April 19, 2023

# U.S. Bancorp
# 1Q23 Earnings Conference Call

# Forward-looking Statements and Additional Information

The following information appears in accordance with the Private Securities Litigation Reform Act of 1995:

This presentation contains forward-looking statements about U.S. Bancorp. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements and are based on the information available to, and assumptions and estimates made by, management as of the date hereof. These forward-looking statements cover, among other things, future economic conditions and the anticipated future revenue, expenses, financial condition, asset quality, capital and liquidity levels, plans, prospects and operations of U.S. Bancorp. Forward-looking statements often use words such as “anticipates,” “targets,” “expects,” “hopes,” “estimates,” “projects,” “forecasts,” “intends,” “plans,” “goals,” “believes,” “continue” and other similar expressions or future or conditional verbs such as “will,” “may,” “might,” “should,” “would” and “could.”

Forward-looking statements involve inherent risks and uncertainties that could cause actual results to differ materially from those set forth in forward-looking statements, including the following risks and uncertainties: deterioration in general business and economic conditions or turbulence in domestic or global financial markets, which could adversely affect U.S. Bancorp’s revenues and the values of its assets and liabilities, reduce the availability of funding to certain financial institutions, lead to a tightening of credit, and increase stock price volatility; turmoil and volatility in the financial services industry, including failures or rumors of failures of other depository institutions, which could affect the ability of depository institutions, including U.S. Bank National Association and MUFG Union Bank N.A., to attract and retain depositors, and could affect the ability of financial services providers, including U.S. Bancorp, to borrow or raise capital; actions taken by governmental agencies to stabilize the financial system and the effectiveness of such actions; changes to regulatory capital, liquidity and resolution-related requirements applicable to large banking organizations in response to recent developments affecting the banking sector; changes to statutes, regulations, or regulatory policies or practices, including capital and liquidity requirements, and the enforcement and interpretation of such laws and regulations, and U.S. Bancorp’s ability to address or satisfy those requirements and other requirements or conditions imposed by regulatory entities; changes in interest rates; increases in unemployment rates; deterioration in the credit quality of its loan portfolios or in the value of the collateral securing those loans; risks related to originating and selling mortgages, including repurchase and indemnity demands, and related to U.S. Bancorp’s role as a loan servicer; impacts of current, pending or future litigation and governmental proceedings; increased competition from both banks and non-banks; effects of climate change and related physical and transition risks; changes in customer behavior and preferences and the ability to implement technological changes to respond to customer needs and meet competitive demands; breaches in data security; failures or disruptions in or breaches of U.S. Bancorp’s operational or security systems or infrastructure, or those of third parties; failures to safeguard personal information; impacts of pandemics, including the COVID-19 pandemic, natural disasters, terrorist activities, civil unrest, international hostilities and geopolitical events; impacts of supply chain disruptions, rising inflation, slower growth or a recession; failure to execute on strategic or operational plans; effects of mergers and acquisitions and related integration; effects of critical accounting policies and judgments; effects of changes in or interpretations of tax laws and regulations; management’s ability to effectively manage credit risk, market risk, operational risk, compliance risk, strategic risk, interest rate risk, liquidity risk and reputation risk; and the risks and uncertainties more fully discussed in the section entitled “Risk Factors” of U.S. Bancorp’s Form 10-K for the year ended December 31, 2022, and subsequent filings with the Securities and Exchange Commission.

In addition, U.S. Bancorp’s acquisition of MUFG Union Bank presents risks and uncertainties, including, among others: the risk that the cost savings, any revenue synergies and other anticipated benefits of the acquisition may not be realized or may take longer than anticipated to be realized; and the possibility that the combination of MUFG Union Bank with U.S. Bancorp, including the integration of MUFG Union Bank, may be more costly or difficult to complete than anticipated or have unanticipated adverse results.

In addition, factors other than these risks also could adversely affect U.S. Bancorp’s results, and the reader should not consider these risks to be a complete set of all potential risks or uncertainties. Readers are cautioned not to place undue reliance on any forward-looking statements. Forward-looking statements speak only as of the date hereof, and U.S. Bancorp undertakes no obligation to update them in light of new information or future events.

This presentation includes non-GAAP financial measures to describe U.S. Bancorp’s performance. The calculations of these measures are provided in the Appendix. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.

# 1Q23 Highlights

- **Solid financial performance**
  - Continuing to generate sustainable earnings through our highly diversified business mix and scale
- **Well-managed, strong balance sheet**
  - Able to withstand economic pressures to meet customer and shareholder needs
- **Resilient liquidity and robust deposit profile**
  - We maintain a diversified funding profile with numerous alternative funding sources
- **Prudent capital management**
  - Financial discipline and strong credit profile help to ensure performance under stress; reduced AOCI impact linked quarter
- **On track for Union Bank conversion over Memorial Day weekend**

**Earnings Per Share**

**Reported $1.04**

**Adjusted $1.16**[1,2]

**Net Revenue**

**$ 7.2 Billion**

*Quarterly Record*

**Tangible Book Value**[2]

**$20.87 / per share**

**▲ 7.3% vs. 4Q22**


[1] Adjusted for notable items (shown on slide 15) which include merger and integration-related charges
[2] Non-GAAP; see slide 27 and 30 for calculation

# 1Q23 Highlights

## *Income Statement*

| $ in millions, except EPS | Reported 1Q23 | *Adjusted*[1,2] 1Q23 | Adjusted change vs. 4Q22[1,2] | 1Q22 |
|---|---|---|---|---|
| **Net interest income**[3] | **$4,668** | ***$4,668*** | 7.9 % | 45.9 % |
| **Noninterest income** | **2,507** | ***2,507*** | 2.7 | 4.6 |
| **Net income** | **1,698** | ***1,881*** | 0.2 | 20.8 |
| **Diluted EPS** | **$1.04** | **$1.16** | (3.3) % | 17.2 % |

## *Credit Quality*

| $ in millions | 1Q23 | Change vs. 4Q22 | 1Q22 |
|---|---|---|---|
| **Nonperforming assets** | **$1,181** | 16.2 % | 45.6 % |
| **NPA ratio** | **0.30 %** | 4 bps | 5 bps |
| **Adjusted net charge-off ratio**[2] | **0.30 %** | 7 bps | 9 bps |

## *Balance Sheet*

| $ in billions | Avg balance 1Q23 | Ending balance 1Q23 | Ending Period Balance change vs. 4Q22 | 1Q22 |
|---|---|---|---|---|
| **Total assets** | **$665.4** | **$682.4** | 1.1 % | 16.3 % |
| **Earning assets** | **607.6** | **623.1** | 1.4 | 15.3 |
| **Total loans** | **386.8** | **387.9** | (0.1) | 21.6 |
| **Total deposits** | **510.3** | **505.3** | (3.7) % | 9.5 % |

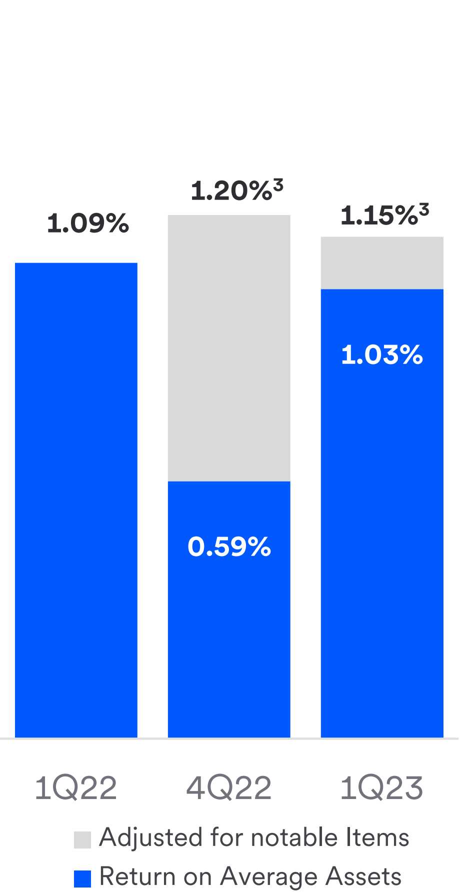
## *Capital*

| | 1Q23 | Change vs. 4Q22 | 1Q22 |
|---|---|---|---|
| **CET1 capital ratio**[4] | **8.5 %** | 10bps | (130 bps) |
| **Total risk-based capital ratio** | **12.1 %** | 20 bps | (130bps) |
| **Book value per share** | **$30.12** | 4.9 % | 0.8 % |
| **Tangible book value per share**[2] | **$20.87** | 7.3 % | (9.6) % |
| **Earnings returned (millions)**[5] | **$785** | | |

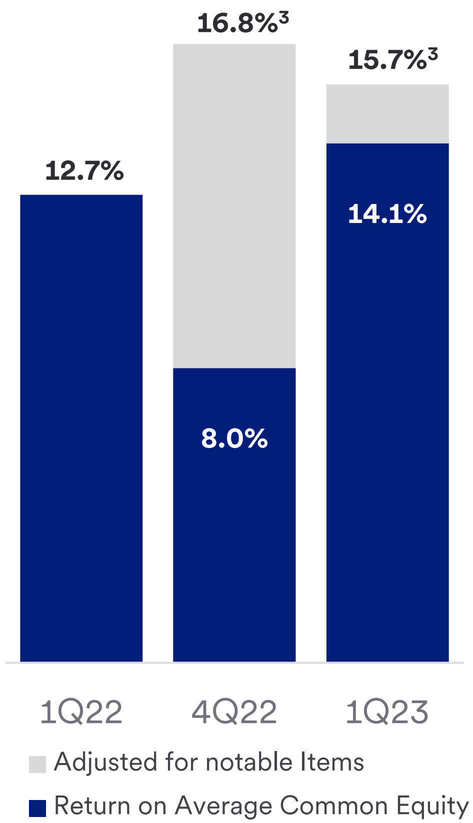
[1] 1Q23 is adjusted for notable items (shown on slide 15) which include acquisition impacts related to merger and integration-related charges. 4Q22 is adjusted for balance sheet repositioning and capital management actions, merger & integration charges, and provision for credit losses
[2] Non-GAAP; see slides 15 and 27 to 30 for calculations
[3] Taxable-equivalent basis; see slide 27 for calculation
[4] Common equity tier 1 capital to risk-weighted assets, reflecting Basel III standardized with 5 year CECL transition
[5] Earnings returned (millions) = total common dividends paid and aggregate value of common shares repurchased inclusive of treasury shares repurchased in connection with stock compensation plans

