963</td>
<td>6,639</td>
<td>6,556</td>
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<td>Total commercial real estate</td>
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<td>27,646</td>
<td>27,194</td>
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<td>27,110</td>
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<td>Residential mortgages</td>
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<td>15,044</td>
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<td>14,052</td>
<td>13,610</td>
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<td>Retail</td>
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<td>Credit card</td>
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<td>6,347</td>
<td>6,145</td>
<td>5,989</td>
<td>5,878</td>
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<td>14,711</td>
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<td>13,775</td>
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<td>Other retail</td>
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<td>14,601</td>
<td>14,551</td>
<td>14,415</td>
<td>14,113</td>
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<tr>
<td>Total retail</td>
<td>43,326</td>
<td>42,746</td>
<td>41,826</td>
<td>40,663</td>
<td>39,559</td>
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<tr>
<td>Total loans</td>
<td>127,654</td>
<td>125,639</td>
<td>122,906</td>
<td>121,161</td>
<td>118,810</td>
</tr>
<tr>
<td>Other earning assets</td>
<td>1,398</td>
<td>1,372</td>
<td>1,374</td>
<td>1,353</td>
<td>1,360</td>
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<tr>
<td>Total earning assets</td>
<td>173,324</td>
<td>170,924</td>
<td>168,187</td>
<td>166,990</td>
<td>166,359</td>
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<tr>
<td>Allowance for loan losses</td>
<td>(2,114)</td>
<td>(2,207)</td>
<td>(2,287)</td>
<td>(2,289)</td>
<td>(2,431)</td>
</tr>
<tr>
<td>Unrealized gain (loss) on available-for-sale securities</td>
<td>(261)</td>
<td>(150)</td>
<td>(492)</td>
<td>(729)</td>
<td>(14)</td>
</tr>
<tr>
<td>Other assets</td>
<td>26,016</td>
<td>26,093</td>
<td>26,177</td>
<td>26,458</td>
<td>25,749</td>
</tr>
<tr>
<td>Total assets</td>
<td>$196,935</td>
<td>$194,660</td>
<td>$191,585</td>
<td>$190,430</td>
<td>$189,663</td>
</tr>
</tbody>
</table>

#### Liabilities and Shareholders' Equity

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Noninterest-bearing deposits</td>
<td>$28,417</td>
<td>$29,841</td>
<td>$29,791</td>
<td>$30,607</td>
<td>$29,025</td>
</tr>
<tr>
<td>Interest-bearing deposits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest checking</td>
<td>23,146</td>
<td>21,630</td>
<td>20,413</td>
<td>20,739</td>
<td>20,948</td>
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<td>Money market accounts</td>
<td>30,264</td>
<td>30,955</td>
<td>31,854</td>
<td>34,242</td>
<td>34,397</td>
</tr>
<tr>
<td>Savings accounts</td>
<td>5,968</td>
<td>5,776</td>
<td>5,854</td>
<td>5,936</td>
<td>5,898</td>
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<tr>
<td>Time certificates of deposit less than $100,000</td>
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<td>12,794</td>
<td>12,869</td>
<td>13,021</td>
<td>13,618</td>
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<tr>
<td>Time deposits greater than $100,000</td>
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<td>15,448</td>
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<td>12,571</td>
<td>12,133</td>
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<td>86,603</td>
<td>85,525</td>
<td>86,509</td>
<td>86,994</td>
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<td>Short-term borrowings</td>
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<td>14,020</td>
<td>15,382</td>
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<td>13,419</td>
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<tr>
<td>Long-term debt</td>
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<td>37,680</td>
<td>35,199</td>
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<td>34,553</td>
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<td>134,966</td>
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<td>19,820</td>
<td>19,387</td>
<td>19,043</td>
<td>19,584</td>
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<tr>
<td>Total liabilities and shareholders' equity</td>
<td>$196,935</td>
<td>$194,660</td>
<td>$191,585</td>
<td>$190,430</td>
<td>$189,663</td>
</tr>
</tbody>
</table>
### U.S. Bancorp

