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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from (not applicable)
Commission file number: 1-6880

U.S. Bancorp

(Exact name of registrant as specified in its charter)

Delaware	41-0255900
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

800 Nicollet Mall, Minneapolis, Minnesota 55402
(Address of principal executive offices) (Zip Code)
(651) 466-3000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbols	Name of each exchange on which registered
Common Stock, $.01 par value per share	USB	New York Stock Exchange
Depositary Shares (each representing 1/100th interest in a share of Series A Non-Cumulative Perpetual Preferred Stock, par value $1.00)	USB PrA	New York Stock Exchange
Depositary Shares (each representing 1/1,000th interest in a share of Series B Non-Cumulative Perpetual Preferred Stock, par value $1.00)	USB PrH	New York Stock Exchange
Depositary Shares (each representing 1/1,000th interest in a share of Series F Non-Cumulative Perpetual Preferred Stock, par value $1.00)	USB PrM	New York Stock Exchange
Depositary Shares (each representing 1/1,000th interest in a share of Series K Non-Cumulative Perpetual Preferred Stock, par value $1.00)	USB PrP	New York Stock Exchange
Depositary Shares (each representing 1/1,000th interest in a share of Series L Non-Cumulative Perpetual Preferred Stock, par value $1.00)	USB PrQ	New York Stock Exchange
Depositary Shares (each representing 1/1,000th interest in a share of Series M Non-Cumulative Perpetual Preferred Stock, par value $1.00)	USB PrR	New York Stock Exchange
0.850% Medium-Term Notes, Series X (Senior), due June 7, 2024	USB/24B	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company ☐			

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

As of June 30, 2020, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was $55.5 billion based on the closing sale price as reported on the New York Stock Exchange.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at January 31, 2021
Common Stock, $.01 par value per share	1,502,136,131

DOCUMENTS INCORPORATED BY REFERENCE

Document	Parts Into Which Incorporated
1. Portions of the Annual Report to Shareholders for the Fiscal Year Ended December 31, 2020 (the "2020 Annual Report")	Parts I and II

2.	Portions of the Proxy Statement for the Annual Meeting of Shareholders to be held April 19, 2021 (the "Proxy Statement")	Part III

PART I

Item 1. *Business*

Forward-Looking Statements

THE FOLLOWING INFORMATION APPEARS IN ACCORDANCE WITH THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: This report contains forward-looking statements about U.S. Bancorp ("U.S. Bancorp" or 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, 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; civil unrest; 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 the sections entitled "Corporate Risk Profile" on pages 36 to 58 and "Risk Factors" on pages 146 to 158 of the 2020 Annual Report. 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.

General Business Description

U.S. Bancorp is a multi-state financial services holding company headquartered in Minneapolis, Minnesota that is registered as a bank holding company under the Bank Holding Company Act of 1956 (the "BHC Act"), and has elected to be treated as a financial holding company under the BHC Act. U.S. Bancorp provides a full range of financial services, including lending and depository services, cash management, capital markets, and trust and investment management services. It also engages in credit card services, merchant and ATM processing, mortgage banking, insurance, brokerage and leasing.

U.S. Bancorp's banking subsidiary, U.S. Bank National Association, is engaged in the general banking business, principally in domestic markets. U.S. Bank National Association, with $443 billion in deposits at December 31, 2020, provides a wide range of products and services to individuals, businesses, institutional organizations, governmental entities and other financial institutions. Commercial and consumer lending services are principally offered to customers within the Company's domestic markets, to domestic customers with foreign operations and to large national customers operating in specific industries targeted by the Company, such as healthcare, utilities, oil and gas, and state and municipal government. Lending services include traditional credit products as well as credit card services, lease financing and import/export trade, asset-backed lending, agricultural finance and other products. Depository services include checking accounts, savings accounts and

time certificate contracts. Ancillary services such as capital markets, treasury management and receivable lock-box collection are provided to corporate customers. U.S. Bancorp's bank and trust subsidiaries provide a full range of asset management and fiduciary services for individuals, estates, foundations, business corporations and charitable organizations.

Other U.S. Bancorp non-banking subsidiaries offer investment and insurance products to the Company's customers principally within its domestic markets, and fund administration services to a broad range of mutual and other funds.

Banking and investment services are provided through a network of 2,434 banking offices as of December 31, 2020, principally operating in the Midwest and West regions of the United States, through on-line services, over mobile devices and through other distribution channels. The Company operates a network of 4,232 ATMs as of December 31, 2020, and provides 24-hour, seven day a week telephone customer service. Mortgage banking services are provided through banking offices and loan production offices throughout the Company's domestic markets. Lending products may be originated through banking offices, indirect correspondents, brokers or other lending sources. The Company is also one of the largest providers of corporate and purchasing card services and corporate trust services in the United States. A wholly-owned subsidiary, Elavon, Inc. ("Elavon"), provides domestic merchant processing services directly to merchants. Wholly-owned subsidiaries of Elavon provide similar merchant services in Canada and segments of Europe. The Company also provides corporate trust and fund administration services in Europe. These foreign operations are not significant to the Company.

During the past year, the COVID-19 pandemic has created economic and operational disruptions that have affected the Company's business. Due to responses to the pandemic by the Company, its customers, its counterparties and governmental authorities, including "stay-at-home" orders, the Company temporarily, and in some cases permanently, closed certain of its offices and reduced operating hours and/or lobby services at its branches. Although, as of December 31, 2020, the Company has resumed operations at locations that were temporarily closed, customer behavior has evolved greatly as more customers are migrating quickly to on-line and digital-based products and services. To meet these evolving customer preferences, the Company has continued and accelerated the development of digital-based products and services, as well as reduced the number of higher-cost physical branches.

Business Segments

The Company's major lines of business are Corporate and Commercial Banking, Consumer and Business Banking, Wealth Management and Investment Services, Payment Services, and Treasury and Corporate Support. These operating segments are components of the Company about which financial information is prepared and is evaluated regularly by management in deciding how to allocate resources and assess performance.

Corporate and Commercial Banking Corporate and Commercial Banking offers lending, equipment finance and small-ticket leasing, depository services, treasury management, capital markets services, international trade services and other financial services to middle market, large corporate, commercial real estate, financial institution, non-profit and public sector clients. Corporate and Commercial Banking contributed $1.6 billion, or 31.4 percent of the Company's net income in 2020, a decrease of $122 million (7.2 percent), compared with 2019.

Consumer and Business Banking Consumer and Business Banking delivers products and services through banking offices, telephone servicing and sales, online services, direct mail, ATM processing and mobile devices. It encompasses community banking, metropolitan banking and indirect lending, as well as mortgage banking. Consumer and Business Banking contributed $2.8 billion, or 56.1 percent of the Company's net income in 2020, an increase of $424 million (18.0 percent), compared with 2019.

Wealth Management and Investment Services Wealth Management and Investment Services provides private banking, financial advisory services, investment management, retail brokerage services, insurance, trust, custody and fund servicing through four businesses: Wealth Management, Global Corporate Trust & Custody,

U.S. Bancorp Asset Management, and Fund Services. Wealth Management and Investment Services contributed $714 million, or 14.4 percent of the Company's net income in 2020, a decrease of $177 million (19.9 percent), compared with 2019.

Payment Services Payment Services includes consumer and business credit cards, stored-value cards, debit cards, corporate, government and purchasing card services, consumer lines of credit and merchant processing. Payment Services contributed $1.3 billion, or 25.6 percent of the Company's net income in 2020, a decrease of $185 million (12.7 percent), compared with 2019.

Treasury and Corporate Support Treasury and Corporate Support includes the Company's investment portfolios, funding, capital management, interest rate risk management, income taxes not allocated to the business lines, including most investments in tax-advantaged projects, and the residual aggregate of those expenses associated with corporate activities that are managed on a consolidated basis. Treasury and Corporate Support recorded a net loss of $1.4 billion in 2020, a decrease of $1.9 billion, compared with 2019.

Additional information regarding the Company's business segments can be found on pages 60 – 64 of the Company's 2020 Annual Report under the heading "Line of Business Financial Review," which is incorporated herein by reference.

Human Capital

The Company's success depends, in large part, on its ability to attract, develop and retain skilled employees. The Company recognizes that supporting and engaging with its workforce is key to meeting evolving corporate and customer needs. To further those efforts, the Company is dedicated to fostering a diverse, equitable and inclusive work environment; supporting employees' professional development; and providing pay that is competitive and fair, as well as other benefits and programs that promote wellness and productivity. As of December 31, 2020, the Company employed a total of 68,108 full-time equivalent employees.

Key elements of the Company's approach to human capital management include the following:

- Continued expansion of its talent pipeline to increase the representation of women at leadership levels and people of color at all levels;
- Development of leadership development cohorts and an executive sponsorship program for female and people of color leaders, as well as an inclusive leader program designed to provide insights for senior leaders on how to drive performance through inclusive behavior best practices;
- Sponsorship of ten Business Resource Groups, including Asian, Black, Hispanic and Native American heritage, women, military and disabled employee groups, with chapters across the Company where employees can come together to discuss topics of interest to them, develop professional skills and build overall employee engagement, helping to create and sustain an inclusive workforce that drives business growth and propels accountability for diversity and inclusion at all levels within the Company;
- Education and development resources that include skill-building and compliance coursework, leadership programming, career mobility offerings and tuition reimbursement;
- Pay levels and practices that are benchmarked across industry peers to maintain competitiveness and reviewed for gender- or race-based disparities;
- Comprehensive health and wellness benefits and competitive retirement, leave, recognition and flexible work programs; and
- Employee listening programs that track employee engagement.

During the COVID-19 pandemic, the Company supported its employees in a variety of ways, including among other things, the following:

- Implemented a premium pay program to provide critical front-line employees with a temporary 20 percent hourly wage increase;

- Expanded its flexible leave policies to allow its employees time to take care of themselves and their family members;
- Moved non-office critical employees (approximately 75 percent of the workforce) to work from home or remote locations to increase social distance for colleagues in office critical roles;
- Added plexiglass barriers where appropriate;
- Provided personal protective equipment, including face coverings, gloves and face shields; and
- Temporarily suspended all business travel.

The Company will continue to monitor the COVID-19 pandemic and take appropriate measures to protect the safety and health of its employees.

Competition

The financial services industry is highly competitive. The Company competes with other commercial banks, savings and loan associations, mutual savings banks, finance companies, mortgage banking companies, credit unions, investment companies, credit card companies and a variety of other financial services, advisory and technology companies. The financial services industry continues to undergo rapid technological change with frequent introductions of new technology-driven products and services, including innovative ways that customers can make payments or manage their accounts, such as through the use of mobile payments, digital wallets or digital currencies. In recent years, competition has increased from institutions not subject to the same regulatory restrictions as domestic banks and bank holding companies, including by financial technology companies, or "fintechs," which may offer bank-like products or services that compete directly with the Company's products and services. Competition is based on a number of factors, including, among others, customer service, quality and range of products and services offered, price, reputation, interest rates on loans and deposits, lending limits and customer convenience, including the ability to address customer needs by using technology to provide products and services that customers want to adopt. The Company's ability to continue to compete effectively also depends in large part on its ability to attract new employees and retain and motivate existing employees, while managing compensation and other costs. For additional information relating to how the Company attracts and retains employees, see "Human Capital" above.

Information Security

Information security, including cybersecurity, is a high priority for the Company. Recent highly publicized events have highlighted the importance of cybersecurity, including cyberattacks against financial institutions, governmental agencies and other organizations that resulted in the compromise of personal and/or confidential information, the theft or destruction of corporate information, and demands for ransom payments to release corporate information encrypted by so-called "ransomware." A successful cyberattack, including an attack at a third-party vendor the Company utilizes, could harm the Company's reputation and/or impair its ability to provide services to its customers. The Company has expended, and may in the future expend, significant resources to implement technologies and various response and recovery plans and procedures as part of its information security program. For additional information on cybersecurity risks the Company faces, refer to Item 1A, "Risk Factors" below.

Government Policies

The operations of the Company's various businesses are affected by federal and state laws and legislative changes and by policies of various regulatory authorities of the numerous states in which they operate, the United States and foreign governments. These laws, rules and policies include, for example, statutory maximum legal lending rates, domestic monetary policies of the Board of Governors of the Federal Reserve System (the "Federal Reserve"), United States fiscal policy, international currency regulations and monetary policies and capital adequacy and liquidity constraints imposed by bank regulatory agencies.

Supervision and Regulation

U.S. Bancorp and its subsidiaries are subject to the extensive regulatory framework applicable to bank holding companies and their subsidiaries. This regulatory framework is intended primarily for the protection of depositors, the deposit insurance fund (the "DIF") of the Federal Deposit Insurance Corporation (the "FDIC"), consumers, the stability of the financial system in the United States, and the health of the national economy, and not for investors in bank holding companies such as the Company.

This section summarizes certain provisions of the principal laws and regulations applicable to the Company and its subsidiaries. The descriptions are not intended to be complete and are qualified in their entirety by reference to the full text of the statutes and regulations described below.

General As a bank holding company, the Company is subject to regulation under the BHC Act and to inspection, examination and supervision by the Federal Reserve. U.S. Bank National Association and its subsidiaries are subject to regulation, examination and supervision primarily by the Office of the Comptroller of the Currency (the "OCC") and also by the FDIC, the Federal Reserve, the Consumer Financial Protection Bureau (the "CFPB"), the Securities and Exchange Commission (the "SEC") and the Commodities Futures Trading Commission (the "CFTC") in certain areas.

Supervision and regulation by the responsible regulatory agency generally include comprehensive annual reviews of all major aspects of a bank holding company's or bank's business and condition, and imposition of periodic reporting requirements and limitations on investments and certain types of activities. U.S. Bank National Association, the Company and the Company's non-bank affiliates must undergo regular on-site examinations by the appropriate regulatory agency, which examine for adherence to a range of legal and regulatory compliance requirements. If they deem the Company to be operating in a manner that is inconsistent with safe and sound banking practices, the applicable regulatory agencies can require the entry into informal or formal supervisory agreements, including board resolutions, memoranda of understanding, written agreements and consent or cease and desist orders, pursuant to which the Company would be required to take identified corrective actions to address cited concerns and to refrain from taking certain actions. Supervision and examinations are confidential, and the outcomes of these actions generally are not made public.

Banking and other financial services statutes, regulations and policies are continually under review by the United States Congress, state legislatures and federal and state regulatory agencies. In addition to laws and regulations, state and federal bank regulatory agencies may issue policy statements, interpretive letters and similar written guidance applicable to the Company and its subsidiaries. Any change in the statutes, regulations or regulatory policies applicable to the Company, including changes in their interpretation or implementation, could have a material effect on its business or organization.

As a bank holding company with over $250 billion in total consolidated assets, the Company is subject to the Dodd-Frank Act's enhanced prudential standards requirements. The Dodd-Frank Act, as amended by the Economic Growth, Regulatory Relief and Consumer Protection Act ("EGRRCPA"), however, mandated that the Federal Reserve tailor the enhanced prudential standards applicable to a bank holding company or category of bank holding companies based on several factors, including size, capital structure, complexity, and other risk-related factors. In October 2019, the federal banking regulators adopted two final rules (the "Tailoring Rules") that revised the criteria for determining the applicability of regulatory capital and liquidity requirements for large United States banking organizations, including the Company and U.S. Bank National Association, and that tailored the application of the Federal Reserve's enhanced prudential standards to large banking organizations. The rules applicable to the Company and U.S. Bank National Association are described in more detail below.

Supervisory Ratings Federal banking regulators regularly examine the Company and U.S. Bank National Association to evaluate their financial condition and monitor their compliance with laws and regulatory policies. Following those exams, the Company and U.S. Bank National Association are assigned supervisory ratings. These ratings are considered confidential supervisory information and disclosure to third parties is not allowed

without permission of the issuing regulator. Violations of laws and regulations or deemed deficiencies in risk management or compliance practices may be incorporated into these supervisory ratings. A downgrade in these ratings could limit the Company's ability to pursue acquisitions or conduct other expansionary activities for a period of time, require new or additional regulatory approvals before engaging in certain other business activities or investments, affect U.S. Bank National Association's deposit insurance assessment rate, and impose additional recordkeeping and corporate governance requirements, as well as generally increase regulatory scrutiny of the Company.

In November 2018, the Federal Reserve adopted the Large Financial Institution Rating System ("LFI Rating System"), which replaced the prior rating system for large financial institutions, including the Company, and aligned the supervisory rating system with the Federal Reserve's supervisory programs for these firms. As compared to the rating system it replaced, which continues to be used for smaller bank holding companies, the LFI Rating System places a greater emphasis on capital and liquidity, including related planning and risk management practices. Ratings issued under the LFI Rating System will remain confidential.

The Federal Reserve has also proposed guidance for the governance and controls component of the LFI Rating System that addresses the role of boards of directors as well as the responsibilities of members of senior and business line management and controls at large financial institutions.

Bank Holding Company Activities The Company is a bank holding company under the BHC Act and has elected to be a financial holding company pursuant to the provisions of the Gramm-Leach-Bliley Act (the "GLBA"). Under the GLBA, bank holding companies that qualify and elect to be treated as financial holding companies may engage in, and affiliate with financial companies engaging in, a broader range of activities than would otherwise be permitted for a bank holding company. Under the GLBA's system of "functional regulation," the Federal Reserve acts as an umbrella regulator for the Company, and certain of the Company's non-bank subsidiaries are primarily regulated directly by additional agencies based on the particular activities of those subsidiaries.

If a financial holding company or a depository institution controlled by a financial holding company ceases to be well-capitalized or well-managed, the Federal Reserve may impose corrective capital and managerial requirements on the financial holding company and may place limitations on its ability to conduct all of the business activities that financial holding companies are generally permitted to conduct and its ability to make certain acquisitions. See "Permissible Business Activities" below. If the failure to meet these standards persists, the financial holding company may be required to divest its depository institution subsidiaries or cease all activities other than those activities that may be conducted by bank holding companies that are not financial holding companies. In addition, if a depository institution controlled by a financial holding company does not receive a Community Reinvestment Act ("CRA") rating of at least "satisfactory" at its most recent examination, the Federal Reserve will prohibit the financial holding company from conducting new business activities that financial holding companies are generally permitted to conduct and from making certain acquisitions.

The Federal Reserve also requires bank holding companies to meet certain applicable capital and management standards. Failure by the Company to meet these standards could limit the Company from engaging in any new activity or acquiring other companies without the prior approval of the Federal Reserve.

Permissible Business Activities As a financial holding company, the Company may affiliate with securities firms and insurance companies and engage in other activities that are financial in nature or incidental or complementary to activities that are financial in nature. "Financial in nature" activities include securities underwriting, dealing and market making; sponsoring mutual funds and investment companies; insurance underwriting and agency; merchant banking; and activities that the Federal Reserve, in consultation with the Secretary of the United States Treasury, determines to be financial in nature or incidental to such financial activity. "Complementary activities" are activities that the Federal Reserve determines upon application to be complementary to a financial activity and that do not pose a safety and soundness risk.

The Company generally is not required to obtain Federal Reserve approval to acquire a company (other than a bank holding company, bank or savings association) engaged in activities that are financial in nature or incidental to activities that are financial in nature, as determined by the Federal Reserve, as long as the Company meets the capital, managerial and CRA requirements to qualify as a financial holding company. However, the Company is required to receive approval for an acquisition in which the total consolidated assets to be acquired exceed $10 billion. Financial holding companies are also required to obtain the approval of the Federal Reserve before they may acquire more than five percent of the voting shares or substantially all of the assets of an unaffiliated bank holding company, bank or savings association. In addition, banks must receive approval before they may acquire, merge with, acquire substantially all of the assets of or assume any deposits of a bank or savings association and may be required to receive approval for acquisitions of other companies.

Interstate Banking A bank holding company may acquire banks in states other than its home state, subject to any state requirement that the bank has been organized and operating for a minimum period of time (not to exceed five years). Also, such an acquisition is not permitted if the bank holding company controls, prior to or following the proposed acquisition, more than 10 percent of the total amount of deposits of insured depository institutions nationwide, or, if the acquisition is the bank holding company's initial entry into the state, more than 30 percent of the deposits of insured depository institutions in the state (or any lesser or greater amount set by the state).

Banks may merge across state lines to create interstate branches and are permitted to establish new branches in another state to the same extent as banks chartered by that state.

Regulatory Approval for Acquisitions In determining whether to approve a proposed bank acquisition, federal bank regulators will consider a number of factors, including the effect of the acquisition on competition, financial condition and future prospects (including current and projected capital ratios and levels); the competence, experience and integrity of management and its record of compliance with laws and regulations; the convenience and needs of the communities to be served (including the acquiring institution's record of compliance under the CRA); the effectiveness of the acquiring institution in combating money laundering activities; and the extent to which the transaction would result in greater or more concentrated risks to the stability of the United States banking or financial system. In addition, approval of interstate transactions requires that the acquiror satisfy regulatory standards for well-capitalized and well-managed institutions.

Source of Strength The Company is required to act as a source of strength to U.S. Bank National Association, and to commit capital and financial resources to support this subsidiary in circumstances where it might not otherwise do so. Under these requirements, the Federal Reserve may in the future require the Company to provide financial assistance to U.S. Bank National Association, should it experience financial distress. Capital loans by the Company to U.S. Bank National Association would be subordinate in right of payment to deposits and certain other debts of U.S. Bank National Association. In the event of the Company's bankruptcy, any commitment by the Company to a federal bank regulatory agency to maintain the capital of U.S. Bank National Association would be assumed by the bankruptcy trustee and entitled to a priority of payment.

OCC Heightened Standards The OCC has issued guidelines establishing heightened standards for large national banks such as U.S. Bank National Association. The guidelines establish minimum standards for the design and implementation of a risk governance framework for banks. The OCC may take action against institutions that fail to meet these standards.

Enhanced Prudential Standards Under the Dodd-Frank Act, as modified by the EGRRCPA and the Tailoring Rules, large bank holding companies, such as the Company, are subject to certain enhanced prudential standards based on the banking organization's size, status as a global systemically important bank, cross-jurisdictional activity, weighted short-term wholesale funding, nonbank assets and off-balance sheet exposures. The prudential standards include enhanced risk-based capital and leverage requirements, enhanced liquidity requirements, enhanced risk management and risk committee requirements, a requirement to submit a resolution

plan, single-counterparty credit limits and stress tests. These standards also require the Federal Reserve to impose a maximum 15-to-1 debt-to-equity ratio on a bank holding company with total consolidated assets of $250 billion or more, if the Financial Stability Oversight Council determines that the company poses a grave threat to the financial stability of the United States and that the imposition of such a debt-to-equity requirement would mitigate such risk. In addition, the Federal Reserve is required to establish early remediation requirements for bank holding companies with total consolidated assets of $250 billion or more, but these requirements have not yet been finalized.

Certain of the enhanced prudential standards applicable to the Company are described below in further detail, including changes that have been made to these requirements under the Tailoring Rules.

Dividend Restrictions The Company is a legal entity separate and distinct from its subsidiaries. Typically, the majority of the Company's operating funds are received in the form of dividends paid to the Company by U.S. Bank National Association. Federal law imposes limitations on the payment of dividends by national banks.

In general, dividends payable by U.S. Bank National Association and the Company's trust bank subsidiaries, as national banking associations, are limited by rules that compare dividends to net income for periods defined by regulation.

The OCC, the Federal Reserve and the FDIC also have authority to prohibit or limit the payment of dividends by the banking organizations they supervise (including the Company and U.S. Bank National Association), if, in the banking regulator's opinion, payment of a dividend would constitute an unsafe or unsound practice in light of the financial condition of the banking organization.

In March 2020, the Federal Reserve approved a final rule replacing the static 2.5 percent component of the capital conservation buffer with the stress capital buffer ("SCB") for bank holding companies with $100 billion or more in total consolidated assets, such as the Company. The SCB reflects stressed losses in the supervisory severely adverse scenario of the CCAR stress tests, described in more detail in "Stress Testing" below, and includes four quarters of planned common stock dividends. The SCB is subject to a 2.5 percent floor. A firm's SCB requirement is generally effective on October 1 of each year and remains in effect until October 1 of the following year, unless the firm's SCB is reset in connection with a resubmission of a capital plan. The Company's first SCB requirement of 2.5 percent took effect on October 1, 2020.

The final rule implementing the SCB also provides that a bank holding company must receive prior approval for any dividend, stock repurchase or other capital distribution, other than a capital distribution on a newly issued capital instrument, if the bank holding company is required to resubmit its capital plan. In connection with the November 2020 resubmission described under "Comprehensive Capital Analysis and Review" below, the Federal Reserve required those bank holding companies, including the Company, to suspend stock repurchases during the third and fourth quarters of 2020, and not to increase common stock dividends or pay common stock dividends in excess of their average net income over the past four quarters. In December 2020, the Federal Reserve announced that these bank holding companies could continue existing dividend payments and resume stock repurchases in the first quarter of 2021, as long as the combined amounts of repurchases and dividends in that quarter do not exceed the bank holding company's average earnings per quarter over the last four quarters.

Capital Requirements The Company is subject to certain regulatory risk-based capital and leverage requirements under capital rules adopted by the Federal Reserve, and U.S. Bank National Association is subject to substantially similar rules adopted by the OCC. These rules implement the Basel Committee's framework for strengthening the regulation, supervision and risk management of banks ("Basel III"), as well as certain provisions of the Dodd-Frank Act. These quantitative calculations are minimums, and the Federal Reserve and OCC may determine that a banking organization, based on its size, complexity or risk profile, must maintain a higher level of capital in order to operate in a safe and sound manner.

Under the Tailoring Rules, the Company and U.S. Bank National Association are each subject to "Category III" standards because they are not subject to "Category I" or "Category II" standards and have at least $250 billion in total consolidated assets. Accordingly, the Company and U.S. Bank National Association are "standardized approach" banking organizations. As "standardized approach" banking organizations, the Company and U.S. Bank National Association are subject to the final rule adopted by the banking regulators in July 2019 relating to simplifications of the capital rules applicable to non-advanced approach organizations. These rules became effective on January 1, 2020, and provide for simplified capital requirements relating to the threshold deductions for mortgage servicing assets, deferred tax assets arising from temporary differences that a banking organization could not realize through net operating loss carry backs, and investments in the capital of unconsolidated financial institutions, as well as the inclusion of minority interests in regulatory capital.

Under the United States Basel III-based capital rules, the Company is subject to a minimum common equity tier 1 ("CET1") capital ratio (CET1 capital to risk-weighted assets) of 4.5 percent, a minimum tier 1 capital ratio of 6.0 percent and a minimum total capital ratio of 8.0 percent. The Company is also subject to the SCB, which is based on the results of the Federal Reserve's supervisory stress tests and the Company's planned common stock dividends, and, if deployed by the Federal Reserve, up to a 2.5 percent common equity tier 1 countercyclical capital buffer. These additional requirements must be satisfied entirely with capital that qualifies as CET1. The countercyclical capital buffer applies only to banking organizations subject to Category I, II or III standards under the Tailoring Rules, including the Company. Although the Federal Reserve has not to date raised the countercyclical capital buffer above zero percent, the countercyclical capital buffer could change in the future. The SCB replaces the static 2.5 percent component of the capital conservation buffer and is likely to vary over time. As of December 31, 2020, the SCB applicable to the Company is 2.5 percent. If the Federal Reserve were to raise the countercyclical capital buffer above zero percent, or if the SCB applicable to the Company were to exceed 2.5 percent, this would also change the effective minimum capital ratios to which the Company is subject.

Banking organizations that fail to meet the effective minimum ratios will be subject to constraints on capital distributions, including dividends and share repurchases and certain discretionary executive compensation, with the severity of the constraints depending on the extent of the shortfall and "eligible retained income" (since March 2020, defined as the greater of (i) net income for the four preceding quarters, net of distributions and associated tax effects not reflected in net income; and (ii) the average of all net income over the preceding four quarters), with progressively more stringent constraints on capital actions as the Company approaches the minimum ratios.

United States banking organizations are also subject to a minimum tier 1 leverage ratio of 4.0 percent. Banking organizations subject to Category I, II or III standards under the Tailoring Rules, including the Company, are also subject to a minimum Supplementary Leverage Ratio ("SLR") of 3.0 percent that takes into account both on-balance sheet and certain off-balance sheet exposures. At December 31, 2020, the Company exceeded the applicable minimum tier 1 leverage ratio and SLR requirements.

In December 2017, the Basel Committee finalized a package of revisions to the Basel III framework. The changes are meant to improve the calculation of risk-weighted assets (including by recalibrating risk weights and introducing new capital requirements for certain "unconditionally cancellable commitments," including unused lines of credit) and improve the comparability of capital ratios by (i) enhancing the robustness and risk sensitivity of the standardized approaches for credit risk, credit valuation adjustment ("CVA") risk and operational risk; (ii) constraining the use of the internal model approaches, by placing limits on certain inputs used to calculate capital requirements under the internal ratings-based ("IRB") approach for credit risk and by removing the use of the internal model approaches for CVA risk and for operational risk; (iii) introducing a leverage ratio buffer to further limit the leverage of global systemically important banks ("G-SIBs"); and (iv) replacing the existing Basel II output floor with a more robust risk-sensitive floor based on the Committee's revised Basel III standardized approaches. Under the Basel standards, the implementation date for the revised standardized approach for credit risk and leverage ratios as well as the IRB, CVA, operational risk, and market risk frameworks is January 1, 2023. In addition, in January 2019, the Basel Committee published a revised market

risk framework that, among other things, revises the standardized approach for market risk. The output floor will be subject to a transitional period beginning in January 1, 2023, with full implementation by January 1, 2028. The effects of these revisions on the Company and U.S. Bank National Association will depend on the manner in which they are implemented by the United States federal banking agencies.

During 2020, the United States federal banking agencies adopted a rule that allows banking organizations, including the Company and U.S. Bank National Association, to elect to delay temporarily the estimated effects of adopting the current expected credit loss accounting standard ("CECL") on regulatory capital until January 2022 and subsequently to phase in the effects through January 2025. The Federal Reserve has also stated that it will not incorporate CECL into the calculation of the allowance for credit losses in supervisory stress tests through the 2021 stress test cycle. For further discussion of CECL, see Notes 1, 2 and 5 of the Notes to Consolidated Financial Statements in the 2020 Annual Report. The Company and U.S. Bank National Association elected to delay and subsequently phase in the regulatory capital impact of CECL in accordance with this rule.

For additional information regarding the Company's regulatory capital, see "Capital Management" in the 2020 Annual Report.

Comprehensive Capital Analysis and Review As required by the Federal Reserve's CCAR rules, the Company submits a capital plan to the Federal Reserve on an annual basis. As part of the CCAR process, the Federal Reserve evaluates the Company's plans to make capital distributions, including by repurchasing stock or making dividend payments, under a number of macroeconomic and Company-specific assumptions based on the Company's and the Federal Reserve's stress tests described under "Stress Testing" below. These capital plans consist of a number of mandatory elements, including an assessment of a company's sources and uses of capital over a nine-quarter planning horizon assuming both expected and stressful conditions; a detailed description of a company's process for assessing capital adequacy; and a demonstration of a company's ability to maintain capital above each minimum regulatory capital ratio (without taking the buffers into account) under expected and stressful conditions.

In June 2020, all bank holding companies participating in CCAR 2020, including the Company, were required by the Federal Reserve to resubmit their capital plans in November 2020 in light of the ongoing economic effects of the COVID-19 pandemic. After reviewing the resubmitted capital plans, in December 2020, the Federal Reserve announced that these bank holding companies, including the Company, could continue existing dividend payments and resume stock repurchases in the first quarter of 2021, as long as the combined amounts of repurchases and dividends in that quarter do not exceed the bank holding company's average earnings per quarter over the last four quarters.

Stress Testing The Federal Reserve's CCAR framework and the Dodd-Frank Act stress testing framework require bank holding companies subject to Category III standards such as the Company to conduct an annual internal stress test in connection with its annual capital plan submission as well as biennial company-run stress tests, and subject such bank holding companies to annual supervisory stress tests conducted by the Federal Reserve. Among other things, the company-run stress tests employ stress scenarios developed by the Company as well as stress scenarios provided by the Federal Reserve and incorporate the Dodd-Frank Act capital actions (as opposed to the Company's planned capital actions), which are intended to normalize capital distributions across large United States bank holding companies. The Federal Reserve conducts CCAR and Dodd-Frank Act supervisory stress tests employing stress scenarios and internal supervisory models. The Federal Reserve's CCAR and Dodd-Frank Act supervisory stress tests incorporate the Company's planned capital actions and the Dodd-Frank Act capital actions, respectively. The Federal Reserve and the Company are currently required to publish the results of the annual supervisory and biennial company-run stress tests, respectively, no later than June 30 of each applicable year. Under the Tailoring Rules, the Company is no longer required to conduct mid-cycle stress tests, and the Federal Reserve has eliminated the adverse scenario as a mandatory scenario.

In October 2019, the OCC adopted a final rule that aligned the stress testing requirements for national banks with requirements for their holding companies under the Tailoring Rules. Under the OCC's rule, national banks

with assets in excess of $250 billion, including U.S. Bank National Association, are required to submit company-run stress test results to the OCC concurrently with their parent bank holding company's CCAR submission to the Federal Reserve. Accordingly, U.S. Bank National Association began submitting company-run stress tests on a biennial basis starting with its 2020 submission. The stress test is based on the OCC's stress scenarios (which are typically the same as the Federal Reserve's stress scenarios, and which will no longer include "adverse" stress scenarios) and capital actions that are appropriate for the economic conditions assumed in each scenario.

Basel III Liquidity Requirements Bank holding companies and their domestic bank subsidiaries subject to Category I, II or III standards under the Tailoring Rules are subject to a minimum Liquidity Coverage Ratio ("LCR"). The LCR is designed to ensure that bank holding companies have sufficient high-quality liquid assets to survive a significant liquidity stress event lasting for 30 calendar days.

In October 2020, the federal banking regulators finalized a rule to implement the Net Stable Funding Ratio ("NSFR"). The NSFR is designed to promote stable, longer-term funding of assets and business activities over a one-year time horizon and applies to the Company and U.S. Bank National Association. The final rule is generally similar to the May 2016 proposal with modifications to incorporate the changes made in the Tailoring Rules and align funding requirements for certain non-derivative assets and short-term lending transactions to better reflect their risks and role in supporting the stability of certain funding markets.

Under the Tailoring Rules and final NSFR rule, the Company and U.S. Bank National Association, as Category III banking organizations with less than $75 billion of weighted short-term wholesale funding, qualify for reduced LCR and NSFR requirements calibrated at 85 percent of the full requirements.

Brokered Deposits The Federal Deposit Insurance Corporation Improvement Act of 1991 (the "FDICIA") and FDIC regulations limit the ability of an insured depository institution, such as U.S. Bank National Association, to accept, renew or roll over brokered deposits unless the institution is well-capitalized under the prompt corrective action framework described below, or unless it is adequately capitalized and obtains a waiver from the FDIC. In addition, less than well-capitalized banks are subject to restrictions on the interest rates they may pay on deposits. In December 2020, the FDIC issued a final rule that is designed to encourage innovation in how banks offer services and products to customers by reducing obstacles to certain types of partnerships and that is expected to reduce the amount of deposits that would be classified as brokered. Full compliance with the final rule is required as of January 1, 2022. U.S. Bank National Association is reviewing its deposits in light of the final rule. The ultimate impact of the final rule on U.S. Bank National Association may be limited because the liquidity rules' treatment of certain deposits remains unchanged even if such deposits would no longer be deemed to be brokered deposits under the FDIC's final rule.

Prompt Corrective Action The FDICIA provides a framework for regulation of depository institutions and their affiliates (including parent holding companies) by federal banking regulators. As part of that framework, the FDICIA requires the relevant federal banking regulator to take "prompt corrective action" with respect to an FDIC-insured depository institution, such as U.S. Bank National Association, if that institution does not meet certain capital adequacy standards. Supervisory actions by the appropriate federal banking regulator under the "prompt corrective action" rules generally depend upon an institution's classification within five capital categories. An institution that fails to remain well-capitalized becomes subject to a series of restrictions that increase in severity as its capital condition weakens. Such restrictions may include a prohibition on capital distributions, restrictions on asset growth or restrictions on the ability to receive regulatory approval of applications. The FDICIA also provides for enhanced supervisory authority over undercapitalized institutions, including authority for the appointment of a conservator or receiver for the institution.

The regulations apply only to banks and not to bank holding companies such as the Company. However, the Federal Reserve is authorized to take appropriate action at the holding company level, based on the undercapitalized status of the holding company's subsidiary banking institutions. In certain instances, relating to

an undercapitalized banking institution, the bank holding company would be required to guarantee the performance of the undercapitalized subsidiary's capital restoration plan and could be liable for civil money damages for failure to fulfill those guarantee commitments.

Single-Counterparty Credit Limits In June 2018, the Federal Reserve issued a final rule regarding single-counterparty credit limits ("SCCL") for large banking organizations, including the Company. Under these rules, the Company is subject to a limit of 25 percent of Tier 1 capital for aggregate net credit exposures to any other unaffiliated counterparty.

Deposit Insurance The DIF provides insurance coverage for certain deposits, up to a standard maximum deposit insurance amount of $250,000 per depositor. Deposits at U.S. National Bank are insured up to the applicable limits. The DIF is funded through assessments on insured depository institutions, including U.S. Bank National Association, based on the risk each institution poses to the DIF. The FDIC may increase U.S. Bank National Association's insurance premiums based on various factors, including the FDIC's assessment of its risk profile.

In addition, large insured depository institutions, including U.S. Bank National Association, are subject to enhanced deposit account recordkeeping and related information technology system requirements meant to facilitate prompt payment of insured deposits if such an institution were to fail.

Powers of the FDIC Upon Insolvency of an Insured Institution If the FDIC is appointed the conservator or receiver of an insured depository institution upon its insolvency or in certain other events, the FDIC has the power to (i) transfer any of the depository institution's assets and liabilities to a new obligor without the approval of the depository institution's creditors; (ii) enforce the terms of the depository institution's contracts pursuant to their terms; or (iii) repudiate or disaffirm any contracts (if the FDIC determines that performance of the contract is burdensome and that the repudiation or disaffirmation is necessary to promote the orderly administration of the depository institution). These provisions would be applicable to obligations and liabilities of the Company's insured depository institution subsidiary, U.S. Bank National Association.

Depositor Preference Under federal law, in the event of the liquidation or other resolution of an insured depository institution, the claims of a receiver of the institution for administrative expense and the claims of holders of domestic deposit liabilities (including the FDIC, as subrogee of the depositors) have priority over the claims of other unsecured creditors of the institution, including holders of publicly issued senior or subordinated debt and depositors in non-domestic offices. As a result, those debtholders and depositors would be treated differently from, and could receive, if anything, substantially less than, the depositors in domestic offices of the depository institution.

Orderly Liquidation Authority Upon the insolvency of a bank holding company, such as the Company, the FDIC may be appointed as conservator or receiver of the bank holding company if the Secretary of the Treasury determines (upon the written recommendation of the FDIC and the Federal Reserve and after consultation with the President of the United States) that certain conditions set forth in the Dodd-Frank Act regarding the potential impact on financial stability of the financial company's failure have been met. FDIC rules set forth a comprehensive method for the receivership of a covered financial company. Acting as a conservator or receiver, the FDIC would have broad powers to transfer any assets or liabilities of a bank holding company without the approval of its creditors.

Resolution Plans The Company is required by the Federal Reserve and the FDIC to submit a periodic plan for the rapid and orderly resolution of the Company and its significant legal entities in the event of future material financial distress or failure. If the Federal Reserve and the FDIC jointly determine that the resolution plan is not credible and such deficiencies are not cured in a timely manner, the regulators may jointly impose on the Company more stringent capital, leverage or liquidity requirements or restrictions on the Company's growth, activities or operations. If the Company were to fail to address the deficiencies in its resolution plan when

required, it could eventually be required to divest certain assets or operations. In October 2019, the Federal Reserve and the FDIC adopted a final rule requiring banking organizations that are subject to Category III standards under the Tailoring Rules, including the Company, to submit resolution plans on a triennial cycle (alternating between targeted and full submissions). On December 9, 2020, the Federal Reserve and the FDIC released targeted plan guidance and directed large foreign and domestic banks to file resolution plans including core elements of a firm's resolution strategy — such as capital, liquidity, and recapitalization strategies — as well as how each firm has integrated changes to and lessons learned from its response to COVID-19 into its resolution planning process The Company must submit its targeted resolution plan by December 17, 2021.

In addition, U.S. Bank National Association is required to file periodically a separate resolution plan with the FDIC that should enable the FDIC, as receiver, to resolve the institution under applicable receivership provisions of the Federal Deposit Insurance Act in a manner that ensures that depositors receive access to their insured deposits within one business day of the institution's failure, maximizes the net present value return from the sale or disposition of its assets and minimizes the amount of any loss to be realized by the institution's creditors. In April 2019, the FDIC released an advance notice of proposed rulemaking regarding potential changes to its resolution planning requirements for insured depository institutions, including U.S. Bank National Association, and voted to delay the next round of resolution plan submissions until the rulemaking process is complete. In January 2021, the FDIC announced that, given the passage of time from the last resolution plan submissions and the uncertain economic outlook, the FDIC will resume requiring resolution plan submissions for insured depository institutions with $100 billion or more in assets, including U.S. Bank National Association. The FDIC indicated that no insured depository institution will be required to submit a resolution plan without at least 12 months advance notice, but did not otherwise provide notice of when U.S. Bank National Association will be required to submit its next resolution plan.

The public versions of the resolution plans previously submitted by the Company and U.S. Bank National Association are available on the FDIC's website and, in the case of the Company's resolution plans, also on the Federal Reserve's website.

Recovery Plans The OCC has established enforceable guidelines for recovery planning by insured national banks with average total consolidated assets of $250 billion or more, including U.S. Bank National Association. The guidelines provide that a covered bank should develop and maintain a recovery plan that is appropriate for its individual risk profile, size, activities, and complexity, including the complexity of its organizational and legal entity structure. The guidelines state that a recovery plan should, among other elements, (i) establish triggers, which are quantitative or qualitative indicators of the risk or existence of severe stress that should always be escalated to management or the board of directors, as appropriate, for purposes of initiating a response; (ii) identify a wide range of credible options that a covered bank could undertake to restore financial and operational strength and viability; and (iii) address escalation procedures, management reports, and communication procedures. The board of U.S. Bank National Association reviewed and approved U.S. Bank National Association's recovery plan pursuant to these guidelines in December 2020.

Liability of Commonly Controlled Institutions An FDIC-insured depository institution can be held liable for any loss incurred or expected to be incurred by the FDIC in connection with another FDIC-insured institution under common control with that institution being "in default" or "in danger of default" (commonly referred to as "cross-guarantee" liability). An FDIC claim for cross-guarantee liability against a depository institution is generally superior in right of payment to claims of the holding company and its affiliates against the depository institution.

Transactions with Affiliates There are various legal restrictions on the extent to which the Company and its non-bank subsidiaries may borrow or otherwise engage in certain types of transactions with U.S. Bank National Association or its subsidiaries. Under the Federal Reserve Act and the Federal Reserve's Regulation W, U.S. Bank National Association and its subsidiaries are subject to quantitative and qualitative limits on extensions of credit (including credit exposure arising from repurchase and reverse repurchase agreements, securities

borrowing and derivative transactions), purchases of assets, and certain other transactions with the Company or its other non-bank subsidiaries and affiliates. Additionally, transactions between U.S. Bank National Association or its subsidiaries, on the one hand, and the Company or its other non-bank subsidiaries and affiliates, on the other hand, are required to be on arm's length terms. Transactions between U.S. Bank National Associations and its affiliates must be consistent with standards of safety and soundness.

Anti-Money Laundering and Sanctions The Company is subject to several federal laws that are designed to combat money laundering and terrorist financing, and to restrict transactions with persons, companies, or foreign governments sanctioned by United States authorities. This category of laws includes the Bank Secrecy Act (the "BSA"), the Money Laundering Control Act, the USA PATRIOT Act (collectively, "AML laws"), and implementing regulations for the International Emergency Economic Powers Act and the Trading with the Enemy Act, as administered by the United States Treasury Department's Office of Foreign Assets Control ("sanctions laws").

As implemented by federal banking and securities regulators and the Department of the Treasury, AML laws obligate depository institutions and broker-dealers to verify their customers' identity, verify the identity of beneficial owners of legal entity customers, conduct customer due diligence, report on suspicious activity, file reports of transactions in currency, and conduct enhanced due diligence on certain accounts. Sanctions laws prohibit United States persons and certain foreign affiliates from engaging in any transaction with a restricted person or restricted country. Depository institutions and broker-dealers are required by their respective federal regulators to maintain policies and procedures in order to ensure compliance with the above obligations. Federal regulators regularly examine BSA/Anti-Money Laundering ("AML") and sanctions compliance programs to ensure their adequacy and effectiveness, and the frequency and extent of such examinations and the remedial actions resulting therefrom have been increasing.

In January 2021, the Anti-Money Laundering Act of 2020 ("AMLA"), which amends the BSA, was enacted. The AMLA is intended to comprehensively reform and modernize U.S. anti-money laundering laws. Among other things, the AMLA codifies a risk-based approach to anti-money laundering compliance for financial institutions; requires the development of standards by the U.S. Department of the Treasury for evaluating technology and internal processes for BSA compliance; and expands enforcement- and investigation-related authority, including a significant expansion in the available sanctions for certain BSA violations. Many of the statutory provisions in the AMLA will require additional rulemakings, reports and other measures, and the impact of the AMLA will depend on, among other things, rulemaking and implementation guidance.

Community Reinvestment Act U.S. Bank National Association is subject to the provisions of the CRA. Under the terms of the CRA, banks have a continuing and affirmative obligation, consistent with safe and sound operation, to help meet the credit needs of their communities, including providing credit to individuals residing in low- and moderate-income neighborhoods. The CRA does not establish specific lending requirements or programs for financial institutions, and does not limit an institution's discretion to develop the types of products and services that it believes are best suited to its particular community in a manner consistent with the CRA.

The OCC regularly assesses U.S. Bank National Association on its record in meeting the credit needs of the community served by that institution, including low- and moderate-income neighborhoods. CRA assessments also are considered by the Federal Reserve or OCC when reviewing applications by banking institutions to acquire, merge or consolidate with another banking institution or its holding company, to establish a new branch office that will accept deposits, or to relocate an office. In the case of a bank holding company applying for approval to acquire a bank or other bank holding company, the Federal Reserve will assess the CRA records of each subsidiary depository institution of the applicant bank holding company, and those records may be the basis for denying the application.

U.S. Bank National Association received an "Outstanding" CRA rating in its most recent examination, covering the period from January 1, 2012 through December 31, 2015.

In April 2018, the United States Department of Treasury issued a memorandum to the federal banking regulators with recommend changes to the CRA's implementing regulations to reduce their complexity and associated burden on banks. In August 2018, the OCC issued an advance notice of proposed rulemaking to solicit ideas for building a new CRA framework. In response to the feedback received, in December 2019, the OCC and FDIC released a notice of proposed rulemaking to establish a new CRA framework. In May 2020, the OCC issued its final CRA rule. The CRA framework expands the types of activity that qualify for CRA credit; revises how banks delineate their CRA assessment areas; and establishes new standards for evaluating banks with more than $2.5 billion in assets, including, the number of qualifying retail loan originations to low- and moderate-income individuals. The impact on U.S. Bank National Association from any changes to the CRA regulations will depend on how the OCC's final rule is implemented.

Regulation of Brokerage, Investment Advisory and Insurance Activities The Company conducts securities underwriting, dealing and brokerage activities in the United States through U.S. Bancorp Investments, Inc. ("USBII") and other subsidiaries. These activities are subject to regulations of the SEC, the Financial Industry Regulatory Authority and other authorities, including state regulators. These regulations generally cover licensing of securities personnel, interactions with customers, trading operations and periodic examinations.

Securities regulators impose capital requirements on USBII and monitor its financial operations with periodic financial reviews. In addition, USBII is a member of the Securities Investor Protection Corporation, which oversees the liquidation of member broker-dealers that close when the broker-dealer is bankrupt or in financial trouble and imposes reporting requirements and assessments on USBII.

In June 2019, the SEC issued a final rule, referred to as Regulation Best Interest, that imposed a new standard of conduct on SEC-registered broker-dealers when making recommendations to retail customers, and also issued an interpretation clarifying certain aspects of the fiduciary duty that an SEC-registered investment adviser owes to its clients. In addition, the SEC issued a final rule that requires broker-dealers and investment advisers to provide a standardized summary disclosure to retail customers describing their relationship with and services offered by the broker-dealer or investment adviser.

The operations of the First American family of funds, the Company's proprietary money market fund complex, also are subject to regulation by the SEC, including rules requiring a floating net asset value for institutional prime and tax-free money market funds and permitting the board of directors of the money market funds the ability to limit redemptions during periods of stress (allowing for the use of liquidity fees and redemption gates during such times).

The Company's operations in the areas of insurance brokerage and reinsurance of credit life insurance are subject to regulation and supervision by various state insurance regulatory authorities, including the licensing of insurance brokers and agents.

Regulation of Derivatives and the Swaps Marketplace Under the Dodd-Frank Act, U.S. Bank National Association, as a CFTC provisionally-registered swap dealer, is subject to rules regarding the regulation of the swaps marketplace and over-the-counter derivatives, including rules that require swap dealers and major swap participants to register with the CFTC, to meet robust business conduct standards to lower risk and promote market integrity, to meet certain recordkeeping and reporting requirements so that regulators can better monitor the markets, to centrally clear and trade swaps on regulated exchanges or execution facilities, and to be subject to certain capital and margin requirements.

In addition, the OCC has finalized a rule concerning swap margin and capital requirements for swap dealers regulated by the OCC. The final rule mandates the exchange of initial and variation margin for non-cleared swaps and non-cleared security-based swaps between swap entities regulated by the five agencies and certain counterparties. The amount of margin will vary based on the relative risk of the non-cleared swap or non-cleared security-based swap. The rules for variation margin requirements have become effective, and the rules for initial

margin have become effective and will be fully phased-in on September 1, 2021, depending on the level of derivatives activity of the swap dealer and the relevant counterparty. In June 2020, the banking regulators finalized rules to conform their margin rules on inter-affiliate transactions to the CFTC's margin rules, which generally exempt inter-affiliate transactions from initial margin requirements to the extent a depository institution's total exposure to all affiliates is less than 15 percent of its tier 1 capital.

The Volcker Rule Section 13 of the BHC Act and its implementing regulations, commonly referred to as the "Volcker Rule," prohibit banking entities from engaging in proprietary trading, and prohibits certain interests in, or relationships with, hedge funds or private equity funds. The Volcker Rule applies to the Company, U.S. Bank National Association and their affiliates. The Company has a Volcker Rule compliance program in place that covers all of its subsidiaries and affiliates, including U.S. Bank National Association.

In October 2019, the Volcker Rule regulators finalized amendments, effective on January 1, 2020, but with a required compliance date of January 1, 2021, to their regulations implementing the Volcker Rule, tailoring compliance requirements based on the size and scope of a banking entity's trading activities and clarifying and amending certain definitions, requirements and exemptions. In addition, in June 2020, the Volcker Rule regulators finalized their previously proposed amendments to the Volcker Rule's regulations relating to covered funds. These amendments established new exclusions from covered fund status for certain types of investment vehicles, modified the eligibility criteria for certain existing exclusions, and clarified and modified other provisions governing banking entities' investments in and other transactions and relationships involving covered funds. In particular, these amendments clarified that banking entities are not required to treat investments alongside covered funds as investments in covered funds subject to certain limitations and if certain conditions are met. These amendments became effective on October 1, 2020.

Data Privacy and Cybersecurity Federal and state law contains extensive consumer privacy protection provisions. The GLBA requires financial institutions to periodically disclose their privacy policies and practices relating to sharing such information and enables retail customers to opt out of the Company's ability to share information with unaffiliated third parties under certain circumstances. Other federal and state laws and regulations impact the Company's ability to share certain information with affiliates and non-affiliates for marketing and/or non-marketing purposes, or to contact customers with marketing offers. The GLBA also requires financial institutions to implement a comprehensive information security program that includes administrative, technical and physical safeguards to ensure the security and confidentiality of customer records and information. These security and privacy policies and procedures for the protection of personal and confidential information are in effect across all businesses and geographic locations. Federal law also makes it a criminal offense, except in limited circumstances, to obtain or attempt to obtain customer information of a financial nature by fraudulent or deceptive means.

Data privacy and data protection are areas of increasing state legislative focus, and several states have recently enacted consumer privacy laws that impose compliance obligations with respect to personal information. For example, in June 2018, the Governor of California signed into law the California Consumer Protection Act of 2018 (the "CCPA"). The CCPA, which became effective on January 1, 2020, applies to for-profit businesses that conduct business in California and meet certain revenue or data collection thresholds. The CCPA gives consumers the right to request disclosure of information collected about them, and whether that information has been sold or shared with others, the right to request deletion of personal information (subject to certain exceptions), the right to opt out of the sale of the consumer's personal information, and the right not to be discriminated against for exercising these rights. The CCPA contains several exemptions, including an exemption applicable to information that is collected, processed, sold or disclosed pursuant to the GLBA. In August 2020, the California Office of Administrative Law approved the California Attorney General's regulations to implement the CCPA. These regulations went into effect immediately. The Company has a physical footprint in California and is required to comply with the CCPA and its implementing regulations. In November 2020, voters in the State of California approved the California Privacy Rights Act ("CPRA"), a ballot measure that amends and supplements the CCPA by creating the California Privacy Protection Agency, a

watchdog privacy agency to be appointed shortly after the CPRA's enactment. The CPRA also modifies the CCPA by expanding both the scope of businesses covered by the law and certain rights relating to personal information and its use, collection, and disclosure by covered businesses. In addition, similar laws may be adopted by other states where the Company does business. The Company has made and will make operational adjustments in accordance with the requirements of the CCPA and other state privacy laws. The federal government may also pass data privacy or data protection legislation. In addition, in the European Union ("EU"), privacy law is now governed by the General Data Protection Regulation ("GDPR"), which is directly binding and applicable for each EU member state since May 25, 2018. The GDPR contains enhanced compliance obligations and increased penalties for non-compliance compared to the prior law governing data privacy in the EU.