# Performance Ratios

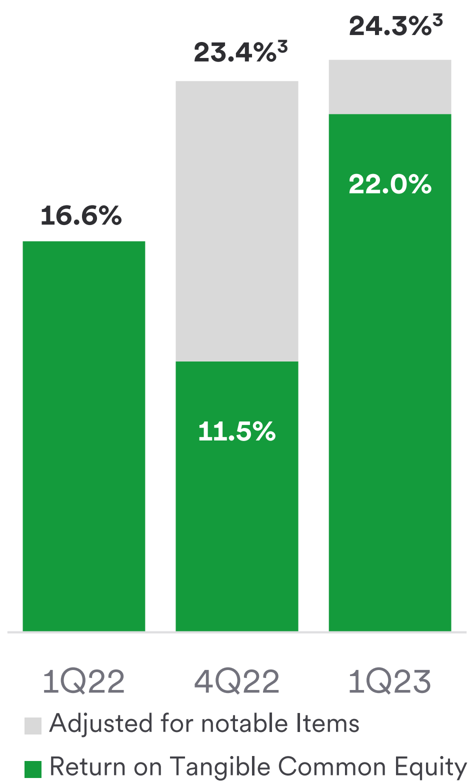
Return on Average Assets



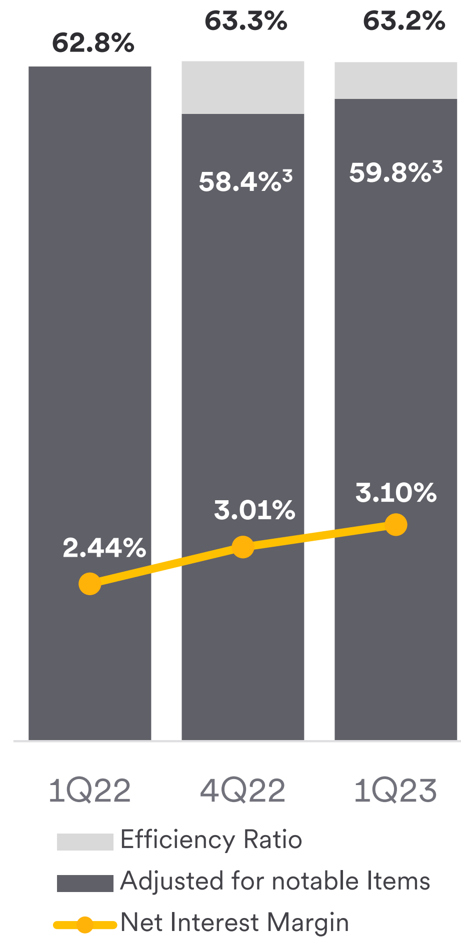

Return on Average Common Equity




Return on Tangible Common Equity[1]




Efficiency Ratio[1] & Net Interest Margin[2]




[1] Non-GAAP; see slides 27 and 28 for calculations
[2] Net interest margin on a taxable-equivalent basis
[3] Non-GAAP; see slides 27 and 28 for calculations; 1Q23 is adjusted for notable items (shown on slide 15) which include acquisition impacts related to merger and integration-related charges. 4Q22 is adjusted for balance sheet repositioning and capital management actions, merger and integration charges, and provision for credit losses

# Union Bank Conversion – Update

We remain on track for the Union Bank conversion over Memorial Day weekend

### Year End 2022

New consumer mortgage, business lending and commercial lending customers offered branded products

### May 1, 2023

Union Bank mortgage accounts transition to U.S. Bank

### May 27-30, 2023

Union Bank deposit accounts transition to U.S. Bank
Enrollment in U.S. Bank mobile and online banking

### June – July 2023

New U.S. Bank credit cards issued
Credit card accounts move to U.S. Bank
New U.S. Bank Debit and/or ATM cards issued

### Later in 2023

Trust and investment accounts transition to U.S. Bank

**Total Merger & Integration Costs**

Incurred through 1Q23: $573M

Total expected: ~$1.4B

# Strength and Stability of U.S. Bank

The **strength and stability of U.S. Bank** is showcased by our highly diverse mix of businesses, strong risk management capabilities, and "through-the-cycle" earnings power

## Quality of Deposits

Resilient deposit base with mix of consumer / commercial customers

**Insured Deposits**

**51%**

**Operational Deposits as a % of Uninsured[1]**

**80%**

## Robust Liquidity Profile

Abundant cash levels and low-cost borrowing capacity

**YE 2022 LCR**

**122%**

**Total Available Liquidity**

**$315 B**

## Strong Capital Base

Well-capitalized post-Union Bank acquisition; Leading stress test results

**CET1 Capital Ratio[2]**

**8.5%**

**Tangible Common Equity Accretion vs. 4Q22**

**+7.5%**

## Superior Credit Quality

Disciplined, through-the-cycle underwriting standards

**Commercial Real Estate (CRE) to Total Loans**

**14%**

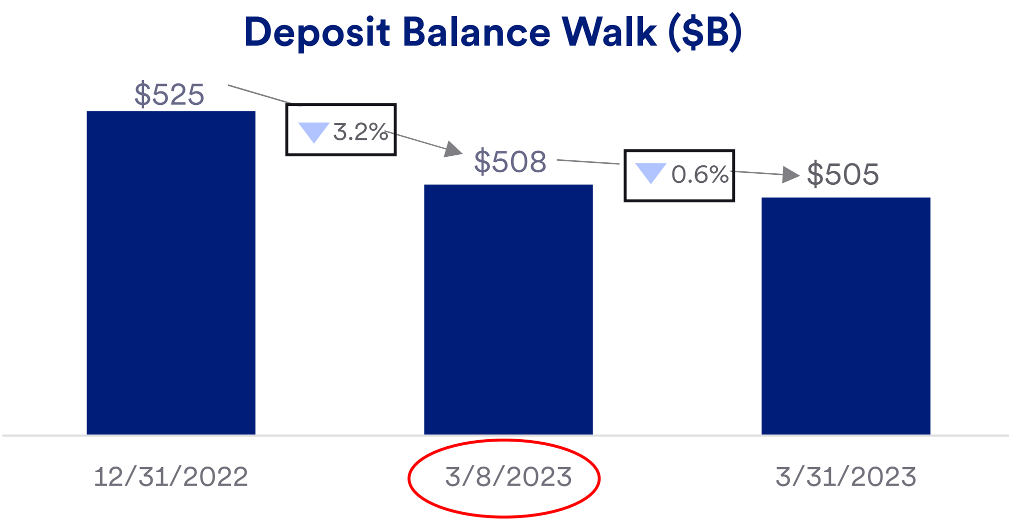
**CRE Office**

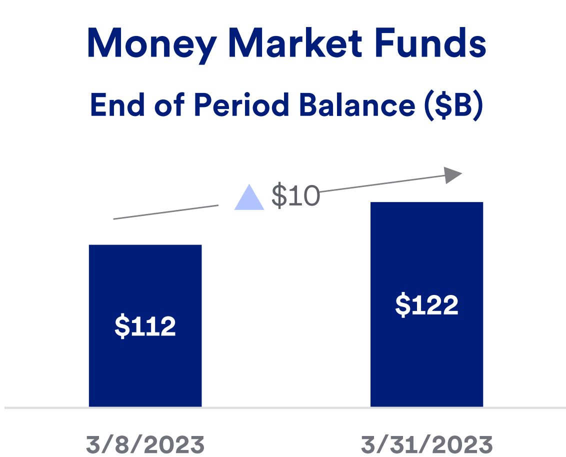
**2% of total loans**
**1% of total commitments**

Data as of 3/31/23 unless otherwise indicated
[1] Operational deposits reflects wholesale, trust, term >30 days and retail.
[2] Common equity tier 1 capital to risk-weighted assets, reflecting Basel III standardized with 5 year CECL transition

# Deposit Summary

Our **granular and diverse deposit base** remains a **stable source of funding**
1Q23 trends were in line with expectations




## Quarter Highlights

**Key drivers of deposit balance decline:**

- Seasonal outflow early in the quarter (~1.7%)
- Union Bank deal-related outflows (~1.1%)
- Industry flows due to macroeconomic factors

**Expected through-the-cycle deposit beta of ~40%**

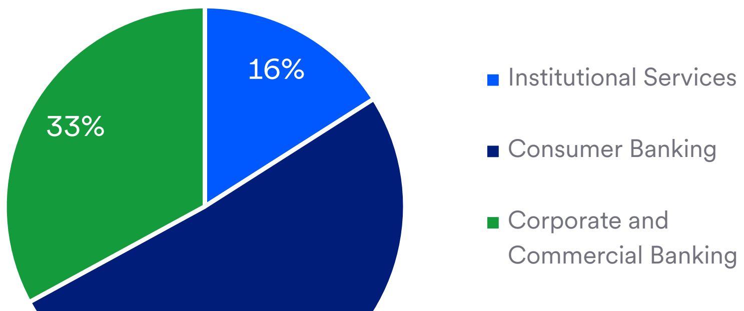
## Key Immediate Impacts following March 8th

- Net deposit inflow
- Increased customer inquiries
- New account generation
- Money Market inflows

# Deposit Summary – Detailed Composition

Deposit composition is **highly diversified** with **limited concentration** and **significant levels of operational deposits**

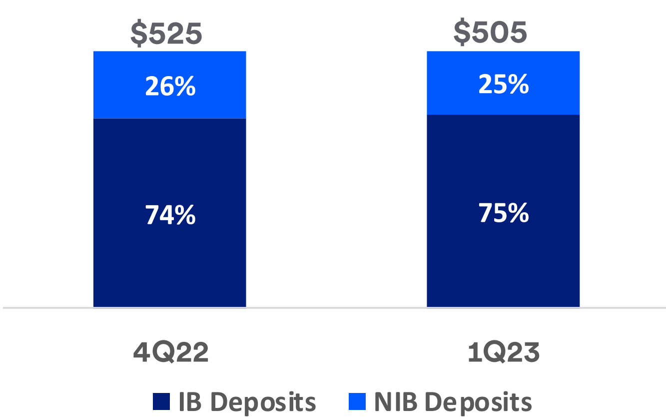
### Deposits by Business Line[1]



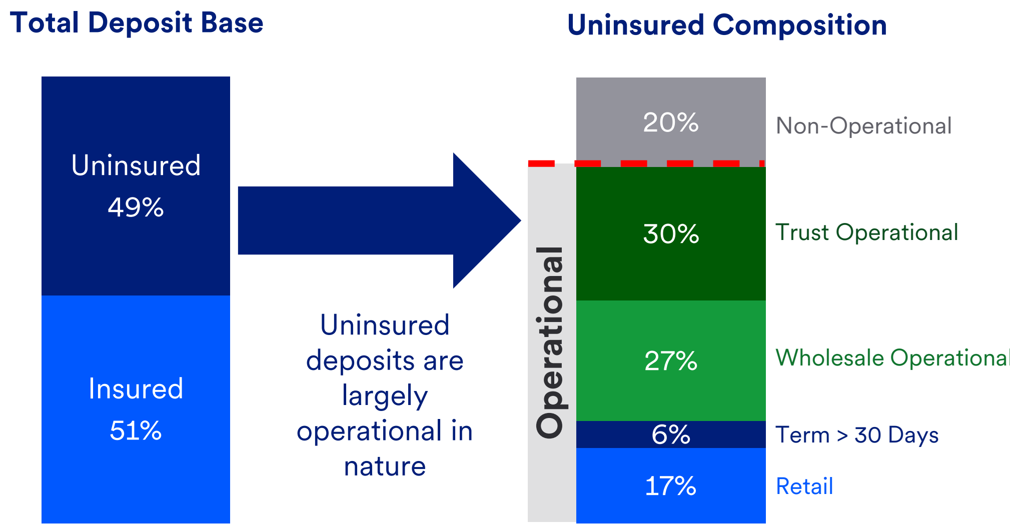

As of March 31, 2023

### Total End of Period Deposits ($B)

NIB / IB Mix




### Insured vs. Uninsured Deposits[2]




### Nature of Operational Deposits

- **Wholesale Operational Deposits:**
  - Tied to Treasury Management services of large corporate clients (e.g., payroll management, tax remittance, utilities payments, invoicing, etc.)
- **Trust Operational Deposits:**
  - Contractually-bound (e.g., collection / aggregation of principal and interest on client assets, periodic payments to bond holders)

