



U.S. Bancorp Reports Fourth Quarter and Full Year 2019 Results

- Full year net revenue of \$22,986 million and diluted earnings per share of \$4.16
- Returned \$2,947 million of earnings in 4Q19 to shareholders through dividends and share buybacks

4Q19 and Full Year Key Financial Data

PROFITABILITY METRICS	4Q19	3Q19	4Q18	Full Year	
				2019	2018
Return on average assets (%)	1.21	1.57	1.59	1.45	1.55
Return on average common equity (%)	11.8	15.3	15.8	14.1	15.4
Return on tangible common equity (%) (a)	15.2	19.4	20.2	18.0	19.8
Net interest margin (%)	2.92	3.02	3.15	3.06	3.14
Efficiency ratio (%) (a)	60.3	53.3	56.3	55.8	55.1

INCOME STATEMENT (b)	4Q19	3Q19	4Q18	Full Year	
				2019	2018
Net interest income (taxable-equivalent basis)	\$3,231	\$3,306	\$3,331	\$13,155	\$13,035
Noninterest income	\$2,436	\$2,614	\$2,498	\$9,831	\$9,602
Net income attributable to U.S. Bancorp	\$1,486	\$1,908	\$1,856	\$6,914	\$7,096
Diluted earnings per common share	\$.90	\$1.15	\$1.10	\$4.16	\$4.14
Dividends declared per common share	\$.42	\$.42	\$.37	\$1.58	\$1.34

BALANCE SHEET (b)	4Q19	3Q19	4Q18	Full Year	
				2019	2018
Average total loans	\$294,865	\$292,436	\$283,677	\$290,686	\$280,701
Average total deposits	\$356,452	\$349,933	\$334,365	\$346,812	\$333,462
Net charge-off ratio	.52%	.48%	.49%	.50%	.48%
Book value per common share (period end)	\$29.90	\$30.26	\$28.01		
Basel III standardized CET1 (c)	9.1%	9.6%	9.1%		

(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

4Q19 and Full Year Highlights

- Net income of \$1,486 million and diluted earnings per common share of \$0.90 for 4Q19, including \$272 million of notable items, net of taxes, representing a decrease of \$0.18 per diluted common share
 - Returned \$2,947 million of earnings in 4Q19 to shareholders through dividends and an expanded share buyback program
 - Average total loans grew 0.8% on a linked quarter basis
 - Average total deposits grew 1.9% on a linked quarter basis and 6.6% year-over-year
 - Nonperforming assets decreased 15.3% on a linked quarter basis and 16.2% year-over-year
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- Full year record net revenue of \$22,986 million and diluted earnings per common share of \$4.16
 - Full year average total loan growth was 3.6%, 4.2% excluding loan sales during 2018
 - Full year average total deposits grew 4.0% during 2019
 - Positive operating leverage for full year 2019, excluding notable items, with net revenue increase of 2.5% and noninterest expense increase of 2.4%

CEO Commentary

“As our fourth quarter financial results indicate we ended 2019 on a good note and we enter a new year, and a new decade, in a strong position. Our focus on value creation supported continued customer acquisition and deepening of existing relationships across our franchise, which in turn drove strong account and volume growth in our fee businesses and strong loan and deposit growth in our banking businesses. During the quarter, we returned \$2.9 billion of earnings to shareholders through dividends and an expanded share buyback program. We remain committed to delivering best-in-class products and services and this coming year we will continue to enhance our digital capabilities aimed at improving the customer experience and making it simpler and more productive to do business with us. I want to thank our employees for all their hard work in building the solid foundation from which we will grow in 2020 and beyond.”

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

In the Spotlight

Incremental Share Repurchase Plan

U.S. Bancorp began repurchasing additional outstanding shares of its common stock, incremental to the authorization approved earlier this year, reflecting the Company’s ability to prudently manage capital as it responds to changes in the regulatory landscape, while continuing to invest in the future.

Investing to Advance Affordable Home Ownership

U.S. Bank recently announced \$4.8 million in home grant and corporate contributions focused on advancing affordable home ownership. U.S. Bank Community Development Corporation has provided more than \$125 million in new market tax credit investments to Habitat for Humanity to date that have helped build 3,000 homes in 75 cities across the country.

New eBill Servicing Offering

U.S. Bank recently launched a new simple-to-use electronic bill presentment and payment solution designed for both billers and payers. U.S. Bank eBill Service helps customers get paid faster by giving clients simple and secure ways to make payments how, when and where they want.

European Expansion

Elavon, global merchant acquirer and subsidiary of U.S. Bancorp, has recently agreed to acquire Sage Pay, a well-known and established payments gateway business in the United Kingdom and Ireland. The acquisition is part of Elavon’s strategy to help its business customers grow as the global economy becomes more digital, and as businesses look to streamline their operations with software that includes payments capabilities.



INCOME STATEMENT HIGHLIGHTS

(\$ in millions, except per-share data)

	4Q 2019	3Q 2019	4Q 2018	Percent Change		Full Year 2019	Full Year 2018	Percent Change
				4Q19 vs 3Q19	4Q19 vs 4Q18			
Net interest income	\$3,207	\$3,281	\$3,303	(2.3)	(2.9)	\$13,052	\$12,919	1.0
Taxable-equivalent adjustment	24	25	28	(4.0)	(14.3)	103	116	(11.2)
Net interest income (taxable-equivalent basis)	3,231	3,306	3,331	(2.3)	(3.0)	13,155	13,035	.9
Noninterest income	2,436	2,614	2,498	(6.8)	(2.5)	9,831	9,602	2.4
Total net revenue	5,667	5,920	5,829	(4.3)	(2.8)	22,986	22,637	1.5
Noninterest expense	3,401	3,144	3,280	8.2	3.7	12,785	12,464	2.6
Income before provision and income taxes	2,266	2,776	2,549	(18.4)	(11.1)	10,201	10,173	.3
Provision for credit losses	395	367	368	7.6	7.3	1,504	1,379	9.1
Income before taxes	1,871	2,409	2,181	(22.3)	(14.2)	8,697	8,794	(1.1)
Income taxes and taxable-equivalent adjustment	378	492	319	(23.2)	18.5	1,751	1,670	4.9
Net income	1,493	1,917	1,862	(22.1)	(19.8)	6,946	7,124	(2.5)
Net (income) loss attributable to noncontrolling interests	(7)	(9)	(6)	22.2	(16.7)	(32)	(28)	(14.3)
Net income attributable to U.S. Bancorp	\$1,486	\$1,908	\$1,856	(22.1)	(19.9)	\$6,914	\$7,096	(2.6)
Net income applicable to U.S. Bancorp common shareholders	\$1,408	\$1,821	\$1,777	(22.7)	(20.8)	\$6,583	\$6,784	(3.0)
Diluted earnings per common share	\$.90	\$1.15	\$1.10	(21.7)	(18.2)	\$4.16	\$4.14	.5

Net income attributable to U.S. Bancorp was \$1,486 million for the fourth quarter of 2019, which was 19.9 percent lower than the \$1,856 million for the fourth quarter of 2018, and 22.1 percent lower than the \$1,908 million for the third quarter of 2019. Diluted earnings per common share were \$0.90 in the fourth quarter of 2019, compared with \$1.10 in the fourth quarter of 2018 and \$1.15 in the third quarter of 2019. The fourth quarter of 2019 included \$(0.18) per diluted common share of notable items related to restructuring charges including severance and certain asset impairments, and increased derivative liability related to Visa shares, from their initial public offering, previously sold by the Company. By comparison, the fourth quarter of 2018 included \$0.03 per diluted common share of notable items related to the gain from the sale of the Company's ATM servicing business and the sale of a majority of the Company's FDIC covered loans, charges related to severance, certain asset impairments, an accrual for legal matters, and the favorable impact to deferred tax assets and liabilities related to changes in estimates from tax reform.

