



U.S. Bancorp Reports Second Quarter 2020 Results

- Net revenue of \$5,838 million and net income of \$689 million
- Provision for credit losses included \$1,300 million increase in the allowance for credit losses

2Q20 Key Financial Data

PROFITABILITY METRICS	2Q20	1Q20	2Q19
Return on average assets (%)	.51	.95	1.55
Return on average common equity (%)	5.3	9.7	15.0
Return on tangible common equity (%) (a)	7.1	12.6	19.2
Net interest margin (%)	2.62	2.91	3.13
Efficiency ratio (%) (a)	57.6	58.0	54.3

INCOME STATEMENT (b)	2Q20	1Q20	2Q19
Net interest income (taxable-equivalent basis)	\$3,224	\$3,247	\$3,332
Noninterest income	\$2,614	\$2,525	\$2,490
Net income attributable to U.S. Bancorp	\$689	\$1,171	\$1,821
Diluted earnings per common share	\$.41	\$.72	\$1.09
Dividends declared per common share	\$.42	\$.42	\$.37

BALANCE SHEET (b)	2Q20	1Q20	2Q19
Average total loans	\$318,107	\$297,657	\$289,218
Average total deposits	\$403,303	\$362,804	\$345,232
Net charge-off ratio	.55%	.53%	.49%
Book value per common share (period end)	\$30.46	\$30.24	\$29.63
Basel III standardized CET1 (c)	9.0%	9.0%	9.5%

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

(b) Dollars in millions, except per share data

(c) CET1 = Common equity tier 1 capital ratio

2Q20 Highlights

- Net income of \$689 million and diluted earnings per common share of \$0.41
- Return on average assets of 0.51% and return on average common equity of 5.3%
- Net revenue of \$5,838 million, including \$3,224 million of net interest income and \$2,614 million of noninterest income
- Noninterest income growth of 5.0% year-over-year
- Average total loans grew 6.9% on a linked quarter basis and 10.0% year-over-year
- Average total deposits grew 11.2% on a linked quarter basis and 16.8% year-over-year
- Nonperforming assets increased 24.0% on a linked quarter basis and 23.1% year-over-year
- Provision for credit losses of \$1,737 million increasing allowance for credit losses by \$1,300 million reflecting the current economic environment

CEO Commentary

"Our second quarter earnings results were reflective of a more challenging economic environment than we have seen in some time. However, our diversified business mix generated healthy fee revenue growth, expenses were essentially flat, and capital and liquidity positions ended the quarter in a strong position. We are operating in challenging times and I am proud of how our team came together this quarter to help customers and communities weather the COVID-19 pandemic by ensuring small businesses secured loans through the Paycheck Protection Program, developing digital tools that allow customers to bank virtually, and modifying loans for those impacted by the economic slowdown. Sadly, recent tragic events and related civil unrest hit close to home here in Minneapolis and this tragedy has galvanized our entire company and prompted us to double down on our efforts to address social injustice and create opportunities that bridge gaps in our communities and help people achieve their potential. While there is a long way to go, I am confident in our ability to drive change, make a difference and create value for all our constituents. I want to thank our employees for the hard work they do every day and the resiliency they have shown, in particular over these past few months."

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

In the Spotlight

Supporting Customers

U.S. Bank has been engaging with customers across all lines of business as the world continues to battle COVID-19. To date, nearly 130,000 accounts and over \$17.2 billion in loans have been modified through forbearance programs in support of our customers in these extreme economic times. U.S. Bank has also loaned \$7.3 billion to over 101,000 customers participating in the Paycheck Protection Program stemming from the CARES Act passed by Congress as a stimulus response to the potential economic impacts of COVID-19. Approximately 87 percent of these loans were for less than \$100,000.

Keeping America's Supply Chain Moving

U.S. Bank recently introduced two new innovative features for freight carriers using its proprietary freight payment platform. Cash Manager provides carriers with actionable insights to make better-informed decisions and forecast their cash flow more accurately, improving overall cash cycle management, while Quick Pay gives carriers new flexibility to accelerate cash flow when needed.

2020 Annual Stress Test

The Company's results for the recent 2020 stress test reflect U.S. Bancorp's strong credit risk profile and ability to sustain capital through challenging economic conditions. Based on the stress test results, the Company will be subject to the minimum stress capital buffer of 2.5 percent, the minimum threshold, for the period beginning October 1, 2020 and ending on September 30, 2021. The Company also expects to maintain its current quarterly common dividend of \$0.42 per common share; but, given the unprecedented economic environment, will adjust its capital distributions as circumstances warrant.

Addressing Social and Economic Inequities

U.S. Bank announced several initiatives to bridge social and economic gaps and enhance opportunity for people of color, including providing \$100 million annually in additional capital to African-American owned and led businesses or organizations, as well as establishing a \$15 million fund to award community grants dedicated to addressing systemic economic and racial inequities in small business, affordable housing and workplace development for people of color.



INCOME STATEMENT HIGHLIGHTS								
(\$ in millions, except per-share data)								
	2Q 2020	1Q 2020	2Q 2019	Percent Change		YTD 2020	YTD 2019	Percent Change
				2Q20 vs 1Q20	2Q20 vs 2Q19			
Net interest income	\$3,200	\$3,223	\$3,305	(.7)	(3.2)	\$6,423	\$6,564	(2.1)
Taxable-equivalent adjustment	24	24	27	--	(11.1)	48	54	(11.1)
Net interest income (taxable-equivalent basis)	3,224	3,247	3,332	(.7)	(3.2)	6,471	6,618	(2.2)
Noninterest income	2,614	2,525	2,490	3.5	5.0	5,139	4,781	7.5
Total net revenue	5,838	5,772	5,822	1.1	.3	11,610	11,399	1.9
Noninterest expense	3,318	3,316	3,153	.1	5.2	6,634	6,240	6.3
Income before provision and income taxes	2,520	2,456	2,669	2.6	(5.6)	4,976	5,159	(3.5)
Provision for credit losses	1,737	993	365	74.9	nm	2,730	742	nm
Income before taxes	783	1,463	2,304	(46.5)	(66.0)	2,246	4,417	(49.2)
Income taxes and taxable-equivalent adjustment	88	284	476	(69.0)	(81.5)	372	881	(57.8)
Net income	695	1,179	1,828	(41.1)	(62.0)	1,874	3,536	(47.0)
Net (income) loss attributable to noncontrolling interests	(6)	(8)	(7)	25.0	14.3	(14)	(16)	12.5
Net income attributable to U.S. Bancorp	\$689	\$1,171	\$1,821	(41.2)	(62.2)	\$1,860	\$3,520	(47.2)
Net income applicable to U.S. Bancorp common shareholders	\$614	\$1,088	\$1,741	(43.6)	(64.7)	\$1,702	\$3,354	(49.3)
Diluted earnings per common share	\$.41	\$.72	\$1.09	(43.1)	(62.4)	\$1.12	\$2.10	(46.7)

Net income attributable to U.S. Bancorp was \$689 million for the second quarter of 2020, which was 62.2 percent lower than the \$1,821 million for the second quarter of 2019, and 41.2 percent lower than the \$1,171 million for the first quarter of 2020. Diluted earnings per common share were \$0.41 in the second quarter of 2020, compared with \$1.09 in the second quarter of 2019 and \$0.72 in the first quarter of 2020. During a challenging period adversely impacted by the COVID-19 pandemic, the Company's diversified business mitigated the potential loss of revenue and supported a provision for credit losses of \$1,737 million resulting in a \$1,300 million increase in the allowance for credit losses in the second quarter of 2020 compared with a \$993 million provision for credit losses in the first quarter of 2020.

The decrease in net income year-over-year was primarily due to an increase in the provision for credit losses driven by deteriorating economic conditions caused by the impact of COVID-19 on the U.S. and global economies. Net interest income decreased 3.2 percent, on a year-over-year basis, primarily due to the impact of declining interest rates, partially offset by deposit and funding mix and loan growth. The net interest margin declined 51 basis points to 2.62 percent in the second quarter of 2020. The decline was primarily due to a declining yield curve (23 basis points), the Company's decision to increase liquidity near the end of the first quarter of 2020 (21 basis points) given the economic environment, and loan mix, partially offset by changes in deposit and funding composition. Noninterest income increased 5.0 percent compared with a year ago, driven by significant growth in mortgage banking revenue due to refinancing activities, strong growth in commercial products revenue, and an increase in gains on the sale of securities. Growth in these fee categories was partially offset by a decline in payment services revenue and deposit service charges related to lower consumer and commercial spending as well as higher fee waivers related to customers impacted by COVID-19. Additionally, other noninterest income declined on a year-over-year basis due to lower equity investment income, tax credit syndication revenues and asset impairments as a result of property damage from civil unrest occurring during the quarter. Noninterest expense increased 5.2 percent reflecting approximately \$66 million of costs related to the COVID-19 environment and an increase in revenue-related production expenses of approximately \$84 million in the second quarter of 2020. Additionally, noninterest expense reflected an increase in personnel and technology and communications expense related to developing digital capabilities and related business investment, partially offset by lower marketing and business development expense.



