



## U.S. Bancorp Reports Third Quarter 2018 Results

- Record net revenue of \$5,699 million, record net income of \$1,815 million and record diluted earnings per share of \$1.06
- Industry leading return on average assets of 1.58% and return on average common equity of 15.5%

### 3Q18 Key Financial Data

PROFITABILITY METRICS	3Q18	2Q18	3Q17
Return on average assets (%)	1.58	1.54	1.38
Return on average common equity (%)	15.5	15.3	13.6
Return on tangible common equity (%) (a)	19.9	19.8	17.3
Net interest margin (%)	3.15	3.13	3.14
Efficiency ratio (%) (a)	53.5	54.8	53.9

  

INCOME STATEMENT (b)	3Q18	2Q18	3Q17
Net interest income (taxable-equivalent basis)	\$3,281	\$3,226	\$3,227
Noninterest income	\$2,418	\$2,414	\$2,340
Net income attributable to U.S. Bancorp	\$1,815	\$1,750	\$1,563
Diluted earnings per common share	\$1.06	\$1.02	\$0.88
Dividends declared per common share	\$.37	\$.30	\$.30

  

BALANCE SHEET (b)	3Q18	2Q18	3Q17
Average total loans	\$281,065	\$278,624	\$277,626
Average total deposits	\$330,121	\$334,822	\$335,151
Net charge-off ratio	.46%	.48%	.47%
Book value per common share (period end)	\$27.35	\$27.02	\$25.98
Basel III standardized CET1 (c)	9.0%	9.1%	9.4%

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

(b) Dollars in millions, except per share data

(c) CET1 = Common equity tier 1 capital ratio, 3Q17 as if fully implemented

### 3Q18 Highlights

- Net income of \$1,815 million and diluted earnings per common share of \$1.06
- Industry leading return on average assets of 1.58% and return on average common equity of 15.5%
- Return on tangible common equity of 19.9%
- Returned 78% of 3Q earnings to shareholders through dividends and share buybacks
- Year-over-year positive operating leverage with net revenue increase of 2.4% and noninterest expense increase of 1.5%
- Net interest income grew 2.4% year-over-year (1.7% on a taxable-equivalent basis) and 1.7% linked quarter on both a reported and tax-equivalent basis
- Total noninterest income grew 3.3% year-over-year
  - Payment services revenue grew 7.1%
  - Trust and investment management fees increased 8.2%
- Nonperforming assets decreased 19.7% on a year-over-year basis and 8.0% on a linked quarter basis

### CEO Commentary

*“Strong underlying momentum in each of our business lines drove record revenue, net income and EPS this quarter. We remain vigilant in our expense discipline while continuing to prudently invest in our core businesses as well as in our digital and payments capabilities. In the third quarter, we expanded our commercial banking presence, launched a new digital platform to serve our small business customers and acquired new capabilities in our payments business. At the same time, our focus on optimization allowed us to deliver positive operating leverage and a best-in-class efficiency ratio, while growing our industry leading return on tangible common equity ratio to 19.9%. I am thankful for our U.S. Bank team members who work every day to put the customer in the center with the goal of delivering outstanding results for each of our stakeholders.”*

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

### In the Spotlight

#### Most Powerful Women in Banking and Finance

Three of our Vice Chairmen, Leslie Godridge, Corporate & Commercial Banking, Gunjan Kedia, Wealth Management and Investment Services and Kate Quinn, chief administrative officer at U.S. Bank, were honored by American Banker magazine among the "Most Powerful Women in Banking and Finance" for 2018.

#### Launch of Digital Small Business Lending

U.S. Bank has created a new, fully digital option for small businesses to apply for and receive a loan or line of credit. The entire process, from application to funding, can be completed same day, often within an hour or less, dramatically improving the experience for busy entrepreneurs.

#### Expansion of Commercial Banking Team

U.S. Bank has built a strong presence in the greater New York metropolitan area over the past 10 years, and has recently announced the expansion of its Commercial Banking team into this market, focusing on serving middle market clients in New York, New Jersey and Connecticut.

#### Meeting Customers' Short-Term Cash Needs

U.S. Bank recently launched a new small-dollar loan product called Simple Loan, designed to help customers deal with unexpected or short-term cash needs with a transparent, easy-to-understand installment loan. U.S. Bank worked closely with its regulators when developing this product and is the first national bank to offer this type of short-term loan solution.



<b>INCOME STATEMENT HIGHLIGHTS</b>								
(\$ in millions, except per-share data)								
	3Q 2018	2Q 2018	3Q 2017	Percent Change		YTD 2018	YTD 2017	Percent Change
				3Q18 vs 2Q18	3Q18 vs 3Q17			
Net interest income	\$3,251	\$3,197	\$3,176	1.7	2.4	\$9,616	\$9,205	4.5
Taxable-equivalent adjustment	30	29	51	3.4	(41.2)	88	152	(42.1)
Net interest income (taxable-equivalent basis)	3,281	3,226	3,227	1.7	1.7	9,704	9,357	3.7
Noninterest income	2,418	2,414	2,340	.2	3.3	7,104	6,947	2.3
Total net revenue	5,699	5,640	5,567	1.0	2.4	16,808	16,304	3.1
Noninterest expense	3,044	3,085	2,998	(1.3)	1.5	9,184	8,891	3.3
Income before provision and income taxes	2,655	2,555	2,569	3.9	3.3	7,624	7,413	2.8
Provision for credit losses	343	327	360	4.9	(4.7)	1,011	1,055	(4.2)
Income before taxes	2,312	2,228	2,209	3.8	4.7	6,613	6,358	4.0
Income taxes and taxable-equivalent adjustment	490	470	640	4.3	(23.4)	1,351	1,791	(24.6)
Net income	1,822	1,758	1,569	3.6	16.1	5,262	4,567	15.2
Net (income) loss attributable to noncontrolling interests	(7)	(8)	(6)	12.5	(16.7)	(22)	(31)	29.0
Net income attributable to U.S. Bancorp	\$1,815	\$1,750	\$1,563	3.7	16.1	\$5,240	\$4,536	15.5
Net income applicable to U.S. Bancorp common shareholders	\$1,732	\$1,678	\$1,485	3.2	16.6	\$5,007	\$4,302	16.4
Diluted earnings per common share	\$1.06	\$1.02	\$0.88	3.9	20.5	\$3.04	\$2.55	19.2

Net income attributable to U.S. Bancorp was \$1,815 million for the third quarter of 2018, which was 16.1 percent higher than the \$1,563 million for the third quarter of 2017, and 3.7 percent higher than the \$1,750 million for the second quarter of 2018. Diluted earnings per common share were \$1.06 in the third quarter of 2018, compared with \$0.88 in the third quarter of 2017 and \$1.02 in the second quarter of 2018.

The increase in net income year-over-year was largely due to total net revenue growth of 2.4 percent partially offset by noninterest expense growth of 1.5 percent. Net interest income increased 2.4 percent (1.7 percent on a taxable-equivalent basis), mainly a result of the impact of rising interest rates, earning assets growth, and higher yields on reinvestment of securities, partially offset by higher rates on deposits and funding mix. Noninterest income increased 3.3 percent compared with a year ago, driven by strong growth in payment services revenue, trust and investment management fees, and other noninterest revenue, partially offset by decreases in mortgage banking revenue and commercial products revenue. Noninterest expense increased 1.5 percent primarily due to increased compensation expense related to supporting business growth and compliance programs, merit increases, and variable compensation related to revenue growth, higher employee benefits expense, and higher technology and communications expense in support of business growth. Partially offsetting these increases was lower other noninterest expense driven by lower costs related to tax-advantaged projects, lower FDIC insurance expense, a reduction in mortgage servicing costs, and lower pension related costs.

Net income increased on a linked quarter basis primarily due to total net revenue growth of 1.0 percent and a decrease in noninterest expense of 1.3 percent. The increase in total net revenue reflected an increase in net interest income of 1.7 percent due to the impact of rising interest rates, earning assets growth, and an additional day in the third quarter, partially offset by higher rates on deposits and funding mix. Noninterest income increased 0.2 percent driven by seasonally higher payment services revenue and deposit services charges, along with higher trust and investment management fees and other noninterest income. These increases were partially offset by decreases in commercial products revenue and mortgage banking revenue. The decrease in noninterest expense of 1.3 percent was primarily driven by lower other noninterest expense due to lower costs related to tax-advantaged projects driven by syndicating tax credits following tax reform and the change in accruals related to legal and insurance matters, as well as a reduction in compensation expense due to lower incentives and seasonally lower contract labor costs.