Like other lenders, U.S. Bank National Association and other subsidiaries of the Company use credit bureau data in their underwriting activities. Use of such data is regulated under the Fair Credit Reporting Act ("FCRA"), and the FCRA also regulates reporting information to credit bureaus, prescreening individuals for credit offers, sharing of information between affiliates, and using affiliate data for marketing purposes. Similar state laws may impose additional requirements on the Company and its subsidiaries.

The federal banking regulators, as well as the SEC, CFTC, and related self-regulatory organizations, regularly issue guidance regarding cybersecurity that is intended to enhance cyber risk management among financial institutions. A financial institution is expected to establish lines of defense and to ensure that their risk management processes also address the risk posed by potential threats to the institution. A financial institution's management is expected to maintain sufficient business continuity planning processes to ensure the rapid recovery, resumption and maintenance of the institution's operations after a cyber-attack. A financial institution is also expected to develop appropriate processes to enable recovery of data and business operations if the institution or its critical service providers fall victim to a cyber-attack.

In December 2020, the United States federal bank regulatory agencies released a proposed rule regarding notification requirements for banking organizations related to significant computer security incidents. Under the proposal, a bank holding company, such as the Company, and a national bank, such as U.S. Bank National Association, would be required to notify the Federal Reserve or OCC, respectively, within 36 hours of incidents that could result in the banking organization's inability to deliver services to a material portion of its customer base, jeopardize the viability of key operations of the banking organization, or impact the stability of the financial sector. The effects on the Company and U.S. National Bank Association will depend on the final form of the rule and how it is implemented.

Consumer Protection U.S. Bank National Association's retail banking activities are subject to a variety of statutes and regulations designed to protect consumers. These laws and regulations include the Truth-in-Lending, Truth-in-Savings, Home Mortgage Disclosure, Equal Credit Opportunity, Fair Credit Reporting, Fair Debt Collection Practices, Real Estate Settlement Procedures, Electronic Funds Transfer, Right to Financial Privacy and Servicemembers Civil Relief and Payday Lending Acts. Interest and other charges collected or contracted for by banks are subject to state usury laws and federal laws concerning interest rates. These and other laws and regulations require, among other things, disclosures of the cost of credit and terms of deposit accounts, provide substantive consumer rights, prohibit discrimination in credit transactions, regulate the use of credit report information, provide financial privacy protections, prohibit unfair, deceptive and abusive practices and subject U.S. Bank National Association to substantial regulatory oversight. Violations of applicable consumer protection laws can result in significant potential liability from litigation brought by customers, including actual damages, restitution and attorneys' fees. U.S. Bank National Association's regulators may also seek to enforce consumer protection requirements and obtain these and other remedies, including regulatory sanctions and civil money penalties. Failure to comply with consumer protection requirements may also result in significant reputational harm.

U.S. Bank National Association and its subsidiaries are subject to supervision and regulation by the CFPB with respect to federal consumer laws, including many of the consumer protection laws and regulations described

above. The CFPB has undertaken numerous rule-making and other initiatives, including issuing informal guidance and taking enforcement actions against certain financial institutions. The CFPB's rulemaking, examination and enforcement authority has affected and will continue to impact financial institutions involved in the provision of consumer financial products and services, including the Company, U.S. Bank National Association, and the Company's other subsidiaries. These regulatory activities may limit the types of financial services and products the Company may offer, which in turn may reduce the Company's revenues.

Other Supervision and Regulation The Company is subject to the disclosure and regulatory requirements of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), both as administered by the SEC, by virtue of the Company's status as a public company. As a listed company on the New York Stock Exchange (the "NYSE"), the Company is subject to the rules of the NYSE for listed companies.

Available Information

U.S. Bancorp's internet website can be found at www.usbank.com . U.S. Bancorp makes available free of charge on its website its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13 or 15(d) of the Exchange Act, as well as all other reports filed by U.S. Bancorp with the SEC as soon as reasonably practicable after electronically filed with, or furnished to, the SEC.

Additional Information

Additional information in response to this Item 1 can be found in the 2020 Annual Report on pages 60 to 64 under the heading "Line of Business Financial Review." That information is incorporated into this report by reference.

Item 1A. *Risk Factors*

Information in response to this Item 1A can be found in the 2020 Annual Report on pages 146 to 158 under the heading "Risk Factors." That information is incorporated into this report by reference.

Item 1B. *Unresolved Staff Comments*

None.

Item 2. *Properties*

U.S. Bancorp and its significant subsidiaries occupy headquarter offices under a long-term lease in Minneapolis, Minnesota. The Company also leases 7 freestanding operations centers in Cincinnati, Denver, Milwaukee, Minneapolis, Overland Park, Portland and St. Paul. The Company owns 9 principal operations centers in Cincinnati, Coeur d'Alene, Fargo, Milwaukee, Olathe, Owensboro, Portland, St. Louis and St. Paul. At December 31, 2020, the Company's subsidiaries owned and operated a total of 1,857 facilities and leased an additional 1,416 facilities. The Company believes its current facilities are adequate to meet its needs. Additional information with respect to the Company's premises and equipment is presented in Note 8 of the Notes to Consolidated Financial Statements included in the 2020 Annual Report. That information is incorporated into this report by reference.

Item 3. *Legal Proceedings*

Information in response to this Item 3 can be found in Note 22 of the Notes to Consolidated Financial Statements included in the 2020 Annual Report. That information is incorporated into this report by reference.

Item 4. ***Mine Safety Disclosures***

Not Applicable.

Capital Covenants

The Company has entered into several transactions involving the issuance of capital securities ("Capital Securities") by certain Delaware statutory trusts formed by the Company (the "Trusts"), the issuance by the Company of preferred stock ("Preferred Stock") or the issuance by an indirect subsidiary of U.S. Bank National Association of preferred stock exchangeable for the Company's Preferred Stock under certain circumstances ("Exchangeable Preferred Stock"). Simultaneously with the closing of certain of those transactions, the Company entered into a replacement capital covenant, as amended from time to time (as amended, each, a "Replacement Capital Covenant" and collectively, the "Replacement Capital Covenants") for the benefit of persons that buy, hold or sell a specified series of long-term indebtedness of the Company or U.S. Bank National Association (the "Covered Debt"). Each of the Replacement Capital Covenants provides that neither the Company nor any of its subsidiaries (including any of the Trusts) will repay, redeem or purchase any of the Preferred Stock, Exchangeable Preferred Stock or the Capital Securities and the securities held by the Trust (the "Other Securities"), as applicable, on or before the date specified in the applicable Replacement Capital Covenant, unless the Company has received proceeds from the sale of qualifying securities that (a) have equity-like characteristics that are the same as, or more equity-like than, the applicable characteristics of the Preferred Stock, the Exchangeable Preferred Stock, the Capital Securities or Other Securities, as applicable, at the time of repayment, redemption or purchase, and (b) the Company has obtained the prior approval of the Federal Reserve, if such approval is then required by the Federal Reserve or, in the case of the Exchangeable Preferred Stock, the approval of the OCC.

The Company will provide a copy of any Replacement Capital Covenant to a holder of the relevant Covered Debt. For copies of any of these documents, holders should write to Investor Relations, U.S. Bancorp, 800 Nicollet Mall, Minneapolis, Minnesota 55402, or call (866) 775-9668.

The following table identifies the closing date for each transaction, issuer, series of Capital Securities, Preferred Stock or Exchangeable Preferred Stock issued in the relevant transaction, Other Securities, if any, and applicable Covered Debt as of February 23, 2021, for those securities that remain outstanding.

Closing Date	Issuer	Capital Securities or Preferred Stock	Other Securities	Covered Debt
3/17/06	USB Capital IX and U.S. Bancorp	USB Capital IX's $675,378,000 of 6.189% Fixed-to-Floating Rate Normal Income Trust Securities	U.S. Bancorp's Series A Non-Cumulative Perpetual Preferred Stock	U.S. Bancorp's 7.50% Subordinated Debentures due 2026 (CUSIP No. 911596AL8)
3/27/06	U.S. Bancorp	U.S. Bancorp's 40,000,000 Depositary Shares ($25 per Depositary Share) each representing a 1/1000 th interest in a share of Series B Non-Cumulative Perpetual Preferred Stock	Not Applicable	U.S. Bancorp's 7.50% Subordinated Debentures due 2026 (CUSIP No. 911596AL8)
12/22/06	USB Realty Corp [(a)] and U.S. Bancorp	USB Realty Corp.'s 4,500 shares of Fixed-to-Floating-Rate Exchangeable Non-Cumulative Perpetual Series A Preferred Stock exchangeable for shares of U.S. Bancorp's Series C Non-Cumulative Perpetual Preferred Stock [(b)]	Not Applicable	U.S. Bancorp's 7.50% Subordinated Debentures due 2026 (CUSIP No. 911596AL8)

(a) USB Realty Corp. is an indirect subsidiary of U.S. Bank National Association.

(b) Under certain circumstances, upon the direction of the OCC, each share of USB Realty Corp.'s Series A Preferred Stock will be automatically exchanged for one share of U.S. Bancorp's Series C Non-Cumulative Perpetual Preferred Stock.

PART II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Beginning in March and continuing through the remainder of 2020, the Company suspended all common stock repurchases except for those done exclusively in connection with its stock-based compensation programs. This action was initially taken by the Company to maintain strong capital levels given the impact and uncertainties of COVID-19 on the economy and global markets. Due to continued economic uncertainty, the Federal Reserve implemented measures beginning in the third quarter of 2020 and extending through the first quarter of 2021, restricting capital distributions of all large bank holding companies, including the Company. On December 22, 2020, the Company announced that it had received its results on the December 2020 Stress Test from the Federal Reserve. Based on those results, the Company announced that its Board of Directors had approved an authorization to repurchase $3.0 billion of its common stock beginning January 1, 2021. The Company will continue to monitor the economic environment and will adjust its common stock repurchases as circumstances warrant, including remaining consistent with regulatory requirements. The following table provides a detailed analysis of all shares repurchased by the Company or any affiliated purchaser during the fourth quarter of 2020:

Period	Total Number of Shares Purchased	Average Price Paid per Share
October 1-31	136,003[(a)]	$ 39.39
November 1-30	160	42.70
December 1-31	255,720	44.91
Total	391,883[(a)]	$ 43.00

(a) Includes 130,000 shares of common stock purchased, at an average price per share of $39.55, in open-market transactions by U.S. Bank National Association in its capacity as trustee of the U.S. Bank 401(k) Savings Plan, which is the Company's employee retirement savings plan.

Note: All other shares purchased by the Company were in connection with the satisfaction of tax withholding obligations on vested restricted stock and unit awards and exercises under other compensation plans.

Additional Information

Additional information in response to this Item 5 can be found in the 2020 Annual Report on page 143 under the heading "U.S. Bancorp Supplemental Financial Data (Unaudited)" and in Item 12 of this report, under the heading "Equity Compensation Plan Information." That information is incorporated into this report by reference.

Item 6. ***Selected Financial Data***

Information in response to this Item 6 can be found in the 2020 Annual Report on page 23 under the heading "Table 1 — Selected Financial Data." That information is incorporated into this report by reference.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Information in response to this Item 7 can be found in the 2020 Annual Report on pages 22 to 68 under the heading "Management's Discussion and Analysis." That information is incorporated into this report by reference.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

Information in response to this Item 7A can be found in the 2020 Annual Report on pages 36 to 58 under the heading "Corporate Risk Profile." That information is incorporated into this report by reference.

Item 8. ***Financial Statements and Supplementary Data***

Information in response to this Item 8 can be found in the 2020 Annual Report on pages 69 to 145 under the headings "Report of Management," "Report of Independent Registered Public Accounting Firm," "Report of Independent Registered Public Accounting Firm," "U.S. Bancorp Consolidated Balance Sheet," "U.S. Bancorp Consolidated Statement of Income," "U.S. Bancorp Consolidated Statement of Comprehensive Income," "U.S. Bancorp Consolidated Statement of Shareholders' Equity," "U.S. Bancorp Consolidated Statement of Cash Flows," "Notes to Consolidated Financial Statements," "U.S. Bancorp Consolidated Balance Sheet — Five Year Summary (Unaudited)," "U.S. Bancorp Consolidated Statement of Income — Five Year Summary (Unaudited)," "U.S. Bancorp Quarterly Consolidated Financial Data (Unaudited)," "U.S. Bancorp Supplemental Financial Data (Unaudited)" and "U.S. Bancorp Consolidated Daily Average Balance Sheet and Related Yields and Rates (Unaudited)". That information is incorporated into this report by reference.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Information in response to this Item 9A can be found in the 2020 Annual Report on page 68 under the heading "Controls and Procedures" and on pages 69 and 72 under the headings "Report of Management" and "Report of Independent Registered Public Accounting Firm." That information is incorporated into this report by reference.

Item 9B. Other Information

None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

Code of Ethics and Business Conduct

The Company has adopted a Code of Ethics and Business Conduct that applies to its principal executive officer, principal financial officer and principal accounting officer. The Company's Code of Ethics and Business Conduct can be found at www.usbank.com by clicking on "About Us" and then clicking on "Investor Relations" and then clicking on "Corporate Governance" and then clicking on "Governance Documents" and then clicking on "Code of Ethics" and then clicking on "Code of Ethics and Business Conduct." The Company intends to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding amendments to, or waivers from, certain provisions of the Code of Ethics and Business Conduct that apply to its principal executive officer, principal financial officer and principal accounting officer by posting such information on its website, at the address and location specified above.

Information About the Company's Managing Committee

Andrew Cecere

Mr. Cecere is Chairman, President and Chief Executive Officer of U.S. Bancorp. Mr. Cecere, 60, has served as President of U.S. Bancorp since January 2016, Chief Executive Officer since April 2017 and Chairman since April 2018. He also served as Vice Chairman and Chief Operating Officer from January 2015 to January 2016 and was U.S. Bancorp's Vice Chairman and Chief Financial Officer from February 2007 until January 2015. Until that time, he served as Vice Chairman, Wealth Management and Investment Services, of U.S. Bancorp since the merger of Firstar Corporation and U.S. Bancorp in February 2001. Previously, he had served as an executive officer of the former U.S. Bancorp, including as Chief Financial Officer from May 2000 through February 2001.

Elcio R.T. Barcelos

Mr. Barcelos is Senior Executive Vice President and Chief Human Resources Officer of U.S. Bancorp. Mr. Barcelos, 50, has served in this position since joining U.S. Bancorp in September 2020. From April 2018 until August 2020, he served as Senior Vice President and Chief People and Places Officer of the Federal National Mortgage Association (Fannie Mae), having served as Senior Vice President, Human Resources of the DXC Technology Company from April 2017 to March 2018. Previously, Mr. Barcelos served as Senior Vice President and Head of Human Resources for the Enterprise Services business of Hewlett Packard Enterprise Company from June 2015 to April 2017, and in other human resources senior leadership positions at Hewlett-Packard Company and Hewlett Packard Enterprise Company from July 2009 to June 2015. He previously served in various leadership roles at Wells Fargo and Bank of America.

James L. Chosy

Mr. Chosy is Senior Executive Vice President and General Counsel of U.S. Bancorp. Mr. Chosy, 57, has served in this position since March 2013. He also served as Corporate Secretary of U.S. Bancorp from March 2013 until April 2016. From 2001 to 2013, he served as the General Counsel and Secretary of Piper Jaffray Companies. From 1995 to 2001, Mr. Chosy was Vice President and Associate General Counsel of U.S. Bancorp, having also served as Assistant Secretary of U.S. Bancorp from 1995 through 2000 and as Secretary from 2000 until 2001.

Gregory G. Cunningham

Mr. Cunningham is Senior Executive Vice President and Chief Diversity Officer of U.S. Bancorp. Mr. Cunningham, 57, has served in this position since July 2020. From July 2019 until July 2020, he served as

Senior Vice President and Chief Diversity Officer of U.S. Bancorp, having served as Vice President of Customer Engagement of U.S. Bancorp from October 2015, when he joined U.S. Bancorp, until July 2019. Previously, Mr. Cunningham served in various roles in the marketing department of Target Corporation from January 1998 until March 2015.

Terrance R. Dolan

Mr. Dolan is Vice Chair and Chief Financial Officer of U.S. Bancorp. Mr. Dolan, 59, has served in this position since August 2016. From July 2010 to July 2016, he served as Vice Chair, Wealth Management and Investment Services, of U.S. Bancorp. From September 1998 to July 2010, Mr. Dolan served as U.S. Bancorp's Controller. He additionally held the title of Executive Vice President from January 2002 until June 2010 and Senior Vice President from September 1998 until January 2002.

Gunjan Kedia

Ms. Kedia is Vice Chair, Wealth Management and Investment Services, of U.S. Bancorp. Ms. Kedia, 50, has served in this position since joining U.S. Bancorp in December 2016. From October 2008 until May 2016, she served as Executive Vice President of State Street Corporation where she led the core investment servicing business in North and South America and served as a member of State Street's management committee, its senior most strategy and policy committee. Previously, Ms. Kedia was an Executive Vice President of global product management at Bank of New York Mellon from 2004 to 2008.

James B. Kelligrew

Mr. Kelligrew is Vice Chair, Corporate and Commercial Banking, of U.S. Bancorp. Mr. Kelligrew, 55, has served in this position since January 2016. From March 2014 until December 2015, he served as Executive Vice President, Fixed Income and Capital Markets, of U.S. Bancorp, having served as Executive Vice President, Credit Fixed Income, of U.S. Bancorp from May 2009 to March 2014. Prior to that time, he held various leadership positions with Wells Fargo Securities from 2003 to 2009.

Shailesh M. Kotwal

Mr. Kotwal is Vice Chair, Payment Services, of U.S. Bancorp. Mr. Kotwal, 56, has served in this position since joining U.S. Bancorp in March 2015. From July 2008 until May 2014, he served as Executive Vice President of TD Bank Group with responsibility for retail banking products and services and as Chair of its enterprise payments council. From 2006 until 2008, he served as President, International, of eFunds Corporation. Previously, Mr. Kotwal served in various leadership roles at American Express Company from 1989 until 2006, including responsibility for operations in North and South America, Europe and the Asia-Pacific regions.

Katherine B. Quinn

Ms. Quinn is Vice Chair and Chief Administrative Officer of U.S. Bancorp. Ms. Quinn, 56, has served in this position since April 2017. From September 2013 to April 2017, she served as Executive Vice President and Chief Strategy and Reputation Officer of U.S. Bancorp and has served on U.S. Bancorp's Managing Committee since January 2015. From September 2010 until January 2013, she served as Chief Marketing Officer of WellPoint, Inc. (now known as Anthem, Inc.), having served as Head of Corporate Marketing of WellPoint from July 2005 until September 2010.

Jodi L. Richard

Ms. Richard is Vice Chair and Chief Risk Officer of U.S. Bancorp. Ms. Richard, 52, has served in this position since October 2018. She served as Executive Vice President and Chief Operational Risk Officer of U.S.

Bancorp from January 2018 until October 2018, having served as Senior Vice President and Chief Operational Risk Officer from 2014 until January 2018. Prior to that time, Ms. Richard held various senior leadership roles at HSBC from 2003 until 2014, including Executive Vice President and Head of Operational Risk and Internal Control at HSBC North America from 2008 to 2014. Ms. Richard started her career at the Office of the Comptroller of the Currency in 1990 as a national bank examiner.

Mark G. Runkel

Mr. Runkel is Senior Executive Vice President and Chief Credit Officer of U.S. Bancorp. Mr. Runkel, 44, has served in this position since December 2013. From February 2011 until December 2013, he served as Senior Vice President and Credit Risk Group Manager of U.S. Bancorp Retail and Payment Services Credit Risk Management, having served as Senior Vice President and Risk Manager of U.S. Bancorp Retail and Small Business Credit Risk Management from June 2009 until February 2011. From March 2005 until May 2009, he served as Vice President and Risk Manager of U.S. Bancorp.

Dominic V. Venturo

Mr. Venturo is Senior Executive Vice President and Chief Digital Officer of U.S. Bancorp. Mr. Venturo, 54, has served in this position since July 2020. From January 2015 until July 2020, he served as Executive Vice President and Chief Innovation Officer of U.S. Bancorp, having served as Senior Vice President and Chief Innovation Officer of U.S. Bancorp Payment Services from January 2010 until January 2015. From January 2007 to December 2009, Mr. Venturo served as Senior Vice President and Chief Innovation Officer of U.S. Bancorp Retail Payment Solutions. Prior to that time, he served as Senior Vice President and held product management positions in various U.S. Bancorp Payment Services business lines from December 1998 to December 2006.

Jeffry H. von Gillern

Mr. von Gillern is Vice Chair, Technology and Operations Services, of U.S. Bancorp. Mr. von Gillern, 55, has served in this position since July 2010. From April 2001, when he joined U.S. Bancorp, until July 2010, Mr. von Gillern served as Executive Vice President of U.S. Bancorp, additionally serving as Chief Information Officer from July 2007 until July 2010.

Timothy A. Welsh

Mr. Welsh is Vice Chair, Consumer and Business Banking, of U.S. Bancorp. Mr. Welsh, 55, has served in this position since March 2019. Prior to that, he served as Vice Chair, Consumer Banking Sales and Support since joining U.S. Bancorp in July 2017. From July 2006 until June 2017, he served as a Senior Partner at McKinsey & Company where he specialized in financial services and the consumer experience. Previously, Mr. Welsh served as a Partner at McKinsey from 1999 to 2006.

Additional Information

Additional information in response to this Item 10 can be found in the Proxy Statement under the headings “Other Matters — Delinquent Section 16(a) Reports,” “Proposal. 1 — Election of Directors,” “Corporate Governance — Committee Responsibilities” and “Corporate Governance — Committee Member Qualifications.” That information is incorporated into this report by reference.

Item 11. ***Executive Compensation***

Information in response to this Item 11 can be found in the Proxy Statement under the headings “Compensation Discussion and Analysis,” “Compensation Committee Report,” “Executive Compensation” and “Director Compensation.” That information is incorporated into this report by reference.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

Equity Compensation Plan Information

The following table summarizes information regarding the Company's equity compensation plans in effect as of December 31, 2020:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in the First Column)
Equity Compensation Plans Approved by Security Holders			28,306,216[3]
Stock Options	5,180,391[1]	$ 40.38	
Restricted Stock Units and Performance-Based Restricted Stock Units	6,409,373[2]	-	
Equity Compensation Plans Not Approved by Security Holders	393,280[4]	-	-
Total	11,983,044		28,306,216

(1) Includes shares of the Company's common stock underlying stock options granted under the U.S. Bancorp 2015 Stock Incentive Plan (the "2015 Plan") and the U.S. Bancorp Amended and Restated 2007 Stock Incentive Plan (the "2007 Plan").

(2) Includes shares of the Company's common stock underlying performance-based restricted stock units (awarded to the members of the Company's Managing Committee and settled in shares of the Company's common stock on a one-for-one basis) and restricted stock units (settled in shares of the Company's common stock on a one-for-one basis) under the 2015 Plan, the 2007 Plan and the U.S. Bancorp 2001 Stock Incentive Plan. No exercise price is paid upon vesting, and thus, no exercise price is included in the table.

(3) The 28,306,216 shares of the Company's common stock available for future issuance are reserved under the 2015 Plan. Future awards under the 2015 Plan may be made in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards, dividend equivalents, stock awards, or other stock-based awards.

(4) These shares of the Company's common stock are issuable pursuant to various current and former deferred compensation plans of U.S. Bancorp and its predecessor entities. No exercise price is paid when shares are issued pursuant to the deferred compensation plans.

The deferred compensation plans allow non-employee directors and members of senior management to defer all or part of their compensation until the earlier of retirement or termination of employment. The deferred compensation is deemed to be invested in one of several investment alternatives at the option of the participant, including shares of U.S. Bancorp common stock. Deferred compensation deemed to be invested in U.S. Bancorp stock will be received in the form of shares of U.S. Bancorp common stock at the time of distribution, unless the Company chooses cash payment.

The 393,280 shares included in the table assume that participants in the plans whose deferred compensation had been deemed to be invested in the Company's common stock had elected to receive all of that deferred compensation in shares of the Company's common stock on December 31, 2020. The U.S. Bank Executive Employees Deferred Compensation Plan (2005 Statement) and the U.S. Bank Outside Directors Deferred Compensation Plan (2005 Statement) are the Company's only deferred compensation plans under which compensation may currently be deferred.

Additional Information

Additional information in response to this Item 12 can be found in the Proxy Statement under the heading "Security Ownership of Certain Beneficial Owners and Management." That information is incorporated into this report by reference.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

Information in response to this Item 13 can be found in the Proxy Statement under the headings "Corporate Governance — Director Independence," "Corporate Governance — Committee Member Qualifications" and "Certain Relationships and Related Transactions." That information is incorporated into this report by reference.

Item 14. ***Principal Accounting Fees and Services***

Information in response to this Item 14 can be found in the Proxy Statement under the headings "Audit Committee Report and Payment of Fees to Auditor — Fees to Independent Auditor" and "Audit Committee Report and Payment of Fees to Auditor — Administration of Engagement of Independent Auditor." That information is incorporated into this report by reference.

PART IV

Item 15. ***Exhibits, Financial Statement Schedules***

List of documents filed as part of this report

1. Financial Statements

- Report of Management
- Report of Independent Registered Public Accounting Firm on the Financial Statements
- Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting
- U.S. Bancorp Consolidated Balance Sheet as of December 31, 2020 and 2019
- U.S. Bancorp Consolidated Statement of Income for each of the three years in the period ended December 31, 2020
- U.S. Bancorp Consolidated Statement of Comprehensive Income for each of the three years in the period ended December 31, 2020
- U.S. Bancorp Consolidated Statement of Shareholders' Equity for each of the three years in the period ended December 31, 2020
- U.S. Bancorp Consolidated Statement of Cash Flows for each of the three years in the period ended December 31, 2020
- Notes to Consolidated Financial Statements
- U.S. Bancorp Consolidated Balance Sheet — Five Year Summary (Unaudited)
- U.S. Bancorp Consolidated Statement of Income — Five Year Summary (Unaudited)
- U.S. Bancorp Quarterly Consolidated Financial Data (Unaudited)
- U.S. Bancorp Supplemental Financial Data (Unaudited)
- U.S. Bancorp Consolidated Daily Average Balance Sheet and Related Yields and Rates (Unaudited)

2. Financial Statement Schedules

All financial statement schedules for the Company have been included in the consolidated financial statements or the related footnotes, or are either inapplicable or not required.

3. Exhibits

Shareholders may obtain a copy of any of the exhibits to this report upon payment of a fee covering the Company's reasonable expenses in furnishing the exhibits. You can request exhibits by writing to Investor Relations, U.S. Bancorp, 800 Nicollet Mall, Minneapolis, Minnesota 55402.

3.1	Restated Certificate of Incorporation, as amended.
(1) 3.2	Amended and Restated Bylaws. Filed as Exhibit 3.1 to Form 8-K filed on March 19, 2020.
4.1	Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, copies of instruments defining the rights of holders of long-term debt are not filed. U.S. Bancorp agrees to furnish a copy thereof to the SEC upon request.

4.2	Description of U.S. Bancorp's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.
(1)(2) **10.1(a)**	U.S. Bancorp 2001 Stock Incentive Plan. Filed as Exhibit 10.1 to Form 10-K for the year ended December 31, 2001.
(1)(2) **10.1(b)**	Amendment No. 1 to U.S. Bancorp 2001 Stock Incentive Plan. Filed as Exhibit 10.2 to Form 10-K for the year ended December 31, 2002.
(1)(2) **10.2**	U.S. Bancorp Annual Executive Incentive Plan. Filed as Exhibit 10.1 to Form 8-K filed on January 16, 2019.
(1)(2) **10.3**	U.S. Bancorp Executive Deferral Plan, as amended. Filed as Exhibit 10.7 to Form 10-K for the year ended December 31, 1999.
(2)(3) **10.4**	U.S. Bank Non-Qualified Retirement Plan.
(1)(2) **10.5(a)**	U.S. Bancorp Executive Employees Deferred Compensation Plan. Filed as Exhibit 10.18 to Form 10-K for the year ended December 31, 2003.
(1)(2) **10.5(b)**	2011 Amendment of U.S. Bancorp Executive Employees Deferred Compensation Plan. Filed as Exhibit 10.9(b) to Form 10-K for the year ended December 31, 2011.
(1)(2) **10.6(a)**	U.S. Bancorp 2005 Executive Employees Deferred Compensation Plan. Filed as Exhibit 10.2 to Form 8-K filed on December 21, 2005.
(1)(2) **10.6(b)**	First Amendment of U.S. Bancorp 2005 Executive Employees Deferred Compensation Plan effective as of January 31, 2009. Filed as Exhibit 10.2(b) to Form 8-K filed on January 7, 2009.
(1)(2) **10.6(c)**	Second Amendment of U.S. Bancorp 2005 Executive Employees Deferred Compensation Plan effective as of January 1, 2010. Filed as Exhibit 10.13(c) to Form 10-K for the year ended December 31, 2010.
(1)(2) **10.6(d)**	Third Amendment of U.S. Bancorp 2005 Executive Employees Deferred Compensation Plan. Filed as Exhibit 10.10(d) to Form 10-K for the year ended December 31, 2011.
(1)(2) **10.7(a)**	U.S. Bancorp Outside Directors Deferred Compensation Plan. Filed as Exhibit 10.19 to Form 10-K for the year ended December 31, 2003.
(1)(2) **10.7(b)**	2011 Amendment of U.S. Bancorp Outside Directors Deferred Compensation Plan. Filed as Exhibit 10.11(b) to Form 10-K for the year ended December 31, 2011.
(1)(2) **10.8(a)**	U.S. Bancorp 2005 Outside Directors Deferred Compensation Plan. Filed as Exhibit 10.1 to Form 8-K filed on December 21, 2005.
(1)(2) **10.8(b)**	First Amendment of U.S. Bancorp 2005 Outside Directors Deferred Compensation Plan effective as of January 31, 2009. Filed as Exhibit 10.3(b) to Form 8-K filed on January 7, 2009.
(1)(2) **10.8(c)**	Second Amendment of U.S. Bancorp 2005 Outside Directors Deferred Compensation Plan. Filed as Exhibit 10.12(c) to Form 10-K for the year ended December 31, 2011.
(1)(2) **10.9(a)**	Form of Director Restricted Stock Unit Award Agreement under U.S. Bancorp 2001 Stock Incentive Plan. Filed as Exhibit 10.5 to Form 10-Q for the quarterly period ended September 30, 2004.
(1)(2) **10.9(b)**	Form of Amendment to Director Restricted Stock Unit Award Agreements under U.S. Bancorp 2001 Stock Incentive Plan dated as of December 31, 2008. Filed as Exhibit 10.5(b) to Form 8-K filed on January 7, 2009.
(1)(2) **10.10**	U.S. Bancorp Amended and Restated 2007 Stock Incentive Plan. Filed as Exhibit 10.1 to Form 8-K filed on April 20, 2010.

(1)(2)	**10.11**	Form of Non-Qualified Stock Option Agreement for Executive Officers (as approved January 16, 2012) under U.S. Bancorp Amended and Restated 2007 Stock Incentive Plan. Filed as Exhibit 10.2 to Form 8-K filed on January 18, 2012.
(1)(2)	**10.12**	Form of Non-Qualified Stock Option Agreement for Executive Officers (as approved November 14, 2012) under U.S. Bancorp Amended and Restated 2007 Stock Incentive Plan. Filed as Exhibit 10.2 to Form 8-K filed on November 19, 2012.
(1)(2)	**10.13**	Form of Non-Qualified Stock Option Agreement for Executive Officers (as approved December 9, 2013) under U.S. Bancorp Amended and Restated 2007 Stock Incentive Plan. Filed as Exhibit 10.2 to Form 8-K filed on December 13, 2013.
(1)(2)	**10.14**	Form of Non-Qualified Stock Option Agreement for Executive Officers under U.S. Bancorp Amended and Restated 2007 Stock Incentive Plan to be used after December 31, 2014. Filed as Exhibit 10.2 to Form 8-K filed on December 31, 2014.
(1)(2)	**10.15**	Form of 2007 Restricted Stock Unit Award Agreement for Non-Employee Directors under U.S. Bancorp Amended and Restated 2007 Stock Incentive Plan. Filed as Exhibit 10.1 to Form 10-Q/A for the quarterly period ended September 30, 2007.
(1)(2)	**10.16**	Form of Restricted Stock Unit Award Agreement for Non-Employee Directors under U.S. Bancorp Amended and Restated 2007 Stock Incentive Plan to be used after December 31, 2008. Filed as Exhibit 10.11(a) to Form 8-K filed on January 7, 2009.
(1)(2)	**10.17**	Form of Restricted Stock Unit Award Agreement for Non-Employee Directors under U.S. Bancorp Amended and Restated 2007 Stock Incentive Plan to be used after December 31, 2013. Filed as Exhibit 10.37 to Form 10-K for the year ended December 31, 2013.
(1)(2)	**10.18**	U.S. Bancorp 2015 Stock Incentive Plan. Filed as Exhibit 10.1 to Form 8-K filed on April 23, 2015.
(1)(2)	**10.19**	Form of Stock Option Award Agreement for Executive Officers under U.S. Bancorp 2015 Stock Incentive Plan (in use for grants made through 2016). Filed as Exhibit 10.4 to Form 8-K filed on April 23, 2015.
(1)(2)	**10.20**	Form of Stock Option Award Agreement for Executive Officers under U.S. Bancorp 2015 Stock Incentive Plan (used for grants made after January 1, 2017). Filed as Exhibit 10.44 to Form 10-K for the year ended December 31, 2016.
(1)(2)	**10.21**	Form of Restricted Stock Unit Award Agreement for Non-Employee Directors under U.S. Bancorp 2015 Stock Incentive Plan (in use for grants made through 2016). Filed as Exhibit 10.2 to Form 8-K filed on April 23, 2015.
(1)(2)	**10.22**	Form of Restricted Stock Unit Award Agreement for Non-Employee Directors under U.S. Bancorp 2015 Stock Incentive Plan (used for grants made after January 1, 2017). Filed as Exhibit 10.42 to Form 10-K for the year ended December 31, 2016.
(1)(2)	**10.23**	Form of Performance Restricted Stock Unit Award Agreement for Executive Officers under U.S. Bancorp 2015 Stock Incentive Plan (used for grants made during 2017). Filed as Exhibit 10.43 to Form 10-K for the year ended December 31, 2016.
(1)(2)	**10.24**	Form of Performance Restricted Stock Unit Award Agreement for Executive Officers under U.S. Bancorp 2015 Stock Incentive Plan (used for grants made during 2018). Filed as Exhibit 10.39 to Form 10-K for the year ended December 31, 2017.
(1)(2)	**10.25**	Form of Performance Restricted Stock Unit Award Agreement for Executive Officers under U.S. Bancorp 2015 Stock Incentive Plan (used for grants made during 2019). Filed as Exhibit 10.34 to Form 10-K for the year ended December 31, 2018.

(1)(2)	**10.26**	Form of Restricted Stock Unit Award Agreement for Executive Officers under U.S. Bancorp 2015 Stock Incentive Plan (used for grants made January 1, 2018 – June 30, 2018). Filed as Exhibit 10.40 to Form 10-K for the year ended December 31, 2017.
(1)(2)	**10.27**	Form of Restricted Stock Unit Award Agreement for Executive Officers under U.S. Bancorp 2015 Stock Incentive Plan (used for grants made July 1, 2018 – December 31, 2019). Filed as Exhibit 10.1 to Form 10-Q for the quarterly period ended June 30, 2018.
(1)(2)	**10.28**	Form of Performance Restricted Stock Unit Award Agreement for Executive Officers under U.S. Bancorp 2015 Stock Incentive Plan (used for grants made after January 1, 2020). Filed as Exhibit 10.36 to Form 10-K for the year ended December 31, 2019.
(1)(2)	**10.29**	Form of Restricted Stock Unit Award Agreement for Executive Officers under U.S. Bancorp 2015 Stock Incentive Plan (used for grants made after January 1, 2020). Filed as Exhibit 10.37 to Form 10-K for the year ended December 31, 2019.
(2)	**10.30**	Form of Performance Restricted Stock Unit Award Agreement for Executive Officers under U.S. Bancorp 2015 Stock Incentive Plan (used for grants made after January 1, 2021).
(2)	**10.31**	Form of Restricted Stock Unit Award Agreement for Executive Officers under U.S. Bancorp 2015 Stock Incentive Plan (used for grants made after January 1, 2021).
	13	2020 Annual Report, pages 21 through 161.
	21	Subsidiaries of the Registrant.
	23	Consent of Ernst & Young LLP.
	24	Power of Attorney.
	31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
	31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
	32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. section 1350 as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.
	101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
	101.SCH	XBRL Taxonomy Extension Schema Document.
	101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
	101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
	101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
	101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
	104	The cover page of U.S. Bancorp's Annual Report on Form 10-K for the year ended December 31, 2020, formatted in Inline XBRL (included within the Exhibit 101 attachments).

(1) Exhibit has been previously filed with the SEC and is incorporated herein as an exhibit by reference to the prior filing.
(2) Management contracts or compensatory plans or arrangements.
(3) Certain appendices have been omitted. The Company will furnish copies of any such appendix to the U.S. Securities and Exchange Commission upon its request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on February 23, 2021, on its behalf by the undersigned, thereunto duly authorized.

U.S. BANCORP

By /s/ ANDREW CECERE
Andrew Cecere
Chairman, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on February 23, 2021, by the following persons on behalf of the registrant and in the capacities indicated.

Signature and Title

/s/ ANDREW CECERE
Andrew Cecere,
Chairman, President and Chief Executive Officer
(principal executive officer)

/s/ TERRANCE R. DOLAN
Terrance R. Dolan,
Vice Chair and Chief Financial Officer
(principal financial officer)

/s/ LISA R. STARK
Lisa R. Stark,
Executive Vice President and Controller
(principal accounting officer)

WARNER L. BAXTER*
Warner L. Baxter, Director

DOROTHY J. BRIDGES*
Dorothy J. Bridges, Director

ELIZABETH L. BUSE*
Elizabeth L. Buse, Director

MARC N. CASPER*
Mark N. Casper, Director

KIMBERLY N. ELLISON-TAYLOR*
Kimberly N. Ellison-Taylor, Director

KIMBERLY J. HARRIS*
Kimberly J. Harris, Director

ROLAND A. HERNANDEZ*
Roland A. Hernandez, Director

Signature and Title

OLIVIA F. KIRTLEY*

Olivia F. Kirtley, Director

KAREN S. LYNCH*

Karen S. Lynch, Director

RICHARD P. MCKENNEY*

Richard P. McKenney, Director

YUSUF I. MEHDI*

Yusuf I. Mehdi, Director

JOHN P. WIEHOFF*

John P. Wiehoff, Director

SCOTT W. WINE*

Scott W. Wine, Director

* *Andrew Cecere, by signing his name hereto, does hereby sign this document on behalf of each of the above named directors of the registrant pursuant to powers of attorney duly executed by such persons.*

Dated: February 23, 2021

By: /s/ ANDREW CECERE
Andrew Cecere
Attorney-In-Fact
Chairman, President and Chief Executive Officer

Exhibit 3.1

RESTATED CERTIFICATE OF INCORPORATION

OF

U.S. BANCORP

U.S. Bancorp, a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

The name of the corporation is U.S. Bancorp and the name under which the corporation was originally incorporated is First Bank Stock Investment Company. The date of filing of its original Certificate of Incorporation was April 2, 1929.

This Restated Certificate of Incorporation was duly adopted by the Board of Directors in accordance with Section 245 of the General Corporation Law of the State of Delaware and only restates and integrates and does not further amend the provisions of the Restated Certificate of Incorporation of U.S. Bancorp as heretofore restated, amended and supplemented. There is no discrepancy between those provisions and the provisions of this Restated Certificate of Incorporation.

The text of the Restated Certificate of Incorporation, as amended or supplemented heretofore, is hereby restated without further amendments or changes to read in its entirety as follows:

FIRST: The name of this corporation is U.S. Bancorp.

SECOND: The registered office of the corporation in the State of Delaware is to be located at 1209 Orange Street in the City of Wilmington, County of New Castle. The name of the registered agent at such address is The Corporation Trust Company.

THIRD: The purpose of the corporation is to engage in any part of the world in any capacity in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware, and the corporation shall be authorized to exercise and enjoy all powers, rights and privileges which corporations organized under the General Corporation Law of Delaware may have under the laws of the State of Delaware as in force from time to time, including without limitation all powers, rights and privileges necessary or convenient to carry out all those acts and activities in which it may lawfully engage.

FOURTH: The total number of shares of all classes of stock which the corporation shall have the authority to issue is 4,050,000,000, consisting of 50,000,000 shares of Preferred Stock of the par value of $1.00 each and 4,000,000,000 shares of Common Stock of the par value of $.01 each.

The designations and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of each class of stock are as follows:

The Board of Directors is expressly authorized at any time, and from time to time, to provide for the issuance of shares of preferred stock in one or more series, with such voting powers, full or limited, or without voting powers and with such designations, preferences and

relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions providing for the issue thereof adopted by the board of directors, subject to the limitations prescribed by law and in accordance with the provisions hereof, including (but without limiting the generality thereof) the following:

(a) The designation of the series and the number of shares to constitute the series.

(b) The dividend rate of the series, the conditions and dates upon which such dividends shall be payable, the relation which such dividends shall bear to the dividends payable on any other class or classes of stock, and whether such dividends shall be cumulative or noncumulative.

(c) Whether the shares of the series shall be subject to redemption by the corporation and, if made subject to such redemption, the times, prices and other terms and conditions of such redemption.

(d) The terms and amount of any sinking fund provided for the purchase or redemption of the shares of the series.

(e) Whether or not the shares of the series shall be convertible into or exchangeable for shares of any other class or classes or of any other series of any class or classes of stock of the corporation, and, if provision be made for conversion or exchange, the times, prices, rates, adjustments and other terms and conditions of such conversion or exchange.

(f) The extent, if any, to which the holders of the shares of the series shall be entitled to vote with respect to the election of directors or otherwise.

(g) The restrictions, if any on the issue or reissue of any additional preferred stock.

(h) The rights of the holders of the shares of the series upon the dissolution, liquidation, or winding up of the corporation.

Subject to the prior or equal rights, if any, of the preferred stock of any and all series stated and expressed by the board of directors in the resolution or resolutions providing for the issuance of such preferred stock, the holders of common stock shall be entitled (i) to receive dividends when and as declared by the board of directors out of any funds legally available therefore, (ii) in the event of any dissolution, liquidation or winding up of the corporation, to receive the remaining assets of the corporation, ratably according to the number of shares of common stock held, and (iii) to one vote for each share of common stock held. No holder of common stock shall have any preemptive right to purchase or subscribe for any part of any issue of stock or of securities of the corporation convertible into stock of any class whatsoever, whether now or hereafter authorized.

Pursuant to the authority conferred by this Article FOURTH, the following series of Preferred Stock have been designated, each such series consisting of such number of shares, with such voting powers and with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof as are stated and expressed in the exhibit with respect to such series attached hereto as specified below and incorporated herein by reference:

Exhibit A Series A Non-Cumulative Perpetual Preferred Stock

Exhibit B Series B Non-Cumulative Perpetual Preferred Stock

Exhibit C Series C Non-Cumulative Perpetual Preferred Stock

Exhibit D Series F Non-Cumulative Perpetual Preferred Stock

Exhibit E Series H Non-Cumulative Perpetual Preferred Stock

Exhibit F Series I Non-Cumulative Perpetual Preferred Stock

Exhibit G Series J Non-Cumulative Perpetual Preferred Stock

FIFTH: In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized:

(a) To fix, determine and vary from time to time the amount to be maintained as surplus and the amount or amounts to be set apart as working capital.

(b) To adopt, amend, alter or repeal by-laws of the corporation, without any action on the part of the shareholders. The by-laws adopted by the directors may be amended, altered, changed, added to or repealed by the shareholders.

(c) To authorize and cause to be executed mortgages and liens, without limit as to amount, upon the real and personal property of this corporation.

(d) To sell, assign, convey or otherwise dispose of a part of the property, assets and effects of this corporation, less than the whole, or less than substantially the whole thereof, on such terms and conditions as they shall deem advisable, without the assent of the shareholders; and also to sell, assign, transfer, convey and otherwise dispose of the whole or substantially the whole of the property, assets, effects, franchises and good will of this corporation on such terms and conditions as they shall deem advisable, but only pursuant to the affirmative vote of the holders of a majority in amount of the stock then having voting power and at the time issued and outstanding, but in any event not less than the amount required by law.

(e) All of the powers of this corporation, insofar as the same lawfully may be vested by this certificate in the board of directors, are hereby conferred upon the board of directors of this corporation.

SIXTH: The affairs of the Corporation shall be conducted by a Board of Directors. Except as otherwise provided by this Article Sixth, the number of directors, not less than twelve (12) nor more than thirty (30), shall be fixed from time to time by the Bylaws. Commencing

with the 2008 annual meeting of the stockholders, directors shall be elected annually for terms of one year and shall hold office until the next succeeding annual meeting. Directors elected at the 2005 annual meeting of stockholders shall hold office until the 2008 annual meeting of stockholders; directors elected at the 2006 annual meeting of stockholders shall hold office until the 2009 annual meeting of stockholders and directors elected at the 2007 annual meeting of stockholders shall hold office until the 2010 annual meeting of stockholders. In all cases, directors shall hold office until their respective successors are elected by the stockholders and have qualified.

In the event that the holders of any class or series of stock of the Corporation having a preference as to dividends or upon liquidation of the Corporation shall be entitled, by a separate class vote, to elect directors as may be specified pursuant to Article Fourth, then the provisions of such class or series of stock with respect to their rights shall apply. The number of directors that may be elected by the holders of any such class or series of stock shall be in addition to the number fixed pursuant to the preceding paragraph of this Article Sixth. Except as otherwise expressly provided pursuant to Article Fourth, the number of directors that may be so elected by the holders of any such class or series of stock shall be elected for terms expiring at the next annual meeting of stockholders and vacancies among directors so elected by the separate class vote of any such class or series of stock shall be filled by the remaining directors elected by such class or series, or, if there are no such remaining directors, by the holders of such class or series in the same manner in which such class or series initially elected a director.

If at any meeting for the election of directors, more than one class of stock, voting separately as classes, shall be entitled to elect one or more directors and there shall be a quorum of only one such class of stock, that class of stock shall be entitled to elect its quota of directors notwithstanding the absence of a quorum of the other class or classes of stock.

Vacancies and newly created directorships resulting from an increase in the number of directors, subject to the provision of Article Fourth, shall be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director, and such directors so chosen shall hold office until the next election of directors, and until their successors shall be elected and shall have qualified.

SEVENTH: No action required to be taken or which may be taken at any annual meeting or special meeting of stockholders may be taken without a meeting, and the power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

EIGHTH: No director of the corporation shall be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty by such director as a director; provided, however, that this Article Eighth shall not eliminate or limit the liability of a director to the extent provided by applicable law (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit. No amendment to or repeal of this Article Eighth shall apply to or have any effect on the liability or alleged liability of any director of the corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

IN WITNESS WHEREOF, U.S. Bancorp has caused this Restated Certificate of Incorporation to be signed by its duly authorized officer as of this 19th day of April, 2017.

U.S. BANCORP

By: /s/ Laura F. Bednarski
Laura F. Bednarski
Corporate Secretary

Exhibit A

CERTIFICATE OF DESIGNATIONS

OF

SERIES A NON-CUMULATIVE PERPETUAL PREFERRED STOCK

Section 1. Designation. The designation of the series of Preferred Stock shall be Series A Non-Cumulative Perpetual Preferred Stock (hereinafter referred to as the "*Series A Preferred Stock*"). Each share of Series A Preferred Stock shall be identical in all respects to every other share of Series A Preferred Stock. Series A Preferred Stock will rank equally with Parity Stock, if any, and will rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series A Preferred Stock shall be 20,010. Such number may from time to time be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series A Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series A Preferred Stock.

Section 3. Definitions. As used herein with respect to Series A Preferred Stock:

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions in Minneapolis, Minnesota, New York, New York or Wilmington, Delaware are not authorized or obligated by law, regulation or executive order to close.

"*Depositary Company*" shall have the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" shall have the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" shall have the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Junior Stock*" means the Corporation's common stock and any other class or series of stock of the Corporation hereafter authorized over which Series A Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*London Banking Day*" means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London, England.

"*Parity Stock*" means any other class or series of stock of the Corporation that ranks on a par with Series A Preferred Stock in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*Preferred Director*" shall have the meaning set forth in Section 7 hereof.

"*Reuters Screen LIBOR01 Page*" means the display designated on the Reuters 3000 Xtra (or such other page as may replace that page on that service or such other service as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

"*Series A Preferred Stock*" shall have the meaning set forth in Section 1 hereof.

Stock Purchase Date" means the first to occur of any January 15, April 15, July 15 and October 15, or if any such day is not a Business Day, the next Business Day, after the Remarketing Settlement Date or the Remarketing Date of a Failed Remarketing, as such terms are defined in that certain Third Supplemental Indenture, dated as of March 17, 2006, between the Corporation and Wilmington Trust Company, as successor indenture trustee, amending and supplementing that certain Junior Subordinated Indenture dated as of August 28, 2005, between the Company and Delaware Trust Company, National Association, as thereby amended from time to time.

"*Three-Month LIBOR*" means, with respect to any Dividend Period, the rate (expressed as a percentage *per annum*) for deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period, as that rate appears on Reuters Screen LIBOR01 Page as of 11:00 a.m. (London time) on the second London Banking Day preceding the first day of that Dividend Period. If such rate does not appear on Reuters Screen LIBOR01 Page, Three-Month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Corporation, at approximately 11:00 A.M., London time on the second London Banking Day preceding the first day of that Dividend Period. U.S. Bank National Association, or such other bank as may be acting as calculation agent for the Corporation, will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted by three major banks in New York City selected by the calculation agent, at approximately 11:00 a.m., New York City time, on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000. However, if the banks selected by the calculation agent to provide quotations are not quoting as described above, Three-Month LIBOR for that Dividend Period will be the same as Three-Month LIBOR as determined for the previous Dividend Period, or in the case of the first Dividend Period, the most recent rate that could have been determined in accordance with the first sentence of this paragraph had Series A Preferred Stock been outstanding. The calculation agent's

establishment of Three-Month LIBOR and calculation of the amount of dividends for each Dividend Period will be on file at the principal offices of the Corporation, will be made available to any holder of Series A Preferred Stock upon request and will be final and binding in the absence of manifest error.

Section 4. Dividends.

(a) Rate. Holders of Series A Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation , but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of $100,000 per share of Series A Preferred Stock, and no more, payable on the following dates: (1) if the Series A Preferred Stock is issued prior to April 15, 2011, semi-annually in arrears on each April 15 and October 15 through April 15, 2011, and (2) from and including the later of April 15, 2011 and the Stock Purchase Date, quarterly in arrears on each July 15, October 15, January 15 and April 15; *provided*, *however*, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day (without any interest or other payment in respect of such delay) (each such day on which dividends are payable a "*Dividend Payment Date*"). The period from and including the date of issuance of the Series A Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a "*Dividend Period*." Dividends on each share of Series A Preferred Stock will accrue on the liquidation preference of $100,000 per share (i) from the date of issuance to but not including the later of the Dividend Payment Date in April 2011 and the Stock Purchase Date at a rate *per annum* equal to 7.189%, and (ii) thereafter for each related Dividend Period at a rate *per annum* equal to the greater of (x) Three-Month LIBOR plus 1.02% or (y) 3.50%.The record date for payment of dividends on the Series A Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable for any period prior to the later of the Dividend Payment Day in April 2011 and the date of original issuance of the Series A Preferred Stock shall be computed on the basis of a 360-day year consisting of twelve 30-day months and dividends for periods thereafter shall be computed on the basis of a 360-day year and the actual number of days elapsed.

(b) Non-Cumulative Dividends. Dividends on shares of Series A Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series A Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable and the Corporation shall have no obligation to pay, and the holders of Series A Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series A Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

(c) Priority of Dividends. So long as any share of Series A Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in Junior Stock, (ii) no shares of Junior Stock shall be repurchased,

redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series A Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case unless full dividends on all outstanding shares of Series A Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. The foregoing shall not restrict the ability of the Corporation, or any affiliate of the Corporation, to engage in any market-making transactions in the Junior Stock or Parity Stock in the ordinary course of business. When dividends are not paid in full upon the shares of Series A Preferred Stock and any Parity Stock, all dividends declared upon shares of Series A Preferred Stock and any Parity Stock shall be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the then-current Dividend Period per share on Series A Preferred Stock, and accrued dividends, including any accumulations on Parity Stock, bear to each other. No interest will be payable in respect of any dividend payment on shares of Series A Preferred Stock that may be in arrears. If the Board of Directors of the Corporation determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide, or cause to be provided, written notice to the holders of the Series A Preferred Stock prior to such date. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series A Preferred Stock or Parity Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series A Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series A Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of $100,000 per share, plus any authorized, declared and unpaid dividends for the then-current Dividend Period to the date of liquidation. The holder of Series A Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference plus any authorized, declared and unpaid dividends to all holders of Series A Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series A Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences plus any authorized, declared and unpaid dividends of Series A Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference plus any authorized, declared and unpaid dividends has been paid in full to all holders of Series A Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. So long as full dividends on all outstanding shares of Series A Preferred Stock for the then-current Dividend Period have been paid or declared and a sum sufficient for the payment thereof set aside, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem in whole or in part the shares of Series A Preferred Stock at the time outstanding, at any time on or after the later of the Dividend Payment Date in April 2011 and the date of original issuance of the Series A Preferred Stock, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series A Preferred Stock shall be $100,000 per share plus dividends that have been declared but not paid plus accrued and unpaid dividends for the then-current Dividend Period to the redemption date.