The decrease in net income year-over-year was due to lower total net revenue of 2.8 percent and an increase in noninterest expense of 3.7 percent. Net interest income decreased 2.9 percent (3.0 percent on a taxable-equivalent basis), mainly a result of the impact of the yield curve and deposit and funding mix, partially offset by higher yields on reinvestment of securities in addition to loan growth. Excluding notable items in both the fourth quarter of 2019 and the fourth quarter of 2018, noninterest income increased 6.4 percent compared with a year ago, driven by growth in payment services revenue, trust and investment management fees, mortgage banking revenue, and higher other noninterest income, partially offset by a decrease in deposit service charges. Excluding notable items in both the fourth quarter of 2019 and the fourth quarter of 2018, noninterest expense increased 3.1 percent primarily due to personnel expense driven by stronger fee revenue production in mortgage activities, technology and communications expense in support of business growth, and net occupancy and equipment expense due to capital expenditures in support of business growth.

Net income decreased on a linked quarter basis primarily due to lower total net revenue of 4.3 percent and an increase in noninterest expense of 8.2 percent. Net interest income decreased 2.3 percent primarily due to earning asset growth being more than offset by the impact of declining short-term interest rates, higher premium amortization in the investment portfolio, and earning asset mix. Excluding the notable item in the fourth quarter of 2019, noninterest income decreased 1.5 percent compared with the third quarter of 2019 driven by seasonally lower payment services revenue, commercial products revenue, and mortgage banking revenue, partially offset by higher trust and investment management fees due to core business growth and favorable market conditions. Excluding the notable items in the fourth quarter of 2019, noninterest expense increased 1.8 percent primarily driven by seasonally higher professional services expense, technology and communications expense in support of business growth, and tax credit amortization included in other noninterest expense, partially offset by a decrease in employee benefits expense due to seasonally lower payroll taxes.



NET INTEREST INCOME								
(Taxable-equivalent basis; \$ in millions)								
	4Q 2019	3Q 2019	4Q 2018	Change		Full Year 2019	Full Year 2018	Change
				4Q19 vs 3Q19	4Q19 vs 4Q18			
Components of net interest income								
Income on earning assets	\$4,281	\$4,465	\$4,341	\$(184)	\$(60)	\$17,607	\$16,298	\$1,309
Expense on interest-bearing liabilities	1,050	1,159	1,010	(109)	40	4,452	3,263	1,189
Net interest income	\$3,231	\$3,306	\$3,331	\$(75)	\$(100)	\$13,155	\$13,035	\$120
Average yields and rates paid								
Earning assets yield	3.87%	4.08%	4.11%	(.21)%	(.24)%	4.09%	3.93%	.16%
Rate paid on interest-bearing liabilities	1.22	1.37	1.26	(.15)	(.04)	1.34	1.04	.30
Gross interest margin	2.65%	2.71%	2.85%	(.06)%	(.20)%	2.75%	2.89%	(.14)%
Net interest margin	2.92%	3.02%	3.15%	(.10)%	(.23)%	3.06%	3.14%	(.08)%
Average balances								
Investment securities (a)	\$121,668	\$117,213	\$114,138	\$4,455	\$7,530	\$117,150	\$113,940	\$3,210
Loans	294,865	292,436	283,677	2,429	11,188	290,686	280,701	9,985
Earning assets	439,770	435,673	420,472	4,097	19,298	430,537	415,067	15,470
Interest-bearing liabilities	341,848	336,627	319,289	5,221	22,559	332,658	314,506	18,152

(a) Excludes unrealized gain (loss)

Net interest income on a taxable-equivalent basis in the fourth quarter of 2019 was \$3,231 million, a decrease of \$100 million (3.0 percent) compared with the fourth quarter of 2018. The decrease was principally driven by the impact of lower interest rates and a flatter yield curve in addition to deposit and funding mix, partially offset by higher yields on reinvestment of securities and loan growth. Average earning assets were \$19.3 billion (4.6 percent) higher than the fourth quarter of 2018, reflecting increases of \$11.2 billion (3.9 percent) in average total loans and \$7.5 billion (6.6 percent) in average investment securities. Average other earning assets decreased \$1.6 billion (7.9 percent).

Net interest income on a taxable-equivalent basis decreased \$75 million (2.3 percent) on a linked quarter basis primarily driven by declining short-term interest rates, higher premium amortization in the investment securities portfolio, and the mix of earning assets. Average earning assets were \$4.1 billion (0.9 percent) higher on a linked quarter basis, reflecting increases of \$2.4 billion (0.8 percent) in average total loans and \$4.5 billion (3.8 percent) in average investment securities. Average other earning assets decreased \$3.6 billion (16.6 percent).

The net interest margin in the fourth quarter of 2019 was 2.92 percent, compared with 3.15 percent in the fourth quarter of 2018 and 3.02 percent in the third quarter of 2019. The decrease in the net interest margin year-over-year was primarily due to the impact of declining interest rates on the yield curve in addition to deposit and funding mix. The decrease in net interest margin on a linked quarter basis reflects continued yield curve compression, premium amortization in the investment securities portfolio, and earning asset mix.

The increase in average investment securities in the fourth quarter of 2019 compared with the fourth quarter of 2018 and the third quarter of 2019 was primarily due to purchases of mortgage-backed securities, net of prepayments and maturities. At December 31, 2019, the Company transferred all held-to-maturity investment securities to its available-for-sale investment securities portfolio, as a result of changes in regulatory capital requirements.



AVERAGE LOANS								
(\$ in millions)				Percent Change		Full Year 2019	Full Year 2018	Percent Change
	4Q 2019	3Q 2019	4Q 2018	4Q19 vs 3Q19	4Q19 vs 4Q18			
Commercial	\$98,362	\$98,175	\$95,025	.2	3.5	\$97,697	\$93,342	4.7
Lease financing	5,549	5,485	5,490	1.2	1.1	5,501	5,512	(.2)
Total commercial	103,911	103,660	100,515	.2	3.4	103,198	98,854	4.4
Commercial mortgages	29,133	28,319	28,930	2.9	.7	28,595	28,793	(.7)
Construction and development	10,589	10,671	11,219	(.8)	(5.6)	10,791	11,184	(3.5)
Total commercial real estate	39,722	38,990	40,149	1.9	(1.1)	39,386	39,977	(1.5)
Residential mortgages	69,909	68,608	64,476	1.9	8.4	67,747	61,893	9.5
Credit card	24,107	23,681	22,396	1.8	7.6	23,309	21,672	7.6
Retail leasing	8,486	8,442	8,489	.5	--	8,515	8,253	3.2
Home equity and second mortgages	15,221	15,601	16,065	(2.4)	(5.3)	15,659	16,076	(2.6)
Other	33,509	33,454	31,587	.2	6.1	32,872	31,807	3.3
Total other retail	57,216	57,497	56,141	(.5)	1.9	57,046	56,136	1.6
Covered loans (a)	--	--	--	--	--	--	2,169	nm
Total loans	\$294,865	\$292,436	\$283,677	.8	3.9	\$290,686	\$280,701	3.6

(a) During the fourth quarter of 2018, the majority of the Company's covered loans were sold or the loss share coverage expired, with any remaining loan balances reclassified to be included in their respective portfolio category.

Average total loans for the fourth quarter of 2019 were \$11.2 billion (3.9 percent) higher than the fourth quarter of 2018. The increase was due to growth in residential mortgages (8.4 percent), total commercial loans (3.4 percent), credit card loans (7.6 percent), and other retail loans (6.1 percent). These increases were partially offset by a decrease in total commercial real estate loans (1.1 percent) given the later stage of the business cycle.

Average total loans were \$2.4 billion (0.8 percent) higher than the third quarter of 2019 primarily driven by growth in residential mortgages (1.9 percent), total commercial real estate loans (1.9 percent), and credit card loans (1.8 percent).