<b>NET INTEREST INCOME</b>								
(Taxable-equivalent basis; \$ in millions)								
	3Q 2018	2Q 2018	3Q 2017	Change		YTD 2018	YTD 2017	Change
				3Q18 vs 2Q18	3Q18 vs 3Q17			
<b>Components of net interest income</b>								
Income on earning assets	\$4,155	\$3,980	\$3,758	\$175	\$397	\$11,957	\$10,774	\$1,183
Expense on interest-bearing liabilities	874	754	531	120	343	2,253	1,417	836
Net interest income	<b>\$3,281</b>	<b>\$3,226</b>	<b>\$3,227</b>	<b>\$55</b>	<b>\$54</b>	<b>\$9,704</b>	<b>\$9,357</b>	<b>\$347</b>
<b>Average yields and rates paid</b>								
Earning assets yield	3.98%	3.86%	3.66%	.12%	.32%	3.86%	3.56%	.30%
Rate paid on interest-bearing liabilities	1.10	.97	.69	.13	.41	.96	.63	.33
Gross interest margin	2.88%	2.89%	2.97%	(.01)%	(.09)%	2.90%	2.93%	(.03)%
Net interest margin	3.15%	3.13%	3.14%	.02%	.01%	3.14%	3.09%	.05%
<b>Average balances</b>								
Investment securities (a)	\$113,547	\$114,578	\$111,832	\$(1,031)	\$1,715	\$113,873	\$111,325	\$2,548
Loans	281,065	278,624	277,626	2,441	3,439	279,699	275,454	4,245
Earning assets	415,177	412,676	408,825	2,501	6,352	413,246	404,031	9,215
Interest-bearing liabilities	314,816	312,217	304,236	2,599	10,580	312,894	299,922	12,972

(a) Excludes unrealized gain (loss)

Net interest income on a taxable-equivalent basis in the third quarter of 2018 was \$3,281 million, an increase of \$54 million (1.7 percent) over the third quarter of 2017. The increase was principally driven by the impact of rising interest rates, earning assets growth, and higher yields on securities, partially offset by lower spread due to loan mix, higher rates on deposits and funding mix shift as well as the impact of tax reform which reduced the taxable-equivalent adjustment benefit related to tax exempt assets and higher interest recoveries in the prior year quarter. Average earning assets were \$6.4 billion (1.6 percent) higher than the third quarter of 2017, reflecting increases of \$3.4 billion (1.2 percent) in average total loans, \$1.7 billion (1.5 percent) in average investment securities, and \$2.0 billion (13.1 percent) in average other earning assets.

Net interest income on a taxable-equivalent basis increased \$55 million (1.7 percent) on a linked quarter basis primarily driven by the impact of higher interest rates on assets, earning asset growth, and an additional day in the third quarter, partially offset by deposits and funding mix shift. Average earning assets were \$2.5 billion (0.6 percent) higher on a linked quarter basis, reflecting increases of \$2.4 billion (0.9 percent) in average total loans and \$1.5 billion (9.6 percent) in average other earning assets. Average investment securities decreased \$1.0 billion (0.9 percent).

The net interest margin in the third quarter of 2018 was 3.15 percent, compared with 3.14 percent in the third quarter of 2017 and 3.13 percent in the second quarter of 2018. The increase in the net interest margin year-over-year was primarily due to higher interest rates, partially offset by deposit and funding mix, lower loan spreads due to mix, and the impact of tax reform. The increase in net interest margin on a linked quarter basis was primarily due to the impact of higher rates on assets, partially offset by deposit and funding mix, as well as higher cash balances.

Average investment securities in the third quarter of 2018 increased \$1.7 billion (1.5 percent) from the third quarter of 2017, due to purchases of U.S. Treasury, mortgage-backed and state and political securities, net of prepayments and maturities. Average investment securities decreased \$1.0 billion (0.9 percent) from the second quarter of 2018 as a portion of the proceeds received on maturities of securities in the current quarter were not reinvested.



AVERAGE LOANS								
(\$ in millions)	3Q 2018	2Q 2018	3Q 2017	Percent Change		YTD 2018	YTD 2017	Percent Change
				3Q18 vs 2Q18	3Q18 vs 3Q17			
Commercial	\$93,541	\$92,835	\$91,077	.8	2.7	\$92,776	\$89,817	3.3
Lease financing	5,507	5,518	5,556	(.2)	(.9)	5,519	5,530	(.2)
Total commercial	99,048	98,353	96,633	.7	2.5	98,295	95,347	3.1
Commercial mortgages	28,362	28,710	30,114	(1.2)	(5.8)	28,746	30,729	(6.5)
Construction and development	11,180	11,147	11,507	.3	(2.8)	11,172	11,708	(4.6)
Total commercial real estate	39,542	39,857	41,621	(.8)	(5.0)	39,918	42,437	(5.9)
Residential mortgages	62,042	60,834	59,030	2.0	5.1	61,023	58,496	4.3
Credit card	21,774	21,220	20,926	2.6	4.1	21,428	20,801	3.0
Retail leasing	8,383	8,150	7,762	2.9	8.0	8,173	7,142	14.4
Home equity and second mortgages	16,000	16,048	16,299	(.3)	(1.8)	16,080	16,270	(1.2)
Other	31,520	31,265	32,008	.8	(1.5)	31,882	31,423	1.5
Total other retail	55,903	55,463	56,069	.8	(.3)	56,135	54,835	2.4
Total loans, excluding covered loans	278,309	275,727	274,279	.9	1.5	276,799	271,916	1.8
Covered loans	2,756	2,897	3,347	(4.9)	(17.7)	2,900	3,538	(18.0)
Total loans	\$281,065	\$278,624	\$277,626	.9	1.2	\$279,699	\$275,454	1.5

Average total loans were \$3.4 billion (1.2 percent) higher than the third quarter of 2017 (1.8 percent excluding the impact of the second quarter of 2018 student loan portfolio sale). The increase was due to growth in residential mortgages (5.1 percent), total commercial loans (2.5 percent), credit card loans (4.1 percent), and retail leasing (8.0 percent). These increases were partially offset by a decrease in total commercial real estate loans (5.0 percent) due to disciplined underwriting and customers paying down balances over the past year. Loan growth was also impacted by continued run-off of the covered loans portfolio (17.7 percent) and the sale of the student loan portfolio in the second quarter of 2018. Average total loans were \$2.4 billion (0.9 percent) higher than the second quarter of 2018 driven by growth in residential mortgages (2.0 percent), total commercial loans (0.7 percent), credit card loans (2.6 percent) and retail leasing (2.9 percent), partially offset by continued pay-offs of commercial real estate loans (0.8 percent) and run-off of covered loans (4.9 percent). At the end of the third quarter, approximately \$1.3 billion of covered loans were transferred from the loan portfolio to loans held for sale.



<b>AVERAGE DEPOSITS</b>								
(\$ in millions)	3Q 2018	2Q 2018	3Q 2017	Percent Change		YTD 2018	YTD 2017	Percent Change
				3Q18 vs 2Q18	3Q18 vs 3Q17			
Noninterest-bearing deposits	\$77,192	\$78,987	\$81,964	(2.3)	(5.8)	\$78,546	\$81,808	(4.0)
Interest-bearing savings deposits								
Interest checking	69,330	69,918	68,066	(.8)	1.9	69,865	67,021	4.2
Money market savings	100,688	103,333	105,072	(2.6)	(4.2)	102,453	106,856	(4.1)
Savings accounts	44,848	45,069	43,649	(.5)	2.7	44,770	43,265	3.5
Total savings deposits	214,866	218,320	216,787	(1.6)	(.9)	217,088	217,142	--
Time deposits	38,063	37,515	36,400	1.5	4.6	37,525	32,660	14.9
Total interest-bearing deposits	252,929	255,835	253,187	(1.1)	(.1)	254,613	249,802	1.9
Total deposits	\$330,121	\$334,822	\$335,151	(1.4)	(1.5)	\$333,159	\$331,610	.5

Average total deposits for the third quarter of 2018 were \$5.0 billion (1.5 percent) lower than the third quarter of 2017. Average noninterest-bearing deposits decreased \$4.8 billion (5.8 percent) year-over-year primarily due to decreases in business deposits within Corporate and Commercial Banking and corporate trust balances within Wealth Management and Investment Services. Average total savings deposits were \$1.9 billion (0.9 percent) lower year-over-year driven by decreases in Wealth Management and Investment Services and Corporate and Commercial Banking, partially offset by an increase in Consumer and Business Banking. Average time deposits were \$1.7 billion (4.6 percent) higher than the prior year quarter. Changes in time deposits are largely related to those deposits managed as an alternative to other funding sources such as wholesale borrowing, based largely on relative pricing and liquidity characteristics.

Average total deposits decreased \$4.7 billion (1.4 percent) from the second quarter of 2018. On a linked quarter basis, average noninterest-bearing deposits decreased \$1.8 billion (2.3 percent) primarily due to decreases in Wealth Management and Investment Services and Corporate and Commercial Banking, partially offset by an increase in consumer balances within Consumer and Business Banking. Noninterest bearing deposit declines were primarily a result of business customers deploying deposit balances to support business growth, the migration of balances to alternative investment vehicles, and the change in deposit balances associated with the timing of receipt and distribution of funds in the corporate trust business.

Average total savings deposits decreased \$3.5 billion (1.6 percent) on a linked quarter basis primarily due to decreases in Corporate and Commercial Banking as well as Wealth Management and Investment Services. The decline in Corporate and Commercial Banking savings balances reflects expected run-off related to the business merger of a large financial customer. The decline is expected to moderate in future quarters. Average time deposits, which are managed based on funding needs, relative pricing and liquidity characteristics, increased \$548 million (1.5 percent). Time deposits are experiencing some growth as customers search for higher yield.