(b) Notice of Redemption. Notice of every redemption of shares of Series A Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Notwithstanding the foregoing, if the Series A Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series A Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series A Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series A Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed by such holder; (iii) the redemption price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series A Preferred Stock at the time outstanding, the shares of Series A Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series A Preferred Stock in proportion to the number of Series A Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series A Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all assets necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights. The holders of Series A Preferred Stock will have no voting rights and will not be entitled to elect any directors, except as expressly provided by law and except that:

(a) Supermajority Voting Rights—Amendments. Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series A Preferred Stock at the time outstanding, voting separately as a class, shall be required to authorize any amendment of the Certificate of Incorporation or of any certificate amendatory thereof or supplemental thereto (including any certificate of designations or any similar document

relating to any series of preferred stock) which will materially and adversely affect the powers, preferences, privileges or rights of the Series A Preferred Stock, taken as a whole; provided, however, that any increase in the amount of the authorized or issued Series A Preferred Stock or authorized preferred stock of the Corporation or the creation and issuance, or an increase in the authorized or issued amount, of other series of preferred stock ranking equally with and/or junior to the Series A Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and/or the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the powers, preferences, privileges or rights of the Series A Preferred Stock.

(b) Supermajority Voting Rights—Priority. Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series A Preferred Stock and all other Parity Stock, at the time outstanding, voting as a single class without regard to series, shall be required to issue, authorize or increase the authorized amount of, or to issue or authorize any obligation or security convertible into or evidencing the right to purchase, any additional class or series of stock ranking prior to the shares of the Series A Preferred Stock and all other Parity Stock as to dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation.

(c) Special Voting Right.

(i) Voting Right. If and whenever dividends on the Series A Preferred Stock or any other class or series of preferred stock that ranks on parity with the Series A Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those granted by this Section 7(c) have been conferred and are exercisable, have not been paid in an aggregate amount equal, as to any class or series, to at least six quarterly Dividend Periods (whether consecutive or not), the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series A Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights**,** whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the election of such directors must not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors and further provided that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such director elected by the holders of shares of Series A Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series A Preferred Stock as to payment of dividends is a "*Preferred Director*".

(ii) Election. The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series A Preferred Stock and any other class or series of the Corporation's stock that ranks on

parity with Series A Preferred Stock as to payment of dividends and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(c)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series A Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series A Preferred Stock and any other class or series of preferred stock that ranks on parity with Series A Preferred Stock as to payment of dividends and for which dividends have not been paid for the election of the two directors to be elected by them as provided in Section 7(c)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

(iii) Notice for Special Meeting. Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series A Preferred Stock may (at the Corporation's expense) call such meeting, upon notice as provided in this Section 7(c)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of the Corporation's stockholders unless they have been previously terminated or removed pursuant to Section 7(c)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series A Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights**,** whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

(iv) Termination; Removal. Whenever full dividends have been paid regularly on the Series A Preferred Stock and any other class or series of preferred stock that ranks on parity with Series A Preferred Stock as to payment of dividends, if any, for at least four consecutive Dividend Periods, then the right of the holders of Series A Preferred Stock to elect such additional two directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate and the number of directors constituting the Corporation's board of directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of Series A Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights**,** whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(c).

Section 8. Conversion. The holders of Series A Preferred Stock shall not have any rights to convert such Series A Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series A Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or, subject to the voting rights granted in Section 7(b), any class of securities ranking senior to the Series A Preferred Stock as to dividends and upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series A Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; *provided*, *however*, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series A Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

Section 12. No Sinking Fund. Shares of series a preferred stock are not subject to the operation of a sinking fund.

Exhibit B

CERTIFICATE OF DESIGNATION

OF

SERIES B NON-CUMULATIVE PERPETUAL PREFERRED STOCK

Section 1. Designation. The designation of the series of preferred stock shall be Series B Non-Cumulative Perpetual Preferred Stock (hereinafter referred to as the "*Series B Preferred Stock*"). Each share of Series B Preferred Stock shall be identical in all respects to every other share of Series B Preferred Stock. Series B Preferred Stock will rank equally with Parity Stock, if any, and will rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series B Preferred Stock shall be 40,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series B Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series B Preferred Stock.

Section 3. Definitions. As used herein with respect to Series B Preferred Stock:

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York.

"*Depositary Company*" shall have the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" shall have the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" shall have the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depositary Trust Company, together with its successors and assigns.

"*Junior Stock*" means the Corporation's common stock and any other class or series of stock of the Corporation hereafter authorized over which Series B Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*London Banking Day*" means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London, England.

"*Parity Stock*" means any other class or series of stock of the Corporation that ranks on a par with Series B Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*Preferred Director*" shall have the meaning set forth in Section 7 hereof.

"*Series B Preferred Stock*" shall have the meaning set forth in Section 1 hereof.

"*Telerate Page 3750*" means the display page so designated on the Moneyline/Telerate Service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to the London Interbank Offered Rate for U.S. dollar deposits).

"*Three-Month LIBOR*" means, with respect to any Dividend Period, the offered rate (expressed as a percentage *per annum*) for deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period that appears on Telerate Page 3750 as of 11:00 a.m. (London time) on the second London Banking Day immediately preceding the first day of that Dividend Period. If such rate does not appear on Telerate Page 3750, Three-Month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Corporation, at approximately 11:00 A.M., London time on the second London Banking Day immediately preceding the first day of that Dividend Period. U.S. Bank National Association, or such other bank as may be acting as calculation agent for the Corporation, will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted by three major banks in New York City selected by the Corporation, at approximately 11:00 a.m., New York City time, on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000. However, if fewer than three banks selected by the Corporation to provide quotations are not quoting as described above, Three-Month LIBOR for that Dividend Period will be the same as Three-Month LIBOR as determined for the previous Dividend Period, or in the case of the first Dividend Period, the most recent rate that could have been determined in accordance with the first sentence of this paragraph had Series B Preferred Stock been outstanding. The calculation agent's establishment of Three-Month LIBOR and calculation of the amount of dividends for each Dividend Period will be on file at the principal offices of the Corporation, will be made available to any holder of Series B Preferred Stock upon request and will be final and binding in the absence of manifest error.

Section 4. Dividends.

(a) Rate. Holders of Series B Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized

committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of $25,000 per share of Series B Preferred Stock, and no more, payable quarterly in arrears on each January 15, April 15, July 15 and October 15; *provided*, *however*, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day (without any interest or other payment in respect of such delay) (each such day on which dividends are payable a "*Dividend Payment Date*"). The period from and including the date of issuance of the Series B Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a "*Dividend Period*." Dividends on each share of Series B Preferred Stock will accrue on the liquidation preference of $25,000 per share at a rate *per annum* equal to the greater of (i) Three-Month LIBOR plus 0.60%% or (ii) 3.50%. The record date for payment of dividends on the Series B Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable shall be computed on the basis of a 360-day year and the actual number of days elapsed.

(b) Non-Cumulative Dividends. Dividends on shares of Series B Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series B Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable and the Corporation shall have no obligation to pay, and the holders of Series B Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series B Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

(c) Priority of Dividends. So long as any share of Series B Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series B Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case unless full dividends on all outstanding shares of Series B Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. When dividends are not paid in full upon the shares of Series B Preferred Stock and any Parity Stock, all dividends declared upon shares of Series B Preferred Stock and any Parity Stock shall be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the then-current Dividend Period per share on Series B Preferred Stock, and accrued dividends, including any accumulations on Parity Stock, bear to each other. No interest will be payable in

respect of any dividend payment on shares of Series B Preferred Stock that may be in arrears. If the Board of Directors of the Corporation determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide, or cause to be provided, written notice to the holders of the Series B Preferred Stock prior to such date. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series B Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series B Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series B Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of $25,000 per share, plus any authorized, declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. The holder of Series B Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference plus any authorized, declared and unpaid dividends to all holders of Series B Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series B Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences plus any authorized, declared and unpaid dividends of Series B Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference plus any authorized, declared and unpaid dividends has been paid in full to all holders of Series B Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem in whole or in part the shares of Series B Preferred Stock at the time outstanding, at any time on or after the Dividend Payment Date in April 2011, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series B Preferred Stock shall be $25,000 per share plus dividends that have been declared but not paid.

(b) Notice of Redemption. Notice of every redemption of shares of Series B Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Notwithstanding the foregoing, if the Series B Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series B Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series B Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series B Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed by such holder; (iii) the redemption price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series B Preferred Stock at the time outstanding, the shares of Series B Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series B Preferred Stock in proportion to the number of Series B Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series B Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect

to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights. The holders of Series B Preferred Stock will have no voting rights and will not be entitled to elect any directors, except as expressly provided by law and except that:

(a) Supermajority Voting Rights—Amendments. Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares the Series B Preferred Stock at the time outstanding, voting separately as a class, shall be required to authorize any amendment of the Certificate of Incorporation or of any certificate amendatory thereof or supplemental thereto (including any certificate of designation or any similar document relating to any series of preferred stock) which will materially and adversely affect the powers, preferences, privileges or rights of the Series B Preferred Stock, taken as a whole; provided, however, that any increase in the amount of the authorized or issued Series B Preferred Stock or authorized preferred stock of the Corporation or the creation and issuance, or an increase in the authorized or issued amount, of other series of preferred stock ranking equally with and/or junior to the Series B Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and/or the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the powers, preferences, privileges or rights of the Series B Preferred Stock.

(b) Supermajority Voting Rights—Priority. Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series B Preferred Stock and all other Parity Stock, at the time outstanding, voting as a single class without regard to series, shall be required to issue, authorize or increase the authorized amount of, or to issue or authorize any obligation or security convertible into or evidencing the right to purchase, any additional class or series of stock ranking prior to the shares of the Series B Preferred Stock and all other Parity Stock as to dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation;

(c) Special Voting Right.

(i) Voting Right. If and whenever dividends on the Series B Preferred Stock or any other class or series of preferred stock that ranks on parity with the Series B Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those granted by this Section 7(c) have been conferred and are exercisable, have not been paid in an aggregate amount equal, as to any class or series, to at least six quarterly Dividend Periods (whether consecutive or not), the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series B Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights**,** whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the election of such directors must not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors and further provided that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such director elected by the holders of shares of Series B Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series B Preferred Stock as to payment of dividends is a "*Preferred Director*".

(ii) Election. The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series B Preferred Stock and any other class or series of our stock that ranks on parity with Series B Preferred Stock as to payment of dividends and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(c)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series B Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series B Preferred Stock and any other class or series of preferred stock that ranks on parity with Series B Preferred Stock as to payment of dividends and for which dividends have not been paid for the election of the two directors to be elected by them as provided in Section 7(c)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

(iii) Notice for Special Meeting. Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series B Preferred Stock may (at our expense) call such meeting, upon notice as provided in this Section 7(c)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold

office until the next annual meeting of our stockholders unless they have been previously terminated or removed pursuant to Section 7(c)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series B Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights**,** whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

(iv) Termination; Removal. Whenever full dividends have been paid regularly on the Series B Preferred Stock and any other class or series of preferred stock that ranks on parity with Series B Preferred Stock as to payment of dividends, if any, for at least four Dividend Periods, then the right of the holders of Series B Preferred Stock to elect such additional two directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate and the number of directors constituting our board of directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series B Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights**,** whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(c).

Section 8. Conversion. The holders of Series B Preferred Stock shall not have any rights to convert such Series B Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series B Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or, subject to the voting rights granted in Section 7(b), any class of securities ranking senior to the Series B Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series B Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; *provided*, *however*, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series B Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series B Preferred Stock are not subject to the operation of a sinking fund.

Exhibit C

CERTIFICATE OF DESIGNATION

OF

SERIES C NON-CUMULATIVE PERPETUAL PREFERRED STOCK

Section 1. Designation. The designation of the series of preferred stock shall be Series C Non-Cumulative Perpetual Preferred Stock (hereinafter referred to as the "*Series C Preferred Stock*"). Each share of Series C Preferred Stock shall be identical in all respects to every other share of Series C Preferred Stock. Series C Preferred Stock will rank equally with Parity Stock, if any, and will rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series C Preferred Stock shall be five thousand (5,000). Such number may from time to time be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series C Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series C Preferred Stock.

Section 3. Definitions. As used herein with respect to Series C Preferred Stock:

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York.

"*Depositary Company*" shall have the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" shall have the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" shall have the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depositary Trust Company, together with its successors and assigns.

"*Junior Stock*" means the Corporation's common stock and any other class or series of stock of the Corporation hereafter authorized over which Series C Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*London Banking Day*" means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London, England.

"*Parity Stock*" means any other class or series of stock of the Corporation that ranks on a par with Series C Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*Preferred Director*" shall have the meaning set forth in Section 7 hereof.

"*Series C Preferred Stock*" shall have the meaning set forth in Section 1 hereof.

"*Telerate Page 3750*" means the display page so designated on the Moneyline/Telerate Service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to the London Interbank Offered Rate for U.S. dollar deposits).

"*Three-Month LIBOR*" means, with respect to any Dividend Period beginning on or after January 15, 2012 and each Dividend Period thereafter, the offered rate (expressed as a percentage *per annum*) for deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period that appears on Telerate Page 3750 as of 11:00 a.m. (London time) on the second London Banking Day immediately preceding the first day of that Dividend Period. If such rate does not appear on Telerate Page 3750, Three-Month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Corporation, at approximately 11:00 A.M., London time on the second London Banking Day immediately preceding the first day of that Dividend Period. U.S. Bank National Association, or such other bank as may be acting as calculation agent for the Corporation, will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted by three major banks in New York City selected by the Corporation, at approximately 11:00 a.m., New York City time, on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000. However, if fewer than three banks selected by the Corporation to provide quotations are not quoting as described above, Three-Month LIBOR for that Dividend Period will be the same as Three-Month LIBOR as determined for the previous Dividend Period, or in the case of the first Dividend Period, the most recent rate that could have been determined in accordance with the first sentence of this paragraph had Series C Preferred Stock been outstanding. The calculation agent's establishment of Three-Month LIBOR and calculation of the amount of dividends for each Dividend Period will be on file at the principal offices of the Corporation, will be made available to any holder of Series C Preferred Stock upon request and will be final and binding in the absence of manifest error.

Section 4. Dividends.

(a) Rate. Holders of Series C Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of $100,000 per share of Series C Preferred Stock, and no more, payable quarterly in arrears on each January 15, April 15, July 15 and October 15; *provided*, *however*, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day (without any interest or other payment in respect of such delay) (each such day on which dividends are payable a "*Dividend Payment Date*"). The period from and including the date of issuance of the Series C Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a "*Dividend Period*." Dividends on each share of Series C Preferred Stock will accrue on the liquidation preference of $100,000 per share (i) to but not including the Dividend Payment Date in January 2012 at a rate *per annum* equal to 6.091%, and (ii) thereafter for each related Dividend Period at a rate *per annum* equal to Three-Month LIBOR plus 1.147%.

(b) Non-Cumulative Dividends. Dividends on shares of Series C Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series C Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable and the Corporation shall have no obligation to pay, and the holders of Series C Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series C Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

(c) Priority of Dividends. So long as any share of Series C Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series C Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case unless full dividends on all outstanding shares of Series C Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. When dividends are not paid in full upon the shares of Series C Preferred Stock and any Parity Stock, all dividends declared upon shares of Series C Preferred Stock and any Parity Stock shall be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for

the then-current Dividend Period per share on Series C Preferred Stock, and accrued dividends, including any accumulations on Parity Stock, bear to each other. No interest will be payable in respect of any dividend payment on shares of Series C Preferred Stock that may be in arrears. If the Board of Directors of the Corporation determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide, or cause to be provided, written notice to the holders of the Series C Preferred Stock prior to such date. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series C Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series C Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series C Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of $100,000 per share, plus any authorized, declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. The holder of Series C Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference plus any authorized, declared and unpaid dividends to all holders of Series C Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series C Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences plus any authorized, declared and unpaid dividends of Series C Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference plus any authorized, declared and unpaid dividends has been paid in full to all holders of Series C Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem in whole or in part the shares of Series C Preferred Stock at the time outstanding at any time upon notice given as provided in Section 6(b) below. The redemption price for shares of Series C Preferred Stock shall be $100,000 per share plus dividends that have been declared but not paid.

(b) Notice of Redemption. Notice of every redemption of shares of Series C Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Notwithstanding the foregoing, if the Series C Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series C Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series C Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series C Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed by such holder; (iii) the redemption price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series C Preferred Stock at the time outstanding, the shares of Series C Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series C Preferred Stock in proportion to the number of Series C Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series C Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of

the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights. The holders of Series C Preferred Stock will have no voting rights and will not be entitled to elect any directors, except as expressly provided by law and except that:

(a) Special Voting Right.

(i) Voting Right. If and whenever dividends on the Series C Preferred Stock or any other class or series of preferred stock that ranks on parity with the Series C Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those granted by this Section 7(a) have been conferred and are exercisable, have not been paid in an aggregate amount equal, as to any class or series, to at least six quarterly Dividend Periods (whether consecutive or not), the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series C Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights**,** whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the election of such directors must not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors and further provided that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such director elected by the holders of shares of Series C Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series C Preferred Stock as to payment of dividends is a "*Preferred Director*".

(ii) Election. The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series C

Preferred Stock and any other class or series of our stock that ranks on parity with Series C Preferred Stock as to payment of dividends and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(a)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series C Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series C Preferred Stock and any other class or series of preferred stock that ranks on parity with Series C Preferred Stock as to payment of dividends and for which dividends have not been paid for the election of the two directors to be elected by them as provided in Section 7(a)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

(iii) Notice for Special Meeting. Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series C Preferred Stock may (at our expense) call such meeting, upon notice as provided in this Section 7(a)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of our stockholders unless they have been previously terminated or removed pursuant to Section 7(a)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series C Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights**,** whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

(iv) Termination; Removal. Whenever full dividends have been paid regularly on the Series C Preferred Stock and any other class or series of preferred stock that ranks on parity with Series C Preferred Stock as to payment of dividends, if any, for three consecutive Dividend Periods and full dividends have been paid or declared and set aside for payment for the fourth consecutive Dividend Period, then the right of the holders of Series C Preferred Stock to elect such additional two directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate and the number of directors constituting our board of directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series C Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights**,** whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(a).

Section 8. Conversion. The holders of Series C Preferred Stock shall not have any rights to convert such Series C Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series C Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or, subject to the voting rights granted in Section 7(a), any class of securities ranking senior to the Series C Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series C Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; *provided*, *however*, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series C Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series C Preferred Stock are not subject to the operation of a sinking fund.

Exhibit D

CERTIFICATE OF DESIGNATIONS

OF

SERIES F NON-CUMULATIVE PERPETUAL PREFERRED STOCK

OF

U.S. BANCORP

Section 1. Designation. The designation of the series of preferred stock shall be Series F Non-Cumulative Perpetual Preferred Stock (hereinafter referred to as the "*Series F Preferred Stock*"). Each share of Series F Preferred Stock shall be identical in all respects to every other share of Series F Preferred Stock. Series F Preferred Stock will rank equally with Parity Stock, if any, and will rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series F Preferred Stock shall be 44,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series F Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series F Preferred Stock.

Section 3. Definitions. As used herein with respect to Series F Preferred Stock:

"*Appropriate Federal Banking Agency*" means the "appropriate Federal banking agency" with respect to the Corporation as defined in Section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(q)), or any successor provision.

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York.

"*Committee*" means the Risk Management Committee of the Board of Directors of the Corporation, or any successor committee thereto.

"*Corporation*" means U.S. Bancorp.

"*Depositary Company*" shall have the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" shall have the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" shall have the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Junior Stock*" means the Corporation's common stock and any other class or series of stock of the Corporation hereafter authorized over which Series F Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*London Banking Day*" means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London, England.

"*Parity Stock*" means any other class or series of stock of the Corporation that ranks on a parity with Series F Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*Preferred Director*" shall have the meaning set forth in Section 7(c)(i) hereof.

"*Redemption Price*" shall have the meaning set forth in Section 6(a) hereof.

"*Regulatory Capital Treatment Event*" means the good faith determination by the Corporation that, as a result of (i) any amendment to, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of Series F Preferred Stock, (ii) any proposed change in those laws or regulations that is announced after the initial issuance of any share of Series F Preferred Stock, or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of Series F Preferred Stock, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation value of the shares of Series F Preferred Stock then outstanding as "tier 1 capital" (or its equivalent) for purposes of the capital adequacy guidelines of the Board of Governors of the Federal Reserve System, Regulation Y, 12 CFR 225 (or, as and if applicable, the capital adequacy guidelines or regulations of any successor Appropriate Federal Banking Agency), as then in effect and applicable, for as long as any share of Series F Preferred Stock is outstanding.

"*Reuters Screen LIBOR01 Page*" means the display designated on the Reuters 3000 Xtra (or such other page as may replace that page on that service or such other service as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

"*Series F Preferred Stock*" shall have the meaning set forth in Section 1 hereof.

"*Three-Month LIBOR*" means, with respect to any Dividend Period beginning on or after January 15, 2022, the rate (expressed as a percentage *per annum*) for deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period, as that rate appears on Reuters Screen LIBOR01 Page as of 11:00 a.m. (London time) on the second London Banking Day preceding the first day of that Dividend Period. If such rate does not appear on Reuters

Screen LIBOR01 Page, Three-Month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Corporation, at approximately 11:00 a.m. (London time), on the second London Banking Day preceding the first day of that Dividend Period. U.S. Bank National Association, or such other bank as may be acting as calculation agent for the Corporation, will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted by three major banks in New York City selected by the calculation agent, at approximately 11:00 a.m. (New York City time), on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000. However, if the banks selected by the calculation agent to provide quotations are not quoting as described above, Three-Month LIBOR for that Dividend Period will be the same as Three-Month LIBOR as determined for the previous Dividend Period, or in the case of the first Dividend Period beginning on or after January 15, 2022, the most recent rate that could have been determined in accordance with the first sentence of this paragraph had the dividend rate been a floating rate during the period prior to January 15, 2022. The calculation agent's establishment of Three-Month LIBOR and calculation of the amount of dividends for each Dividend Period will be on file at the principal offices of the Corporation, will be made available to any holder of Series F Preferred Stock upon request and will be final and binding in the absence of manifest error.

Section 4. Dividends.

(a) Rate. Holders of Series F Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of $25,000 per share of Series F Preferred Stock, and no more, payable quarterly in arrears on each January 15, April 15, July 15 or October 15; *provided*, *however*, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day (without any interest or other payment in respect of such delay) (each such day on which dividends are payable a "*Dividend Payment Date*"). The period from and including the date of issuance of the Series F Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a "*Dividend Period*." Dividends on each share of Series F Preferred Stock will accrue on the liquidation preference of $25,000 per share (i) from the date of issuance to but not including the Dividend Payment Date on January 15, 2022 at a rate *per annum* equal to 6.50%, and (ii) thereafter for each related Dividend Period at a rate *per annum* equal to Three-Month LIBOR plus 4.468%. The record date for payment of dividends on the Series F Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable for any period prior to January 15, 2022 shall be computed on the basis of a 360-day year consisting of twelve 30-day months and dividends for periods thereafter shall be

computed on the basis of a 360-day year and the actual number of days elapsed. Notwithstanding any other provision hereof, dividends on the Series F Preferred Stock shall not be declared, paid or set aside for payment to the extent such act would cause the Corporation to fail to comply with laws and regulations applicable thereto, including applicable capital adequacy guidelines.

(b) Non-Cumulative Dividends. Dividends on shares of Series F Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series F Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable and the Corporation shall have no obligation to pay, and the holders of Series F Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series F Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

(c) Priority of Dividends. So long as any share of Series F Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series F Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case unless full dividends on all outstanding shares of Series F Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. When dividends are not paid in full upon the shares of Series F Preferred Stock and any Parity Stock, all dividends declared upon shares of Series F Preferred Stock and any Parity Stock shall be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the then-current Dividend Period per share on Series F Preferred Stock, and accrued dividends, including any accumulations, on Parity Stock, bear to each other. No interest will be payable in respect of any dividend payment on shares of Series F Preferred Stock that may be in arrears. If the Board of Directors of the Corporation determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide, or cause to be provided, written notice to the holders of the Series F Preferred Stock prior to such date. Subject to the foregoing, and not otherwise, dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series F Preferred Stock or Parity Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series F Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series F Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of $25,000 per share, plus any authorized, declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. The holder of Series F Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference plus any authorized, declared and unpaid dividends to all holders of Series F Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series F Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences plus any authorized, declared and unpaid dividends of Series F Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference plus any authorized, declared and unpaid dividends has been paid in full to all holders of Series F Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem in whole or in part the shares of Series F Preferred Stock at the time outstanding, at any time on or after the Dividend Payment Date in January, 2022, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series F Preferred Stock shall be $25,000 per share plus dividends that have been declared but not paid (the "*Redemption Price*"). Notwithstanding the foregoing, within 90 days following the occurrence of a Regulatory Capital Treatment Event, the Corporation, at its option, subject to the approval of the

Appropriate Federal Banking Agency, may redeem, at any time, all (but not less than all) of the shares of Series F Preferred Stock at the time outstanding, upon notice given as provided Subsection (b) below, at the Redemption Price applicable on such date of redemption.

(b) Notice of Redemption. Notice of every redemption of shares of Series F Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Notwithstanding the foregoing, if the Series F Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series F Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series F Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series F Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed by such holder; (iii) the Redemption Price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the Redemption Price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series F Preferred Stock at the time outstanding, the shares of Series F Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series F Preferred Stock in proportion to the number of Series F Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series F Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary

Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights. The holders of Series F Preferred Stock will have no voting rights and will not be entitled to elect any directors, except as expressly provided by law and except that:

(a) Supermajority Voting Rights–Amendments. Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series F Preferred Stock at the time outstanding, voting separately as a class, shall be required to authorize any amendment of the Certificate of Incorporation or of any certificate amendatory thereof or supplemental thereto (including any certificate of designations or any similar document relating to any series of preferred stock) which will materially and adversely affect the powers, preferences, privileges or rights of the Series F Preferred Stock, taken as a whole; provided, however, that any increase in the amount of the authorized or issued Series F Preferred Stock or authorized preferred stock of the Corporation or the creation and issuance, or an increase in the authorized or issued amount, of other series of preferred stock ranking equally with and/or junior to the Series F Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and/or the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the powers, preferences, privileges or rights of the Series F Preferred Stock.

(b) Supermajority Voting Rights–Priority. Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series F Preferred Stock and all other Parity Stock, at the time outstanding, voting as a single class without regard to series, shall be required to issue, authorize or increase the authorized amount of, or to issue or authorize any obligation or security convertible into or evidencing the right to purchase, any additional class or series of stock ranking prior to the shares of the Series F Preferred Stock and all other Parity Stock as to dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation;

(c) Special Voting Right.

(i) Voting Right. If and whenever dividends on the Series F Preferred Stock or any other class or series of preferred stock that ranks on parity with the Series F Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those granted by this Section 7(c) have been conferred and are exercisable, have not been paid in an aggregate amount equal, as to any class or series, to at least six quarterly Dividend Periods (whether consecutive or not), the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the

holders of the Series F Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights**,** whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the election of such directors must not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors and further provided that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such director elected by the holders of shares of Series F Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series F Preferred Stock as to payment of dividends is a "*Preferred Director*".

(ii) Election. The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series F Preferred Stock and any other class or series of the Corporation's stock that ranks on parity with Series F Preferred Stock as to payment of dividends and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(c)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series F Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series F Preferred Stock, and any other class or series of preferred stock that ranks on parity with Series F Preferred Stock as to payment of dividends and for which dividends have not been paid, for the election of the two directors to be elected by them as provided in Section 7(c)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

(iii) Notice for Special Meeting. Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series F Preferred Stock may (at the Corporation's expense) call such meeting, upon notice as provided in this Section 7(c)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of the Corporation's stockholders unless they have been previously terminated or removed pursuant to Section 7(c)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series F Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights**,** whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

(iv) Termination; Removal. Whenever full dividends have been paid regularly on the Series F Preferred Stock and any other class or series of preferred stock that ranks on parity with Series F Preferred Stock as to payment of dividends, if any, for at least four consecutive Dividend Periods, then the right of the holders of Series F Preferred Stock to elect such additional two directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate and the number of directors constituting the Corporation's board of directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of Series F Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights**,** whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(c).

Section 8. Conversion. The holders of Series F Preferred Stock shall not have any rights to convert such Series F Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series F Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or, subject to the voting rights granted in Section 7(b), any class of securities ranking senior to the Series F Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series F Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; *provided*, *however*, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series F Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series F Preferred Stock are not subject to the operation of a sinking fund.

Exhibit E

CERTIFICATE OF DESIGNATIONS

OF

SERIES H NON-CUMULATIVE PERPETUAL PREFERRED STOCK

OF

U.S. BANCORP

Section 1. Designation. The designation of the series of preferred stock shall be Series H Non-Cumulative Perpetual Preferred Stock (hereinafter referred to as the "*Series H Preferred Stock*"). Each share of Series H Preferred Stock shall be identical in all respects to every other share of Series H Preferred Stock. Series H Preferred Stock will rank equally with Parity Stock, if any, and will rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series H Preferred Stock shall be 21,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series H Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series H Preferred Stock.

Section 3. Definitions. As used herein with respect to Series H Preferred Stock:

"*Appropriate Federal Banking Agency*" means the "appropriate Federal banking agency" with respect to the Corporation as defined in Section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(q)), or any successor provision.

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York.

"*Committee*" means the Risk Management Committee of the Board of Directors of the Corporation, or any successor committee thereto.

"*Corporation*" means U.S. Bancorp.

"*Depositary Company*" shall have the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" shall have the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" shall have the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Junior Stock*" means the Corporation's common stock and any other class or series of stock of the Corporation hereafter authorized over which Series H Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*Parity Stock*" means any other class or series of stock of the Corporation that ranks on a parity with Series H Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*Preferred Director*" shall have the meaning set forth in Section 7(c)(i) hereof.

"*Redemption Price*" shall have the meaning set forth in Section 6(a) hereof.

"*Regulatory Capital Treatment Event*" means the good faith determination by the Corporation that, as a result of (i) any amendment to, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of Series H Preferred Stock, (ii) any proposed change in those laws or regulations that is announced after the initial issuance of any share of Series H Preferred Stock, or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of Series H Preferred Stock, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation value of the shares of Series H Preferred Stock then outstanding as "tier 1 capital" (or its equivalent) for purposes of the capital adequacy guidelines of the Board of Governors of the Federal Reserve System (or, as and if applicable, the capital adequacy guidelines or regulations of any successor Appropriate Federal Banking Agency), as then in effect and applicable, for as long as any share of Series H Preferred Stock is outstanding.

"*Series H Preferred Stock*" shall have the meaning set forth in Section 1 hereof.

Section 4. Dividends.

(a) Rate. Holders of Series H Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of $25,000 per share of Series H Preferred Stock, and no more, payable quarterly in arrears on each January 15, April 15, July 15 and October 15; *provided*, *however*, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day (without any interest or other payment in respect of such delay) (each such day on which dividends are payable a "*Dividend Payment Date*"). The period from and including the date of issuance of the Series H Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a "*Dividend Period*." Dividends on each share of Series H Preferred Stock will accrue on the liquidation preference of $25,000 per share at a rate *per annum* equal to 5.15%. The record date for payment of dividends on the

Series H Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Notwithstanding any other provision hereof, dividends on the Series H Preferred Stock shall not be declared, paid or set aside for payment to the extent such act would cause the Corporation to fail to comply with laws and regulations applicable thereto, including applicable capital adequacy guidelines.

(b) Non-Cumulative Dividends. Dividends on shares of Series H Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series H Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall case to accrue and be payable and the Corporation shall have no obligation to pay, and the holders of Series H Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series H Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

(c) Priority of Dividends. So long as any share of Series H Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series H Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case unless full dividends on all outstanding shares of Series H Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. When dividends are not paid in full upon the shares of Series H Preferred Stock and any Parity Stock, all dividends declared upon shares of Series H Preferred Stock and any Parity Stock shall be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the then-current Dividend Period per share on Series H Preferred Stock, and accrued dividends, including any accumulations, on Parity Stock, bear to each other. No interest will be payable in respect of any dividend payment on shares of Series H Preferred Stock that may be in arrears. If the Board of Directors of the Corporation determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide, or cause to be provided, written notice to the holders of the Series H Preferred Stock prior to such date. Subject to the foregoing, and not otherwise, dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series H Preferred Stock or Parity Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series H Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series H Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of $25,000 per share, plus any authorized, declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. The holder of Series H Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference plus any authorized, declared and unpaid dividends to all holders of Series H Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series H Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences plus any authorized, declared and unpaid dividends of Series H Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference plus any authorized, declared and unpaid dividends has been paid in full to all holders of Series H Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem in whole or in part the shares of Series H Preferred Stock at the time outstanding, at any time on or after July 15, 2018, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series H Preferred Stock shall be $25,000 per share plus

dividends that have been declared but not paid (the "*Redemption Price*"). Notwithstanding the foregoing, within 90 days following the occurrence of a Regulatory Capital Treatment Event, the Corporation, at its option, subject to the approval of the Appropriate Federal Banking Agency, may provide notice of its intent to redeem as provided in Subsection (b) below, and subsequently redeem, all (but not less than all) of the shares of Series H Preferred Stock at the time outstanding, at the Redemption Price applicable on such date of redemption.

(b) Notice of Redemption. Notice of every redemption of shares of Series H Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Notwithstanding the foregoing, if the Series H Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series H Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series H Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series H Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed by such holder; (iii) the Redemption Price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the Redemption Price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series H Preferred Stock at the time outstanding, the shares of Series H Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series H Preferred Stock in proportion to the number of Series H Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series H Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right

of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights. The holders of Series H Preferred Stock will have no voting rights and will not be entitled to elect any directors, except as expressly provided by law and except that:

(a) Supermajority Voting Rights–Amendments. Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series H Preferred Stock at the time outstanding, voting separately as a class, shall be required to authorize any amendment of the Certificate of Incorporation or of any certificate amendatory thereof or supplemental thereto (including any certificate of designations or any similar document relating to any series of preferred stock) which will materially and adversely affect the powers, preferences, privileges or rights of the Series H Preferred Stock, taken as a whole; provided, however, that any increase in the amount of the authorized or issued Series H Preferred Stock or authorized preferred stock of the Corporation or the creation and issuance, or an increase in the authorized or issued amount, of other series of preferred stock ranking equally with and/or junior to the Series H Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and/or the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the powers, preferences, privileges or rights of the Series H Preferred Stock.

(b) Supermajority Voting Rights–Priority. Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series H Preferred Stock and all other Parity Stock, at the time outstanding, voting as a single class without regard to series, shall be required to issue, authorize or increase the authorized amount of, or to issue or authorize any obligation or security convertible into or evidencing the right to purchase, any additional class or series of stock ranking prior to the shares of the Series H Preferred Stock and all other Parity Stock as to dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation;

(c) Special Voting Right.

(i) Voting Right. If and whenever dividends on the Series H Preferred Stock or any other class or series of preferred stock that ranks on parity with the Series H Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those granted by this Section 7(c) have been conferred and are exercisable,

have not been paid in an aggregate amount equal, as to any class or series, to at least six quarterly Dividend Periods (whether consecutive or not), the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series H Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights**,** whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such director elected by the holders of shares of Series H Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series H Preferred Stock as to payment of dividends is a "*Preferred Director*".

(ii) Election. The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series H Preferred Stock and any other class or series of the Corporation's stock that ranks on parity with Series H Preferred Stock as to payment of dividends and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(c)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series H Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series H Preferred Stock, and any other class or series of preferred stock that ranks on parity with Series H Preferred Stock as to payment of dividends and for which dividends have not been paid, for the election of the two directors to be elected by them as provided in Section 7(c)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

(iii) Notice for Special Meeting. Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series H Preferred Stock may (at the Corporation's expense) call such meeting, upon notice as provided in this Section 7(c)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of the Corporation's stockholders unless they have been previously terminated or removed pursuant to Section 7(c)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series H Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights**,** whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

(iv) Termination; Removal. Whenever full dividends have been paid regularly on the Series H Preferred Stock and any other class or series of preferred stock that ranks on parity with Series H Preferred Stock as to payment of dividends, if any, for at least four consecutive Dividend Periods, then the right of the holders of Series H Preferred Stock to elect such additional two directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate and the number of directors constituting the Corporation's board of directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of Series H Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights**,** whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(c).

Section 8. Conversion. The holders of Series H Preferred Stock shall not have any rights to convert such Series H Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series H Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or, subject to the voting rights granted in Section 7(b), any class of securities ranking senior to the Series H Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series H Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; *provided*, *however*, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series H Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series H Preferred Stock are not subject to the operation of a sinking fund.

Exhibit F

CERTIFICATE OF DESIGNATIONS

OF

SERIES I NON-CUMULATIVE PERPETUAL PREFERRED STOCK

OF

U.S. BANCORP

Section 1. Designation. The designation of the series of preferred stock shall be Series I Non-Cumulative Perpetual Preferred Stock (hereinafter referred to as the "*Series I Preferred Stock*"). Each share of Series I Preferred Stock shall be identical in all respects to every other share of Series I Preferred Stock. Series I Preferred Stock will rank equally with Parity Stock, if any, and will rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series I Preferred Stock shall be 30,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series I Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series I Preferred Stock.

Section 3. Definitions. As used herein with respect to Series I Preferred Stock:

"*Appropriate Federal Banking Agency*" means the "appropriate Federal banking agency" with respect to the Corporation as defined in Section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(q)), or any successor provision.

"*Business Day*" means, for Dividend Periods prior to January 15, 2021, each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York, and for Dividend Periods on and after January 15, 2021, it means any date that would be considered a Business Day for Dividend Periods prior to January 15, 2021 that is also a London Banking Day.

"*Committee*" means the Risk Management Committee of the Board of Directors of the Corporation, or any successor committee thereto.

"*Corporation*" means U.S. Bancorp.

"*Depositary Company*" shall have the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" shall have the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" shall have the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Junior Stock*" means the Corporation's common stock and any other class or series of stock of the Corporation hereafter authorized over which Series I Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*London Banking Day*" means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London, England.

"*Parity Stock*" means any other class or series of stock of the Corporation that ranks on a parity with Series I Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*Preferred Director*" shall have the meaning set forth in Section 7(c)(i) hereof.

"*Redemption Price*" shall have the meaning set forth in Section 6(a) hereof.

"*Regulatory Capital Treatment Event*" means the good faith determination by the Corporation that, as a result of (i) any amendment to, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of Series I Preferred Stock, (ii) any proposed change in those laws or regulations that is announced after the initial issuance of any share of Series I Preferred Stock, or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of Series I Preferred Stock, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation value of the shares of Series I Preferred Stock then outstanding as "additional tier 1 capital" (or its equivalent) for purposes of the capital adequacy guidelines of the Board of Governors of the Federal Reserve System (or, as and if applicable, the capital adequacy guidelines or regulations of any successor Appropriate Federal Banking Agency), as then in effect and applicable, for as long as any share of Series I Preferred Stock is outstanding.

"*Reuters Screen LIBOR01 Page*" means the display designated on the Reuters 3000 Xtra (or such other page as may replace that page on that service or such other service as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

"*Series I Preferred Stock*" shall have the meaning set forth in Section 1 hereof.

"*Three-Month LIBOR*" means, with respect to any Dividend Period beginning on or after January 15, 2021, the rate (expressed as a percentage per annum) for deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period, as that rate appears on Reuters Screen LIBOR01 Page as of 11:00 a.m. (London time) on the second London Banking Day preceding the first day of that Dividend Period. If such rate does not appear on Reuters

Screen LIBOR01 Page, Three-Month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Corporation, at approximately 11:00 a.m. (London time), on the second London Banking Day preceding the first day of that Dividend Period. U.S. Bank National Association, or such other bank as may be acting as calculation agent for the Corporation, will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted by three major banks in New York City selected by the calculation agent, at approximately 11:00 a.m. (New York City time), on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000. However, if the banks selected by the calculation agent to provide quotations are not quoting as described above, Three-Month LIBOR for that Dividend Period will be the same as Three-Month LIBOR as determined for the previous Dividend Period, or in the case of the first Dividend Period beginning on or after January 15, 2021, the most recent rate that could have been determined in accordance with the first sentence of this paragraph had the dividend rate been a floating rate during the period prior to January 15, 2021. The calculation agent's establishment of Three-Month LIBOR and calculation of the amount of dividends for each Dividend Period will be on file at the principal offices of the Corporation, will be made available to any holder of Series I Preferred Stock upon request and will be final and binding in the absence of manifest error.

Section 4. Dividends.

(a) Rate. Holders of Series I Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of $25,000 per share of Series I Preferred Stock, and no more, (i) from the date of issuance to, but excluding, January 15, 2021, at a rate *per annum* equal to 5.125%, payable semi-annually in arrears on each January 15 and July 15, commencing on January 15, 2016 through, and including, January 15, 2021, and (ii) from, and including, January 15, 2021, at a floating rate *per annum* equal to Three-Month LIBOR plus a spread of 3.486%, payable quarterly in arrears on each January 15, April 15, July 15 and October 15, commencing on April 15, 2021; *provided*, *however*, if any date on or prior to January 15, 2021 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay, and if any date after January 15, 2021 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding Business Day unless that day falls in the next calendar month, in which case payment of any dividend otherwise payable on that date will be the immediately preceding Business Day, and dividends will accrue to the actual payment date (each such day on which dividends are payable a "*Dividend Payment Date*"). The period from and including the date of

issuance of the Series I Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a "*Dividend Period*." The record date for payment of dividends on the Series I Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable for any period prior to January 15, 2021 shall be computed on the basis of a 360-day year consisting of twelve 30-day months and dividends for periods thereafter shall be computed on the basis of a 360-day year and the actual number of days elapsed. Notwithstanding any other provision hereof, dividends on the Series I Preferred Stock shall not be declared, paid or set aside for payment to the extent such act would cause the Corporation to fail to comply with laws and regulations applicable thereto, including applicable capital adequacy guidelines.

(b) Non-Cumulative Dividends. Dividends on shares of Series I Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series I Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable and the Corporation shall have no obligation to pay, and the holders of Series I Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series I Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

(c) Priority of Dividends. So long as any share of Series I Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series I Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case unless full dividends on all outstanding shares of Series I Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. When dividends are not paid in full upon the shares of Series I Preferred Stock and any Parity Stock, all dividends declared upon shares of Series I Preferred Stock and any Parity Stock shall be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the then-current Dividend Period per share on Series I Preferred Stock, and accrued dividends, including any accumulations, on Parity Stock, bear to each other. No interest will be payable in respect of any dividend payment on shares of Series I Preferred Stock that may be in arrears. If the Board of Directors of the Corporation determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide, or cause to be provided, written notice to the holders of the Series I Preferred Stock prior to such date. Subject to the foregoing,

and not otherwise, dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series I Preferred Stock or Parity Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series I Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series I Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of $25,000 per share, plus any authorized, declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. The holder of Series I Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference plus any authorized, declared and unpaid dividends to all holders of Series I Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series I Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences plus any authorized, declared and unpaid dividends of Series I Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference plus any authorized, declared and unpaid dividends has been paid in full to all holders of Series I Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may

redeem in whole or in part the shares of Series I Preferred Stock at the time outstanding, at any time on or after January 15, 2021, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series I Preferred Stock shall be $25,000 per share plus dividends that have been declared but not paid (the "*Redemption Price*"). Notwithstanding the foregoing, within 90 days following the occurrence of a Regulatory Capital Treatment Event, the Corporation, at its option, subject to the approval of the Appropriate Federal Banking Agency, may provide notice of its intent to redeem as provided in Section 6(b) below, and subsequently redeem, all (but not less than all) of the shares of Series I Preferred Stock at the time outstanding, at the Redemption Price applicable on such date of redemption.

(b) Notice of Redemption. Notice of every redemption of shares of Series I Preferred Stock shall be mailed by first-class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Notwithstanding the foregoing, if the Series I Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series I Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series I Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series I Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed by such holder; (iii) the Redemption Price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the Redemption Price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series I Preferred Stock at the time outstanding, the shares of Series I Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series I Preferred Stock in proportion to the number of Series I Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series I Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption

date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights. The holders of Series I Preferred Stock will have no voting rights and will not be entitled to elect any directors, except as expressly provided by law and except that:

(a) Supermajority Voting Rights–Amendments. Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series I Preferred Stock at the time outstanding, voting separately as a class, shall be required to authorize any amendment of the Certificate of Incorporation or of any certificate amendatory thereof or supplemental thereto (including any certificate of designations or any similar document relating to any series of preferred stock) which will materially and adversely affect the powers, preferences, privileges or rights of the Series I Preferred Stock, taken as a whole; *provided, however*, that any increase in the amount of the authorized or issued Series I Preferred Stock or authorized preferred stock of the Corporation or the creation and issuance, or an increase in the authorized or issued amount, of other series of preferred stock ranking equally with and/or junior to the Series I Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and/or the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the powers, preferences, privileges or rights of the Series I Preferred Stock.

(b) Supermajority Voting Rights–Priority. Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series I Preferred Stock and all other Parity Stock, at the time outstanding, voting as a single class without regard to series, shall be required to issue, authorize or increase the authorized amount of, or to issue or authorize any obligation or security convertible into or evidencing the right to purchase, any additional class or series of stock ranking prior to the shares of the Series I Preferred Stock and all other Parity Stock as to dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation.

(c) Special Voting Right.

(i) Voting Right. If and whenever dividends on the Series I Preferred Stock or any other class or series of preferred stock that ranks on parity with the Series I Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those granted by this Section 7(c) have been conferred and are exercisable, have not been paid in an aggregate amount equal, as to any class or series, to at least six quarterly Dividend Periods (whether consecutive or not), the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series I Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights**,** whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), *provided* that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such director elected by the holders of shares of Series I Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series I Preferred Stock as to payment of dividends is a "*Preferred Director*".

(ii) Election. The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series I Preferred Stock and any other class or series of the Corporation's stock that ranks on parity with Series I Preferred Stock as to payment of dividends and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(c)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series I Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series I Preferred Stock, and any other class or series of preferred stock that ranks on parity with Series I Preferred Stock as to payment of dividends and for which dividends have not been paid, for the election of the two directors to be elected by them as provided in Section 7(c)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

(iii) Notice for Special Meeting. Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series I Preferred Stock may (at the Corporation's expense) call such meeting, upon notice as provided in this Section 7(c)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of the Corporation's stockholders unless they have been previously terminated or removed pursuant to Section 7(c)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial

election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series I Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights**,** whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

(iv) Termination; Removal. Whenever full dividends have been paid regularly on the Series I Preferred Stock and any other class or series of preferred stock that ranks on parity with Series I Preferred Stock as to payment of dividends, if any, for at least four consecutive Dividend Periods, then the right of the holders of Series I Preferred Stock to elect such additional two directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate and the number of directors constituting the Corporation's board of directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of Series I Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights**,** whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(c).

Section 8. Conversion. The holders of Series I Preferred Stock shall not have any rights to convert such Series I Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series I Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or, subject to the voting rights granted in Section 7(b), any class of securities ranking senior to the Series I Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series I Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; *provided*, *however*, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series I Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series I Preferred Stock are not subject to the operation of a sinking fund.

Exhibit G

CERTIFICATE OF DESIGNATIONS

OF

SERIES J NON-CUMULATIVE PERPETUAL PREFERRED STOCK

OF

U.S. BANCORP

Section 1. Designation. The designation of the series of preferred stock shall be Series J Non-Cumulative Perpetual Preferred Stock (hereinafter referred to as the "*Series J Preferred Stock*"). Each share of Series J Preferred Stock shall be identical in all respects to every other share of Series J Preferred Stock. Series J Preferred Stock will rank equally with Parity Stock, if any, and will rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series J Preferred Stock shall be 40,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series J Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series J Preferred Stock.

Section 3. Definitions. As used herein with respect to Series J Preferred Stock:

"*Appropriate Federal Banking Agency*" means the "appropriate Federal banking agency" with respect to the Corporation as defined in Section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(q)), or any successor provision.

"*Business Day*" means, for Dividend Periods prior to April 15, 2027, each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York, and for Dividend Periods on and after April 15, 2027, any date that would be considered a Business Day for Dividend Periods prior to April 15, 2027 that is also a London Banking Day.

"*Committee*" means the Capital Planning Committee of the Board of Directors of the Corporation, or any successor committee thereto.

"*Corporation*" means U.S. Bancorp.

"*Depositary Company*" shall have the meaning set forth in Section 6(d) hereof.

"*Designated LIBOR Page*" means the display on Bloomberg Page BBAM (or any successor or substitute page of such service, or any successor to such service selected by the Corporation), for the purpose of displaying the London interbank offered rates for U.S. dollars.

"*Dividend Payment Date*" shall have the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" shall have the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Junior Stock*" means the Corporation's common stock and any other class or series of stock of the Corporation hereafter authorized over which Series J Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*London Banking Day*" means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London, England.

"*Parity Stock*" means any other class or series of stock of the Corporation that ranks on a parity with Series J Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*Preferred Director*" shall have the meaning set forth in Section 7(c)(i) hereof.

"*Redemption Price*" shall have the meaning set forth in Section 6(a) hereof.

"*Regulatory Capital Treatment Event*" means the good faith determination by the Corporation that, as a result of (i) any amendment to, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of Series J Preferred Stock, (ii) any proposed change in those laws or regulations that is announced after the initial issuance of any share of Series J Preferred Stock, or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of Series J Preferred Stock, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation value of the shares of Series J Preferred Stock then outstanding as "additional tier 1 capital" (or its equivalent) for purposes of the capital adequacy guidelines of the Board of Governors of the Federal Reserve System (or, as and if applicable, the capital adequacy guidelines or regulations of any successor Appropriate Federal Banking Agency), as then in effect and applicable, for as long as any share of Series J Preferred Stock is outstanding.

"*Series J Preferred Stock*" shall have the meaning set forth in Section 1 hereof.

"*Three-Month LIBOR*" means, with respect to any Dividend Period beginning on or after April 15, 2027, the rate (expressed as a percentage per annum) for deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period, as that rate appears on the Designated LIBOR Page as of 11:00 a.m. (London time) on the second London Banking Day preceding the first day of that Dividend Period. If such rate does not appear on the Designated LIBOR Page, Three-Month LIBOR will be determined on the basis of the rates at

which deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Corporation, at approximately 11:00 a.m. (London time), on the second London Banking Day preceding the first day of that Dividend Period. U.S. Bank National Association, or such other bank as may be acting as calculation agent for the Corporation, will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted by three major banks in New York City selected by the calculation agent, at approximately 11:00 a.m. (New York City time), on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000. However, if the banks selected by the calculation agent to provide quotations are not quoting as described above, Three-Month LIBOR for that Dividend Period will be the same as Three-Month LIBOR as determined for the previous Dividend Period, or in the case of the first Dividend Period beginning on or after April 15, 2027, the most recent rate that could have been determined in accordance with the first sentence of this paragraph had the dividend rate been a floating rate during the period prior to April 15, 2027. The calculation agent's establishment of Three-Month LIBOR and calculation of the amount of dividends for each Dividend Period will be on file at the principal offices of the Corporation, will be made available to any holder of Series J Preferred Stock upon request and will be final and binding in the absence of manifest error.

Section 4. Dividends.

(a) Rate. Holders of Series J Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of $25,000 per share of Series J Preferred Stock, and no more, (i) from the date of issuance to, but excluding, April 15, 2027, at a rate *per annum* equal to 5.300%, payable semi-annually in arrears on each April 15 and October 15, commencing on April 15, 2017 through, and including, April 15, 2027, and (ii) from, and including, April 15, 2027, at a floating rate *per annum* equal to Three-Month LIBOR plus a spread of 2.914%, payable quarterly in arrears on each January 15, April 15, July 15 and October 15, commencing on July 15, 2027; *provided*, *however*, if any date on or prior to April 15, 2027 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay, and if any date after April 15, 2027 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding Business Day unless that day falls in the next calendar month, in which case payment of any dividend otherwise payable on that date will be the immediately preceding Business Day, and dividends will accrue to the actual payment date (each such day on which dividends are payable a "*Dividend Payment Date*"). The period from and including the date of issuance of the Series J Preferred Stock or any Dividend Payment Date to but excluding the next Dividend

Payment Date is a "*Dividend Period*." The record date for payment of dividends on the Series J Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable for any period prior to April 15, 2027 shall be computed on the basis of a 360-day year consisting of twelve 30-day months and dividends for periods thereafter shall be computed on the basis of a 360-day year and the actual number of days elapsed. Notwithstanding any other provision hereof, dividends on the Series J Preferred Stock shall not be declared, paid or set aside for payment to the extent such act would cause the Corporation to fail to comply with laws and regulations applicable thereto, including applicable capital adequacy guidelines.

(b) Non-Cumulative Dividends. Dividends on shares of Series J Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series J Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable and the Corporation shall have no obligation to pay, and the holders of Series J Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series J Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

(c) Priority of Dividends. So long as any share of Series J Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series J Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case unless full dividends on all outstanding shares of Series J Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. When dividends are not paid in full upon the shares of Series J Preferred Stock and any Parity Stock, all dividends declared upon shares of Series J Preferred Stock and any Parity Stock shall be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the then-current Dividend Period per share on Series J Preferred Stock, and accrued dividends, including any accumulations, on Parity Stock, bear to each other. No interest will be payable in respect of any dividend payment on shares of Series J Preferred Stock that may be in arrears. If the Board of Directors of the Corporation determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide, or cause to be provided, written notice to the holders of the Series J Preferred Stock prior to such date. Subject to the foregoing, and not otherwise, dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of

Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series J Preferred Stock or Parity Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series J Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series J Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of $25,000 per share, plus any authorized, declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. The holder of Series J Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference plus any authorized, declared and unpaid dividends to all holders of Series J Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series J Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences plus any authorized, declared and unpaid dividends of Series J Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference plus any authorized, declared and unpaid dividends has been paid in full to all holders of Series J Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem in whole or in part the shares of Series J Preferred Stock at the time outstanding, at any time on or after April 15, 2027, upon notice given as provided in Section 6(b) below. The

redemption price for shares of Series J Preferred Stock shall be $25,000 per share plus dividends that have been declared but not paid (the "*Redemption Price*"). Notwithstanding the foregoing, within 90 days following the occurrence of a Regulatory Capital Treatment Event, the Corporation, at its option, subject to the approval of the Appropriate Federal Banking Agency, may provide notice of its intent to redeem as provided in Section 6(b) below, and subsequently redeem, all (but not less than all) of the shares of Series J Preferred Stock at the time outstanding, at the Redemption Price applicable on such date of redemption.