U.S. Bank

$ in Billions
1. Consumer includes Wealth Management; CCB includes Treasury and Corporate Support Deposits
2. Insured deposits represent FDIC insurance coverage, excluding all intercompany and subsidiary deposits

# Robust Liquidity Profile

**Resilient liquidity profile** allows for numerous alternative funding sources


**Total Available Liquidity Exceeds Uninsured Deposits[1]**

**126%**

**Liquidity Coverage Ratio[2] (LCR)**

**122%**

## Strong Debt Ratings[3]

| | Moody's | S&P[4] | Fitch | DBRS |
|---|---|---|---|---|
| U.S. Bancorp Long-term Senior Debt | A2 | A+ | A+ | AA |
| U.S. Bank N.A. Long-term Deposits | Aa2 | AA- | AA | AA (high) |

U.S. Bank

[1] Insured deposits represent FDIC insurance coverage, excluding all intercompany and subsidiary deposits [2] Source: Company LCR Filings as of YE2022
[3] Debt ratings as of 1/27/23 [4] S&P does not provide a deposit rating; the long-term issuer credit rating is shown

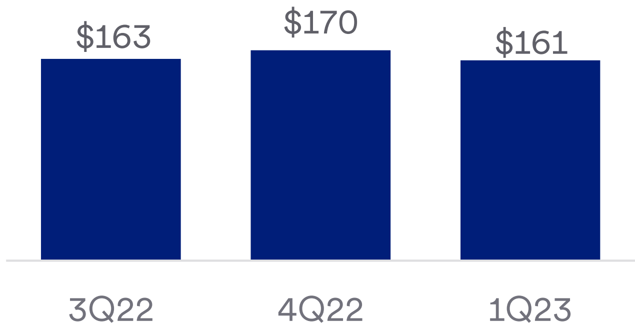
# Investment Securities Composition

Our balanced investment securities portfolio gives us **flexibility** to manage interest rate volatility

### Investment Securities Portfolio

End of Period Balance ($B)

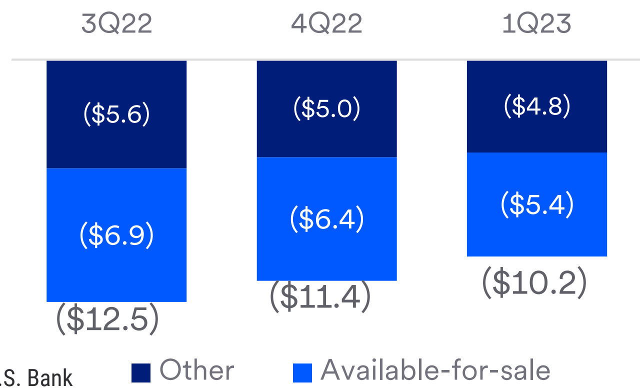
*Duration continues to move lower*



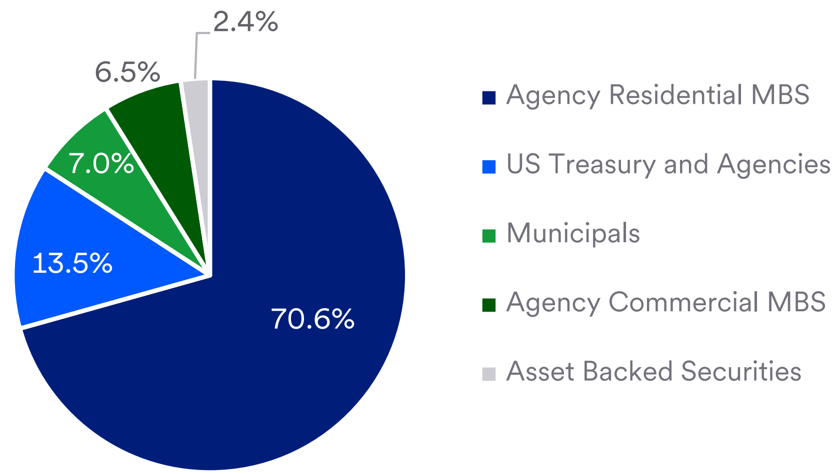

### Accumulated Other Comprehensive Income

End of Period Balance ($B)

*Improvement of 11% linked quarter*




### Investment Securities Portfolio Composition



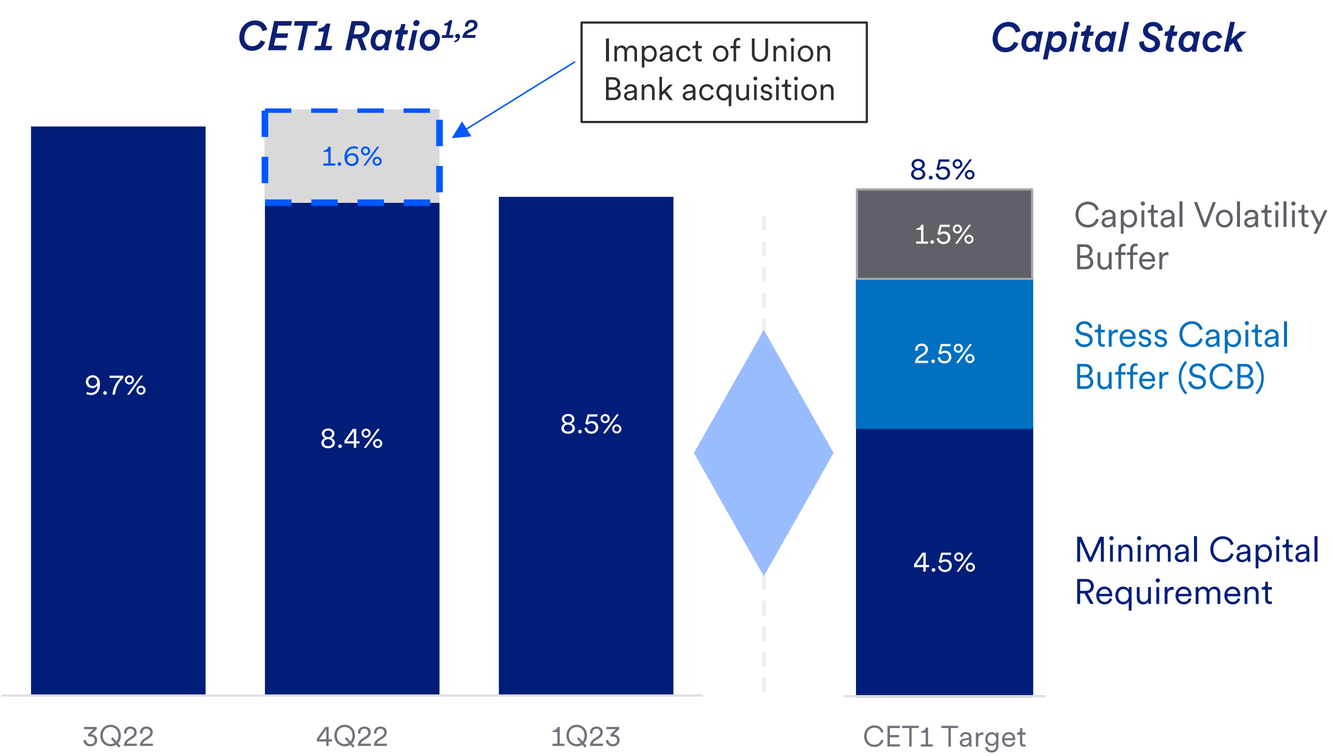

As of March 31, 2023
MBS = Mortgage-backed securities

### HTM / AFS Composition

| | Held-to-maturity | Available-for-sale |
|---|---|---|
| As of March 31, 2023 | 55% | 45% |

# Capital Management

Following our acquisition of Union Bank in 4Q22, we expect to accrete capital back quickly through earnings; Currently **operating at our target capital policy level of 150 basis points above the regulatory minimum**




**Total Risk Based Capital Ratio**
**12.1%[1]**

**Tangible Common Equity Ratio**
**6.5%[3]**

**Lowest CCAR Stress Decline vs. Peers**
**0.7%[4]**

[1] Ratios calculated in accordance with transitional regulatory requirements related to the current expected credit losses methodology
[2] Common equity tier 1 capital to risk-weighted assets, reflecting Basel III standardized with 5 year CECL transition
[3] Non-GAAP; Tangible Common Equity to Risk Weighted Assets; see slide 30 for calculation
[4] Based on 2022 CCAR Stress Testing Results; peer data set includes RF, KEY, TFC, PNC, WFC, COF, BAC, CFG, JPM, and MTB

# Prudent Loan Growth

**Disciplined loan growth** focused on high margin / high return business that exceeds our cost of capital; **Low concentration in CRE office space**

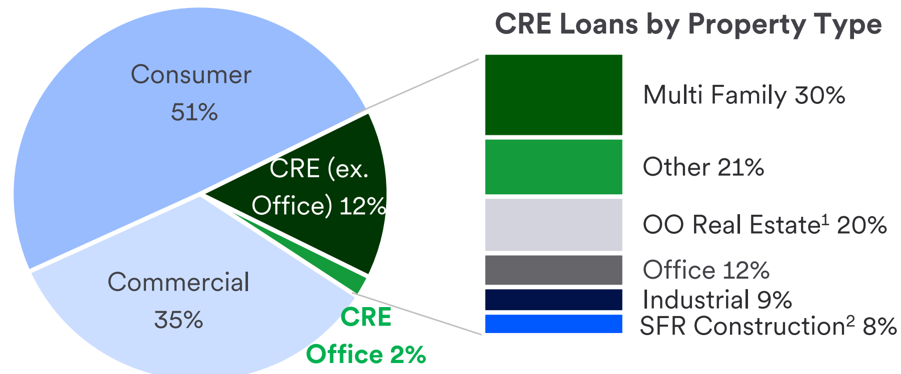
### Total Loan Portfolio Mix

| 1Q23 | Ending Balance | % of Total | Ending Change vs. 4Q22 | Ending Change vs. 1Q22 |
|---|---|---|---|---|
| Commercial | $137 | 35% | 1.2 % | 16.9 % |
| Commercial Real Estate | $55 | 14% | (0.6) | 40.7 |
| Residential Mortgages | $117 | 30% | 1.0 | 49.0 |
| Credit Card | $26 | 7% | (3.1) | 15.0 |
| Other Retail | $53 | 14% | (3.6) | (14.1) |
| **Total loans** | **$388** | | **(0.1) %** | **21.6 %** |