<b>NONINTEREST INCOME</b>								
(\$ in millions)	3Q 2018	2Q 2018	3Q 2017	Percent Change		YTD 2018	YTD 2017	Percent Change
				3Q18 vs 2Q18	3Q18 vs 3Q17			
Credit and debit card revenue	\$344	\$351	\$318	(2.0)	8.2	\$1,019	\$947	7.6
Corporate payment products revenue	169	158	150	7.0	12.7	481	427	12.6
Merchant processing services	392	387	377	1.3	4.0	1,142	1,112	2.7
ATM processing services	85	90	77	(5.6)	10.4	254	223	13.9
Trust and investment management fees	411	401	380	2.5	8.2	1,210	1,128	7.3
Deposit service charges	198	183	187	8.2	5.9	563	538	4.6
Treasury management fees	146	155	153	(5.8)	(4.6)	451	466	(3.2)
Commercial products revenue	216	234	240	(7.7)	(10.0)	670	730	(8.2)
Mortgage banking revenue	174	191	213	(8.9)	(18.3)	549	632	(13.1)
Investment products fees	47	47	42	--	11.9	140	128	9.4
Securities gains (losses), net	10	10	9	--	11.1	25	47	(46.8)
Other	226	207	194	9.2	16.5	600	569	5.4
<b>Total noninterest income</b>	<b>\$2,418</b>	<b>\$2,414</b>	<b>\$2,340</b>	<b>.2</b>	<b>3.3</b>	<b>\$7,104</b>	<b>\$6,947</b>	<b>2.3</b>

Third quarter noninterest income of \$2,418 million was \$78 million (3.3 percent) higher than the third quarter of 2017 led by strong growth in payment services revenue and trust and investment management fees. Other noninterest income also increased year-over-year primarily due to higher equity investment income and tax-advantaged syndication revenue. These increases were partially offset by lower mortgage banking revenue and commercial products revenue, which were impacted by industry trends in these revenue categories. Payment services revenue increased \$60 million (7.1 percent) due to higher credit and debit card revenue of \$26 million (8.2 percent), an increase in corporate payment products revenue of \$19 million (12.7 percent), and higher merchant processing services of \$15 million (4.0 percent) all driven by higher sales volumes. Trust and investment management fees increased \$31 million (8.2 percent) due to business growth and favorable market conditions. The decrease in mortgage banking revenue of \$39 million (18.3 percent) was primarily due to lower mortgage production and the adverse impact on gain on sale margins due to excess capacity in the industry in the near term. Commercial products revenue decreased \$24 million (10.0 percent) primarily due to lower corporate bond underwriting fees and loan syndication fees.

Noninterest income was \$4 million (0.2 percent) higher in the third quarter of 2018 compared with the second quarter of 2018 reflecting higher payment services revenue as corporate payment products revenue grew \$11 million (7.0 percent) due to seasonally higher sales volumes and merchant processing services increased \$5 million (1.3 percent) primarily due to seasonally higher fee revenue, partially offset by a seasonal decrease of \$7 million (2.0 percent) in credit and debit card revenue. Deposit service charges increased \$15 million (8.2 percent) as a result of seasonally higher incidence rates and other noninterest income increased \$19 million (9.2 percent) primarily due to higher equity investment income and tax-advantaged syndication revenue. Partially offsetting these increases were a decrease in commercial products revenue of \$18 million (7.7 percent) due mainly to lower corporate bond underwriting fees and a decrease in mortgage banking revenue of \$17 million (8.9 percent) driven by an unfavorable change in the valuation of mortgage servicing rights, net of hedging activities.





<b>NONINTEREST EXPENSE</b>								
(\$ in millions)	3Q 2018	2Q 2018	3Q 2017	Percent Change		YTD 2018	YTD 2017	Percent Change
				3Q18 vs 2Q18	3Q18 vs 3Q17			
Compensation	\$1,529	\$1,542	\$1,440	(.8)	6.2	\$4,594	\$4,247	8.2
Employee benefits	294	299	268	(1.7)	9.7	923	843	9.5
Net occupancy and equipment	270	262	258	3.1	4.7	797	760	4.9
Professional services	96	95	104	1.1	(7.7)	274	305	(10.2)
Marketing and business development	106	111	92	(4.5)	15.2	314	291	7.9
Technology and communications	247	242	227	2.1	8.8	724	667	8.5
Postage, printing and supplies	84	80	82	5.0	2.4	244	244	--
Other intangibles	41	40	44	2.5	(6.8)	120	131	(8.4)
Other	377	414	483	(8.9)	(21.9)	1,194	1,403	(14.9)
<b>Total noninterest expense</b>	<b>\$3,044</b>	<b>\$3,085</b>	<b>\$2,998</b>	<b>(1.3)</b>	<b>1.5</b>	<b>\$9,184</b>	<b>\$8,891</b>	<b>3.3</b>

Third quarter noninterest expense of \$3,044 million was \$46 million (1.5 percent) higher than the third quarter of 2017 primarily due to higher personnel costs and technology investment, partially offset by lower other noninterest expense. Compensation expense increased \$89 million (6.2 percent) principally due to the impact of hiring to support business growth and compliance programs, merit increases, and higher variable compensation related to business production. Employee benefits expense increased \$26 million (9.7 percent) primarily driven by increased medical costs and staffing. Other noninterest expense decreased \$106 million (21.9 percent) due to lower costs related to tax-advantaged projects, lower FDIC insurance expense, a reduction in mortgage servicing costs, and lower pension related costs.

Noninterest expense decreased \$41 million (1.3 percent) on a linked quarter basis primarily due to a reduction in compensation expense including lower incentives and a seasonal decline in contract labor costs as well as lower other noninterest expense as a result of lower costs related to tax-advantaged projects driven by syndicating tax credits following tax reform and the change in accruals related to legal and insurance matters.

### Provision for Income Taxes

The provision for income taxes for the third quarter of 2018 resulted in a tax rate of 21.2 percent on a taxable-equivalent basis (effective tax rate of 20.2 percent), compared with 29.0 percent (effective tax rate of 27.3 percent) in the third quarter of 2017, and 21.1 percent on a taxable-equivalent basis (effective tax rate of 20.1 percent) in the second quarter of 2018. The lower 2018 tax rates reflect the tax reform legislation enacted during the fourth quarter of 2017.



<b>ALLOWANCE FOR CREDIT LOSSES</b>										
(\$ in millions)	3Q		2Q		1Q		4Q		3Q	
	2018	% (b)	2018	% (b)	2018	% (b)	2017	% (b)	2017	% (b)
Balance, beginning of period	\$4,411		\$4,417		\$4,417		\$4,407		\$4,377	
Net charge-offs										
Commercial	63	.27	54	.23	56	.25	22	.09	79	.34
Lease financing	3	.22	4	.29	4	.29	6	.44	4	.29
Total commercial	66	.26	58	.24	60	.25	28	.11	83	.34
Commercial mortgages	(5)	(.07)	--	--	(4)	(.06)	18	.24	(2)	(.03)
Construction and development	(4)	(.14)	--	--	1	.04	--	--	(5)	(.17)
Total commercial real estate	(9)	(.09)	--	--	(3)	(.03)	18	.17	(7)	(.07)
Residential mortgages	4	.03	4	.03	7	.05	10	.07	7	.05
Credit card	206	3.75	210	3.97	211	4.02	205	3.83	187	3.55
Retail leasing	3	.14	3	.15	3	.15	3	.15	2	.10
Home equity and second mortgages	(1)	(.02)	(2)	(.05)	(1)	(.03)	(2)	(.05)	(1)	(.02)
Other	59	.74	59	.76	64	.79	63	.76	59	.73
Total other retail	61	.43	60	.43	66	.47	64	.44	60	.42
Total net charge-offs, excluding covered loans	328	.47	332	.48	341	.50	325	.47	330	.48
Covered loans	--	--	--	--	--	--	--	--	--	--
Total net charge-offs	328	.46	332	.48	341	.49	325	.46	330	.47
Provision for credit losses	343		327		341		335		360	
Other changes (a)	--		(1)		--		--		--	
Balance, end of period	<u>\$4,426</u>		<u>\$4,411</u>		<u>\$4,417</u>		<u>\$4,417</u>		<u>\$4,407</u>	
Components										
Allowance for loan losses	\$3,954		\$3,920		\$3,918		\$3,925		\$3,908	
Liability for unfunded credit commitments	472		491		499		492		499	
Total allowance for credit losses	<u>\$4,426</u>		<u>\$4,411</u>		<u>\$4,417</u>		<u>\$4,417</u>		<u>\$4,407</u>	
Gross charge-offs	\$428		\$437		\$453		\$464		\$433	
Gross recoveries	\$100		\$105		\$112		\$139		\$103	
Allowance for credit losses as a percentage of										
Period-end loans	1.57		1.57		1.59		1.58		1.58	
Nonperforming loans	544		484		431		438		426	
Nonperforming assets	441		404		367		368		352	

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

(b) Annualized and calculated on average loan balances



Credit quality was relatively stable on a linked quarter and year-over-year basis. The Company's provision for credit losses for the third quarter of 2018 was \$343 million, which was \$16 million (4.9 percent) higher than the prior quarter and \$17 million (4.7 percent) lower than the third quarter of 2017.