AVERAGE DEPOSITS								
(\$ in millions)								
	4Q 2019	3Q 2019	4Q 2018	Percent Change		Full Year 2019	Full Year 2018	Percent Change
				4Q19 vs 3Q19	4Q19 vs 4Q18			
Noninterest-bearing deposits	\$74,313	\$74,594	\$77,160	(.4)	(3.7)	\$73,863	\$78,196	(5.5)
Interest-bearing savings deposits								
Interest checking	75,563	72,007	71,013	4.9	6.4	72,553	70,154	3.4
Money market savings	116,619	114,475	99,594	1.9	17.1	109,849	101,732	8.0
Savings accounts	46,945	46,348	44,544	1.3	5.4	46,130	44,713	3.2
Total savings deposits	239,127	232,830	215,151	2.7	11.1	228,532	216,599	5.5
Time deposits	43,012	42,509	42,054	1.2	2.3	44,417	38,667	14.9
Total interest-bearing deposits	282,139	275,339	257,205	2.5	9.7	272,949	255,266	6.9
Total deposits	\$356,452	\$349,933	\$334,365	1.9	6.6	\$346,812	\$333,462	4.0

Average total deposits for the fourth quarter of 2019 were \$22.1 billion (6.6 percent) higher than the fourth quarter of 2018. Average noninterest-bearing deposits decreased \$2.8 billion (3.7 percent) year-over-year primarily due to the migration of balances to interest-bearing deposits and the continued deployment by customers of business deposits within Corporate and Commercial Banking. Average total savings deposits were \$24.0 billion (11.1 percent) higher year-over-year driven by Wealth Management and Investment Services, Corporate and Commercial Banking and Consumer and Business Banking. Average time deposits were \$958 million (2.3 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, based largely on relative pricing and liquidity characteristics. In addition, there was growth in consumer time deposits related to the migration of balances to higher yielding products.

Average total deposits increased \$6.5 billion (1.9 percent) from the third quarter of 2019. On a linked quarter basis, average noninterest-bearing deposits decreased \$281 million (0.4 percent). Average total savings deposits increased \$6.3 billion (2.7 percent) on a linked quarter basis primarily due to increases in Wealth Management and Investment Services, Corporate and Commercial Banking, and Consumer and Business Banking. Average time deposits, which are managed based on funding needs, relative pricing and liquidity characteristics, increased \$503 million (1.2 percent) on a linked quarter basis.



NONINTEREST INCOME								
(\$ in millions)								
	4Q 2019	3Q 2019	4Q 2018	Percent Change		Full Year 2019	Full Year 2018	Percent Change
				4Q19 vs 3Q19	4Q19 vs 4Q18			
Credit and debit card revenue	\$378	\$366	\$382	3.3	(1.0)	\$1,413	\$1,401	.9
Corporate payment products revenue	158	177	163	(10.7)	(3.1)	664	644	3.1
Merchant processing services	409	410	389	(.2)	5.1	1,601	1,531	4.6
Trust and investment management fees	438	421	409	4.0	7.1	1,673	1,619	3.3
Deposit service charges	231	234	253	(1.3)	(8.7)	909	1,070	(15.0)
Treasury management fees	140	139	143	.7	(2.1)	578	594	(2.7)
Commercial products revenue	226	240	225	(5.8)	.4	934	895	4.4
Mortgage banking revenue	244	272	171	(10.3)	42.7	874	720	21.4
Investment products fees	48	46	48	4.3	--	186	188	(1.1)
Securities gains (losses), net	26	25	5	4.0	nm	73	30	nm
Other	138	284	310	(51.4)	(55.5)	926	910	1.8
Total noninterest income	\$2,436	\$2,614	\$2,498	(6.8)	(2.5)	\$9,831	\$9,602	2.4

Fourth quarter noninterest income of \$2,436 million was \$62 million (2.5 percent) lower than the fourth quarter of 2018. Excluding notable items in both the fourth quarter of 2019 and the fourth quarter of 2018, noninterest income increased \$154 million (6.4 percent) led by growth in payment services revenue, trust and investment management fees, mortgage banking revenue, and other noninterest income. Payment services revenue increased \$11 million (1.2 percent) due to higher merchant processing services of \$20 million (5.1 percent) driven by higher sales volumes and merchant fees, partially offset by slightly lower credit and debit card revenue of \$4 million (1.0 percent) and corporate payment products revenue of \$5 million (3.1 percent). The decline in corporate payment products revenue was driven by lower commercial business sales volumes. Trust and investment management fees increased \$29 million (7.1 percent) due to business growth and favorable market conditions. Mortgage banking revenue increased \$73 million (42.7 percent) driven by higher mortgage production and gain on sale margins. Other noninterest income in the fourth quarter of 2019 included a charge of \$140 million for increased derivative liability related to Visa shares previously sold by the Company. Other noninterest income in the fourth quarter of 2018 included the impacts of notable items related to a gain from the sale of the Company's ATM servicing business of \$340 million and charges for asset impairments related to the sale of a majority of the Company's covered loans and other certain assets of \$264 million. Excluding these notable items, other noninterest income increased by \$44 million year-over-year primarily due to a gain on the sale of a loan portfolio. Partially offsetting these increases was a decline in deposit service charges of \$22 million (8.7 percent) primarily due to the sale of the Company's ATM servicing business in the fourth quarter of 2018.

Noninterest income was \$178 million (6.8 percent) lower in the fourth quarter of 2019 compared with the third quarter of 2019. Excluding the fourth quarter notable item, noninterest income was \$38 million (1.5 percent) lower than the third quarter of 2019, reflecting lower payment services revenue, commercial products revenue, and mortgage banking revenue, partially offset by higher trust and investment management fees. Payment services revenue decreased slightly compared with the third quarter of 2019 driven by lower corporate payment products revenue of \$19 million (10.7 percent) due to seasonally lower sales volumes, partially offset by higher credit and debit card revenue of \$12 million (3.3 percent) due to seasonally higher sales volumes and higher fees. Commercial products revenue was \$14 million (5.8 percent) lower on a linked quarter basis driven by a seasonal reduction in corporate bond fees and trading income. Mortgage banking revenue decreased \$28 million (10.3 percent) due to seasonally lower application volumes and an unfavorable change in the valuation of mortgage servicing rights, net of hedging activities. Partially offsetting these decreases was an increase in trust and investment management fees of \$17 million (4.0 percent) driven by business growth, billing cycle timing, and favorable market conditions.



NONINTEREST EXPENSE								
(\$ in millions)	4Q 2019	3Q 2019	4Q 2018	Percent Change		Full Year 2019	Full Year 2018	Percent Change
				4Q19 vs 3Q19	4Q19 vs 4Q18			
Compensation	\$1,597	\$1,595	\$1,568	.1	1.8	\$6,325	\$6,162	2.6
Employee benefits	315	324	308	(2.8)	2.3	1,286	1,231	4.5
Net occupancy and equipment	286	279	266	2.5	7.5	1,123	1,063	5.6
Professional services	139	114	133	21.9	4.5	454	407	11.5
Marketing and business development	117	109	115	7.3	1.7	426	429	(.7)
Technology and communications	291	277	254	5.1	14.6	1,095	978	12.0
Postage, printing and supplies	71	74	80	(4.1)	(11.3)	290	324	(10.5)
Other intangibles	44	42	41	4.8	7.3	168	161	4.3
Other	541	330	515	63.9	5.0	1,618	1,709	(5.3)
Total noninterest expense	\$3,401	\$3,144	\$3,280	8.2	3.7	\$12,785	\$12,464	2.6

Fourth quarter noninterest expense of \$3,401 million was \$121 million (3.7 percent) higher than the fourth quarter of 2018. Included in the fourth quarter were notable items related to severance charges and other accruals of \$200 million in 2019 and severance charges and accruals of legal matters of \$174 million in 2018. Excluding notable items from both periods, fourth quarter noninterest expense increased \$95 million (3.1 percent) compared with the fourth quarter of 2018 primarily due to increased personnel expense, higher technology and communications expense, and higher net occupancy and equipment expense. Compensation expense increased \$29 million (1.8 percent) compared with the fourth quarter of 2018 driven by the impact of hiring to support business growth, merit increases, and higher variable compensation related to business production in mortgage banking. Employee benefits expense increased \$7 million (2.3 percent) primarily due to higher medical costs compared with a year ago. Technology and communications expense increased \$37 million (14.6 percent) and net occupancy and equipment expense increased \$20 million (7.5 percent) primarily to support business growth.