### Strong Regional Positioning

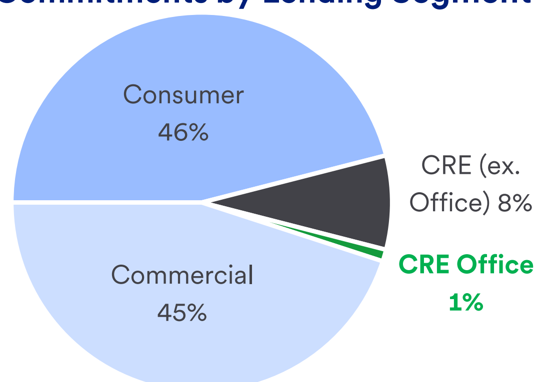
- **Commercial Real Estate (CRE):** strong positioning with low mix in office properties; originations have been limited since the beginning of the pandemic
- **Leveraged Lending:** minimal exposure representing <1% of total commitments
- **Credit Card Portfolio:** disciplined underwriting geared towards prime / super prime clients

### Loans by Lending Segment




CRE Office represents 2% of total U.S. Bank loan portfolio

### Commitments by Lending Segment




Office portfolio represents 1% of total commitments

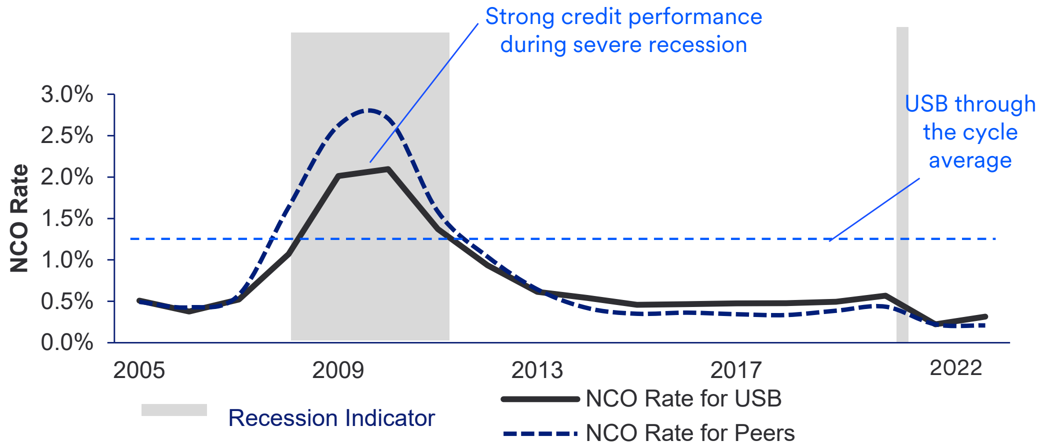
$ in Billions
[1] OO = Owner Occupied
[2] SFR = Single Family Residential

# Credit Quality

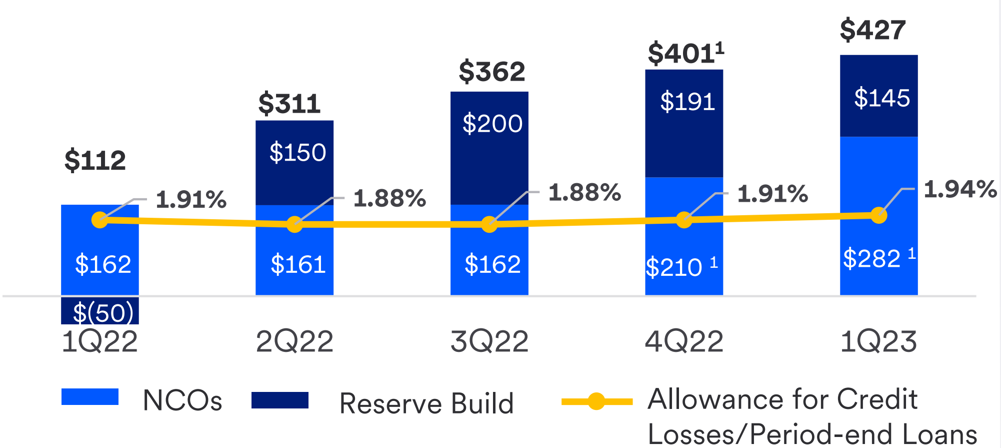
## Net Charge-off and Nonperforming Assets

| | Reported 1Q23 | Adjusted[1] 1Q23 | Change vs. Adjusted[1] 4Q22 | Change vs. Adjusted[1] 1Q22 |
|---|---|---|---|---|
| **Net Charge-offs** | | | | |
| NCOs ($M) | $373 | $282 | $72 | $120 |
| NCOs/Avg Loans | 0.39% | 0.30% | 7bps | 9bps |
| **Non-performing Assets** | | | | |
| Balance ($M) | $1,181 | $1,181 | $165 | $370 |
| NPAs/Period-end Loans plus OREO | 0.30% | 0.30% | 4bps | 5bps |

## Annual Net Charge-off Rates[2]




## Provision for Credit Losses Trending




## Allowance for Credit Losses by Loan Category, 1Q23

| | Amount ($B) | Loans and Leases Outstanding (%) |
|---|---|---|
| Commercial | $2.2 | 1.6% |
| Commercial Real Estate | 1.4 | 2.5% |
| Residential Mortgage | 0.9 | 0.8% |
| Credit Card | 2.1 | 8.3% |
| Other Retail | 0.9 | 1.7% |
| Total | $7.5 | 1.9% |

$ in millions, unless specified

[1] Non-GAAP; see slide 29 for calculations; adjusted to exclude acquisition accounting treatment. [2] Source: S&P Global Market Intelligence; Peer banks include: BAC, CFG, FITB, JPM, KEY, PNC, RF, TFC and WFC

# 1Q23 Earnings Summary - Detail

| $ in millions, except EPS | 1Q23 | 4Q22 | 1Q22 | Reported % Change vs. 4Q22 | Reported % Change vs. 1Q22 | Notable Items[1] 1Q23 | Notable Items[1] 4Q22 | Excluding Notable Items[1] % Change vs. 4Q22 | Excluding Notable Items[1] % Change vs. 1Q22 |
|---|---|---|---|---|---|---|---|---|---|
| Net Interest Income | $4,634 | $4,293 | $3,173 | 7.9 % | 46.0 % | $ - | $ - | 7.9 % | 46.0 % |
| Taxable-equivalent Adjustment | 34 | 32 | 27 | 6.3 | 25.9 | - | - | 6.3 | 25.9 |
| Net Interest Income (taxable-equivalent basis) | 4,668 | 4,325 | 3,200 | 7.9 | 45.9 | - | - | 7.9 | 45.9 |
| Noninterest Income | 2,507 | 2,043 | 2,396 | 22.7 | 4.6 | - | (399) | 2.7 | 4.6 |
| **Net Revenue** | **7,175** | **6,368** | **5,596** | **12.7** | **28.2** | **-** | **(399)** | **6.0** | **28.2** |
| Noninterest Expense | 4,555 | 4,043 | 3,502 | 12.7 | 30.1 | 244 | 90 | 9.1 | 23.1 |
| **Operating Income** | **2,620** | **2,325** | **2,094** | **12.7** | **25.1** | **(244)** | **(489)** | **1.8** | **36.8** |
| Provision for credit losses | 427 | 1,192 | 112 | (64.2) | nm | - | 791 | 6.5 | nm |
| **Income Before Taxes** | **2,193** | **1,133** | **1,982** | **93.6** | **10.6** | **(244)** | **(1,280)** | **1.0** | **23.0** |
| Applicable Income Taxes | 489 | 203 | 424 | nm | 15.3 | (61) | (328) | 3.6 | 29.7 |
| **Net Income** | **1,704** | **930** | **1,558** | **83.2** | **9.4** | **(183)** | **(952)** | **0.3** | **21.1** |
| Non Controlling Interests | (6) | (5) | (1) | (20.0) | nm | - | - | (20.0) | nm |
| **Net Income to Company** | **1,698** | **925** | **1,557** | **83.6** | **9.1** | **(183)** | **(952)** | **0.2** | **20.8** |
| Preferred Dividends/Other | 106 | 72 | 91 | 47.2 | 16.5 | (2) | (4) | 41.7 | 18.4 |
| **Net Income to Common** | **$1,592** | **$853** | **$1,466** | **86.6 %** | **8.6 %** | **($181)** | **($948)** | **(1.6) %** | **20.9 %** |
| | | | | | | | | | |
| Net Interest Margin[2] | 3.10% | 3.01% | 2.44% | 0.1 % | 0.7 % | nm | nm | nm | nm |
| Efficiency Ratio[3] | 63.2% | 63.3% | 62.8% | (0.1) % | 0.4 % | 3.4 % | 1.3 % | 1.4 % | (3.0) % |
| Diluted EPS | $1.04 | $0.57 | $0.99 | 82.5 % | 5.1 % | ($0.12) | ($0.63) | (3.3) % | 17.2 % |

[1] Adjusted for notable items which include acquisition impacts related to balance sheet optimization, merger and integration charges, and provision for credit losses
[2] Taxable-equivalent basis
[3] Non-GAAP; see slide 27 for calculation

# Net Revenue

| | 1Q23 | 4Q22 | 1Q22 |
|---|---|---|---|
| **Net Interest Income** | $4,668 | $4,325 | $3,200 |
| Payments | $936 | $947 | $859 |
| Service Charges | $324 | $314 | $333 |
| Mortgage | $128 | $104 | $200 |
| Trust & Inv Mgmt | $590 | $571 | $500 |
| All Other | $529 | $506 | $504 |
| **Noninterest Income, Adjusted**[1] | $2,507 | $2,442 | $2,396 |
| **Total Revenue, Adjusted**[1] | $7,175 | $6,767 | $5,596 |
| **Notable Items**[2] | $0 | ($399) | $0 |
| **Net Revenue, Reported** | $7,175 | $6,368 | $5,596 |
| **Union Bank Net Revenue Contribution** | $832 | $302 | N/A |