Total net charge-offs in the third quarter of 2018 were \$328 million, compared with \$332 million in the second quarter of 2018, and \$330 million in the third quarter of 2017. Net charge-offs decreased \$4 million (1.2 percent) compared with the second quarter of 2018 mainly due to lower total commercial real estate net charge-offs, partially offset by higher total commercial net charge-offs. Net charge-offs decreased \$2 million (0.6 percent) compared with the third quarter of 2017 primarily due to lower total commercial net charge-offs and lower residential mortgage net charge-offs mostly offset by higher credit card net charge-offs. The net charge-off ratio was 0.46 percent in the third quarter of 2018, compared with 0.48 percent in the second quarter of 2018 and 0.47 percent in the third quarter of 2017.

The allowance for credit losses was \$4,426 million at September 30, 2018, compared with \$4,411 million at June 30, 2018, and \$4,407 million at September 30, 2017. The ratio of the allowance for credit losses to period-end loans was 1.57 percent at September 30, 2018, and at June 30, 2018, compared with 1.58 percent at September 30, 2017. The ratio of the allowance for credit losses to nonperforming loans was 544 percent at September 30, 2018, compared with 484 percent at June 30, 2018, and 426 percent at September 30, 2017.

Nonperforming assets were \$1,004 million at September 30, 2018, compared with \$1,091 million at June 30, 2018, and \$1,251 million at September 30, 2017. The ratio of nonperforming assets to loans and other real estate was 0.36 percent at September 30, 2018, compared with 0.39 percent at June 30, 2018, and 0.45 percent at September 30, 2017. The year-over-year decrease in nonperforming assets was driven by improvements in nonperforming residential mortgages, total commercial loans, and other real estate owned, partially offset by increases in nonperforming other retail loans and other nonperforming assets. Accruing loans 90 days or more past due were \$551 million at September 30, 2018, compared with \$640 million at June 30, 2018, and \$649 million at September 30, 2017.

<b>DELINQUENT LOAN RATIOS AS A PERCENT OF ENDING LOAN BALANCES</b>					
(Percent)	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
	2018	2018	2018	2017	2017
<b>Delinquent loan ratios - 90 days or more past due <i>excluding</i> nonperforming loans</b>					
Commercial	.06	.06	.06	.06	.05
Commercial real estate	.01	.01	.01	.01	.01
Residential mortgages	.19	.18	.22	.22	.18
Credit card	1.18	1.15	1.29	1.28	1.20
Other retail	.17	.16	.18	.17	.15
Total loans, excluding covered loans	.19	.19	.21	.21	.18
Covered loans (a)	.86	4.46	4.57	4.74	4.66
Total loans	.20	.23	.25	.26	.23
<b>Delinquent loan ratios - 90 days or more past due <i>including</i> nonperforming loans</b>					
Commercial	.28	.28	.37	.31	.33
Commercial real estate	.27	.27	.31	.37	.30
Residential mortgages	.69	.84	.93	.96	.98
Credit card	1.18	1.15	1.29	1.28	1.20
Other retail	.49	.48	.48	.46	.43
Total loans, excluding covered loans	.48	.51	.58	.57	.55
Covered loans (a)	.86	4.68	4.77	4.93	4.84
Total loans	.48	.55	.62	.62	.60

(a) Effective September 30, 2018, the Company transferred \$1.3 billion of covered loans to loans held for sale. Included in the amount transferred were \$108 million of loans 90 days or more past due and \$6 million that were nonperforming.



<b>ASSET QUALITY (a)</b>					
(\$ in millions)					
	<b>Sep 30</b>	<b>Jun 30</b>	<b>Mar 31</b>	<b>Dec 31</b>	<b>Sep 30</b>
	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
Nonperforming loans					
Commercial	\$193	\$199	\$274	\$225	\$231
Lease financing	23	25	27	24	38
Total commercial	216	224	301	249	269
Commercial mortgages	77	72	86	108	89
Construction and development	28	32	33	34	33
Total commercial real estate	105	104	119	142	122
Residential mortgages	317	400	430	442	474
Credit card	--	--	--	1	1
Other retail	175	178	168	168	163
Total nonperforming loans, excluding covered loans	813	906	1,018	1,002	1,029
Covered loans	--	6	6	6	6
Total nonperforming loans	813	912	1,024	1,008	1,035
Other real estate	100	108	124	141	164
Covered other real estate	19	20	20	21	26
Other nonperforming assets	72	51	36	30	26
Total nonperforming assets	\$1,004	\$1,091	\$1,204	\$1,200	\$1,251
Accruing loans 90 days or more past due	\$551	\$640	\$702	\$720	\$649
Performing restructured loans, excluding GNMA and covered loans	\$2,262	\$2,164	\$2,190	\$2,306	\$2,419
Performing restructured GNMA and covered loans	\$1,678	\$1,695	\$1,598	\$1,713	\$1,600
Nonperforming assets to loans plus ORE (%)	.36	.39	.43	.43	.45

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



COMMON SHARES					
(Millions)	3Q 2018	2Q 2018	1Q 2018	4Q 2017	3Q 2017
Beginning shares outstanding	1,636	1,649	1,656	1,667	1,679
Shares issued for stock incentive plans, acquisitions and other corporate purposes	1	--	4	1	--
Shares repurchased	(14)	(13)	(11)	(12)	(12)
Ending shares outstanding	1,623	1,636	1,649	1,656	1,667

CAPITAL POSITION					
(\$ in millions)	Sep 30 2018	Jun 30 2018	Mar 31 2018	Dec 31 2017	Sep 30 2017
Total U.S. Bancorp shareholders' equity	\$50,375	\$49,628	\$49,187	\$49,040	\$48,723
<b>Basel III Standardized Approach (a)</b>					
Common equity tier 1 capital	\$34,097	\$34,161	\$33,539	\$34,369	\$34,876
Tier 1 capital	40,114	39,611	38,991	39,806	40,411
Total risk-based capital	47,531	47,258	46,640	47,503	48,104
Fully implemented common equity tier 1 capital ratio (a)	9.0 %	9.1 %	9.0 %	9.1 % (b)	9.4 % (b)
Tier 1 capital ratio	10.6	10.5	10.4	10.8	11.1
Total risk-based capital ratio	12.6	12.6	12.5	12.9	13.2
Leverage ratio	9.0	8.9	8.8	8.9	9.1
<b>Basel III Advanced Approaches (a)</b>					
Fully implemented common equity tier 1 capital ratio (a)	11.8	11.6	11.5	11.6 (b)	11.8 (b)
<b>Tangible common equity to tangible assets (b)</b>	7.7	7.8	7.7	7.6	7.7
<b>Tangible common equity to risk-weighted assets (b)</b>	9.3	9.3	9.3	9.4	9.5
Common equity tier 1 capital ratio calculated under the transitional standardized approach (a)	--	--	--	9.3	9.6
Common equity tier 1 capital ratio calculated under the transitional advanced approaches (a)	--	--	--	12.0	12.1

(a) Beginning January 1, 2018, the regulatory capital requirements fully reflect implementation of Basel III. Prior to 2018, the Company's capital ratios reflected certain transitional adjustments. Basel III includes two comprehensive methodologies for calculating risk-weighted assets: a general standardized approach and more risk-sensitive advanced approaches, with the Company's capital adequacy being evaluated against the methodology that is most restrictive.

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

Total U.S. Bancorp shareholders' equity was \$50.4 billion at September 30, 2018, compared with \$49.6 billion at June 30, 2018, and \$48.7 billion at September 30, 2017. During the third quarter, the Company returned 78 percent of earnings to shareholders through dividends and share buybacks.

All regulatory ratios continue to be in excess of "well-capitalized" requirements. The common equity tier 1 capital to risk-weighted assets ratio using the Basel III standardized approach was 9.0 percent at September 30, 2018, compared with 9.1 percent at June 30, 2018, and 9.6 percent at September 30, 2017. The common equity tier 1 capital to risk-weighted assets ratio using the Basel III advanced approaches method was 11.8 percent at September 30, 2018, compared with 11.6 percent at June 30, 2018, and 12.1 percent at September 30, 2017.



## Investor Conference Call

On Wednesday, October 17, 2018, at 8:00 a.m. CDT, Andy Cecere, chairman, president and chief executive officer, and Terry Dolan, vice chairman and chief financial officer, will host a conference call to review the financial results. The conference call will be available online or by telephone. To access the webcast and presentation, visit U.S. Bancorp's website at [usbank.com](http://usbank.com) and click on "About US", "Investor Relations" and "Webcasts & Presentations." To access the conference call from locations within the United States and Canada, please dial 866-316-1409. Participants calling from outside the United States and Canada, please dial 706-634-9086. The conference ID number for all participants is 7338239. For those unable to participate during the live call, a recording will be available at approximately 11:00 a.m. CDT on Wednesday, October 17 and will be accessible until Wednesday, October 24 at 11:00 p.m. CDT. To access the recorded message within the United States and Canada, please dial 855-859-2056. If calling from outside the United States and Canada, please dial 404-537-3406 to access the recording. The conference ID is 7338239.

## About U.S. Bancorp

U.S. Bancorp, with 74,000 employees and \$465 billion in assets as of September 30, 2018, is the parent company of U.S. Bank, the fifth-largest commercial bank in the United States. The Minneapolis-based bank blends its relationship teams, branches and ATM network with mobile and online tools that allow customers to bank how, when and where they prefer. U.S. Bank is committed to serving its millions of retail, business, wealth management, payment, commercial and corporate, and investment services customers across the country and around the world as a trusted financial partner, a commitment recognized by the Ethisphere Institute naming the bank a 2018 World's Most Ethical Company. Visit U.S. Bank at [www.usbank.com](http://www.usbank.com) or follow on social media to stay up to date with company news.