Noninterest expense increased \$257 million (8.2 percent) on a linked quarter basis. Excluding the impact of the current quarter notable items, fourth quarter noninterest expense increased \$57 million (1.8 percent) primarily due to seasonally higher professional services expense of \$25 million (21.9 percent) and an increase of \$14 million (5.1 percent) in technology and communications expense driven by capital expenditures to support business growth. Partially offsetting these increases, employee benefits expense decreased \$9 million (2.8 percent) driven by seasonally lower payroll taxes.

Provision for Income Taxes

The provision for income taxes for the fourth quarter of 2019 resulted in a tax rate of 20.2 percent on a taxable-equivalent basis (effective tax rate of 19.2 percent), compared with 14.6 percent on a taxable-equivalent basis (effective tax rate of 13.5 percent) in the fourth quarter of 2018, and a tax rate of 20.4 percent on a taxable-equivalent basis (effective tax rate of 19.6 percent) in the third quarter of 2019. The fourth quarter of 2018 tax rates reflected the favorable impact of deferred tax assets and liabilities adjustments related to tax reform estimates. Excluding the changes in estimates related to deferred tax assets and liabilities in the fourth quarter of 2018, the taxable-equivalent rate was 20.1 percent.



ALLOWANCE FOR CREDIT LOSSES

(\$ in millions)	4Q		3Q		2Q		1Q		4Q	
	2019	% (a)	2019	% (a)	2019	% (a)	2019	% (a)	2018	% (a)
Balance, beginning of period	\$4,481		\$4,466		\$4,451		\$4,441		\$4,426	
Net charge-offs										
Commercial	74	.30	72	.29	56	.23	71	.30	64	.27
Lease financing	4	.29	3	.22	3	.22	2	.15	3	.22
Total commercial	78	.30	75	.29	59	.23	73	.29	67	.26
Commercial mortgages	7	.10	3	.04	2	.03	--	--	(8)	(.11)
Construction and development	--	--	3	.11	(1)	(.04)	--	--	1	.04
Total commercial real estate	7	.07	6	.06	1	.01	--	--	(7)	(.07)
Residential mortgages	(1)	(.01)	(3)	(.02)	4	.02	3	.02	2	.01
Credit card	230	3.79	211	3.53	227	3.99	225	4.04	219	3.88
Retail leasing	4	.19	3	.14	2	.09	4	.19	3	.14
Home equity and second mortgages	--	--	(1)	(.03)	(1)	(.03)	(1)	(.03)	1	.02
Other	67	.79	61	.72	58	.71	63	.80	68	.85
Total other retail	71	.49	63	.43	59	.42	66	.47	72	.51
Total net charge-offs	385	.52	352	.48	350	.49	367	.52	353	.49
Provision for credit losses	395		367		365		377		368	
Balance, end of period	<u>\$4,491</u>		<u>\$4,481</u>		<u>\$4,466</u>		<u>\$4,451</u>		<u>\$4,441</u>	
Components										
Allowance for loan losses	\$4,020		\$4,007		\$4,019		\$3,990		\$3,973	
Liability for unfunded credit commitments	471		474		447		461		468	
Total allowance for credit losses	<u>\$4,491</u>		<u>\$4,481</u>		<u>\$4,466</u>		<u>\$4,451</u>		<u>\$4,441</u>	
Gross charge-offs	\$479		\$451		\$464		\$473		\$442	
Gross recoveries	\$94		\$99		\$114		\$106		\$89	
Allowance for credit losses as a percentage of										
Period-end loans	1.52		1.52		1.53		1.55		1.55	
Nonperforming loans	649		541		556		519		544	
Nonperforming assets	542		458		469		443		449	

(a) Annualized and calculated on average loan balances



Credit quality was relatively stable on both a linked quarter and year-over-year basis. The Company's provision for credit losses for the fourth quarter of 2019 was \$395 million, which was \$28 million (7.6 percent) higher than the prior quarter and \$27 million (7.3 percent) higher than the fourth quarter of 2018, primarily reflecting loan growth.

Total net charge-offs in the fourth quarter of 2019 were \$385 million, compared with \$352 million in the third quarter of 2019, and \$353 million in the fourth quarter of 2018. Net charge-offs increased \$33 million (9.4 percent) compared with the third quarter of 2019 mainly due to seasonally lower credit card net charge-offs in the third quarter and higher total other retail net charge-offs in the fourth quarter. Net charge-offs increased \$32 million (9.1 percent) compared with the fourth quarter of 2018 primarily due to higher total commercial, total commercial real estate, and credit card net charge-offs, in line with loan growth. The net charge-off ratio was 0.52 percent in the fourth quarter of 2019, compared with 0.48 percent in the third quarter of 2019 and 0.49 percent in the fourth quarter of 2018.

The allowance for credit losses was \$4,491 million at December 31, 2019, compared with \$4,481 million at September 30, 2019, and \$4,441 million at December 31, 2018. The ratio of the allowance for credit losses to period-end loans was 1.52 percent at December 31, 2019, and at September 30, 2019, compared with 1.55 percent at December 31, 2018. The ratio of the allowance for credit losses to nonperforming loans was 649 percent at December 31, 2019, compared with 541 percent at September 30, 2019, and 544 percent at December 31, 2018.

Nonperforming assets were \$829 million at December 31, 2019, compared with \$979 million at September 30, 2019, and \$989 million at December 31, 2018. The ratio of nonperforming assets to loans and other real estate was 0.28 percent at December 31, 2019, compared with 0.33 percent at September 30, 2019, and 0.34 percent at December 31, 2018. The year-over-year decrease in nonperforming assets was driven by improvements in nonperforming residential mortgages, total commercial real estate loans, other retail loans, and other real estate owned. Accruing loans 90 days or more past due were \$605 million at December 31, 2019, compared with \$600 million at September 30, 2019, and \$584 million at December 31, 2018.

DELINQUENT LOAN RATIOS AS A PERCENT OF ENDING LOAN BALANCES					
(Percent)	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
	2019	2019	2019	2019	2018
Delinquent loan ratios - 90 days or more past due excluding nonperforming loans					
Commercial	.08	.10	.26	.07	.07
Commercial real estate	.01	.01	--	.01	--
Residential mortgages	.17	.17	.17	.18	.18
Credit card	1.23	1.16	1.14	1.29	1.25
Other retail	.17	.18	.17	.19	.19
Total loans	.20	.20	.26	.21	.20
Delinquent loan ratios - 90 days or more past due including nonperforming loans					
Commercial	.27	.40	.53	.34	.27
Commercial real estate	.21	.23	.24	.33	.29
Residential mortgages	.51	.53	.55	.62	.63
Credit card	1.23	1.16	1.14	1.29	1.25
Other retail	.46	.47	.47	.49	.54
Total loans	.44	.49	.53	.51	.49



ASSET QUALITY (a)					
(\$ in millions)					
	Dec 31 2019	Sep 30 2019	Jun 30 2019	Mar 31 2019	Dec 31 2018
Nonperforming loans					
Commercial	\$172	\$290	\$254	\$247	\$186
Lease financing	32	29	25	24	23
Total commercial	204	319	279	271	209
Commercial mortgages	74	82	81	79	76
Construction and development	8	7	11	48	39
Total commercial real estate	82	89	92	127	115
Residential mortgages	241	251	263	287	296
Credit card	--	--	--	--	--
Other retail	165	170	169	173	197
Total nonperforming loans	692	829	803	858	817
Other real estate	78	84	88	93	111
Other nonperforming assets	59	66	62	54	61
Total nonperforming assets	\$829	\$979	\$953	\$1,005	\$989
Accruing loans 90 days or more past due	\$605	\$600	\$752	\$595	\$584
Performing restructured loans, excluding GNMA	\$2,129	\$2,145	\$2,142	\$2,173	\$2,218
Performing restructured GNMA	\$1,622	\$1,690	\$1,598	\$1,578	\$1,639
Nonperforming assets to loans plus ORE (%)	.28	.33	.33	.35	.34

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



COMMON SHARES					
(Millions)	4Q 2019	3Q 2019	2Q 2019	1Q 2019	4Q 2018
Beginning shares outstanding	1,571	1,584	1,599	1,608	1,623
Shares issued for stock incentive plans, acquisitions and other corporate purposes	3	1	--	3	1
Shares repurchased	(40)	(14)	(15)	(12)	(16)
Ending shares outstanding	1,534	1,571	1,584	1,599	1,608