**Consolidated Daily Average Balance Sheet and Related Yields and Rates (a)**

For the Three Months Ended

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<thead>
<tr>
<th>(Dollars in Millions, Unaudited)</th>
<th>March 31, 2005</th>
<th>March 31, 2004</th>
<th>% Change in Average Balances</th>
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<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment securities</td>
<td>$42,813</td>
<td>$44,744</td>
<td>(4.3) %</td>
</tr>
<tr>
<td>Loans held for sale</td>
<td>1,429</td>
<td>1,445</td>
<td>(1.1) %</td>
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<td>Loans (b)</td>
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<td>Commercial</td>
<td>40,997</td>
<td>38,531</td>
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<tr>
<td>Commercial real estate</td>
<td>27,504</td>
<td>27,110</td>
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<tr>
<td>Residential mortgages</td>
<td>15,827</td>
<td>13,610</td>
<td>16.3</td>
</tr>
<tr>
<td>Retail</td>
<td>43,326</td>
<td>39,559</td>
<td>9.5</td>
</tr>
<tr>
<td>Total loans</td>
<td>127,654</td>
<td>118,810</td>
<td>7.4</td>
</tr>
<tr>
<td>Other earning assets</td>
<td>1,398</td>
<td>1,360</td>
<td>2.8</td>
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<tr>
<td>Total earning assets</td>
<td>173,294</td>
<td>166,359</td>
<td>4.2</td>
</tr>
<tr>
<td>Allowance for loan losses</td>
<td>(2,114)</td>
<td>(2,431)</td>
<td>(13.0)</td>
</tr>
<tr>
<td>Unrealized gain (loss) on available-for-sale securities</td>
<td>(261)</td>
<td>(14)</td>
<td>*</td>
</tr>
<tr>
<td>Other assets</td>
<td>26,016</td>
<td>25,749</td>
<td>1.0</td>
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<tr>
<td>Total assets</td>
<td>$196,935</td>
<td>$189,663</td>
<td>3.8</td>
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<td><strong>Liabilities and Shareholders' Equity</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Noninterest-bearing deposits</td>
<td>$28,417</td>
<td>$29,025</td>
<td>(2.1)</td>
</tr>
<tr>
<td>Interest-bearing deposits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest checking</td>
<td>23,146</td>
<td>20,948</td>
<td>10.5</td>
</tr>
<tr>
<td>Money market accounts</td>
<td>30,264</td>
<td>34,397</td>
<td>(12.0)</td>
</tr>
<tr>
<td>Savings accounts</td>
<td>5,968</td>
<td>5,898</td>
<td>1.2</td>
</tr>
<tr>
<td>Time certificates of deposit less than $100,000</td>
<td>12,978</td>
<td>13,618</td>
<td>1.5</td>
</tr>
<tr>
<td>Time deposits greater than $100,000</td>
<td>18,650</td>
<td>12,133</td>
<td>53.7</td>
</tr>
<tr>
<td>Total interest-bearing deposits</td>
<td>91,006</td>
<td>86,994</td>
<td>4.6</td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>15,606</td>
<td>13,419</td>
<td>16.3</td>
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<tr>
<td>Long-term debt</td>
<td>35,440</td>
<td>34,553</td>
<td>2.6</td>
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<tr>
<td>Total interest-bearing liabilities</td>
<td>142,052</td>
<td>134,966</td>
<td>5.3</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>6,663</td>
<td>6,088</td>
<td>9.4</td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td>19,803</td>
<td>19,584</td>
<td>1.1</td>
</tr>
<tr>
<td>Total liabilities and shareholders' equity</td>
<td>$196,935</td>
<td>$189,663</td>
<td>3.8 %</td>
</tr>
</tbody>
</table>

**Net interest income**

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2005</th>
<th>March 31, 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross interest margin</td>
<td>$1,751</td>
<td>$1,779</td>
</tr>
<tr>
<td>Gross interest margin without taxable-equivalent increments</td>
<td>3.72 %</td>
<td>4.02 %</td>
</tr>
</tbody>
</table>

**Percent of Earning Assets**

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2005</th>
<th>March 31, 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net interest margin</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net interest margin without taxable-equivalent increments</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Not meaningful*

(a) Interest and rates are presented on a fully taxable-equivalent basis under a tax rate of 35 percent.