(b) Notice of Redemption. Notice of every redemption of shares of Series J Preferred Stock shall be mailed by first-class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Notwithstanding the foregoing, if the Series J Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series J Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series J Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series J Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed by such holder; (iii) the Redemption Price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the Redemption Price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series J Preferred Stock at the time outstanding, the shares of Series J Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series J Preferred Stock in proportion to the number of Series J Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series J Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to

such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights. The holders of Series J Preferred Stock will have no voting rights and will not be entitled to elect any directors, except as expressly provided by law and except that:

(a) Supermajority Voting Rights–Amendments. Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series J Preferred Stock at the time outstanding, voting separately as a class, shall be required to authorize any amendment of the Certificate of Incorporation or of any certificate amendatory thereof or supplemental thereto (including any certificate of designations or any similar document relating to any series of preferred stock) which will materially and adversely affect the powers, preferences, privileges or rights of the Series J Preferred Stock, taken as a whole; *provided, however*, that any increase in the amount of the authorized or issued Series J Preferred Stock or authorized preferred stock of the Corporation or the creation and issuance, or an increase in the authorized or issued amount, of other series of preferred stock ranking equally with and/or junior to the Series J Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and/or the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the powers, preferences, privileges or rights of the Series J Preferred Stock.

(b) Supermajority Voting Rights–Priority. Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series J Preferred Stock and all other Parity Stock, at the time outstanding, voting as a single class without regard to series, shall be required to issue, authorize or increase the authorized amount of, or to issue or authorize any obligation or security convertible into or evidencing the right to purchase, any additional class or series of stock ranking prior to the shares of the Series J Preferred Stock and all other Parity Stock as to dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation.

(c) Special Voting Right.

(i) Voting Right. If and whenever dividends on the Series J Preferred Stock or any other class or series of preferred stock that ranks on parity with the Series J Preferred Stock as to payment of dividends, and upon which voting rights

equivalent to those granted by this Section 7(c) have been conferred and are exercisable, have not been paid in an aggregate amount equal, as to any class or series, to at least six quarterly Dividend Periods (whether consecutive or not) or their equivalent, the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series J Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights**,** whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), *provided* that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such director elected by the holders of shares of Series J Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series J Preferred Stock as to payment of dividends is a "*Preferred Director*".

(ii) Election. The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series J Preferred Stock and any other class or series of the Corporation's stock that ranks on parity with Series J Preferred Stock as to payment of dividends and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(c)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series J Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series J Preferred Stock, and any other class or series of preferred stock that ranks on parity with Series J Preferred Stock as to payment of dividends and for which dividends have not been paid, for the election of the two directors to be elected by them as provided in Section 7(c)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

(iii) Notice for Special Meeting. Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series J Preferred Stock may (at the Corporation's expense) call such meeting, upon notice as provided in this Section 7(c)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of the Corporation's stockholders unless they have been previously terminated or removed pursuant to Section 7(c)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series J Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights**,** whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

(iv) Termination; Removal. Whenever full dividends have been paid regularly on the Series J Preferred Stock and any other class or series of preferred stock that ranks on parity with Series J Preferred Stock as to payment of dividends, if any, for at least four consecutive quarterly Dividend Periods or their equivalent, then the right of the holders of Series J Preferred Stock to elect such additional two directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate and the number of directors constituting the Corporation's board of directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of Series J Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights**,** whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(c).

Section 8. Conversion. The holders of Series J Preferred Stock shall not have any rights to convert such Series J Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series J Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or, subject to the voting rights granted in Section 7(b), any class of securities ranking senior to the Series J Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series J Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; *provided*, *however*, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series J Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series J Preferred Stock are not subject to the operation of a sinking fund.

* * * * * *

[As filed with the Delaware Secretary of State on January 19, 2017]

CERTIFICATE OF DESIGNATIONS
OF
SERIES K NON-CUMULATIVE PERPETUAL PREFERRED STOCK
OF
U.S. BANCORP

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

U.S. Bancorp, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "*Corporation*"), does hereby certify that:

1. On July 16, 2018, the Capital Planning Committee (the "*Committee*") of the Board of Directors of the Corporation (the "*Board*"), pursuant to authority conferred upon the Committee by the Board and by Section 141(c)(2) and (3) of the General Corporation Law of the State of Delaware, duly adopted resolutions establishing the terms of the Corporation's Series K Non-Cumulative Perpetual Preferred Stock, $1.00 par value (the "*Series K Preferred Stock*"), and authorized a sub-committee of the Committee (the "*Subcommittee*") to act on behalf of the Committee in establishing the liquidation preference, dividend rate, optional redemption date, number of authorized shares and certain other terms of the Series K Preferred Stock.

2. Thereafter, on August 7, 2018, the Subcommittee duly adopted the following resolution by written consent:

   "**NOW, THEREFORE, BE IT RESOLVED**, that the Subcommittee hereby establishes the Series K Preferred Stock, with the designations, and certain other preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Series K Preferred Stock as are set forth in Exhibit A hereto, which is incorporated herein by reference"

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its Vice Chairman and Chief Financial Officer this 13th day of August, 2018.

U.S. Bancorp

By: /s/ Terrance R. Dolan
Name: Terrance R. Dolan
Title: Vice Chairman and Chief Financial Officer

EXHIBIT A
TO
CERTIFICATE OF DESIGNATIONS
OF
SERIES K NON-CUMULATIVE PERPETUAL PREFERRED STOCK
OF
U.S. BANCORP

Section 1. Designation. The designation of the series of preferred stock shall be Series K Non-Cumulative Perpetual Preferred Stock (hereinafter referred to as the "*Series K Preferred Stock*"). Each share of Series K Preferred Stock shall be identical in all respects to every other share of Series K Preferred Stock. Series K Preferred Stock will rank equally with Parity Stock, if any, and will rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series K Preferred Stock shall be 23,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series K Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series K Preferred Stock.

Section 3. Definitions. As used herein with respect to Series K Preferred Stock:

"*Appropriate Federal Banking Agency*" means the "appropriate Federal banking agency" with respect to the Corporation as defined in Section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(q)), or any successor provision.

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York.

"*Committee*" means the Capital Planning Committee of the Board of Directors of the Corporation, or any successor committee thereto.

"*Corporation*" means U.S. Bancorp.

"*Depositary Company*" shall have the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" shall have the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" shall have the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Junior Stock*" means the Corporation's common stock and any other class or series of stock of the Corporation hereafter authorized over which Series K Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*Parity Stock*" means any other class or series of stock of the Corporation that ranks on a parity with Series K Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*Preferred Director*" shall have the meaning set forth in Section 7(c)(i) hereof.

"*Redemption Price*" shall have the meaning set forth in Section 6(a) hereof.

"*Regulatory Capital Treatment Event*" means the good faith determination by the Corporation that, as a result of (i) any amendment to, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of Series K Preferred Stock, (ii) any proposed change in those laws or regulations that is announced after the initial issuance of any share of Series K Preferred Stock, or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of Series K Preferred Stock, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation value of the shares of Series K Preferred Stock then outstanding as "additional tier 1 capital" (or its equivalent) for purposes of the capital adequacy guidelines of the Board of Governors of the Federal Reserve System (or, as and if applicable, the capital adequacy guidelines or regulations of any successor Appropriate Federal Banking Agency), as then in effect and applicable, for as long as any share of Series K Preferred Stock is outstanding.

"*Series K Preferred Stock*" shall have the meaning set forth in Section 1 hereof.

Section 4. Dividends.

(a) Rate. Holders of Series K Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of $25,000 per share of Series K Preferred Stock, and no more, payable quarterly in arrears on the 15th day of each January, April, July and October, commencing on October 15, 2018; *provided*, *however*, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day (without any interest or other payment in respect of such delay) (each such day on which dividends are payable a "*Dividend Payment Date*"). The period from and including the date of issuance of the Series K Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a "*Dividend Period*." Dividends on each share of Series K Preferred Stock will accrue on the liquidation preference of $25,000 per share at a rate per annum equal to 5.50%. The record

date for payment of dividends on the Series K Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Notwithstanding any other provision hereof, dividends on the Series K Preferred Stock shall not be declared, paid or set aside for payment to the extent such act would cause the Corporation to fail to comply with laws and regulations applicable thereto, including applicable capital adequacy guidelines.

(b) Non-Cumulative Dividends. Dividends on shares of Series K Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series K Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable and the Corporation shall have no obligation to pay, and the holders of Series K Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series K Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

(c) Priority of Dividends. So long as any share of Series K Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series K Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case unless full dividends on all outstanding shares of Series K Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. When dividends are not paid in full upon the shares of Series K Preferred Stock and any Parity Stock, all dividends declared upon shares of Series K Preferred Stock and any Parity Stock shall be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the then-current Dividend Period per share on Series K Preferred Stock, and accrued dividends, including any accumulations, on Parity Stock, bear to each other. No interest will be payable in respect of any dividend payment on shares of Series K Preferred Stock that may be in arrears. If the Board of Directors of the Corporation determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide, or cause to be provided, written notice to the holders of the Series K Preferred Stock prior to such date. Subject to the foregoing, and not otherwise, dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series K Preferred Stock or Parity Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series K Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series K Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of $25,000 per share, plus any authorized, declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. The holder of Series K Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference plus any authorized, declared and unpaid dividends to all holders of Series K Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series K Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences plus any authorized, declared and unpaid dividends of Series K Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference plus any authorized, declared and unpaid dividends have been paid in full to all holders of Series K Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem in whole or in part the shares of Series K Preferred Stock at the time outstanding, at any time on or after October 15, 2023, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series K Preferred Stock shall be $25,000 per

share plus dividends that have been declared but not paid (the "*Redemption Price*"). Notwithstanding the foregoing, within 90 days following the occurrence of a Regulatory Capital Treatment Event, the Corporation, at its option, subject to the approval of the Appropriate Federal Banking Agency, may provide notice of its intent to redeem as provided in Section 6(b) below, and subsequently redeem, all (but not less than all) of the shares of Series K Preferred Stock at the time outstanding, at the Redemption Price applicable on such date of redemption.

(b) Notice of Redemption. Notice of every redemption of shares of Series K Preferred Stock shall be mailed by first-class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Notwithstanding the foregoing, if the Series K Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series K Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series K Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series K Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed by such holder; (iii) the Redemption Price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the Redemption Price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series K Preferred Stock at the time outstanding, the shares of Series K Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series K Preferred Stock in proportion to the number of Series K Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series K Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with

respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights. The holders of Series K Preferred Stock will have no voting rights and will not be entitled to elect any directors, except as expressly provided by law and except that:

(a) Supermajority Voting Rights–Amendments. Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series K Preferred Stock at the time outstanding, voting separately as a class, shall be required to authorize any amendment of the Certificate of Incorporation or of any certificate amendatory thereof or supplemental thereto (including any certificate of designations or any similar document relating to any series of preferred stock) which will materially and adversely affect the powers, preferences, privileges or rights of the Series K Preferred Stock, taken as a whole; *provided, however*, that any increase in the amount of the authorized or issued Series K Preferred Stock or authorized preferred stock of the Corporation or the creation and issuance, or an increase in the authorized or issued amount, of other series of preferred stock ranking equally with and/or junior to the Series K Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and/or the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the powers, preferences, privileges or rights of the Series K Preferred Stock.

(b) Supermajority Voting Rights–Priority. Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series K Preferred Stock and all other Parity Stock, at the time outstanding, voting as a single class without regard to series, shall be required to issue, authorize or increase the authorized amount of, or to issue or authorize any obligation or security convertible into or evidencing the right to purchase, any additional class or series of stock ranking prior to the shares of the Series K Preferred Stock and all other Parity Stock as to dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation.

(c) Special Voting Right.

(i) Voting Right. If and whenever dividends on the Series K Preferred Stock or any other class or series of preferred stock that ranks on parity with the Series K Preferred Stock as to payment of dividends, and upon which voting rights

equivalent to those granted by this Section 7(c) have been conferred and are exercisable, have not been paid in an aggregate amount equal, as to any class or series, to at least six quarterly Dividend Periods (whether consecutive or not) or their equivalent, the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series K Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), *provided* that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such director elected by the holders of shares of Series K Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series K Preferred Stock as to payment of dividends is a "*Preferred Director*".

(ii) Election. The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series K Preferred Stock and any other class or series of the Corporation's stock that ranks on parity with Series K Preferred Stock as to payment of dividends and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(c)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series K Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series K Preferred Stock, and any other class or series of preferred stock that ranks on parity with Series K Preferred Stock as to payment of dividends and for which dividends have not been paid, for the election of the two directors to be elected by them as provided in Section 7(c)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

(iii) Notice for Special Meeting. Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series K Preferred Stock may (at the Corporation's expense) call such meeting, upon notice as provided in this Section 7(c)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of the Corporation's stockholders unless they have been previously terminated or removed pursuant to Section 7(c)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series K Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

(iv) Termination; Removal. Whenever full dividends have been paid regularly on the Series K Preferred Stock and any other class or series of preferred stock that ranks on parity with Series K Preferred Stock as to payment of dividends, if any, for at least four consecutive quarterly Dividend Periods or their equivalent, then the right of the holders of Series K Preferred Stock to elect such additional two directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate and the number of directors constituting the Corporation's Board of Directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of Series K Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(c).

Section 8. Conversion. The holders of Series K Preferred Stock shall not have any rights to convert such Series K Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series K Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or, subject to the voting rights granted in Section 7(b), any class of securities ranking senior to the Series K Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series K Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; *provided*, *however*, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series K Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series K Preferred Stock are not subject to the operation of a sinking fund.

* * * * * *

[As filed with the Delaware Secretary of State on August 13, 2018]

CERTIFICATE OF DESIGNATIONS
OF
SERIES L NON-CUMULATIVE PERPETUAL PREFERRED STOCK
OF
U.S. BANCORP

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

U.S. Bancorp, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "*Corporation*"), does hereby certify that:

1. On October 19, 2020, the Capital Planning Committee (the "*Committee*") of the Board of Directors of the Corporation (the "*Board*"), pursuant to authority conferred upon the Committee by the Board and by Section 141(c)(2) and (3) of the General Corporation Law of the State of Delaware, duly adopted resolutions establishing the terms of the Corporation's Series L Non-Cumulative Perpetual Preferred Stock, $1.00 par value (the "*Series L Preferred Stock*"), and authorized a sub-committee of the Committee (the "*Subcommittee*") to act on behalf of the Committee in establishing the liquidation preference, dividend rate, optional redemption date, number of authorized shares and certain other terms of the Series L Preferred Stock.

2. Thereafter, on October 20, 2020, the Subcommittee duly adopted the following resolution by written consent:

   "**NOW, THEREFORE, BE IT RESOLVED**, that the Subcommittee hereby establishes the Series L Preferred Stock, with the designations, and certain other preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Series L Preferred Stock as are set forth in Exhibit A hereto, which is incorporated herein by reference"

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its Vice Chairman and Chief Financial Officer this 21st day of October, 2020.

U.S. Bancorp

By: /s/ Terrance R. Dolan
Name: Terrance R. Dolan
Title: Vice Chairman and Chief Financial Officer

EXHIBIT A
TO
CERTIFICATE OF DESIGNATIONS
OF
SERIES L NON-CUMULATIVE PERPETUAL PREFERRED STOCK
OF
U.S. BANCORP

Section 1. Designation. The designation of the series of preferred stock shall be Series L Non-Cumulative Perpetual Preferred Stock (hereinafter referred to as the "*Series L Preferred Stock*"). Each share of Series L Preferred Stock shall be identical in all respects to every other share of Series L Preferred Stock. Series L Preferred Stock will rank equally with Parity Stock, if any, and will rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series L Preferred Stock shall be 20,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series L Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series L Preferred Stock.

Section 3. Definitions. As used herein with respect to Series L Preferred Stock:

"*Appropriate Federal Banking Agency*" means the "appropriate Federal banking agency" with respect to the Corporation as defined in Section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(q)), or any successor provision.

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York.

"*Committee*" means the Capital Planning Committee of the Board of Directors of the Corporation, or any successor committee thereto.

"*Corporation*" means U.S. Bancorp.

"*Depositary Company*" shall have the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" shall have the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" shall have the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Junior Stock*" means the Corporation's common stock and any other class or series of stock of the Corporation hereafter authorized over which Series L Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*Parity Stock*" means any other class or series of stock of the Corporation that ranks on a parity with Series L Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*Preferred Director*" shall have the meaning set forth in Section 7(c)(i) hereof.

"*Redemption Price*" shall have the meaning set forth in Section 6(a) hereof.

"*Regulatory Capital Treatment Event*" means the good faith determination by the Corporation that, as a result of (i) any amendment to, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of Series L Preferred Stock, (ii) any proposed change in those laws or regulations that is announced after the initial issuance of any share of Series L Preferred Stock, or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of Series L Preferred Stock, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation value of the shares of Series L Preferred Stock then outstanding as "additional tier 1 capital" (or its equivalent) for purposes of the capital adequacy guidelines of the Board of Governors of the Federal Reserve System (or, as and if applicable, the capital adequacy guidelines or regulations of any successor Appropriate Federal Banking Agency), as then in effect and applicable, for as long as any share of Series L Preferred Stock is outstanding.

"*Series L Preferred Stock*" shall have the meaning set forth in Section 1 hereof.

Section 4. Dividends.

(a) Rate. Holders of Series L Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of $25,000 per share of Series L Preferred Stock, and no more, payable quarterly in arrears on the 15th day of each January, April, July and October, commencing on January 15, 2021; *provided*, *however*, if any such day on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day (without any interest or other payment in respect of such delay) (each such day on which dividends are payable a "*Dividend Payment Date*"). The period from and including the date of issuance of the Series L Preferred Stock or any Dividend Payment Date to, but excluding, the next Dividend Payment Date is a "*Dividend Period*." Dividends on each share of Series L Preferred Stock will accrue on the liquidation preference of $25,000 per

share at a rate per annum equal to 3.75%. The record date for payment of dividends on the Series L Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Notwithstanding any other provision hereof, dividends on the Series L Preferred Stock shall not be declared, paid or set aside for payment to the extent such act would cause the Corporation to fail to comply with laws and regulations applicable thereto, including applicable capital adequacy guidelines.

(b) Non-Cumulative Dividends. Dividends on shares of Series L Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series L Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable and the Corporation shall have no obligation to pay, and the holders of Series L Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series L Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

(c) Priority of Dividends. So long as any share of Series L Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series L Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case unless full dividends on all outstanding shares of Series L Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. When dividends are not paid in full upon the shares of Series L Preferred Stock and any Parity Stock, all dividends declared upon shares of Series L Preferred Stock and any Parity Stock shall be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the then-current Dividend Period per share on Series L Preferred Stock, and accrued dividends, including any accumulations, on Parity Stock, bear to each other. No interest will be payable in respect of any dividend payment on shares of Series L Preferred Stock that may be in arrears. If the Board of Directors of the Corporation determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide, or cause to be provided, written notice to the holders of the Series L Preferred Stock prior to such date. Subject to the foregoing, and not otherwise, dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series L Preferred Stock or Parity Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series L Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series L Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of $25,000 per share, plus any authorized, declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. The holder of Series L Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference plus any authorized, declared and unpaid dividends to all holders of Series L Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series L Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences plus any authorized, declared and unpaid dividends of Series L Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference plus any authorized, declared and unpaid dividends have been paid in full to all holders of Series L Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem in whole or in part the shares of Series L Preferred Stock at the time outstanding, at any time on or after January 15, 2026, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series L Preferred Stock shall be $25,000 per

share plus dividends that have been declared but not paid (the "*Redemption Price*"). Notwithstanding the foregoing, within 90 days following the occurrence of a Regulatory Capital Treatment Event, the Corporation, at its option, subject to the approval of the Appropriate Federal Banking Agency, may provide notice of its intent to redeem as provided in Section 6(b) below, and subsequently redeem, all (but not less than all) of the shares of Series L Preferred Stock at the time outstanding, at the Redemption Price applicable on such date of redemption.

(b) Notice of Redemption. Notice of every redemption of shares of Series L Preferred Stock shall be mailed by first-class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Notwithstanding the foregoing, if the Series L Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series L Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series L Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series L Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the Redemption Price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the Redemption Price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series L Preferred Stock at the time outstanding, the shares of Series L Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series L Preferred Stock in proportion to the number of Series L Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series L Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with

respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights. The holders of Series L Preferred Stock will have no voting rights and will not be entitled to elect any directors, except as expressly provided by law and except that:

(a) Supermajority Voting Rights–Amendments. Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series L Preferred Stock at the time outstanding, voting separately as a class, shall be required to authorize any amendment of the Certificate of Incorporation or of any certificate amendatory thereof or supplemental thereto (including any certificate of designations or any similar document relating to any series of preferred stock) which will materially and adversely affect the powers, preferences, privileges or rights of the Series L Preferred Stock, taken as a whole; *provided, however*, that any increase in the amount of the authorized or issued Series L Preferred Stock or authorized preferred stock of the Corporation or the creation and issuance, or an increase in the authorized or issued amount, of other series of preferred stock ranking equally with and/or junior to the Series L Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and/or the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the powers, preferences, privileges or rights of the Series L Preferred Stock.

(b) Supermajority Voting Rights–Priority. Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series L Preferred Stock and all other Parity Stock, at the time outstanding, voting as a single class without regard to series, shall be required to issue, authorize or increase the authorized amount of, or to issue or authorize any obligation or security convertible into or evidencing the right to purchase, any additional class or series of stock ranking prior to the shares of the Series L Preferred Stock and all other Parity Stock as to dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation.

(c) Special Voting Right.

(i) Voting Right. If and whenever dividends on the Series L Preferred Stock or any other class or series of preferred stock that ranks on parity with the Series L Preferred Stock as to payment of dividends, and upon which voting rights equivalent

to those granted by this Section 7(c) have been conferred and are exercisable, have not been paid in an aggregate amount equal, as to any class or series, to at least six quarterly Dividend Periods (whether consecutive or not) or their equivalent, the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series L Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), *provided* that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such director elected by the holders of shares of Series L Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series L Preferred Stock as to payment of dividends is a "*Preferred Director*".

(ii) Election. The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series L Preferred Stock and any other class or series of the Corporation's stock that ranks on parity with Series L Preferred Stock as to payment of dividends and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(c)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series L Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series L Preferred Stock, and any other class or series of preferred stock that ranks on parity with Series L Preferred Stock as to payment of dividends and for which dividends have not been paid, for the election of the two directors to be elected by them as provided in Section 7(c)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

(iii) Notice for Special Meeting. Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series L Preferred Stock may (at the Corporation's expense) call such meeting, upon notice as provided in this Section 7(c)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of the Corporation's stockholders unless they have been previously terminated or removed pursuant to Section 7(c)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series L Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

(iv) Termination; Removal. Whenever full dividends have been paid regularly on the Series L Preferred Stock and any other class or series of preferred stock that ranks on parity with Series L Preferred Stock as to payment of dividends, if any, for at least four consecutive quarterly Dividend Periods or their equivalent, then the right of the holders of Series L Preferred Stock to elect such additional two directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate and the number of directors constituting the Corporation's Board of Directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of Series L Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(c).

Section 8. Conversion. The holders of Series L Preferred Stock shall not have any rights to convert such Series L Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series L Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or, subject to the voting rights granted in Section 7(b), any class of securities ranking senior to the Series L Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series L Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; *provided*, *however*, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series L Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series L Preferred Stock are not subject to the operation of a sinking fund.

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[As filed with the Delaware Secretary of State on October 26, 2020]

CERTIFICATE OF DESIGNATIONS
OF
SERIES M NON-CUMULATIVE PERPETUAL PREFERRED STOCK
OF
U.S. BANCORP

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

U.S. Bancorp, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "*Corporation*"), does hereby certify that:

1. On January 21, 2021, the Capital Planning Committee (the "*Committee*") of the Board of Directors of the Corporation (the "*Board*"), pursuant to authority conferred upon the Committee by the Board and by Section 141(c)(2) and (3) of the General Corporation Law of the State of Delaware, duly adopted resolutions establishing the terms of the Corporation's Series M Non-Cumulative Perpetual Preferred Stock, $1.00 par value (the "*Series M Preferred Stock*"), and authorized a sub-committee of the Committee (the "*Subcommittee*") to act on behalf of the Committee in establishing the liquidation preference, dividend rate, optional redemption date, number of authorized shares and certain other terms of the Series M Preferred Stock.

2. Thereafter, on January 26, 2021, the Subcommittee duly adopted the following resolution by written consent:

   "**NOW, THEREFORE, BE IT RESOLVED**, that the Subcommittee hereby establishes the Series M Preferred Stock, with the designations and certain other preferences and relative, participating, optional or other special rights and the qualifications, limitations or restrictions thereof, of the Series M Preferred Stock as are set forth in Exhibit A hereto, which is incorporated herein by reference"

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its Chairman, President and Chief Executive Officer this 29th day of January, 2021.

U.S. Bancorp

By: /s/ Andrew Cecere
Name: Andrew Cecere
Title: Chairman, President and Chief Executive Officer

EXHIBIT A
TO
CERTIFICATE OF DESIGNATIONS
OF
SERIES M NON-CUMULATIVE PERPETUAL PREFERRED STOCK
OF
U.S. BANCORP

Section 1. Designation. The designation of the series of preferred stock shall be Series M Non-Cumulative Perpetual Preferred Stock (hereinafter referred to as the "*Series M Preferred Stock*"). Each share of Series M Preferred Stock shall be identical in all respects to every other share of Series M Preferred Stock. Series M Preferred Stock will rank equally with Parity Stock, if any, and will rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series M Preferred Stock shall be 30,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series M Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series M Preferred Stock.

Section 3. Definitions. As used herein with respect to Series M Preferred Stock:

"*Appropriate Federal Banking Agency*" means the "appropriate Federal banking agency" with respect to the Corporation as defined in Section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(q)), or any successor provision.

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York.

"*Committee*" means the Capital Planning Committee of the Board of Directors of the Corporation, or any successor committee thereto.

"*Corporation*" means U.S. Bancorp.

"*Depositary Company*" shall have the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" shall have the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" shall have the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Junior Stock*" means the Corporation's common stock and any other class or series of stock of the Corporation hereafter authorized over which Series M Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*Parity Stock*" means any other class or series of stock of the Corporation that ranks on a parity with Series M Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"*Preferred Director*" shall have the meaning set forth in Section 7(c)(i) hereof.

"*Redemption Price*" shall have the meaning set forth in Section 6(a) hereof.

"*Regulatory Capital Treatment Event*" means the good faith determination by the Corporation that, as a result of (i) any amendment to, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of Series M Preferred Stock, (ii) any proposed change in those laws or regulations that is announced after the initial issuance of any share of Series M Preferred Stock, or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of Series M Preferred Stock, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation value of the shares of Series M Preferred Stock then outstanding as "additional tier 1 capital" (or its equivalent) for purposes of the capital adequacy guidelines of the Board of Governors of the Federal Reserve System (or, as and if applicable, the capital adequacy guidelines or regulations of any successor Appropriate Federal Banking Agency), as then in effect and applicable, for as long as any share of Series M Preferred Stock is outstanding.

"*Series M Preferred Stock*" shall have the meaning set forth in Section 1 hereof.

Section 4. Dividends.

(a) Rate. Holders of Series M Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of $25,000 per share of Series M Preferred Stock, and no more, payable quarterly in arrears on the 15th day of each January, April, July and October, commencing on April 15, 2021; *provided*, *however*, if any such day on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day (without any interest or other payment in respect of such delay) (each such day on which dividends are payable a "*Dividend Payment Date*"). The period from and including the date of issuance of the Series M Preferred Stock or any Dividend Payment Date to, but

excluding, the next Dividend Payment Date is a "*Dividend Period*." Dividends on each share of Series M Preferred Stock will accrue on the liquidation preference of $25,000 per share at a rate per annum equal to 4.000%. The record date for payment of dividends on the Series M Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to three decimal places, with $0.0005 being rounded upward. Notwithstanding any other provision hereof, dividends on the Series M Preferred Stock shall not be declared, paid or set aside for payment to the extent such act would cause the Corporation to fail to comply with laws and regulations applicable thereto, including applicable capital adequacy guidelines.

(b) Non-Cumulative Dividends. Dividends on shares of Series M Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series M Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable and the Corporation shall have no obligation to pay, and the holders of Series M Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series M Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

(c) Priority of Dividends. So long as any share of Series M Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than (A) as a result of a reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, (B) through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (C) purchases of shares of Junior Stock pursuant to a contractually binding requirement to buy such Junior Stock existing prior to the commencement of the then-current dividend period, including under a contractually binding stock repurchase plan, (D) any purchase, redemption or other acquisition of Junior Stock pursuant to any employee, consultant or director incentive or benefit plans or arrangements of the Corporation or any of its subsidiaries (including any employment, severance or consulting arrangements) adopted before or after the issuance of the Series M Preferred Stock) and (E) in connection with any underwriting, stabilization, market-making or similar transactions in the capital stock of the Corporation by an investment banking subsidiary of the Corporation in the ordinary course of such subsidiary's business), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series M Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case unless full dividends on all outstanding shares of Series M Preferred Stock for the most recently completed Dividend Period

have been paid in full or declared and a sum sufficient for the payment thereof set aside. When dividends are not paid in full upon the shares of Series M Preferred Stock and any Parity Stock, all dividends declared upon shares of Series M Preferred Stock and any Parity Stock shall be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the then-current Dividend Period per share on Series M Preferred Stock, and accrued dividends, including any accumulations, on Parity Stock, bear to each other. No interest will be payable in respect of any dividend payment on shares of Series M Preferred Stock that may be in arrears. If the Board of Directors of the Corporation determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide, or cause to be provided, written notice to the holders of the Series M Preferred Stock prior to such date. Subject to the foregoing, and not otherwise, dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series M Preferred Stock or Parity Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series M Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series M Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of $25,000 per share, plus any authorized, declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. The holder of Series M Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference plus any authorized, declared and unpaid dividends to all holders of Series M Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series M Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences plus any authorized, declared and unpaid dividends of Series M Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference plus any authorized, declared and unpaid dividends have been paid in full to all holders of Series M Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem in whole or in part the shares of Series M Preferred Stock at the time outstanding, at any time on or after April 15, 2026, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series M Preferred Stock shall be $25,000 per share plus dividends that have been declared but not paid (the "*Redemption Price*"). Notwithstanding the foregoing, within 90 days following the occurrence of a Regulatory Capital Treatment Event, the Corporation, at its option, subject to the approval of the Appropriate Federal Banking Agency, may provide notice of its intent to redeem as provided in Section 6(b) below, and subsequently redeem, all (but not less than all) of the shares of Series M Preferred Stock at the time outstanding, at the Redemption Price applicable on such date of redemption.

(b) Notice of Redemption. Notice of every redemption of shares of Series M Preferred Stock shall be mailed by first-class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Notwithstanding the foregoing, if the Series M Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series M Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series M Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series M Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the Redemption Price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the Redemption Price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series M Preferred Stock at the time outstanding, the shares of Series M Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series M Preferred Stock in proportion to the number of Series M Preferred Stock held by such holders or

by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series M Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights. The holders of Series M Preferred Stock will have no voting rights and will not be entitled to elect any directors, except as expressly provided by law and except that:

(a) Supermajority Voting Rights—Amendments. Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series M Preferred Stock at the time outstanding, voting separately as a class, shall be required to authorize any amendment of the Certificate of Incorporation or of any certificate amendatory thereof or supplemental thereto (including any certificate of designations or any similar document relating to any series of preferred stock) which will materially and adversely affect the powers, preferences, privileges or rights of the Series M Preferred Stock, taken as a whole; *provided, however*, that any increase in the amount of the authorized or issued Series M Preferred Stock or authorized preferred stock of the Corporation or the creation and issuance, or an increase in the authorized or issued amount, of other series of preferred stock ranking equally with and/or junior to the Series M Preferred Stock with respect to the payment of dividends

(whether such dividends are cumulative or non-cumulative) and/or the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the powers, preferences, privileges or rights of the Series M Preferred Stock.

(b) Supermajority Voting Rights—Priority. Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series M Preferred Stock and all other Parity Stock, at the time outstanding, voting as a single class without regard to series, shall be required to issue, authorize or increase the authorized amount of, or to issue or authorize any obligation or security convertible into or evidencing the right to purchase, any additional class or series of stock ranking prior to the shares of the Series M Preferred Stock and all other Parity Stock as to dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation.

(c) Special Voting Right.

(i) Voting Right. If and whenever dividends on the Series M Preferred Stock or any other class or series of preferred stock that ranks on parity with the Series M Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those granted by this Section 7(c) have been conferred and are exercisable, have not been paid in an aggregate amount equal, as to any class or series, to at least six quarterly Dividend Periods (whether consecutive or not) or their equivalent, the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series M Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), *provided* that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such director elected by the holders of shares of Series M Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series M Preferred Stock as to payment of dividends is a "*Preferred Director*".

(ii) Election. The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series M Preferred Stock and any other class or series of the Corporation's stock that ranks on parity with Series M Preferred Stock as to payment of dividends and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(c)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series M Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series M

Preferred Stock, and any other class or series of preferred stock that ranks on parity with Series M Preferred Stock as to payment of dividends and for which dividends have not been paid, for the election of the two directors to be elected by them as provided in Section 7(c)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

(iii) Notice for Special Meeting. Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series M Preferred Stock may (at the Corporation's expense) call such meeting, upon notice as provided in this Section 7(c)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of the Corporation's stockholders unless they have been previously terminated or removed pursuant to Section 7(c)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series M Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

(iv) Termination; Removal. Whenever full dividends have been paid regularly on the Series M Preferred Stock and any other class or series of preferred stock that ranks on parity with Series M Preferred Stock as to payment of dividends, if any, for at least four consecutive quarterly Dividend Periods or their equivalent, then the right of the holders of Series M Preferred Stock to elect such additional two directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate and the number of directors constituting the Corporation's Board of Directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of Series M Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(c).

Section 8. Conversion. The holders of Series M Preferred Stock shall not have any rights to convert such Series M Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the

Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series M Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or, subject to the voting rights granted in Section 7(b), any class of securities ranking senior to the Series M Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series M Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; *provided*, *however*, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series M Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series M Preferred Stock are not subject to the operation of a sinking fund.

* * * * * *

[As filed with the Delaware Secretary of State on February 1, 2021]

Exhibit 4.2

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

U.S. Bancorp ("USB") has registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (1) its common stock, (2) depositary shares representing shares of Series A preferred stock, (3) depositary shares representing shares of Series B preferred stock, (4) depositary shares representing shares of Series F preferred stock, (5) depositary shares representing shares of Series H preferred stock, (6) depositary shares representing shares of Series K preferred stock, (7) depositary shares representing shares of Series L preferred stock and (8) its 0.850% Medium-Term Notes, Series X (Senior), due June 7, 2024.

DESCRIPTION OF CAPITAL STOCK

The following description of the capital stock of USB and certain other matters does not purport to be complete and is subject, in all respects, to applicable Delaware law and to the provisions of the restated certificate of incorporation (the "Certificate of Incorporation") and amended and restated bylaws (the "Bylaws") of USB. The following description is qualified by reference to the Certificate of Incorporation, the certificate of designation for each series of preferred stock of USB and the Bylaws, copies of which are incorporated by reference as exhibits to USB's Annual Report on Form 10-K.

Authorized Capital Stock

The authorized capital stock of USB consists of 4,000,000,000 shares of common stock, par value $0.01 per share ("Common Stock"), and 50,000,000 shares of preferred stock, par value $1.00 per share ("Preferred Stock"). As of December 31, 2020, there were 1,507,107,658 shares of Common Stock issued and outstanding and 229,510 shares of Preferred Stock issued and outstanding, of which:

- 12,510 represent shares of Series A Non-Cumulative Perpetual Preferred Stock (the "Series A Preferred Stock");
- 40,000 represent shares of Series B Non-Cumulative Perpetual Preferred Stock (the "Series B Preferred Stock");
- 44,000 represent shares of Series F Non-Cumulative Perpetual Preferred Stock (the "Series F Preferred Stock");
- 20,000 represent shares of Series H Non-Cumulative Perpetual Preferred Stock (the "Series H Preferred Stock");
- 30,000 represent shares of Series I Non-Cumulative Perpetual Preferred Stock (the "Series I Preferred Stock");
- 40,000 represent shares of Series J Non-Cumulative Perpetual Preferred Stock (the "Series J Preferred Stock");

- 23,000 represent shares of Series K Non-Cumulative Perpetual Preferred Stock (the "Series K Preferred Stock"); and
- 20,000 represent shares of Series L Non-Cumulative Perpetual Preferred Stock (the "Series L Preferred Stock").

All outstanding shares of USB's capital stock are fully paid and non-assessable. On January 15, 2021, we redeemed all 20,000 issued and outstanding shares of the Series H Preferred Stock and all issued and outstanding depositary shares representing the shares of the Series H Preferred Stock.

Common Stock

Holders of shares of Common Stock are entitled to one vote per share. Unless a greater number of affirmative votes is required by the Certificate of Incorporation, the Bylaws, the rules or regulations of any stock exchange on which the Common Stock is traded, or as otherwise required by law or pursuant to any regulation applicable to USB, if a quorum exists at any meeting of stockholders, stockholders may take action on all matters, other than the election of directors, by a majority of the voting power of the stock present, in person or by proxy, at the meeting and entitled to vote on the matter. A nominee for director will be elected if the votes cast for such nominee's election exceed the votes cast against such nominee's election; *provided, however*, that if USB's board of directors determines that the number of nominees for director exceeds the number of directors to be elected at such meeting by the date that is 10 days prior to the date that USB first mails its notice of meeting for such meeting to the stockholders, each of the directors to be elected at such meeting will be elected by a plurality of the votes cast at such meeting assuming a quorum is present. Holders of shares of Common Stock do not have the right to cumulate their votes in the election of directors.

Subject to the prior or equal rights, if any, of any series of Preferred Stock outstanding, the holders of Common Stock are entitled to such dividends as may from time to time be declared by USB's board of directors from any funds legally available for dividends. USB is subject to various general regulatory policies and requirements relating to the payment of dividends on its capital stock, including requirements to maintain adequate capital above regulatory minimums. The Board of Governors of the Federal Reserve System (the "Federal Reserve Board") is authorized to determine, under certain circumstances relating to the financial condition of a bank holding company, such as USB, that the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof. In addition, USB is subject to Delaware state laws relating to the payment of dividends.

Holders of shares of Common Stock do not have any preemptive right to purchase or subscribe for any additional securities of USB.

In the event of liquidation of USB, after the payment or provision for payment of all debts and liabilities and subject to the prior or equal rights, if any, of the Preferred Stock of any and all outstanding series, the holders of Common Stock will be entitled to share ratably in the remaining assets of USB. Shares of USB Common Stock are fully paid and non-assessable.

The Common Stock has no conversion rights.

The transfer agent and registrar for USB common stock is Computershare, Inc. USB's Common Stock is listed on the NYSE under the symbol "USB."

Preferred Stock

General

USB's board of directors or a duly authorized committee thereof has the authority, without further action by USB's stockholders, unless action is required by applicable laws or regulations or by the terms of any Preferred Stock, to provide for the issuance of Preferred Stock in one or more series and to fix the voting rights, designations, preferences, and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, by adopting a resolution or resolutions creating and designating such series.

The rights of holders of Common Stock will be subject to, and may be adversely affected by, the rights of holders of any Preferred Stock. Any issuance of Preferred Stock may adversely affect the interests of holders of the Common Stock by limiting the control which such holders may exert by exercise of their voting rights, by subordinating their rights in liquidation to the rights of the holders of the Preferred Stock, and otherwise.

As of December 31, 2020, USB has authorized the following securities, which have been registered pursuant to Section 12 of the Exchange Act:

- 2,001,000 depositary shares representing, in the aggregate, 20,010 shares of Series A Preferred Stock, with a liquidation preference of $100,000 per share, of which 1,251,000 depositary shares and 12,510 shares of Series A Preferred Stock were outstanding;
- 40,000,000 depositary shares representing, in the aggregate, 40,000 shares of Series B Preferred Stock, with a liquidation preference of $25,000 per share, all of which were issued and outstanding;
- 44,000,000 depositary shares representing, in the aggregate, 44,000 shares of Series F Preferred Stock, with a liquidation preference of $25,000 per share, all of which were issued and outstanding;
- 20,000,000 depositary shares representing, in the aggregate, 20,000 shares of Series H Preferred Stock, with a liquidation preference of $25,000 per share, all of which were issued and outstanding;
- 23,000,000 depositary shares representing, in the aggregate, 23,000 shares of Series K Preferred Stock, with a liquidation preference of $25,000 per share, all of which were issued and outstanding; and
- 20,000,000 depositary shares representing, in the aggregate, 20,000 shares of Series L Preferred Stock, with a liquidation preference of $25,000 per share, all of which were issued and outstanding.

The Series I Preferred Stock and the Series J Preferred Stock described herein have not been registered pursuant to Section 12 of the Exchange Act. On January 15, 2021, we redeemed all 20,000 issued and outstanding shares of the Series H Preferred Stock and all 20,000,000 issued and outstanding depositary shares representing the shares of the Series H Preferred Stock.

Series A Preferred Stock

General — The depositary is the sole holder of the Series A Preferred Stock, as described below under the section entitled "—Description of Depositary Shares," and all references herein to the holders of the Series A Preferred Stock mean the depositary. However, the holders of depositary shares will be entitled, through the depositary, to exercise the rights and preferences of the holders of the Series A Preferred Stock, as described below under "—Description of Depositary Shares." The holders of the Series A Preferred Stock have no preemptive rights with respect to any shares of USB's capital stock or any of its other securities convertible into or carrying rights or options to purchase any such capital stock.

The holders of Series A Preferred Stock will be entitled to receive non-cumulative cash dividends when, as and if declared out of assets legally available for payment of dividends. In the event USB does not declare dividends or does not pay dividends in full on the Series A Preferred Stock on any date on which dividends are due, then such unpaid dividends will not cumulate and will no longer accrue and be payable.

The Series A Preferred Stock is perpetual and will not be convertible into shares of USB's Common Stock or any other class or series of USB's capital stock, and will not be subject to any sinking fund or other obligation for their repurchase or retirement.

Rank — With respect to the payment of dividends and amounts upon liquidation, the Series A Preferred Stock ranks equally with the Series B Preferred Stock, the Series F Preferred Stock, the Series H Preferred Stock, the Series I Preferred Stock, the Series J Preferred Stock, the Series K Preferred Stock and the Series L Preferred Stock and with any future class or series of USB's capital stock that ranks on a par with the Series A Preferred Stock in the payment of dividends and in the distribution of assets on USB's liquidation, dissolution or winding up. Such capital stock is referred to as "Parity Stock." With respect to the payment of dividends and amounts upon liquidation, the Series A Preferred Stock ranks senior to USB's Common Stock and any other future class or series of USB's capital stock over which the Series A Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on USB's liquidation, dissolution or winding up. USB's Common Stock and any such capital stock are referred to as "Junior Stock." USB may not issue any class or series of capital stock having a preference or priority in the payment of dividends or in the distribution of assets on USB's liquidation, dissolution or winding up over the Series A Preferred Stock without the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series A Preferred Stock and all other Parity Stock, at the time outstanding, voting as a single class without regard to series.

In particular, during a dividend period (as defined below) and subject to certain exceptions, no dividend will be paid or declared and no distribution will be made on any Junior

Stock, other than a dividend payable solely in Junior Stock, no shares of Junior Stock may be repurchased, redeemed or otherwise acquired for consideration by USB, directly or indirectly (other than as a result of reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor will any monies be paid to or made available for a sinking fund for the redemption of any such securities by USB, and no shares of Parity Stock may be purchased, redeemed or otherwise acquired for consideration by USB otherwise than pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series A Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, unless full dividends for such dividend period on all outstanding shares of Series A Preferred Stock have been paid or declared and a sum sufficient for the payment thereof set aside.

Dividends — Dividends on shares of the Series A Preferred Stock will not be mandatory. Holders of the Series A Preferred Stock will be entitled to receive, if, when and as declared by USB's board of directors or a duly authorized committee of the board, out of assets legally available for the payment of dividends under Delaware law, non-cumulative cash dividends payable quarterly in arrears on each January 15, April 15, July 15 or October 15 (or, if such day is not a business day, the next business day). The period from and including the date of issuance of the Series A Preferred Stock or any dividend payment date to but excluding the next dividend payment date is referred to as a "dividend period." Dividends on each share of Series A Preferred Stock will accrue on the liquidation preference amount of $100,000 per share at a rate per annum equal to the greater of (i) three-month LIBOR (computed as provided below) plus 1.02% or (ii) 3.50%. In the case that any date on which dividends are payable on the Series A Preferred Stock is not a business day, then payment of the dividend payable on that date will be made on the next succeeding day that is a business day. However, no interest or other payment will be paid in respect of the delay. The record date for payment of dividends on the Series A Preferred Stock will be the last day of the immediately preceding calendar month during which the dividend payment date falls. The amount of dividends payable for any dividend period will be calculated on the basis of a 360-day year and the number of days actually elapsed. For purposes of the Series A Preferred Stock, a "business day" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions in Minneapolis, Minnesota, New York, New York or Wilmington, Delaware are not authorized or obligated by law, regulation or executive order to close.

For any dividend period, three-month LIBOR will be determined by the calculation agent on the second London Banking Day immediately preceding the first day of such dividend period in the following manner:

- Three-month LIBOR will be the rate (expressed as a percentage per annum) for deposits in U.S. dollars for a three-month period commencing on the first day of a dividend period that appears on Reuters Screen LIBOR01 Page as of 11:00 a.m. (London time) on the second London Banking Day preceding the first day of that dividend period.
- If the rate described above does not appear on Reuters Screen LIBOR01, three-month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that dividend period and in a

principal amount of not less than $1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by USB, at approximately 11:00 a.m., London time, on the second London Banking Day preceding the first day of that dividend period. U.S. Bank National Association, as Calculation Agent for the Series A Preferred Stock, will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, three-month LIBOR with respect to that dividend period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations.

- If fewer than two quotations are provided, three-month LIBOR with respect to that dividend period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted by three major banks in New York, New York, selected by the Calculation Agent, at approximately 11:00 a.m., New York City time, on the first day of that dividend period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that dividend period and in a principal amount of not less than $1,000,000.
- If the banks selected by the Calculation Agent to provide quotations are not quoting as described above, three-month LIBOR for that dividend period will be the same as three-month LIBOR as determined for the previous dividend period.

The calculation agent's establishment of three-month LIBOR and calculation of the amount of dividends for each dividend period will be on file at USB's principal offices, will be made available to any holder of Series A Preferred Stock upon request and will be final and binding in the absence of manifest error.

"London Banking Day" means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London.

"Reuters Screen LIBOR01 Page" means the display designated on the Reuters 3000 Xtra (or such other page as may replace that page on that service or such other service as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

The right of holders of the Series A Preferred Stock to receive dividends is non-cumulative. If USB's board of directors does not declare a dividend on the Series A Preferred Stock or declares less than a full dividend in respect of any dividend period, the holders of the Series A Preferred Stock will have no right to receive any dividend or a full dividend, as the case may be, for that dividend period, and USB will have no obligation to pay a dividend or to pay full dividends for that dividend period, whether or not dividends are declared and paid for any future dividend period with respect to the Series A Preferred Stock, Parity Stock, Junior Stock or any other class or series of USB's authorized Preferred Stock.

When dividends are not paid in full upon the Series A Preferred Stock and any other Parity Stock, dividends upon that stock will be declared on a proportional basis so that the

amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the current dividend period per share on the Series A Preferred Stock, and accrued dividends, including any accumulations on such Parity Stock, bear to each other. No interest will be payable in respect of any dividend payment on the Series A Preferred Stock that may be in arrears.

Redemption — The Series A Preferred Stock is not subject to any mandatory redemption, sinking fund or other similar provisions.

So long as full dividends on all outstanding shares of the Series A Preferred Stock for the then-current dividend period have been paid or declared and a sum sufficient for the payment thereof is set aside, and subject to receipt of the regulatory approvals discussed below, USB may redeem the Series A Preferred Stock in whole or in part at any time, at a redemption price equal to $100,000 per share plus dividends that have been declared but not paid plus accrued and unpaid dividends for the then current dividend period to the redemption date.

If shares of the Series A Preferred Stock are to be redeemed, the notice of redemption will be given by first class mail to the holders of record of the Series A Preferred Stock to be redeemed, mailed not less than 30 days nor more than 60 days prior to the date fixed for redemption thereof (provided that, if the depositary shares representing the Series A Preferred Stock are held in book-entry form through DTC, USB may give such notice in any manner permitted by the DTC). Each notice of redemption will include a statement setting forth: (i) the redemption date, (ii) the number of shares of the Series A Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder, (iii) the redemption price, (iv) the place or places where the certificates evidencing shares of Series A Preferred Stock are to be surrendered for payment of the redemption price and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. If notice of redemption of any shares of Series A Preferred Stock has been duly given and if the funds necessary for such redemption have been set aside by USB for the benefit of the holders of any shares of Series A Preferred Stock so called for redemption, then, on and after the redemption date, dividends will cease to accrue on such shares of Series A Preferred Stock, such shares of Series A Preferred Stock will no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the redemption price.

In case of any redemption of only part of the shares of the Series A Preferred Stock at the time outstanding, the shares to be redeemed will be selected either pro rata or in such other manner as USB may determine to be fair and equitable.

Under the Federal Reserve Board's risk-based capital guidelines applicable to bank holding companies, any redemption of the Series A Preferred Stock is subject to prior approval of the Federal Reserve Board.

Rights Upon Liquidation, Dissolution or Winding Up — In the event of USB's liquidation, dissolution or winding up, the holders of the Series A Preferred Stock at the time outstanding will be entitled to receive a liquidating distribution in the amount of the liquidation

preference of $100,000 per share, plus any authorized, declared and unpaid dividends for the then-current dividend period to the date of liquidation, out of USB's assets legally available for distribution to USB's stockholders, before any distribution is made to holders of USB's Common Stock or any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with the Series A Preferred Stock upon liquidation and the rights of USB's depositors and other creditors.

If the amounts available for distribution upon USB's liquidation, dissolution or winding up are not sufficient to satisfy the full liquidation rights of all the outstanding Series A Preferred Stock and all stock ranking equal to the Series A Preferred Stock, then the holders of each series of Preferred Stock will share ratably in any distribution of assets in proportion to the full respective preferential amount to which they are entitled. After the full amount of the liquidation preference is paid, the holders of Series A Preferred Stock will not be entitled to any further participation in any distribution of USB's assets.

For such purposes, USB's consolidation or merger with or into any other entity, the consolidation or merger of any other entity with or into USB, or the sale of all or substantially all of USB's property or business will not be deemed to constitute USB's liquidation, dissolution or winding up.

Voting — Except as provided below, the holders of the Series A Preferred Stock will have no voting rights.

Whenever dividends on any shares of the Series A Preferred Stock or any other class or series of Parity Stock have not been declared and paid for an amount equal to six or more quarterly dividend periods, whether consecutive or not (a "Nonpayment"), the holders of the Series A Preferred Stock (together with holders of any and all other classes of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) will be entitled to vote as a single class for the election of a total of two additional members of USB's board of directors (the "Preferred Directors"), provided that the election of any such directors will not cause USB to violate the corporate governance requirement of the New York Stock Exchange (or any other exchange on which USB's securities may be listed) that listed companies must have a majority of independent directors and provided further that USB's board of directors will at no time include more than two Preferred Directors. In that event, the number of directors on USB's board of directors will automatically increase by two and, at the request of any holder of Series A Preferred Stock, a special meeting of the holders of Series A Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series A Preferred Stock as to payment of dividends and for which dividends have not been paid, will be called for the election of the two directors (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election will be held at such next annual or special meeting of stockholders), followed by such election at each subsequent annual meeting. These voting rights will continue until full dividends have been paid regularly on the shares of the Series A Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series A Preferred Stock as to payment of dividends for at least four consecutive dividend periods following the Nonpayment.

If and when full dividends have been regularly paid for at least four consecutive dividend periods following a Nonpayment on the Series A Preferred Stock and any other class or series of Parity Stock, the holders of the Series A Preferred Stock will be divested of the foregoing voting rights (subject to revesting in the event of each subsequent Nonpayment) and the term of office of each Preferred Director so elected will terminate and the number of directors on USB's board of directors will automatically decrease by two. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series A Preferred Stock (together with holders of any and all other classes of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described above. So long as a Nonpayment continues, any vacancy in the office of a Preferred Director (other than prior to the initial election of the Preferred Directors) may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by a vote of the holders of the outstanding shares of Series A Preferred Stock (together with holders of any and all other class of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of stockholders. The Preferred Directors will each be entitled to one vote per director on any matter.

If the holders of Series A Preferred Stock become entitled to vote for the election of directors, the Series A Preferred Stock may be considered a class of voting securities under interpretations adopted by the Federal Reserve Board. As a result, certain holders of the Series A Preferred Stock may become subject to regulations under the Bank Holding Company Act of 1956, as amended (the "Bank Holding Company Act") and/or certain acquisitions of the Series A Preferred Stock may be subject to prior approval by the Federal Reserve Board.

So long as any shares of Series A Preferred Stock remain outstanding:

- the affirmative vote or consent of the holders of at least two-thirds of all of the shares of the Series A Preferred Stock and all other Parity Stock at the time outstanding, voting as a single class without regard to series, will be required to issue, authorize or increase the authorized amount of, or to issue or authorize any obligation or security convertible into or evidencing the right to purchase, any class or series of stock ranking senior to the Series A Preferred Stock and all other parity stock with respect to payment of dividends or the distribution of assets upon USB's liquidation, dissolution or winding up; and
- the affirmative vote or consent of the holders of at least two-thirds of all of the shares of the Series A Preferred Stock at the time outstanding, voting separately as a class, will be required to amend the provisions of USB's Certificate of Incorporation or the Certificate of Designations of the Series A Preferred Stock or any other series of Preferred Stock so as to materially and adversely affect the powers, preferences, privileges or rights of the Series A Preferred Stock, taken as a whole; provided, however, that any increase in the amount of the authorized or issued Series A Preferred Stock or authorized Preferred Stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of Preferred Stock and/or Junior Stock will not be deemed to adversely affect the powers, preferences, privileges or rights of the Series A Preferred Stock.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required will be effected, all outstanding shares of Series A Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds have been set aside by USB for the benefit of the holders of the Series A Preferred Stock to effect such redemption.