Net income decreased on a linked quarter basis primarily due to an increase in the provision for credit losses as a result of the current economic environment. The Company's pre-provision income increased 2.6 percent, on a linked quarter basis, driven by higher total net revenue of 1.1 percent, partially offset by a slight increase in noninterest expense of 0.1 percent on a linked quarter basis. Net interest income decreased 0.7 percent primarily due to the adverse impact of lower interest rates, partially offset by loan growth and the benefit of deposit pricing changes and funding mix. The net interest margin declined by 29 basis points, on a linked quarter basis, primarily reflecting the lower yield curve and approximately 16 basis points of decline related to maintaining a higher liquidity position. Noninterest income increased 3.5 percent compared with the first quarter of 2020 driven by higher commercial products revenue, mortgage banking revenue, and an increase in gains on the sale of securities, partially offset by lower payment services revenue, deposit service charges, and other noninterest income. Noninterest expense was relatively flat, on a linked quarter basis, reflecting higher personnel costs and technology and communications expense related to developing digital capabilities and related business investment, partially offset by lower other noninterest expense and marketing and business development expense.



NET INTEREST INCOME								
(Taxable-equivalent basis; \$ in millions)								
	2Q 2020	1Q 2020	2Q 2019	Change		YTD 2020	YTD 2019	Change
				2Q20 vs 1Q20	2Q20 vs 2Q19			
Components of net interest income								
Income on earning assets	\$3,697	\$4,142	\$4,480	\$(445)	\$(783)	\$7,839	\$8,861	\$(1,022)
Expense on interest-bearing liabilities	473	895	1,148	(422)	(675)	1,368	2,243	(875)
Net interest income	\$3,224	\$3,247	\$3,332	\$(23)	\$(108)	\$6,471	\$6,618	\$(147)
Average yields and rates paid								
Earning assets yield	3.00%	3.71%	4.21%	(.71)%	(1.21)%	3.34%	4.21%	(.87)%
Rate paid on interest-bearing liabilities	.50	1.02	1.40	(.52)	(.90)	.75	1.39	(.64)
Gross interest margin	2.50%	2.69%	2.81%	(.19)%	(.31)%	2.59%	2.82%	(.23)%
Net interest margin	2.62%	2.91%	3.13%	(.29)%	(.51)%	2.76%	3.14%	(.38)%
Average balances								
Investment securities (a)	\$120,867	\$120,843	\$115,460	\$24	\$5,407	\$120,856	\$114,823	\$6,033
Loans	318,107	297,657	289,218	20,450	28,889	307,882	287,672	20,210
Earning assets	494,119	447,722	426,933	46,397	67,186	470,921	423,234	47,687
Interest-bearing liabilities	380,320	352,761	329,743	27,559	50,577	366,540	325,971	40,569

(a) Excludes unrealized gain (loss)

Net interest income on a taxable-equivalent basis in the second quarter of 2020 was \$3,224 million, a decrease of \$108 million (3.2 percent) compared with the second quarter of 2019. The decrease was principally driven by the impact of declining interest rates, partially offset by deposit and funding mix and loan growth. Average earning assets were \$67.2 billion (15.7 percent) higher than the second quarter of 2019, reflecting increases of \$28.9 billion (10.0 percent) in average total loans, \$5.4 billion (4.7 percent) in average investment securities, and \$29.7 billion in average other earning assets.

Net interest income on a taxable-equivalent basis decreased \$23 million (0.7 percent) on a linked quarter basis primarily driven by the impact of lower interest rates, partially offset by loan growth and the benefit of deposit pricing and funding mix. Average earning assets were \$46.4 billion (10.4 percent) higher on a linked quarter basis, reflecting an increase of \$20.5 billion (6.9 percent) in average total loans and \$24.4 billion (99.6 percent) in average other earning assets. The growth in average loans reflects significant line utilization of \$22 billion by corporate customers during late first quarter of 2020 and funding business loans of \$7.3 billion by June 30, 2020, to qualifying borrowers participating in the SBA's Paycheck Protection Program ("PPP") during the second quarter. Many corporate customers were able to access the capital markets during the second quarter and reduced line balances by approximately \$10 billion throughout the second quarter. Average investment securities were essentially flat on a linked quarter basis.

The net interest margin in the second quarter of 2020 was 2.62 percent, compared with 3.13 percent in the second quarter of 2019 and 2.91 percent in the first quarter of 2020. The decrease in the net interest margin year-over-year was primarily due to the impact of the lower yield curve and higher cash balances to maintain liquidity given the environment, partially offset by deposit pricing and funding mix. The decrease in net interest margin on a linked quarter basis reflects the impact of the lower yield curve and higher cash balances in support of liquidity, partially offset by the impact of deposit and funding mix.

The increase in average investment securities in the second quarter of 2020 compared with the second quarter of 2019 was primarily due to purchases of mortgage-backed securities, net of prepayments and maturities, partially offset by U.S. Treasury securities sales and maturities, net of purchases.



AVERAGE LOANS								
(\$ in millions)								
	2Q 2020	1Q 2020	2Q 2019	Percent Change		YTD 2020	YTD 2019	Percent Change
				2Q20 vs 1Q20	2Q20 vs 2Q19			
Commercial	\$122,442	\$100,329	\$97,776	22.0	25.2	\$111,385	\$97,115	14.7
Lease financing	5,597	5,658	5,457	(1.1)	2.6	5,628	5,485	2.6
Total commercial	128,039	105,987	103,233	20.8	24.0	117,013	102,600	14.0
Commercial mortgages	30,194	29,523	28,465	2.3	6.1	29,858	28,462	4.9
Construction and development	10,894	10,555	10,900	3.2	(.1)	10,725	10,955	(2.1)
Total commercial real estate	41,088	40,078	39,365	2.5	4.4	40,583	39,417	3.0
Residential mortgages	71,122	70,892	66,834	.3	6.4	71,007	66,212	7.2
Credit card	21,510	23,836	22,830	(9.8)	(5.8)	22,673	22,714	(.2)
Retail leasing	8,412	8,474	8,547	(.7)	(1.6)	8,443	8,566	(1.4)
Home equity and second mortgages	14,386	14,838	15,831	(3.0)	(9.1)	14,612	15,912	(8.2)
Other	33,550	33,552	32,578	--	3.0	33,551	32,251	4.0
Total other retail	56,348	56,864	56,956	(.9)	(1.1)	56,606	56,729	(.2)
Total loans	\$318,107	\$297,657	\$289,218	6.9	10.0	\$307,882	\$287,672	7.0

Average total loans for the second quarter of 2020 were \$28.9 billion (10.0 percent) higher than the second quarter of 2019. The increase was primarily due to higher total commercial loans (24.0 percent), reflecting the utilization of bank credit facilities by customers to support liquidity requirements as well as the impact of loans made under the SBA's Paycheck Protection Program, along with growth in residential mortgages (6.4 percent) given the lower interest rate environment. These increases were partially offset by lower credit card loans (5.8 percent) and total other retail loans (1.1 percent).

Average total loans were \$20.5 billion (6.9 percent) higher than the first quarter of 2020 primarily driven by growth in total commercial loans (20.8 percent), reflecting the utilization of bank credit facilities by customers to support liquidity requirements as well as the impact of loans made under the SBA's Paycheck Protection Program, partially offset by lower credit card loans (9.8 percent) driven by lower consumer spending during the second quarter.



AVERAGE DEPOSITS								
(\$ in millions)	2Q 2020	1Q 2020	2Q 2019	Percent Change		YTD 2020	YTD 2019	Percent Change
				2Q20 vs 1Q20	2Q20 vs 2Q19			
Noninterest-bearing deposits	\$95,106	\$74,142	\$73,096	28.3	30.1	\$84,624	\$73,263	15.5
Interest-bearing savings deposits								
Interest checking	83,789	77,359	70,433	8.3	19.0	80,573	71,301	13.0
Money market savings	129,692	121,946	108,633	6.4	19.4	125,819	104,058	20.9
Savings accounts	51,237	48,048	45,988	6.6	11.4	49,643	45,604	8.9
Total savings deposits	264,718	247,353	225,054	7.0	17.6	256,035	220,963	15.9
Time deposits	43,479	41,309	47,082	5.3	(7.7)	42,394	46,100	(8.0)
Total interest-bearing deposits	308,197	288,662	272,136	6.8	13.3	298,429	267,063	11.7
Total deposits	\$403,303	\$362,804	\$345,232	11.2	16.8	\$383,053	\$340,326	12.6

Average total deposits for the second quarter of 2020 were \$58.1 billion (16.8 percent) higher than the second quarter of 2019. Average noninterest-bearing deposits increased \$22.0 billion (30.1 percent) driven by Corporate and Commercial Banking, Consumer and Business Banking, and Wealth Management and Investment Services. Average total savings deposits were \$39.7 billion (17.6 percent) higher year-over-year driven by Corporate and Commercial Banking, Consumer and Business Banking, and Wealth Management and Investment Services. Average time deposits were \$3.6 billion (7.7 percent) lower than the prior year quarter. Changes in time deposits are largely related to those deposits managed as an alternative to other funding sources, based largely on relative pricing and liquidity characteristics.