## Forward-looking Statements

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

This press release contains forward-looking statements about U.S. Bancorp. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements and are based on the information available to, and assumptions and estimates made by, management as of the date hereof. These forward-looking statements cover, among other things, anticipated future revenue and expenses and the future plans and prospects of U.S. Bancorp. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated. Deterioration in general business and economic conditions or turbulence in domestic or global financial markets could adversely affect U.S. Bancorp's revenues and the values of its assets and liabilities, reduce the availability of funding to certain financial institutions, lead to a tightening of credit, and increase stock price volatility. Stress in the commercial real estate markets, as well as a downturn in the residential real estate markets, could cause credit losses and deterioration in asset values. In addition, changes to statutes, regulations, or regulatory policies or practices could affect U.S. Bancorp in substantial and unpredictable ways. U.S. Bancorp's results could also be adversely affected by changes in interest rates; deterioration in the credit quality of its loan portfolios or in the value of the collateral securing those loans; deterioration in the value of its investment securities; legal and regulatory developments; litigation; increased competition from both banks and non-banks; changes in customer behavior and preferences; breaches in data security; effects of mergers and acquisitions and related integration; effects of critical accounting policies and judgments; and management's ability to effectively manage credit risk, market risk, operational risk, compliance risk, strategic risk, interest rate risk, liquidity risk and reputational risk.

For discussion of these and other risks that may cause actual results to differ from expectations, refer to U.S. Bancorp's Annual Report on Form 10-K for the year ended December 31, 2017, on file with the Securities and Exchange Commission, including the sections entitled "Corporate Risk Profile" and "Risk Factors" contained in Exhibit 13, and all subsequent filings with the Securities and Exchange Commission under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934. However, factors other than these also could adversely affect U.S. Bancorp's results, and the reader should not consider these factors to be a complete set of all potential risks or uncertainties. Forward-looking statements speak only as of the date hereof, and U.S. Bancorp undertakes no obligation to update them in light of new information or future events.



## Non-GAAP Financial Measures

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

- Tangible common equity to tangible assets
- Tangible common equity to risk-weighted assets
- Return on tangible common equity

These capital measures are viewed by management as useful additional methods of evaluating the Company's utilization of its capital held and the level of capital available to withstand unexpected negative market or economic conditions. Additionally, presentation of these measures allows investors, analysts and banking regulators to assess the Company's capital position relative to other financial services companies. These capital measures are not defined in generally accepted accounting principles ("GAAP"), or are not defined in banking regulations. As a result, these capital measures disclosed by the Company may be considered non-GAAP financial measures. In addition, certain capital measures related to prior periods are presented on the same basis as those capital measures in the current period. The effective capital ratios defined by banking regulations for these periods were subject to certain transitional provisions. Management believes this information helps investors assess trends in the Company's capital adequacy.

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

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





## CONSOLIDATED STATEMENT OF INCOME

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
<b>Interest Income</b>				
Loans	\$3,353	\$3,049	\$9,645	\$8,728
Loans held for sale	36	40	108	104
Investment securities	661	568	1,927	1,653
Other interest income	73	47	182	131
Total interest income	4,123	3,704	11,862	10,616
<b>Interest Expense</b>				
Deposits	491	293	1,263	730
Short-term borrowings	104	39	265	96
Long-term debt	277	196	718	585
Total interest expense	872	528	2,246	1,411
Net interest income	3,251	3,176	9,616	9,205
Provision for credit losses	343	360	1,011	1,055
Net interest income after provision for credit losses	2,908	2,816	8,605	8,150
<b>Noninterest Income</b>				
Credit and debit card revenue	344	318	1,019	947
Corporate payment products revenue	169	150	481	427
Merchant processing services	392	377	1,142	1,112
ATM processing services	85	77	254	223
Trust and investment management fees	411	380	1,210	1,128
Deposit service charges	198	187	563	538
Treasury management fees	146	153	451	466
Commercial products revenue	216	240	670	730
Mortgage banking revenue	174	213	549	632
Investment products fees	47	42	140	128
Securities gains (losses), net	10	9	25	47
Other	226	194	600	569
Total noninterest income	2,418	2,340	7,104	6,947
<b>Noninterest Expense</b>				
Compensation	1,529	1,440	4,594	4,247
Employee benefits	294	268	923	843
Net occupancy and equipment	270	258	797	760
Professional services	96	104	274	305
Marketing and business development	106	92	314	291
Technology and communications	247	227	724	667
Postage, printing and supplies	84	82	244	244
Other intangibles	41	44	120	131
Other	377	483	1,194	1,403
Total noninterest expense	3,044	2,998	9,184	8,891
Income before income taxes	2,282	2,158	6,525	6,206
Applicable income taxes	460	589	1,263	1,639
Net income	1,822	1,569	5,262	4,567
Net (income) loss attributable to noncontrolling interests	(7)	(6)	(22)	(31)
Net income attributable to U.S. Bancorp	\$1,815	\$1,563	\$5,240	\$4,536
Net income applicable to U.S. Bancorp common shareholders	\$1,732	\$1,485	\$5,007	\$4,302
Earnings per common share	\$1.06	\$.89	\$3.05	\$2.56
Diluted earnings per common share	\$1.06	\$.88	\$3.04	\$2.55
Dividends declared per common share	\$.37	\$.30	\$.97	\$.86
Average common shares outstanding	1,629	1,672	1,641	1,683
Average diluted common shares outstanding	1,633	1,678	1,645	1,689





## CONSOLIDATED ENDING BALANCE SHEET

(Dollars in Millions)	September 30, 2018	December 31, 2017	September 30, 2017
<b>Assets</b>	(Unaudited)		(Unaudited)
Cash and due from banks	\$20,082	\$19,505	\$20,540
Investment securities			
Held-to-maturity	46,046	44,362	44,018
Available-for-sale	64,912	68,137	67,772
Loans held for sale	4,533	3,554	3,757
Loans			
Commercial	99,273	97,561	96,928
Commercial real estate	39,966	40,463	41,430
Residential mortgages	62,904	59,783	59,317
Credit card	21,869	22,180	20,923
Other retail	56,049	57,324	56,859
Total loans, excluding covered loans	280,061	277,311	275,457
Covered loans	1,400	3,121	3,262
Total loans	281,461	280,432	278,719
Less allowance for loan losses	(3,954)	(3,925)	(3,908)
Net loans	277,507	276,507	274,811
Premises and equipment	2,438	2,432	2,402
Goodwill	9,530	9,434	9,370
Other intangible assets	3,544	3,228	3,193
Other assets	36,015	34,881	33,364
Total assets	\$464,607	\$462,040	\$459,227
<b>Liabilities and Shareholders' Equity</b>			
Deposits			
Noninterest-bearing	\$77,146	\$87,557	\$82,152
Interest-bearing	254,032	259,658	260,437
Total deposits	331,178	347,215	342,589
Short-term borrowings	23,868	16,651	15,856
Long-term debt	40,894	32,259	34,515
Other liabilities	17,660	16,249	16,916
Total liabilities	413,600	412,374	409,876
Shareholders' equity			
Preferred stock	5,984	5,419	5,419
Common stock	21	21	21
Capital surplus	8,479	8,464	8,457
Retained earnings	57,878	54,142	53,023
Less treasury stock	(19,414)	(17,602)	(16,978)
Accumulated other comprehensive income (loss)	(2,573)	(1,404)	(1,219)
Total U.S. Bancorp shareholders' equity	50,375	49,040	48,723
Noncontrolling interests	632	626	628
Total equity	51,007	49,666	49,351
Total liabilities and equity	\$464,607	\$462,040	\$459,227