Series B Preferred Stock

General — The depositary is the sole holder of the Series B Preferred Stock, as described below under the section entitled "—Description of Depositary Shares," and all references herein to the holders of the Series B Preferred Stock mean the depositary. However, the holders of depositary shares will be entitled, through the depositary, to exercise the rights and preferences of the holders of the Series B Preferred Stock, as described below under "—Description of Depositary Shares." The holders of the Series B Preferred Stock have no preemptive rights with respect to any shares of USB's capital stock or any of its other securities convertible into or carrying rights or options to purchase any such capital stock.

The holders of Series B Preferred Stock will be entitled to receive non-cumulative cash dividends when, as and if declared out of assets legally available for payment of dividends. In the event USB does not declare dividends or does not pay dividends in full on the Series B Preferred Stock on any date on which dividends are due, then such unpaid dividends will not cumulate and will no longer accrue and be payable.

The Series B Preferred Stock is perpetual and will not be convertible into shares of USB's Common Stock or any other class or series of USB's capital stock, and will not be subject to any sinking fund or other obligation for their repurchase or retirement.

Rank — With respect to the payment of dividends and amounts upon liquidation, the Series B Preferred Stock ranks equally with the Series A Preferred Stock, the Series F Preferred Stock, the Series H Preferred Stock, the Series I Preferred Stock, the Series J Preferred Stock, the Series K Preferred Stock and the Series L Preferred Stock and with any future class or series of USB's capital stock that ranks on a par with the Series B Preferred Stock in the payment of dividends and in the distribution of assets on USB's liquidation, dissolution or winding up. With respect to the payment of dividends and amounts upon liquidation, the Series B Preferred Stock ranks senior to USB's Common Stock and any other future class or series of USB's capital stock over which the Series B Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on USB's liquidation, dissolution or winding up. USB may not issue any class of series of capital stock having a preference or priority in the payment of dividends or in the distribution of assets on USB's liquidation, dissolution or winding up over the Series B Preferred Stock without the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series B Preferred Stock and all other Parity Stock, at the time outstanding, voting as a single class without regard to series.

In particular, during a dividend period and subject to certain exceptions, no dividend will be paid or declared and no distribution will be made on any Junior Stock, other than a dividend payable solely in Junior Stock, no shares of Junior Stock may be repurchased, redeemed or otherwise acquired for consideration by USB, directly or indirectly (other than as a result of reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor will any monies be paid to or made available for a sinking fund for the redemption of any such securities by USB, and no shares of Parity Stock may be purchased, redeemed or otherwise acquired for consideration by USB otherwise than pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series B Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, unless full dividends for such dividend period on all outstanding shares of Series B Preferred Stock have been paid or declared and a sum sufficient for the payment thereof set aside.

Dividends — Dividends on shares of the Series B Preferred Stock will not be mandatory. Holders of Series B Preferred Stock will be entitled to receive, when, as and if declared by USB's board of directors or a duly authorized committee of the board, out of assets legally available for the payment of dividends under Delaware law, non-cumulative cash dividends payable quarterly in arrears on each January 15, April 15, July 15 or October 15 (or, if such day is not a business day, the next business day). Dividends on each share of Series B Preferred Stock will accrue on the liquidation preference amount of $25,000 per share at a rate per annum equal to the greater of (1) three-month LIBOR (computed as provided below) plus 0.60% or (2) 3.50%. In the case that any date on which dividends are payable on the Series B Preferred Stock is not a business day, then payment of the dividend payable on that date will be made on the next succeeding day that is a business day. However, no interest or other payment will be paid in respect of the delay. The record date for payment of dividends on the Series B Preferred Stock will be the last day of the immediately preceding calendar month during which the dividend payment date falls. The amount of dividends payable for any dividend period will be calculated on the basis of a 360-day year and the number of days actually elapsed. For purposes of the Series B Preferred Stock, the term "business day" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York.

For any dividend period, three-month LIBOR will be determined by the calculation agent on the second London Banking Day immediately preceding the first day of such dividend period in the following manner:

- Three-month LIBOR will be the offered rate per annum for three-month deposits in U.S. dollars, beginning on the first day of such period, as that rate appears on Moneyline Telerate Page 3750 as of 11:00 A.M., London time, on the second London Banking Day immediately preceding the first day of such dividend period.
- If the rate described above does not appear on Moneyline Telerate page 3750, three-month LIBOR will be determined on the basis of the rates, at approximately 11:00 A.M., London time, on the second London Banking Day immediately preceding the first day of

such dividend period, at which deposits of the following kind are offered to prime banks in the London interbank market by four major banks in that market selected by USB: three-month deposits in U.S. dollars, beginning on the first day of such dividend period, and in a principal amount of not less than $1,000,000. The calculation agent will request the principal London office of each of these banks to provide a quotation of its rate. If at least two quotations are provided, three-month LIBOR for the second London Banking Day immediately preceding the first day of such dividend period will be the arithmetic mean of the quotations.

- If fewer than two quotations are provided as described above, three-month LIBOR for the second London Banking Day immediately preceding the first day of such dividend period will be the arithmetic mean of the rates for loans of the following kind to leading European banks quoted, at approximately 11:00 A.M. New York City time on the second London Banking Day immediately preceding the first day of such dividend period, by three major banks in New York City selected by USB: three-month loans of U.S. dollars, beginning on the first day of such dividend period, and in a principal amount of not less than $1,000,000.
- If fewer than three banks selected by USB are quoting as described above, three-month LIBOR for the new dividend period will be three-month LIBOR in effect for the prior dividend period.

The calculation agent's establishment of three-month LIBOR and calculation of the amount of dividends for each dividend period will be on file at USB's principal offices, will be made available to any holder of Series B Preferred Stock upon request and will be final and binding in the absence of manifest error.

The term "Moneyline Telerate Page" means the display on Moneyline Telerate, Inc., or any successor service, on the page or pages referred to above or any replacement page or pages on that service.

The right of holders of the Series B Preferred Stock to receive dividends is non-cumulative. If USB's board of directors does not declare a dividend on the Series B Preferred Stock or declares less than a full dividend in respect of any dividend period, the holders of the Series B Preferred Stock will have no right to receive any dividend or a full dividend, as the case may be, for that dividend period, and USB will have no obligation to pay a dividend or to pay full dividends for that dividend period, whether or not dividends are declared and paid for any future dividend period with respect to the Series B Preferred Stock, Parity Stock, Junior Stock or any other class or series of USB's authorized Preferred Stock.

When dividends are not paid in full upon the Series B Preferred Stock and any other Parity Stock, dividends upon that stock will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the current dividend period per share on the Series B Preferred Stock, and accrued dividends, including any accumulations on such Parity Stock, bear to each other. No interest will be payable in respect of any dividend payment on the Series B Preferred Stock that may be in arrears.

Redemption —The Series B Preferred Stock is not subject to any mandatory redemption, sinking fund or other similar provisions.

The Series B Preferred Stock is redeemable at USB's option, in whole or in part, at a redemption price equal to $25,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

If shares of the Series B Preferred Stock are to be redeemed, the notice of redemption will be given by first class mail to the holders of record of the Series B Preferred Stock to be redeemed, mailed not less than 30 days nor more than 60 days prior to the date fixed for redemption thereof (provided that, if the depositary shares representing the Series B Preferred Stock are held in book-entry form through DTC, USB may give such notice in any manner permitted by the DTC). Each notice of redemption will include a statement setting forth: (i) the redemption date, (ii) the number of shares of the Series B Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder, (iii) the redemption price, (iv) the place or places where the certificates evidencing shares of Series B Preferred Stock are to be surrendered for payment of the redemption price and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. If notice of redemption of any shares of Series B Preferred Stock has been duly given and if the funds necessary for such redemption have been set aside by USB for the benefit of the holders of any shares of Series B Preferred Stock so called for redemption, then, on and after the redemption date, dividends will cease to accrue on such shares of Series B Preferred Stock, such shares of Series B Preferred Stock will no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the redemption price.

In case of any redemption of only part of the shares of the Series B Preferred Stock at the time outstanding, the shares to be redeemed will be selected either pro rata or in such other manner as USB may determine to be fair and equitable.

Under the Federal Reserve Board's risk-based capital guidelines applicable to bank holding companies, any redemption of the Series B Preferred Stock is subject to prior approval of the Federal Reserve Board.

Additionally, the Series B Preferred Stock is subject to a "Replacement Capital Covenant," which will limit USB's right to redeem the Series B Preferred Stock. In the Replacement Capital Covenant, USB covenants to redeem or repurchase shares of Series B Preferred Stock only if and to the extent that (a) the total redemption or repurchase price is equal to or less than the sum, as of the date of redemption or repurchase, of (i) 133.33% of the aggregate net cash proceeds USB or its subsidiaries have received during the 180 days prior to such date from the issuance and sale of Common Stock plus (ii) 100% of the aggregate net cash proceeds USB or its subsidiaries have received during the 180 days prior to such date from the issuance of certain other specified securities that (A) have equity-like characteristics that satisfy

the requirements of the Replacement Capital Covenant, which means generally that such other securities have characteristics that are the same as, or more equity-like than, the applicable characteristics of the Series B Preferred Stock at that time, and (B) qualify as tier 1 capital of USB under the risk-based capital guidelines of the Federal Reserve Board; and (b) USB has obtained the prior approval of the Federal Reserve Board, if such approval is then required by the Federal Reserve Board.

Rights Upon Liquidation, Dissolution or Winding Up — In the event of USB's liquidation, dissolution or winding up, the holders of the Series B Preferred Stock at the time outstanding will be entitled to receive a liquidating distribution in the amount of the liquidation preference of $25,000 per share, plus any authorized, declared and unpaid dividends for the then-current dividend period to the date of liquidation, out of USB's assets legally available for distribution to USB's stockholders, before any distribution is made to holders of USB's Common Stock or any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with the Series B Preferred Stock upon liquidation and the rights of USB's depositors and other creditors.

If the amounts available for distribution upon USB's liquidation, dissolution or winding up are not sufficient to satisfy the full liquidation rights of all the outstanding Series B Preferred Stock and all stock ranking equal to the Series B Preferred Stock, then the holders of each series of Preferred Stock will share ratably in any distribution of assets in proportion to the full respective preferential amount to which they are entitled. After the full amount of the liquidation preference is paid, the holders of Series B Preferred Stock will not be entitled to any further participation in any distribution of USB's assets.

For such purposes, USB's consolidation or merger with or into any other entity, the consolidation or merger of any other entity with or into USB, or the sale of all or substantially all of USB's property or business will not be deemed to constitute USB's liquidation, dissolution or winding up.

Voting Rights — Except as provided below, the holders of the Series B Preferred Stock will have no voting rights.

Whenever dividends on any shares of the Series B Preferred Stock or any other class or series of Parity Stock have not been declared and paid for an amount equal to six or more quarterly dividend periods, whether consecutive or not, the holders of the Series B Preferred Stock (together with holders of any and all other classes of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) will be entitled to vote as a single class for the election of a total of two additional members of USB's board of directors, provided that the election of any such directors will not cause USB to violate the corporate governance requirement of the New York Stock Exchange (or any other exchange on which USB's securities may be listed) that listed companies must have a majority of independent directors and provided further that USB's board of directors will at no time include more than two Preferred Directors. In that event, the number of directors on USB's board of directors will automatically increase by two and, at the request of any holder of Series B

Preferred Stock, a special meeting of the holders of Series B Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series B Preferred Stock as to payment of dividends and for which dividends have not been paid, will be called for the election of the two directors (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election will be held at such next annual or special meeting of stockholders), followed by such election at each subsequent annual meeting. These voting rights will continue until full dividends have been paid regularly on the shares of the Series B Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series B Preferred Stock as to payment of dividends for at least four consecutive dividend periods following the Nonpayment.

If and when full dividends have been regularly paid for at least four consecutive dividend periods following a Nonpayment on the Series B Preferred Stock and any other class or series of Parity Stock, the holders of the Series B Preferred Stock will be divested of the foregoing voting rights (subject to revesting in the event of each subsequent Nonpayment) and the term of office of each Preferred Director so elected will terminate and the number of directors on USB's board of directors will automatically decrease by two. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series B Preferred Stock (together with holders of any and all other classes of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described above. So long as a Nonpayment continues, any vacancy in the office of a Preferred Director (other than prior to the initial election of the Preferred Directors) may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by a vote of the holders of the outstanding shares of Series B Preferred Stock (together with holders of any and all other class of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of stockholders. The Preferred Directors will each be entitled to one vote per director on any matter.

If the holders of Series B Preferred Stock become entitled to vote for the election of directors, the Series B Preferred Stock may be considered a class of voting securities under interpretations adopted by the Federal Reserve Board. As a result, certain holders of the Series B Preferred Stock may become subject to regulations under the Bank Holding Company Act and/or certain acquisitions of the Series B Preferred Stock may be subject to prior approval by the Federal Reserve Board.

So long as any shares of Series B Preferred Stock remain outstanding:

- the affirmative vote or consent of the holders of at least two-thirds of all of the shares of the Series B Preferred Stock and all other Parity Stock at the time outstanding, voting as a single class without regard to series, will be required to issue, authorize or increase the authorized amount of, or to issue or authorize any obligation or security convertible into or evidencing the right to purchase, any class or series of stock ranking senior to the Series B Preferred Stock and all other parity stock with respect to payment of dividends or the distribution of assets upon USB's liquidation, dissolution or winding up; and

- the affirmative vote or consent of the holders of at least two-thirds of all of the shares of the Series B Preferred Stock at the time outstanding, voting separately as a class, will be required to amend the provisions of USB's Certificate of Incorporation or the Certificate of Designations of the Series B Preferred Stock or any other series of Preferred Stock so as to materially and adversely affect the powers, preferences, privileges or rights of the Series B Preferred Stock, taken as a whole; provided, however, that any increase in the amount of the authorized or issued Series B Preferred Stock or authorized Preferred Stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of Preferred Stock and/or Junior Stock will not be deemed to adversely affect the powers, preferences, privileges or rights of the Series B Preferred Stock.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required will be effected, all outstanding shares of Series B Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds have been set aside by USB for the benefit of the holders of the Series B Preferred Stock to effect such redemption.

Series F Preferred Stock

General — The depositary is the sole holder of the Series F Preferred Stock, as described below under the section entitled "—Description of Depositary Shares," and all references herein to the holders of the Series F Preferred Stock mean the depositary. However, the holders of depositary shares will be entitled, through the depositary, to exercise the rights and preferences of the holders of the Series F Preferred Stock, as described below under "—Description of Depositary Shares." The holders of the Series F Preferred Stock have no preemptive rights with respect to any shares of USB's capital stock or any of its other securities convertible into or carrying rights or options to purchase any such capital stock.

The holders of Series F Preferred Stock will be entitled to receive non-cumulative cash dividends when, as and if declared out of assets legally available for payment of dividends. In the event USB does not declare dividends or does not pay dividends in full on the Series F Preferred Stock on any date on which dividends are due, then such unpaid dividends will not cumulate and will no longer accrue and be payable.

The Series F Preferred Stock is perpetual and will not be convertible into shares of USB's Common Stock or any other class or series of USB's capital stock, and will not be subject to any sinking fund or other obligation for their repurchase or retirement.

Rank — With respect to the payment of dividends and amounts upon liquidation, the Series F Preferred Stock ranks equally with the Series A Preferred Stock, the Series B Preferred Stock, the Series H Preferred Stock, the Series I Preferred Stock, the Series J Preferred Stock, the Series K Preferred Stock and the Series L Preferred Stock and with any future class or series of USB's capital stock that ranks on a par with the Series F Preferred Stock in the payment of

dividends and in the distribution of assets on USB's liquidation, dissolution or winding up. With respect to the payment of dividends and amounts upon liquidation, the Series F Preferred Stock ranks senior to USB's Common Stock and any other future class or series of USB's capital stock over which the Series F Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on USB's liquidation, dissolution or winding up. USB may not issue any class of series of capital stock having a preference or priority in the payment of dividends or in the distribution of assets on USB's liquidation, dissolution or winding up over the Series F Preferred Stock without the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series F Preferred Stock and all other Parity Stock, at the time outstanding, voting as a single class without regard to series.

In particular, during a dividend period and subject to certain exceptions, no dividend will be paid or declared and no distribution will be made on any Junior Stock, other than a dividend payable solely in Junior Stock, no shares of Junior Stock may be repurchased, redeemed or otherwise acquired for consideration by USB, directly or indirectly (other than as a result of reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor will any monies be paid to or made available for a sinking fund for the redemption of any such securities by USB, and no shares of Parity Stock may be purchased, redeemed or otherwise acquired for consideration by USB otherwise than pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series F Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, unless full dividends for such dividend period on all outstanding shares of Series F Preferred Stock have been paid or declared and a sum sufficient for the payment thereof set aside.

Dividends — Dividends on shares of the Series F Preferred Stock will not be mandatory. Holders of Series F Preferred Stock will be entitled to receive, when, as and if declared by USB's board of directors or a duly authorized committee of the board, out of assets legally available for the payment of dividends under Delaware law, non-cumulative cash dividends payable quarterly in arrears on each January 15, April 15, July 15 or October 15 (or, if such day is not a business day, the next business day). Dividends on each share of Series F Preferred Stock will accrue on the liquidation preference amount of $25,000 per share (1) from the date of issuance of the Series F Preferred Stock to but excluding January 15, 2022 at a rate per annum equal to 6.50% and (2) thereafter for each related dividend period at a rate per annum equal to three-month LIBOR (computed as provided below) plus 4.468%. In the case that any date on which dividends are payable on the Series F Preferred Stock is not a business day, then payment of the dividend payable on that date will be made on the next succeeding day that is a business day. However, no interest or other payment will be paid in respect of the delay. The record date for payment of dividends on the Series F Preferred Stock will be the last day of the immediately preceding calendar month during which the dividend payment date falls. The amount of dividends payable for any dividend period prior to January 15, 2022 will be computed on the basis of a 360-day year consisting of twelve 30-day months and dividends for dividend periods thereafter will be computed on the basis of a 360-day year and the actual number of days elapsed. For purposes of the Series F Preferred Stock, the term "business day" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not

authorized or obligated by law, regulation or executive order to close in New York, New York. Dividends on the Series F Preferred Stock will not be declared, paid or set aside for payment to the extent such act would cause USB to fail to comply with any applicable laws and regulations, including applicable capital adequacy guidelines.

For any dividend period beginning on or after January 15, 2022, three-month LIBOR will be determined by the calculation agent on the second London Banking Day immediately preceding the first day of such dividend period in the following manner:

- Three-month LIBOR will be the offered rate per annum for three-month deposits in U.S. dollars, beginning on the first day of such period, as that rate appears on Reuters Screen LIBOR01 as of 11:00 A.M., London time, on the second London Banking Day immediately preceding the first day of such dividend period.
- If the rate described above does not appear on Reuters Screen LIBOR01 Page, three-month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that dividend period and in a principal amount of not less than $1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by USB, at approximately 11:00 a.m. (London time), on the second London banking day preceding the first day of that dividend period. The calculation agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, three-month LIBOR with respect to that dividend period will be the arithmetic mean of such quotations.
- If fewer than two quotations are provided as described above, three-month LIBOR will be the arithmetic mean of the rates quoted by three major banks in New York, New York, selected by the calculation agent, at approximately 11:00 a.m. (New York City time), on the first day of that dividend period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that dividend period and in a principal amount of not less than $1,000,000.
- If fewer than three banks are not quoting as described above, three-month LIBOR for the new dividend period will be three-month LIBOR in effect for the prior dividend period or, in the case of the first dividend period beginning on or after January 15, 2022, the most recent rate that could have been determined had the dividend rate been a floating rate during the period prior to January 15, 2022.

The calculation agent's establishment of three-month LIBOR and calculation of the amount of dividends for each dividend period will be on file at USB's principal offices, will be made available to any holder of Series F Preferred Stock upon request and will be final and binding in the absence of manifest error.

The term "Reuters Screen LIBOR01 Page" means the display designated on the Reuters 3000 Xtra (or such other page as may replace that page on that service or such other service as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

The right of holders of the Series F Preferred Stock to receive dividends is non-cumulative. If USB's board of directors does not declare a dividend on the Series F Preferred Stock or declares less than a full dividend in respect of any dividend period, the holders of the Series F Preferred Stock will have no right to receive any dividend or a full dividend, as the case may be, for that dividend period, and USB will have no obligation to pay a dividend or to pay full dividends for that dividend period, whether or not dividends are declared and paid for any future dividend period with respect to the Series F Preferred Stock, Parity Stock, Junior Stock or any other class or series of USB's authorized Preferred Stock.

When dividends are not paid in full upon the Series F Preferred Stock and any other Parity Stock, dividends upon that stock will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the current dividend period per share on the Series F Preferred Stock, and accrued dividends, including any accumulations on such Parity Stock, bear to each other. No interest will be payable in respect of any dividend payment on the Series F Preferred Stock that may be in arrears.

Redemption **—**The Series F Preferred Stock is not subject to any mandatory redemption, sinking fund or other similar provisions.

The Series F Preferred Stock will be redeemable at USB's option, in whole or in part, at any time on or after January 15, 2022 at a redemption price equal to $25,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

In addition, within 90 days following the occurrence of a Regulatory Capital Treatment Event (as defined below), USB, at its option, subject to the approval of the Appropriate Federal Banking Agency (as defined below), may redeem, at any time, all (but not less than all) of the shares of Series F Preferred Stock at the time outstanding, at a redemption price equal to $25,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends. For purposes of the Series F Preferred Stock, "Regulatory Capital Treatment Event" means the good faith determination by USB that, as a result of (i) any amendment to, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of Series F Preferred Stock, (ii) any proposed change in those laws or regulations that is announced after the initial issuance of any share of Series F Preferred Stock, or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of Series F Preferred Stock, there is more than an insubstantial risk that USB will not be entitled to treat the full liquidation value of the shares of Series F Preferred Stock then outstanding as "tier 1 capital" (or its equivalent) for purposes of the capital adequacy guidelines of the Federal Reserve Board, Regulation Y, 12 CFR 225 (or, as and if applicable, the capital adequacy guidelines or regulations of any successor Appropriate Federal Banking Agency), as then in effect and applicable, for as long as any share of Series F Preferred

Stock is outstanding. "Appropriate Federal Banking Agency" means the "appropriate Federal banking agency" with respect to USB as defined in Section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(q)), or any successor provision.

If shares of the Series F Preferred Stock are to be redeemed, the notice of redemption will be given by first class mail to the holders of record of the Series F Preferred Stock to be redeemed, mailed not less than 30 days nor more than 60 days prior to the date fixed for redemption thereof (provided that, if the depositary shares representing the Series F Preferred Stock are held in book-entry form through DTC, USB may give such notice in any manner permitted by the DTC). Each notice of redemption will include a statement setting forth: (i) the redemption date, (ii) the number of shares of the Series F Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder, (iii) the redemption price, (iv) the place or places where the certificates evidencing shares of Series F Preferred Stock are to be surrendered for payment of the redemption price and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. If notice of redemption of any shares of Series F Preferred Stock has been duly given and if the funds necessary for such redemption have been set aside by USB for the benefit of the holders of any shares of Series F Preferred Stock so called for redemption, then, on and after the redemption date, dividends will cease to accrue on such shares of Series F Preferred Stock, such shares of Series F Preferred Stock will no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the redemption price.

In case of any redemption of only part of the shares of the Series F Preferred Stock at the time outstanding, the shares to be redeemed will be selected either pro rata or in such other manner as USB may determine to be fair and equitable.

Under the Federal Reserve Board's risk-based capital guidelines applicable to bank holding companies, any redemption of the Series F Preferred Stock is subject to prior approval of the Federal Reserve Board.

Rights Upon Liquidation, Dissolution or Winding Up — In the event of USB's liquidation, dissolution or winding up, the holders of the Series F Preferred Stock at the time outstanding will be entitled to receive a liquidating distribution in the amount of the liquidation preference of $25,000 per share, plus any authorized, declared and unpaid dividends for the then-current dividend period to the date of liquidation, out of USB's assets legally available for distribution to USB's stockholders, before any distribution is made to holders of USB's Common Stock or any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with the Series F Preferred Stock upon liquidation and the rights of USB's depositors and other creditors.

If the amounts available for distribution upon USB's liquidation, dissolution or winding up are not sufficient to satisfy the full liquidation rights of all the outstanding Series F Preferred Stock and all stock ranking equal to the Series F Preferred Stock, then the holders of each series of Preferred Stock will share ratably in any distribution of assets in proportion to the full respective preferential amount to which they are entitled. After the full amount of the liquidation preference is paid, the holders of Series F Preferred Stock will not be entitled to any further participation in any distribution of USB's assets.

For such purposes, USB's consolidation or merger with or into any other entity, the consolidation or merger of any other entity with or into USB, or the sale of all or substantially all of USB's property or business will not be deemed to constitute USB's liquidation, dissolution or winding up.

Voting Rights — Except as provided below, the holders of the Series F Preferred Stock will have no voting rights.

Whenever dividends on any shares of the Series F Preferred Stock or any other class or series of Parity Stock have not been declared and paid for an amount equal to six or more quarterly dividend periods, whether consecutive or not, the holders of the Series F Preferred Stock (together with holders of any and all other classes of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) will be entitled to vote as a single class for the election of a total of two additional members of USB's board of directors, provided that the election of any such directors will not cause USB to violate the corporate governance requirement of the New York Stock Exchange (or any other exchange on which USB's securities may be listed) that listed companies must have a majority of independent directors and provided further that USB's board of directors will at no time include more than two Preferred Directors. In that event, the number of directors on USB's board of directors will automatically increase by two and, at the request of any holder of Series F Preferred Stock, a special meeting of the holders of Series F Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series F Preferred Stock as to payment of dividends and for which dividends have not been paid, will be called for the election of the two directors (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election will be held at such next annual or special meeting of stockholders), followed by such election at each subsequent annual meeting. These voting rights will continue until full dividends have been paid regularly on the shares of the Series F Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series F Preferred Stock as to payment of dividends for at least four consecutive dividend periods following the Nonpayment.

If and when full dividends have been regularly paid for at least four consecutive dividend periods following a Nonpayment on the Series F Preferred Stock and any other class or series of Parity Stock, the holders of the Series F Preferred Stock will be divested of the foregoing voting rights (subject to revesting in the event of each subsequent Nonpayment) and the term of office of each Preferred Director so elected will terminate and the number of directors on USB's board of directors will automatically decrease by two. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series F Preferred Stock (together with holders of any and all other classes of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described above. So long as a Nonpayment continues,

any vacancy in the office of a Preferred Director (other than prior to the initial election of the Preferred Directors) may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by a vote of the holders of the outstanding shares of Series F Preferred Stock (together with holders of any and all other class of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of stockholders. The Preferred Directors will each be entitled to one vote per director on any matter.

If the holders of Series F Preferred Stock become entitled to vote for the election of directors, the Series F Preferred Stock may be considered a class of voting securities under interpretations adopted by the Federal Reserve Board. As a result, certain holders of the Series F Preferred Stock may become subject to regulations under the Bank Holding Company Act and/or certain acquisitions of the Series F Preferred Stock may be subject to prior approval by the Federal Reserve Board.

So long as any shares of Series F Preferred Stock remain outstanding:

- the affirmative vote or consent of the holders of at least two-thirds of all of the shares of the Series F Preferred Stock and all other Parity Stock at the time outstanding, voting as a single class without regard to series, will be required to issue, authorize or increase the authorized amount of, or to issue or authorize any obligation or security convertible into or evidencing the right to purchase, any class or series of stock ranking senior to the Series F Preferred Stock and all other parity stock with respect to payment of dividends or the distribution of assets upon USB's liquidation, dissolution or winding up; and
- the affirmative vote or consent of the holders of at least two-thirds of all of the shares of the Series F Preferred Stock at the time outstanding, voting separately as a class, will be required to amend the provisions of USB's Certificate of Incorporation or the Certificate of Designations of the Series F Preferred Stock or any other series of Preferred Stock so as to materially and adversely affect the powers, preferences, privileges or rights of the Series F Preferred Stock, taken as a whole; provided, however, that any increase in the amount of the authorized or issued Series F Preferred Stock or authorized Preferred Stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of Preferred Stock and/or Junior Stock will not be deemed to adversely affect the powers, preferences, privileges or rights of the Series F Preferred Stock.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required will be effected, all outstanding shares of Series F Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds have been set aside by USB for the benefit of the holders of the Series F Preferred Stock to effect such redemption.

Series H Preferred Stock

On January 15, 2021, we redeemed all 20,000 issued and outstanding shares of the Series H Preferred Stock and all 20,000,000 issued and outstanding depositary shares representing the shares of the Series H Preferred Stock.

General — The depositary is the sole holder of the Series H Preferred Stock, as described below under the section entitled "—Description of Depositary Shares," and all references herein to the holders of the Series H Preferred Stock mean the depositary. However, the holders of depositary shares will be entitled, through the depositary, to exercise the rights and preferences of the holders of the Series H Preferred Stock, as described below under "—Description of Depositary Shares." The holders of the Series H Preferred Stock have no preemptive rights with respect to any shares of USB's capital stock or any of its other securities convertible into or carrying rights or options to purchase any such capital stock.

The holders of Series H Preferred Stock will be entitled to receive non-cumulative cash dividends when, as and if declared out of assets legally available for payment of dividends. In the event USB does not declare dividends or does not pay dividends in full on the Series H Preferred Stock on any date on which dividends are due, then such unpaid dividends will not cumulate and will no longer accrue and be payable.

The Series H Preferred Stock is perpetual and will not be convertible into shares of USB's Common Stock or any other class or series of USB's capital stock, and will not be subject to any sinking fund or other obligation for their repurchase or retirement.

Rank — With respect to the payment of dividends and amounts upon liquidation, the Series H Preferred Stock ranks equally with the Series A Preferred Stock, the Series B Preferred Stock, the Series F Preferred Stock, the Series I Preferred Stock, the Series J Preferred Stock, the Series K Preferred Stock and the Series L Preferred Stock and with any future class or series of USB's capital stock that ranks on a par with the Series H Preferred Stock in the payment of dividends and in the distribution of assets on USB's liquidation, dissolution or winding up. With respect to the payment of dividends and amounts upon liquidation, the Series H Preferred Stock ranks senior to USB's Common Stock and any other future class or series of USB's capital stock over which the Series H Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on USB's liquidation, dissolution or winding up. USB may not issue any class of series of capital stock having a preference or priority in the payment of dividends or in the distribution of assets on USB's liquidation, dissolution or winding up over the Series H Preferred Stock without the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series H Preferred Stock and all other Parity Stock, at the time outstanding, voting as a single class without regard to series.

In particular, during a dividend period and subject to certain exceptions, no dividend will be paid or declared and no distribution will be made on any Junior Stock, other than a dividend payable solely in Junior Stock, no shares of Junior Stock may be repurchased, redeemed or otherwise acquired for consideration by USB, directly or indirectly (other than as a result of reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor will

any monies be paid to or made available for a sinking fund for the redemption of any such securities by USB, and no shares of Parity Stock may be purchased, redeemed or otherwise acquired for consideration by USB otherwise than pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series H Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, unless full dividends for such dividend period on all outstanding shares of Series H Preferred Stock have been paid or declared and a sum sufficient for the payment thereof set aside.

Dividends — Dividends on shares of the Series H Preferred Stock will not be mandatory. Holders of Series H Preferred Stock will be entitled to receive, when, as and if declared by USB's board of directors or a duly authorized committee of the board, out of assets legally available for the payment of dividends under Delaware law, non-cumulative cash dividends payable quarterly in arrears on each January 15, April 15, July 15 or October 15 (or, if such day is not a business day, the next business day). Dividends on each share of Series H Preferred Stock will accrue on the liquidation preference amount of $25,000 per share at a rate per annum equal to 5.15%. In the case that any date on which dividends are payable on the Series H Preferred Stock is not a business day, then payment of the dividend payable on that date will be made on the next succeeding day that is a business day. However, no interest or other payment will be paid in respect of the delay. The record date for payment of dividends on the Series H Preferred Stock will be the last day of the immediately preceding calendar month during which the dividend payment date falls. The amount of dividends payable for any dividend period will be computed on the basis of a 360-day year consisting of twelve 30-day months. For purposes of the Series H Preferred Stock, the term "business day" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York. Dividends on the Series H Preferred Stock will not be declared, paid or set aside for payment to the extent such act would cause USB to fail to comply with any applicable laws and regulations, including applicable capital adequacy guidelines.

The right of holders of the Series H Preferred Stock to receive dividends is non-cumulative. If USB's board of directors does not declare a dividend on the Series H Preferred Stock or declares less than a full dividend in respect of any dividend period, the holders of the Series H Preferred Stock will have no right to receive any dividend or a full dividend, as the case may be, for that dividend period, and USB will have no obligation to pay a dividend or to pay full dividends for that dividend period, whether or not dividends are declared and paid for any future dividend period with respect to the Series H Preferred Stock, Parity Stock, Junior Stock or any other class or series of USB's authorized Preferred Stock.

When dividends are not paid in full upon the Series H Preferred Stock and any other Parity Stock, dividends upon that stock will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the current dividend period per share on the Series H Preferred Stock, and accrued dividends, including any accumulations on such Parity Stock, bear to each other. No interest will be payable in respect of any dividend payment on the Series H Preferred Stock that may be in arrears.

Redemption **—**The Series H Preferred Stock is not subject to any mandatory redemption, sinking fund or other similar provisions.

The Series H Preferred Stock is redeemable at USB's option, in whole or in part, at any time at a redemption price equal to $25,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

In addition, within 90 days following the occurrence of a Regulatory Capital Treatment Event, USB, at its option, subject to the approval of the Appropriate Federal Banking Agency, may redeem, at any time, all (but not less than all) of the shares of Series H Preferred Stock at the time outstanding, at a redemption price equal to $25,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends. For purposes of the Series H Preferred Stock, "Regulatory Capital Treatment Event" means the good faith determination by USB that, as a result of (i) any amendment to, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of Series H Preferred Stock, (ii) any proposed change in those laws or regulations that is announced after the initial issuance of any share of Series H Preferred Stock, or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of Series H Preferred Stock, there is more than an insubstantial risk that USB will not be entitled to treat the full liquidation value of the shares of Series H Preferred Stock then outstanding as "tier 1 capital" (or its equivalent) for purposes of the capital adequacy guidelines of the Federal Reserve Board (or, as and if applicable, the capital adequacy guidelines or regulations of any successor Appropriate Federal Banking Agency), as then in effect and applicable, for as long as any share of Series H Preferred Stock is outstanding.

If shares of the Series H Preferred Stock are to be redeemed, the notice of redemption will be given by first class mail to the holders of record of the Series H Preferred Stock to be redeemed, mailed not less than 30 days nor more than 60 days prior to the date fixed for redemption thereof (provided that, if the depositary shares representing the Series H Preferred Stock are held in book-entry form through DTC, USB may give such notice in any manner permitted by the DTC). Each notice of redemption will include a statement setting forth: (i) the redemption date, (ii) the number of shares of the Series H Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder, (iii) the redemption price, (iv) the place or places where the certificates evidencing shares of Series H Preferred Stock are to be surrendered for payment of the redemption price and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. If notice of redemption of any shares of Series H Preferred Stock has been duly given and if the funds necessary for such redemption have been set aside by USB for the benefit of the holders of any shares of Series H Preferred Stock so called for redemption, then, on and after the redemption date, dividends will cease to accrue on such shares of Series H Preferred Stock, such shares of Series H Preferred Stock will no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the redemption price.

In case of any redemption of only part of the shares of the Series H Preferred Stock at the time outstanding, the shares to be redeemed will be selected either pro rata or in such other manner as USB may determine to be fair and equitable.

Under the Federal Reserve Board's risk-based capital guidelines applicable to bank holding companies, any redemption of the Series H Preferred Stock is subject to prior approval of the Federal Reserve Board.

Rights Upon Liquidation, Dissolution or Winding Up — In the event of USB's liquidation, dissolution or winding up, the holders of the Series H Preferred Stock at the time outstanding will be entitled to receive a liquidating distribution in the amount of the liquidation preference of $25,000 per share, plus any authorized, declared and unpaid dividends for the then-current dividend period to the date of liquidation, out of USB's assets legally available for distribution to USB's stockholders, before any distribution is made to holders of USB's Common Stock or any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with the Series H Preferred Stock upon liquidation and the rights of USB's depositors and other creditors.

If the amounts available for distribution upon USB's liquidation, dissolution or winding up are not sufficient to satisfy the full liquidation rights of all the outstanding Series H Preferred Stock and all stock ranking equal to the Series H Preferred Stock, then the holders of each series of Preferred Stock will share ratably in any distribution of assets in proportion to the full respective preferential amount to which they are entitled. After the full amount of the liquidation preference is paid, the holders of Series H Preferred Stock will not be entitled to any further participation in any distribution of USB's assets.

For such purposes, USB's consolidation or merger with or into any other entity, the consolidation or merger of any other entity with or into USB, or the sale of all or substantially all of USB's property or business will not be deemed to constitute USB's liquidation, dissolution or winding up.

Voting Rights — Except as provided below, the holders of the Series H Preferred Stock will have no voting rights.

Whenever dividends on any shares of the Series H Preferred Stock or any other class or series of Parity Stock have not been declared and paid for an amount equal to six or more quarterly dividend periods, whether consecutive or not, the holders of the Series H Preferred Stock (together with holders of any and all other classes of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) will be entitled to vote as a single class for the election of a total of two additional members of USB's board of directors, provided that the election of any such directors will not cause USB to violate the corporate governance requirement of the New York Stock Exchange (or any other exchange on which USB's securities may be listed) that listed companies must have a majority of independent directors and provided further that USB's board of directors will at no time include more than two Preferred Directors. In that event, the number of directors on USB's board of

directors will automatically increase by two and, at the request of any holder of Series H Preferred Stock, a special meeting of the holders of Series H Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series H Preferred Stock as to payment of dividends and for which dividends have not been paid, will be called for the election of the two directors (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election will be held at such next annual or special meeting of stockholders), followed by such election at each subsequent annual meeting. These voting rights will continue until full dividends have been paid regularly on the shares of the Series H Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series H Preferred Stock as to payment of dividends for at least four consecutive dividend periods following the Nonpayment.

If and when full dividends have been regularly paid for at least four consecutive dividend periods following a Nonpayment on the Series H Preferred Stock and any other class or series of Parity Stock, the holders of the Series H Preferred Stock will be divested of the foregoing voting rights (subject to revesting in the event of each subsequent Nonpayment) and the term of office of each Preferred Director so elected will terminate and the number of directors on USB's board of directors will automatically decrease by two. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series H Preferred Stock (together with holders of any and all other classes of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described above. So long as a Nonpayment continues, any vacancy in the office of a Preferred Director (other than prior to the initial election of the Preferred Directors) may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by a vote of the holders of the outstanding shares of Series H Preferred Stock (together with holders of any and all other class of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of stockholders. The Preferred Directors will each be entitled to one vote per director on any matter.

If the holders of Series H Preferred Stock become entitled to vote for the election of directors, the Series H Preferred Stock may be considered a class of voting securities under interpretations adopted by the Federal Reserve Board. As a result, certain holders of the Series H Preferred Stock may become subject to regulations under the Bank Holding Company Act and/or certain acquisitions of the Series H Preferred Stock may be subject to prior approval by the Federal Reserve Board.

So long as any shares of Series H Preferred Stock remain outstanding:

- the affirmative vote or consent of the holders of at least two-thirds of all of the shares of the Series H Preferred Stock and all other Parity Stock at the time outstanding, voting as a single class without regard to series, will be required to issue, authorize or increase the authorized amount of, or to issue or authorize any obligation or security convertible into or evidencing the right to purchase, any class or series of stock ranking senior to the Series H Preferred Stock and all other parity stock with respect to payment of dividends or the distribution of assets upon USB's liquidation, dissolution or winding up; and

- the affirmative vote or consent of the holders of at least two-thirds of all of the shares of the Series H Preferred Stock at the time outstanding, voting separately as a class, will be required to amend the provisions of USB's Certificate of Incorporation or the Certificate of Designations of the Series H Preferred Stock or any other series of Preferred Stock so as to materially and adversely affect the powers, preferences, privileges or rights of the Series H Preferred Stock, taken as a whole; provided, however, that any increase in the amount of the authorized or issued Series H Preferred Stock or authorized Preferred Stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of Preferred Stock and/or Junior Stock will not be deemed to adversely affect the powers, preferences, privileges or rights of the Series H Preferred Stock.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required will be effected, all outstanding shares of Series H Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds have been set aside by USB for the benefit of the holders of the Series H Preferred Stock to effect such redemption.

Series I Preferred Stock

General — The depositary is the sole holder of the Series I Preferred Stock, as described below under the section entitled "—Description of Depositary Shares," and all references herein to the holders of the Series I Preferred Stock mean the depositary. However, the holders of depositary shares will be entitled, through the depositary, to exercise the rights and preferences of the holders of the Series I Preferred Stock, as described below under "—Description of Depositary Shares." The holders of the Series I Preferred Stock have no preemptive rights with respect to any shares of USB's capital stock or any of its other securities convertible into or carrying rights or options to purchase any such capital stock.

The holders of Series I Preferred Stock will be entitled to receive non-cumulative cash dividends when, as and if declared out of assets legally available for payment of dividends. In the event USB does not declare dividends or does not pay dividends in full on the Series I Preferred Stock on any date on which dividends are due, then such unpaid dividends will not cumulate and will no longer accrue and be payable.

The Series I Preferred Stock is perpetual and will not be convertible into shares of USB's Common Stock or any other class or series of USB's capital stock, and will not be subject to any sinking fund or other obligation for their repurchase or retirement.

Rank — With respect to the payment of dividends and amounts upon liquidation, the Series I Preferred Stock ranks equally with the Series A Preferred Stock, the Series B Preferred Stock, the Series F Preferred Stock, the Series H Preferred Stock, the Series J Preferred Stock, the Series K Preferred Stock and the Series L Preferred Stock and with any future class or series of USB's capital stock that ranks on a par with the Series I Preferred Stock in the payment of

dividends and in the distribution of assets on USB's liquidation, dissolution or winding up. With respect to the payment of dividends and amounts upon liquidation, the Series I Preferred Stock ranks senior to USB's Common Stock and any other future class or series of USB's capital stock over which the Series I Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on USB's liquidation, dissolution or winding up. USB may not issue any class of series of capital stock having a preference or priority in the payment of dividends or in the distribution of assets on USB's liquidation, dissolution or winding up over the Series I Preferred Stock without the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series I Preferred Stock and all other Parity Stock, at the time outstanding, voting as a single class without regard to series.

In particular, during a dividend period and subject to certain exceptions, no dividend will be paid or declared and no distribution will be made on any Junior Stock, other than a dividend payable solely in Junior Stock, no shares of Junior Stock may be repurchased, redeemed or otherwise acquired for consideration by USB, directly or indirectly (other than as a result of reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor will any monies be paid to or made available for a sinking fund for the redemption of any such securities by USB, and no shares of Parity Stock may be purchased, redeemed or otherwise acquired for consideration by USB otherwise than pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series I Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, unless full dividends for such dividend period on all outstanding shares of Series I Preferred Stock have been paid or declared and a sum sufficient for the payment thereof set aside.

Dividends — Dividends on shares of the Series I Preferred Stock will not be mandatory. Holders of Series I Preferred Stock will be entitled to receive, when, as and if declared by USB's board of directors or a duly authorized committee of the board, out of assets legally available for the payment of dividends under Delaware law, non-cumulative cash dividends. Dividends on each share of Series I Preferred Stock will accrue on the liquidation preference amount of $25,000 per share at a rate per annum equal to (1) from the date of issuance of the Series I Preferred Stock to but excluding January 15, 2021 at a rate per annum equal to 5.125% payable semi-annually in arrears on each January 15 and July 15, through, and including, January 15, 2021 and (2) from and including January 15, 2021, at a rate per annum equal to three-month LIBOR (computed as provided below) plus 3.486% payable quarterly in arrears on each January 15, April 15, July 15 and October 15, commencing on April 15, 2021. In the case that any date or on prior January 15, 2021 on which dividends are payable on the Series I Preferred Stock is not a business day, then payment of the dividend payable on that date will be made on the next succeeding day that is a business day, without any interest or other payment in respect of such delay, and if any date after January 15, 2021 on which dividends otherwise would be payable is not a business day, then payment of any dividend otherwise payable on that date will be made on the next succeeding business day unless that day falls in the next calendar month, in which case payment of any dividend otherwise payable on that date will be the immediately preceding business day, and dividends will accrue to the actual payment date. The record date for payment of dividends on the Series I Preferred Stock will be the last day of the immediately

preceding calendar month during which the dividend payment date falls. The amount of dividends payable for any period prior to January 15, 2021 will be computed on the basis of a 360-day year consisting of twelve 30-day months and dividends for periods thereafter will be computed on the basis of a 360-day year and the actual number of days elapsed. For purposes of the Series I Preferred Stock, the term "business day" means, for dividend periods prior to January 15, 2021, each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York, and for dividend periods on and after January 15, 2021, it means any date that would be considered a Business Day for dividend periods prior to January 15, 2021 that is also a London Banking Day. Dividends on the Series I Preferred Stock will not be declared, paid or set aside for payment to the extent such act would cause USB to fail to comply with any applicable laws and regulations, including applicable capital adequacy guidelines.

For any dividend period beginning on or after January 15, 2021, three-month LIBOR will be determined by the calculation agent on the second London Banking Day immediately preceding the first day of such dividend period in the following manner:

- Three-month LIBOR will be the offered rate per annum for three-month deposits in U.S. dollars, beginning on the first day of such period, as that rate appears on Reuters Screen LIBOR01 as of 11:00 A.M., London time, on the second London Banking Day immediately preceding the first day of such dividend period.
- If the rate described above does not appear on Reuters Screen LIBOR01 Page, three-month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that dividend period and in a principal amount of not less than $1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by USB, at approximately 11:00 a.m. (London time), on the second London banking day preceding the first day of that dividend period. The calculation agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, three-month LIBOR with respect to that dividend period will be the arithmetic mean of such quotations.
- If fewer than two quotations are provided as described above, three-month LIBOR will be the arithmetic mean of the rates quoted by three major banks in New York, New York, selected by the calculation agent, at approximately 11:00 a.m. (New York City time), on the first day of that dividend period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that dividend period and in a principal amount of not less than $1,000,000.
- If fewer than three banks are not quoting as described above, three-month LIBOR for the new dividend period will be three-month LIBOR in effect for the prior dividend period or, in the case of the first dividend period beginning on or after January 15, 2021, the most recent rate that could have been determined had the dividend rate been a floating rate during the period prior to January 15, 2021.

The calculation agent's establishment of three-month LIBOR and calculation of the amount of dividends for each dividend period will be on file at USB's principal offices, will be made available to any holder of Series I Preferred Stock upon request and will be final and binding in the absence of manifest error.

The term "Reuters Screen LIBOR01 Page" means the display designated on the Reuters 3000 Xtra (or such other page as may replace that page on that service or such other service as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

The right of holders of the Series I Preferred Stock to receive dividends is non-cumulative. If USB's board of directors does not declare a dividend on the Series I Preferred Stock or declares less than a full dividend in respect of any dividend period, the holders of the Series I Preferred Stock will have no right to receive any dividend or a full dividend, as the case may be, for that dividend period, and USB will have no obligation to pay a dividend or to pay full dividends for that dividend period, whether or not dividends are declared and paid for any future dividend period with respect to the Series I Preferred Stock, Parity Stock, Junior Stock or any other class or series of USB's authorized Preferred Stock.

When dividends are not paid in full upon the Series I Preferred Stock and any other Parity Stock, dividends upon that stock will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the current dividend period per share on the Series I Preferred Stock, and accrued dividends, including any accumulations on such Parity Stock, bear to each other. No interest will be payable in respect of any dividend payment on the Series I Preferred Stock that may be in arrears.

Redemption —The Series I Preferred Stock is not subject to any mandatory redemption, sinking fund or other similar provisions.

The Series I Preferred Stock will be redeemable at USB's option, in whole or in part, at any time on or after January 15, 2021 at a redemption price equal to $25,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

In addition, within 90 days following the occurrence of a Regulatory Capital Treatment Event, USB, at its option, subject to the approval of the Appropriate Federal Banking Agency, may redeem, at any time, all (but not less than all) of the shares of Series I Preferred Stock at the time outstanding, at a redemption price equal to $25,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends. For purposes of the Series I Preferred Stock, "Regulatory Capital Treatment Event" means the good faith determination by USB that, as a result of (i) any amendment to, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of Series I Preferred Stock, (ii) any proposed change in those laws or regulations that is announced after the initial issuance of any share of Series I Preferred Stock, or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of Series I Preferred Stock, there is more than an

insubstantial risk that USB will not be entitled to treat the full liquidation value of the shares of Series I Preferred Stock then outstanding as "additional tier 1 capital" (or its equivalent) for purposes of the capital adequacy guidelines of the Federal Reserve Board (or, as and if applicable, the capital adequacy guidelines or regulations of any successor Appropriate Federal Banking Agency), as then in effect and applicable, for as long as any share of Series I Preferred Stock is outstanding.

If shares of the Series I Preferred Stock are to be redeemed, the notice of redemption will be given by first class mail to the holders of record of the Series I Preferred Stock to be redeemed, mailed not less than 30 days nor more than 60 days prior to the date fixed for redemption thereof (provided that, if the depositary shares representing the Series I Preferred Stock are held in book-entry form through DTC, USB may give such notice in any manner permitted by the DTC). Each notice of redemption will include a statement setting forth: (i) the redemption date, (ii) the number of shares of the Series I Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder, (iii) the redemption price, (iv) the place or places where the certificates evidencing shares of Series I Preferred Stock are to be surrendered for payment of the redemption price and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. If notice of redemption of any shares of Series I Preferred Stock has been duly given and if the funds necessary for such redemption have been set aside by USB for the benefit of the holders of any shares of Series I Preferred Stock so called for redemption, then, on and after the redemption date, dividends will cease to accrue on such shares of Series I Preferred Stock, such shares of Series I Preferred Stock will no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the redemption price.

In case of any redemption of only part of the shares of the Series I Preferred Stock at the time outstanding, the shares to be redeemed will be selected either pro rata or in such other manner as USB may determine to be fair and equitable.

Under the Federal Reserve Board's risk-based capital guidelines applicable to bank holding companies, any redemption of the Series I Preferred Stock is subject to prior approval of the Federal Reserve Board.

Rights Upon Liquidation, Dissolution or Winding Up — In the event of USB's liquidation, dissolution or winding up, the holders of the Series I Preferred Stock at the time outstanding will be entitled to receive a liquidating distribution in the amount of the liquidation preference of $25,000 per share, plus any authorized, declared and unpaid dividends for the then-current dividend period to the date of liquidation, out of USB's assets legally available for distribution to USB's stockholders, before any distribution is made to holders of USB's Common Stock or any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with the Series I Preferred Stock upon liquidation and the rights of USB's depositors and other creditors.

If the amounts available for distribution upon USB's liquidation, dissolution or winding up are not sufficient to satisfy the full liquidation rights of all the outstanding Series I Preferred

Stock and all stock ranking equal to the Series I Preferred Stock, then the holders of each series of Preferred Stock will share ratably in any distribution of assets in proportion to the full respective preferential amount to which they are entitled. After the full amount of the liquidation preference is paid, the holders of Series I Preferred Stock will not be entitled to any further participation in any distribution of USB's assets.

For such purposes, USB's consolidation or merger with or into any other entity, the consolidation or merger of any other entity with or into USB, or the sale of all or substantially all of USB's property or business will not be deemed to constitute USB's liquidation, dissolution or winding up.

Voting Rights — Except as provided below, the holders of the Series I Preferred Stock will have no voting rights.

Whenever dividends on any shares of the Series I Preferred Stock or any other class or series of Parity Stock have not been declared and paid for an amount equal to six or more quarterly dividend periods, whether consecutive or not, the holders of the Series I Preferred Stock (together with holders of any and all other classes of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) will be entitled to vote as a single class for the election of a total of two additional members of USB's board of directors, provided that the election of any such directors will not cause USB to violate the corporate governance requirement of the New York Stock Exchange (or any other exchange on which USB's securities may be listed) that listed companies must have a majority of independent directors and provided further that USB's board of directors will at no time include more than two Preferred Directors. In that event, the number of directors on USB's board of directors will automatically increase by two and, at the request of any holder of Series I Preferred Stock, a special meeting of the holders of Series I Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series I Preferred Stock as to payment of dividends and for which dividends have not been paid, will be called for the election of the two directors (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election will be held at such next annual or special meeting of stockholders), followed by such election at each subsequent annual meeting. These voting rights will continue until full dividends have been paid regularly on the shares of the Series I Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series I Preferred Stock as to payment of dividends for at least four consecutive quarterly dividend periods following the Nonpayment.

If and when full dividends have been regularly paid for at least four consecutive quarterly dividend periods following a Nonpayment on the Series I Preferred Stock and any other class or series of Parity Stock, the holders of the Series I Preferred Stock will be divested of the foregoing voting rights (subject to revesting in the event of each subsequent Nonpayment) and the term of office of each Preferred Director so elected will terminate and the number of directors on USB's board of directors will automatically decrease by two. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series I Preferred Stock (together with holders of any and all other

classes of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described above. So long as a Nonpayment continues, any vacancy in the office of a Preferred Director (other than prior to the initial election of the Preferred Directors) may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by a vote of the holders of the outstanding shares of Series I Preferred Stock (together with holders of any and all other class of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of stockholders. The Preferred Directors will each be entitled to one vote per director on any matter.

If the holders of Series I Preferred Stock become entitled to vote for the election of directors, the Series I Preferred Stock may be considered a class of voting securities under interpretations adopted by the Federal Reserve Board. As a result, certain holders of the Series I Preferred Stock may become subject to regulations under the Bank Holding Company Act and/or certain acquisitions of the Series I Preferred Stock may be subject to prior approval by the Federal Reserve Board.