Average total deposits increased \$40.5 billion (11.2 percent) from the first quarter of 2020. On a linked quarter basis, average noninterest-bearing deposits increased \$20.9 billion (28.3 percent) driven by Corporate and Commercial Banking, Consumer and Business Banking, and Wealth Management and Investment Services. Average total savings deposits increased \$17.4 billion (7.0 percent) over the first quarter of 2020 primarily due to increases in Corporate and Commercial Banking, Consumer and Business Banking, and Wealth Management and Investment Services. Average time deposits, which are managed based on funding needs, relative pricing and liquidity characteristics, increased \$2.2 billion (5.3 percent) on a linked quarter basis primarily driven by Corporate and Commercial Banking.

The growth in average noninterest-bearing deposits and total average savings deposits is primarily a result of the economic impact of the COVID-19 pandemic on the world economy resulting in actions by the federal government to increase liquidity in the financial system, customers maintaining balance sheet liquidity by utilizing existing credit facilities and government stimulus programs.



NONINTEREST INCOME								
(\$ in millions)	2Q 2020	1Q 2020	2Q 2019	Percent Change		YTD 2020	YTD 2019	Percent Change
				2Q20 vs 1Q20	2Q20 vs 2Q19			
Credit and debit card revenue	\$284	\$304	\$365	(6.6)	(22.2)	\$588	\$669	(12.1)
Corporate payment products revenue	101	145	167	(30.3)	(39.5)	246	329	(25.2)
Merchant processing services	266	337	404	(21.1)	(34.2)	603	782	(22.9)
Trust and investment management fees	434	427	415	1.6	4.6	861	814	5.8
Deposit service charges	133	209	227	(36.4)	(41.4)	342	444	(23.0)
Treasury management fees	137	143	153	(4.2)	(10.5)	280	299	(6.4)
Commercial products revenue	355	246	249	44.3	42.6	601	468	28.4
Mortgage banking revenue	648	395	189	64.1	nm	1,043	358	nm
Investment products fees	45	49	47	(8.2)	(4.3)	94	92	2.2
Securities gains (losses), net	81	50	17	62.0	nm	131	22	nm
Other	130	220	257	(40.9)	(49.4)	350	504	(30.6)
Total noninterest income	\$2,614	\$2,525	\$2,490	3.5	5.0	\$5,139	\$4,781	7.5

Second quarter noninterest income of \$2,614 million was \$124 million (5.0 percent) higher than the second quarter of 2019 reflecting higher commercial products revenue and mortgage banking revenue, as well as an increase in gains on the sale of securities. Growth in these fee categories was partially offset by lower payment services revenue, deposit service charges, and other noninterest income. Commercial products revenue increased \$106 million (42.6 percent) primarily due to higher corporate bond issuance fees and trading revenue. Mortgage banking revenue increased \$459 million due to higher mortgage production and stronger gain on sale margins, partially offset by the unfavorable net impact of the change in fair value of mortgage servicing rights and related hedging activities. Partially offsetting these increases, payment services revenue decreased \$285 million (30.4 percent) reflecting lower credit and debit card revenue of \$81 million (22.2 percent), lower corporate payment products revenue of \$66 million (39.5 percent) and lower merchant processing services revenue of \$138 million (34.2 percent) driven by lower sales volume due to the worldwide impact of the COVID-19 pandemic on consumer and business spending. Deposit service charges decreased \$94 million (41.4 percent) primarily due to lower volume and fee waivers related to customers impacted by COVID-19. Other noninterest income decreased \$127 million (49.4 percent) due to lower equity investment income, tax-advantaged investment syndication revenue, and asset impairments as a result of property damage from civil unrest in the second quarter of 2020.

Noninterest income was \$89 million (3.5 percent) higher in the second quarter of 2020 compared with the first quarter of 2020, reflecting higher commercial products revenue, mortgage banking revenue, and an increase in gains on the sale of securities, partially offset by lower payment services revenue, deposit service charges, and other noninterest income. Commercial products revenue increased \$109 million (44.3 percent) on a linked quarter basis due to higher trading revenue and corporate bond fees. Mortgage banking revenue increased \$253 million (64.1 percent) due to higher mortgage production and stronger gain on sale margins, partially offset by the unfavorable net impact of the change in fair value of mortgage servicing rights and related hedging activities. Payment services revenue decreased \$135 million (17.2 percent) compared with the first quarter of 2020 driven by lower credit and debit card revenue of \$20 million (6.6 percent), lower corporate payment products revenue of \$44 million (30.3 percent), and lower merchant processing services revenue of \$71 million (21.1 percent) primarily driven by lower sales volume due to the worldwide impact of the COVID-19 pandemic on spending. Deposit service charges decreased \$76 million (36.4 percent) primarily due to lower volume and fee waivers related to customers impacted by COVID-19. Other noninterest income decreased \$90 million (40.9 percent) primarily due to gains on sales of certain businesses in the first quarter of 2020, asset impairments as a result of property damage from civil unrest in the second quarter of 2020, and lower tax-advantaged investment syndication revenue.



NONINTEREST EXPENSE								
(\$ in millions)	2Q 2020	1Q 2020	2Q 2019	Percent Change		YTD 2020	YTD 2019	Percent Change
				2Q20 vs 1Q20	2Q20 vs 2Q19			
Compensation	\$1,685	\$1,620	\$1,574	4.0	7.1	\$3,305	\$3,133	5.5
Employee benefits	314	352	314	(10.8)	--	666	647	2.9
Net occupancy and equipment	271	276	281	(1.8)	(3.6)	547	558	(2.0)
Professional services	106	99	106	7.1	--	205	201	2.0
Marketing and business development	67	74	111	(9.5)	(39.6)	141	200	(29.5)
Technology and communications	309	289	270	6.9	14.4	598	527	13.5
Postage, printing and supplies	72	72	73	--	(1.4)	144	145	(.7)
Other intangibles	43	42	42	2.4	2.4	85	82	3.7
Other	451	492	382	(8.3)	18.1	943	747	26.2
Total noninterest expense	\$3,318	\$3,316	\$3,153	.1	5.2	\$6,634	\$6,240	6.3

Second quarter noninterest expense of \$3,318 million was \$165 million (5.2 percent) higher than the second quarter of 2019 driven by incremental costs related to COVID-19 and revenue-related expenses due to higher mortgage production and capital markets activities of approximately \$150 million in addition to business investments, including increased digital capabilities. The categories of expense impacted included personnel expense, technology and communications expense, and other noninterest expense, partially offset by lower marketing and business development expense. Compensation expense increased \$111 million (7.1 percent) compared with the second quarter of 2019 due to merit and variable compensation related to business production in mortgage banking and fixed income capital markets. Technology and communications expense increased \$39 million (14.4 percent) primarily due to capital expenditures supporting business growth. Other noninterest expense increased \$69 million (18.1 percent) which reflected approximately \$79 million of expenses related to COVID-19, including increased liabilities driven by future delivery exposure related to merchant processing for airlines, and higher state franchise taxes, partially offset by lower costs related to tax-advantaged projects in the second quarter of 2020. These increases were partly offset by lower marketing and business development expense of \$44 million (39.6 percent) due to the timing of marketing campaigns and reduction in travel as a result of COVID-19.

Noninterest expense was essentially flat on a linked quarter basis reflecting higher compensation expense and technology and communications expense, partially offset by lower employee benefits expense and other noninterest expense. Compensation expense increased \$65 million (4.0 percent) primarily due to merit and revenue-related expenses. Technology and communications expense increased \$20 million (6.9 percent) primarily due to capital expenditures supporting business growth. These increases were partly offset by lower employee benefits expense of \$38 million (10.8 percent) primarily due to higher payroll taxes during the first quarter of the year and lower medical expenses. Other noninterest expense decreased \$41 million (8.3 percent) due to lower accruals in the second quarter of 2020 for liabilities related to future delivery exposures related to merchant and airline processing, partially offset by higher state franchise taxes.