**Reported**

+12.7% Linked Quarter

+28.2% Year-Over-Year

***Excluding Notable Items***

+6.0% Linked Quarter

+28.2% Year-Over-Year

- Net interest income increased over prior year primarily due to the impact of rising interest rates on earning assets and the acquisition of MUB
- Noninterest income is higher vs. prior year driven by stronger payment service revenue, trust and investment management fees, and commercial products revenue
- Excluding the fourth quarter notable items, noninterest income is higher on a linked quarter basis driven by higher trust and investment management fees, commercial products revenue and mortgage banking revenue
- Acquisition of Union Bank added $832m of revenue for the quarter

$ in millions
Payments = card, corporate payment products and merchant processing
All other = commercial products, investment products fees, securities gains (losses) and other
[1] Adjusted for notable items of the impact of balance sheet optimization in 4Q22 of $315 million for Legacy and $84 million for Union Bank
[2] Notable items include $399 million impact of balance sheet optimization to noninterest income in 4Q22

# Noninterest Expense

| | 1Q23 | 4Q22 | 1Q22 |
|---|---|---|---|
| Compensation & Benefits | $2,646 | $2,402 | $2,249 |
| Technology & Communications | $503 | $459 | $421 |
| Occupancy & Equipment | $321 | $290 | $269 |
| Professional Services, Marketing/Business Development | $256 | $317 | $194 |
| All Other | $585 | $485 | $369 |
| **Total Noninterest Expense, Adjusted[1]** | $4,311 | $3,953 | $3,502 |
| **Notable Items[2]** | $244 | $90 | $0 |
| **Total Noninterest Expense, Reported** | $4,555 | $4,043 | $3,502 |
| **Union Bank Noninterest Expense** | $546 | $221 | N/A |

**Reported**

+12.7% Linked Quarter

+30.1% Year-Over-Year

***Excluding Notable Items***

+9.1% Linked Quarter

+23.1% Year-Over-Year

- Adjusted expense increased vs. prior year driven by the impact of MUB operating expense, core deposit intangible amortization expense, higher compensation expense and higher other noninterest expense. Higher compensation was due to the MUB expense, merit and hiring and lower capitalized loan costs. Higher intangible amortization was due to MUB acquisition. Other noninterest expense increased due to future delivery exposures liabilities and higher FDIC insurance expense.
- On a linked quarter basis, adjusted expense increased driven by the impact of MUB operating expense, core deposit intangible amortization expense, higher compensation expense and other noninterest expense. Higher compensation was driven by MUB expense, higher performance-based incentives and lower capitalized loan costs. Higher intangible amortization was due to the MUB acquisition. Other noninterest expense increased due to MUB expense, future delivery exposures liabilities and higher FDIC insurance expense.
- Union Bank added $546M of adjusted expense, which included $121M of intangible amortization driven by the core deposit intangible.

$ in millions

[1] Adjusted for notable items of $244 million in 1Q23 and $90M in 4Q23

[2] Notable items include merger and integration charges of $244 million in 1Q23 and $90 million in 4Q22

# Second Quarter / Full Year 2023 Outlook[1]

| | 1Q23 | Updated Guidance 2Q23 | Updated Guidance FY 2023 |
|---|---|---|---|
| Average Earnings Assets | $607.6b | $600b - $605b | **$600b - $610b** |
| Net interest margin[2] | 3.10% | ~3.00% | **3.00-3.05%** |
| Total Revenue | $7.2b | $7.1b - $7.3b | **$28.5b - $30.5b** |
| Includes purchase accounting accretion | $104m | ~$85m | **~$350m** |
| Total Noninterest expense, adjusted[3] | $4.3b | $4.3b - $4.4b | $17.0b - $17.5b |
| Includes Core Deposit Intangibles Amortization related to Union Bank | $121m | ~$120m | ~$500m |
| Income Tax Rate, adjusted[2,3,4] | ~23% | ~23% | **~23%** |
| Notable Items: Merger & Integration | $244m | $250m - $300m | $900m - $1.0b |

**Bolded items indicates change in guidance**

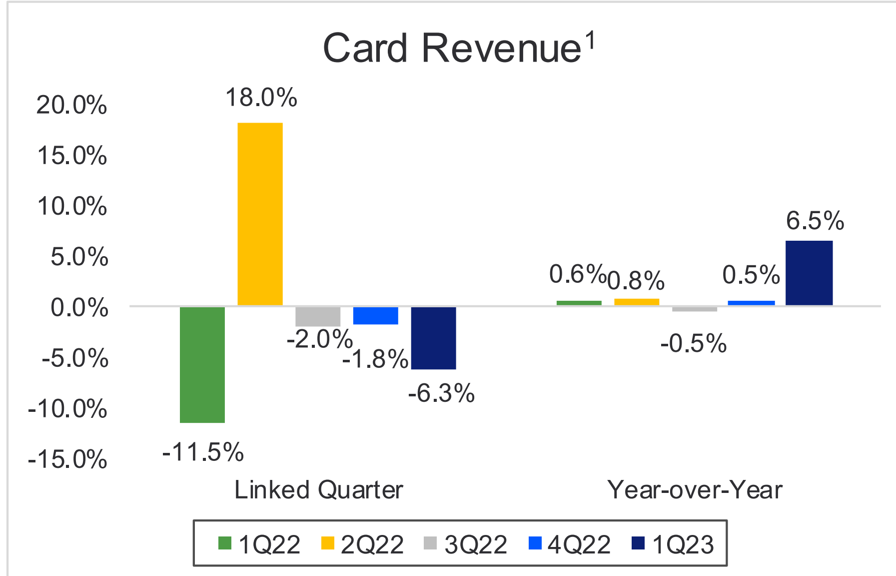
[1] All results and guidance are for Combined Company, adjusted
[2] Taxable-equivalent basis
[3] Adjusted for notable items (shown on slide 15) which include acquisition impacts related to merger and integration charges
[4] Non-GAAP; see slide 30 for calculation

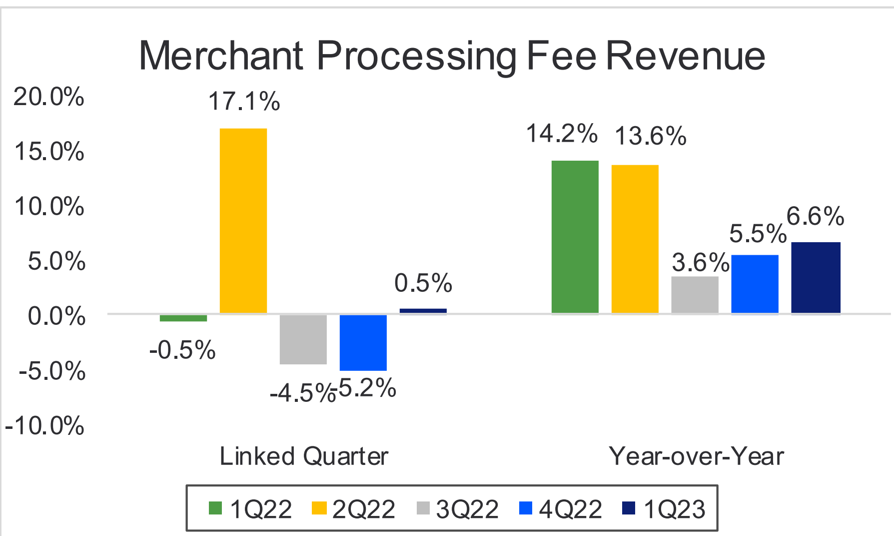
# Appendix

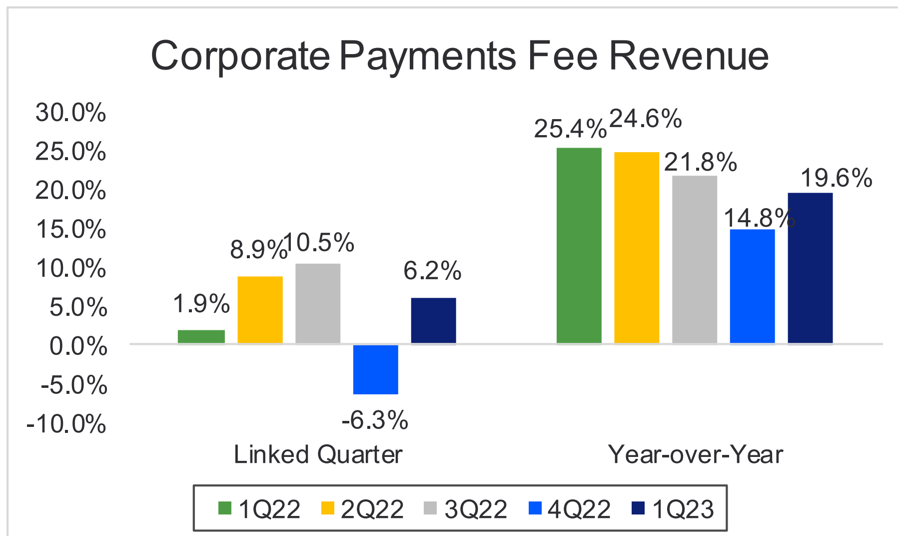
# Payment Services Fee Revenue Growth

**1Q23 vs. prior year**

- Card revenue improved 6.5% YoY driven by sales growth and partially offset by lower prepaid activity.
- Merchant processing fee revenue increased 6.6% YoY driven by sales growth.
- Corporate Payments fee revenue increased 19.6% driven by sales growth; Corporate T&E recovered over pre-pandemic levels at 105%.



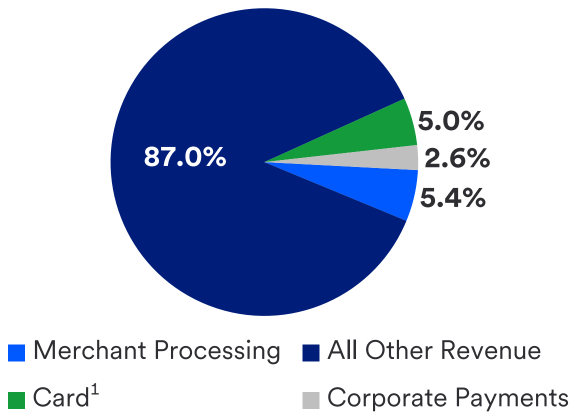



[1] Includes prepaid card

# Payment Services

## Payments Revenue Breakdown

**Payment Fees as a % of Net Revenue (1Q23)**




- Total payments revenue, which includes net interest income and fee revenue, accounted for 22% of 1Q23 net revenue
- Total payment fee revenue grew 9.0% year-over-year due to higher sales volumes across all businesses

## Seasonal Considerations

**Historical Linked Quarter Seasonal Trends for Payment Fees Revenue[2]**

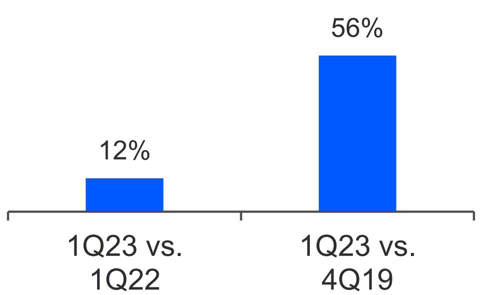
| Segment | 1Q | 2Q | 3Q | 4Q |
|---|---|---|---|---|
| Card[1] | ↓ | ↑ | Stable | ↑ |
| Corporate Payments | Stable | ↑ | ↑ | ↓ |
| Merchant Processing | ↓ | ↑ | ↑ | ↓ |