So long as any shares of Series I Preferred Stock remain outstanding:

- the affirmative vote or consent of the holders of at least two-thirds of all of the shares of the Series I Preferred Stock and all other Parity Stock at the time outstanding, voting as a single class without regard to series, will be required to issue, authorize or increase the authorized amount of, or to issue or authorize any obligation or security convertible into or evidencing the right to purchase, any class or series of stock ranking senior to the Series I Preferred Stock and all other parity stock with respect to payment of dividends or the distribution of assets upon USB's liquidation, dissolution or winding up; and
- the affirmative vote or consent of the holders of at least two-thirds of all of the shares of the Series I Preferred Stock at the time outstanding, voting separately as a class, will be required to amend the provisions of USB's Certificate of Incorporation or the Certificate of Designations of the Series I Preferred Stock or any other series of Preferred Stock so as to materially and adversely affect the powers, preferences, privileges or rights of the Series I Preferred Stock, taken as a whole; provided, however, that any increase in the amount of the authorized or issued Series I Preferred Stock or authorized Preferred Stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of Preferred Stock and/or Junior Stock will not be deemed to adversely affect the powers, preferences, privileges or rights of the Series I Preferred Stock.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required will be effected, all outstanding shares of Series I Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds have been set aside by USB for the benefit of the holders of the Series I Preferred Stock to effect such redemption.

Series J Preferred Stock

General — The depositary is the sole holder of the Series J Preferred Stock, as described below under the section entitled "—Description of Depositary Shares," and all references herein to the holders of the Series J Preferred Stock mean the depositary. However, the holders of depositary shares will be entitled, through the depositary, to exercise the rights and preferences of the holders of the Series J Preferred Stock, as described below under "—Description of Depositary Shares." The holders of the Series J Preferred Stock have no preemptive rights with respect to any shares of USB's capital stock or any of its other securities convertible into or carrying rights or options to purchase any such capital stock.

The holders of Series J Preferred Stock will be entitled to receive non-cumulative cash dividends when, as and if declared out of assets legally available for payment of dividends. In the event USB does not declare dividends or does not pay dividends in full on the Series J Preferred Stock on any date on which dividends are due, then such unpaid dividends will not cumulate and will no longer accrue and be payable.

The Series J Preferred Stock is perpetual and will not be convertible into shares of USB's Common Stock or any other class or series of USB's capital stock, and will not be subject to any sinking fund or other obligation for their repurchase or retirement.

Rank — With respect to the payment of dividends and amounts upon liquidation, the Series J Preferred Stock ranks equally with the Series A Preferred Stock, the Series B Preferred Stock, the Series F Preferred Stock, the Series H Preferred Stock, the Series I Preferred Stock, the Series K Preferred Stock and the Series L Preferred Stock and with any future class or series of USB's capital stock that ranks on a par with the Series J Preferred Stock in the payment of dividends and in the distribution of assets on USB's liquidation, dissolution or winding up. With respect to the payment of dividends and amounts upon liquidation, the Series J Preferred Stock ranks senior to USB's Common Stock and any other future class or series of USB's capital stock over which the Series J Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on USB's liquidation, dissolution or winding up. USB may not issue any class of series of capital stock having a preference or priority in the payment of dividends or in the distribution of assets on USB's liquidation, dissolution or winding up over the Series J Preferred Stock without the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series J Preferred Stock and all other Parity Stock, at the time outstanding, voting as a single class without regard to series.

In particular, during a dividend period and subject to certain exceptions, no dividend will be paid or declared and no distribution will be made on any Junior Stock, other than a dividend payable solely in Junior Stock, no shares of Junior Stock may be repurchased, redeemed or otherwise acquired for consideration by USB, directly or indirectly (other than as a result of reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor will any monies be paid to or made available for a sinking fund for the redemption of any such securities by USB, and no shares of Parity Stock may be purchased, redeemed or otherwise

acquired for consideration by USB otherwise than pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series J Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, unless full dividends for such dividend period on all outstanding shares of Series J Preferred Stock have been paid or declared and a sum sufficient for the payment thereof set aside.

Dividends — Dividends on shares of the Series J Preferred Stock will not be mandatory. Holders of Series J Preferred Stock will be entitled to receive, when, as and if declared by USB's board of directors or a duly authorized committee of the board, out of assets legally available for the payment of dividends under Delaware law, non-cumulative cash dividends. Dividends on each share of Series J Preferred Stock will accrue on the liquidation preference amount of $25,000 per share at a rate per annum equal to (1) from the date of issuance of the Series J Preferred Stock to but excluding April 15, 2027 at a rate per annum equal to 5.300% payable semi-annually in arrears on each April 15 and October 15, through and including, April 15, 2027 and (2) from and including April 15, 2027, at a rate per annum equal to three-month LIBOR (computed as provided below) plus 2.914% payable quarterly in arrears on each January 15, April 15, July 15 and October 15, commencing on July 15, 2027. In the case that any date or on prior April 15, 2027 on which dividends are payable on the Series J Preferred Stock is not a business day, then payment of the dividend payable on that date will be made on the next succeeding day that is a business day, without any interest or other payment in respect of such delay, and if any date after April 15, 2027 on which dividends otherwise would be payable is not a business day, then payment of any dividend otherwise payable on that date will be made on the next succeeding business day unless that day falls in the next calendar month, in which case payment of any dividend otherwise payable on that date will be the immediately preceding business day, and dividends will accrue to the actual payment date. The record date for payment of dividends on the Series J Preferred Stock will be the last day of the immediately preceding calendar month during which the dividend payment date falls. The amount of dividends payable for any period prior to April 15, 2027 will be computed on the basis of a 360-day year consisting of twelve 30-day months and dividends for periods thereafter will be computed on the basis of a 360-day year and the actual number of days elapsed. For purposes of the Series J Preferred Stock, the term "business day" means, for dividend periods prior to April 15, 2027, each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York, and for dividend periods on and after April 15, 2027, it means any date that would be considered a Business Day for dividend periods prior to April 15, 2027 that is also a London Banking Day. Dividends on the Series J Preferred Stock will not be declared, paid or set aside for payment to the extent such act would cause USB to fail to comply with any applicable laws and regulations, including applicable capital adequacy guidelines.

For any dividend period beginning on or after April 15, 2027, three-month LIBOR will be determined by the calculation agent on the second London Banking Day immediately preceding the first day of such dividend period in the following manner:

- Three-month LIBOR will be the offered rate per annum for three-month deposits in U.S. dollars, beginning on the first day of such period, as that rate appears on the Designated LIBOR Page as of 11:00 A.M., London time, on the second London Banking Day immediately preceding the first day of such dividend period.

- If the rate described above does not appear on the Designated LIBOR Page, three-month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that dividend period and in a principal amount of not less than $1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by USB, at approximately 11:00 a.m. (London time), on the second London banking day preceding the first day of that dividend period. The calculation agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, three-month LIBOR with respect to that dividend period will be the arithmetic mean of such quotations.
- If fewer than two quotations are provided as described above, three-month LIBOR will be the arithmetic mean of the rates quoted by three major banks in New York, New York, selected by the calculation agent, at approximately 11:00 a.m. (New York City time), on the first day of that dividend period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that dividend period and in a principal amount of not less than $1,000,000.
- If fewer than three banks are not quoting as described above, three-month LIBOR for the new dividend period will be three-month LIBOR in effect for the prior dividend period or, in the case of the first dividend period beginning on or after April 15, 2027 , the most recent rate that could have been determined had the dividend rate been a floating rate during the period prior to April 15, 2027.

The calculation agent's establishment of three-month LIBOR and calculation of the amount of dividends for each dividend period will be on file at USB's principal offices, will be made available to any holder of Series J Preferred Stock upon request and will be final and binding in the absence of manifest error.

The term "Designated LIBOR Page" means the display on Bloomberg Page BBAM (or any successor or substitute page of such service, or any successor to such service selected by USB), for the purpose of displaying the London interbank offered rates for U.S. dollars.

The right of holders of the Series J Preferred Stock to receive dividends is non-cumulative. If USB's board of directors does not declare a dividend on the Series J Preferred Stock or declares less than a full dividend in respect of any dividend period, the holders of the Series J Preferred Stock will have no right to receive any dividend or a full dividend, as the case may be, for that dividend period, and USB will have no obligation to pay a dividend or to pay full dividends for that dividend period, whether or not dividends are declared and paid for any future dividend period with respect to the Series J Preferred Stock, Parity Stock, Junior Stock or any other class or series of USB's authorized Preferred Stock.

When dividends are not paid in full upon the Series J Preferred Stock and any other Parity Stock, dividends upon that stock will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the current dividend period per share on the Series J Preferred Stock, and accrued dividends, including any accumulations on such Parity Stock, bear to each other. No interest will be payable in respect of any dividend payment on the Series J Preferred Stock that may be in arrears.

Redemption **—**The Series J Preferred Stock is not subject to any mandatory redemption, sinking fund or other similar provisions.

The Series J Preferred Stock will be redeemable at USB's option, in whole or in part, at any time on or after April 15, 2027 at a redemption price equal to $25,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

In addition, within 90 days following the occurrence of a Regulatory Capital Treatment Event, USB, at its option, subject to the approval of the Appropriate Federal Banking Agency, may redeem, at any time, all (but not less than all) of the shares of Series J Preferred Stock at the time outstanding, at a redemption price equal to $25,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends. For purposes of the Series J Preferred Stock, "Regulatory Capital Treatment Event" means the good faith determination by USB that, as a result of (i) any amendment to, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of Series J Preferred Stock, (ii) any proposed change in those laws or regulations that is announced after the initial issuance of any share of Series J Preferred Stock, or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of Series J Preferred Stock, there is more than an insubstantial risk that USB will not be entitled to treat the full liquidation value of the shares of Series J Preferred Stock then outstanding as "additional tier 1 capital" (or its equivalent) for purposes of the capital adequacy guidelines of the Federal Reserve Board (or, as and if applicable, the capital adequacy guidelines or regulations of any successor Appropriate Federal Banking Agency), as then in effect and applicable, for as long as any share of Series J Preferred Stock is outstanding.

If shares of the Series J Preferred Stock are to be redeemed, the notice of redemption will be given by first class mail to the holders of record of the Series J Preferred Stock to be redeemed, mailed not less than 30 days nor more than 60 days prior to the date fixed for redemption thereof (provided that, if the depositary shares representing the Series J Preferred Stock are held in book-entry form through DTC, USB may give such notice in any manner permitted by the DTC). Each notice of redemption will include a statement setting forth: (i) the redemption date, (ii) the number of shares of the Series J Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder, (iii) the redemption price, (iv) the place or places where the certificates evidencing shares of Series J Preferred Stock are to be surrendered for payment of the redemption price and (v) that dividends on the shares to be redeemed will cease to accrue on

the redemption date. If notice of redemption of any shares of Series J Preferred Stock has been duly given and if the funds necessary for such redemption have been set aside by USB for the benefit of the holders of any shares of Series J Preferred Stock so called for redemption, then, on and after the redemption date, dividends will cease to accrue on such shares of Series J Preferred Stock, such shares of Series J Preferred Stock will no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the redemption price.

In case of any redemption of only part of the shares of the Series J Preferred Stock at the time outstanding, the shares to be redeemed will be selected either pro rata or in such other manner as USB may determine to be fair and equitable.

Under the Federal Reserve Board's risk-based capital guidelines applicable to bank holding companies, any redemption of the Series J Preferred Stock is subject to prior approval of the Federal Reserve Board.

Rights Upon Liquidation, Dissolution or Winding Up — In the event of USB's liquidation, dissolution or winding up, the holders of the Series J Preferred Stock at the time outstanding will be entitled to receive a liquidating distribution in the amount of the liquidation preference of $25,000 per share, plus any authorized, declared and unpaid dividends for the then-current dividend period to the date of liquidation, out of USB's assets legally available for distribution to USB's stockholders, before any distribution is made to holders of USB's Common Stock or any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with the Series J Preferred Stock upon liquidation and the rights of USB's depositors and other creditors.

If the amounts available for distribution upon USB's liquidation, dissolution or winding up are not sufficient to satisfy the full liquidation rights of all the outstanding Series J Preferred Stock and all stock ranking equal to the Series J Preferred Stock, then the holders of each series of Preferred Stock will share ratably in any distribution of assets in proportion to the full respective preferential amount to which they are entitled. After the full amount of the liquidation preference is paid, the holders of Series J Preferred Stock will not be entitled to any further participation in any distribution of USB's assets.

For such purposes, USB's consolidation or merger with or into any other entity, the consolidation or merger of any other entity with or into USB, or the sale of all or substantially all of USB's property or business will not be deemed to constitute USB's liquidation, dissolution or winding up.

Voting Rights — Except as provided below, the holders of the Series J Preferred Stock will have no voting rights.

Whenever dividends on any shares of the Series J Preferred Stock or any other class or series of Parity Stock have not been declared and paid for an amount equal to six or more quarterly dividend periods (whether consecutive or not) or their equivalent, the holders of the Series J Preferred Stock (together with holders of any and all other classes of USB's authorized

Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) will be entitled to vote as a single class for the election of a total of two additional members of USB's board of directors, provided that the election of any such directors will not cause USB to violate the corporate governance requirement of the New York Stock Exchange (or any other exchange on which USB's securities may be listed) that listed companies must have a majority of independent directors and provided further that USB's board of directors will at no time include more than two Preferred Directors. In that event, the number of directors on USB's board of directors will automatically increase by two and, at the request of any holder of Series J Preferred Stock, a special meeting of the holders of Series J Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series J Preferred Stock as to payment of dividends and for which dividends have not been paid, will be called for the election of the two directors (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election will be held at such next annual or special meeting of stockholders), followed by such election at each subsequent annual meeting. These voting rights will continue until full dividends have been paid regularly on the shares of the Series J Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series J Preferred Stock as to payment of dividends for at least four quarterly consecutive dividend periods or their equivalent following the Nonpayment.

If and when full dividends have been regularly paid for at least four consecutive quarterly dividend periods or their equivalent following a Nonpayment on the Series J Preferred Stock and any other class or series of Parity Stock, the holders of the Series J Preferred Stock will be divested of the foregoing voting rights (subject to revesting in the event of each subsequent Nonpayment) and the term of office of each Preferred Director so elected will terminate and the number of directors on USB's board of directors will automatically decrease by two. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series J Preferred Stock (together with holders of any and all other classes of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described above. So long as a Nonpayment continues, any vacancy in the office of a Preferred Director (other than prior to the initial election of the Preferred Directors) may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by a vote of the holders of the outstanding shares of Series J Preferred Stock (together with holders of any and all other class of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of stockholders. The Preferred Directors will each be entitled to one vote per director on any matter.

If the holders of Series J Preferred Stock become entitled to vote for the election of directors, the Series J Preferred Stock may be considered a class of voting securities under interpretations adopted by the Federal Reserve Board. As a result, certain holders of the Series J Preferred Stock may become subject to regulations under the Bank Holding Company Act and/or certain acquisitions of the Series J Preferred Stock may be subject to prior approval by the Federal Reserve Board.

So long as any shares of Series J Preferred Stock remain outstanding:

- the affirmative vote or consent of the holders of at least two-thirds of all of the shares of the Series J Preferred Stock and all other Parity Stock at the time outstanding, voting as a single class without regard to series, will be required to issue, authorize or increase the authorized amount of, or to issue or authorize any obligation or security convertible into or evidencing the right to purchase, any class or series of stock ranking senior to the Series J Preferred Stock and all other parity stock with respect to payment of dividends or the distribution of assets upon USB's liquidation, dissolution or winding up; and
- the affirmative vote or consent of the holders of at least two-thirds of all of the shares of the Series J Preferred Stock at the time outstanding, voting separately as a class, will be required to amend the provisions of USB's Certificate of Incorporation or the Certificate of Designations of the Series J Preferred Stock or any other series of Preferred Stock so as to materially and adversely affect the powers, preferences, privileges or rights of the Series J Preferred Stock, taken as a whole; provided, however, that any increase in the amount of the authorized or issued Series J Preferred Stock or authorized Preferred Stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of Preferred Stock and/or Junior Stock will not be deemed to adversely affect the powers, preferences, privileges or rights of the Series J Preferred Stock.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required will be effected, all outstanding shares of Series J Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds have been set aside by USB for the benefit of the holders of the Series J Preferred Stock to effect such redemption.

Series K Preferred Stock

General — The depositary is the sole holder of the Series K Preferred Stock, as described below under the section entitled "—Description of Depositary Shares," and all references herein to the holders of the Series K Preferred Stock mean the depositary. However, the holders of depositary shares will be entitled, through the depositary, to exercise the rights and preferences of the holders of the Series K Preferred Stock, as described below under "—Description of Depositary Shares." The holders of the Series K Preferred Stock have no preemptive rights with respect to any shares of USB's capital stock or any of its other securities convertible into or carrying rights or options to purchase any such capital stock.

The holders of Series K Preferred Stock will be entitled to receive non-cumulative cash dividends when, as and if declared out of assets legally available for payment of dividends. In the event USB does not declare dividends or does not pay dividends in full on the Series K Preferred Stock on any date on which dividends are due, then such unpaid dividends will not cumulate and will no longer accrue and be payable.

The Series K Preferred Stock is perpetual and will not be convertible into shares of USB's Common Stock or any other class or series of USB's capital stock, and will not be subject to any sinking fund or other obligation for their repurchase or retirement.

Rank — With respect to the payment of dividends and amounts upon liquidation, the Series K Preferred Stock ranks equally with the Series A Preferred Stock, the Series B Preferred Stock, the Series F Preferred Stock, the Series H Preferred Stock, the Series I Preferred Stock, the Series J Preferred Stock and the Series L Preferred Stock and with any future class or series of USB's capital stock that ranks on a par with the Series K Preferred Stock in the payment of dividends and in the distribution of assets on USB's liquidation, dissolution or winding up. With respect to the payment of dividends and amounts upon liquidation, the Series K Preferred Stock ranks senior to USB's Common Stock and any other future class or series of USB's capital stock over which the Series K Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on USB's liquidation, dissolution or winding up. USB may not issue any class of series of capital stock having a preference or priority in the payment of dividends or in the distribution of assets on USB's liquidation, dissolution or winding up over the Series K Preferred Stock without the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series K Preferred Stock and all other Parity Stock, at the time outstanding, voting as a single class without regard to series.

In particular, during a dividend period and subject to certain exceptions, no dividend will be paid or declared and no distribution will be made on any Junior Stock, other than a dividend payable solely in Junior Stock, no shares of Junior Stock may be repurchased, redeemed or otherwise acquired for consideration by USB, directly or indirectly (other than as a result of reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor will any monies be paid to or made available for a sinking fund for the redemption of any such securities by USB, and no shares of Parity Stock may be purchased, redeemed or otherwise acquired for consideration by USB otherwise than pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series K Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, unless full dividends for such dividend period on all outstanding shares of Series K Preferred Stock have been paid or declared and a sum sufficient for the payment thereof set aside.

Dividends — Dividends on shares of the Series K Preferred Stock will not be mandatory. Holders of Series K Preferred Stock will be entitled to receive, when, as and if declared by USB's board of directors or a duly authorized committee of the board, out of assets legally available for the payment of dividends under Delaware law, non-cumulative cash dividends. Dividends on each share of Series K Preferred Stock will accrue on the liquidation preference amount of $25,000 per share at a rate per annum equal to 5.50% payable quarterly in arrears on each January 15, April 15, July 15 and October 15. If any day on which dividends are payable on the Series K Preferred Stock is not a business day, then payment of the dividend payable on that date will be made on the next succeeding day that is a business day, without any interest or other payment in respect of such delay. The record date for payment of dividends on the Series K Preferred Stock will be the last day of the immediately preceding calendar month during which

the dividend payment date falls. The amount of dividends payable for any period will be computed on the basis of a 360-day year consisting of twelve 30-day months. For purposes of the Series K Preferred Stock, the term "business day" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York. Dividends on the Series K Preferred Stock will not be declared, paid or set aside for payment to the extent such act would cause USB to fail to comply with any applicable laws and regulations, including applicable capital adequacy guidelines.

The right of holders of the Series K Preferred Stock to receive dividends is non-cumulative. If USB's board of directors does not declare a dividend on the Series K Preferred Stock or declares less than a full dividend in respect of any dividend period, the holders of the Series K Preferred Stock will have no right to receive any dividend or a full dividend, as the case may be, for that dividend period, and USB will have no obligation to pay a dividend or to pay full dividends for that dividend period, whether or not dividends are declared and paid for any future dividend period with respect to the Series K Preferred Stock, Parity Stock, Junior Stock or any other class or series of USB's authorized Preferred Stock.

When dividends are not paid in full upon the Series K Preferred Stock and any other Parity Stock, dividends upon that stock will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the current dividend period per share on the Series K Preferred Stock, and accrued dividends, including any accumulations on such Parity Stock, bear to each other. No interest will be payable in respect of any dividend payment on the Series K Preferred Stock that may be in arrears.

Redemption **—**The Series K Preferred Stock is not subject to any mandatory redemption, sinking fund or other similar provisions.

The Series K Preferred Stock will be redeemable at USB's option, in whole or in part, at any time on or after October 15, 2023 at a redemption price equal to $25,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

In addition, within 90 days following the occurrence of a Regulatory Capital Treatment Event, USB, at its option, subject to the approval of the Appropriate Federal Banking Agency, may redeem, at any time, all (but not less than all) of the shares of Series K Preferred Stock at the time outstanding, at a redemption price equal to $25,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends. For purposes of the Series K Preferred Stock, "Regulatory Capital Treatment Event" means the good faith determination by USB that, as a result of (i) any amendment to, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of Series K Preferred Stock, (ii) any proposed change in those laws or regulations that is announced after the initial issuance of any share of Series K Preferred Stock, or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of Series K Preferred Stock, there is more than

an insubstantial risk that USB will not be entitled to treat the full liquidation value of the shares of Series K Preferred Stock then outstanding as "additional tier 1 capital" (or its equivalent) for purposes of the capital adequacy guidelines of the Federal Reserve Board (or, as and if applicable, the capital adequacy guidelines or regulations of any successor Appropriate Federal Banking Agency), as then in effect and applicable, for as long as any share of Series K Preferred Stock is outstanding.

If shares of the Series K Preferred Stock are to be redeemed, the notice of redemption will be given by first class mail to the holders of record of the Series K Preferred Stock to be redeemed, mailed not less than 30 days nor more than 60 days prior to the date fixed for redemption thereof (provided that, if the depositary shares representing the Series K Preferred Stock are held in book-entry form through DTC, USB may give such notice in any manner permitted by the DTC). Each notice of redemption will include a statement setting forth: (i) the redemption date, (ii) the number of shares of the Series K Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder, (iii) the redemption price, (iv) the place or places where the certificates evidencing shares of Series K Preferred Stock are to be surrendered for payment of the redemption price and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. If notice of redemption of any shares of Series K Preferred Stock has been duly given and if the funds necessary for such redemption have been set aside by USB for the benefit of the holders of any shares of Series K Preferred Stock so called for redemption, then, on and after the redemption date, dividends will cease to accrue on such shares of Series K Preferred Stock, such shares of Series K Preferred Stock will no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the redemption price.

In case of any redemption of only part of the shares of the Series K Preferred Stock at the time outstanding, the shares to be redeemed will be selected either pro rata or in such other manner as USB may determine to be fair and equitable.

Under the Federal Reserve Board's risk-based capital guidelines applicable to bank holding companies, any redemption of the Series K Preferred Stock is subject to prior approval of the Federal Reserve Board.

Rights Upon Liquidation, Dissolution or Winding Up — In the event of USB's liquidation, dissolution or winding up, the holders of the Series K Preferred Stock at the time outstanding will be entitled to receive a liquidating distribution in the amount of the liquidation preference of $25,000 per share, plus any authorized, declared and unpaid dividends for the then-current dividend period to the date of liquidation, out of USB's assets legally available for distribution to USB's stockholders, before any distribution is made to holders of USB's Common Stock or any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with the Series K Preferred Stock upon liquidation and the rights of USB's depositors and other creditors.

If the amounts available for distribution upon USB's liquidation, dissolution or winding up are not sufficient to satisfy the full liquidation rights of all the outstanding Series K Preferred

Stock and all stock ranking equal to the Series K Preferred Stock, then the holders of each series of Preferred Stock will share ratably in any distribution of assets in proportion to the full respective preferential amount to which they are entitled. After the full amount of the liquidation preference is paid, the holders of Series K Preferred Stock will not be entitled to any further participation in any distribution of USB's assets.

For such purposes, USB's consolidation or merger with or into any other entity, the consolidation or merger of any other entity with or into USB, or the sale of all or substantially all of USB's property or business will not be deemed to constitute USB's liquidation, dissolution or winding up.

Voting Rights — Except as provided below, the holders of the Series K Preferred Stock will have no voting rights.

Whenever dividends on any shares of the Series K Preferred Stock or any other class or series of Parity Stock have not been declared and paid for an amount equal to six or more quarterly dividend periods (whether consecutive or not) or their equivalent, the holders of the Series K Preferred Stock (together with holders of any and all other classes of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) will be entitled to vote as a single class for the election of a total of two additional members of USB's board of directors, provided that the election of any such directors will not cause USB to violate the corporate governance requirement of the New York Stock Exchange (or any other exchange on which USB's securities may be listed) that listed companies must have a majority of independent directors and provided further that USB's board of directors will at no time include more than two Preferred Directors. In that event, the number of directors on USB's board of directors will automatically increase by two and, at the request of any holder of Series K Preferred Stock, a special meeting of the holders of Series K Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series K Preferred Stock as to payment of dividends and for which dividends have not been paid, will be called for the election of the two directors (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election will be held at such next annual or special meeting of stockholders), followed by such election at each subsequent annual meeting. These voting rights will continue until full dividends have been paid regularly on the shares of the Series K Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series K Preferred Stock as to payment of dividends for at least four quarterly consecutive dividend periods or their equivalent following the Nonpayment.

If and when full dividends have been regularly paid for at least four consecutive quarterly dividend periods or their equivalent following a Nonpayment on the Series K Preferred Stock and any other class or series of Parity Stock, the holders of the Series K Preferred Stock will be divested of the foregoing voting rights (subject to revesting in the event of each subsequent Nonpayment) and the term of office of each Preferred Director so elected will terminate and the number of directors on USB's board of directors will automatically decrease by two. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series K Preferred Stock (together with holders of any

and all other classes of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described above. So long as a Nonpayment continues, any vacancy in the office of a Preferred Director (other than prior to the initial election of the Preferred Directors) may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by a vote of the holders of the outstanding shares of Series K Preferred Stock (together with holders of any and all other class of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of stockholders. The Preferred Directors will each be entitled to one vote per director on any matter.

If the holders of Series K Preferred Stock become entitled to vote for the election of directors, the Series K Preferred Stock may be considered a class of voting securities under interpretations adopted by the Federal Reserve Board. As a result, certain holders of the Series K Preferred Stock may become subject to regulations under the Bank Holding Company Act and/or certain acquisitions of the Series K Preferred Stock may be subject to prior approval by the Federal Reserve Board.

So long as any shares of Series K Preferred Stock remain outstanding:

- the affirmative vote or consent of the holders of at least two-thirds of all of the shares of the Series K Preferred Stock and all other Parity Stock at the time outstanding, voting as a single class without regard to series, will be required to issue, authorize or increase the authorized amount of, or to issue or authorize any obligation or security convertible into or evidencing the right to purchase, any class or series of stock ranking senior to the Series K Preferred Stock and all other parity stock with respect to payment of dividends or the distribution of assets upon USB's liquidation, dissolution or winding up; and
- the affirmative vote or consent of the holders of at least two-thirds of all of the shares of the Series K Preferred Stock at the time outstanding, voting separately as a class, will be required to amend the provisions of USB's Certificate of Incorporation or the Certificate of Designations of the Series K Preferred Stock or any other series of Preferred Stock so as to materially and adversely affect the powers, preferences, privileges or rights of the Series K Preferred Stock, taken as a whole; provided, however, that any increase in the amount of the authorized or issued Series K Preferred Stock or authorized Preferred Stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of Preferred Stock and/or Junior Stock will not be deemed to adversely affect the powers, preferences, privileges or rights of the Series K Preferred Stock.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required will be effected, all outstanding shares of Series K Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds have been set aside by USB for the benefit of the holders of the Series K Preferred Stock to effect such redemption.

Series L Preferred Stock

General — The depositary is the sole holder of the Series L Preferred Stock, as described below under the section entitled "—Description of Depositary Shares," and all references herein to the holders of the Series L Preferred Stock mean the depositary. However, the holders of depositary shares will be entitled, through the depositary, to exercise the rights and preferences of the holders of the Series L Preferred Stock, as described below under "—Description of Depositary Shares." The holders of the Series L Preferred Stock have no preemptive rights with respect to any shares of USB's capital stock or any of its other securities convertible into or carrying rights or options to purchase any such capital stock.

The holders of Series L Preferred Stock will be entitled to receive non-cumulative cash dividends when, as and if declared out of assets legally available for payment of dividends. In the event USB does not declare dividends or does not pay dividends in full on the Series L Preferred Stock on any date on which dividends are due, then such unpaid dividends will not cumulate and will no longer accrue and be payable.

The Series L Preferred Stock is perpetual and will not be convertible into shares of USB's Common Stock or any other class or series of USB's capital stock, and will not be subject to any sinking fund or other obligation for their repurchase or retirement.

Rank — With respect to the payment of dividends and amounts upon liquidation, the Series L Preferred Stock ranks equally with the Series A Preferred Stock, the Series B Preferred Stock, the Series F Preferred Stock, the Series H Preferred Stock, the Series I Preferred Stock, the Series J Preferred Stock and the Series K Preferred Stock and with any future class or series of USB's capital stock that ranks on a par with the Series L Preferred Stock in the payment of dividends and in the distribution of assets on USB's liquidation, dissolution or winding up. With respect to the payment of dividends and amounts upon liquidation, the Series L Preferred Stock ranks senior to USB's Common Stock and any other future class or series of USB's capital stock over which the Series L Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on USB's liquidation, dissolution or winding up. USB may not issue any class of series of capital stock having a preference or priority in the payment of dividends or in the distribution of assets on USB's liquidation, dissolution or winding up over the Series L Preferred Stock without the affirmative vote or consent of the holders of at least 66-2/3% of all of the shares of the Series L Preferred Stock and all other Parity Stock, at the time outstanding, voting as a single class without regard to series.

In particular, during a dividend period and subject to certain exceptions, no dividend will be paid or declared and no distribution will be made on any Junior Stock, other than a dividend payable solely in Junior Stock, no shares of Junior Stock may be repurchased, redeemed or otherwise acquired for consideration by USB, directly or indirectly (other than as a result of reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor will any monies be paid to or made available for a sinking fund for the redemption of any such securities by USB, and no shares of Parity Stock may be purchased, redeemed or otherwise

acquired for consideration by USB otherwise than pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series L Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, unless full dividends for such dividend period on all outstanding shares of Series L Preferred Stock have been paid or declared and a sum sufficient for the payment thereof set aside.

Dividends — Dividends on shares of the Series L Preferred Stock will not be mandatory. Holders of Series L Preferred Stock will be entitled to receive, when, as and if declared by USB's board of directors or a duly authorized committee of the board, out of assets legally available for the payment of dividends under Delaware law, non-cumulative cash dividends. Dividends on each share of Series L Preferred Stock will accrue on the liquidation preference amount of $25,000 per share at a rate per annum equal to 3.75% payable quarterly in arrears on each January 15, April 15, July 15 and October 15. If any day on which dividends are payable on the Series L Preferred Stock is not a business day, then payment of the dividend payable on that date will be made on the next succeeding day that is a business day, without any interest or other payment in respect of such delay. The record date for payment of dividends on the Series L Preferred Stock will be the last day of the immediately preceding calendar month during which the dividend payment date falls. The amount of dividends payable for any period will be computed on the basis of a 360-day year consisting of twelve 30-day months. For purposes of the Series L Preferred Stock, the term "business day" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York. Dividends on the Series L Preferred Stock will not be declared, paid or set aside for payment to the extent such act would cause USB to fail to comply with any applicable laws and regulations, including applicable capital adequacy guidelines.

The right of holders of the Series L Preferred Stock to receive dividends is non-cumulative. If USB's board of directors does not declare a dividend on the Series L Preferred Stock or declares less than a full dividend in respect of any dividend period, the holders of the Series L Preferred Stock will have no right to receive any dividend or a full dividend, as the case may be, for that dividend period, and USB will have no obligation to pay a dividend or to pay full dividends for that dividend period, whether or not dividends are declared and paid for any future dividend period with respect to the Series L Preferred Stock, Parity Stock, Junior Stock or any other class or series of USB's authorized Preferred Stock.

When dividends are not paid in full upon the Series L Preferred Stock and any other Parity Stock, dividends upon that stock will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the current dividend period per share on the Series L Preferred Stock, and accrued dividends, including any accumulations on such Parity Stock, bear to each other. No interest will be payable in respect of any dividend payment on the Series L Preferred Stock that may be in arrears.

Redemption —The Series L Preferred Stock is not subject to any mandatory redemption, sinking fund or other similar provisions.

The Series L Preferred Stock will be redeemable at USB's option, in whole or in part, at any time on or after January 15, 2026 at a redemption price equal to $25,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

In addition, within 90 days following the occurrence of a Regulatory Capital Treatment Event, USB, at its option, subject to the approval of the Appropriate Federal Banking Agency, may redeem, at any time, all (but not less than all) of the shares of Series L Preferred Stock at the time outstanding, at a redemption price equal to $25,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends. For purposes of the Series L Preferred Stock, "Regulatory Capital Treatment Event" means the good faith determination by USB that, as a result of (i) any amendment to, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of Series L Preferred Stock, (ii) any proposed change in those laws or regulations that is announced after the initial issuance of any share of Series L Preferred Stock, or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of Series L Preferred Stock, there is more than an insubstantial risk that USB will not be entitled to treat the full liquidation value of the shares of Series L Preferred Stock then outstanding as "additional tier 1 capital" (or its equivalent) for purposes of the capital adequacy guidelines of the Federal Reserve Board (or, as and if applicable, the capital adequacy guidelines or regulations of any successor Appropriate Federal Banking Agency), as then in effect and applicable, for as long as any share of Series L Preferred Stock is outstanding.

If shares of the Series L Preferred Stock are to be redeemed, the notice of redemption will be given by first class mail to the holders of record of the Series L Preferred Stock to be redeemed, mailed not less than 30 days nor more than 60 days prior to the date fixed for redemption thereof (provided that, if the depositary shares representing the Series L Preferred Stock are held in book-entry form through DTC, USB may give such notice in any manner permitted by the DTC). Each notice of redemption will include a statement setting forth: (i) the redemption date, (ii) the number of shares of the Series L Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder, (iii) the redemption price, (iv) the place or places where the certificates evidencing shares of Series L Preferred Stock are to be surrendered for payment of the redemption price and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. If notice of redemption of any shares of Series L Preferred Stock has been duly given and if the funds necessary for such redemption have been set aside by USB for the benefit of the holders of any shares of Series L Preferred Stock so called for redemption, then, on and after the redemption date, dividends will cease to accrue on such shares of Series L Preferred Stock, such shares of Series L Preferred Stock will no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the redemption price.

In case of any redemption of only part of the shares of the Series L Preferred Stock at the time outstanding, the shares to be redeemed will be selected either pro rata or in such other manner as USB may determine to be fair and equitable.

Under the Federal Reserve Board's risk-based capital guidelines applicable to bank holding companies, any redemption of the Series L Preferred Stock is subject to prior approval of the Federal Reserve Board.

Rights Upon Liquidation, Dissolution or Winding Up — In the event of USB's liquidation, dissolution or winding up, the holders of the Series L Preferred Stock at the time outstanding will be entitled to receive a liquidating distribution in the amount of the liquidation preference of $25,000 per share, plus any authorized, declared and unpaid dividends for the then-current dividend period to the date of liquidation, out of USB's assets legally available for distribution to USB's stockholders, before any distribution is made to holders of USB's Common Stock or any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with the Series L Preferred Stock upon liquidation and the rights of USB's depositors and other creditors.

If the amounts available for distribution upon USB's liquidation, dissolution or winding up are not sufficient to satisfy the full liquidation rights of all the outstanding Series L Preferred Stock and all stock ranking equal to the Series L Preferred Stock, then the holders of each series of Preferred Stock will share ratably in any distribution of assets in proportion to the full respective preferential amount to which they are entitled. After the full amount of the liquidation preference is paid, the holders of Series L Preferred Stock will not be entitled to any further participation in any distribution of USB's assets.

For such purposes, USB's consolidation or merger with or into any other entity, the consolidation or merger of any other entity with or into USB, or the sale of all or substantially all of USB's property or business will not be deemed to constitute USB's liquidation, dissolution or winding up.

Voting Rights — Except as provided below, the holders of the Series L Preferred Stock will have no voting rights.

Whenever dividends on any shares of the Series L Preferred Stock or any other class or series of Parity Stock have not been declared and paid for an amount equal to six or more quarterly dividend periods (whether consecutive or not) or their equivalent, the holders of the Series L Preferred Stock (together with holders of any and all other classes of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) will be entitled to vote as a single class for the election of a total of two additional members of USB's board of directors, provided that the election of any such directors will not cause USB to violate the corporate governance requirement of the New York Stock Exchange (or any other exchange on which USB's securities may be listed) that listed companies must have a majority of independent directors and provided further that USB's board of directors will at no time include more than two Preferred Directors. In that event, the number of directors on USB's board of directors will automatically increase by two and, at the request of any holder of Series L Preferred Stock, a special meeting of the holders of Series L Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series L Preferred Stock as to payment

of dividends and for which dividends have not been paid, will be called for the election of the two directors (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election will be held at such next annual or special meeting of stockholders), followed by such election at each subsequent annual meeting. These voting rights will continue until full dividends have been paid regularly on the shares of the Series L Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series L Preferred Stock as to payment of dividends for at least four quarterly consecutive dividend periods or their equivalent following the Nonpayment.

If and when full dividends have been regularly paid for at least four consecutive quarterly dividend periods or their equivalent following a Nonpayment on the Series L Preferred Stock and any other class or series of Parity Stock, the holders of the Series L Preferred Stock will be divested of the foregoing voting rights (subject to revesting in the event of each subsequent Nonpayment) and the term of office of each Preferred Director so elected will terminate and the number of directors on USB's board of directors will automatically decrease by two. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series L Preferred Stock (together with holders of any and all other classes of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described above. So long as a Nonpayment continues, any vacancy in the office of a Preferred Director (other than prior to the initial election of the Preferred Directors) may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by a vote of the holders of the outstanding shares of Series L Preferred Stock (together with holders of any and all other class of USB's authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of stockholders. The Preferred Directors will each be entitled to one vote per director on any matter.

If the holders of Series L Preferred Stock become entitled to vote for the election of directors, the Series L Preferred Stock may be considered a class of voting securities under interpretations adopted by the Federal Reserve Board. As a result, certain holders of the Series L Preferred Stock may become subject to regulations under the Bank Holding Company Act and/or certain acquisitions of the Series L Preferred Stock may be subject to prior approval by the Federal Reserve Board.

So long as any shares of Series L Preferred Stock remain outstanding:

- the affirmative vote or consent of the holders of at least two-thirds of all of the shares of the Series L Preferred Stock and all other Parity Stock at the time outstanding, voting as a single class without regard to series, will be required to issue, authorize or increase the authorized amount of, or to issue or authorize any obligation or security convertible into or evidencing the right to purchase, any class or series of stock ranking senior to the Series L Preferred Stock and all other parity stock with respect to payment of dividends or the distribution of assets upon USB's liquidation, dissolution or winding up; and

- the affirmative vote or consent of the holders of at least two-thirds of all of the shares of the Series L Preferred Stock at the time outstanding, voting separately as a class, will be required to amend the provisions of USB's Certificate of Incorporation or the Certificate of Designations of the Series L Preferred Stock or any other series of Preferred Stock so as to materially and adversely affect the powers, preferences, privileges or rights of the Series L Preferred Stock, taken as a whole; provided, however, that any increase in the amount of the authorized or issued Series L Preferred Stock or authorized Preferred Stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of Preferred Stock and/or Junior Stock will not be deemed to adversely affect the powers, preferences, privileges or rights of the Series L Preferred Stock.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required will be effected, all outstanding shares of Series L Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds have been set aside by USB for the benefit of the holders of the Series L Preferred Stock to effect such redemption.

Description of Depositary Shares

In this "Description of Capital Stock," references to "holders" of depositary shares mean those who own depositary shares registered in their own names, on the books that USB or the depositary maintain for this purpose, and not indirect holders who own beneficial interests in depositary shares registered in street name or issued in book-entry form through DTC.

This "Description of Capital Stock" summarizes specific terms and provisions of the depositary shares relating to USB's outstanding series of Preferred Stock. As described above, all of USB's outstanding series of Preferred Stock were offered as fractional interests in such shares of Preferred Stock in the form of depositary shares. Each depositary share represents a fractional ownership interest in a share of Preferred Stock, and will be evidenced by a depositary receipt. The shares of each series of Preferred Stock represented by depositary shares have been deposited under a deposit agreement among USB, U.S. Bank National Association, as depositary, and the holders from time to time of the depositary receipts evidencing the depositary shares. Subject to the terms of the deposit agreement, each holder of a depositary share will be entitled, through the depositary, in proportion to the applicable fraction of a share of Preferred Stock represented by such depositary share, to all the rights and preferences of the applicable series of Preferred Stock represented thereby (including dividend, voting, redemption and liquidation rights).

The depositary will distribute any cash dividends or other cash distributions received in respect of the deposited Preferred Stock to the record holders of depositary shares relating to the underlying Preferred Stock in proportion to the number of depositary shares held by the holders. The depositary will distribute any property received by it other than cash to the record holders of depositary shares entitled to those distributions, unless it determines that the distribution cannot be made proportionally among those holders or that it is not feasible to make a distribution. In that event, the depositary may, with USB's approval, sell the property and distribute the net proceeds from the sale to the holders of the depositary shares in proportion to the number of

depositary shares they hold. Record dates for the payment of dividends and other matters relating to the depositary shares will be the same as the corresponding record dates for the applicable series of Preferred Stock. The amounts distributed to holders of depositary shares will be reduced by any amounts required to be withheld by the depositary or by USB on account of taxes or other governmental charges.

If USB redeems any shares of Preferred Stock represented by depositary shares, the corresponding depositary shares will be redeemed from the proceeds received by the depositary resulting from the redemption of the Preferred Stock held by the depositary. The redemption price per depositary share will be equal to the fraction of the share of Preferred Stock represented by the depositary share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends. Whenever USB redeems shares of Preferred Stock held by the depositary, the depositary will redeem, as of the same redemption date, the number of depositary shares representing the shares of Preferred Stock so redeemed. In case of any redemption of less than all of the outstanding depositary shares, the depositary shares to be redeemed will be selected by the depositary pro rata or in such other manner determined by the depositary to be equitable. In any such case, USB will redeem depositary shares only in increments equal to the denominator of the fraction of the share of Preferred Stock represented by one depositary share.

When the depositary receives notice of any meeting at which the holders of the applicable series of Preferred Stock are entitled to vote, the depositary will mail the information contained in the notice to the record holders of the depositary shares relating to such Preferred Stock. Each record holder of the depositary shares on the record date, which will be the same date as the record date for the applicable series of Preferred Stock, may instruct the depositary to vote the amount of the Preferred Stock represented by the holder's depositary shares. To the extent possible, the depositary will vote the amount of the Preferred Stock represented by depositary shares in accordance with the instructions it receives. USB will agree to take all reasonable actions that the depositary determines are necessary to enable the depositary to vote as instructed. If the depositary does not receive specific instructions from the holders of any depositary shares, it will vote all depositary shares of that series held by it proportionately with instructions received.

Anti-Takeover Provisions

Provisions of federal banking law, the Delaware General Corporation Law (the "DGCL") and USB's Certificate of Incorporation and Bylaws described below may be deemed to have an anti-takeover effect and, together with the ability of USB's board of directors to issue shares of Preferred Stock and to set the voting rights, preferences and other terms of Preferred Stock, may discourage, delay or prevent takeover attempts not first approved by USB's board of directors. These provisions also could discourage, delay or prevent the removal of incumbent directors or the assumption of control by stockholders. USB believes that these provisions are appropriate to protect its interests and USB's stockholders.

Restrictions on Ownership. The Bank Holding Company Act requires a "bank holding company" (as defined in the Bank Holding Company Act) to obtain the approval of the Federal Reserve Board prior to acquiring more than five percent (5%) of USB's outstanding Common

Stock. Any person, other than a bank holding company, is required to obtain prior approval of the Federal Reserve Board to acquire ten percent (10%) or more of USB's outstanding Common Stock under the Change in Bank Control Act. Any holder of twenty-five percent (25%) or more of USB's outstanding Common Stock, other than an individual, is subject to regulation as a bank holding company, under the Bank Holding Company Act.

Stockholder Action by Written Consent. USB's Certificate of Incorporation authorizes action by the stockholders of USB only pursuant to a meeting and not by a written consent.

Special Meetings of Stockholders. USB's Bylaws provide that special meetings of stockholders may be called only by USB's board of directors, USB's chief executive officer or by USB's secretary at the written request (a "Special Meeting Request") of holders of record of at least 25% of the voting power of the outstanding stock of USB entitled to vote on the matter or matters to be brought before the proposed special meeting (the "Requisite Percentage") (such percentage to be based on the number of outstanding voting shares of USB most recently disclosed prior to the date of the request for the special meeting by USB in its filings with the Securities and Exchange Commission (the "SEC")). A Special Meeting Request must be signed by each stockholder requesting the special meeting (each, a "Requesting Stockholder") and must be accompanied by a notice setting forth the information specified in USB's Bylaws. Requesting Stockholders who collectively hold at least the Requisite Percentage on the date the Special Meeting Request is submitted to USB's secretary must: (i) continue to hold at least the number of shares of stock set forth in the Special Meeting Request with respect to each such Requesting Stockholder through the date of the special meeting; and (ii) submit a written certification (an "Ownership Certification") confirming the continuation of such holdings on the business day immediately preceding the special meeting, which Ownership Certification must include the information specified in USB's Bylaws.

A special meeting requested by stockholders will not be held if: (i) the Special Meeting Request does not comply with the substantive and procedural requirements of the Certificate of Incorporation; (ii) the Special Meeting Request relates to an item of business that is not a proper subject for stockholder action under applicable law; (iii) the Special Meeting Request is received by USB during the period commencing 90 days prior to the first anniversary of the date of the immediately preceding annual meeting of stockholders and ending on the date of the next annual meeting; (iv) an annual or special meeting of stockholders that included a substantially similar item of business ("Similar Business") (as determined in good faith by USB's board of directors) was held not more than 120 days before the Special Meeting Request was received by USB's secretary; *provided, however*, that this clause (iv) does not apply if a material corporate event relating to the item of business has occurred since the date of such prior annual or special meeting; (v) two or more special meetings of stockholders called pursuant to the request of stockholders have been held within the 12-month period before the Special Meeting Request was received by the secretary; (vi) USB's board of directors has called or calls for an annual or special meeting of stockholders to be held within 90 days after the Special Meeting Request is received by USB's secretary, and USB's board of directors determines in good faith that the business to be conducted at such meeting includes the Similar Business; or (vii) such Special Meeting Request was made in a manner that involved a violation of the proxy rules of the SEC or other applicable law.

Advance Notice to Nominate Directors. Nominations of persons for election as directors at a meeting of stockholders called for the purpose of electing directors may be made: (i) as specified in the notice of meeting (or any supplement thereto) given by or at the direction of USB's board of directors, including nominations made as described below under "—Stockholder Nominations Included in USB's Proxy Materials" or nominations to be made pursuant to a Special Meeting Request; or (ii) by any stockholder in the following manner.

For any nomination to be properly made by a stockholder, other than nominations described below under "—Stockholder Nominations Included in USB's Proxy Materials" or nominations to be made pursuant to a Special Meeting Request, the stockholder must: (i) be a stockholder of record both at the time of giving of the notice referred to in the following clause and at the time of the meeting of stockholders called for the purpose of electing directors and be entitled to vote at such meeting; and (ii) give written notice to USB's secretary so as to be received at USB's principal executive offices not less than (A) with respect to an annual meeting of stockholders, 120 days in advance of the date of USB's previous year's annual meeting of stockholders, except that if no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than 30 days from the date contemplated at the time of the previous year's proxy statement, such notice must be so received by the later of: (1) the close of business on the date 90 days prior to the meeting date; or (2) the close of business on the tenth day following the date on which such meeting date is first publicly announced or disclosed; and (B) with respect to a special meeting of stockholders for the election of directors, the close of business on the seventh day following the date on which the notice of such meeting is first given to stockholders.

The required notice must contain the information specified in USB's Bylaws. To be eligible as a nominee for election or reelection as a director, an individual must deliver (in accordance with the time periods prescribed for delivery of notice under USB's Bylaws) to USB's secretary at USB's principal executive offices a completed written questionnaire with respect to the matters specified in USB's Bylaws and a written representation and agreement as to the matters specified in USB's Bylaws.

Stockholder Nominations Included in USB's Proxy Materials. If expressly requested in a Nomination Notice (as defined below), USB will, subject to certain exceptions specified in USB's Bylaws, include in its proxy statement for any annual meeting of stockholders specified information regarding person(s) nominated for election (the "Nominee(s)") by a Nominating Stockholder (as defined below), including any statement included in support of the election of the Nominee(s) to the board by the Nominating Stockholder in the Nomination Notice for inclusion in the proxy statement and other information that USB or its board of directors determines, in their discretion, to include in the proxy statement relating to the nomination of the Nominee(s), including a statement in opposition to the nomination. Any Nominee(s) will also be included on USB's form of proxy and ballot.

A Nomination Notice may only be submitted by an Eligible Holder (as defined below) or group of up to 20 Eligible Holders that has (individually and collectively, in the case of a group) satisfied, as determined by USB's board of directors, all applicable conditions and complied with all applicable procedures set forth in USB's Bylaws (such Eligible Holder or group of Eligible Holders being a "Nominating Stockholder"), including those described below.

USB is not be required to include in the proxy statement for an annual meeting of stockholders more Nominees than that number of directors constituting the greater of (A) two and (B) 20% of the total number of USB directors on the last day on which a Nomination Notice may be submitted.

An "Eligible Holder" is a person who has either: (A) been a record holder of the Minimum Number (as defined below) of shares of common stock continuously throughout the three-year period preceding and including the date of submission of the Nomination Notice, and continues to own at least such shares of common stock through the date of the annual meeting; or (B) provides to the secretary, within the time period specified in USB's Bylaws, appropriate evidence of continuous ownership of such shares for such three-year period from one or more securities intermediaries.

An Eligible Holder or group of up to 20 Eligible Holders may submit a Nomination Notice only if the person or group (in the aggregate) has continuously owned at least 3% of the number of outstanding shares of common stock as of the most recent date for which such amount is given in any filing by USB with the SEC prior to the submission of the Nomination Notice for the three–year period specified above.

To nominate a Nominee (or Nominees), the Nominating Stockholder must, no earlier than 150 calendar days and no later than 120 calendar days before the anniversary of the date that USB mailed its proxy statement for the prior year's annual meeting of stockholders, submit to the secretary at USB's principal executive office a notice (the "Nomination Notice") containing all of the information and accompanied by the documents specified in USB's Bylaws; provided, however, that if the annual meeting is not scheduled to be held within a period that commences 30 days before such anniversary date and ends 30 days after such anniversary date (an annual meeting date outside such period being referred to herein as an "Other Meeting Date"), the Nomination Notice will be given in the manner provided herein by the later of the close of business on the date that is 180 days prior to such Other Meeting Date or the tenth day following the date such Other Meeting Date is first publicly announced or disclosed:

Advance Notice of Other Proposals. For business other than a nomination for director to be properly brought before an annual meeting by a stockholder, the stockholder must have given written notice to the secretary so as to be received at USB's principal executive offices not less than 120 days in advance of the date of USB's proxy statement released to stockholders in connection with the previous year's annual meeting of stockholders, except that if no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than 30 days from the date contemplated at the time of the previous year's proxy statement, such notice must be so received a reasonable time before the solicitation is made. Each such notice must set forth as to each matter the stockholder proposes to bring before the annual meeting the information specified in USB's Bylaws.

DESCRIPTION OF NOTES

The following description of the 0.850% Medium-Term Notes, Series X (Senior), due June 7, 2024 (the "Notes") of USB was provided in the pricing supplement dated May 31, 2017 and filed with the Securities and Exchange Commission (the "Commission") on June 1, 2017, and USB's pricing supplement dated November 22, 2019 and filed with the Commission on November 22, 2019. The following description is qualified by reference to such pricing supplements and the description of the general terms and provisions of the Notes set forth in (i) USB's prospectus dated April 21, 2017 and filed with the Commission on April 21, 2017 and (ii) USB's prospectus supplement dated April 21, 2017 and filed with the Commission on April 21, 2017. The following description of specified provisions of the senior indenture, dated as of October 3, 1991, as amended by a first supplemental indenture, dated as of April 21, 2017, and as further amended or supplemented from time to time (the "Indenture"), between USB and Citibank, N.A., as trustee, and the Notes is qualified by reference to the actual provisions of the Indenture, including the definitions contained in the Indenture of some of the terms used below, and the Notes, copies of which are incorporated by reference as exhibits to USB's Annual Report on Form 10-K.

The Notes are a tranche of USB's Medium-Term Notes, Series X (Senior). As of December 31, 2020, the outstanding aggregate principal amount of the Notes was €1,175,000,000.

The Notes were issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof.

USB may from time to time, without giving notice to or seeking the consent of the holders of the Notes, issue additional debt securities having the same terms (except for the issue date, the offering price and, if applicable, the first interest payment date) and ranking equally and ratably with the Notes. Any such additional debt securities having such similar terms, together with the Notes, will constitute a single series of debt securities for all purposes under the Indenture, including, without limitation, waivers, amendments and redemptions.