Provision for Income Taxes

The provision for income taxes for the second quarter of 2020 resulted in a tax rate of 11.2 percent on a taxable-equivalent basis (effective tax rate of 8.4 percent), compared with 20.7 percent on a taxable-equivalent basis (effective tax rate of 19.7 percent) in the second quarter of 2019, and a tax rate of 19.4 percent on a taxable-equivalent basis (effective tax rate of 18.1 percent) in the first quarter of 2020. The reduced tax rate for the second quarter of 2020 is primarily a result of reduced pretax income being impacted by current economic conditions, including the higher provision for credit losses.



ALLOWANCE FOR CREDIT LOSSES										
(\$ in millions)	2Q		1Q		4Q		3Q		2Q	
	2020	% (a)	2020	% (a)	2019	% (a)	2019	% (a)	2019	% (a)
Balance, beginning of period	\$6,590		\$4,491		\$4,481		\$4,466		\$4,451	
Change in accounting principle (b)	--		1,499		--		--		--	
Net charge-offs										
Commercial	105	.34	69	.28	74	.30	72	.29	56	.23
Lease financing	6	.43	5	.36	4	.29	3	.22	3	.22
Total commercial	111	.35	74	.28	78	.30	75	.29	59	.23
Commercial mortgages	19	.25	(1)	(.01)	7	.10	3	.04	2	.03
Construction and development	3	.11	(1)	(.04)	--	--	3	.11	(1)	(.04)
Total commercial real estate	22	.22	(2)	(.02)	7	.07	6	.06	1	.01
Residential mortgages	(3)	(.02)	1	.01	(1)	(.01)	(3)	(.02)	4	.02
Credit card	229	4.28	234	3.95	230	3.79	211	3.53	227	3.99
Retail leasing (c)	33	1.58	19	.90	4	.19	3	.14	2	.09
Home equity and second mortgages	--	--	1	.03	--	--	(1)	(.03)	(1)	(.03)
Other	45	.54	66	.79	67	.79	61	.72	58	.71
Total other retail	78	.56	86	.61	71	.49	63	.43	59	.42
Total net charge-offs	437	.55	393	.53	385	.52	352	.48	350	.49
Provision for credit losses	1,737		993		395		367		365	
Balance, end of period	<u>\$7,890</u>		<u>\$6,590</u>		<u>\$4,491</u>		<u>\$4,481</u>		<u>\$4,466</u>	
Components										
Allowance for loan losses	\$7,383		\$6,216		\$4,020		\$4,007		\$4,019	
Liability for unfunded credit commitments	507		374		471		474		447	
Total allowance for credit losses	<u>\$7,890</u>		<u>\$6,590</u>		<u>\$4,491</u>		<u>\$4,481</u>		<u>\$4,466</u>	
Gross charge-offs	\$522		\$491		\$479		\$451		\$464	
Gross recoveries	\$85		\$98		\$94		\$99		\$114	
Allowance for credit losses as a percentage of										
Period-end loans	2.54		2.07		1.52		1.52		1.53	
Nonperforming loans	737		809		649		541		556	
Nonperforming assets	673		697		542		458		469	

(a) Annualized and calculated on average loan balances

(b) Effective January 1, 2020, the Company adopted accounting guidance which changed impairment recognition of financial instruments to a model that is based on expected losses rather than incurred losses.

(c) Includes end of term losses on residual lease values as of January 1, 2020

During the second quarter of 2020, economic conditions continued to deteriorate due to the impact of the COVID-19 health crisis. As a result, economic projections for the gross domestic product declined dramatically and unemployment levels increased significantly with information related to the evolving impacts of the COVID-19 health crisis. As a result, the Company's expectations related to delinquencies, credit risk rating, nonperforming assets and related future credit losses continue to reflect deteriorating credit quality. As a result, the Company's provision for credit losses for the second quarter of 2020 was \$1,737 million, which was \$744 million higher than the prior quarter and \$1,372 million higher than the second quarter of 2019. The Company's provision for the second quarter of 2020 reflects a \$1,300 million increase in the allowance for credit losses to recognize the expected losses from these deteriorating economic conditions. Changes in expected loss estimates consider various factors including the changing economic activity, potential mitigating effects of government stimulus, estimated duration of the health crisis, customer specific information impacting changes in risk ratings, projected delinquencies and the impact of industrywide loan modification efforts designed to limit long term effects of the pandemic event, among other factors.

Total net charge-offs in the second quarter of 2020 were \$437 million, compared with \$393 million in the first quarter of 2020, and \$350 million in the second quarter of 2019. The net charge-off ratio was 0.55 percent in the second quarter of 2020, compared with 0.53 percent in the first quarter of 2020 and 0.49 percent in the second quarter of 2019. Net charge-offs increased \$44 million (11.2 percent) compared with the first quarter of 2020 mainly due to higher total commercial, total commercial real estate and retail leasing net charge-offs, partially offset by lower other retail net charge-offs. Net charge-offs increased \$87 million (24.9 percent) compared with the second quarter of 2019 primarily due to higher total commercial, total commercial real estate, and retail leasing net charge-offs, partly offset by lower other retail net charge-offs. The year-over-year increase in retail leasing net charge-offs reflects the inclusion of end of term losses on residual lease values as of January 1, 2020.

The allowance for credit losses was \$7,890 million at June 30, 2020, compared with \$6,590 million at March 31, 2020, and \$4,466 million at June 30, 2019. The increase year-over-year was due to the impact of the change in accounting principle on January 1, 2020, which added \$1.5 billion to the allowance for credit losses and the reserve build related to the potential economic impact of COVID-19. The increase on a linked quarter basis was also primarily due to the reserve build related to the potential economic impact of COVID-19. The ratio of the allowance for credit losses to period-end loans was 2.54 percent at June 30, 2020, compared with 2.07 percent at March 31, 2020, and 1.53 percent at June 30, 2019. The ratio of the allowance for credit losses to nonperforming loans was 737 percent at June 30, 2020, compared with 809 percent at March 31, 2020, and 556 percent at June 30, 2019.

Nonperforming assets were \$1,173 million at June 30, 2020, compared with \$946 million at March 31, 2020, and \$953 million at June 30, 2019. The ratio of nonperforming assets to loans and other real estate was 0.38 percent at June 30, 2020, compared with 0.30 percent at March 31, 2020, and 0.33 percent at June 30, 2019. The year-over-year increase in nonperforming assets was primarily due to increases in total commercial and total commercial real estate nonperforming loans. Accruing loans 90 days or more past due were \$556 million at June 30, 2020, compared with \$579 million at March 31, 2020, and \$752 million at June 30, 2019. The Company expects credit losses and nonperforming assets to continue to increase given current economic conditions.



DELINQUENT LOAN RATIOS AS A PERCENT OF ENDING LOAN BALANCES					
(Percent)	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
	2020	2020	2019	2019	2019
Delinquent loan ratios - 90 days or more past due excluding nonperforming loans					
Commercial	.07	.06	.08	.10	.26
Commercial real estate	--	--	.01	.01	--
Residential mortgages	.16	.15	.17	.17	.17
Credit card	1.22	1.29	1.23	1.16	1.14
Other retail	.16	.17	.17	.18	.17
Total loans	.18	.18	.20	.20	.26
Delinquent loan ratios - 90 days or more past due including nonperforming loans					
Commercial	.45	.31	.27	.40	.53
Commercial real estate	.48	.25	.21	.23	.24
Residential mortgages	.50	.49	.51	.53	.55
Credit card	1.22	1.29	1.23	1.16	1.14
Other retail	.48	.45	.46	.47	.47
Total loans	.52	.44	.44	.49	.53

ASSET QUALITY (a)					
(\$ in millions)	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
	2020	2020	2019	2019	2019
Nonperforming loans					
Commercial	\$403	\$276	\$172	\$290	\$254
Lease financing	53	33	32	29	25
Total commercial	456	309	204	319	279
Commercial mortgages	188	89	74	82	81
Construction and development	7	12	8	7	11
Total commercial real estate	195	101	82	89	92
Residential mortgages	242	243	241	251	263
Credit card	--	--	--	--	--
Other retail	178	162	165	170	169
Total nonperforming loans	1,071	815	692	829	803
Other real estate	52	70	78	84	88
Other nonperforming assets	50	61	59	66	62
Total nonperforming assets	\$1,173	\$946	\$829	\$979	\$953
Accruing loans 90 days or more past due	\$556	\$579	\$605	\$600	\$752
Performing restructured loans, excluding GNMA	\$1,994	\$2,080	\$2,129	\$2,145	\$2,142
Performing restructured GNMA	\$1,522	\$1,619	\$1,622	\$1,690	\$1,598
Nonperforming assets to loans plus ORE (%)	.38	.30	.28	.33	.33

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

COMMON SHARES					
(Millions)	2Q 2020	1Q 2020	4Q 2019	3Q 2019	2Q 2019
Beginning shares outstanding	1,506	1,534	1,571	1,584	1,599
Shares issued for stock incentive plans, acquisitions and other corporate purposes	--	3	3	1	--
Shares repurchased	--	(31)	(40)	(14)	(15)
Ending shares outstanding	1,506	1,506	1,534	1,571	1,584