- 1Q payments fee revenue is typically seasonally down on a linked quarter basis reflecting lower post holiday sales activity
- Payments fee revenue growth, on a linked quarter basis, is typically seasonally strongest in 2Q

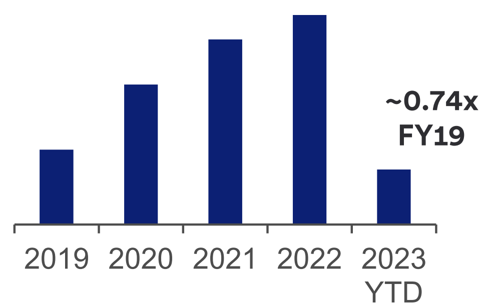
## A Shift to Tech-led[3] Revenue

Our **multiyear investments** in e-commerce and tech-led will continue to **drive growth**

**Tech-led[3] Merchant Processing Fee Revenue Growth**



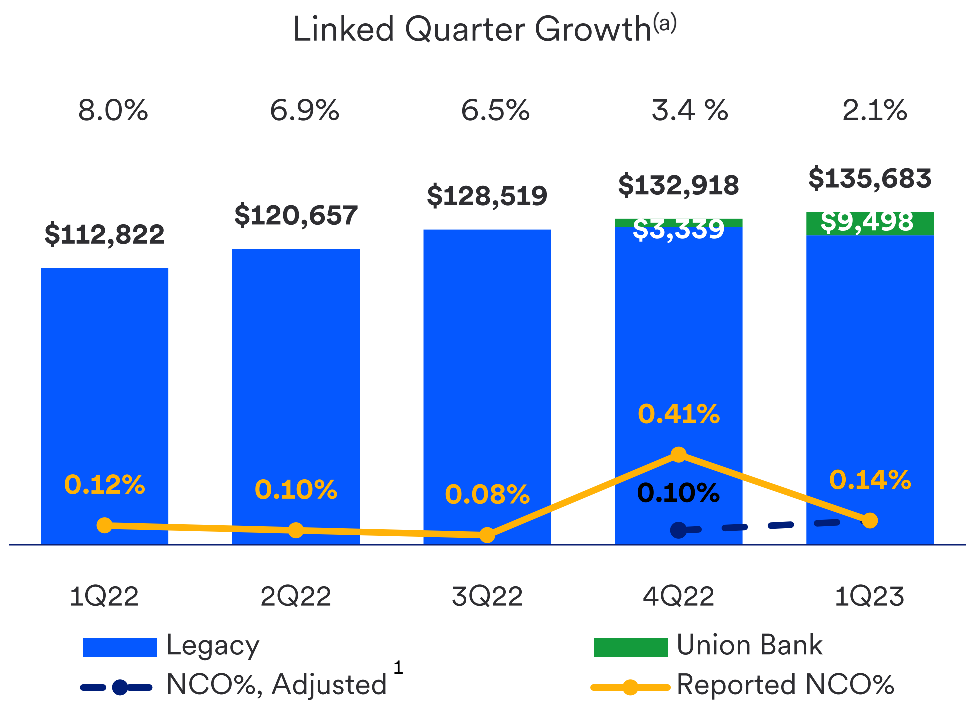

**New Tech-led[3] Partnerships**




[1] Includes prepaid card
[2] Linked quarter change based on trends from 2015 – 2019
[3] Tech-led includes digital, omni-commerce and e-commerce as well as investments in integrated software providers; tech-led revenue also includes talech starting in 2022

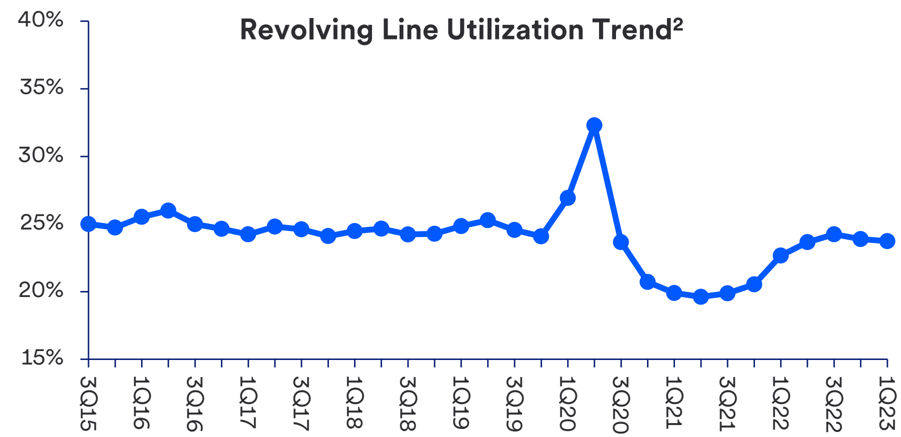
# Credit Quality – Commercial

## Average Loans ($mm) and Net Charge-offs Ratio




## Key Statistics

| $ in millions | 1Q22 | 4Q22 | 1Q23 |
|---|---|---|---|
| Average Loans | $112,822 | $132,918 | $135,683 |
| 30-89 Delinquencies | 0.20% | 0.26% | 0.33% |
| 90+ Delinquencies | 0.06% | 0.07% | 0.05% |
| Nonperforming Loans | 0.15% | 0.12% | 0.13% |



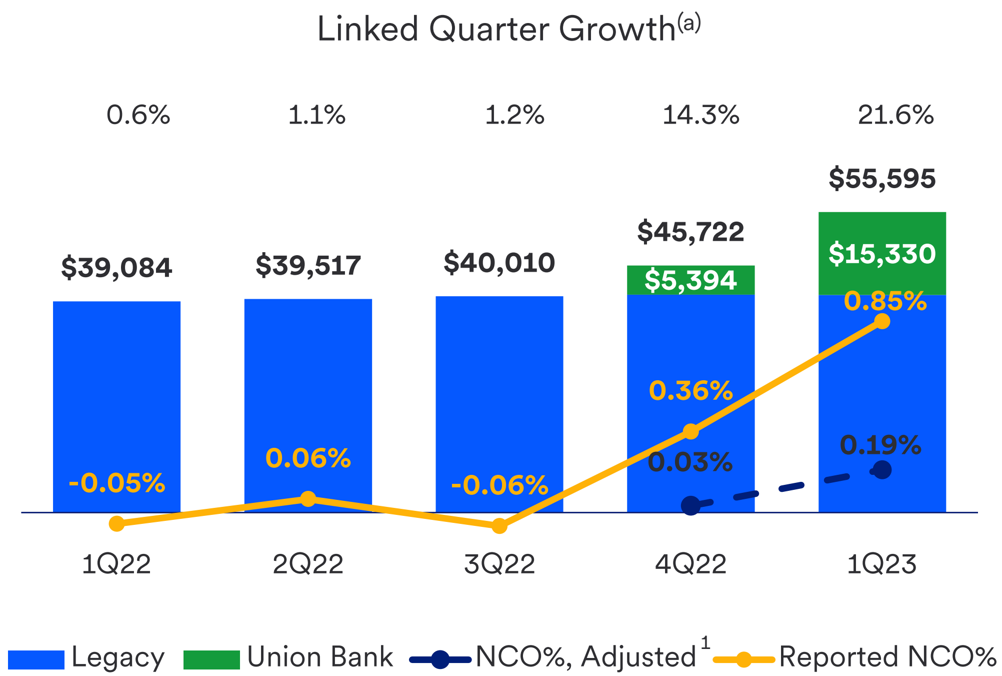

## Key Points

- Average loans increased by 2.1% on a linked quarter basis. Excluding the full quarter impact of Union Bank on average loan balances in 1Q23, linked quarter loans declined by (2.6%)
- Utilization[2] decreased quarter over quarter from 23.9% to 23.7%

[1] Non-GAAP, see slide 29 for calculation; 4Q22 NCOs adjusted for acquisition related activities
[2] Legacy only
(a) Average loans at 4Q22 includes only 1 month of Union Bank (12/1 acquisition date), whereas 1Q23 includes a full quarter

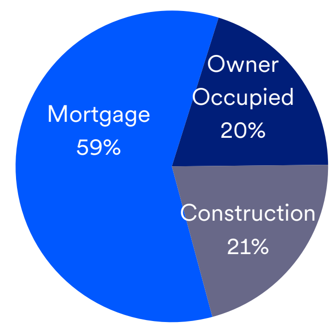
# Credit Quality – Commercial Real Estate

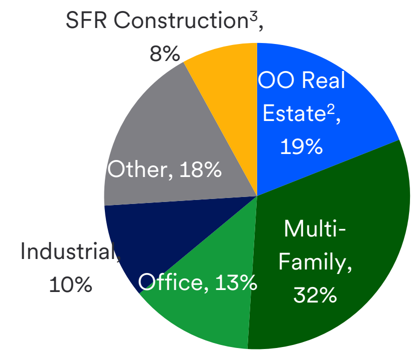
## Average Loans ($mm) and Net Charge-offs Ratio




## Key Statistics

| $ in millions | 1Q22 | 4Q22 | 1Q23 |
|---|---|---|---|
| Average Loans | $39,084 | $ 45,722 | $55,595 |
| 30-89 Delinquencies | 0.22% | 0.16% | 0.13% |
| 90+ Delinquencies | 0.00% | 0.01% | 0.01% |
| Nonperforming Loans | 0.55% | 0.61% | 0.97% |