CAPITAL POSITION					
(\$ in millions)	Dec 31 2019	Sep 30 2019	Jun 30 2019	Mar 31 2019	Dec 31 2018
Total U.S. Bancorp shareholders' equity	\$51,853	\$53,517	\$52,913	\$52,057	\$51,029
Basel III Standardized Approach					
Common equity tier 1 capital	\$35,713	\$37,653	\$36,909	\$35,732	\$34,724
Tier 1 capital	41,721	43,667	42,923	41,748	40,741
Total risk-based capital	49,744	51,684	50,370	49,194	48,178
Common equity tier 1 capital ratio	9.1 %	9.6 %	9.5 %	9.3 %	9.1 %
Tier 1 capital ratio	10.7	11.2	11.0	10.9	10.7
Total risk-based capital ratio	12.7	13.2	13.0	12.8	12.6
Leverage ratio	8.8	9.3	9.3	9.2	9.0
Basel III Advanced Approaches					
Common equity tier 1 capital ratio	11.9	12.6	12.3	12.0	11.8
Tangible common equity to tangible assets (a)	7.5	8.0	7.9	7.9	7.8
Tangible common equity to risk-weighted assets (a)	9.3	9.7	9.7	9.5	9.4

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

Total U.S. Bancorp shareholders' equity was \$51.9 billion at December 31, 2019, compared with \$53.5 billion at September 30, 2019, and \$51.0 billion at December 31, 2018. During the fourth quarter, the Company returned \$2,947 million 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 9.1 percent at December 31, 2019, compared with 9.6 percent at September 30, 2019, and 9.1 percent at December 31, 2018. The common equity tier 1 capital to risk-weighted assets ratio using the Basel III advanced approaches method was 11.9 percent at December 31, 2019, compared with 12.6 percent at September 30, 2019, and 11.8 percent at December 31, 2018.



Investor Conference Call

On Wednesday, Jan. 15, 2020, at 8 a.m. CT, Chairman, President and Chief Executive Officer Andy Cecere and Vice Chairman 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 5218746. For those unable to participate during the live call, a recording will be available at approximately 11:00 a.m. CT on Wednesday, Jan. 15 and will be accessible until Wednesday, Jan. 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 5218746.

About U.S. Bancorp

U.S. Bancorp, with 74,000 employees and \$495 billion in assets as of December 31, 2019, 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 a 2019 World's Most Ethical Company. 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. 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 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 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, 2018, 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. 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
- 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. 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		Year Ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Interest Income				
Loans	\$3,422	\$3,475	\$14,099	\$13,120
Loans held for sale	55	57	162	165
Investment securities	709	689	2,893	2,616
Other interest income	69	90	340	272
Total interest income	4,255	4,311	17,494	16,173
Interest Expense				
Deposits	654	606	2,855	1,869
Short-term borrowings	79	113	360	378
Long-term debt	315	289	1,227	1,007
Total interest expense	1,048	1,008	4,442	3,254
Net interest income	3,207	3,303	13,052	12,919
Provision for credit losses	395	368	1,504	1,379
Net interest income after provision for credit losses	2,812	2,935	11,548	11,540
Noninterest Income				
Credit and debit card revenue	378	382	1,413	1,401
Corporate payment products revenue	158	163	664	644
Merchant processing services	409	389	1,601	1,531
Trust and investment management fees	438	409	1,673	1,619
Deposit service charges	231	253	909	1,070
Treasury management fees	140	143	578	594
Commercial products revenue	226	225	934	895
Mortgage banking revenue	244	171	874	720
Investment products fees	48	48	186	188
Securities gains (losses), net	26	5	73	30
Other	138	310	926	910
Total noninterest income	2,436	2,498	9,831	9,602
Noninterest Expense				
Compensation	1,597	1,568	6,325	6,162
Employee benefits	315	308	1,286	1,231
Net occupancy and equipment	286	266	1,123	1,063
Professional services	139	133	454	407
Marketing and business development	117	115	426	429
Technology and communications	291	254	1,095	978
Postage, printing and supplies	71	80	290	324
Other intangibles	44	41	168	161
Other	541	515	1,618	1,709
Total noninterest expense	3,401	3,280	12,785	12,464
Income before income taxes	1,847	2,153	8,594	8,678
Applicable income taxes	354	291	1,648	1,554
Net income	1,493	1,862	6,946	7,124
Net (income) loss attributable to noncontrolling interests	(7)	(6)	(32)	(28)
Net income attributable to U.S. Bancorp	\$1,486	\$1,856	\$6,914	\$7,096
Net income applicable to U.S. Bancorp common shareholders	\$1,408	\$1,777	\$6,583	\$6,784
Earnings per common share	\$.91	\$ 1.10	\$ 4.16	\$ 4.15
Diluted earnings per common share	\$.90	\$ 1.10	\$ 4.16	\$ 4.14
Dividends declared per common share	\$.42	\$.37	\$ 1.58	\$ 1.34
Average common shares outstanding	1,556	1,615	1,581	1,634
Average diluted common shares outstanding	1,558	1,618	1,583	1,638



CONSOLIDATED ENDING BALANCE SHEET

(Dollars in Millions)	December 31, 2019	December 31, 2018
Assets		
Cash and due from banks	\$22,405	\$21,453
Investment securities		
Held-to-maturity	--	46,050
Available-for-sale	122,613	66,115
Loans held for sale	5,578	2,056
Loans		
Commercial	103,863	102,444
Commercial real estate	39,746	39,539
Residential mortgages	70,586	65,034
Credit card	24,789	23,363
Other retail	57,118	56,430
Total loans	296,102	286,810
Less allowance for loan losses	(4,020)	(3,973)
Net loans	292,082	282,837
Premises and equipment	3,702	2,457
Goodwill	9,655	9,369
Other intangible assets	3,223	3,392
Other assets	36,168	33,645
Total assets	<u>\$495,426</u>	<u>\$467,374</u>
Liabilities and Shareholders' Equity		
Deposits		
Noninterest-bearing	\$75,590	\$81,811
Interest-bearing	286,326	263,664
Total deposits	361,916	345,475
Short-term borrowings	23,723	14,139
Long-term debt	40,167	41,340
Other liabilities	17,137	14,763
Total liabilities	442,943	415,717
Shareholders' equity		
Preferred stock	5,984	5,984
Common stock	21	21
Capital surplus	8,475	8,469
Retained earnings	63,186	59,065
Less treasury stock	(24,440)	(20,188)
Accumulated other comprehensive income (loss)	(1,373)	(2,322)
Total U.S. Bancorp shareholders' equity	51,853	51,029
Noncontrolling interests	630	628
Total equity	52,483	51,657
Total liabilities and equity	<u>\$495,426</u>	<u>\$467,374</u>