CAPITAL POSITION					
(\$ in millions)	Jun 30 2020	Mar 31 2020	Dec 31 2019	Sep 30 2019	Jun 30 2019
Total U.S. Bancorp shareholders' equity	\$51,850	\$51,532	\$51,853	\$53,517	\$52,913
Basel III Standardized Approach (a)					
Common equity tier 1 capital	\$36,351	\$36,224	\$35,713	\$37,653	\$36,909
Tier 1 capital	42,781	42,651	41,721	43,667	42,923
Total risk-based capital	51,457	51,277	49,744	51,684	50,370
Common equity tier 1 capital ratio	9.0 %	9.0 %	9.1 %	9.6 %	9.5 %
Tier 1 capital ratio	10.6	10.5	10.7	11.2	11.0
Total risk-based capital ratio	12.8	12.7	12.7	13.2	13.0
Leverage ratio	8.0	8.8	8.8	9.3	9.3
Tangible common equity to tangible assets (b)	6.7	6.7	7.5	8.0	7.9
Tangible common equity to risk-weighted assets (b)	9.0	8.9	9.3	9.7	9.7
Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the current expected credit losses methodology (b)	8.7	8.6			

(a) Calculated in accordance with transitional regulatory capital requirements related to the current expected credit losses methodology implementation at March 31, 2020

(b) See Non-GAAP Financial Measures reconciliation on page 17

Total U.S. Bancorp shareholders' equity was \$51.9 billion at June 30, 2020, compared with \$51.5 billion at March 31, 2020, and \$52.9 billion at June 30, 2019. The Company announced on March 15, 2020, that it suspended its common stock repurchase program. This action was taken to maintain strong capital levels given the impact and uncertainties of COVID-19 on the economy and global markets.

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 June 30, 2020, and at March 31, 2020, compared with 9.5 percent at June 30, 2019. The Company's common equity tier 1 capital to risk-weighted assets ratio, reflecting the full implementation of the current expected credit losses methodology was 8.7 percent at June 30, 2020, compared with 8.6 percent at March 31, 2020.



Investor Conference Call

On Wednesday, July 15, 2020, at 8 a.m. CT, Chairman, President and Chief Executive Officer Andy Cecere and Vice Chair and Chief Financial Officer Terry Dolan will host a conference call to review the financial results. The conference call will be available online or by telephone. To access the webcast and presentation, visit U.S. Bancorp's website at usbank.com and click on "About Us", "Investor Relations" and "Webcasts & Presentations." To access the conference call from locations within the United States and Canada, please dial 866.316.1409. Participants calling from outside the United States and Canada, please dial 706.634.9086. The conference ID number for all participants is 4179908. For those unable to participate during the live call, a recording will be available at approximately 11:00 a.m. CT on Wednesday, July 15 and will be accessible until Wednesday, July 22 at 11:59 p.m. CT. To access the recorded message within the United States and Canada, please dial 855.859.2056. If calling from outside the United States and Canada, please dial 404.537.3406 to access the recording. The conference ID is 4179908.

About U.S. Bancorp

U.S. Bancorp, with more than 70,000 employees and \$547 billion in assets as of June 30, 2020, is the parent company of U.S. Bank National Association, 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 one of the 2020 World's Most Ethical Companies. Visit U.S. Bank at www.usbank.com or follow on social media to stay up to date with company news.

Forward-looking Statements

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995:

This press release contains forward-looking statements about U.S. Bancorp. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements and are based on the information available to, and assumptions and estimates made by, management as of the date hereof. These forward-looking statements cover, among other things, anticipated future revenue and expenses and the future plans and prospects of U.S. Bancorp. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated. The COVID-19 pandemic is adversely affecting U.S. Bancorp, its customers, counterparties, employees, and third-party service providers, and the ultimate extent of the impacts on its business, financial position, results of operations, liquidity, and prospects is uncertain. Continued deterioration in general business and economic conditions or turbulence in domestic or global financial markets could adversely affect U.S. Bancorp's revenues and the values of its assets and liabilities, reduce the availability of funding to certain financial institutions, lead to a tightening of credit, and increase stock price volatility. In addition, changes to statutes, regulations, or regulatory policies or practices could affect U.S. Bancorp in substantial and unpredictable ways. U.S. Bancorp's results could also be adversely affected by changes in interest rates; further increases in unemployment rates; deterioration in the credit quality of its loan portfolios or in the value of the collateral securing those loans; deterioration in the value of its investment securities; legal and regulatory developments; litigation; increased competition from both banks and non-banks; changes in the level of tariffs and other trade policies of the United States and its global trading partners; changes in customer behavior and preferences; breaches in data security; failures to safeguard personal information; effects of mergers and acquisitions and related integration; effects of critical accounting policies and judgments; and management's ability to effectively manage credit risk, market risk, operational risk, compliance risk, strategic risk, interest rate risk, liquidity risk and reputation risk.

For discussion of these and other risks that may cause actual results to differ from expectations, refer to U.S. Bancorp's Annual Report on Form 10-K for the year ended December 31, 2019, 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, including the section entitled "Risk Factors" in the Quarterly Report on Form 10-Q for the quarter ended March 31, 2020. In addition, factors other than these risks also could adversely affect U.S. Bancorp's results, and the reader should not consider these risks to be a complete set of all potential risks or uncertainties. Forward-looking statements speak only as of the date hereof, and U.S. Bancorp undertakes no obligation to update them in light of new information or future events.



Non-GAAP Financial Measures

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

- Tangible common equity to tangible assets
- Tangible common equity to risk-weighted assets
- Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the current expected credit losses methodology, and
- Return on tangible common equity.

These capital measures are viewed by management as useful additional methods of evaluating the Company's utilization of its capital held and the level of capital available to withstand unexpected negative market or economic conditions. Additionally, presentation of these measures allows investors, analysts and banking regulators to assess the Company's capital position relative to other financial services companies. These capital measures are not defined in generally accepted accounting principles ("GAAP"), or are not currently effective or defined in banking regulations. In addition, certain of these measures differ from currently effective capital ratios defined by banking regulations principally in that the currently effective ratios, which are subject to certain transitional provisions, temporarily exclude the impact of the first quarter of 2020 adoption of accounting guidance related to impairment of financial instruments based on the current expected credit losses methodology. As a result, these capital measures disclosed by the Company may be considered non-GAAP financial measures. Management believes this information helps investors assess trends in the Company's capital adequacy.

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

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





CONSOLIDATED STATEMENT OF INCOME

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Interest Income				
Loans	\$2,949	\$3,582	\$6,260	\$7,122
Loans held for sale	52	34	96	59
Investment securities	630	745	1,322	1,450
Other interest income	41	90	110	171
Total interest income	3,672	4,451	7,788	8,802
Interest Expense				
Deposits	194	762	719	1,457
Short-term borrowings	34	91	105	184
Long-term debt	244	293	541	597
Total interest expense	472	1,146	1,365	2,238
Net interest income	3,200	3,305	6,423	6,564
Provision for credit losses	1,737	365	2,730	742
Net interest income after provision for credit losses	1,463	2,940	3,693	5,822
Noninterest Income				
Credit and debit card revenue	284	365	588	669
Corporate payment products revenue	101	167	246	329
Merchant processing services	266	404	603	782
Trust and investment management fees	434	415	861	814
Deposit service charges	133	227	342	444
Treasury management fees	137	153	280	299
Commercial products revenue	355	249	601	468
Mortgage banking revenue	648	189	1,043	358
Investment products fees	45	47	94	92
Securities gains (losses), net	81	17	131	22
Other	130	257	350	504
Total noninterest income	2,614	2,490	5,139	4,781
Noninterest Expense				
Compensation	1,685	1,574	3,305	3,133
Employee benefits	314	314	666	647
Net occupancy and equipment	271	281	547	558
Professional services	106	106	205	201
Marketing and business development	67	111	141	200
Technology and communications	309	270	598	527
Postage, printing and supplies	72	73	144	145
Other intangibles	43	42	85	82
Other	451	382	943	747
Total noninterest expense	3,318	3,153	6,634	6,240
Income before income taxes	759	2,277	2,198	4,363
Applicable income taxes	64	449	324	827
Net income	695	1,828	1,874	3,536
Net (income) loss attributable to noncontrolling interests	(6)	(7)	(14)	(16)
Net income attributable to U.S. Bancorp	\$689	\$1,821	\$1,860	\$3,520
Net income applicable to U.S. Bancorp common shareholders	\$614	\$1,741	\$1,702	\$3,354
Earnings per common share	\$.41	\$1.09	\$1.13	\$2.10
Diluted earnings per common share	\$.41	\$1.09	\$1.12	\$2.10
Dividends declared per common share	\$.42	\$.37	\$.84	\$.74
Average common shares outstanding	1,506	1,590	1,512	1,596
Average diluted common shares outstanding	1,507	1,592	1,513	1,599