The Notes are USB's general unsecured and unsubordinated obligations, rank equally with all of USB's existing and future unsecured and unsubordinated indebtedness from time to time outstanding and are considered part of the same series of notes as any of USB's other Medium-Term Notes, Series X (Senior), previously issued or issued in the future. The Notes will not be subject to any sinking fund provisions and will not be convertible into or exchangeable for any of USB's equity interests.

The Notes are listed on the New York Stock Exchange under the symbol "USB24B".

Interest and Principal Payments

The entire principal amount of the Notes will mature and become payable, together with unpaid interest, if any, accrued thereon on June 7, 2024 (the "Stated Maturity Date") unless redeemed earlier as described below under "— Redemption for Tax Reasons." The principal of each Note payable at maturity or earlier redemption, together with unpaid interest, if any, will be paid in euro against presentation and surrender at the office or agency maintained for such purpose.

The Notes bear interest at a rate of 0.850% per year. Interest on the Notes is payable annually in arrears on June 7 (each an "Interest Payment Date"). Interest payable on an Interest Payment Date will be paid to the persons in whose names the Notes are registered at the close of business on the regular record date; provided, however, that interest payable at the Stated Maturity Date or earlier redemption date will be payable to the person to whom principal shall be payable. The regular record date for the Notes will be May 23, whether or not a Business Day, immediately preceding the related Interest Payment Date; provided, however, that so long as the relevant global note is held by or on behalf of a common depositary for Euroclear Bank SA/NV ("Euroclear"), Clearstream Banking S.A. ("Clearstream") or any other clearing system, "record date" shall be a day when Euroclear, Clearstream or such other clearing system, as the case may be, is open for business. Interest payable on an Interest Payment Date will be computed on the basis of an Actual/Actual (ICMA) (as defined in the rulebook of the International Capital Market Association) day count convention.

If any Interest Payment Date, the Stated Maturity Date or earlier redemption date falls on a day that is not a Business Day, the related payment of principal, premium, if any, or interest will be made on the next succeeding Business Day as if made on the date the applicable payment was due, and no interest will accrue on the amount so payable for the period from and after such Interest Payment Date, the Stated Maturity Date or such redemption date, as the case may be, to the date of such payment on the next succeeding Business Day. For purposes of the Notes, "Business Day" means any day, other than a Saturday or Sunday, (i) which is not a day on which banking institutions in The City of New York or London are authorized or required by law, regulation or executive order to close and (ii) on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) system (the TARGET 2 system) or any successor thereto, is open.

So long as the relevant global note is held on behalf of Euroclear, Clearstream or any other clearing system, notices to holders of Notes represented by the global note may be given by delivery of the relevant notice to Euroclear, Clearstream or such other clearing system, as the case may be.

Currency of Payment

Principal, premium, if any, and interest payments in respect of the Notes, including any payments made upon any redemption of the Notes, will be payable in euro.

If the euro is unavailable in USB's good faith judgment for the payment of principal, premium, if any, or interest with respect to the Notes, including any payments made upon any redemption of the Notes, due to the imposition of exchange controls or other circumstances beyond USB's control, is no longer used by the member states of the European Monetary Union that have adopted the euro as their currency or is no longer used for the settlement of transactions by public institutions of or within the international banking community (and is not replaced by another currency), USB is entitled to satisfy its obligations to holders of the Notes by making that payment in U.S. dollars on the basis of the Market Exchange Rate as computed by the exchange rate agent on the second Business Day before that payment is due, or if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange

Rate on or before the date that payment is due or as otherwise determined by USB in good faith, if the foregoing is impracticable. Any payment in respect of the Notes so made in U.S. dollars will not constitute a default under the Indenture. Neither the trustee nor the paying agent shall be responsible for obtaining exchange rates, effecting conversions or otherwise handling redenominations.

The "Market Exchange Rate" means the noon buying rate in The City of New York for cable transfers of euros as certified for customs purposes (or, if not so certified, as otherwise determined) by the Federal Reserve Bank of New York.

In the event that the euro is no longer used by the member states of the European Monetary Union that have adopted the euro as their currency or an official redenomination of the euro, USB's obligations with respect to payments on the Notes shall, in all cases, be regarded immediately following such redenomination as providing for the payment of that amount of euros representing the amount of such obligations immediately before such redenomination. The Notes do not provide for any adjustment to any amount payable under the Notes as a result of any change in the value of the euro relative to any other currency due solely to fluctuations in exchange rates.

All determinations referred to above made by the exchange rate agent will be at its sole discretion and will, in the absence of clear error, be conclusive for all purposes and binding on the holders of the Notes.

Payment of Additional Amounts

USB will, subject to the exceptions and limitations set forth below, pay as additional interest such additional amounts ("Additional Amounts") as are necessary in order that the net amount of such payment of the principal of and interest on a Note to a holder who is a U.S. Alien (as such term is defined below), after deduction for any present or future tax, assessment or governmental charge of (a) the United States (as such term is defined below), or a political subdivision or authority thereof or therein or (b) any other jurisdiction in which any paying agent appointed by USB is organized or the location from which payment is made, or any political subdivision or authority thereof (each of (a) and (b), a "Relevant Jurisdiction"), imposed by withholding with respect to the payment, will not be less than the amount provided for in such Note to be then due and payable. However, the foregoing obligation to pay Additional Amounts shall not apply:

- to any tax, assessment or governmental charge that would not have been so imposed but for the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or holder of power over, such holder, if such holder is an estate, trust, partnership or corporation) and a Relevant Jurisdiction, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member, shareholder or holder of a power) being considered as:
    - being or having been present or engaged in a trade or business in the Relevant Jurisdiction or having had a permanent establishment therein;
    - having a current or former relationship with the Relevant Jurisdiction, including a relationship as a citizen or resident or being treated as a resident thereof; or

- being or having been, for United States federal income tax purposes, a "controlled foreign corporation," a "passive foreign investment company" (including a qualified electing fund), a corporation that has accumulated earnings to avoid United States federal income tax or a private foundation or other tax-exempt organization;

- to any tax, assessment or other governmental charge imposed by reason of the holder (i) owning or having owned, directly or indirectly, actually or constructively, 10% or more of the total combined voting power of all classes of stock of USB entitled to vote, (ii) receiving interest described in Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended (the "Code") or (iii) being a controlled foreign corporation with respect to the United States that is related to USB by actual or constructive stock ownership;
- to any holder who is a fiduciary or partnership or other than the sole beneficial owner of the Note, but only to the extent that a beneficiary or settlor with respect to such fiduciary or member of such partnership or a beneficial owner of the Note would not have been entitled to the payment of such Additional Amounts had such beneficiary, settlor, member or beneficial owner been the holder of such Note;
- to any tax, assessment or governmental charge that would not have been imposed or withheld but for the failure of the holder to comply with certification, identification or information reporting requirements under the Relevant Jurisdiction's income tax laws, without regard to any tax treaty, with respect to the payment, concerning the nationality, residence, identity or connection with the Relevant Jurisdiction of the holder or a beneficial owner of such Note, if such compliance is required by the Relevant Jurisdiction's income tax laws, without regard to any tax treaty, as a precondition to relief or exemption from such tax, assessment or governmental charge;
- to any tax, assessment or governmental charge that would not have been so imposed or withheld but for the presentation by the holder of such Note for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;
- to any estate, inheritance, gift, sales, transfer, excise, wealth or personal property tax or any similar tax, assessment or governmental charge;
- to any tax, assessment or governmental charge that is payable otherwise than by withholding by USB or the paying agent from the payment of the principal of or interest on such Note;
- to any tax, assessment or governmental charge required to be withheld by any paying agent from such payment of principal of or interest on any Note, if such payment can be made without such withholding by any other paying agent;

- to any withholding or deduction on or in respect of any Note pursuant to sections 1471 through 1474 of the Code, and the regulations, administrative guidance and official interpretations promulgated thereunder ("FATCA"), any agreement between USB and the United States or any authority thereof entered into for FATCA purposes or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of FATCA; or
- to any tax imposed as a result of any combination of the above.

The term "United States" means the United States of America, the States thereof (including the District of Columbia) and any other political subdivision or taxing authority thereof or therein affecting taxation, and the term "U.S. Alien" means any beneficial owner of a Note other than a beneficial owner of a Note that is (A) a citizen or resident of the United States; (B) a corporation, partnership or other entity treated as a corporation or a partnership for U.S. federal income tax purposes created or organized in or under the laws of the United States, any of its states or the District of Columbia; (C) an estate whose income is subject to U.S. federal income tax regardless of its source; or (D) a trust which is subject to the supervision of a court within the United States and the control of one or more United States persons as described in Section 7701(a)(30) of the Code or that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

Redemption for Tax Reasons

If USB has or will become obliged to pay Additional Amounts as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction affecting taxation, or any change in official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment becomes effective on or after June 7, 2017, and USB determines that such obligation cannot be avoided by the use of reasonable measures then available to it, USB may, at its option, at any time, having given not less than 10 nor more than 60 days' prior written notice to holders of the Notes, redeem, in whole, but not in part, the Notes at a redemption price equal to 100% of their principal amount, together with unpaid interest, if any, on the Notes accrued to, but excluding, the redemption date, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which USB would be obliged to pay such Additional Amounts if a payment in respect to the Notes were due on such date. Prior to the transmission or publication of any notice of redemption pursuant to this paragraph, USB will deliver to the trustee an officer's certificate stating that it is entitled to effect such redemption and setting forth a statement of facts and including a written opinion of independent counsel selected by USB showing that the conditions precedent to its right to so redeem the Notes has occurred.

Restrictive Covenants

Subject to the provisions described under the section "—Consolidation, Merger and Sale of Assets," the Indenture prohibits:

- the issue, sale or other disposition of shares of or securities convertible into, or options, warrants or rights to subscribe for or purchase shares of, voting stock of a principal subsidiary bank;

- the merger or consolidation of a principal subsidiary bank with or into any other corporation; or
- the sale or other disposition of all or substantially all of the assets of a principal subsidiary bank,

if, after giving effect to the transaction and issuing the maximum number of shares of voting stock that can be issued after the conversion or exercise of the convertible securities, options, warrants or rights, USB would own, directly or indirectly, 80% or less of the shares of voting stock of the principal subsidiary bank or of the successor bank or the bank which acquires the assets.

In the Indenture, USB also agreed that it will not create, assume, incur or cause to exist any pledge, encumbrance or lien, as security for indebtedness for money borrowed on:

- any shares of or securities convertible into voting stock of a principal subsidiary bank that USB owns directly or indirectly; or
- options, warrants or rights to subscribe for or purchase shares of, voting stock of a principal subsidiary bank that USB owns directly or indirectly,

without providing that the senior debt securities of all series, including the Notes, will be equally secured if, after treating the pledge, encumbrance or lien as a transfer to the secured party, and after giving effect to the issuance of the maximum number of shares of voting stock issuable after conversion or exercise of the convertible securities, options, warrants or rights, USB would own, directly or indirectly 80% or less of the shares of voting stock of the principal subsidiary bank.

The Indenture defines the term “principal subsidiary bank” as U.S. Bank National Association.

The Indenture does not contain covenants specifically designed to protect holders from a highly leveraged transaction in which USB is involved.

Events of Default

The only events that constitute events of default under the Indenture with respect to the Notes are:

- USB’s failure to pay any interest on any Note when due, which failure continues for 30 days;
- USB’s failure to pay any principal of or premium on any Note when due;

- USB's failure to make any sinking fund payment, when due, for any Note, if applicable;
- USB's failure to perform any other covenant in the Indenture (other than a covenant included in the Indenture solely for the benefit of a series of senior debt securities other than the Notes), which failure continues for 60 days after written notice;
- default in the payment of indebtedness for money borrowed under any indenture or instrument under which USB has or a principal subsidiary bank has outstanding indebtedness in an amount in excess of $5,000,000 which has become due and has not been paid, or whose maturity has been accelerated and the default has not been cured or acceleration annulled within 60 days after written notice; and
- some events of bankruptcy, insolvency or reorganization which involve USB or a principal subsidiary bank.

If an event of default occurs and is continuing on any Notes outstanding under the Indenture, then the trustee or the holders of at least 25% in aggregate principal amount of the outstanding Notes may declare the principal amount (or, if any of the Notes are original issue discount notes, the amount payable at acceleration of maturity of such Notes to such holders) of all of the Notes to be due and payable immediately, by notice as provided in the Indenture. At any time after a declaration of acceleration has been made on the Notes, but before the trustee has obtained a judgment for payment, the holders of a majority in aggregate principal amount of the outstanding Notes may, under some circumstances, rescind and annul this acceleration.

Subject to provisions in the Indenture relating to the duties of the trustee during a default, the trustee will not be under any obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the holders of any Notes then outstanding under the Indenture, unless the holders offer to the trustee reasonable indemnity. The holders of a majority in aggregate principal amount of the outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee for such series, or exercising any trust or power conferred on such trustee.

USB must furnish to the trustee, annually, a statement regarding its performance on some of its obligations under the Indenture and any default in its performance.

Modification and Waiver

Except as otherwise specifically provided in the Indenture, modifications and amendments of the Indenture generally will be permitted only with the consent of the holders of at least a majority in aggregate principal amount of the outstanding Notes affected by the modification or amendment. However, none of the following modifications are effective against any holder without the consent of the holders of each outstanding Note affected by the modification or amendment:

- changing the stated maturity of the principal of or any installment of principal or interest on any debt security;

- reducing the principal amount of, or premium or interest on any debt security;
- changing any of USB's obligations to pay additional amounts;
- reducing the amount of principal of an original issue discount debt security that would be due and payable at declaration of acceleration of its maturity;
- changing the place for payment where, or coin or currency in which, any principal of, or premium or interest on, any debt security is payable;
- impairing the right to take legal action to enforce any payment of or related to any debt security;
- reducing the percentage in principal amount of outstanding debt securities of any series required to modify, amend, or waive compliance with some provisions of the Indenture or to waive some defaults; or
- modifying any of the above provisions.

The holders of at least a majority in aggregate principal amount of the outstanding Notes can waive, as far as that series is concerned, USB's compliance with some restrictive provisions of the Indenture.

The holders of at least a majority in aggregate principal amount of the outstanding Notes may waive any past default under the Indenture, except:

- a default in the payment of principal of, or premium, or interest on any senior debt security; or
- a default in a covenant or provision of the Indenture that cannot be modified or amended without the consent of the holder of each outstanding debt security of the series affected.

The Indenture provides that, in determining whether holders of the requisite principal amount of the outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver, or whether a quorum is present at a meeting of holders of Notes:

- the principal amount of an original issue discount note considered to be outstanding will be the amount of the principal of that original issue discount debt security that would be due and payable as of the date that the principal is determined at declaration of acceleration of the maturity of that original issue discount note; and
- the principal amount of a note denominated in a foreign currency or currency unit that is deemed to be outstanding will be the U.S. dollar equivalent, determined on the date of original issuance for that note, of the principal amount (or, in the case of an original issue discount note, the U.S. dollar equivalent, determined on the date of original issuance for that debt security, of the amount determined as provided in the bullet point above).

Consolidation, Merger and Sale of Assets

Without the consent of the holders of the outstanding Notes, USB cannot consolidate with or merge into another corporation, partnership or trust, or convey, transfer or lease substantially all of its properties and its assets, to a corporation, partnership or trust organized or validly existing under the laws of any domestic jurisdiction unless:

- the successor entity assumes USB's obligations on the Notes and under the Indenture;
- immediately after the transaction, USB would not be in default under the Indenture and no event which, after notice or the lapse of time, would become an event of default under the Indenture, shall have occurred and be continuing; and
- other conditions are met.

Trustee, Paying Agent and Exchange Rate Agent

The Trustee for the Notes is Citibank, N.A. USB has designated Elavon Financial Services DAC as its paying agent and U.S. Bank Trust National Association as its exchange rate agent for the Notes.

Governing Law

The Indenture is, and the Notes are, governed by, and construed in accordance with, the laws of the State of New York.

Book-Entry Delivery and Settlement

The Notes were issued in the form of one or more global notes in fully registered form, without coupons, and were deposited with, or on behalf of, a common depositary for, and in respect of interests held through, Euroclear and Clearstream. Except as described herein, certificates will not be issued in exchange for beneficial interests in the global notes.

Exchange of Global Notes for Certificated Notes

Subject to certain conditions, the Notes represented by the global notes are exchangeable for notes in definitive form of like tenor in minimum denominations of €100,000 principal amount and multiples of €1,000 in excess thereof if:

- Clearstream, Euroclear or any successor thereto notifies USB that it is unwilling to act as a clearing system for the Notes;
- USB, at its option, notifies the trustee in writing that it elects to cause the issuance of certificated notes; or
- there has occurred and is continuing an event of default with respect to the Notes.

In all cases, definitive notes delivered in exchange for any global note or beneficial interest therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of the common depositary (in accordance with its customary procedures).

Exhibit 10.4

U.S. BANK

NON-QUALIFIED RETIREMENT PLAN

(effective January 1, 2020)

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U.S. BANK
NON-QUALIFIED RETIREMENT PLAN

ARTICLE I
INTRODUCTION

1.1 History. Effective January 1, 1987, the Star Banc Corporation (formerly First National Cincinnati Corporation) adopted the Star Banc Corporation Non-Qualified Retirement Plan. Effective January 1, 1983, Firstar Corporation (formerly First Wisconsin Corporation) adopted the Firstar Corporation Pension Benefits Equalization Plan. Firstar Corporation also maintained the Firstar Corporation Supplemental Retirement Plan for Key Executives and had liabilities for deferred compensation under certain other plans and arrangements established by entities acquired by Firstar Corporation prior to November 20, 1998.

Effective November 20, 1998, Star Banc Corporation and Firstar Corporation merged through an exchange of shares to form a new Firstar Corporation. On September 20, 1999, Firstar Corporation acquired substantially all of the outstanding shares of capital stock of Mercantile Bancorporation Inc., which maintained the Mercantile Bancorporation Inc. Supplemental Retirement Plan.

Effective January 1, 1984, First Bank System, Inc. established the First Bank System, Inc. Excess Benefit Plan. Effective January 1, 1992, First Bank System, Inc. established the First Bank System, Inc. Nonqualified Supplemental Executive Retirement Plan. In 1997 First Bank System changed its name to U.S. Bancorp and thereafter, the plans, as amended and restated, became known as the U.S. Bancorp Defined Benefit Excess Plan and the U.S. Bancorp Nonqualified Supplemental Executive Retirement Plan, respectively.

Firstar Corporation merged into U.S. Bancorp effective February 27, 2001.

On October 16, 2001, the Board of Directors of U.S. Bancorp ratified and approved actions taken on July 17, 2001 by the Compensation Committee of the Board of Directors freezing certain benefits under the U.S. Bancorp Nonqualified Supplemental Executive Retirement Plan, modifying the Company's various excess benefits to reflect changes in the underlying tax-qualified pension plans, and consolidating the Company's various nonqualified deferred compensation plans into a single combined plan effective January 1, 2002, which, effective as of January 1, 2006 is known as the U.S. Bank Non-Qualified Retirement Plan (the "Plan").

Effective as of the end of the day December 31, 2019, the benefits of "Spinoff Participants" (as that term is defined in the U.S. Bank Pension Plan), were spun off from the U.S. Bank Pension Plan to the U.S. Bank Legacy Pension Plan, such that on and after January 1, 2020 the accrued benefits of the Spinoff Participants became payable under the U.S. Bank Legacy Pension Plan. The accrued benefits of the Spinoff Participants were not affected in any way as a result of the spinoff, except that their payments will be made from the U.S. Bank Legacy Pension Plan on and after January 1, 2020, and any future accruals of a Spinoff Participant following his or her rehire will be under the U.S. Bank Legacy Pension Plan. Accordingly, on and after January 1, 2020, the term "Qualified Plan" means the U.S. Bank Pension Plan or the U.S. Bank Legacy Pension Plan, as the case may be.

1.2 Plan Mergers. This Plan reflects the following plan mergers, effective as of the date specified, except where an earlier or later effective date is specified in this plan document (or an amendment hereto):

(a) effective as of January 1, 1999, the Star Banc Corporation Non-Qualified Retirement Plan merged with the Firstar Corporation Pension Benefits Equalization Plan, the Firstar Corporation Supplemental Retirement Plan for Key Executives and certain other plans and arrangements to form a single, combined plan known as the "Firstar Corporation Non-Qualified Retirement Plan";

(b) effective as of January 1, 2000, the Mercantile Bancorporation Inc. Supplemental Retirement Plan merged into the Firstar Corporation Non-Qualified Retirement Plan; and

(c) effective as of January 1, 2002, the U.S. Bancorp Defined Benefit Excess Plan and the U.S. Bancorp Nonqualified Supplemental Executive Retirement Plan merged into the Firstar Corporation Non-Qualified Retirement Plan which, effective on and after January 1, 2002, became known as the "U.S. Bancorp Non-Qualified Retirement Plan" ("Plan").

1.3 Purpose. The primary purpose of this Plan is to restore retirement benefit payments to those eligible employees whose retirement benefits under the Qualified Plan will be reduced by the limitations imposed by Sections 401(a)(17) and 415 of the Internal Revenue Code of 1986, as amended (the "Code"), and the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or by reason of their election to defer receipt of income that would otherwise have been taken into account for purposes of calculating benefits under the Qualified Plan. The Plan is also intended to provide supplemental retirement benefits to selected executives, and to provide for payment of certain other liabilities for deferred compensation as described in the Appendices hereto.

1.4 Separate Excess Benefit Plan. Notwithstanding anything in this plan document to the contrary, the separable part of this Plan that is maintained solely for the purpose of providing benefits in excess of the limitations on contributions and benefits imposed by Section 415 of the Code to persons who do not qualify as members of "a select group of management or highly compensated employees" (as that phrase is used in ERISA) shall be treated as a separate plan that is an excess benefit plan. Such separate excess benefit plan shall be referred to as the "U.S. Bancorp 415 Excess Benefit Plan".

1.5 Relation to Qualified Plan. This Plan is completely separate from any tax-qualified retirement plan.

1.6 No Effect on Former Employees. Except as may be otherwise required by law or hereinafter specifically provided, this amended and restated plan document shall not affect the rights of or benefits payable to, or with respect to:

(a) any person who was a participant in a plan that merged to form the Firstar Corporation Non-Qualified Retirement Plan, or any predecessor to such a plan, who died or otherwise terminated employment before January 1, 1999;

(b) any person who was a participant in the Mercantile Bancorporation Inc. Supplemental Retirement Plan or any predecessor to that plan, who died or otherwise terminated employment before January 1, 2000; and

(c) any person who was a participant in the U.S. Bancorp Defined Benefit Excess Plan or the U.S. Bancorp Nonqualified Supplemental Executive Retirement Plan, or any predecessor to those plans, who died or otherwise terminated employment before January 1, 2002.

Except as may be otherwise required by law or hereinafter specifically provided, the rights of, and benefits payable to, or with respect to, all such persons shall be governed by the applicable plan documents as in effect at the time of such person's death or other termination of employment. Notwithstanding anything in this Section 1.6 to the contrary, this amended and restated plan document shall affect any Other Benefit payable to or with respect to any person named in Appendix A.

1.7 Section 409A. Effective January 1, 2009, the Plan was amended for section 409A of the Code. However, for certain Participants whose benefit was earned and vested as of December 31, 2004, the intent is that the benefit of these Participants be grandfathered, including:

(a) Participants in pay status as of December 31, 2004;

(b) Participants who had a Separation from Service on or before December 31, 2004, but whose benefit was not in pay status;

(c) Participants in active employment after December 31, 2004, who had a benefit that was earned and vested under one of the Appendices A (except Participants who earned under the Firstar Corporation Non-Qualified Retirement Plan and who earned an additional benefit under the Plan on or after January 1, 2005); and

(d) Participants in active employment after December 31, 2004, who due to participation in a predecessor to this Plan and participation in the U.S. Bancorp Cash Balance Pension Plan, had accrued a benefit as of December 31, 2001.

With respect to Participants in Appendices B-1, B-2, B-3, B-4, B-5, B-6, and Appendix B-11, any benefit earned and vested as of December 31, 2004 is intended to be grandfathered for purposes of section 409A of the Code. Unless an amendment specifically states that the amendment applies to the benefits and rights of Grandfathered Participants described in this Section 1.7 (and more fully described in Sections 2.21 and 2.22), the amendment shall not apply to the Grandfathered Amounts for Grandfathered Participants.

ARTICLE II
DEFINITIONS

As used herein with initial capital letters, the following words and phrases shall have the meanings specified below unless a different meaning is clearly required by the context:

2.1 Actuarially Equal — equal value determined as follows:

(a) **Lump Sum Payment of Excess Benefits (Optional or Small Amounts)**. For purposes of calculating the single lump sum cash payment that is Actuarially Equal to a Participant's Excess Benefit under Article IV:

(i) any portion of the Participant's Excess Benefit that is attributable to a "Cash Balance Benefit" or a "Mercantile Benefit" (as those terms are defined in the Qualified Plan) shall be converted from its normal form to its single lump sum value in the same manner as the applicable "Cash Balance Benefit" or "Mercantile Benefit" would be so converted; and

(ii) the remainder of the Participant's Excess Benefit shall be converted from its normal form to its single lump sum value using the interest and mortality assumptions for the calculation of pension liabilities in the Company's audited financial statements that were last adopted by the Committee prior to the date on which the single lump sum cash payment calculation under this Plan is performed, subject, however, to any applicable conditions and limitations that may be established by the Committee.

(b) **Excess Benefits Paid in Forms That Are Available for the Participant's Entire Qualified Plan Benefit**. For purposes of calculating the amount of payments in any optional payment form permitted under Section 4.3, other than a single lump sum, that is available for payment of a Participant's entire Qualified Plan benefit, the Excess Benefit shall be converted from its normal form to the optional form elected by the Participant using the same interest and mortality assumptions as would be used under the Qualified Plan to perform the same conversion.

(c) **Excess Benefits Paid in Forms That Are Not Available for the Participant's Entire Qualified Plan Benefit**. For purposes of calculating the amount of payments in any optional payment form permitted under Section 4.3, other than a single lump sum, that is not available for payment of a Participant's entire Qualified Plan benefit, the Participant's entire Excess Benefit shall be converted from its normal form to the optional form elected by the Participant using the same interest and mortality assumptions as would be used by the Qualified Plan to perform the same conversion with respect to the portion of the Qualified Plan benefit that could be paid in the same form as the form in which the Excess Benefit will be paid.

(d) **Supplemental and Death Benefits**. Unless otherwise provided in the applicable Appendix B, for purposes of calculating the amount of any Supplemental Benefit or Death Benefit:

(i) any conversion to a single lump sum cash payment of equal value, other than a conversion that uses the assumptions described in item (iv) below, shall be calculated using the interest and mortality assumptions for the calculation of pension liabilities in the Company's audited financial statements that were last adopted by the Committee prior to the date on which the single lump sum cash payment calculation under this Plan is performed, subject, however, to any applicable conditions and limitations that may be established by the Committee;

(ii) any conversion from the normal form of payment to an optional annuity form other than an estate protection annuity form shall be calculated using the applicable factors (the "Firstar Factors") set forth in Appendix A of the Firstar Employees' Pension Plan (as amended and restated effective as of January 1, 1999), and any conversion from the normal form of payment to an optional estate protection annuity form shall be calculated by first using the Firstar Factors to determine the applicable annuity without estate protection, and by then applying the applicable estate protection factor described in Section 2 of Appendix C of the Qualified Plan;

(iii) any conversion of an "offsetting benefit" required by Section 6.2.2(b), 6.2.3(b), or 6.2.4(b) shall be calculated using an interest rate per annum of 8% and the UP-1984 Table of Mortality set back two years unless the Plan Administrator, in its discretion, concludes that it has complete and accurate information regarding the actuarial equivalent factors that would be applied for a similar conversion by the plan providing the "offsetting benefit", in which case such applicable factors shall be used; and

(iv) for purposes of calculating (1) the present value of the applicable benefit at the time of the Participant's death (but not the present value of any survivor annuity payable to the Participant's surviving spouse, which shall be calculated using the assumptions described in item (i) above) under Section 8.1.2, (2) any single lump sum payment due under an estate protection annuity form of payment, and (3) for any other conversion not described in items (i) through (iii) above, an interest rate per annum of 8% and the UP-1984 Table of Mortality, set back two years.

2.2 Beneficiary — a person, persons, trust or estate designated by a Participant (or automatically by operation of law or this plan statement) to receive a benefit payable under this Plan upon the death of the Participant. A person, trust or estate so designated shall not be considered a Beneficiary until the death of the Participant.

2.3 Benefits Administration Committee and BAC — the Benefits Administration Committee of the Company (and its successor).

2.4 Board of Directors — the Board of Directors of the Company.

2.5 Chief Executive Officer — the Chief Executive Officer of the Company.

2.6 Code — the Internal Revenue Code of 1986, as amended.

2.7 Company — from the Effective Date through February 26, 2001, Firstar Corporation; on and after February 27, 2001, U.S. Bancorp.

2.8 Committee — the Compensation Committee of the Board of Directors of the Company.

2.9 Death Benefit — any benefit paid to a Beneficiary upon the death of a Participant as provided under the terms of Article VIII of this Plan.

2.10 Disability or Disabled —, a Participant will be considered disabled if the Participant (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Participant's employer; provided, however, that, with respect to the payment of Grandfathered Amounts to Grandfathered Participants, a physical or mental condition arising after the Effective Date which prevents the Participant from performing the responsibilities of his or her position, as determined by the Committee.

2.11 Disability Benefit — a benefit payable under Article VII of this Plan to a Disabled Participant.

2.12 Disability Commencement Date — the first day of the month following the date the BAC determines a Participant is Disabled; provided, however, that, with respect to the payment of Grandfathered Amounts to Grandfathered Participants, except as otherwise determined by the Committee, the first day of the month coincident with or immediately following the date a Disabled Participant becomes eligible to receive long-term disability income loss benefits under a plan of the Employer providing such benefits.

2.13 Disabled Participant — a Participant who is Disabled and who is eligible for Supplemental Retirement Benefits under Article VI of this Plan.

2.14 Domestic Partner — a person who has an ongoing and committed spouse-like relationship with a Participant, but only if the Participant certifies in writing to the Company prior to the Participant's death that the Participant has a Domestic Partner. The Company may establish a form or rules for such certifications. Unless otherwise permitted by the BAC, an electronic communication (such as e-mail) will not satisfy this writing requirement; provided, however that this section 2.14 shall not apply with respect to payment of Grandfathered Amounts.

2.15 Early Retirement Date — the first day of the month after the day the Participant terminates employment with the Employer after attaining age 55 and completing at least five (5) years of Service; provided that, with respect to Supplemental and Other Benefits, a different Early Retirement Date may be prescribed in the relevant Appendix.

2.16 Effective Date — the date as of which the plans identified in Section 1.2(a) combined to form the Firstar Corporation Non-Qualified Retirement Plan, i.e., January 1, 1999.

2.17 Employee — a person who is employed by the Employer.

2.18 Employer — the Company, its successors and assigns, any of its subsidiary or affiliated organizations authorized to participate in the Qualified Plan with respect to their Employees, and any organization or person into which the Employer may be merged or consolidated or to which all or substantially all of its assets may be transferred which is required to assume the obligations of the Employer under Section 13.6 hereof. In addition to the foregoing entities, the Committee may, to the extent it deems necessary or appropriate to provide benefits under this Plan other than Excess Benefits, designate any other subsidiary or affiliate of the Company as included in the term "Employer."

2.19 Excess Benefit — a benefit payable to a Participant under Article IV of this Plan.

2.20 Final Average Monthly Earnings or FAE — the average of a Participant's Monthly Earnings for the five consecutive calendar years of service with the Employer during which the Participant's Monthly Earnings were the highest. For purposes of any Supplemental Benefit provided under Article VI, Final Average Monthly Earnings shall be subject to any modifications set forth in the applicable Appendix B. Final Average Monthly Earnings as used in this Plan is used to determine benefits under Article VI (Supplemental Retirement Benefits) and Article VII (Disability Benefits), but not for purposes of determining benefits under Article IV (Excess Retirement Benefits).

2.21 Grandfathered Amounts — Deferred compensation amounts for Grandfathered Participants that were earned and vested as of December 31, 2004 (and subsequent earnings adjustments to the extent permitted under section 409A of the Code). With respect to excess benefits earned under ARTICLE IV of this plan, benefits earned on and after January 1, 2002 are generally not intended to be grandfathered (except that the benefits earned and vested for Participants in Appendices B-1, B-2, B-3, B-4, B-5, B-6, and Appendix B-11 prior to January 1, 2005 shall be Grandfathered Amounts, and the benefits earned and vested for Participants who did not earn additional benefits on and after January 1, 2005).

2.22 Grandfathered Participants — Participants whose benefits are Grandfathered Amounts include the following categories:

(a) Participants in pay status as of December 31, 2004;

(b) Participants who had a Separation from Service on or before December 31, 2004, but whose benefit was not in pay status;

(c) Participants in active employment after December 31, 2004, who had a benefit that was earned and vested under one of the Appendices A (except Participants who earned under the Firstar Corporation Non-Qualified Retirement Plan and who earned an additional benefit under the Plan on or after January 1, 2005); and

(d) Participants in active employment after December 31, 2004, who due to participation in a predecessor to this Plan and participation in the U.S. Bancorp Cash Balance Pension Plan, had accrued a benefit as of December 31, 2001. (Except as provided in the final paragraph of this Section, to the extent that one of these Participants accrues a benefit after December 31, 2001, the benefit accrued after that date shall not be a Grandfathered Amount.)

For Participants actively employed after December 31, 2004, a Participant may be a Grandfathered Participant with respect to a portion of the Participant's benefit (the Grandfathered Amount) and not a Grandfathered Participant with respect to a portion of the participant's benefit (the non-Grandfathered Amount). Participants hired on and after January 1, 2005 who did not have a benefit under the Plan are not Grandfathered Participants.

With respect to Participants in Appendices B-1, B-2, B-3, B-4, B-5, B-6, and Appendix B-11, any benefit earned and vested as of December 31, 2004 is intended to be grandfathered. Unless an amendment specifically states that the amendment applies to the benefits and rights of Grandfathered Participants, the amendment shall not apply to the Grandfathered Amounts for Grandfathered Participants.

2.23 Monthly Earnings — one-twelfth of the Participant's annual base pay for employment with the Employer during any calendar year commencing after 1985, modified as follows:

(a) **Included Items**. In determining a Participant's Monthly Earnings there shall be included: (i) vacation and holiday pay, (ii) short-term disability pay, (iii) elective contributions made by the Employer on behalf of the Participant that are no includible in gross income under sections 125, 132(f), 402(e)(3), 402(h), 403(b), 414(h)(2) and 457 of the Code, including elective contributions authorized by the Participant under a cafeteria plan, a qualified transportation fringe benefit, or any qualified cash or deferred arrangement under section 401(k) of the Code; (iv) amounts earned during the calendar year that are deferred under a nonqualified deferred compensation arrangement (regardless of when paid), (v) amounts earned for the calendar year under an executive annual incentive plan (regardless of when paid), and (vi) the portion of any retention bonus attributable to the calendar year, determined by prorating the bonus over the period for which it is earned.

(b) **Excluded Items**. In determining a Participant's Monthly Earnings, the following shall be excluded: (i) expense reimbursements, car allowances and other similar payments, including foreign service allowances, station allowances, foreign tax equalization payments and other similar payments, (ii) welfare and fringe benefits (cash and noncash), including tuition reimbursements, payments under an adoption assistance program, disability payments (but not continued payment of a Participant's normal compensation under the Employer's policy regarding short-term absences for medical reasons), payments for vacation or sick leave accrued but not taken, financial planning assistance and final payments on account of termination of employment (*e.g.*, severance payments), (iii) all noncash remuneration including income imputed from below-market loans and from insurance coverages and premiums, (iv) employee discounts and other similar

amounts, (v) moving expenses (and any tax or "gross-up" payments on account of moving expense reimbursements or payments), (vi) nonqualified deferred compensation (when received), (vii) the value of all stock options and stock appreciation rights (whether or not exercised), restricted stock, and other similar amounts, (viii) change in control payments, (ix) commissions, and (x) bonus payments other than those classified by the Company as and attributable to an executive annual incentive plan.

(c) **Code Limitations Not Applicable**. Monthly Earnings shall be determined without regard to any limitation imposed by the Code.

2.24 Non-Grandfathered Benefit – a benefit that is not a Grandfathered Amount.

2.25 Normal Retirement Date — the first day of the month coincident with or immediately following the Participant's sixty-fifth (65th) birthday.

2.26 Other Benefit — a benefit payable under Article V of this Plan to a Participant who is identified in Appendix A as a person who is entitled to an Other Benefit.

2.27 Participant — any Employee of the Employer who becomes eligible to receive a benefit under this Plan as provided in Article III hereof. A person who becomes a Participant shall remain a Participant until he or she dies, ceases to be eligible for a benefit under this Plan, is paid the entire benefit to which he or she is entitled, or is removed from the Plan as provided in Section 3.3, whichever happens first.

2.28 Plan — this nonqualified deferred compensation plan which from January 1, 1999 through December 31, 2001 shall be referred to as the "Firstar Corporation Non-Qualified Retirement Plan"; which after December 31, 2001 shall be referred to as the "U.S. Bancorp Non-Qualified Retirement Plan"; and which effective January 1, 2006, shall be known as the "U.S. BANK NON-QUALIFIED RETIREMENT PLAN". Other references to the plan name (except those in Section 1) shall also be changed to reflect the change in the name.

2.29 Plan Administrator — the Benefits Administration Committee.

2.30 Qualified Plan — for the period commencing on January 1, 1999 and ending on December 31, 2001, inclusive, the Firstar Employees' Pension Plan, as amended; on and after January 1, 2002, but only with respect to Participants who are employed by the Employer on or after January 1, 2002, the U.S. Bank Pension Plan; on and after January 1, 2020 either the U.S. Bank Pension Plan or the U.S. Bank Legacy Pension Plan, as the case may be.

2.31 Retired Participant — any Participant in the Plan whose employment with the Employer has terminated and who is eligible to receive or is then receiving Excess Benefits, Supplemental Benefits or Other Benefits.

2.32 Separation from Service — a Participant's separation from service as defined under section 409A of the Code; provided, however, that this Section 2.32 shall not apply to the payment of Grandfathered Amounts to Grandfathered Participant, with respect to which the Plan's provisions in effect immediately before the effective date of the 10th Amendment shall continue

to apply. For purposes of a Separation from Service, an affiliate shall mean a business entity which is not the Company but which is part of a "controlled group" or under "common control" with the Company, as those terms are defined in section 414(b) and (c) of the Code as required to be aggregated with the Company under section 409A based on eighty percent (80%) or greater control. To the extent a benefit is not a Grandfathered Amount, if the benefit is subject to section 409A of the Code and the benefit is payable upon a termination of employment, "termination" or "termination of employment" shall mean Separation from Service.

2.33 Service — the Participant's "Vesting Service" determined as provided under the Qualified Plan. The Committee, in its sole discretion, may credit any or all of a Participant's prior service with another employer toward Service under this Plan.

2.34 Specified Employee — with respect to payment of Non-Grandfathered Amounts, a Participant who is a specified employee for purposes of section 409A of the Code as defined in the separate document entitled "U.S. Bank Specified Employee Determination."

2.35 Supplemental Benefit — a benefit payable under Article VI of this Plan to a Participant who has been specifically designated by the Committee to receive a Supplemental Benefit. The special terms and conditions of the Supplemental Benefit payable to each Participant who has been designated to receive a Supplemental Benefit shall be set forth in the applicable Appendix B.

2.36 Transition Rules.

(a) **Restricted Stock**. Notwithstanding any provision in the Plan (including any plan incorporated by reference into the Plan) or in any other nonqualified retirement plan maintained by the Employer to the contrary, the compensation used to determine an Other Benefit shall not include restricted stock (i) that is granted to an individual on or after October 1, 2003, or (ii) that was previously granted to an individual in which the individual becomes fully vested on or after October 1, 2003.

ARTICLE III
PARTICIPATION IN THE PLAN

3.1 Eligibility.

(a) **Excess Benefit**. Eligibility for Excess Benefits under Article IV shall be determined as follows:

(1) **Prior to 2002**. For the period commencing January 1, 1999 and ending December 31, 2001 any participant in the Qualified Plan in salary grade 50 or above (or the corresponding pay grade of any revised salary administration program) shall be eligible for Excess Benefits if the benefits to which such Employee is entitled from the Qualified Plan are less than they would have been if (a) the limitations imposed by Code Section 401(a)(17) and/or 415 did not apply, or (b) the Employee had not elected to defer receipt of a portion of his pay under a deferred compensation plan or program of the Employer. The Committee may extend eligibility for Excess Benefits to other Employees on an individual basis.

(2) **After 2001**. After December 31, 2001, a person shall be eligible for Excess Benefits if such person (i) is a participant in the Qualified Plan, (ii) would be entitled to a benefit greater than zero if Article IV applied, and (iii) is a member of a select group of management or highly compensated employees as that expression is used in ERISA. A person who satisfies (i) and (ii) of the preceding sentence, but fails requirement (iii), shall be eligible only for Excess Benefits based solely on the limitations imposed by Section 415 of the Code and only from the separable part of this Plan referred to as the U.S. Bancorp 415 Excess Benefit Plan.

(3) **Former Employees**. Notwithstanding anything in (1) or (2) above to the contrary, no former employee described in Section 1.6 of this Plan shall be entitled to any Excess Benefit under this Plan. (This does not preclude such a former employee from receiving an Other Benefit to which the former employee may be entitled under the terms of Article V and Appendix A, even if that Other Benefit is substantially similar to Excess Benefits that would have been provided under Article IV.)

(b) **Supplemental Benefits**. Eligibility for Supplemental Benefits under Article VI shall be determined by the Committee in its sole discretion. The Committee shall also determine, in its sole discretion, the amount of any Participant's Supplemental Benefit or the formula by which the Participant's Supplemental Benefit shall be determined. Such amount or formula, and any other special terms and conditions applicable to a Participant in the Supplemental Benefits portion of the Plan shall be set forth in the applicable Appendix B to this Plan.

(c) **Other Benefits**. Article V lists and describes certain other plans, contracts or arrangements that have been incorporated into this Plan that provide deferred

compensation to specified Participants. Eligibility and benefits under those plans, contracts and arrangements are determined in accordance with the documents that governed them prior to their incorporation into this Plan, subject to any modifications set forth in the applicable Appendix A.

(d) **Disability and Death Benefits**. Only persons who are eligible to receive Supplemental Benefits shall be eligible for the Disability Benefits under Article VII of this Plan. Only the Beneficiaries of Participants who are Participants in either the Supplemental Benefits or the Excess Benefits portion of this Plan shall be entitled to Death Benefits under Article VIII of this Plan.

(e) **U.S. Bancorp 415 Excess Benefit Plan**. Participants in the separable part of this Plan referred to as the U.S. Bancorp 415 Excess Benefit Plan are those Participants in this Plan whose Excess Benefits, as determined under Section 4.1, derive solely from the limitations in the Qualified Plan imposed under Section 415 of the Code (i.e., such Participants' Excess Benefits are determined under Section 4.1 without the application of Sections 4.1(a)(2), (3) and (4)).

3.2 Specific Exclusions. Notwithstanding anything apparently to the contrary in this Plan or in any written communication, summary, resolution or document or oral communication, no individual shall be a Participant in this Plan, develop benefits under this Plan or be entitled to receive benefits under this Plan (either for the individual or the individual's survivors) other than benefits under the separable part of this Plan known as the U.S. Bancorp 415 Excess Benefit Plan, unless such individual is a member of a select group of management or highly compensated employees (as that expression is used in ERISA). If a court of competent jurisdiction, any representative of the U.S. Department of Labor or any other governmental, regulatory or similar body makes any direct or indirect, formal or informal, determination that an individual is not a member of a select group of management or highly compensated employees (as that expression is used in ERISA), such individual shall not be (and shall not have ever been) a Participant in this Plan (other than the U.S. Bancorp 415 Excess Benefit Plan portion of this Plan) at any time. If any person not so defined has been erroneously treated as a Participant in this Plan, upon discovery of such error such person's erroneous participation shall immediately terminate ab initio and upon demand such person shall be obligated to reimburse the Employer for all amounts erroneously paid to him or her. Further, if and to the extent any court of competent jurisdiction or representative of the U.S. Department of Labor or any other governmental, regulatory or similar body makes any direct or indirect, formal or informal, determination that the U.S. Bancorp 415 Excess Benefit Plan is not an excess benefit plan, as defined in Section 3(36) of ERISA, then Participants in such Plan who are not members of a select group of management or highly compensated employees (as that expression is used in ERISA) shall not be (and shall not have ever been) Participants in that portion of this Plan at any time. If any such person participating in the U.S. Bancorp 415 Excess Benefit Plan has been erroneously treated as a Participant in this Plan, upon discovery of such error such person's erroneous participation shall immediately terminate ab initio and upon demand such person shall be obligated to reimburse the Employer for all amounts erroneously paid to him or her.

3.3 Forfeiture.

(a) **Due to Competition**. To the greatest extent permissible under applicable law, the Committee retains the right to remove a Participant, a Retired Participant, or a Disabled Participant from participation in the Plan, with the consequences described in subsection (b) below, if at any time prior to the third anniversary of the date on which the person's employment with the Employer last terminated such person (i) engages in any manner in any business which is competitive with the Employer; or (ii) becomes financially interested in any such competitive business or service, directly or indirectly, as an individual, partner, shareholder, director, officer, principal, agent, employee, consultant or in any other relationship or capacity; provided that the purchase of a publicly traded security in such business or service shall not in itself be cause for removing a Participant, a Retired Participant, or a Disabled Participant from participation in the Plan.

(b) **Effect of Removal**. In the event a person is removed from the Plan pursuant to Section 3.3(a) above, the Employer shall thereafter have no liability to the person or to the person's Beneficiary for benefits under this Plan, other than (i) Excess Benefits and (ii) any Other Benefits which by their terms cannot be subject to forfeiture.

ARTICLE IV
EXCESS RETIREMENT BENEFITS

4.1 Calculation of Excess Benefit. A Participant's Excess Benefit shall be the excess of:

(a) The benefit that would have been payable to the Participant under the Qualified Plan, commencing on the date as of which Excess Benefits are to commence under this Plan, if such Qualified Plan benefit were paid in the same form as the Excess Benefit and were determined:

(1) without regard to the benefit limitations under Section 415 of the Code;

(2) without regard to the compensation limitation of section 401(a)(17) of the Code;

(3) taking into account compensation voluntarily deferred under a nonqualified deferred compensation plan maintained by the Employer;

(4) excluding any bonuses paid by CENPOS, LLC and First Payment Systems, LLC on or after January 1, 2019;

(5) taking into account any actual or deemed service or compensation, or any other modification of the Participant's benefits under this Plan that is explicitly required by any employment, severance or other agreement applicable to the Participant, or by any severance or other plan or program applicable to the Participant; and

(6) taking into account amounts actually paid under the Ascent Private Capital Management Incentive Plan, the CDC Business Development Plan (both Addendums A & B), and amounts paid by the Corporate and Commercial Banking Fixed Income and Capital Markets in the year the Participant has a termination of employment even if such compensation may not be considered in determining benefits under the U.S. Bank Pension Plan, over

(b) the benefit that would have been payable to the Participant commencing on the same date and in the same form from the Qualified Plan.

The Excess Benefit described in this Section 4.1 shall be calculated as if the Participant had not received any previous distributions from the Qualified Plan and as if the Qualified Plan permitted distribution of the Participant's entire Qualified Plan benefit to commence on the date as of which Excess Benefits are to commence. If distribution of the Excess Benefit is to commence in the form of an annuity prior to the date on which a portion of the Participant's Qualified Plan benefit would first become payable under the Qualified Plan, and as a result the Qualified Plan does not provide an early reduction factor for payment of that portion of the Qualified Plan benefit at that time, the benefit payable at the earliest date as of which that portion would first become payable under the Qualified Plan will be further reduced to an amount payable on the date as of which payment of the Excess Benefit will commence using the general interest and mortality assumptions under the Qualified Plan. (If distribution of the Excess Benefit is to be made in the form of a single lump sum cash payment, the benefit shall be calculated using the factors described in Section 2.1(a) of this Plan.)

Notwithstanding the foregoing, if a Participant is receiving benefits under the Company's or an Employer's long-term disability plan, the Participant shall cease accruing an Excess Benefit under this Plan (even if the Participant continues to accrue a benefit under the Qualified Plan) on the earlier of the following:

(i) the first day of the month the Participant's benefit under this Plan is distributed to the Participant, or

(ii) the later of (i) the Participant's attainment of age 62, or (ii) the Participant's Separation from Service, or

(iii) twenty-four months after the Participant starts to receive benefits under the Company's or the Employer's long-term disability (assuming that the Participant satisfies the eligibility requirements under the Qualified Plan for continued benefit accruals while on long-term disability).

In the context of a Participant who is determined to be Disabled, a Participant's Separation from Service is the date the Participant is terminated from regular employment on the Employer's payroll and personnel records (subject to section 409A of the Code). Therefore, in order to comply with section 409A of the Code, in the context of a Participant who is determined to be Disabled, a Participant who is on a leave of absence and receiving benefits under the Company's or an Employer's long-term disability plan, the Participant shall be deemed to have a Separation From Service in no event later than the earlier of (1) the date the Participant is terminated from employment on the Employer's payroll and personal records and (2) the date that is 29 months from the date the Participant is first absent from employment due to such disability.

4.2 Normal Form of Benefit – When Payable. The normal form of payment for Excess Benefits payable to a Participant who is not married on the date as of which Excess Benefits commence will be a level annuity payable monthly to and for the lifetime of the Participant. The normal form of payment for Excess Benefits payable to a Participant who is married on the date as of which Excess Benefits commence will be a 50% joint and survivor annuity with the Participant's spouse on the commencement date as the joint annuitant. For payment of Grandfathered Amounts to Grandfathered Participants, the first payment to the Participant shall be due within thirty days after the earliest date on which the Participant could begin receiving any benefits under the Qualified Plan on account of retirement or other termination of employment; for non-Grandfathered Amounts paid to Participants, the first payment to the Participant shall be due on the later of the first day of the month after (i) the Participant's attainment of age 62, or (ii) the Participant's Separation from Service. The last payment to the Participant shall be due on the first day of the calendar month in which the Participant's death occurs. The first payment to a Participant's spouse as joint annuitant shall be due on the first day of the calendar month next following the calendar month in which the Participant's death occurs. The last payment to the Participant's spouse as joint annuitant shall be due on the first day of the calendar month in which the spouse's death occurs. Except for the limited purpose of determining the date when benefit payments under this Plan normally commence for Grandfathered Participants, the rules governing

the payment of benefits under the Qualified Plan, and any elections and optional forms of payment in effect under the Qualified Plan, shall be given no effect under this Plan in determining the time or form in which Excess Benefits are paid. Notwithstanding the foregoing, the first payment to a Participant who is an employee of the Employer who becomes an employee of Piper Jaffray Companies or its subsidiaries at the time of, and in connection with, the spin-off of U.S. Bancorp Piper Jaffray Inc., pursuant to the Separation and Distribution Agreement between U. S. Bancorp and Piper Jaffray Companies, shall in no event be due prior to 30 days after such Participant ceases to be an employee of Piper Jaffray Companies or its subsidiaries (unless such Participant is entitled to a benefit based on Disability, in which case this sentence shall not apply).

4.3 Optional Payment Forms.

4.3.1. Non-Grandfathered Amounts. For non-Grandfathered Amounts, in lieu of payment in the normal form described in Section 4.2 above, a Participant may elect to receive his or her Excess Benefit in any of the following forms:

(a) single life annuity;

(b) single life annuity with 5, 10, 15, or 20 year period certain;

(c) 50%, 75%, or 100% joint and survivor annuity;

(d) Estate Protection Survivor Annuity (as described in Section 6.1(d) of the Qualified Plan);

(e) Estate Protection Single Life Annuity (as described in Section 6.1(e) of the Qualified Plan); or

(f) single lump sum cash payment.

Payment in any of the foregoing forms shall be in an amount that is Actuarially Equal to the Excess Benefit payable in the applicable normal form described in Section 4.2.

In cases where a Participant desires to change the Participant's form of payment, (i) if a Participant's form of payment prior to electing one of the optional forms of payment listed above is an annuity, (ii) the Participant elects an annuity optional form of payment (options (a), (b), (c), (d), and (e)) before the date of the first annuity payment, and (iii) the election is actuarially equivalent applying reasonable actuarial methods and assumptions, then the Participant's benefit shall commence on the same date the benefit would have been paid but for the election of the optional form. In all other cases, if a Participant elects one of these optional payment forms, the election (i) shall not take effect until the date that is twelve (12) months after the date on which the Participant makes the election, (ii) shall delay the distribution to a date that is at least five (5) years after the date the distribution would have been made to the Participant absent the election, and (iii) in the case of a distribution as of a specified time (but not upon a Participant's Separation from Service, Disability, or death), the election shall not take effect unless the Participant makes the election at least twelve (12) months prior to the date the distribution is to commence.

In cases where a Participant desires to change the Participant's time when payment commences, the Participant may pick a later date or the later of a date or Separation from Service subject to rules established by the Committee provided the election (i) shall not take effect until the date that is twelve (12) months after the date on which the Participant makes the election, (ii) shall delay the distribution to a date that is at least five (5) years after the date the distribution would have been made to the Participant absent the election, and (iii) in the case of a distribution as of a specified time (but not upon a Participant's Separation from Service, Disability, or death), the election shall not take effect unless the Participant makes the election at least twelve (12) months prior to the date the distribution is to commence.

The Committee may impose limits on the number of elections a Participant may make with respect to changing the form and time of payment. An election form that does not satisfy the advance filing requirements shall be void and shall be disregarded. In all cases an election form shall not be considered filed until the completed form is actually received by the Committee or its designated agent.