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

Consolidated Daily Average Balance Sheet and Related Yields and Rates (a)

For the Three Months Ended
March 31, 2005  December 31, 2004

<table>
<thead>
<tr>
<th>(Dollars in Millions, Unaudited)</th>
<th>Average Balances</th>
<th>Interest</th>
<th>Yields and Rates</th>
<th>Average Balances</th>
<th>Interest</th>
<th>Yields and Rates</th>
<th>% Change</th>
<th>Average Balances</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment securities</td>
<td>$42,813</td>
<td>$477</td>
<td>4.46 %</td>
<td>$42,315</td>
<td>$463</td>
<td>4.38 %</td>
<td>1.2 %</td>
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<tr>
<td>Loans held for sale</td>
<td>1,429</td>
<td>21</td>
<td>5.83</td>
<td>1,598</td>
<td>23</td>
<td>5.81</td>
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</tr>
<tr>
<td>Loans (b)</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td>40,997</td>
<td>577</td>
<td>5.69</td>
<td>40,203</td>
<td>569</td>
<td>5.63</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>Commercial real estate</td>
<td>27,504</td>
<td>413</td>
<td>6.09</td>
<td>27,646</td>
<td>409</td>
<td>5.90</td>
<td>(.5)</td>
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<tr>
<td>Residential mortgages</td>
<td>15,827</td>
<td>218</td>
<td>5.55</td>
<td>15,044</td>
<td>211</td>
<td>5.59</td>
<td>5.2</td>
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<tr>
<td>Retail</td>
<td>43,326</td>
<td>709</td>
<td>6.63</td>
<td>42,746</td>
<td>695</td>
<td>6.46</td>
<td>1.4</td>
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<tr>
<td>Total loans</td>
<td>127,654</td>
<td>1,917</td>
<td>6.08</td>
<td>125,639</td>
<td>1,884</td>
<td>5.97</td>
<td>1.6</td>
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<tr>
<td>Other earning assets</td>
<td>1,398</td>
<td>27</td>
<td>7.88</td>
<td>1,372</td>
<td>27</td>
<td>7.78</td>
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<tr>
<td>Total earning assets</td>
<td>173,294</td>
<td>2,442</td>
<td>5.69</td>
<td>170,924</td>
<td>2,397</td>
<td>5.59</td>
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<tr>
<td>Allowance for loan losses</td>
<td>(2,114)</td>
<td></td>
<td></td>
<td>(2,207)</td>
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<td>(4.2)</td>
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<tr>
<td>Unrealized gain (loss) on available-for-sale securities</td>
<td>(261)</td>
<td></td>
<td>74.0</td>
<td>(150)</td>
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<td></td>
<td>74.0</td>
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<tr>
<td>Other assets</td>
<td>26,016</td>
<td></td>
<td></td>
<td>26,093</td>
<td></td>
<td></td>
<td>(.3)</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>$196,935</td>
<td></td>
<td></td>
<td>$194,660</td>
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<td>1.2</td>
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<tr>
<td><strong>Liabilities and Shareholders' Equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Noninterest-bearing deposits</td>
<td>$28,417</td>
<td></td>
<td></td>
<td>$29,841</td>
<td></td>
<td></td>
<td>(4.8)</td>
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</tr>
<tr>
<td>Interest-bearing deposits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest checking</td>
<td>23,146</td>
<td>31</td>
<td>.54</td>
<td>21,630</td>
<td>22</td>
<td>.40</td>
<td>7.0</td>
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<td>Money market accounts</td>
<td>30,264</td>
<td>70</td>
<td>.93</td>
<td>30,955</td>
<td>57</td>
<td>.74</td>
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<tr>
<td>Savings accounts</td>
<td>5,968</td>
<td>4</td>
<td>.31</td>
<td>5,776</td>
<td>3</td>
<td>.25</td>
<td>3.3</td>
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<tr>
<td>Time certificates of deposit less than $100,000</td>
<td>12,978</td>
<td>86</td>
<td>2.70</td>
<td>12,794</td>
<td>84</td>
<td>2.61</td>
<td>1.4</td>
<td></td>
</tr>
<tr>
<td>Time deposits greater than $100,000</td>
<td>18,650</td>
<td>117</td>
<td>2.54</td>
<td>15,448</td>
<td>84</td>
<td>2.16</td>
<td>20.7</td>
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<tr>
<td>Total interest-bearing deposits</td>
<td>91,006</td>
<td>308</td>
<td>1.37</td>
<td>86,603</td>
<td>250</td>
<td>1.15</td>
<td>5.1</td>
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</tr>
<tr>
<td>Short-term borrowings</td>
<td>15,606</td>
<td>112</td>
<td>2.91</td>
<td>14,020</td>
<td>80</td>
<td>2.25</td>
<td>11.3</td>
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<tr>
<td>Long-term debt</td>
<td>35,440</td>
<td>271</td>
<td>3.09</td>
<td>37,680</td>
<td>267</td>
<td>2.82</td>
<td>(5.9)</td>
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<tr>
<td>Total interest-bearing liabilities</td>
<td>142,052</td>
<td>691</td>
<td>1.97</td>
<td>138,303</td>
<td>597</td>
<td>1.72</td>
<td>2.7</td>
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<tr>
<td>Other liabilities</td>
<td>6,663</td>
<td></td>
<td></td>
<td>6,696</td>
<td></td>
<td></td>
<td>(.5)</td>
<td></td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td>19,803</td>
<td></td>
<td></td>
<td>19,820</td>
<td></td>
<td></td>
<td>(.1)</td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders' equity</strong></td>
<td>$196,935</td>
<td></td>
<td></td>
<td>$194,660</td>
<td></td>
<td></td>
<td>1.2</td>
<td></td>
</tr>
</tbody>
</table>