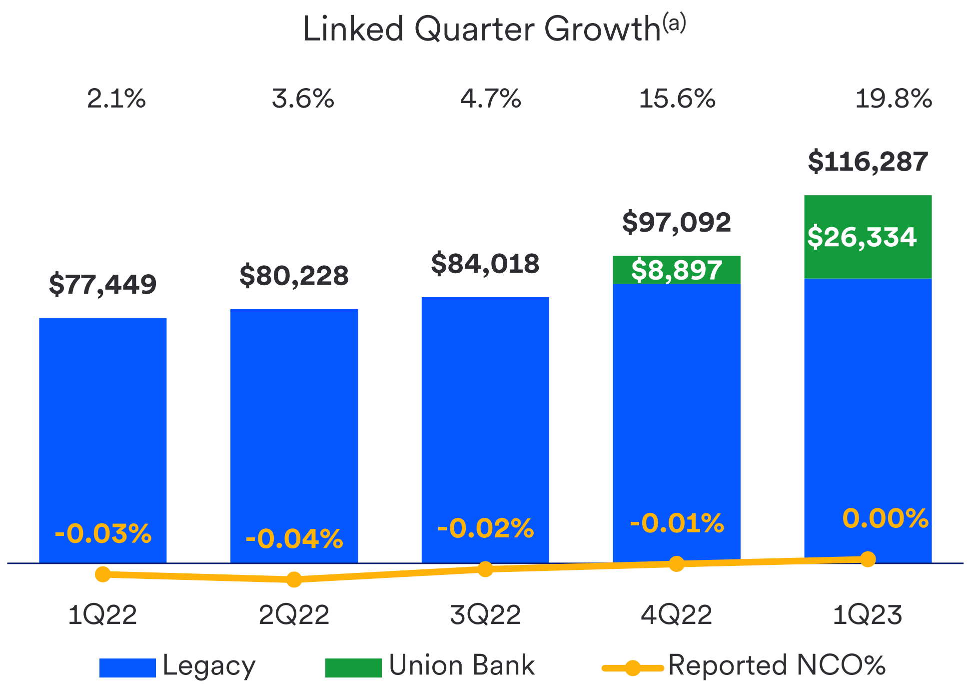

## Key Points

- Average loans increased by 21.6% on a linked quarter basis. Excluding the full quarter impact of Union Bank on average loan balances in 1Q23, linked quarter loans declined by (0.2%)
- Net charge-off rate on a reported basis is 0.85%. After adjusting for acquisition impacts occurring in 1Q23, the net charge-off rate is 0.19%

[1] Non-GAAP, see slide 29 for calculation; 4Q22 and 1Q23 NCOs adjusted for acquisition related activities
[2] OO = Owner Occupied
[3] SFR = Single Family Residential
(a) Average loans at 4Q22 includes only 1 month of Union Bank (12/1 acquisition date), whereas 1Q23 includes a full quarter

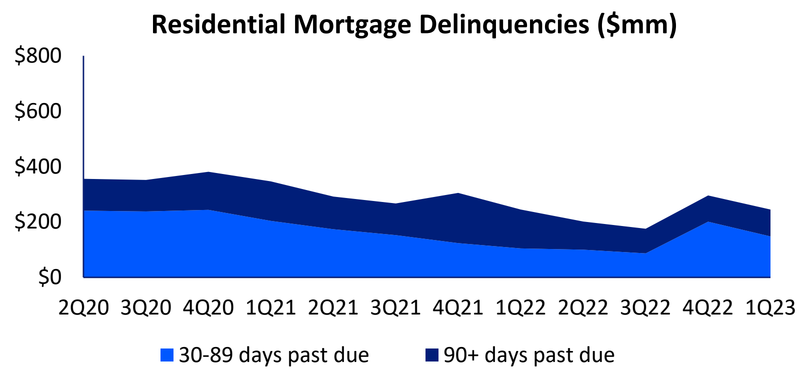
# Credit Quality – Residential Mortgage

## Average Loans ($mm) and Net Charge-offs Ratio




## Key Statistics

| $ in millions | 1Q22 | 4Q22 | 1Q23 |
|---|---|---|---|
| Average Loans | $77,449 | $97,092 | $116,287 |
| 30-89 Delinquencies | 0.13% | 0.17% | 0.13% |
| 90+ Delinquencies | 0.18% | 0.08% | 0.08% |
| Nonperforming Loans | 0.27% | 0.28% | 0.25% |




## Key Points

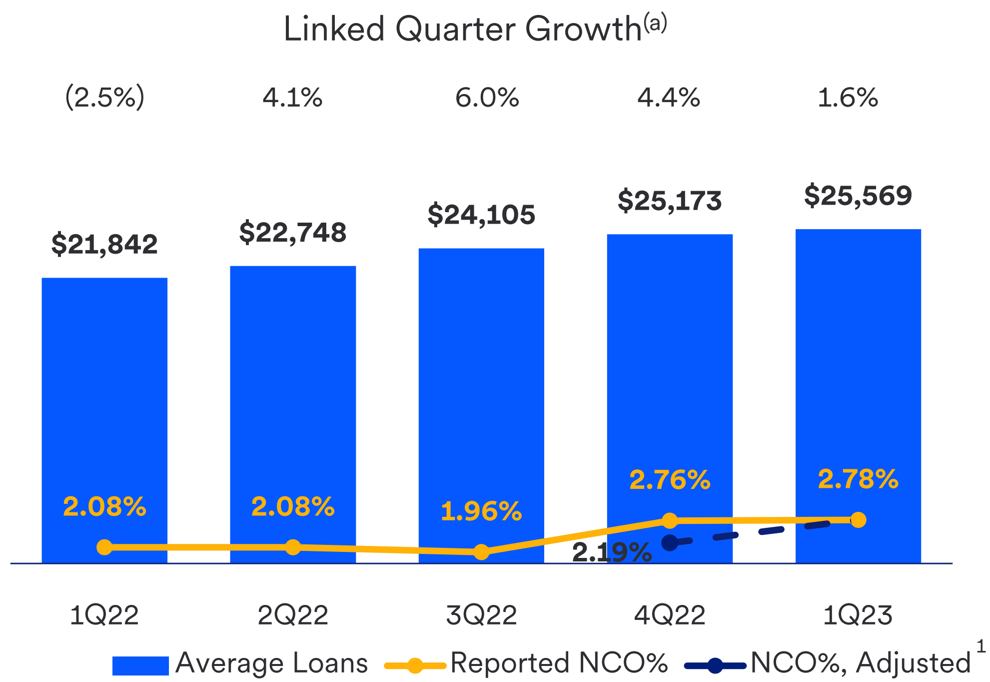
- Average loans increased by 19.8% on a linked quarter basis. Excluding the full quarter impact of Union Bank on average loan balances in 1Q23, linked quarter loan growth was 2.0%.
- Continued low loss rates were supported by strong portfolio credit quality and collateral values.
- Originations continued to be high credit quality (weighted average credit score of 767[1], weighted average LTV of 74%[1])



[1] Legacy only
(a) Average loans at 4Q22 includes only 1 month of Union Bank (12/1 acquisition date), whereas 1Q23 includes a full quarter

# Credit Quality – Credit Card

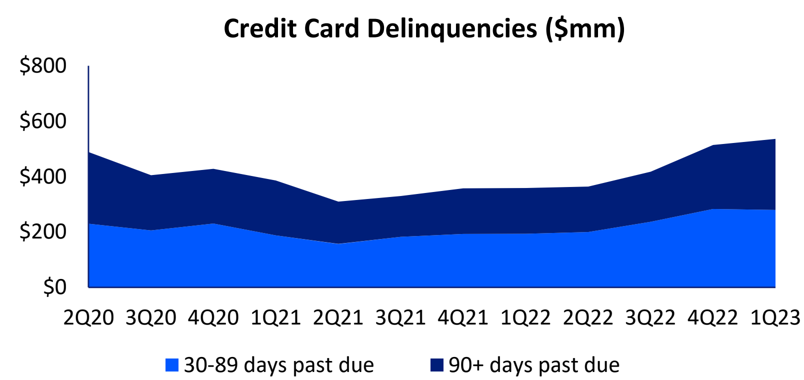
## Average Loans ($mm) and Net Charge-offs Ratio




4Q22 & 1Q23 Average Loans include $74 million and $218 million, respectively, of Union Bank Balances

## Key Statistics

| $ in millions | 1Q22 | 4Q22 | 1Q23 |
|---|---|---|---|
| Average Loans | $21,842 | $25,173 | $25,569 |
| 30-89 Delinquencies | 0.88% | 1.08% | 1.10% |
| 90+ Delinquencies | 0.74% | 0.88% | 1.00% |
| Nonperforming Loans | - % | - % | - % |




## Key Points

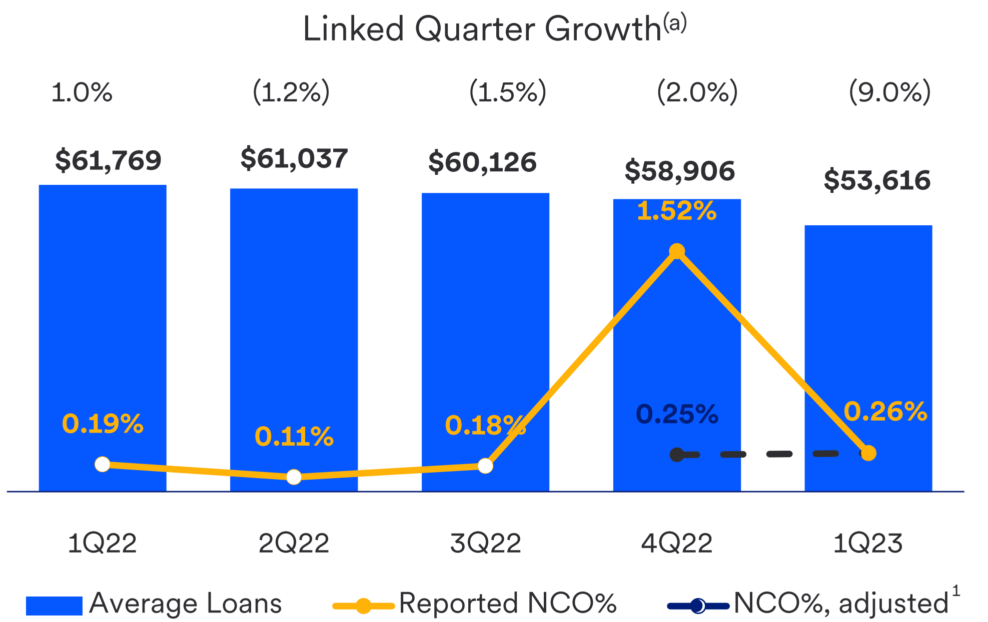
- Average loans increased by 1.6% on a linked quarter basis. Excluding the full quarter impact of Union Bank on average loan balances in 1Q23, linked quarter loan growth was 1.0%
- Net charge-off rate was 2.78% in the quarter



[1] Non-GAAP, see slide 29 for calculation; 4Q22 NCOs adjusted for acquisition related activities
(a) Average loans at 4Q22 includes only 1 month of Union Bank (12/1 acquisition date), whereas 1Q23 includes a full quarter

# Credit Quality – Other Retail

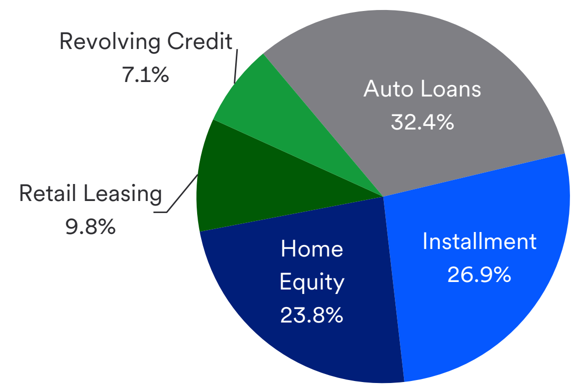
## Average Loans ($mm) and Net Charge-offs Ratio