**NON-GAAP FINANCIAL MEASURES**

(Dollars in Millions, Unaudited)	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Total equity	\$51,007	\$50,257	\$49,812	\$49,666	\$49,351
Preferred stock	(5,984)	(5,419)	(5,419)	(5,419)	(5,419)
Noncontrolling interests	(632)	(629)	(625)	(626)	(628)
Goodwill (net of deferred tax liability) (1)	(8,682)	(8,585)	(8,609)	(8,613)	(8,141)
Intangible assets, other than mortgage servicing rights	(627)	(571)	(608)	(583)	(595)
Tangible common equity (a)	35,082	35,053	34,551	34,425	34,568
Total assets	464,607	461,329	460,119	462,040	459,227
Goodwill (net of deferred tax liability) (1)	(8,682)	(8,585)	(8,609)	(8,613)	(8,141)
Intangible assets, other than mortgage servicing rights	(627)	(571)	(608)	(583)	(595)
Tangible assets (b)	455,298	452,173	450,902	452,844	450,491
Risk-weighted assets, determined in accordance with the Basel III standardized approach (c)	377,713 *	375,466	373,141	367,771	363,957
Tangible common equity (as calculated above)				34,425	34,568
Adjustments (2)				(550)	(52)
Common equity tier 1 capital estimated for the Basel III fully implemented standardized and advanced approaches (d)				33,875	34,516
Risk-weighted assets, determined in accordance with prescribed transitional standardized approach regulatory requirements				367,771	363,957
Adjustments (3)				4,473	3,907
Risk-weighted assets estimated for the Basel III fully implemented standardized approach (e)				372,244	367,864
Risk-weighted assets, determined in accordance with prescribed transitional advanced approaches regulatory requirements				287,211	287,800
Adjustments (4)				4,769	4,164
Risk-weighted assets estimated for the Basel III fully implemented advanced approaches (f)				291,980	291,964
<b>Ratios *</b>					
Tangible common equity to tangible assets (a)/(b)	7.7 %	7.8 %	7.7 %	7.6 %	7.7 %
Tangible common equity to risk-weighted assets (a)/(c)	9.3	9.3	9.3	9.4	9.5
Common equity tier 1 capital to risk-weighted assets estimated for the Basel III fully implemented standardized approach (d)/(e)				9.1	9.4
Common equity tier 1 capital to risk-weighted assets estimated for the Basel III fully implemented advanced approaches (d)/(f)				11.6	11.8
	<b>Three Months Ended</b>				
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Net income applicable to U.S. Bancorp common shareholders	\$1,732	\$1,678	\$1,597	\$1,611	\$1,485
Intangibles amortization (net-of-tax)	32	32	31	28	29
Net income applicable to U.S. Bancorp common shareholders, excluding intangibles amortization	1,764	1,710	1,628	1,639	1,514
Annualized net income applicable to U.S. Bancorp common shareholders, excluding intangibles amortization (g)	6,998	6,859	6,602	6,503	6,007
Average total equity	50,768	49,950	49,450	49,461	49,447
Less: Average preferred stock	5,714	5,419	5,419	5,419	5,419
Less: Average noncontrolling interests	630	628	625	627	628
Less: Average goodwill (net of deferred tax liability) (1)	8,620	8,602	8,627	8,154	8,153
Less: Average intangible assets, other than mortgage servicing rights	584	588	603	591	615
Average U.S. Bancorp common shareholders' equity, excluding intangible assets (h)	35,220	34,713	34,176	34,670	34,632
Return on tangible common equity (g)/(h)	19.9 %	19.8 %	19.3 %	18.8 %	17.3 %

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

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

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

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

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



## NON-GAAP FINANCIAL MEASURES

(Dollars in Millions, Unaudited)	Three Months Ended				Nine Months Ended		
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	September 30, 2017	
Net interest income	\$3,251	\$3,197	\$3,168	\$3,175	\$3,176	\$9,616	\$9,205
Taxable-equivalent adjustment (1)	30	29	29	53	51	88	152
Net interest income, on a taxable-equivalent basis	3,281	3,226	3,197	3,228	3,227	9,704	9,357
Net interest income, on a taxable-equivalent basis (as calculated above)	3,281	3,226	3,197	3,228	3,227	9,704	9,357
Noninterest income	2,418	2,414	2,272	2,370	2,340	7,104	6,947
Less: Securities gains (losses), net	10	10	5	10	9	25	47
Total net revenue, excluding net securities gains (losses) (a)	5,689	5,630	5,464	5,588	5,558	16,783	16,257
Noninterest expense (b)	3,044	3,085	3,055	3,899	2,998	9,184	8,891
Less: Intangible amortization	41	40	39	44	44	120	131
Noninterest expense, excluding intangible amortization (c)	3,003	3,045	3,016	3,855	2,954	9,064	8,760
Efficiency ratio (b)/(a)	53.5 %	54.8 %	55.9 %	69.8 %	53.9 %	54.7 %	54.7 %
Tangible efficiency ratio (c)/(a)	52.8	54.1	55.2	69.0	53.1	54.0	53.9

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

**Supplemental  
Consolidated  
Schedules**  
3Q 2018



## QUARTERLY CONSOLIDATED STATEMENT OF INCOME

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
<b>Interest Income</b>					
Loans	\$3,353	\$3,197	\$3,095	\$3,060	\$3,049
Loans held for sale	36	39	33	40	40
Investment securities	661	653	613	579	568
Other interest income	73	59	50	51	47
Total interest income	4,123	3,948	3,791	3,730	3,704
<b>Interest Expense</b>					
Deposits	491	427	345	311	293
Short-term borrowings	104	86	75	45	39
Long-term debt	277	238	203	199	196
Total interest expense	872	751	623	555	528
Net interest income	3,251	3,197	3,168	3,175	3,176
Provision for credit losses	343	327	341	335	360
Net interest income after provision for credit losses	2,908	2,870	2,827	2,840	2,816
<b>Noninterest Income</b>					
Credit and debit card revenue	344	351	324	342	318
Corporate payment products revenue	169	158	154	148	150
Merchant processing services	392	387	363	374	377
ATM processing services	85	90	79	80	77
Trust and investment management fees	411	401	398	394	380
Deposit service charges	198	183	182	194	187
Treasury management fees	146	155	150	152	153
Commercial products revenue	216	234	220	224	240
Mortgage banking revenue	174	191	184	202	213
Investment products fees	47	47	46	45	42
Securities gains (losses), net	10	10	5	10	9
Other	226	207	167	205	194
Total noninterest income	2,418	2,414	2,272	2,370	2,340
<b>Noninterest Expense</b>					
Compensation	1,529	1,542	1,523	1,499	1,440
Employee benefits	294	299	330	291	268
Net occupancy and equipment	270	262	265	259	258
Professional services	96	95	83	114	104
Marketing and business development	106	111	97	251	92
Technology and communications	247	242	235	236	227
Postage, printing and supplies	84	80	80	79	82
Other intangibles	41	40	39	44	44
Other	377	414	403	1,126	483
Total noninterest expense	3,044	3,085	3,055	3,899	2,998
Income before income taxes	2,282	2,199	2,044	1,311	2,158
Applicable income taxes	460	441	362	(375)	589
Net income	1,822	1,758	1,682	1,686	1,569
Net (income) loss attributable to noncontrolling interests	(7)	(8)	(7)	(4)	(6)
Net income attributable to U.S. Bancorp	\$1,815	\$1,750	\$1,675	\$1,682	\$1,563
Net income applicable to U.S. Bancorp common shareholders	\$1,732	\$1,678	\$1,597	\$1,611	\$1,485
Earnings per common share	\$1.06	\$1.02	\$.97	\$.97	\$.89
Diluted earnings per common share	\$1.06	\$1.02	\$.96	\$.97	\$.88
Dividends declared per common share	\$.37	\$.30	\$.30	\$.30	\$.30
Average common shares outstanding	1,629	1,642	1,652	1,659	1,672
Average diluted common shares outstanding	1,633	1,646	1,657	1,664	1,678
<b>Financial Ratios</b>					
Net interest margin (taxable-equivalent basis)	3.15 %	3.13 %	3.13 %	3.11 %	3.14 %
Return on average assets	1.58	1.54	1.50	1.46	1.38
Return on average common equity	15.5	15.3	14.9	14.7	13.6
Efficiency ratio	53.5	54.8	55.9	69.8	53.9
Tangible efficiency ratio	52.8	54.1	55.2	69.0	53.1



## CONSOLIDATED ENDING BALANCE SHEET

(Dollars in Millions)	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
<b>Assets</b>	(Unaudited)	(Unaudited)	(Unaudited)		(Unaudited)
Cash and due from banks	\$20,082	\$19,021	\$19,246	\$19,505	\$20,540
Investment securities					
Held-to-maturity	46,046	46,055	44,612	44,362	44,018
Available-for-sale	64,912	66,347	67,125	68,137	67,772
Loans held for sale	4,533	3,256	4,777	3,554	3,757
Loans					
Commercial	99,273	99,357	98,097	97,561	96,928
Commercial real estate	39,966	39,399	40,140	40,463	41,430
Residential mortgages	62,904	61,309	60,477	59,783	59,317
Credit card	21,869	21,566	20,901	22,180	20,923
Other retail	56,049	55,723	55,317	57,324	56,859
Total loans, excluding covered loans	280,061	277,354	274,932	277,311	275,457
Covered loans	1,400	2,823	2,979	3,121	3,262
Total loans	281,461	280,177	277,911	280,432	278,719
Less allowance for loan losses	(3,954)	(3,920)	(3,918)	(3,925)	(3,908)
Net loans	277,507	276,257	273,993	276,507	274,811
Premises and equipment	2,438	2,431	2,441	2,432	2,402
Goodwill	9,530	9,425	9,440	9,434	9,370
Other intangible assets	3,544	3,415	3,388	3,228	3,193
Other assets	36,015	35,122	35,097	34,881	33,364
Total assets	\$464,607	\$461,329	\$460,119	\$462,040	\$459,227
<b>Liabilities and Shareholders' Equity</b>					
Deposits					
Noninterest-bearing	\$77,146	\$82,215	\$82,211	\$87,557	\$82,152
Interest-bearing	254,032	257,865	262,315	259,658	260,437
Total deposits	331,178	340,080	344,526	347,215	342,589
Short-term borrowings	23,868	18,136	17,703	16,651	15,856
Long-term debt	40,894	37,172	33,201	32,259	34,515
Other liabilities	17,660	15,684	14,877	16,249	16,916
Total liabilities	413,600	411,072	410,307	412,374	409,876
Shareholders' equity					
Preferred stock	5,984	5,419	5,419	5,419	5,419
Common stock	21	21	21	21	21
Capital surplus	8,479	8,468	8,438	8,464	8,457
Retained earnings	57,878	56,742	55,549	54,142	53,023
Less treasury stock	(19,414)	(18,707)	(18,047)	(17,602)	(16,978)
Accumulated other comprehensive income (loss)	(2,573)	(2,315)	(2,193)	(1,404)	(1,219)
Total U.S. Bancorp shareholders' equity	50,375	49,628	49,187	49,040	48,723
Noncontrolling interests	632	629	625	626	628
Total equity	51,007	50,257	49,812	49,666	49,351
Total liabilities and equity	\$464,607	\$461,329	\$460,119	\$462,040	\$459,227