CONSOLIDATED ENDING BALANCE SHEET

(Dollars in Millions)	June 30, 2020	December 31, 2019	June 30, 2019
Assets	(Unaudited)		(Unaudited)
Cash and due from banks	\$52,392	\$22,405	\$16,932
Investment securities			
Held-to-maturity	--	--	46,383
Available-for-sale	128,120	122,613	69,197
Loans held for sale	8,178	5,578	3,819
Loans			
Commercial	120,261	103,863	103,980
Commercial real estate	41,076	39,746	39,334
Residential mortgages	71,329	70,586	67,913
Credit card	21,257	24,789	23,426
Other retail	56,412	57,118	57,375
Total loans	310,335	296,102	292,028
Less allowance for loan losses	(7,383)	(4,020)	(4,019)
Net loans	302,952	292,082	288,009
Premises and equipment	3,616	3,702	3,690
Goodwill	9,842	9,655	9,548
Other intangible assets	2,518	3,223	3,161
Other assets	39,034	36,168	40,980
Total assets	\$546,652	\$495,426	\$481,719
Liabilities and Shareholders' Equity			
Deposits			
Noninterest-bearing	\$109,723	\$75,590	\$76,170
Interest-bearing	303,583	286,326	277,007
Total deposits	413,306	361,916	353,177
Short-term borrowings	20,595	23,723	15,032
Long-term debt	42,579	40,167	41,008
Other liabilities	17,692	17,137	18,962
Total liabilities	494,172	442,943	428,179
Shareholders' equity			
Preferred stock	5,984	5,984	5,984
Common stock	21	21	21
Capital surplus	8,483	8,475	8,465
Retained earnings	62,526	63,186	61,252
Less treasury stock	(25,962)	(24,440)	(21,465)
Accumulated other comprehensive income (loss)	798	(1,373)	(1,344)
Total U.S. Bancorp shareholders' equity	51,850	51,853	52,913
Noncontrolling interests	630	630	627
Total equity	52,480	52,483	53,540
Total liabilities and equity	\$546,652	\$495,426	\$481,719



NON-GAAP FINANCIAL MEASURES

(Dollars in Millions, Unaudited)	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Total equity	\$52,480	\$52,162	\$52,483	\$54,147	\$53,540
Preferred stock	(5,984)	(5,984)	(5,984)	(5,984)	(5,984)
Noncontrolling interests	(630)	(630)	(630)	(630)	(627)
Goodwill (net of deferred tax liability) (1)	(8,954)	(8,958)	(8,788)	(8,781)	(8,708)
Intangible assets, other than mortgage servicing rights	(678)	(742)	(677)	(687)	(703)
Tangible common equity (a)	36,234	35,848	36,404	38,065	37,518
Common equity tier 1 capital, determined in accordance with transitional regulatory capital requirements related to the current expected credit losses methodology implementation	36,351	36,224			
Adjustments (2)	(1,702)	(1,377)			
Common equity tier 1 capital, reflecting the full implementation of the current expected credit losses methodology (b)	34,649	34,847			
Total assets	546,652	542,909	495,426	487,671	481,719
Goodwill (net of deferred tax liability) (1)	(8,954)	(8,958)	(8,788)	(8,781)	(8,708)
Intangible assets, other than mortgage servicing rights	(678)	(742)	(677)	(687)	(703)
Tangible assets (c)	537,020	533,209	485,961	478,203	472,308
Risk-weighted assets, determined in accordance with prescribed regulatory capital requirements effective for the Company (d)	401,832 *	404,627	391,269	390,622	388,709
Adjustments (3)	(1,394) *	(958)			
Risk-weighted assets, reflecting the full implementation of the current expected credit losses methodology (e)	400,438 *	403,669			
Ratios *					
Tangible common equity to tangible assets (a)/(c)	6.7 %	6.7 %	7.5 %	8.0 %	7.9 %
Tangible common equity to risk-weighted assets (a)/(d)	9.0	8.9	9.3	9.7	9.7
Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the current expected credit losses methodology (b)/(e)	8.7	8.6			
	Three Months Ended				
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Net income applicable to U.S. Bancorp common shareholders	\$614	\$1,088	\$1,408	\$1,821	\$1,741
Intangibles amortization (net-of-tax)	34	33	35	33	33
Net income applicable to U.S. Bancorp common shareholders, excluding intangibles amortization	648	1,121	1,443	1,854	1,774
Annualized net income applicable to U.S. Bancorp common shareholders, excluding intangible amortization (f)	2,606	4,509	5,725	7,356	7,115
Average total equity	52,871	51,776	53,777	53,921	53,066
Average preferred stock	(5,984)	(5,984)	(5,984)	(5,984)	(5,984)
Average noncontrolling interests	(630)	(630)	(630)	(629)	(628)
Average goodwill (net of deferred tax liability) (1)	(8,960)	(8,825)	(8,796)	(8,725)	(8,715)
Average intangible assets, other than mortgage servicing rights	(706)	(688)	(683)	(689)	(681)
Average tangible common equity (g)	36,591	35,649	37,684	37,894	37,058
Return on tangible common equity (f)/(g)	7.1 %	12.6 %	15.2 %	19.4 %	19.2 %
Net interest income	\$3,200	\$3,223	\$3,207	\$3,281	\$3,305
Taxable-equivalent adjustment (4)	24	24	24	25	27
Net interest income, on a taxable-equivalent basis	3,224	3,247	3,231	3,306	3,332
Net interest income, on a taxable-equivalent basis (as calculated above)	3,224	3,247	3,231	3,306	3,332
Noninterest income	2,614	2,525	2,436	2,614	2,490
Less: Securities gains (losses), net	81	50	26	25	17
Total net revenue, excluding net securities gains (losses) (h)	5,757	5,722	5,641	5,895	5,805
Noninterest expense (i)	3,318	3,316	3,401	3,144	3,153
Less: Intangible amortization	43	42	44	42	42
Noninterest expense, excluding intangible amortization (j)	3,275	3,274	3,357	3,102	3,111
Efficiency ratio (i)/(h)	57.6 %	58.0 %	60.3 %	53.3 %	54.3 %
Tangible efficiency ratio (j)/(h)	56.9	57.2	59.5	52.6	53.6

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

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

(2) Includes the estimated increase in the allowance for credit losses related to the adoption of the current expected credit losses methodology net of deferred taxes.

(3) Includes the impact of the estimated increase in the allowance for credit losses related to the adoption of the current expected credit losses methodology.

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

**Supplemental
Consolidated
Schedules**
2Q 2020



QUARTERLY CONSOLIDATED STATEMENT OF INCOME

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

	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Interest Income					
Loans	\$2,949	\$3,311	\$3,422	\$3,555	\$3,582
Loans held for sale	52	44	55	48	34
Investment securities	630	692	709	734	745
Other interest income	41	69	69	100	90
Total interest income	3,672	4,116	4,255	4,437	4,451
Interest Expense					
Deposits	194	525	654	744	762
Short-term borrowings	34	71	79	97	91
Long-term debt	244	297	315	315	293
Total interest expense	472	893	1,048	1,156	1,146
Net interest income	3,200	3,223	3,207	3,281	3,305
Provision for credit losses	1,737	993	395	367	365
Net interest income after provision for credit losses	1,463	2,230	2,812	2,914	2,940
Noninterest Income					
Credit and debit card revenue	284	304	378	366	365
Corporate payment products revenue	101	145	158	177	167
Merchant processing services	266	337	409	410	404
Trust and investment management fees	434	427	438	421	415
Deposit service charges	133	209	231	234	227
Treasury management fees	137	143	140	139	153
Commercial products revenue	355	246	226	240	249
Mortgage banking revenue	648	395	244	272	189
Investment products fees	45	49	48	46	47
Securities gains (losses), net	81	50	26	25	17
Other	130	220	138	284	257
Total noninterest income	2,614	2,525	2,436	2,614	2,490
Noninterest Expense					
Compensation	1,685	1,620	1,597	1,595	1,574
Employee benefits	314	352	315	324	314
Net occupancy and equipment	271	276	286	279	281
Professional services	106	99	139	114	106
Marketing and business development	67	74	117	109	111
Technology and communications	309	289	291	277	270
Postage, printing and supplies	72	72	71	74	73
Other intangibles	43	42	44	42	42
Other	451	492	541	330	382
Total noninterest expense	3,318	3,316	3,401	3,144	3,153
Income before income taxes	759	1,439	1,847	2,384	2,277
Applicable income taxes	64	260	354	467	449
Net income	695	1,179	1,493	1,917	1,828
Net (income) loss attributable to noncontrolling interests	(6)	(8)	(7)	(9)	(7)
Net income attributable to U.S. Bancorp	\$689	\$1,171	\$1,486	\$1,908	\$1,821
Net income applicable to U.S. Bancorp common shareholders	\$614	\$1,088	\$1,408	\$1,821	\$1,741
Earnings per common share	\$.41	\$.72	\$.91	\$1.16	\$1.09
Diluted earnings per common share	\$.41	\$.72	\$.90	\$1.15	\$1.09
Dividends declared per common share	\$.42	\$.42	\$.42	\$.42	\$.37
Average common shares outstanding	1,506	1,518	1,556	1,575	1,590
Average diluted common shares outstanding	1,507	1,519	1,558	1,578	1,592
Financial Ratios					
Net interest margin (taxable-equivalent basis)	2.62 %	2.91 %	2.92 %	3.02 %	3.13 %
Return on average assets	.51	.95	1.21	1.57	1.55
Return on average common equity	5.3	9.7	11.8	15.3	15.0
Efficiency ratio	57.6	58.0	60.3	53.3	54.3
Tangible efficiency ratio	56.9	57.2	59.5	52.6	53.6



