



Net Stable Funding Ratio Public Disclosure

**For the Quarter Ended
June 30, 2023**

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INTRODUCTION

U.S. Bancorp (“the Company”) is a multi-state financial services holding company based in Minneapolis, Minnesota. The Company provides a full range of financial products and services to individuals, businesses, institutional organizations, governmental entities, and other financial institutions principally in domestic markets.

NET STABLE FUNDING RATIO

The Basel Committee on Banking Supervision published the Net Stable Funding Ratio in December 2010 as part of its Basel III regulatory capital rules and published a final version of the rule in October 2014 (“BCBS NSFR”).

In October 2020, the U.S. banking regulators adopted a final rule (“U.S. NSFR”) to implement the BCBS NSFR for certain U.S. banking organizations (“Covered Companies”), including the Company and its U.S. Bank Subsidiary. The purpose of the Net Stable Funding Ratio (“NSFR”) is to ensure a Covered Company maintains minimum amounts of stable funding to support their assets, commitments, and derivatives exposures over a one-year time horizon. The final NSFR rule is designed to strengthen the ability of covered companies to withstand disruptions to their regular sources of funding without compromising their liquidity position or contributing to instability in the financial system.

The Company is subject to the NSFR requirements and to the public disclosure requirement on a consolidated basis. On a bi-annual basis, the Company is required to disclose the average daily NSFR over the previous two quarters. The Company also discloses quantitative and qualitative information over certain portions of the Company’s NSFR components.

As of July 1, 2021, the Company and its U.S. Bank Subsidiary are required to maintain a minimum of 100 percent of the fully phased-in U.S. NSFR. The Company is in compliance with and above the 100 percent NSFR requirement.

For a further discussion of the regulatory liquidity framework applicable to the Company, see “Management’s Discussion and Analysis—Liquidity Risk Management” in the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 (“Form 10-Q”).

PRIMARY DRIVERS OF THE NSFR

For the quarterly period ending June 30, 2023, the Company’s average daily U.S. NSFR was 123.3 percent. The Company’s NSFR can vary over time through a combination of structural balance sheet changes in both the overall amount and mix of its assets and liabilities. The average daily U.S. NSFR in the prior quarter was 122.4 percent. The primary drivers are an increase in Available Stable Funding and a change in our asset composition, which includes securities, loans, and other assets.

On October 10, 2019, the Federal Reserve released a final rule relating to tailoring relief which included changes to applicability thresholds for regulatory capital and liquidity requirements. The final rule stipulates that excess Funding on subsidiary MSFR metrics cannot be included in the publicly disclosed metric. As such, the Company received modest NSFR relief on the publicly disclosed metric, with most of the relief being recognized at the bank level, which is not publicly disclosed.

U.S. NSFR QUANTITATIVE DISCLOSURE

The following table presents detail of the Company’s quarterly average of daily NSFR for the three months ended June 30, 2023. The NSFR calculation is a regulatory prescribed methodology reflecting formulaic hypothetical changes in assets and liabilities that would impact a company’s liquidity if they were to occur. The calculation is not necessarily a projection of the Company’s liquidity in any particular stress environment.

| Quarter ended | | 06/30/2023 | | | | | Average Weighted Amount |
|-----------------------------|---|---------------|---------------------------|----------------------|----------|-----------|-------------------------|
| In millions of U.S. dollars | | Open Maturity | Average Unweighted Amount | | | | |
| | | | < 6 months | 6 months to < 1 year | ≥ 1 year | Perpetual | |
| ASF ITEM | | | | | | | |
| 1 | Capital and securities: | 66,372 | 0 | 0 | 29,009 | 0 | 95,381 |
| 2 | NSFR regulatory capital elements | 66,372 | 0 | 0 | 0 | 0 | 66,372 |
| 3 | Other capital elements and securities | 0 | 0 | 0 | 29,009 | 0 | 29,009 |
| 4 | Retail funding: | 269,237 | 0 | 0 | 248 | 0 | 236,113 |
| 5 | Stable deposits | 148,507 | 0 | 0 | 0 | 0 | 141,082 |
| 6 | Less stable deposits | 85,643 | 0 | 0 | 0 | 0 | 77,079 |
| 7 | Sweep deposits, brokered reciprocal deposits, and brokered deposits | 35,087 | 0 | 0 | 248 | 0 | 17,953 |
| 8 | Other retail funding | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 | Wholesale funding: | 143,166 | 47,672 | 3,615 | 0 | 65,425 | 129,939 |
| 10 | Operational deposits | 143,166 | 0 | 0 | 0 | 0 | 71,583 |
| 11 | Other wholesale funding | 0 | 47,672 | 3,615 | 0 | 65,425 | 58,356 |
| Other liabilities: | | | | | | | |
| 12 | NSFR derivatives liability amount | | | | | 2,284 | |
| 13 | Total derivatives liability amount | | | | | 18,354 | |
| 14 | All other liabilities not included in the above categories ⁽¹⁾ | 241 | 20,823 | 116 | 0 | 1,258 | (40,946) |
| 15 | TOTAL ASF | | | | | | 420,487 |