## CONSOLIDATED QUARTERLY AVERAGE BALANCE SHEET

(Dollars in Millions, Unaudited)	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
<b>Assets</b>					
Investment securities	\$113,547	\$114,578	\$113,493	\$113,287	\$111,832
Loans held for sale	3,109	3,545	3,134	3,921	3,935
Loans					
Commercial					
Commercial	93,541	92,835	91,933	92,101	91,077
Lease financing	5,507	5,518	5,532	5,457	5,556
Total commercial	99,048	98,353	97,465	97,558	96,633
Commercial real estate					
Commercial mortgages	28,362	28,710	29,176	29,543	30,114
Construction and development	11,180	11,147	11,190	11,466	11,507
Total commercial real estate	39,542	39,857	40,366	41,009	41,621
Residential mortgages	62,042	60,834	60,174	59,639	59,030
Credit card	21,774	21,220	21,284	21,218	20,926
Other retail					
Retail leasing	8,383	8,150	7,982	7,982	7,762
Home equity and second mortgages	16,000	16,048	16,195	16,299	16,299
Other	31,520	31,265	32,874	32,856	32,008
Total other retail	55,903	55,463	57,051	57,137	56,069
Total loans, excluding covered loans	278,309	275,727	276,340	276,561	274,279
Covered loans	2,756	2,897	3,048	3,190	3,347
Total loans	281,065	278,624	279,388	279,751	277,626
Other earning assets	17,456	15,929	15,834	16,551	15,432
Total earning assets	415,177	412,676	411,849	413,510	408,825
Allowance for loan losses	(3,930)	(3,929)	(3,933)	(3,923)	(3,874)
Unrealized gain (loss) on investment securities	(1,686)	(1,654)	(1,244)	(416)	(113)
Other assets	47,355	47,396	47,616	46,927	45,792
Total assets	\$456,916	\$454,489	\$454,288	\$456,098	\$450,630
<b>Liabilities and Shareholders' Equity</b>					
Noninterest-bearing deposits	\$77,192	\$78,987	\$79,482	\$82,303	\$81,964
Interest-bearing deposits					
Interest checking	69,330	69,918	70,358	70,717	68,066
Money market savings	100,688	103,333	103,367	105,348	105,072
Savings accounts	44,848	45,069	44,388	43,772	43,649
Time deposits	38,063	37,515	36,985	37,022	36,400
Total interest-bearing deposits	252,929	255,835	255,098	256,859	253,187
Short-term borrowings	22,186	20,602	22,862	16,800	15,505
Long-term debt	39,701	35,780	33,655	35,317	35,544
Total interest-bearing liabilities	314,816	312,217	311,615	308,976	304,236
Other liabilities	14,140	13,335	13,741	15,358	14,983
Shareholders' equity					
Preferred equity	5,714	5,419	5,419	5,419	5,419
Common equity	44,424	43,903	43,406	43,415	43,400
Total U.S. Bancorp shareholders' equity	50,138	49,322	48,825	48,834	48,819
Noncontrolling interests	630	628	625	627	628
Total equity	50,768	49,950	49,450	49,461	49,447
Total liabilities and equity	\$456,916	\$454,489	\$454,288	\$456,098	\$450,630



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

For the Three Months Ended September 30,  
2018 2017

(Dollars in Millions) (Unaudited)	2018		Yields and Rates	2017		Yields and Rates	% Change Average Balances
	Average Balances	Interest		Average Balances	Interest		
<b>Assets</b>							
Investment securities	\$113,547	\$677	2.38 %	\$111,832	\$591	2.11 %	1.5 %
Loans held for sale	3,109	36	4.64	3,935	40	4.06	(21.0)
Loans (b)							
Commercial	99,048	986	3.95	96,633	822	3.38	2.5
Commercial real estate	39,542	480	4.82	41,621	469	4.47	(5.0)
Residential mortgages	62,042	588	3.79	59,030	551	3.73	5.1
Credit card	21,774	650	11.84	20,926	608	11.53	4.1
Other retail	55,903	622	4.42	56,069	585	4.13	(.3)
Total loans, excluding covered loans	278,309	3,326	4.75	274,279	3,035	4.39	1.5
Covered loans	2,756	44	6.35	3,347	44	5.32	(17.7)
Total loans	281,065	3,370	4.76	277,626	3,079	4.41	1.2
Other earning assets	17,456	72	1.64	15,432	48	1.23	13.1
Total earning assets	415,177	4,155	3.98	408,825	3,758	3.66	1.6
Allowance for loan losses	(3,930)			(3,874)			(1.4)
Unrealized gain (loss) on investment securities	(1,686)			(113)			*
Other assets	47,355			45,792			3.4
Total assets	<u>\$456,916</u>			<u>\$450,630</u>			1.4
<b>Liabilities and Shareholders' Equity</b>							
Noninterest-bearing deposits	\$77,192			\$81,964			(5.8) %
Interest-bearing deposits							
Interest checking	69,330	37	.21	68,066	26	.15	1.9
Money market savings	100,688	286	1.13	105,072	176	.67	(4.2)
Savings accounts	44,848	17	.14	43,649	8	.07	2.7
Time deposits	38,063	151	1.58	36,400	83	.91	4.6
Total interest-bearing deposits	252,929	491	.77	253,187	293	.46	(.1)
Short-term borrowings	22,186	106	1.90	15,505	42	1.06	43.1
Long-term debt	39,701	277	2.77	35,544	196	2.20	11.7
Total interest-bearing liabilities	314,816	874	1.10	304,236	531	.69	3.5
Other liabilities	14,140			14,983			(5.6)
Shareholders' equity							
Preferred equity	5,714			5,419			5.4
Common equity	44,424			43,400			2.4
Total U.S. Bancorp shareholders' equity	50,138			48,819			2.7
Noncontrolling interests	630			628			.3
Total equity	50,768			49,447			2.7
Total liabilities and equity	<u>\$456,916</u>			<u>\$450,630</u>			1.4
Net interest income		<u>\$3,281</u>			<u>\$3,227</u>		
Gross interest margin			<u>2.88 %</u>			<u>2.97 %</u>	
Gross interest margin without taxable-equivalent increments			<u>2.85</u>			<u>2.92</u>	
<b>Percent of Earning Assets</b>							
Interest income			3.98 %			3.66 %	
Interest expense			.83			.52	
Net interest margin			<u>3.15 %</u>			<u>3.14 %</u>	
Net interest margin without taxable-equivalent increments			<u>3.12 %</u>			<u>3.09 %</u>	

\* Not meaningful

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

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



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

(Dollars in Millions) (Unaudited)	For the Three Months Ended						% Change Average Balances
	September 30, 2018			June 30, 2018			
	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	
<b>Assets</b>							
Investment securities	\$113,547	\$677	2.38 %	\$114,578	\$667	2.33 %	(.9) %
Loans held for sale	3,109	36	4.64	3,545	39	4.39	(12.3)
Loans (b)							
Commercial	99,048	986	3.95	98,353	939	3.83	.7
Commercial real estate	39,542	480	4.82	39,857	459	4.61	(.8)
Residential mortgages	62,042	588	3.79	60,834	568	3.74	2.0
Credit card	21,774	650	11.84	21,220	610	11.53	2.6
Other retail	55,903	622	4.42	55,463	593	4.29	.8
Total loans, excluding covered loans	<u>278,309</u>	<u>3,326</u>	4.75	<u>275,727</u>	<u>3,169</u>	4.61	.9
Covered loans	2,756	44	6.35	2,897	45	6.22	(4.9)
Total loans	<u>281,065</u>	<u>3,370</u>	4.76	<u>278,624</u>	<u>3,214</u>	4.62	.9
Other earning assets	17,456	72	1.64	15,929	60	1.51	9.6
Total earning assets	<u>415,177</u>	<u>4,155</u>	3.98	<u>412,676</u>	<u>3,980</u>	3.86	.6
Allowance for loan losses	(3,930)			(3,929)			--
Unrealized gain (loss) on investment securities	(1,686)			(1,654)			(1.9)
Other assets	47,355			47,396			(1.1)
Total assets	<u>\$456,916</u>			<u>\$454,489</u>			.5
<b>Liabilities and Shareholders' Equity</b>							
Noninterest-bearing deposits	\$77,192			\$78,987			(2.3) %
Interest-bearing deposits							
Interest checking	69,330	37	.21	69,918	32	.18	(.8)
Money market savings	100,688	286	1.13	103,333	253	.98	(2.6)
Savings accounts	44,848	17	.14	45,069	12	.11	(.5)
Time deposits	38,063	151	1.58	37,515	130	1.39	1.5
Total interest-bearing deposits	<u>252,929</u>	<u>491</u>	.77	<u>255,835</u>	<u>427</u>	.67	(1.1)
Short-term borrowings	22,186	106	1.90	20,602	89	1.73	7.7
Long-term debt	39,701	277	2.77	35,780	238	2.67	11.0
Total interest-bearing liabilities	<u>314,816</u>	<u>874</u>	1.10	<u>312,217</u>	<u>754</u>	.97	.8
Other liabilities	14,140			13,335			6.0
Shareholders' equity							
Preferred equity	5,714			5,419			5.4
Common equity	44,424			43,903			1.2
Total U.S. Bancorp shareholders' equity	<u>50,138</u>			<u>49,322</u>			1.7
Noncontrolling interests	630			628			.3
Total equity	<u>50,768</u>			<u>49,950</u>			1.6
Total liabilities and equity	<u>\$456,916</u>			<u>\$454,489</u>			.5
Net interest income		<u>\$3,281</u>			<u>\$3,226</u>		
Gross interest margin			<u>2.88 %</u>			<u>2.89 %</u>	
Gross interest margin without taxable-equivalent increments			<u>2.85</u>			<u>2.86</u>	
<b>Percent of Earning Assets</b>							
Interest income			3.98 %			3.86 %	
Interest expense			.83			.73	
Net interest margin			<u>3.15 %</u>			<u>3.13 %</u>	
Net interest margin without taxable-equivalent increments			<u>3.12 %</u>			<u>3.10 %</u>	