| Net interest income              | $1,751           |          |                  | $1,800           |          |                  |          |                  |
| Gross interest margin            | 3.72 %           |          | 3.87 %           |                  |          |                  |          |                  |
| Gross interest margin without taxable-equivalent increments | 3.70 |          | 3.85 |                  |          |                  |          |                  |

Percent of Earning Assets

| Interest income                  | 5.69 %           |          | 5.59 %           |                  |          |                  |          |                  |
| Interest expense                 | 1.61             |          | 1.39             |                  |          |                  |          |                  |
| **Net interest margin**          | 4.08 %           |          | 4.20 %           |                  |          |                  |          |                  |
| **Net interest margin without taxable-equivalent increments** | 4.06 % |          | 4.18 % |                  |          |                  |          |                  |

(a) Interest and rates are presented on a fully taxable-equivalent basis under a tax rate of 35 percent.
(b) Interest income and rates on loans include loan fees. Nonaccrual loans are included in average loan balances.
## U.S. Bancorp
### Loan Portfolio

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commercial</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td>$36,623</td>
<td>28.4%</td>
<td>$35,210</td>
<td>27.9%</td>
<td>$35,286</td>
</tr>
<tr>
<td>Lease financing</td>
<td>4,917</td>
<td>3.8%</td>
<td>4,963</td>
<td>3.9%</td>
<td>4,865</td>
</tr>
<tr>
<td><strong>Total commercial</strong></td>
<td>$41,540</td>
<td>32.2%</td>
<td>$40,173</td>
<td>31.8%</td>
<td>$40,151</td>
</tr>
<tr>
<td><strong>Commercial real estate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial mortgages</td>
<td>20,134</td>
<td>15.6%</td>
<td>20,315</td>
<td>16.1%</td>
<td>20,232</td>
</tr>
<tr>
<td>Construction and development</td>
<td>7,229</td>
<td>5.6%</td>
<td>7,270</td>
<td>5.7%</td>
<td>7,182</td>
</tr>
<tr>
<td><strong>Total commercial real estate</strong></td>
<td>$27,363</td>
<td>21.2%</td>
<td>$27,585</td>
<td>21.8%</td>
<td>$27,414</td>
</tr>
<tr>
<td><strong>Residential mortgages</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential mortgages</td>
<td>10,747</td>
<td>8.4%</td>
<td>9,722</td>
<td>7.7%</td>
<td>8,955</td>
</tr>
<tr>
<td>Home equity loans, first liens</td>
<td>5,825</td>
<td>4.5%</td>
<td>5,645</td>
<td>4.5%</td>
<td>5,786</td>
</tr>
<tr>
<td><strong>Total residential mortgages</strong></td>
<td>$16,572</td>
<td>12.9%</td>
<td>$15,367</td>
<td>12.2%</td>
<td>$14,741</td>
</tr>
<tr>
<td><strong>Retail</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit card</td>
<td>6,276</td>
<td>4.9%</td>
<td>6,603</td>
<td>5.2%</td>
<td>6,216</td>
</tr>
<tr>
<td>Retail leasing</td>
<td>7,253</td>
<td>5.6%</td>
<td>7,166</td>
<td>5.7%</td>
<td>7,004</td>
</tr>
<tr>
<td>Home equity and second mortgages</td>
<td>14,867</td>
<td>11.5%</td>
<td>14,851</td>
<td>11.8%</td>
<td>14,548</td>
</tr>
<tr>
<td><strong>Other retail</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revolving credit</td>
<td>2,480</td>
<td>1.9%</td>
<td>2,541</td>
<td>2.0%</td>
<td>2,555</td>
</tr>
<tr>
<td>Installment</td>
<td>3,004</td>
<td>2.4%</td>
<td>2,767</td>
<td>2.2%</td>
<td>2,790</td>
</tr>
<tr>
<td>Automobile</td>
<td>7,445</td>
<td>5.8%</td>
<td>7,419</td>
<td>5.9%</td>
<td>7,481</td>
</tr>
<tr>
<td>Student</td>
<td>2,103</td>
<td>1.6%</td>
<td>1,843</td>
<td>1.4%</td>
<td>1,926</td>
</tr>
<tr>
<td><strong>Total other retail</strong></td>
<td>$15,034</td>
<td>11.7%</td>
<td>$14,570</td>
<td>11.5%</td>
<td>$14,752</td>
</tr>
<tr>
<td><strong>Total retail</strong></td>
<td>$43,430</td>
<td>33.7%</td>
<td>$43,190</td>
<td>34.2%</td>
<td>$42,520</td>
</tr>
<tr>
<td><strong>Total loans</strong></td>
<td>$128,905</td>
<td>100.0%</td>
<td>$126,315</td>
<td>100.0%</td>
<td>$124,826</td>
</tr>
</tbody>
</table>
### U.S. Bancorp