(1) Includes the portion of subsidiary Available Stable Funding that cannot be transferred.

| RSF ITEM | | | | | | | |
|----------|--|---------|--------|--------|---------|---------|---------|
| 16 | Total high-quality liquid assets (HQLA) | 149,278 | 0 | 0 | 0 | 50,404 | 14,221 |
| 17 | Level 1 liquid assets | 54,473 | 0 | 0 | 0 | 50,404 | 0 |
| 18 | Level 2A liquid assets | 94,805 | 0 | 0 | 0 | 0 | 14,221 |
| 19 | Level 2B liquid assets | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 | Zero percent RSF assets that are not level 1 liquid assets or loans to financial sector entities or their consolidated subsidiaries | 0 | 0 | 0 | 0 | 0 | 0 |
| 21 | Operational deposits placed at financial sector entities or their consolidated subsidiaries | 8,611 | 0 | 0 | 0 | 0 | 4,306 |
| 22 | Loans and securities: | 0 | 50,567 | 32,969 | 305,673 | 6,315 | 308,292 |
| 23 | Loans to financial sector entities secured by level 1 liquid assets | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 | Loans to financial sector entities secured by assets other than level 1 liquid assets and unsecured loans to financial sector entities | 0 | 13,938 | 4,070 | 13,650 | 1,249 | 18,050 |
| 25 | Loans to wholesale customers or counterparties that are not financial sector entities and loans to retail customers or counterparties | 0 | 30,240 | 22,972 | 159,884 | 5,060 | 191,434 |
| 26 | Of which: With a risk weight no greater than 20 percent under Regulation Q (12 CFR part 217) | 0 | 0 | 0 | 6,186 | 0 | 4,042 |
| 27 | Retail mortgages | 0 | 0 | 0 | 16,736 | 0 | 14,225 |
| 28 | Of which: With a risk weight of no greater than 50 percent under Regulation Q (12 CFR part 217) | 0 | 0 | 0 | 92,273 | 0 | 59,978 |
| 29 | Securities that do not qualify as HQLA | 0 | 6,388 | 5,927 | 16,944 | 6 | 20,563 |
| 30 | Other assets: | | | | | | |
| 30 | Commodities | | | | | 0 | 0 |
| 31 | Assets provided as initial margin for derivative transactions and contributions to CCPs' mutualized loss-sharing arrangements | | | | | 2,360 | 2,006 |
| 32 | NSFR derivatives asset amount | | | | | 0 | 0 |
| 33 | Total derivatives asset amount | | | | | 16,070 | |
| 34 | RSF for potential derivatives portfolio valuation changes | | | | | 1,019 | 1,019 |
| 35 | All other assets not included in the above categories, including nonperforming assets | 60,924 | 0 | 0 | 0 | 0 | 60,924 |
| 36 | Undrawn commitments | | | | | 210,250 | 10,513 |
| 37 | TOTAL RSF prior to application of required stable funding adjustment percentage | | | | | | 401,279 |
| 38 | Required stable funding adjustment percentage | | | | | | 1 |
| 39 | TOTAL adjusted RSF | | | | | | 341,087 |
| 40 | NET STABLE FUNDING RATIO | | | | | | 123.3% |

AVAILABLE STABLE FUNDING

The Company's Available Stable Funding ("ASF") amount equals the sum of the carrying values of NSFR regulatory capital, NSFR liabilities, each multiplied by the respective ASF factor applicable in § 249.104, § 249.107, and § 249.109. NSFR ASF balances are assigned a 100, 95, 90, 50, or zero percent based on liquidity characteristics and maturity profile.