NON-GAAP FINANCIAL MEASURES

(Dollars in Millions, Unaudited)	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Total equity	\$52,483	\$54,147	\$53,540	\$52,686	\$51,657
Preferred stock	(5,984)	(5,984)	(5,984)	(5,984)	(5,984)
Noncontrolling interests	(630)	(630)	(627)	(629)	(628)
Goodwill (net of deferred tax liability) (1)	(8,788)	(8,781)	(8,708)	(8,716)	(8,549)
Intangible assets, other than mortgage servicing rights	(677)	(687)	(703)	(685)	(601)
Tangible common equity (a)	36,404	38,065	37,518	36,672	35,895
Total assets	495,426	487,671	481,719	475,775	467,374
Goodwill (net of deferred tax liability) (1)	(8,788)	(8,781)	(8,708)	(8,716)	(8,549)
Intangible assets, other than mortgage servicing rights	(677)	(687)	(703)	(685)	(601)
Tangible assets (b)	485,961	478,203	472,308	466,374	458,224
Risk-weighted assets, determined in accordance with the Basel III standardized approach (c)	391,269 *	390,622	388,709	384,394	381,661
Ratios *					
Tangible common equity to tangible assets (a)/(b)	7.5 %	8.0 %	7.9 %	7.9 %	7.8 %
Tangible common equity to risk-weighted assets (a)/(c)	9.3	9.7	9.7	9.5	9.4
	Three Months Ended				
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Net income applicable to U.S. Bancorp common shareholders	\$1,408	\$1,821	\$1,741	\$1,613	\$1,777
Intangibles amortization (net-of-tax)	35	33	33	32	32
Net income applicable to U.S. Bancorp common shareholders, excluding intangibles amortization	1,443	1,854	1,774	1,645	1,809
Annualized net income applicable to U.S. Bancorp common shareholders, excluding intangible amortization (d)	5,725	7,356	7,115	6,671	7,177
Average total equity	53,777	53,921	53,066	52,218	51,370
Average preferred stock	(5,984)	(5,984)	(5,984)	(5,984)	(5,984)
Average noncontrolling interests	(630)	(629)	(628)	(629)	(630)
Average goodwill (net of deferred tax liability) (1)	(8,796)	(8,725)	(8,715)	(8,732)	(8,574)
Average intangible assets, other than mortgage servicing rights	(683)	(689)	(681)	(671)	(605)
Average tangible common equity (e)	37,684	37,894	37,058	36,202	35,577
Return on tangible common equity (d)/(e)	15.2 %	19.4 %	19.2 %	18.4 %	20.2 %
Net interest income	\$3,207	\$3,281	\$3,305	\$3,259	\$3,303
Taxable-equivalent adjustment (2)	24	25	27	27	28
Net interest income, on a taxable-equivalent basis	3,231	3,306	3,332	3,286	3,331
Net interest income, on a taxable-equivalent basis (as calculated above)	3,231	3,306	3,332	3,286	3,331
Noninterest income	2,436	2,614	2,490	2,291	2,498
Less: Securities gains (losses), net	26	25	17	5	5
Total net revenue, excluding net securities gains (losses) (f)	5,641	5,895	5,805	5,572	5,824
Noninterest expense (g)	3,401	3,144	3,153	3,087	3,280
Less: Intangible amortization	44	42	42	40	41
Noninterest expense, excluding intangible amortization (h)	3,357	3,102	3,111	3,047	3,239
Efficiency ratio (g)/(f)	60.3 %	53.3 %	54.3 %	55.4 %	56.3 %
Tangible efficiency ratio (h)/(f)	59.5	52.6	53.6	54.7	55.6

* 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) 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.



NON-GAAP FINANCIAL MEASURES

(Dollars in Millions, Unaudited)	Year Ended	
	December 31, 2019	December 31, 2018
Net income applicable to U.S. Bancorp common shareholders	\$6,583	\$6,784
Intangibles amortization (net-of-tax)	133	127
Net income applicable to U.S. Bancorp common shareholders, excluding intangibles amortization (a)	6,716	6,911
Average total equity	53,252	50,391
Average preferred stock	(5,984)	(5,636)
Average noncontrolling interests	(629)	(628)
Average goodwill (net of deferred tax liability) (1)	(8,742)	(8,606)
Average intangible assets, other than mortgage servicing rights	(681)	(595)
Average tangible common equity (b)	37,216	34,926
Return on tangible common equity (a)/(b)	18.0 %	19.8 %
Net interest income	\$13,052	\$12,919
Taxable-equivalent adjustment (2)	103	116
Net interest income, on a taxable-equivalent basis	13,155	13,035
Net interest income, on a taxable-equivalent basis (as calculated above)	13,155	13,035
Noninterest income	9,831	9,602
Less: Securities gains (losses), net	73	30
Total net revenue, excluding net securities gains (losses) (c)	22,913	22,607
Noninterest expense (d)	12,785	12,464
Less: Intangible amortization	168	161
Noninterest expense, excluding intangible amortization (e)	12,617	12,303
Efficiency ratio (d)/(c)	55.8 %	55.1 %
Tangible efficiency ratio (e)/(c)	55.1	54.4

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

(2) 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**
4Q 2019



QUARTERLY CONSOLIDATED STATEMENT OF INCOME

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Interest Income					
Loans	\$3,422	\$3,555	\$3,582	\$3,540	\$3,475
Loans held for sale	55	48	34	25	57
Investment securities	709	734	745	705	689
Other interest income	69	100	90	81	90
Total interest income	4,255	4,437	4,451	4,351	4,311
Interest Expense					
Deposits	654	744	762	695	606
Short-term borrowings	79	97	91	93	113
Long-term debt	315	315	293	304	289
Total interest expense	1,048	1,156	1,146	1,092	1,008
Net interest income	3,207	3,281	3,305	3,259	3,303
Provision for credit losses	395	367	365	377	368
Net interest income after provision for credit losses	2,812	2,914	2,940	2,882	2,935
Noninterest Income					
Credit and debit card revenue	378	366	365	304	382
Corporate payment products revenue	158	177	167	162	163
Merchant processing services	409	410	404	378	389
Trust and investment management fees	438	421	415	399	409
Deposit service charges	231	234	227	217	253
Treasury management fees	140	139	153	146	143
Commercial products revenue	226	240	249	219	225
Mortgage banking revenue	244	272	189	169	171
Investment products fees	48	46	47	45	48
Securities gains (losses), net	26	25	17	5	5
Other	138	284	257	247	310
Total noninterest income	2,436	2,614	2,490	2,291	2,498
Noninterest Expense					
Compensation	1,597	1,595	1,574	1,559	1,568
Employee benefits	315	324	314	333	308
Net occupancy and equipment	286	279	281	277	266
Professional services	139	114	106	95	133
Marketing and business development	117	109	111	89	115
Technology and communications	291	277	270	257	254
Postage, printing and supplies	71	74	73	72	80
Other intangibles	44	42	42	40	41
Other	541	330	382	365	515
Total noninterest expense	3,401	3,144	3,153	3,087	3,280
Income before income taxes	1,847	2,384	2,277	2,086	2,153
Applicable income taxes	354	467	449	378	291
Net income	1,493	1,917	1,828	1,708	1,862
Net (income) loss attributable to noncontrolling interests	(7)	(9)	(7)	(9)	(6)
Net income attributable to U.S. Bancorp	\$1,486	\$1,908	\$1,821	\$1,699	\$1,856
Net income applicable to U.S. Bancorp common shareholders	\$1,408	\$1,821	\$1,741	\$1,613	\$1,777
Earnings per common share	\$.91	\$ 1.16	\$ 1.09	\$ 1.01	\$ 1.10
Diluted earnings per common share	\$.90	\$ 1.15	\$ 1.09	\$ 1.00	\$ 1.10
Dividends declared per common share	\$.42	\$.42	\$.37	\$.37	\$.37
Average common shares outstanding	1,556	1,575	1,590	1,602	1,615
Average diluted common shares outstanding	1,558	1,578	1,592	1,605	1,618
Financial Ratios					
Net interest margin (taxable-equivalent basis)	2.92 %	3.02 %	3.13 %	3.16 %	3.15 %
Return on average assets	1.21	1.57	1.55	1.49	1.59
Return on average common equity	11.8	15.3	15.0	14.3	15.8
Efficiency ratio	60.3	53.3	54.3	55.4	56.3
Tangible efficiency ratio	59.5	52.6	53.6	54.7	55.6