#### Supplemental Financial Data

(Dollars in Millions, Unaudited)

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Book value of intangibles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>$6,277</td>
<td>$6,241</td>
<td>$6,226</td>
<td>$6,226</td>
<td>$6,095</td>
</tr>
<tr>
<td>Merchant processing contracts</td>
<td>748</td>
<td>714</td>
<td>713</td>
<td>751</td>
<td>527</td>
</tr>
<tr>
<td>Core deposit benefits</td>
<td>317</td>
<td>336</td>
<td>356</td>
<td>376</td>
<td>396</td>
</tr>
<tr>
<td>Mortgage servicing rights</td>
<td>948</td>
<td>866</td>
<td>865</td>
<td>863</td>
<td>634</td>
</tr>
<tr>
<td>Trust relationships</td>
<td>285</td>
<td>297</td>
<td>309</td>
<td>322</td>
<td>299</td>
</tr>
<tr>
<td>Other identified intangibles</td>
<td>235</td>
<td>174</td>
<td>176</td>
<td>163</td>
<td>169</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,810</strong></td>
<td><strong>$8,628</strong></td>
<td><strong>$8,645</strong></td>
<td><strong>$8,701</strong></td>
<td><strong>$8,120</strong></td>
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#### Three Months Ended

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Amortization of intangibles</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Merchant processing contracts</td>
<td>$33</td>
<td>$39</td>
<td>$32</td>
<td>$33</td>
<td>$28</td>
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<tr>
<td>Core deposit benefits</td>
<td>19</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>21</td>
</tr>
<tr>
<td>Mortgage servicing rights</td>
<td>(5)</td>
<td>78</td>
<td>134</td>
<td>(123)</td>
<td>154</td>
</tr>
<tr>
<td>Trust relationships</td>
<td>12</td>
<td>12</td>
<td>13</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Other identified intangibles</td>
<td>12</td>
<td>12</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$71</strong></td>
<td><strong>$161</strong></td>
<td><strong>$210</strong></td>
<td><strong>$(47)</strong></td>
<td><strong>$226</strong></td>
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</table>

#### Mortgage banking revenue

<table>
<thead>
<tr>
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<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Origination and sales</td>
<td>$35</td>
<td>$28</td>
<td>$30</td>
<td>$47</td>
<td>$34</td>
</tr>
<tr>
<td>Loan servicing</td>
<td>67</td>
<td>68</td>
<td>67</td>
<td>63</td>
<td>60</td>
</tr>
<tr>
<td><strong>Total mortgage banking revenue</strong></td>
<td><strong>$102</strong></td>
<td><strong>$96</strong></td>
<td><strong>$97</strong></td>
<td><strong>$110</strong></td>
<td><strong>$94</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage production volume</td>
<td>$4,505</td>
<td>$4,409</td>
<td>$4,024</td>
<td>$5,220</td>
<td>$3,733</td>
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<tr>
<td>Mortgages serviced for others</td>
<td>$63,252</td>
<td>$63,163</td>
<td>$63,208</td>
<td>$58,675</td>
<td>$57,667</td>
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</tbody>
</table>

A summary of the Company’s mortgage servicing rights and related characteristics by portfolio as of March 31, 2005, was as follows:

<table>
<thead>
<tr>
<th></th>
<th>MRBP*</th>
<th>Government</th>
<th>Conventional</th>
<th>Total</th>
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<tbody>
<tr>
<td>Servicing portfolio</td>
<td>$7,429</td>
<td>$9,259</td>
<td>$46,564</td>
<td>$63,252</td>
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<tr>
<td>Fair market value</td>
<td>$133</td>
<td>$148</td>
<td>$679</td>
<td>$960</td>
</tr>
<tr>
<td>Value (bps)</td>
<td>179</td>
<td>160</td>
<td>146</td>
<td>152</td>
</tr>
<tr>
<td>Weighted-average servicing fees (bps)</td>
<td>43</td>
<td>45</td>
<td>35</td>
<td>37</td>
</tr>
<tr>
<td>Multiple (value/servicing fees)</td>
<td>4.16</td>
<td>3.56</td>
<td>4.17</td>
<td>4.11</td>
</tr>
<tr>
<td>Weighted-average note rate</td>
<td>6.19 %</td>
<td>6.03 %</td>
<td>5.69 %</td>
<td>5.80 %</td>
</tr>
<tr>
<td>Age (in years)</td>
<td>3.7</td>
<td>2.4</td>
<td>1.8</td>
<td>2.1</td>
</tr>
<tr>
<td>Expected life (in years)</td>
<td>6.8</td>
<td>5.4</td>
<td>6.1</td>
<td>6.1</td>
</tr>
<tr>
<td>Discount rate</td>
<td>10.1 %</td>
<td>10.7 %</td>
<td>9.6 %</td>
<td>9.8 %</td>
</tr>
</tbody>
</table>

* MRBP represents mortgage revenue bond programs.
U.S. Bancorp

Line of Business Financial Performance *

<table>
<thead>
<tr>
<th></th>
<th>Wholesale Banking</th>
<th>Consumer Banking</th>
<th>Private Client, Trust and Asset Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Condensed Income Statement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net interest income (taxable-equivalent basis)</td>
<td>$398</td>
<td>$390</td>
<td>2.1 %</td>
</tr>
<tr>
<td>Noninterest income</td>
<td>218</td>
<td>198</td>
<td>10.1 %</td>
</tr>
<tr>
<td>Securities gains (losses), net</td>
<td>(4)</td>
<td>1</td>
<td>**</td>
</tr>
<tr>
<td>Total net revenue</td>
<td>612</td>
<td>589</td>
<td>3.9 %</td>
</tr>
<tr>
<td>Noninterest expense</td>
<td>180</td>
<td>173</td>
<td>4.0 %</td>
</tr>
<tr>
<td>Other intangibles</td>
<td>5 (20.0)</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>Total noninterest expense</td>
<td>184</td>
<td>178</td>
<td>3.4 %</td>
</tr>
<tr>
<td>Income before provision and income taxes</td>
<td>428</td>
<td>411</td>
<td>4.1 %</td>
</tr>
<tr>
<td>Provision for credit losses</td>
<td>3</td>
<td>34 (91.2)</td>
<td>--</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>425</td>
<td>377</td>
<td>12.7 %</td>
</tr>
<tr>
<td>Income taxes and taxable-equivalent adjustment</td>
<td>155</td>
<td>137</td>
<td>13.1 %</td>
</tr>
<tr>
<td>Net income</td>
<td>$270</td>
<td>$240</td>
<td>12.5 %</td>
</tr>
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</table>

Average Balance Sheet Data

<table>
<thead>
<tr>
<th></th>
<th>Wholesale Banking</th>
<th>Consumer Banking</th>
<th>Private Client, Trust and Asset Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>$43,682</td>
<td>$41,711</td>
<td>4.7 %</td>
</tr>
<tr>
<td>Other earning assets</td>
<td>226</td>
<td>234</td>
<td>(3.4) %</td>
</tr>
<tr>
<td>Goodwill</td>
<td>1,225</td>
<td>1,225</td>
<td>--</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>76</td>
<td>95</td>
<td>(20.0) %</td>
</tr>
<tr>
<td>Assets</td>
<td>49,605</td>
<td>47,958</td>
<td>3.4 %</td>
</tr>
<tr>
<td>Noninterest-bearing deposits</td>
<td>11,920</td>
<td>12,396</td>
<td>(3.4) %</td>
</tr>
<tr>
<td>Interest-bearing deposits</td>
<td>19,848</td>
<td>16,465</td>
<td>20.6 %</td>
</tr>
<tr>
<td>Total deposits</td>
<td>31,768</td>
<td>28,852</td>
<td>10.1 %</td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td>5,091</td>
<td>5,100</td>
<td>(.2) %</td>
</tr>
</tbody>
</table>