REQUIRED STABLE FUNDING

Required Stable Funding ("RSF") relates primarily to the carrying values of the Company's assets, undrawn amounts of credit and liquidity facilities, and derivatives.

A Covered Company's RSF amount, which is the denominator of the U.S. NSFR, is determined under the U.S. NSFR by applying prescribed RSF factors applicable in § 249.106 and § 249.107(b). RSF factors are determined by asset type and maturity bucket relevant to the calculation date. The Company's RSF adjustment percentage is determined by § 249.105 Paragraph (b).

CONCENTRATION OF FUNDING SOURCES

Deposits The Company has a stable and diversified deposit base made up of core consumer and wholesale customers that represents the primary source of funding for the Company. Deposits provide a sizeable source of relatively stable and low-cost funding, while reducing the Company's reliance on the wholesale funding markets.

Wholesale Funding The Company utilizes short-term borrowings as part of its asset/liability management and funding strategies. Short-term borrowings include federal funds purchased, commercial paper, repurchase agreements, borrowings secured by high-grade assets, and other short-term borrowings. Long-term funding consists primarily of medium-term notes issued from the Parent and bank notes and Federal Home Loan Bank advances issued through U.S. Bank National Association.

Short- and long-term wholesale funding are monitored through the Company's liquidity risk limit structure to ensure appropriate maturity laddering and funding source concentrations. The Company's issuance plan takes into account factors including liquidity requirements, capital, and interest rate risk.

DERIVATIVE EXPOSURES

The Company uses derivative instruments primarily to facilitate customer activity to manage their interest rate, currency, commodity, and other market risk exposures. In addition, the Company also uses derivatives to mitigate its market risk exposures. Derivative positions are collateralized and subject to both initial and variation margin. For NSFR purposes, the Company's derivative exposure does not constitute a material portion of net outflows.

LIQUIDITY RISK MANAGEMENT FUNCTION

Liquidity Risk Management Maintaining an adequate level of liquidity depends on the Company's ability to efficiently meet both expected and unexpected cash flows and collateral needs without adversely affecting either daily operations or the financial condition of the Company.

To optimize liquidity sources and uses, the Company takes both the current liquidity profile and any potential changes over time into consideration while managing its liquidity and funding.

The Company maintains a liquidity position that is satisfactory to meet its cash and collateral obligations at a reasonable cost through normal economic cycles as well as during periods of stress. The Company's obligations, and the funding sources used to meet them, depend significantly on the management of business mix, balance-sheet structure, and the cash flow profiles of on- and off-balance sheet obligations.

Corporate Treasury and the business lines manage risk in conformity with established risk appetite, limits, and policy requirements. The Corporate Treasury group reports directly to the Chief Financial Officer's organization.

Independent Liquidity Risk Oversight The Company's Board and management-level governance committees are supported by a "three lines of defense" model for establishing effective checks and balances. The first line of defense is the Corporate Treasury group and the business lines. The second line of defense, which includes the Chief Risk Officer's organization as well as policy and oversight activities of corporate support functions, translates risk appetite and strategy into actionable risk limits and policies. The second line of defense monitors first line of defense conformity with limits and policies and provides reporting and escalation of emerging risks and other concerns to senior management and the Risk Management Committee of the Board of Directors.

The third line of defense, internal audit, is responsible for providing the Audit Committee of the Board of Directors and senior management with independent assessment and assurance regarding the effectiveness of the Company's governance, risk management, and control processes.

Governance The Company's Board of Directors has approved a risk management framework which establishes governance and risk management requirements for all risk-taking activities. The Company's Board of Directors approves the Company's liquidity policy. The Risk Management Committee of the Company's Board of Directors oversees the Company's liquidity risk management process and approves the contingency funding plan. The Asset Liability Committee reviews the Company's liquidity policy and limits, and regularly assesses the Company's ability to meet funding requirements arising from adverse company-specific or market events.

FORWARD-LOOKING STATEMENTS

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

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

Forward-looking statements involve inherent risks and uncertainties that could cause actual results to differ materially from those set forth in forward-looking statements, including the following risks and uncertainties:

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

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

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