CONSOLIDATED ENDING BALANCE SHEET

(Dollars in Millions)	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Assets	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)
Cash and due from banks	\$52,392	\$46,805	\$22,405	\$15,272	\$16,932
Investment securities					
Held-to-maturity	--	--	--	46,481	46,383
Available-for-sale	128,120	123,681	122,613	74,598	69,197
Loans held for sale	8,178	4,623	5,578	4,528	3,819
Loans					
Commercial	120,261	126,317	103,863	104,654	103,980
Commercial real estate	41,076	40,980	39,746	39,268	39,334
Residential mortgages	71,329	71,175	70,586	69,378	67,913
Credit card	21,257	22,781	24,789	23,890	23,426
Other retail	56,412	57,052	57,118	57,448	57,375
Total loans	310,335	318,305	296,102	294,638	292,028
Less allowance for loan losses	(7,383)	(6,216)	(4,020)	(4,007)	(4,019)
Net loans	302,952	312,089	292,082	290,631	288,009
Premises and equipment	3,616	3,660	3,702	3,673	3,690
Goodwill	9,842	9,836	9,655	9,632	9,548
Other intangible assets	2,518	2,629	3,223	2,983	3,161
Other assets	39,034	39,586	36,168	39,873	40,980
Total assets	\$546,652	\$542,909	\$495,426	\$487,671	\$481,719
Liabilities and Shareholders' Equity					
Deposits					
Noninterest-bearing	\$109,723	\$91,432	\$75,590	\$82,232	\$76,170
Interest-bearing	303,583	303,422	286,326	277,483	277,007
Total deposits	413,306	394,854	361,916	359,715	353,177
Short-term borrowings	20,595	26,344	23,723	14,579	15,032
Long-term debt	42,579	52,298	40,167	41,274	41,008
Other liabilities	17,692	17,251	17,137	17,956	18,962
Total liabilities	494,172	490,747	442,943	433,524	428,179
Shareholders' equity					
Preferred stock	5,984	5,984	5,984	5,984	5,984
Common stock	21	21	21	21	21
Capital surplus	8,483	8,452	8,475	8,490	8,465
Retained earnings	62,526	62,544	63,186	62,419	61,252
Less treasury stock	(25,962)	(25,972)	(24,440)	(22,224)	(21,465)
Accumulated other comprehensive income (loss)	798	503	(1,373)	(1,173)	(1,344)
Total U.S. Bancorp shareholders' equity	51,850	51,532	51,853	53,517	52,913
Noncontrolling interests	630	630	630	630	627
Total equity	52,480	52,162	52,483	54,147	53,540
Total liabilities and equity	\$546,652	\$542,909	\$495,426	\$487,671	\$481,719



CONSOLIDATED QUARTERLY AVERAGE BALANCE SHEET

(Dollars in Millions, Unaudited)	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Assets					
Investment securities	\$120,867	\$120,843	\$121,668	\$117,213	\$115,460
Loans held for sale	6,307	4,748	5,265	4,476	3,162
Loans					
Commercial					
Commercial	122,442	100,329	98,362	98,175	97,776
Lease financing	5,597	5,658	5,549	5,485	5,457
Total commercial	128,039	105,987	103,911	103,660	103,233
Commercial real estate					
Commercial mortgages	30,194	29,523	29,133	28,319	28,465
Construction and development	10,894	10,555	10,589	10,671	10,900
Total commercial real estate	41,088	40,078	39,722	38,990	39,365
Residential mortgages	71,122	70,892	69,909	68,608	66,834
Credit card	21,510	23,836	24,107	23,681	22,830
Other retail					
Retail leasing	8,412	8,474	8,486	8,442	8,547
Home equity and second mortgages	14,386	14,838	15,221	15,601	15,831
Other	33,550	33,552	33,509	33,454	32,578
Total other retail	56,348	56,864	57,216	57,497	56,956
Total loans	318,107	297,657	294,865	292,436	289,218
Other earning assets	48,838	24,474	17,972	21,548	19,093
Total earning assets	494,119	447,722	439,770	435,673	426,933
Allowance for loan losses	(6,543)	(5,588)	(4,012)	(4,021)	(4,011)
Unrealized gain (loss) on investment securities	3,499	1,426	416	426	(288)
Other assets	53,231	51,247	49,679	49,376	48,964
Total assets	\$544,306	\$494,807	\$485,853	\$481,454	\$471,598
Liabilities and Shareholders' Equity					
Noninterest-bearing deposits	\$95,106	\$74,142	\$74,313	\$74,594	\$73,096
Interest-bearing deposits					
Interest checking	83,789	77,359	75,563	72,007	70,433
Money market savings	129,692	121,946	116,619	114,475	108,633
Savings accounts	51,237	48,048	46,945	46,348	45,988
Time deposits	43,479	41,309	43,012	42,509	47,082
Total interest-bearing deposits	308,197	288,662	282,139	275,339	272,136
Short-term borrowings	25,738	20,253	18,411	18,597	17,169
Long-term debt	46,385	43,846	41,298	42,691	40,438
Total interest-bearing liabilities	380,320	352,761	341,848	336,627	329,743
Other liabilities	16,009	16,128	15,915	16,312	15,693
Shareholders' equity					
Preferred equity	5,984	5,984	5,984	5,984	5,984
Common equity	46,257	45,162	47,163	47,308	46,454
Total U.S. Bancorp shareholders' equity	52,241	51,146	53,147	53,292	52,438
Noncontrolling interests	630	630	630	629	628
Total equity	52,871	51,776	53,777	53,921	53,066
Total liabilities and equity	\$544,306	\$494,807	\$485,853	\$481,454	\$471,598



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

(Dollars in Millions) (Unaudited)	2020			2019			% Change Average Balances
	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	
For the Three Months Ended June 30,							
2020							
2019							
Assets							
Investment securities	\$120,867	\$645	2.13 %	\$115,460	\$759	2.63 %	4.7 %
Loans held for sale	6,307	52	3.30	3,162	34	4.30	99.5
Loans (b)							
Commercial	128,039	833	2.61	103,233	1,099	4.27	24.0
Commercial real estate	41,088	360	3.53	39,365	512	5.22	4.4
Residential mortgages	71,122	635	3.58	66,834	661	3.96	6.4
Credit card	21,510	552	10.33	22,830	646	11.36	(5.8)
Other retail	56,348	579	4.13	56,956	678	4.78	(1.1)
Total loans	318,107	2,959	3.74	289,218	3,596	4.99	10.0
Other earning assets	48,838	41	.33	19,093	91	1.90	*
Total earning assets	494,119	3,697	3.00	426,933	4,480	4.21	15.7
Allowance for loan losses	(6,543)			(4,011)			(63.1)
Unrealized gain (loss) on investment securities	3,499			(288)			*
Other assets	53,231			48,964			8.7
Total assets	<u>\$544,306</u>			<u>\$471,598</u>			15.4
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$95,106			\$73,096			30.1 %
Interest-bearing deposits							
Interest checking	83,789	12	.05	70,433	53	.30	19.0
Money market savings	129,692	95	.30	108,633	435	1.61	19.4
Savings accounts	51,237	11	.09	45,988	26	.23	11.4
Time deposits	43,479	76	.70	47,082	248	2.12	(7.7)
Total interest-bearing deposits	308,197	194	.25	272,136	762	1.12	13.3
Short-term borrowings	25,738	35	.54	17,169	93	2.16	49.9
Long-term debt	46,385	244	2.11	40,438	293	2.91	14.7
Total interest-bearing liabilities	380,320	473	.50	329,743	1,148	1.40	15.3
Other liabilities	16,009			15,693			2.0
Shareholders' equity							
Preferred equity	5,984			5,984			--
Common equity	46,257			46,454			(.4)
Total U.S. Bancorp shareholders' equity	52,241			52,438			(.4)
Noncontrolling interests	630			628			.3
Total equity	52,871			53,066			(.4)
Total liabilities and equity	<u>\$544,306</u>			<u>\$471,598</u>			15.4
Net interest income		\$3,224			\$3,332		
Gross interest margin			2.50 %			2.81 %	
Gross interest margin without taxable-equivalent increments			2.48			2.78	
Percent of Earning Assets							
Interest income			3.00 %			4.21 %	
Interest expense			.38			1.08	
Net interest margin			2.62 %			3.13 %	
Net interest margin without taxable-equivalent increments			2.60 %			3.10 %	