*(Preliminary data)

**Not meaningful
### U.S. Bancorp

#### Line of Business Financial Performance *

<table>
<thead>
<tr>
<th></th>
<th>Wholesale Banking</th>
<th></th>
<th>Consumer Banking</th>
<th></th>
<th>Private Client, Trust and Asset Management</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Condensed Income Statement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net interest income (taxable-equivalent basis)</td>
<td>$398</td>
<td>$412 (3.4) %</td>
<td>$959</td>
<td>$965 (0.6) %</td>
<td>$104</td>
<td>$100 4.0 %</td>
</tr>
<tr>
<td>Noninterest income</td>
<td>218</td>
<td>222 (1.8) %</td>
<td>465</td>
<td>473 (1.7) %</td>
<td>253</td>
<td>247 2.4 %</td>
</tr>
<tr>
<td>Securities gains (losses), net</td>
<td>(4)</td>
<td>-- -- **</td>
<td>(54)</td>
<td>-- -- **</td>
<td>--</td>
<td>-- --</td>
</tr>
<tr>
<td>Total net revenue</td>
<td>612</td>
<td>634 (3.5) %</td>
<td>1,370</td>
<td>1,438 (4.7) %</td>
<td>357</td>
<td>347 2.9 %</td>
</tr>
<tr>
<td>Noninterest expense</td>
<td>180</td>
<td>191 (5.8) %</td>
<td>643</td>
<td>677 (5.0) %</td>
<td>163</td>
<td>170 (4.1) %</td>
</tr>
<tr>
<td>Other intangibles</td>
<td>4</td>
<td>4 --</td>
<td>10</td>
<td>93 (89.2) %</td>
<td>15</td>
<td>16 (6.3) %</td>
</tr>
<tr>
<td>Total noninterest expense</td>
<td>184</td>
<td>195 (5.6) %</td>
<td>653</td>
<td>770 (15.2) %</td>
<td>178</td>
<td>186 (4.3) %</td>
</tr>
<tr>
<td>Income before provision and income taxes</td>
<td>428</td>
<td>439 (2.5) %</td>
<td>717</td>
<td>668 7.3 %</td>
<td>179</td>
<td>161 11.2 %</td>
</tr>
<tr>
<td>Provision for credit losses</td>
<td>3</td>
<td>(8) **</td>
<td>80</td>
<td>87 (8.0) %</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>425</td>
<td>447 (4.9) %</td>
<td>637</td>
<td>581 9.6 %</td>
<td>179</td>
<td>161 11.2 %</td>
</tr>
<tr>
<td>Income taxes and taxable-equivalent adjustment</td>
<td>155</td>
<td>163 (4.9) %</td>
<td>232</td>
<td>211 10.0 %</td>
<td>65</td>
<td>59 10.2 %</td>
</tr>
<tr>
<td>Net income</td>
<td>$270</td>
<td>$284 (4.9) %</td>
<td>$405</td>
<td>$370 9.5 %</td>
<td>$114</td>
<td>$102 11.8 %</td>
</tr>
</tbody>
</table>

| **Average Balance Sheet Data** |                    |          |                  |          |                                            |          |
| Loans                  | $43,682            | $43,025 1.5 % | $67,773 | $66,188 2.4 % | $4,856 | $4,950 (1.9) % |
| Other earning assets   | 226               | 200 13.0 % | 1,719  | 2,170 (20.8) % | 11    | 9 22.2 % |
| Goodwill               | 1,225             | 1,225 -- | 2,243   | 2,243 -- | 843   | 845 (2.2) % |
| Other intangible assets | 76  | 81 (6.2) % | 1,116  | 1,102 1.3 % | 331   | 346 (4.3) % |
| Assets                 | 49,605            | 48,896 1.5 % | 75,472 | 74,585 1.2 % | 6,638 | 6,777 (2.1) % |
| Noninterest-bearing deposits | 11,920 | 12,128 (1.7) % | 13,077 | 14,220 (8.0) % | 3,356 | 3,630 (7.5) % |
| Interest-bearing deposits | 19,848 | 18,004 10.2 % | 59,044 | 58,430 1.1 % | 8,943 | 8,466 5.6 % |
| Total deposits         | 31,768            | 30,132 5.4 % | 72,121 | 72,650 (0.7) % | 12,299 | 12,096 1.7 % |
| Shareholders' equity   | 5,091             | 5,136 (.9) % | 6,415   | 6,405 0.2 % | 2,133 | 2,053 3.9 % |