4Q22 & 1Q23 Average Loans include $638 million and $1,390 million, respectively, of Union Bank balances

## Key Statistics

| $ in millions | 1Q22 | 4Q22 | 1Q23 |
|---|---|---|---|
| Average Loans | $61,769 | $58,906 | $53,316 |
| 30-89 Delinquencies | 0.38% | 0.56% | 0.48% |
| 90+ Delinquencies | 0.11% | 0.12% | 0.12% |
| Nonperforming Loans | 0.26% | 0.25% | 0.25% |




## Key Points

- Average loans decreased by (9.0%) on a linked quarter basis related to previous quarter balance sheet optimization activities; adjusting for the impact of balance sheet optimization for 4Q22 average loans, loans declined by (2.6%) on a linked quarter basis.
- Net charge-off rate was 0.26%



[1] Non-GAAP, see slide 29 for calculation, 4Q22 NCOs, adjusted, excludes acquisition impacts and balance sheet optimization one-time items
(a) Average loans at 4Q22 includes only 1 month of Union Bank (12/1 acquisition date), whereas 1Q23 includes a full quarter

# Non-GAAP Financial Measures

| (Dollars in Millions, Unaudited) | Three Months Ended | | |
|---|---|---|---|
| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
| Net interest income | $4,634 | $4,293 | $3,173 |
| Taxable-equivalent adjustment (1) | 34 | 32 | 27 |
| Net interest income, on a taxable-equivalent basis | 4,668 | 4,325 | 3,200 |
| Net interest income, on a taxable-equivalent basis (as calculated above) | 4,668 | 4,325 | 3,200 |
| Noninterest income | 2,507 | 2,043 | 2,396 |
| Less: Securities gains (losses), net | (32) | (18) | 18 |
| Total net revenue, excluding net securities gains (losses) (a) | 7,207 | 6,386 | 5,578 |
| Noninterest expense (b) | 4,555 | 4,043 | 3,502 |
| Efficiency ratio (b)/(a) | 63.2 % | 63.3 % | 62.8 % |
| Total net revenue, excluding net securities gains (losses) (as calculated above) | $7,207 | $6,386 | |
| Less: Notable items (2) | -- | (399) | |
| Less: Securities (gains) losses, net included in notable items | -- | 18 | |
| Total net revenue, excluding net securities gains (losses) and notable items (c) | 7,207 | 6,767 | |
| Noninterest expense | 4,555 | 4,043 | |
| Less: Notable items (2) | 244 | 90 | |
| Noninterest expense, excluding notable items (d) | 4,311 | 3,953 | |
| Efficiency ratio, excluding notable items (d)/(c) | 59.8 % | 58.4 % | |
| Net income attributable to U.S. Bancorp | $1,698 | $925 | |
| Less: Notable items (2) | (183) | (952) | |
| Net income attributable to U.S. Bancorp, excluding notable items | 1,881 | 1,877 | |
| Annualized net income attributable to U.S. Bancorp, excluding notable items (e) | 7,629 | 7,447 | |
| Average assets (f) | 665,447 | 622,064 | |
| Return on average assets, excluding notable items (e)/(f) | 1.15 % | 1.20 % | |
| Net income applicable to U.S. Bancorp common shareholders | $1,592 | $853 | |
| Less: Notable items, including the impact of earnings allocated to participating stock awards (2) | (181) | (948) | |
| Net income applicable to U.S. Bancorp common shareholders, excluding notable items | 1,773 | 1,801 | |
| Annualized net income applicable to U.S. Bancorp common shareholders, excluding notable items (g) | 7,191 | 7,145 | |
| Average common equity (h) | 45,859 | 42,457 | |
| Return on average common equity, excluding notable items (g)/(h) | 15.7 % | 16.8 % | |
| Net income applicable to U.S. Bancorp common shareholders, excluding notable items (as calculated above) (i) | $1,773 | $1,801 | |
| Average diluted common shares outstanding (j) | 1,532 | 1,501 | |
| Diluted earnings per common share, excluding notable items (i)/(j) | $1.16 | $1.20 | |

 (1), (2) – see slide 31 for corresponding notes

# Non-GAAP Financial Measures

| (Dollars in Millions, Unaudited) | Three Months Ended March 31, 2023 | December 31, 2022 | March 31, 2022 |
|---|---|---|---|
| Net income applicable to U.S. Bancorp common shareholders | $1,592 | $853 | $1,466 |
| Intangibles amortization (net-of-tax) | 126 | 67 | 37 |
| Net income applicable to U.S. Bancorp common shareholders, excluding intangibles amortization | 1,718 | 920 | 1,503 |
| Annualized net income applicable to U.S. Bancorp common shareholders, excluding intangibles amortization (a) | 6,967 | 3,650 | 6,096 |
| Average total equity | 53,132 | 49,731 | 53,934 |
| Average preferred stock | (6,808) | (6,808) | (6,619) |
| Average noncontrolling interests | (465) | (466) | (468) |
| Average goodwill (net of deferred tax liability) (3) | (11,444) | (9,202) | (9,320) |
| Average intangible assets (net of deferred tax liability), other than mortgage servicing rights | (2,681) | (1,637) | (779) |
| Average tangible common equity (b) | 31,734 | 31,618 | 36,748 |
| Return on tangible common equity (a)/(b) | 22.0 % | 11.5 % | 16.6 % |
| Net income applicable to U.S. Bancorp common shareholders, excluding intangibles amortization (as calculated above) | $1,718 | $920 | |
| Less: Notable items, including the impact of earnings allocated to participating stock awards (2) | (181) | (948) | |
| Net income applicable to U.S. Bancorp common shareholders, excluding intangibles amortization and notable items | 1,899 | 1,868 | |
| Annualized net income applicable to U.S. Bancorp common shareholders, excluding intangibles amortization and notable items (c) | 7,702 | 7,411 | |
| Average tangible common equity (as calculated above) (d) | 31,734 | 31,618 | |
| Return on tangible common equity, excluding notable items (c)/(d) | 24.3 % | 23.4 % | |



(2), (3) – see slide 31 for corresponding notes

# Non-GAAP Financial Measures

| (Dollars in Millions, Unaudited) | Three Months Ended March 31, 2023 | Three Months Ended December 31, 2022 |
|---|---|---|
| Net charge-offs | $373 | $578 |
| Less: Notable items (2) | 91 | 368 |
| Net charge-offs, excluding notable items | 282 | 210 |
| Annualized net charge-offs, excluding notable items (a) | 1,144 | 833 |
| Average loan balances (b) | 386,750 | 359,811 |
| Net charge-off ratio, excluding notable items (a)/(b) | 0.30 % | 0.23 % |
| Provision for Credit Losses Combined, Reported | | $1,192 |
| Less: Notable items (2) | | 791 |
| Provision for Credit Losses Combined, Adjusted | | 401 |
| Commercial loan net charge-offs | | $138 |
| Less: Notable items (2) | | 104 |
| Net charge-offs, excluding notable items | | 34 |
| Annualized net charge-offs, excluding notable items (c) | | 135 |
| Commercial average loan balances (d) | | 132,918 |
| Commercial loan net charge-off ratio, excluding notable items (c)/(d) | | 0.10 % |
| Credit card loan net charge-offs | | $175 |
| Less: Notable items (2) | | 36 |
| Net charge-offs, excluding notable items | | 139 |
| Annualized net charge-offs, excluding notable items (e) | | 551 |
| Credit Card average loan balances (f) | | 25,173 |
| Credit Card loan net charge-off ratio, excluding notable items (e)/(f) | | 2.19 % |
| Other Retail loan net charge-offs | | $226 |
| Less: Notable items (2) | | 189 |
| Net charge-offs, excluding notable items | | 37 |
| Annualized net charge-offs, excluding notable items (g) | | 147 |
| Other Retail average loan balances (h) | | 58,906 |
| Other Retail loan net charge-off ratio, excluding notable items (g)/(h) | | 0.25 % |
| Commercial Real Estate loan net charge-offs | $117 | $42 |
| Less: Notable items (2) | 91 | 39 |
| Net charge-offs, excluding notable items | 26 | 3 |
| Annualized net charge-offs, excluding notable items (i) | 105 | 12 |
| Commercial Real Estate average loan balances (j) | 55,595 | 45,722 |
| Commercial Real Estate loan net charge-off ratio, excluding notable items (i)/(j) | 0.19 % | 0.03 % |



(2) – see slide 31 for corresponding notes

# Non-GAAP Financial Measures

| (Dollars and Shares in Millions Except Per Share Data, Unaudited) | March 31, 2023 | |
|---|---|---|
| Income before taxes | $2,159 | |
| Taxable-equivalent adjustment (1) | 34 | |
| Less: Notable items (2) | (244) | |
| Income before taxes (taxable-equivalent basis), excluding notable items (a) | 2,437 | |
| | | |
| Income taxes | $455 | |
| Taxable-equivalent adjustment (1) | 34 | |
| Less: Notable items (2) | (61) | |
| Income taxes and taxable-equivalent adjustment, excluding notable items (b) | 550 | |
| | | |
| Income tax rate (taxable-equivalent basis), excluding notable items (b)/(a) | 22.6 | % |
| | | |
| Total equity | $53,454 | |
| Preferred stock | (6,808) | |
| Noncontrolling interests | (465) | |
| Goodwill (net of deferred tax liability) (3) | (11,575) | |
| Intangible assets (net of deferred tax liability), other than mortgage servicing rights | (2,611) | |
| Tangible common equity (c) | 31,995 | |
| | | |
| Risk-weighted assets, determined in accordance with transitional regulatory capital requirements related to the current expected credit losses methodology implimentation (d) | 494,048 | * |
| Common shares outstanding (e) | 1,533 | |
| | | |
| **Ratios** | | |
| Tangible common equity to risk-weighted assets (c)/(d) | 6.5 | % |
| Tangible book value per common share (c)/(e) | $20.87 | |



* Preliminary data. Subject to change prior to filings with applicable regulatory agencies.
(1), (2), (3) – see slide 31 for corresponding notes

# Notes

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

(2) Notable items for the three months ended March 31, 2023 included $183 million (net-of-tax) of merger and integration charges and $91 million of net charge-offs related to initial purchase accounting adjustments for MUB acquired loans.

Notable items for the three months ended December 31, 2022 included the following:

- $399 million ($297 million net-of-tax) of losses primarily related to interest rate economic hedges, entered into after regulatory approval was obtained, to manage the impact of interest rate volatility on capital prior to closing the MUFG Union Bank acquisition.
- $90 million ($67 million net-of-tax) of merger and integration charges.
- $791 million ($588 million net-of-tax) of provision for credit losses related to acquired loans and balance sheet repositioning and capital management actions taken in connection with the acquisition.
- $179 million of net charge-offs, reflecting uncollectible acquired loans previously charged-off by MUFG Union Bank, and $189 million related to balance sheet repositioning and capital management actions taken in connection with the acquisition

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

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