CONSOLIDATED ENDING BALANCE SHEET

(Dollars in Millions)	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Assets					
Cash and due from banks	\$22,405	\$15,272	\$16,932	\$18,115	\$21,453
Investment securities		(Unaudited)	(Unaudited)	(Unaudited)	
Held-to-maturity	--	46,481	46,383	46,285	46,050
Available-for-sale	122,613	74,598	69,197	68,113	66,115
Loans held for sale	5,578	4,528	3,819	2,725	2,056
Loans					
Commercial	103,863	104,654	103,980	103,069	102,444
Commercial real estate	39,746	39,268	39,334	39,421	39,539
Residential mortgages	70,586	69,378	67,913	66,243	65,034
Credit card	24,789	23,890	23,426	22,268	23,363
Other retail	57,118	57,448	57,375	56,698	56,430
Total loans	296,102	294,638	292,028	287,699	286,810
Less allowance for loan losses	(4,020)	(4,007)	(4,019)	(3,990)	(3,973)
Net loans	292,082	290,631	288,009	283,709	282,837
Premises and equipment	3,702	3,673	3,690	3,686	2,457
Goodwill	9,655	9,632	9,548	9,547	9,369
Other intangible assets	3,223	2,983	3,161	3,341	3,392
Other assets	36,168	39,873	40,980	40,254	33,645
Total assets	\$495,426	\$487,671	\$481,719	\$475,775	\$467,374
Liabilities and Shareholders' Equity					
Deposits					
Noninterest-bearing	\$75,590	\$82,232	\$76,170	\$74,587	\$81,811
Interest-bearing	286,326	277,483	277,007	273,500	263,664
Total deposits	361,916	359,715	353,177	348,087	345,475
Short-term borrowings	23,723	14,579	15,032	15,396	14,139
Long-term debt	40,167	41,274	41,008	40,680	41,340
Other liabilities	17,137	17,956	18,962	18,926	14,763
Total liabilities	442,943	433,524	428,179	423,089	415,717
Shareholders' equity					
Preferred stock	5,984	5,984	5,984	5,984	5,984
Common stock	21	21	21	21	21
Capital surplus	8,475	8,490	8,465	8,432	8,469
Retained earnings	63,186	62,419	61,252	60,092	59,065
Less treasury stock	(24,440)	(22,224)	(21,465)	(20,699)	(20,188)
Accumulated other comprehensive income (loss)	(1,373)	(1,173)	(1,344)	(1,773)	(2,322)
Total U.S. Bancorp shareholders' equity	51,853	53,517	52,913	52,057	51,029
Noncontrolling interests	630	630	627	629	628
Total equity	52,483	54,147	53,540	52,686	51,657
Total liabilities and equity	\$495,426	\$487,671	\$481,719	\$475,775	\$467,374



CONSOLIDATED QUARTERLY AVERAGE BALANCE SHEET

(Dollars in Millions, Unaudited)	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Assets					
Investment securities	\$121,668	\$117,213	\$115,460	\$114,179	\$114,138
Loans held for sale	5,265	4,476	3,162	2,132	3,134
Loans					
Commercial					
Commercial	98,362	98,175	97,776	96,447	95,025
Lease financing	5,549	5,485	5,457	5,513	5,490
Total commercial	103,911	103,660	103,233	101,960	100,515
Commercial real estate					
Commercial mortgages	29,133	28,319	28,465	28,459	28,930
Construction and development	10,589	10,671	10,900	11,011	11,219
Total commercial real estate	39,722	38,990	39,365	39,470	40,149
Residential mortgages	69,909	68,608	66,834	65,582	64,476
Credit card	24,107	23,681	22,830	22,597	22,396
Other retail					
Retail leasing	8,486	8,442	8,547	8,586	8,489
Home equity and second mortgages	15,221	15,601	15,831	15,993	16,065
Other	33,509	33,454	32,578	31,922	31,587
Total other retail	57,216	57,497	56,956	56,501	56,141
Total loans	294,865	292,436	289,218	286,110	283,677
Other earning assets	17,972	21,548	19,093	17,073	19,523
Total earning assets	439,770	435,673	426,933	419,494	420,472
Allowance for loan losses	(4,012)	(4,021)	(4,011)	(3,982)	(3,966)
Unrealized gain (loss) on investment securities	416	426	(288)	(1,043)	(2,009)
Other assets	49,679	49,376	48,964	48,930	47,779
Total assets	\$485,853	\$481,454	\$471,598	\$463,399	\$462,276
Liabilities and Shareholders' Equity					
Noninterest-bearing deposits	\$74,313	\$74,594	\$73,096	\$73,433	\$77,160
Interest-bearing deposits					
Interest checking	75,563	72,007	70,433	72,177	71,013
Money market savings	116,619	114,475	108,633	99,432	99,594
Savings accounts	46,945	46,348	45,988	45,216	44,544
Time deposits	43,012	42,509	47,082	45,108	42,054
Total interest-bearing deposits	282,139	275,339	272,136	261,933	257,205
Short-term borrowings	18,411	18,597	17,169	18,368	21,520
Long-term debt	41,298	42,691	40,438	41,855	40,564
Total interest-bearing liabilities	341,848	336,627	329,743	322,156	319,289
Other liabilities	15,915	16,312	15,693	15,592	14,457
Shareholders' equity					
Preferred equity	5,984	5,984	5,984	5,984	5,984
Common equity	47,163	47,308	46,454	45,605	44,756
Total U.S. Bancorp shareholders' equity	53,147	53,292	52,438	51,589	50,740
Noncontrolling interests	630	629	628	629	630
Total equity	53,777	53,921	53,066	52,218	51,370
Total liabilities and equity	\$485,853	\$481,454	\$471,598	\$463,399	\$462,276



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

For the Three Months Ended December 31,
2019 2018

(Dollars in Millions) (Unaudited)	Average		Yields and	Average		Yields and	% Change
	Balances	Interest	Rates	Balances	Interest	Rates	Average Balances
Assets							
Investment securities	\$121,668	\$723	2.38 %	\$114,138	\$703	2.46 %	6.6 %
Loans held for sale	5,265	55	4.21	3,134	57	7.33	68.0
Loans (b)							
Commercial	103,911	991	3.78	100,515	1,010	3.99	3.4
Commercial real estate	39,722	445	4.45	40,149	502	4.96	(1.1)
Residential mortgages	69,909	664	3.80	64,476	652	4.04	8.4
Credit card	24,107	677	11.13	22,396	669	11.85	7.6
Other retail	57,216	657	4.56	56,141	658	4.65	1.9
Total loans	294,865	3,434	4.63	283,677	3,491	4.89	3.9
Other earning assets	17,972	69	1.52	19,523	90	1.84	(7.9)
Total earning assets	439,770	4,281	3.87	420,472	4,341	4.11	4.6
Allowance for loan losses	(4,012)			(3,966)			(1.2)
Unrealized gain (loss) on investment securities	416			(2,009)			*
Other assets	49,679			47,779			4.0
Total assets	<u>\$485,853</u>			<u>\$462,276</u>			5.1
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$74,313			\$77,160			(3.7) %
Interest-bearing deposits							
Interest checking	75,563	56	.29	71,013	55	.31	6.4
Money market savings	116,619	380	1.29	99,594	334	1.33	17.1
Savings accounts	46,945	31	.26	44,544	19	.18	5.4
Time deposits	43,012	187	1.73	42,054	198	1.87	2.3
Total interest-bearing deposits	282,139	654	.92	257,205	606	.94	9.7
Short-term borrowings	18,411	81	1.74	21,520	115	2.12	(14.4)
Long-term debt	41,298	315	3.03	40,564	289	2.83	1.8
Total interest-bearing liabilities	341,848	1,050	1.22	319,289	1,010	1.26	7.1
Other liabilities	15,915			14,457			10.1
Shareholders' equity							
Preferred equity	5,984			5,984			--
Common equity	47,163			44,756			5.4
Total U.S. Bancorp shareholders' equity	53,147			50,740			4.7
Noncontrolling interests	630			630			--
Total equity	53,777			51,370			4.7
Total liabilities and equity	<u>\$485,853</u>			<u>\$462,276</u>			5.1
Net interest income		\$3,231			\$3,331		
Gross interest margin			2.65 %			2.85 %	
Gross interest margin without taxable-equivalent increments			2.63			2.82	
Percent of Earning Assets							
Interest income			3.87 %			4.11 %	
Interest expense			.95			.96	
Net interest margin			2.92 %			3.15 %	
Net interest margin without taxable-equivalent increments			2.90 %			3.12 %	