* Not meaningful

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

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



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

(Dollars in Millions) (Unaudited)	For the Three Months Ended						% Change Average Balances
	June 30, 2020			March 31, 2020			
	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	
Assets							
Investment securities	\$120,867	\$645	2.13 %	\$120,843	\$706	2.34 %	-- %
Loans held for sale	6,307	52	3.30	4,748	44	3.75	32.8
Loans (b)							
Commercial	128,039	833	2.61	105,987	941	3.57	20.8
Commercial real estate	41,088	360	3.53	40,078	428	4.30	2.5
Residential mortgages	71,122	635	3.58	70,892	663	3.74	.3
Credit card	21,510	552	10.33	23,836	659	11.11	(9.8)
Other retail	56,348	579	4.13	56,864	632	4.47	(.9)
Total loans	318,107	2,959	3.74	297,657	3,323	4.49	6.9
Other earning assets	48,838	41	.33	24,474	69	1.14	99.6
Total earning assets	494,119	3,697	3.00	447,722	4,142	3.71	10.4
Allowance for loan losses	(6,543)			(5,588)			(17.1)
Unrealized gain (loss) on investment securities	3,499			1,426			*
Other assets	53,231			51,247			3.9
Total assets	<u>\$544,306</u>			<u>\$494,807</u>			10.0
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$95,106			\$74,142			28.3 %
Interest-bearing deposits							
Interest checking	83,789	12	.05	77,359	39	.21	8.3
Money market savings	129,692	95	.30	121,946	311	1.02	6.4
Savings accounts	51,237	11	.09	48,048	26	.22	6.6
Time deposits	43,479	76	.70	41,309	149	1.46	5.3
Total interest-bearing deposits	308,197	194	.25	288,662	525	.73	6.8
Short-term borrowings	25,738	35	.54	20,253	73	1.45	27.1
Long-term debt	46,385	244	2.11	43,846	297	2.73	5.8
Total interest-bearing liabilities	380,320	473	.50	352,761	895	1.02	7.8
Other liabilities	16,009			16,128			(.7)
Shareholders' equity							
Preferred equity	5,984			5,984			--
Common equity	46,257			45,162			2.4
Total U.S. Bancorp shareholders' equity	52,241			51,146			2.1
Noncontrolling interests	630			630			--
Total equity	52,871			51,776			2.1
Total liabilities and equity	<u>\$544,306</u>			<u>\$494,807</u>			10.0
Net interest income		<u>\$3,224</u>			<u>\$3,247</u>		
Gross interest margin			2.50 %			2.69 %	
Gross interest margin without taxable-equivalent increments			2.48			2.67	
Percent of Earning Assets							
Interest income			3.00 %			3.71 %	
Interest expense			.38			.80	
Net interest margin			2.62 %			2.91 %	
Net interest margin without taxable-equivalent increments			2.60 %			2.89 %	

* Not meaningful

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

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



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

For the Six Months Ended June 30,							
2020				2019			
(Dollars in Millions) (Unaudited)	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	% Change Average Balances
Assets							
Investment securities	\$120,856	\$1,351	2.24 %	\$114,823	\$1,479	2.58 %	5.3 %
Loans held for sale	5,527	96	3.49	2,650	59	4.47	*
Loans (b)							
Commercial	117,013	1,774	3.05	102,600	2,175	4.27	14.0
Commercial real estate	40,583	788	3.91	39,417	1,001	5.12	3.0
Residential mortgages	71,007	1,298	3.66	66,212	1,315	3.98	7.2
Credit card	22,673	1,211	10.74	22,714	1,317	11.69	(.2)
Other retail	56,606	1,211	4.30	56,729	1,343	4.77	(.2)
Total loans	307,882	6,282	4.10	287,672	7,151	5.01	7.0
Other earning assets	36,656	110	.60	18,089	172	1.91	*
Total earning assets	470,921	7,839	3.34	423,234	8,861	4.21	11.3
Allowance for loan losses	(6,066)			(3,997)			(51.8)
Unrealized gain (loss) on investment securities	2,462			(664)			*
Other assets	52,239			48,948			6.7
Total assets	<u>\$519,556</u>			<u>\$467,521</u>			11.1
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$84,624			\$73,263			15.5 %
Interest-bearing deposits							
Interest checking	80,573	51	.13	71,301	115	.32	13.0
Money market savings	125,819	406	.65	104,058	810	1.57	20.9
Savings accounts	49,643	37	.15	45,604	50	.22	8.9
Time deposits	42,394	225	1.07	46,100	482	2.11	(8.0)
Total interest-bearing deposits	298,429	719	.48	267,063	1,457	1.10	11.7
Short-term borrowings	22,995	108	.94	17,765	189	2.14	29.4
Long-term debt	45,116	541	2.41	41,143	597	2.92	9.7
Total interest-bearing liabilities	366,540	1,368	.75	325,971	2,243	1.39	12.4
Other liabilities	16,069			15,643			2.7
Shareholders' equity							
Preferred equity	5,984			5,984			--
Common equity	45,709			46,032			(.7)
Total U.S. Bancorp shareholders' equity	51,693			52,016			(.6)
Noncontrolling interests	630			628			.3
Total equity	52,323			52,644			(.6)
Total liabilities and equity	<u>\$519,556</u>			<u>\$467,521</u>			11.1
Net interest income		<u>\$6,471</u>			<u>\$6,618</u>		
Gross interest margin			2.59 %			2.82 %	
Gross interest margin without taxable-equivalent increments			<u>2.57</u>			<u>2.79</u>	
Percent of Earning Assets							
Interest income			3.34 %			4.21 %	
Interest expense			.58			1.07	
Net interest margin			<u>2.76 %</u>			<u>3.14 %</u>	
Net interest margin without taxable-equivalent increments			<u>2.74 %</u>			<u>3.11 %</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.

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



LOAN PORTFOLIO

(Dollars in Millions) (Unaudited)	June 30, 2020		March 31, 2020		December 31, 2019		September 30, 2019		June 30, 2019	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Commercial										
Commercial	\$114,621	37.0 %	\$120,670	37.9 %	\$98,168	33.2 %	\$99,067	33.6 %	\$98,444	33.7 %
Lease financing	5,640	1.8	5,647	1.8	5,695	1.9	5,587	1.9	5,536	1.9
Total commercial	120,261	38.8	126,317	39.7	103,863	35.1	104,654	35.5	103,980	35.6
Commercial real estate										
Commercial mortgages	30,098	9.7	30,124	9.5	29,404	9.9	28,664	9.7	28,449	9.8
Construction and development	10,978	3.5	10,856	3.4	10,342	3.5	10,604	3.6	10,885	3.7
Total commercial real estate	41,076	13.2	40,980	12.9	39,746	13.4	39,268	13.3	39,334	13.5
Residential mortgages										
Residential mortgages	61,169	19.7	60,708	19.1	59,865	20.2	58,465	19.9	56,557	19.4
Home equity loans, first liens	10,160	3.3	10,467	3.3	10,721	3.6	10,913	3.7	11,356	3.9
Total residential mortgages	71,329	23.0	71,175	22.4	70,586	23.8	69,378	23.6	67,913	23.3
Credit card	21,257	6.8	22,781	7.1	24,789	8.4	23,890	8.1	23,426	8.0
Other retail										
Retail leasing	8,412	2.7	8,495	2.7	8,490	2.9	8,463	2.9	8,467	2.9
Home equity and second mortgages	13,932	4.5	14,836	4.6	15,036	5.1	15,453	5.2	15,780	5.4
Revolving credit	2,625	.8	2,786	.9	2,899	1.0	2,889	1.0	2,942	1.0
Installment	12,556	4.1	11,540	3.6	11,038	3.7	10,827	3.7	10,711	3.6
Automobile	18,694	6.0	19,189	6.0	19,435	6.5	19,583	6.6	19,227	6.6
Student	193	.1	206	.1	220	.1	233	.1	248	.1
Total other retail	56,412	18.2	57,052	17.9	57,118	19.3	57,448	19.5	57,375	19.6
Total loans	\$310,335	100.0 %	\$318,305	100.0 %	\$296,102	100.0 %	\$294,638	100.0 %	\$292,028	100.0 %