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

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



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

(Dollars in Millions) (Unaudited)	For the Nine Months Ended September 30, 2018			For the Nine Months Ended September 30, 2017			% Change Average Balances
	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	
<b>Assets</b>							
Investment securities	\$113,873	\$1,971	2.31 %	\$111,325	\$1,723	2.06 %	2.3 %
Loans held for sale	3,262	108	4.41	3,457	104	4.02	(5.6)
Loans (b)							
Commercial	98,295	2,785	3.79	95,347	2,297	3.22	3.1
Commercial real estate	39,918	1,379	4.62	42,437	1,335	4.20	(5.9)
Residential mortgages	61,023	1,714	3.75	58,496	1,627	3.71	4.3
Credit card	21,428	1,876	11.70	20,801	1,748	11.24	3.0
Other retail	56,135	1,808	4.31	54,835	1,677	4.09	2.4
Total loans, excluding covered loans	276,799	9,562	4.62	271,916	8,684	4.27	1.8
Covered loans	2,900	134	6.14	3,538	131	4.94	(18.0)
Total loans	279,699	9,696	4.63	275,454	8,815	4.28	1.5
Other earning assets	16,412	182	1.48	13,795	132	1.27	19.0
Total earning assets	413,246	11,957	3.86	404,031	10,774	3.56	2.3
Allowance for loan losses	(3,930)			(3,842)			(2.3)
Unrealized gain (loss) on investment securities	(1,530)			(324)			*
Other assets	47,455			46,184			2.8
Total assets	<u>\$455,241</u>			<u>\$446,049</u>			2.1
<b>Liabilities and Shareholders' Equity</b>							
Noninterest-bearing deposits	\$78,546			\$81,808			(4.0) %
Interest-bearing deposits							
Interest checking	69,865	95	.18	67,021	56	.11	4.2
Money market savings	102,453	744	.97	106,856	460	.58	(4.1)
Savings accounts	44,770	37	.11	43,265	24	.07	3.5
Time deposits	37,525	387	1.38	32,660	190	.78	14.9
Total interest-bearing deposits	254,613	1,263	.66	249,802	730	.39	1.9
Short-term borrowings	21,881	272	1.66	14,423	102	.94	51.7
Long-term debt	36,400	718	2.64	35,697	585	2.19	2.0
Total interest-bearing liabilities	312,894	2,253	.96	299,922	1,417	.63	4.3
Other liabilities	13,740			15,344			(10.5)
Shareholders' equity							
Preferred equity	5,518			5,514			.1
Common equity	43,915			42,828			2.5
Total U.S. Bancorp shareholders' equity	49,433			48,342			2.3
Noncontrolling interests	628			633			(.8)
Total equity	50,061			48,975			2.2
Total liabilities and equity	<u>\$455,241</u>			<u>\$446,049</u>			2.1
Net interest income		<u>\$9,704</u>			<u>\$9,357</u>		
Gross interest margin			<u>2.90 %</u>			<u>2.93 %</u>	
Gross interest margin without taxable-equivalent increments			<u>2.87</u>			<u>2.88</u>	
<b>Percent of Earning Assets</b>							
Interest income			3.86 %			3.56 %	
Interest expense			.72			.47	
Net interest margin			<u>3.14 %</u>			<u>3.09 %</u>	
Net interest margin without taxable-equivalent increments			<u>3.11 %</u>			<u>3.04 %</u>	

\* Not meaningful

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

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



## LOAN PORTFOLIO

(Dollars in Millions, Unaudited)	September 30, 2018		June 30, 2018		March 31, 2018		December 31, 2017		September 30, 2017	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
<b>Commercial</b>										
Commercial	\$93,692	33.3 %	\$93,786	33.5 %	\$92,511	33.3 %	\$91,958	32.8 %	\$91,449	32.8 %
Lease financing	5,581	2.0	5,571	2.0	5,586	2.0	5,603	2.0	5,479	2.0
Total commercial	99,273	35.3	99,357	35.5	98,097	35.3	97,561	34.8	96,928	34.8
<b>Commercial real estate</b>										
Commercial mortgages	28,633	10.2	28,187	10.0	28,982	10.4	29,367	10.5	29,902	10.7
Construction and development	11,333	4.0	11,212	4.0	11,158	4.0	11,096	4.0	11,528	4.1
Total commercial real estate	39,966	14.2	39,399	14.0	40,140	14.4	40,463	14.5	41,430	14.8
<b>Residential mortgages</b>										
Residential mortgages	50,614	18.0	48,682	17.4	47,583	17.1	46,685	16.6	46,107	16.6
Home equity loans, first liens	12,290	4.3	12,627	4.5	12,894	4.7	13,098	4.7	13,210	4.7
Total residential mortgages	62,904	22.3	61,309	21.9	60,477	21.8	59,783	21.3	59,317	21.3
<b>Credit card</b>	21,869	7.8	21,566	7.7	20,901	7.5	22,180	7.9	20,923	7.5
<b>Other retail</b>										
Retail leasing	8,447	3.0	8,253	3.0	8,048	2.9	7,988	2.8	7,923	2.8
Home equity and second mortgages	15,966	5.7	16,083	5.7	16,030	5.8	16,327	5.8	16,308	5.9
Revolving credit	3,129	1.1	3,144	1.1	3,061	1.1	3,183	1.1	3,225	1.2
Installment	9,666	3.4	9,363	3.4	9,089	3.3	8,989	3.2	8,900	3.2
Automobile	18,547	6.6	18,567	6.6	18,762	6.7	18,934	6.8	18,530	6.6
Student	294	.1	313	.1	327	.1	1,903	.7	1,973	.7
Total other retail	56,049	19.9	55,723	19.9	55,317	19.9	57,324	20.4	56,859	20.4
Total loans, excluding covered loans	280,061	99.5	277,354	99.0	274,932	98.9	277,311	98.9	275,457	98.8
<b>Covered loans (a)</b>	1,400	.5	2,823	1.0	2,979	1.1	3,121	1.1	3,262	1.2
Total loans	\$281,461	100.0 %	\$280,177	100.0 %	\$277,911	100.0 %	\$280,432	100.0 %	\$278,719	100.0 %

(a) Effective September 30, 2018, the Company transferred \$1.3 billion of covered loans to loans held for sale.



## RESIDENTIAL MORTGAGES AND HOME EQUITY AND SECOND MORTGAGES

(Dollars in Millions, Unaudited)

### RESIDENTIAL MORTGAGES

September 30, 2018	Loans Outstanding	As a Percent of Total Loan Balances	Weighted Average Credit Score		Weighted Average Loan-to-Value	
			At Origination	Updated	At Origination	Updated
<b>Portfolio Profile</b>						
Prime Borrowers	\$58,391	93 %	759	790	70 %	57 %
Sub-Prime Borrowers	727	1	618	647	87	66
Other Borrowers	303	--	699	706	90	64
Loans Purchased From GNMA Mortgage Pools	3,483	6	*	*	*	*
<b>Total</b>	<b>\$62,904</b>	<b>100 %</b>	<b>757</b>	<b>787</b>	<b>71 %</b>	<b>57 %</b>

Three Months Ended September 30, 2018	Loans Originated	Weighted Average Credit Score	Weighted Average Loan-to-Value
Loan Originations - all Prime	\$4,326	760	73 %

### HOME EQUITY AND SECOND MORTGAGES

September 30, 2018	Loans Outstanding	As a Percent of Total Loan Balances	Weighted Average Credit Score		Weighted Average Loan-to-Value	
			At Origination	Updated	At Origination	Updated
<b>Portfolio Profile</b>						
Prime Borrowers	\$15,688	98 %	754	776	72 %	65 %
Sub-Prime Borrowers	99	1	653	680	87	80
Other Borrowers	179	1	691	708	69	56
<b>Total</b>	<b>\$15,966</b>	<b>100 %</b>	<b>752</b>	<b>775</b>	<b>72 %</b>	<b>65 %</b>

Three Months Ended September 30, 2018	Loans Originated	Weighted Average Credit Score	Weighted Average Loan-to-Value
Loan Originations - all Prime	\$1,736	764	69 %

\* Not applicable.