* 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 December 31, 2019			September 30, 2019			% Change Average Balances
	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	
Assets							
Investment securities	\$121,668	\$723	2.38 %	\$117,213	\$748	2.55 %	3.8 %
Loans held for sale	5,265	55	4.21	4,476	48	4.24	17.6
Loans (b)							
Commercial	103,911	991	3.78	103,660	1,063	4.07	.2
Commercial real estate	39,722	445	4.45	38,990	473	4.81	1.9
Residential mortgages	69,909	664	3.80	68,608	665	3.87	1.9
Credit card	24,107	677	11.13	23,681	686	11.50	1.8
Other retail	57,216	657	4.56	57,497	682	4.70	(.5)
Total loans	294,865	3,434	4.63	292,436	3,569	4.85	.8
Other earning assets	17,972	69	1.52	21,548	100	1.85	(16.6)
Total earning assets	439,770	4,281	3.87	435,673	4,465	4.08	.9
Allowance for loan losses	(4,012)			(4,021)			.2
Unrealized gain (loss) on investment securities	416			426			(2.3)
Other assets	49,679			49,376			.6
Total assets	<u>\$485,853</u>			<u>\$481,454</u>			.9
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$74,313			\$74,594			(.4) %
Interest-bearing deposits							
Interest checking	75,563	56	.29	72,007	56	.31	4.9
Money market savings	116,619	380	1.29	114,475	447	1.55	1.9
Savings accounts	46,945	31	.26	46,348	30	.25	1.3
Time deposits	43,012	187	1.73	42,509	211	1.97	1.2
Total interest-bearing deposits	282,139	654	.92	275,339	744	1.07	2.5
Short-term borrowings	18,411	81	1.74	18,597	100	2.13	(1.0)
Long-term debt	41,298	315	3.03	42,691	315	2.93	(3.3)
Total interest-bearing liabilities	341,848	1,050	1.22	336,627	1,159	1.37	1.6
Other liabilities	15,915			16,312			(2.4)
Shareholders' equity							
Preferred equity	5,984			5,984			--
Common equity	47,163			47,308			(.3)
Total U.S. Bancorp shareholders' equity	53,147			53,292			(.3)
Noncontrolling interests	630			629			.2
Total equity	53,777			53,921			(.3)
Total liabilities and equity	<u>\$485,853</u>			<u>\$481,454</u>			.9
Net interest income		\$3,231			\$3,306		
Gross interest margin			2.65 %			2.71 %	
Gross interest margin without taxable-equivalent increments			2.63			2.69	
Percent of Earning Assets							
Interest income			3.87 %			4.08 %	
Interest expense			.95			1.06	
Net interest margin			2.92 %			3.02 %	
Net interest margin without taxable-equivalent increments			2.90 %			3.00 %	

* 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 Year Ended December 31,

(Dollars in Millions) (Unaudited)	2019			2018			% Change Average Balances
	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	
Assets							
Investment securities	\$117,150	\$2,950	2.52 %	\$113,940	\$2,674	2.35 %	2.8 %
Loans held for sale	3,769	162	4.30	3,230	165	5.12	16.7
Loans (b)							
Commercial	103,198	4,229	4.10	98,854	3,795	3.84	4.4
Commercial real estate	39,386	1,919	4.87	39,977	1,881	4.71	(1.5)
Residential mortgages	67,747	2,644	3.90	61,893	2,366	3.82	9.5
Credit card	23,309	2,680	11.50	21,672	2,545	11.74	7.6
Other retail	57,046	2,682	4.70	56,136	2,466	4.39	1.6
Covered	--	--	--	2,169	134	6.17	*
Total loans	<u>290,686</u>	<u>14,154</u>	4.87	<u>280,701</u>	<u>13,187</u>	4.70	3.6
Other earning assets	<u>18,932</u>	<u>341</u>	1.80	<u>17,196</u>	<u>272</u>	1.58	10.1
Total earning assets	<u>430,537</u>	<u>17,607</u>	4.09	<u>415,067</u>	<u>16,298</u>	3.93	3.7
Allowance for loan losses	(4,007)			(3,939)			(1.7)
Unrealized gain (loss) on investment securities	(117)			(1,650)			92.9
Other assets	<u>49,240</u>			<u>47,536</u>			3.6
Total assets	<u>\$475,653</u>			<u>\$457,014</u>			4.1
Liabilities and Shareholders' Equity							
Noninterest-bearing deposits	\$73,863			\$78,196			(5.5) %
Interest-bearing deposits							
Interest checking	72,553	227	.31	70,154	150	.21	3.4
Money market savings	109,849	1,637	1.49	101,732	1,078	1.06	8.0
Savings accounts	46,130	111	.24	44,713	56	.13	3.2
Time deposits	44,417	880	1.98	38,667	585	1.51	14.9
Total interest-bearing deposits	<u>272,949</u>	<u>2,855</u>	1.05	<u>255,266</u>	<u>1,869</u>	.73	6.9
Short-term borrowings	18,137	370	2.04	21,790	387	1.78	(16.8)
Long-term debt	<u>41,572</u>	<u>1,227</u>	2.95	<u>37,450</u>	<u>1,007</u>	2.69	11.0
Total interest-bearing liabilities	<u>332,658</u>	<u>4,452</u>	1.34	<u>314,506</u>	<u>3,263</u>	1.04	5.8
Other liabilities	15,880			13,921			14.1
Shareholders' equity							
Preferred equity	5,984			5,636			6.2
Common equity	<u>46,639</u>			<u>44,127</u>			5.7
Total U.S. Bancorp shareholders' equity	<u>52,623</u>			<u>49,763</u>			5.7
Noncontrolling interests	<u>629</u>			<u>628</u>			.2
Total equity	<u>53,252</u>			<u>50,391</u>			5.7
Total liabilities and equity	<u>\$475,653</u>			<u>\$457,014</u>			4.1
Net interest income		<u>\$13,155</u>			<u>\$13,035</u>		
Gross interest margin			<u>2.75 %</u>			<u>2.89 %</u>	
Gross interest margin without taxable-equivalent increments			<u>2.73</u>			<u>2.86</u>	
Percent of Earning Assets							
Interest income			4.09 %			3.93 %	
Interest expense			1.03			.79	
Net interest margin			<u>3.06 %</u>			<u>3.14 %</u>	
Net interest margin without taxable-equivalent increments			<u>3.04 %</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)	December 31, 2019		September 30, 2019		June 30, 2019		March 31, 2019		December 31, 2018	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Commercial										
Commercial	\$98,168	33.2 %	\$99,067	33.6 %	\$98,444	33.7 %	\$97,552	33.9 %	\$96,849	33.8 %
Lease financing	5,695	1.9	5,587	1.9	5,536	1.9	5,517	1.9	5,595	1.9
Total commercial	103,863	35.1	104,654	35.5	103,980	35.6	103,069	35.8	102,444	35.7
Commercial real estate										
Commercial mortgages	29,404	9.9	28,664	9.7	28,449	9.8	28,416	9.9	28,596	10.0
Construction and development	10,342	3.5	10,604	3.6	10,885	3.7	11,005	3.8	10,943	3.8
Total commercial real estate	39,746	13.4	39,268	13.3	39,334	13.5	39,421	13.7	39,539	13.8
Residential mortgages										
Residential mortgages	59,865	20.2	58,465	19.9	56,557	19.4	54,552	18.9	53,034	18.5
Home equity loans, first liens	10,721	3.6	10,913	3.7	11,356	3.9	11,691	4.1	12,000	4.2
Total residential mortgages	70,586	23.8	69,378	23.6	67,913	23.3	66,243	23.0	65,034	22.7
Credit card	24,789	8.4	23,890	8.1	23,426	8.0	22,268	7.8	23,363	8.1
Other retail										
Retail leasing	8,490	2.9	8,463	2.9	8,467	2.9	8,612	3.0	8,546	3.0
Home equity and second mortgages	15,036	5.1	15,453	5.2	15,780	5.4	15,883	5.5	16,122	5.6
Revolving credit	2,899	1.0	2,889	1.0	2,942	1.0	2,934	1.0	3,088	1.1
Installment	11,038	3.7	10,827	3.7	10,711	3.6	10,030	3.5	9,676	3.4
Automobile	19,435	6.5	19,583	6.6	19,227	6.6	18,976	6.6	18,719	6.5
Student	220	.1	233	.1	248	.1	263	.1	279	.1
Total other retail	57,118	19.3	57,448	19.5	57,375	19.6	56,698	19.7	56,430	19.7
Total loans	\$296,102	100.0 %	\$294,638	100.0 %	\$292,028	100.0 %	\$287,699	100.0 %	\$286,810	100.0 %