<table>
<thead>
<tr>
<th></th>
<th>Payment Services</th>
<th></th>
<th>Treasury and Corporate Support</th>
<th></th>
<th>Consolidated Company</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Condensed Income Statement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net interest income (taxable-equivalent basis)</td>
<td>$141</td>
<td>$143 (1.4) %</td>
<td>$149</td>
<td>$180 (17.2) %</td>
<td>$1,751</td>
<td>$1,800 (2.7) %</td>
</tr>
<tr>
<td>Noninterest income</td>
<td>481</td>
<td>505 (4.8) %</td>
<td>24</td>
<td>9 -- **</td>
<td>1,441</td>
<td>1,456 (1.0) %</td>
</tr>
<tr>
<td>Securities gains (losses), net</td>
<td>--</td>
<td>-- --</td>
<td>(1)</td>
<td>(21) 95.2 %</td>
<td>(59)</td>
<td>(21) **</td>
</tr>
<tr>
<td>Total net revenue</td>
<td>622</td>
<td>648 (4.0) %</td>
<td>172</td>
<td>168 2.4 %</td>
<td>3,133</td>
<td>3,235 (3.2) %</td>
</tr>
<tr>
<td>Noninterest expense</td>
<td>234</td>
<td>230 1.7 %</td>
<td>40</td>
<td>150 (73.3) %</td>
<td>1,260</td>
<td>1,418 (11.1) %</td>
</tr>
<tr>
<td>Other intangibles</td>
<td>41</td>
<td>47 (12.8) %</td>
<td>1</td>
<td>1 --</td>
<td>71</td>
<td>161 (55.9) %</td>
</tr>
<tr>
<td>Total noninterest expense</td>
<td>275</td>
<td>277 (7.7) %</td>
<td>41</td>
<td>151 (72.8) %</td>
<td>1,331</td>
<td>1,579 (15.7) %</td>
</tr>
<tr>
<td>Income before provision and income taxes</td>
<td>347</td>
<td>371 (6.5) %</td>
<td>131</td>
<td>17 -- **</td>
<td>1,802</td>
<td>1,656 8.8 %</td>
</tr>
<tr>
<td>Provision for credit losses</td>
<td>89</td>
<td>86 3.5 %</td>
<td>--</td>
<td>(101) **</td>
<td>172</td>
<td>64 **</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>258</td>
<td>285 (9.5) %</td>
<td>131</td>
<td>118 11.0 %</td>
<td>1,630</td>
<td>1,592 2.4 %</td>
</tr>
<tr>
<td>Income taxes and taxable-equivalent adjustment</td>
<td>94</td>
<td>104 (9.6) %</td>
<td>13</td>
<td>(1) **</td>
<td>559</td>
<td>536 4.3 %</td>
</tr>
<tr>
<td>Net income</td>
<td>$164</td>
<td>$181 (9.4) %</td>
<td>$118</td>
<td>$119 (8) %</td>
<td>$1,071</td>
<td>$1,056 1.4 %</td>
</tr>
</tbody>
</table>

| **Average Balance Sheet Data** |                    |          |                  |          |                                            |          |
| Loans                  | $11,023            | $11,063 (0.4) % | $320  | $413 (22.5) % | $127,654 | $125,639 1.6 % |
| Other earning assets   | 65                | 20 -- ** | 43,619 | 42,886 1.7 % | 45,640 | 45,285 .8 % |
| Goodwill               | 1,941             | 1,916 1.3 % | 52    | 520 9.8 % | 2,625 | 6,229 (66.0) % |
| Other intangible assets | 907   | 836 8.5 % | 12    | 600 100.0 % | 2,442 | 2,371 3.0 % |
| Assets                 | 14,498            | 14,464 .2 % | 50,722 | 49,938 1.6 % | 196,935 | 194,660 1.2 % |
| Noninterest-bearing deposits | 140 | 119 17.6 % | (76)  | (256) 70.3 % | 28,417 | 29,841 (4.8) % |
| Interest-bearing deposits | 14  | 13 7.7 % | 3,157 | 1,690 86.8 % | 91,006 | 86,603 5.1 % |
| Total deposits         | 154               | 132 16.7 % | 3,081  | 1,434 -- ** | 119,423 | 116,444 2.6 % |
| Shareholders' equity   | 3,432             | 3,336 2.9 % | 2,732   | 2,890 (5.5) % | 19,803 | 19,820 (.1) % |

* Preliminary data
** Not meaningful