Notwithstanding the foregoing, a Participant who has a non-grandfathered supplemental benefit under the Plan who cannot elect a single lump sum for the supplemental benefit and has not commenced payment shall not be able to elect a single lump sum payment for the excess benefit.

4.3.2. Grandfathered Amounts. For Grandfathered Amounts, in lieu of payment in the normal form described in Section 4.2 above, a Participant may elect to receive his or her Excess Benefit in any of the following forms:

(a) single life annuity;

(b) single life annuity with 5, 10, 15, or 20 year period certain;

(c) 50%, 75%, or 100% joint and survivor annuity;

(d) Estate Protection Survivor Annuity (as described in Section 6.1(d) of the Qualified Plan as of December 31, 2004); or;

(e) Estate Protection Survivor Annuity (as described in Section 6.1(e) of the Qualified Plan as of December 31, 2004).

Payment in any of the foregoing forms shall be in an amount that is Actuarially Equal to the Excess Benefit payable in the applicable normal form described in Section 4.2.

In addition to the foregoing forms, a Participant may also elect to receive his or her Excess Benefit in the form of a single lump sum cash payment; provided, however, that the single lump sum cash payment option shall not be available for distributions to any Participant whose termination of employment occurs prior to 2003 and whose Qualified Plan benefit prior to 2002 did not offer the option to receive payment of the entire Qualified Plan benefit in a single lump sum cash payment without regard to the amount payable. Payment in the form of a single lump sum cash payment shall be in an amount that is Actuarially Equal to the Excess Benefit payable in the applicable normal form described in Section 4.2; provided, however, that such Excess Benefit shall be calculated using the benefits that would have been payable to the Participant commencing on the

Participant's Normal Retirement Date (or at the time of the Participant's actual termination of employment, if later), rather than using the benefits that would have been payable to the Participant commencing on the date as of which Excess Benefits are to commence under this Plan.

An election of an optional payment form permitted under this Section 4.3 must be made by the Participant in writing on an election form approved by the Committee and filed with the Committee or its designated agent for this purpose not less than twelve (12) full months prior to the Participant's termination of employment. A Participant may change his or her election at any time by filing another election form; provided, however, that any election form that does not satisfy the advance filing requirements of the preceding sentence shall be void and shall be disregarded. An election form shall not be considered filed until the completed form is actually received by the Committee or its designated agent.

If a Participant was married at the time that the last optional payment election form was filed by such Participant at least twelve (12) full months prior to the Participant's termination of employment and either (a) the Participant is married to a different spouse on the date the Participant's benefit commences, or (b) if the spouse was named as a joint annuitant on such last optional payment election form and the spouse dies before the date the Participant's benefit commences, then (in either case) the Participant's optional payment election shall be void and have no effect, and the Participant's benefit shall be paid in the applicable normal form described in Section 4.2.

If a Participant elects an optional payment election form that requires the designation of a joint annuitant and such joint annuitant dies prior to the date the Participant's benefit commences, the Participant's optional payment election shall be void and the Participant's benefit shall be paid in the applicable normal form described in Section 4.2.

Payment in any optional form pursuant to this Section 4.3 shall commence at the same time as the Participant's benefit would have commenced if it had been paid in the normal form of payment unless the Participant specifies a later date in his or her last effective optional payment election form.

4.4 Domestic Partner Annuity Rules. This Section 4.4 applies only to the payment of Non-Grandfathered Amounts.

4.4.1. Domestic Partner. In addition to the preceding rules, the survivor benefit payable under Section 4.3.1(c) (50%, 75%, or 100% joint and survivor annuity) to the Participant's Domestic Partner shall consist of the monthly survivor annuity described in Section 4.4.2 below and a single lump sum payment equal to the excess of the Actuarially Equal present value of the portion of the Participant's Excess Benefit at the time of the Participant's death that the Domestic Partner was designated to receive over the Actuarially Equal present value at the time of the Participant's death of the monthly survivor annuity described in Section 4.4.2, all determined in accordance with Appendix C of the Qualified Plan; provided, however, that if the portion of the Participant's Excess Benefit at the time of the Participant's death that is payable to the Participant's Domestic Partner is less than the value of the monthly survivor annuity described in Section 4.4.2 below, then the Domestic Partner shall be paid only a pro rata portion of such monthly survivor annuity and no lump sum payment.

The first payment of a Domestic Partner's monthly survivor annuity described in Section 4.4.2 below shall be due on the later of the first day of the month after (i) the Participant's attainment of age 62, or (ii) the Participant's Separation from Service. The last payment of this survivor annuity shall be due to the Domestic Partner on the first day of the calendar month in which the Domestic Partner dies. No election, rescission or other action taken by the Participant shall be effective to modify the survivor annuity hereinbefore described.

4.4.2. Domestic Partner's Annuity. The amount of monthly survivor annuity payable to the Participant's Domestic Partner shall be:

(a) if the Participant dies before the Participant's termination of employment, the amount which the Domestic Partner would have received if the Participant:

(1) had a termination of employment on the date of the Participant's death (for reasons other than the Participant's death),

(2) had lived and elected to commence receipt of the Participant's normal form of benefit in a 50% joint and survivor annuity form on the date the Domestic Partner elects to commence the monthly survivor annuity,

(3) had lived until the annuity starting date, and

(4) had died immediately after payments commenced, or

(b) if the Participant dies after the Participant's termination of employment, the amount which the Domestic Partner would have received if the Participant:

(1) had lived and elected to commence receipt of the Participant's normal form of benefit in a 50% joint and survivor annuity form on the date the Domestic Partner elects to commence the monthly survivor annuity,

(2) had lived until the annuity starting date, and

(3) had died immediately after payments commenced,

4.5 Small Amounts.

4.5.1 Non-Grandfathered Benefit with Value Equal to or Less Than the Applicable Dollar Amount Under Section 402(g)(1)(B). On and after a Participant's Separation from Service, all of the Participant's Non-Grandfathered Benefit (if any) under a plan (as defined in Section 1.409A-1(c)(2) of the Treasury Regulations, including, for the avoidance of doubt, any portion of this Plan that is considered a separation plan) may be paid in a single lump sum payment as soon as administratively feasible following the date that it, along with the Participant's interest in all other agreements, methods, programs, and arrangements that are treated as a single deferred compensation plan under Section 1.409A-1(c)(2) of the Treasury Regulations, is less than the applicable dollar limit under section 402(g)(1)(B) of the Code (as adjusted from time to time).

4.5.2 Grandfathered Amount with Value Equal to or Less Than the Applicable Dollar Amount Under Section 402(g)(1)(B) (where Participant does not have a Non-Grandfathered Benefit). On and after a Participant's Separation from Service, the following small amount cash out rules shall apply to the Participant's Grandfathered Amount (if any) under the Plan. If the Actuarially Equal single lump value of a Participant's Grandfathered Amount and grandfathered benefits under all of the Company's deferred compensation plans (within the meaning of section 409A of the Code and applicable guidance thereunder) is not greater than the applicable dollar limit under section 402(g)(1)(B) of the Code (as adjusted from time to time), the Participant's Grandfathered Amount and grandfathered benefits under all of the Company's deferred compensation plans (within the meaning of section 409A of the Code) may be paid in a single lump sum payment as soon as administratively feasible following the date it is less than that amount.

4.5.3. Non-Grandfathered Benefit and Grandfathered Amount. On and after a Participant's Separation from Service, if a Participant has a Non-Grandfathered Benefit (either non-account benefit, non-elective account benefit, or both) and a Grandfathered Amount, the determination of whether an amount may be cashed out shall be independently made with respect to (i) the non-Grandfathered, non-account balance benefit, (ii) the non-Grandfathered, non- elective account balance benefit, and (iii) the Grandfathered Amount as to whether the value of any one of them is not greater than the applicable dollar limit under section 402(g)(1)(B) of the Code (as adjusted from time to time). If so, then the rules under Section 4.5.1 and Section 4.52 (as applicable) shall apply.

Notwithstanding any other provision of this Article IV, if on the date of a Participant's Separation from Service the Actuarially Equal single lump value of a Participant's Excess Benefit and benefits under all of the Company's non-account balance deferred compensation plans (within the meaning of section 409A of the Code and applicable guidance thereunder) is not greater than the applicable dollar limit under section 402(g)(1)(B) of the Code (as adjusted from time to time), the Participant's Excess Benefit and benefits under all of the Company's non-account balance deferred compensation plans (within the meaning of section 409A of the Code) may be paid in a single lump sum payment as soon as administratively feasible after the Participant's Separation from Service.

4.6 Accelerated Distributions. The provisions in Sections 4.6(a) and 4.6(b) below shall apply only with respect to Grandfathered Amounts of Grandfathered Participants.

(a) **Following Termination of Employment**. Subject to the penalties under Section 4.6(b) below, at any time following the Participant's termination of employment, the Participant or the Beneficiary of a deceased Participant may elect to receive an accelerated distribution of his accrued Excess Benefit (or if benefit payments have already commenced, the Actuarially Equal single lump sum present value of the Participant's remaining benefit) in a lump sum payment, payable sixty (60) days after giving written notice of the election on a form furnished by and filed with the Committee.

(b) **Forfeitures**. Any lump sum payment under this Section 4.6(b) shall be reduced by a penalty equal to ten percent (10%) of such payment which shall be forfeited to

the Company. Notwithstanding any other provisions of this Plan, no penalty shall apply if the Committee determines, based on the advice of counsel or a final determination by the Internal Revenue Service or any court of competent jurisdiction, that by reason of the elective provisions of this Section 4.6(b), any Participant or Beneficiary has recognized or will recognize gross income for federal income tax purposes under this Plan in advance of payment to him or her of the Excess Benefit. The Committee may also reduce or eliminate the penalty if it determines that this action will not cause any Participant or Beneficiary to recognize gross income for federal income tax purposes under this Plan in advance of payment of the Excess Benefit.

4.7 Termination for Cause. Notwithstanding any provision in this Plan to the contrary, no Excess Benefit under this Article IV shall be paid to an employee who is terminated for cause. For purposes of this provision, "for cause" shall be defined as conviction for the commission of a felony or removal from office by order of the Comptroller of the Currency, Federal Reserve Board, or other appropriate agency.

4.8 Delay for Specified Employees. With respect to payment of Non-Grandfathered Amounts, if a Participant is a Specified Employee as of the date of the Participant's Separation from Service and the Participant is due an Excess Benefit based on the Participant's Separation from Service, payment shall commence the last day of the month following the date that is six (6) months after the date of the Participant's Separation from Service (or, if earlier, the date of the Participant's death). The delay shall not change the calculation of the amount of the payments to be made to the Participant; the amount shall be calculated as if the Participant had commenced without the delay. Payments that would have been made during the six (6) month delay period shall all be paid to the Participant on the last day of the month following the date that is six (6) months after the date of the Participant's Separation from Service (along with the regular payment that is to be paid on that date). The Participant shall receive interest on the delayed payments that is equal to the rate of interest used to calculate a lump sum benefit under the Plan at the time the delayed payment is made.

ARTICLE V
OTHER BENEFITS

5.1 Firstar Corporation Supplemental Retirement Plan. The Firstar Corporation Supplemental Retirement Plan as in effect immediately prior to November 20, 1998, the terms of which are incorporated herein by this reference, shall be continued as a part of this Plan solely for the benefit of the individuals identified in Appendix A-1, and any other participants in such Plan who terminated employment before November 20, 1999 with a right to receive benefits under such Plan.

5.2 U.S. Bancorp Nonqualified Supplemental Executive Retirement Plan. The U.S. Bancorp Nonqualified Supplemental Executive Retirement Plan as in effect on September 30, 2001, the terms of which are incorporated herein by this reference, shall be continued as a part of this Plan solely for the benefit of the individuals identified in Appendices A-2 and A-3, and any other participants in such Plan who terminated employment before September 30, 2001, with a right to receive benefits under such Plan. With respect to any individual identified in Appendix A-2, the amount of the individual's benefit shall be the benefit the individual had earned as of September 30, 2001, but calculated taking into account service through December 31, 2001, as explained more fully in Appendix A-2. With respect to the individuals listed in Appendix A-3, the amount of the individual's benefit shall be determined at the time of the individual's termination of employment. For purposes of calculating the benefit payable to one of the individuals listed on Appendix A-3, the special rules set forth in Appendix A-3 shall apply, notwithstanding anything in the U.S. Bancorp Nonqualified Supplemental Executive Retirement Plan document as in effect on September 30, 2001 to the contrary.

5.3 Firstar Benefits Equalization Plan. The Firstar Corporation Pension Benefits Equalization Plan as in effect immediately prior to November 20, 1998, the terms of which are incorporated herein by this reference, shall be continued as a part of this Plan solely for the benefit of the individuals identified in Appendix A-4, and any other participants in such Plan who terminated employment before November 20, 1999 with a right to receive benefits under such Plan.

5.4 Other Plans. The benefits earned by participants in several non-qualified supplemental retirement plans or arrangements established and maintained by Firstar Corporation, Star Bank Corp., Mercantile Bancorp, and/or entities acquired by such organizations have been consolidated under this Plan. The following is a list of such plans and arrangements, the terms of which are incorporated by reference into this Plan, subject to any modifications set forth in the applicable Appendix A. The participants who are or may become entitled to benefits under each such plan or arrangement are listed in the indicated Appendix:

Name of Plan	Appendix
Firstar Financial Corp. Supplemental Retirement Plan	A-5
American Bank Supplemental Pension and Executive Deferred Corporation Plans	A-6
Banks of Iowa Supplemental Pension Agreements	A-7
Firstar Special Supplemental Pension Agreements	A-8
Minnesota Special Supplemental Pension Arrangements	A-9
Mercantile Bancorporation Inc. Supplemental Retirement Plan	A-10

5.5 Form of Payment. Other Benefits which are payable pursuant to the various plans, contracts or arrangements set forth in this Article V and related Appendices shall be paid in the form or forms of payment authorized under such plan, contract or arrangement. Notwithstanding anything to the contrary contained in the various plans, contracts or arrangements set forth in this ARTICLE V and related Appendices, there shall be no requirement that a married Participant obtain written spousal consent and spousal signature notarization with respect to any optional payment election form.

5.6 Effect of Spin-Off of Piper Jaffray Companies. Notwithstanding the foregoing, solely for the purpose of determining when a Participant who is an employee of the Employer who becomes an employee of Piper Jaffray Companies or its subsidiaries at the time of, and in connection, with the spin-off of U.S. Bancorp Piper Jaffray Inc., pursuant to the Separation and Distribution Agreement between U. S. Bancorp and Piper Jaffray Companies, is entitled to commence payment of benefits under the Plan (including under Appendices to the Plan), such employees shall not be considered to have a termination of employment, severance from employment, or separation of service under this Plan (including under the Appendices to the Plan) based on the transfer of that employee's employment from the Employer to Piper Jaffray Companies or its subsidiaries.

5.7 Grandfathered Amounts and Participants. The benefits under this Article V for Participants who had terminated employment on or before December 31, 2004 and whose benefit was earned and vested as of December 31, 2004 shall be Grandfathered Amounts. As provided in Section 1.7, unless an amendment specifically states that the amendment applies to the benefits and rights of these Grandfathered Participants and Grandfathered Amounts, the amendment shall not apply to these Grandfathered Participants and Grandfathered Amounts.

ARTICLE VI
SUPPLEMENTAL RETIREMENT BENEFITS

6.1 Participation Limited. This Article VI and the benefits hereunder apply only to those individuals who have been designated by the Committee as eligible to receive a Supplemental Benefit and who are listed on an Appendix B.

6.2 Normal Form of Supplemental Benefit.

6.2.1. Non-Grandfathered Amounts. For non-Grandfathered Amounts, the first payment to the Participant shall be due on the later of the first day of the month after (i) the Participant's attainment of Normal Retirement Age (the Unreduced Retirement Age) specified in the applicable Appendix B, or (ii) the Participant's Separation from Service. The form of payment shall be the normal form of payment specified in the applicable Appendix B (unless an optional form of payment is elected), in an amount calculated as follows:

(a) First, the formula specified in the applicable Appendix B shall be applied to the Participant's Final Average Monthly Earnings and Credited Service, subject to any special terms, conditions, or modifications (other than the reductions referred to in (b) below) specified in the applicable Appendix B.

(b) Second, the amount determined in (a) above shall be reduced by all of the following (each of which shall be considered an "offsetting benefit"): (i) any benefits paid or payable to the Participant from the Qualified Plan, (ii) any Excess Benefits paid or payable to the Participant from this Plan, (iii) any other retirement benefits (qualified or not) paid or payable by the Employer (or any related employer) to the Participant, and (iv) if so specified in the applicable Appendix B, any benefits paid or payable to the Participant under a plan of, or pursuant to an agreement with, a prior employer of the Participant. If payment of an offsetting benefit has not commenced on or before the date as of which the Participant's Supplemental Benefit commences, the reduction attributable to such offsetting benefit shall be Actuarially Equal to the offsetting benefit payable (but not actually commenced) on the date the Participant's Supplemental Benefit commences or, if the offsetting benefit could not by its terms actually be commenced until a later date, the offsetting benefit payable on the earliest permitted commencement date. If payment of an offsetting benefit has commenced on or before the date as of which the Supplemental Benefit commences, the reduction attributable to such offsetting benefit shall be Actuarially Equal to the offsetting benefit that actually commenced.

The excess, if any, of (a) over (b) shall be the Participant's Supplemental Benefit.

If a Participant fails to provide the Plan Administrator with documentation as to benefits payable under the plan of a prior employer of the Participant as the Plan Administrator reasonably determines is necessary to calculate any applicable offset based on such benefits before the commencement of the Participant's benefit, the Plan Administrator has the discretion to reduce the Participant's Supplemental Benefit, including reducing the Participant's Supplemental Benefit to no benefit

($0). The Plan Administrator may use whatever assumptions or methods it deems reasonable to determine the appropriate prior employer benefit or other benefit that is to be offset against the benefits provided by this Plan and to convert that offsetting benefit to a comparable form when calculating a Participant's Supplemental Benefit.

If the applicable Appendix B lists and "Earliest Payout Date," the earliest payout Date shall be disregarded and have no meaning.

6.2.2. Grandfathered Amounts — Normal Retirement. A Participant who is entitled to a Supplemental Benefit that is a Grandfathered Amount whose employment terminates on or after his or her Normal Retirement Date shall be entitled to a benefit commencing at the Participant's Normal Retirement Date (or, if later, upon the Participant's termination of employment) in the normal form of payment specified in the applicable Appendix B, in an amount calculated as follows:

(a) First, the formula specified in the applicable Appendix B shall be applied to the Participant's Final Average Monthly Earnings and Credited Service, subject to any special terms, conditions, or modifications (other than the reductions referred to in (b) below) specified in the applicable Appendix B.

(b) Second, the amount determined in (a) above shall be reduced by all of the following (each of which shall be considered an "offsetting benefit"): (i) any benefits paid or payable to the Participant from the Qualified Plan, (ii) any Excess Benefits paid or payable to the Participant from this Plan, (iii) any other retirement benefits (qualified or not) paid or payable by the Employer (or any related employer) to the Participant, and (iv) if so specified in the applicable Appendix B, any benefits paid or payable to the Participant under a plan of, or pursuant to an agreement with, a prior employer of the Participant. If payment of an offsetting benefit has not commenced on or before the date as of which the Participant's Supplemental Benefit commences, the reduction attributable to such offsetting benefit shall be Actuarially Equal to the offsetting benefit payable (but not actually commenced) on the date the Participant's Supplemental Benefit commences or, if the offsetting benefit could not by its terms actually be commenced until a later date, the offsetting benefit payable on the earliest permitted commencement date. If payment of an offsetting benefit has commenced on or before the date as of which the Supplemental Benefit commences, the reduction attributable to such offsetting benefit shall be Actuarially Equal to the offsetting benefit that actually commenced.

The excess, if any, of (a) over (b) shall be the Participant's Supplemental Benefit at or after Normal Retirement (or at termination of employment, if later).

6.2.3. Grandfathered Amounts — Early Retirement. A Participant who is entitled to a Supplemental Benefit that is a Grandfathered Amount whose employment terminates on or after his or her Early Retirement Date and before his or her Normal Retirement Date shall be entitled to a benefit commencing as soon as administratively feasible after the Participant's termination of employment in the normal form of payment specified in the applicable Appendix B, in an amount calculated as follows:

(a) First, the amount determined in Section 6.2.2(a) is calculated based on the formula and reductions (including reductions for early commencement) specified in the applicable Appendix B.

(b) Second, the amount determined in (a) above shall be reduced by all of the following (each of which shall be considered an "offsetting benefit"): (i) any benefits paid or payable to the Participant from the Qualified Plan, (ii) any Excess Benefits paid or payable from this Plan to the Participant, (iii) any other retirement benefits (qualified or not) paid or payable by the Employer (or any related employer) to the Participant, and (iv) if so specified in Appendix B, any benefits paid or payable under a plan of a prior employer of the Participant. If payment of an offsetting benefit has not commenced on or before the date as of which the Participant's Supplemental Benefit commences, the reduction attributable to such offsetting benefit shall be Actuarially Equal to the offsetting benefit payable (but not actually commenced) on the date the Participant's Supplemental Benefit commences or, if the offsetting benefit could not by its terms actually be commenced until a later date, the offsetting benefit payable on the earliest permitted commencement date. If payment of an offsetting benefit has commenced on or before the date as of which the Supplemental Benefit commences, the reduction attributable to such offsetting benefit shall be Actuarially Equal to the offsetting benefit that actually commenced.

The excess, if any, of (a) over (b) shall be the Participant's Supplemental Benefit at Early Retirement.

6.2.4. Grandfathered Amounts — Vested Termination Benefits. A Participant who is entitled to a Supplemental Benefit that is a Grandfathered Amount whose employment terminates before his or her Early Retirement Date shall be entitled to a benefit, commencing as soon as administratively feasible after the Participant's termination of employment, in the normal form of payment specified in the applicable Appendix B, in an amount calculated as follows:

(a) First, the amount determined in Section 6.2.2(a) is calculated based on the formula and reductions (including reductions for early commencement and reductions attributable to vesting restrictions) specified in the applicable Appendix B.

(b) Second, the amount determined in (a) above shall be reduced by all of the following (each of which shall be considered an "offsetting benefit"): (i) any benefits paid or payable to the Participant from the Qualified Plan, (ii) any Excess Benefits paid or payable from this Plan to the Participant, (iii) any other retirement benefits (qualified or not) paid or payable by the Employer (or any related employer) to the Participant, and (iv) if so specified in Appendix A, any benefits paid or payable under a plan of a prior employer of the Participant. If payment of an offsetting benefit has not commenced on or before the date as of which the Supplemental Benefit commences, the reduction attributable to such offsetting benefit shall be Actuarially Equal to the offsetting benefit payable (but not actually commenced)

on the date the Participant's Supplemental Benefit commences or, if the offsetting benefit could not by its terms actually be commenced until a later date, the offsetting benefit payable on the earliest permitted commencement date. If payment of an offsetting benefit has commenced on or before the date as of which the Supplemental Benefit commences, the reduction attributable to such offsetting benefit shall be Actuarially Equal to the offsetting benefit that actually commenced.

The excess, if any, of (a) over (b) shall be the Participant's Supplemental Benefit at Vested Termination.

6.2.5. Grandfathered Amounts — Documentation and Assumptions. Notwithstanding anything in this Article VI to the contrary, with respect to Grandfathered Amounts:

(a) No Supplemental Benefits shall be due to a Participant until after the Participant has provided the Plan Administrator with such documentation of any benefits payable under the plan of a prior employer of the Participant as the Plan Administrator reasonably determines is necessary to calculate any applicable offset based on such benefits.

(b) The Plan Administrator may use whatever assumptions or methods it deems reasonable to determine the appropriate prior employer benefit or other benefit that is to be offset against the benefits provided by this Plan and to convert that offsetting benefit to a comparable form when calculating a Participant's Supplemental Benefit.

(c) A Participant who is Disabled and who is entitled to receive a Disability Benefit as provided in Article VII shall not be treated for purposes of this Article VI as having terminated his or her employment prior to the date on which such Disability Benefit ceases. If a Participant's Disability Benefit ceases due to the Participant's death or attainment of his or her Normal Retirement Date, the Participant shall be treated as having terminated employment on the date the Disability Benefit ends. If the Participant's Disability Benefit ceases because the Participant ceased to be Disabled, the Participant shall be treated as terminated on the date the Disability Benefit ends only if the Participant fails to return immediately to active employment.

(d) As applied to any particular Participant, the terms and conditions of this Article VI, including the foregoing subsections of this Section 6.2.5, shall be subject to any modifications or limitations set forth in the Appendix B for that Participant.

6.3 Optional Payment Forms.

6.3.1. Non-Grandfathered Amounts. For non-Grandfathered Amounts, in lieu of payment in the normal form described in Section 6.2 above, a Participant may elect to receive his or her Supplemental Benefit in any of the following forms:

(a) single life annuity;

(b) single life annuity with 5, 10, 15, or 20 year period certain;

(c) 50%, 75%, or 100% joint and survivor annuity;

(d) Estate Protection Survivor Annuity (as described in Section 6.1(d) of the Qualified Plan); or

(e) Estate Protection Single Life Annuity (as described in Section 6.1(e) of the Qualified Plan.

Payment in any of the foregoing forms shall be in an amount that is Actuarially Equal to the Supplemental Benefit payable in the applicable normal form described in Section 6.2.

In cases where a Participant desires to change the Participant's form of payment, (i) if a Participant's form of payment prior to electing one of the optional forms of payment listed above is an annuity, (ii) the Participant elects an annuity optional form of payment (options (a), (b), (c), (d), and (e)) on or before the date of the Participant's Separation from Service, and (iii) the election is actuarially equivalent applying reasonable actuarial methods and assumptions, then the Participant's benefit shall commence on the same date the benefit would have been paid but for the election of the optional form. In all other cases, if a Participant elects one of these optional payment forms, the election (i) shall not take effect until the date that is twelve (12) months after the date on which the Participant makes the election, (ii) shall delay the distribution to a date that is at least five (5) years after the date the distribution would have been made to the Participant absent the election, and (iii) in the case of a distribution as of a specified time (but not upon a Participant's Separation from Service, Disability, or death), the election shall not take effect unless the Participant makes the election at least twelve (12) months prior to the date the distribution is to commence.

In cases where a Participant desires to change the Participant's time when payment commences, the Participant may pick a later date or the later of a date or Separation from Service subject to rules established by the Committee provided the election (i) shall not take effect until the date that is twelve (12) months after the date on which the Participant makes the election, (ii) shall delay the distribution to a date that is at least five (5) years after the date the distribution would have been made to the Participant absent the election, and (iii) in the case of a distribution as of a specified time (but not upon a Participant's Separation from Service, Disability, or death), the election shall not take effect unless the Participant makes the election at least twelve (12) months prior to the date the distribution is to commence.

The Committee may impose limits on the number of elections a Participant may make with respect to changing the form and time of payment. An election form that does not satisfy the advance filing requirements shall be void and shall be disregarded. In all cases an election form shall not be considered filed until the completed form is actually received by the Committee or its designated agent.

6.3.2. Grandfathered Amounts. For Grandfathered Amounts, in lieu of payment in the normal form described in the applicable Appendix B, a Participant may elect to receive his or her Supplemental Benefit in any of the optional forms of payment described in Section 4.3 of this Plan (subject to any limitations on their availability set forth therein), by making an election in writing on an election form approved by the Committee and filed with the Committee or its designated agent for this purpose not less than twelve (12) full months prior to the Participant's termination of employment. A Participant may change his or her election at any time by filing another election form; provided, however, that any election form that does not satisfy the advance filing requirements of the preceding sentence shall be void and shall be disregarded. An election form shall not be considered filed until the completed form is actually received by the Committee or its designated agent.

If a Participant was married at the time that the last optional payment election form was filed by such Participant at least twelve (12) full months prior to the Participant's termination of employment and either (a) the Participant is married to a different spouse on the date the Participant's benefit commences, or (b) if the spouse was named as a joint annuitant on such last optional payment election form and the spouse dies before the date the Participant's benefit commences, then (in either case) the Participant's optional payment election shall be void and have no effect, and the Participant's benefit shall be paid in the normal form described in the applicable Appendix B.

If a Participant elects an optional payment election form that requires the designation of a joint annuitant and such joint annuitant dies prior to the date the Participant's benefit commences, the Participant's optional payment election shall be void and the Participant's benefit shall be paid in the normal form described in the applicable Appendix B.

Payment in any available optional form other than a single lump sum cash payment shall be in an amount that is Actuarially Equal to the Supplemental Benefit payable in the normal form of payment specified in the applicable Appendix B. Payment in the form of a single lump sum cash payment shall be in an amount that is Actuarially Equal to the Supplemental Benefit payable in the normal form of payment specified in the applicable Appendix B; provided, however, that if the Participant's Supplemental Benefit was subject to an early retirement reduction, such reduced Supplemental Benefit shall be converted to a benefit as of the earliest time the Participant could have received an unreduced benefit by dividing the reduced Supplemental Benefit by the early reduction factor specified in the applicable Appendix B, and the Participant's single lump sum shall be calculated based on that converted amount.

Payment in any optional form timely elected pursuant to this Section 6.3.2 shall commence at the same time as the Participant's benefit would have commenced if it had been paid in the normal form of payment unless the Participant specifies a later date in his or her last effective optional payment election form.

Election of an optional form of payment with respect to a Participant's Supplemental Benefit shall not affect payment of the Participant's Excess Benefit, and election of an optional form of payment with respect to a Participant's Excess Benefit shall not affect payment of the Participant's Supplemental Benefit, unless the Participant's last effective optional payment election form expressly provides that it applies to both benefits.

6.4 Domestic Partner Annuity Rules. This Section 4.4 applies only to the payment of Non-Grandfathered Amounts.

6.4.1. Domestic Partner. In addition to the preceding rules, the survivor benefit payable under Section 4.3.1(c) (50%, 75%, or 100% joint and survivor annuity) to the Participant's Domestic Partner shall consist of the monthly survivor annuity described in Section 6.4.2 below and a single lump sum payment equal to the excess of the Actuarially Equal present value of the portion of the Participant's Supplemental Benefit at the time of the Participant's death that the Domestic Partner was designated to receive over the Actuarially Equal present value at the time of the Participant's death of the monthly survivor annuity described in Section 6.4.2 below, all determined in accordance with Appendix C of the Qualified Plan; provided, however, that if the portion of the Participant's Supplemental Benefit at the time of the Participant's death that is payable to the Participant's Domestic Partner is less than the value of the monthly survivor annuity described in Section 6.4.2 below, then the Domestic Partner shall be paid only a pro rata portion of such monthly survivor annuity and no lump sum payment.

The first payment of a Domestic Partner's monthly survivor annuity described in Section 6.4.2 below shall be due on the later of the first day of the month after (i) the Participant's attainment of age 62, or (ii) the Participant's Separation from Service. The last payment of this survivor annuity shall be due to the Domestic Partner on the first day of the calendar month in which the Domestic Partner dies. No election, rescission, or other action taken by the Participant shall be effective to modify the survivor annuity hereinbefore described.

6.4.2. Domestic Partner's Annuity. The amount of monthly survivor annuity payable to the Participant's Domestic Partner shall be:

(a) if the Participant dies before the Participant's termination of employment, the amount which the Domestic Partner would have received if the Participant:

  (i) had a termination of employment on the date of the Participant's death (for reasons other than the Participant's death),

  (ii) had lived and elected to commence receipt of the Participant's normal form of benefit in a 50% joint and survivor annuity form on the date the Domestic Partner elects to commence the monthly survivor annuity,

  (iii) had lived until the annuity starting date, and

  (iv) had died immediately after payments commenced, or

(b) if the Participant dies after the Participant's termination of employment, the amount which the Domestic Partner would have received if the Participant:

  (i) had lived and elected to commence receipt of the Participant's normal form of benefit in a 50% joint and survivor annuity form on the date the Domestic Partner elects to commence the monthly survivor annuity,

  (ii) had lived until the annuity starting date, and

(iii) had died immediately after payments commenced.

6.5 Delay for Specified Employees. If a Participant is a Specified Employee as of the date of the Participant's Separation from Service and the Participant is due a Supplemental Benefit based on the Participant's Separation from Service, payment shall commence the last day of the month following the date that is six (6) months after the date of the Participant's Separation from Service (or, if earlier, the date of the Participant's death). The delay shall not change the calculation of the amount of the payments to be made to the Participant; the amount shall be calculated as if the Participant had commenced without the delay. Payments that would have been made during the six (6)-month delay period shall all be paid to the Participant on the last day of the month following the date that is six (6) months after the date of the Participant's Separation from Service (along with the regular payment that is to be paid on that date). The Participant shall receive interest on the delayed payments that is equal to the rate of interest used to calculate a lump sum benefit under the Plan at the time the delayed payment is made.

ARTICLE VII
DISABILITY BENEFITS

7.1 Eligibility, Commencement. Except as otherwise provided in the applicable Appendix B, if a Participant who is eligible for Supplemental Benefits or named in Appendix A-3 is determined to be Disabled prior to termination of his or her employment with the Employer, the Participant shall be entitled to receive a Disability Benefit as provided in this Article VII. Such benefit shall commence on the Participant's Disability Commencement Date and shall continue until the Participant dies, ceases to have a Disability, or attains his or her Normal Retirement Date, whichever happens first.

7.2 Amount. The benefit payable to the Disabled Participant shall be sixty percent (60%) of his or her current Monthly Earnings reduced by any benefits payable to such Participant from the Qualified Plan, Social Security, Workers' Compensation or any long-term disability plan sponsored by the Employer. The amount by which each monthly Disability Benefit payment shall be reduced on account of benefits payable under the Qualified Plan shall be the monthly benefit payable under the Qualified Plan to the Disabled Participant in the single life annuity form, whether or not the Participant's Qualified Plan benefit is actually paid in that form.

7.3 Cessation of Disability. If the Disabled Participant ceases to be Disabled prior to his Normal Retirement Date, Disability Benefits hereunder shall cease. Upon subsequent termination of the Disabled Participant's employment with the Employer, the Disabled Participant's Excess and Supplemental Benefits shall be calculated including service credit for the period of Disability.

7.4 Normal Retirement. If the Disabled Participant's Disability continues until his or her Normal Retirement Date, Disability benefits hereunder shall cease and the Participant shall be treated as having terminated employment with the Employer at his or her Normal Retirement Date. The Disabled Participant's Excess or Supplemental Benefit at Normal Retirement Date shall be calculated by assuming that his or her "Benefit Service" (as defined in the Qualified Plan) and Monthly Earnings continued uninterrupted from his or her date of Disability until his or her Normal Retirement Date.

ARTICLE VIII
DEATH BENEFITS

8.1 Death Before Benefit Commencement.

8.1.1 Supplemental Benefits. Upon the death of a Participant who died:

(a) before his or her Supplemental Benefit commenced; and

(b) after becoming at least partially vested in his or her Supplemental Benefit;

the vested portion of the Participant's Supplemental Benefit shall be payable to the Participant's Beneficiary. If, at the time of the Participant's death, payment of the Supplemental Benefit to the Participant was due or pending but had not yet actually commenced, such payment shall not be made and commencement of the Participant's Supplemental Benefit shall be deemed to have not occurred. The survivor benefit payable under this subsection (b) shall be subject to any modifications specified in the applicable Appendix B.

8.1.2 Excess Benefits. Upon the death of a Participant who died before his or her Excess Benefit commenced, the Participant's Excess Benefit shall be payable to the Participant's Beneficiary. If, at the time of the Participant's death, payment of the Excess Benefit to the Participant was due or pending but had not yet actually commenced, such payment shall not be made and commencement of the Participant's Excess Benefit shall be deemed to have not occurred.

8.1.3 Non-Grandfathered Amounts. For non-Grandfathered Amounts, any survivor benefit payable under subsections 8.1.1 or 8.1.2 of this Section 8.1 to a Beneficiary shall be paid in the form of a single lump sum cash payment equal to that portion of the Actuarially Equal present value of the applicable benefit (Supplemental Benefit or Excess Benefit) at the time of the Participant's death that the Beneficiary was designated to receive. The benefit payment will commence as of the first day of the month following the date that is four (4) months after the date of the Participant's death.

8.1.4 Grandfathered Amounts.

(a) **Grandfathered Amounts — Form of Benefit — When Payable**. For Grandfathered Amounts, any survivor benefit payable under subsections 8.1.1 or 8.1.2 of this Section 8.1 to a Beneficiary other than the Participant's surviving spouse shall be paid in the form of a single lump sum payment equal to that portion of the Actuarially Equal present value of the applicable benefit (Supplemental Benefit or Excess Benefit) at the time of the Participant's death that the Beneficiary was designated to receive.

Any survivor benefit payable under subsections 8.1.1 or 8.1.2 of Section 8.1 to the Participant's surviving spouse shall consist of the monthly survivor annuity described in subsection (b) of this Section 8.1.4 and a single lump sum payment equal to the excess of the Actuarially Equal present value of the portion of the survivor benefit at the time of the Participant's death that the surviving spouse was

designated to receive over the Actuarially Equal present value at the time of the Participant's death of the monthly survivor annuity described in subsection (b) of this Section 8.1.4; provided, however, that if the portion of the survivor benefit at the time of the Participant's death that is payable to the Participant's surviving spouse is less than the value of the monthly survivor annuity described in subsection (b) below, then the surviving spouse shall be paid only a pro rata portion of such monthly survivor annuity and no lump sum payment.

Any lump sum payment due to a Beneficiary shall be paid as soon as administratively feasible after the Employer is provided evidence of the Participant's death. The first payment of a surviving spouse's monthly survivor annuity described in subsection (b) below shall be due after the death of the Participant on the first day of the calendar month after the calendar month in which the Participant died or, if later, the first day of the calendar month in which the Participant's "Earliest Commencement Date" (as defined in the Qualified Plan) would have occurred. The last payment of this survivor annuity shall be due to the surviving spouse on the first day of the calendar month in which the surviving spouse dies. No election, rescission, or other action taken by the Participant under Section 4.3.2 (optional forms for grandfathered Excess Benefits) or Section 6.3.2 (optional forms for grandfathered Supplemental Benefits) shall be effective to modify the survivor annuity hereinbefore described. No other death benefit shall be payable with respect to a Participant who dies under these circumstances.

(b) **Grandfathered Amounts — Spouse's Annuity**. For Grandfathered Amounts, the amount of any survivor benefit payable under subsection 8.1.1 or 8.1.2 of this Section 8.1 that is payable in the form of a monthly survivor annuity to the Participant's spouse shall be:

(i) if the Participant dies before the Participant's termination of employment, the amount which the surviving spouse would have received if the Participant had a termination of employment on the date of the Participant's death for reasons other than the Participant's death and had lived to and had elected to commence receipt of the applicable benefit (Supplemental Benefit or Excess Benefit) on the date as of which the surviving spouse's monthly survivor annuity is to commence and had elected to receive the applicable benefit in the form of a 50% joint and survivor annuity form and had immediately died, or

(ii) if the Participant dies after the Participant's termination of employment, the amount which the surviving spouse would have received if the Participant had lived to and had elected to commence receipt of the applicable benefit (Supplemental Benefit or Excess Benefit) on the date as of which the surviving spouse's monthly survivor annuity is to commence and had elected to receive the applicable benefit in the 50% joint and survivor annuity form and had immediately died.

8.2 Death After Benefit Commencement. Any benefits payable after the death of a Retired Participant with respect to a benefit under this Plan that commenced to a Retired Participant prior to the Retired Participant's death shall be determined in accordance with the payment form applicable to that benefit.

8.3 Designation of Beneficiaries.

(a) **Right to Designate**. Each Participant may designate, upon forms to be furnished by and filed with the Committee, one or more primary Beneficiaries or alternate Beneficiaries to receive all or a specified part of the Death Benefits payable pursuant to this Article VIII. Such Participant may change or revoke any such designation from time to time before commencement of payment of the Participant's Excess and/or Supplemental Benefits without notice to or consent from any Beneficiary or spouse. No such designation, change or revocation shall be effective unless executed by the Participant eligible to make such designation and received by the Committee during such employee's lifetime and prior to commencement of payment of such benefits. Any payments made by the Employer to a Beneficiary in good faith and under the terms of the Plan shall fully discharge the Employer from all further obligations with respect to such payments.

(b) **Spousal Consent**. Notwithstanding the foregoing, a designation will not be valid for the purpose of paying benefits from the Plan to anyone other than a surviving spouse of the Participant (if there is a surviving spouse) unless that surviving spouse consents in writing to the designation of another person as Beneficiary. To be valid, the consent of such spouse must be in writing, must acknowledge the effect of the designation of the Beneficiary and must be witnessed by a notary public. The consent of the spouse must be to the designation of a specific named Beneficiary which may not be changed without further spousal consent, or alternatively, the consent of the spouse must expressly permit the Participant to make and to change the designation of Beneficiaries without any requirement of further spousal consent. The consent of the surviving spouse need not be given at the time the designation is made. The consent of the surviving spouse need not be given before the death of the Participant. The consent of the surviving spouse will be required, however, before benefits can be paid to any person other than the surviving spouse. The consent of a spouse shall be irrevocable and shall be effective only with respect to that spouse.

(c) **Failure of Designation**. If a Participant:

(1) fails to designate a Beneficiary,

(2) designates a Beneficiary and thereafter revokes such designation without naming another Beneficiary, or

(3) designates one or more Beneficiaries and all such Beneficiaries so designated fail to survive the Participant,

such Participant's Death Benefit, or the part thereof as to which such Participant's designation fails, as the case may be, shall be payable to the Participant's surviving spouse, or if there is no surviving spouse, then in equal proportions to the Participant's surviving children. If the Participant is not survived by a spouse or children, then such amounts will be paid to the estate of the Participant.

(d) **Definitions**. When used herein and, unless the Participant has otherwise specified in the Participant's Beneficiary designation, when used in a Beneficiary designation, "issue" means all persons who are lineal descendants of the person whose issue are referred to, including legally adopted descendants and their descendants but not including illegitimate descendants and their descendants; "child" means an issue of the first generation; "per stirpes" means in equal shares among living children of the person whose issue are referred to and the issue (taken collectively) of each deceased child of such person, with such issue taking by right of representation of such deceased child; and "survive" and "surviving" mean living after the death of the Participant.

(e) **Special Rules**. Unless the Participant has otherwise specified in the Participant's Beneficiary designation, the following rules shall apply:

(1) If there is not sufficient evidence that a Beneficiary was living at the time of the death of the Participant, it shall be deemed that the Beneficiary was not living at the time of the death of the Participant.

(2) The automatic Beneficiaries specified in Section 8.3(c) and the Beneficiaries designated by the Participant shall become fixed at the time of the Participant's death so that, if a Beneficiary survives the Participant but dies before the receipt of all payments due such Beneficiary hereunder, such remaining payments shall be payable to the representative of such Beneficiary's estate.

(3) If the Participant designates as a Beneficiary the person who is the Participant's spouse on the date of the designation, either by name or by relationship, or both, the dissolution, annulment or other legal termination of the marriage between the Participant and such person shall automatically revoke such designation. (The foregoing shall not prevent the Participant from designating a former spouse as a Beneficiary on a form executed by the Participant and received by the Committee after the date of the legal termination of the marriage between the Participant and such former spouse, and during the Participant's lifetime.)

(4) Any designation of a nonspouse Beneficiary by name that is accompanied by a description of relationship to the Participant shall be given effect without regard to whether the relationship to the Participant exists either then or at the Participant's death.

(5) Any designation of a Beneficiary only by statement of relationship to the Participant shall be effective only to designate the person or persons standing in such relationship to the Participant at the Participant's death.

A Beneficiary designation is permanently void if it either is executed or is filed by a Participant who, at the time of such execution or filing, is then a minor under the law of the state of the Participant's legal residence. The Committee shall be the sole judge of the content, interpretation and validity of a purported Beneficiary designation.

(f) **No Spousal Rights**. Except as otherwise provided in subsection (b) above, no spouse or surviving spouse of a Participant and no person designated to be a Beneficiary shall have any rights or interest in the benefits accumulated under this Plan.

ARTICLE IX
FUNDING

9.1 Unfunded Plan. The obligation of the Employer to make payments under this Plan constitutes only the unsecured promise of the Employer to make such payments. The Participant shall have no lien, prior claim or other security interest in any property of the Employer. If a fund is established by the Employer in connection with this Plan, the property therein shall remain subject to the claims of the creditors of the Employer in the event the Employer is (i) is unable to pay its debts as they become due, or (ii) is subject to a pending proceeding as a debtor under the United States Bankruptcy Code, or (iii) is determined to be insolvent by a federal or state regulatory agency having the authority to do so.

9.2 Insurance. If the Employer elects to finance all or a portion of its costs in connection with this Plan through the purchase of life insurance or other investments, the Participant agrees, as a condition of participation in this Plan, to cooperate with the Employer in the purchase of such investment to any extent reasonably required by the Employer and relinquishes any claim he or she may have either for himself or herself or any beneficiary to the proceeds of any such investment or any other rights or interests in such investment. If a Participant fails or refuses to cooperate, then notwithstanding any other provision of this Plan all benefits payable to or with respect to the Participant under the Plan shall be immediately and irrevocably terminated and forfeited, and the person shall cease to be a Participant.

9.3 Limitation on Liability. Neither the Employer's officers nor any member of its Board of Directors in any way secures or guarantees the payment of any benefit or amount which may become due and payable hereunder to or with respect to any Participant. Each Participant and other person entitled at any time to payments hereunder shall look solely to the assets of the Employer for such payments as an unsecured, general creditor. After benefits shall have been paid to or with respect to a Participant and such payment purports to cover in full the benefit hereunder, such former Participant or other person or persons, as the case may be, shall have no further right or interest in the other assets of the Employer in connection with this Plan. Neither the Employer nor any of its officers nor any member of its Boards of Directors shall be under any liability or responsibility for failure to effect any of the objectives or purposes of the Plan by reason of the insolvency of the Employer.

ARTICLE X
PLAN ADMINISTRATION

10.1 Plan Administrator. The Committee shall be the Plan Administrator.

10.2 Powers. The Plan Administrator shall have the following duties, powers, and responsibilities:

(a) The Plan Administrator shall have the discretionary authority and responsibility to interpret and construe the Plan, to adopt and review rules relating to the Plan and to make any other determinations for the administration of the Plan, including but not limited to the entitlement of Participants and Beneficiaries, and the amounts of their respective interests.

(b) The Plan Administrator may employ such counsel, accountants, actuaries, and other agents as they shall deem advisable. The Employer shall pay the compensation of such counsel, accountants, actuaries, and other agents and any other expenses incurred by the Plan Administrator in the administration of the Plan.

(c) The Plan Administrator may delegate all or part of its authority hereunder to the Chief Executive Officer or to any other appropriate officer of the Employer, or to the Benefits Administration Committee, provided that, in the case of delegation to an officer, such delegation shall not include authority to make determinations affecting the benefits payable to the Chief Executive Officer or such other officer and, in the case of delegation to the Benefits Administration Committee, such delegation shall not include authority to make determinations with respect to any senior executive officer.

ARTICLE XI
AMENDMENT OR TERMINATION

11.1 Amendment. The Company, by action of its Board of Directors or the Compensation Committee of the Board of Directors, reserves the right at any time and from time to time, whether prospectively, retroactively, or both, to terminate, modify or amend, in whole or in part, any or all provisions of the Plan, without notice to any person affected by this Plan. This power includes the right at any time and for any reason deemed sufficient by it to terminate or curtail the benefits of this Plan with regard to persons expecting to receive benefits in the future and/or persons already receiving benefits at the time of such action. No modification of the terms of this Plan shall be effective unless it is adopted or ratified by the Board of Directors or the Compensation Committee of the Board of Directors. No oral representation concerning the interpretation or effect of this Plan shall be effective to amend the Plan. All of the power and authority granted to the Company pursuant to this Section may also be exercised by the Benefits Administration Committee, except the Benefits Administration Committee may not amend the Plan in a manner that materially increases or decreases the benefit of a senior executive officer of the Company (unless the Board of Directors or the Compensation Committee explicitly delegates this authority to the Benefits Administration Committee or the amendment memorializes in the Plan any increase or decrease in benefits previously approved by the Board of Directors or the Compensation Committee)).

11.2 No Reduction of Accrued Benefits. Notwithstanding Section 11.1, no termination, modification or amendment, other than a change in the interest or mortality assumptions used to determine whether benefits are Actuarially Equal, may have the effect of reducing the Excess Benefits, Supplemental Benefits or Other Benefits accrued prior to January 1, 2002, by any Participant or any Retired or Disabled Participant, without the consent of such Participant, Retired Participant or Disabled Participant, if such consent would have been required for a similar reduction under the predecessor plan (i.e., the plan that merged into this Plan) in which the Participant, Retired Participant or Disabled Participant participated. Similarly, no termination, modification or amendment, other than a change in the interest or mortality assumptions used to determine whether benefit are Actuarially Equal, may have the effect of reducing the benefits accrued prior to January 1, 2002, that are payable to the Beneficiary of a deceased Participant without the consent of the Beneficiary if such consent would have been required for a similar reduction under the predecessor plan (i.e., the plan that merged into this Plan) in which the Participant participated.

ARTICLE XII
CLAIMS PROCEDURE

12.1 Determinations. The BAC shall make such determinations as may be required from time to time in the administration of the Plan. The BAC shall have the discretion, authority and responsibility to interpret and construe this Plan and all relevant documents and information, and to determine all factual and legal questions under the Plan, including, but not limited to, the entitlement of all persons to benefits and the amounts of their benefits. Their discretionary authority shall include all matters arising under the Plan.

12.2 Claims and Review Procedure. Until modified by the BAC, the claims and review procedure set forth in this Section shall be the mandatory claims and review procedure for the resolution of disputes and disposition of claims filed under the Plan. An application for benefits shall be considered as a claim for the purposes of this Section.

12.2.1. **Initial Claim**. An individual may, subject to any applicable deadline, file with the BAC to be reviewed by the BAC's delegate (employees of the Human Resources Department of the Company unless the BAC appoints a different delegate).

(a) If the claim is denied in whole or in part, the Human Resources Department shall notify the claimant of the adverse benefit determination within ninety (90) days after receipt of the claim.

(b) The ninety (90) day period for making the claim determination may be extended for ninety (90) days if the Human Resources Department determines that special circumstances require an extension of time for determination of the claim, provided that the Human Resources Department notifies the claimant, prior to the expiration of the initial ninety (90) day period, of the special circumstances requiring an extension and the date by which a claim determination is expected to be made.

12.2.2. **Notice of Initial Adverse Determination**. A notice of an adverse determination shall be set forth in a manner calculated to be understood by the claimant:

(a) the specific reasons for the adverse determination;

(b) references to the specific provisions of the Plan (or other applicable Plan document) on which the adverse determination is based;

(c) a description of any additional material or information necessary to perfect the claim and an explanation of why such material or information is necessary; and

(d) a description of the claims review procedure, including the time limits applicable to such procedure, and a statement of the claimant's right to bring a civil action under section 502(a) of ERISA following an adverse determination on review.

12.2.3. **Request for Review**. Within sixty (60) days after receipt of an initial adverse benefit determination notice, the claimant may file with the BAC a written request for a review of the adverse determination and may, in connection therewith submit written comments, documents,

records, and other information relating to the claim benefits. Any request for review of the initial adverse determination not filed within sixty (60) days after receipt of the initial adverse determination notice shall be untimely. With respect to a request for review, the BAC may refer a claim to the Committee for review rather than review by the BAC (in such a case references to the BAC in this Section 12.2.3 and in Sections 12.2.4, and 12.2.5 of this Plan shall be to the Committee).

12.2.4. **Claim on Review**. If the claim, upon review, is denied in whole or in part, the BAC shall notify the claimant of the adverse benefit determination within sixty (60) days after receipt of such a request for review.

(a) The sixty (60)-day period for deciding the claim on review may be extended for sixty (60) days if the BAC determines that special circumstances require an extension of time for determination of the claim, provided that the Committee notifies the claimant, prior to the expiration of the initial sixty (60)-day period, of the special circumstances requiring an extension and the date by which a claim determination is expected to be made.

(b) In the event that the time period is extended due to a claimant's failure to submit information necessary to decide a claim on review, the claimant shall have sixty (60) days within which to provide the necessary information and the period for making the claim determination on review shall be tolled from the date on which the notification of the extension is sent to the claimant until the date on which the claimant responds to the request for additional information or, if earlier, the expiration of sixty (60) days.

(c) The BAC's review of a denied claim shall take into account all comments, documents, records, and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

12.2.5. **Notice of Adverse Determination for Claim on Review**. A notice of an adverse determination for a claim on review shall be set forth in a manner calculated to be understood by the claimant:

(a) the specific reasons for the denial;

(b) references to the specific provisions of the Plan (or other applicable Plan document) on which the adverse determination is based;

(c) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits;

(d) a statement describing any voluntary appeal procedures offered by the Plan and the claimant's right to obtain information about such procedures; and

(e) a statement of the claimant's right to bring an action under section 502(a) of ERISA.

12.3 Rules and Regulations.

12.3.1. **Adoption of Rules**. Any rule not in conflict or at variance with the provisions hereof may be adopted by the BAC.

12.3.2. **Specific Rules**.

(a) No inquiry or question shall be deemed to be a claim or a request for a review of a denied claim unless made in accordance with the established claim procedures. The BAC may require that any claim for benefits and any request for a review of a denied claim be filed on forms to be furnished by the BAC upon request.

(b) All decisions on claims and on requests for a review of denied claims shall be made by the BAC unless delegated as provided for in the Plan, in which case references to the BAC shall be treated as references to the BAC's delegate.

(c) Claimants may be represented by a lawyer or other representative at their own expense, but the BAC reserves the right to require the claimant to furnish written authorization and establish reasonable procedures for determining whether an individual has been authorized to act on behalf of a claimant. A claimant's representative shall be entitled to copies of all notices given to the claimant.

(d) The decision of the BAC on a claim and on a request for a review of a denied claim may be provided to the claimant in electronic form instead of in writing at the discretion of the BAC.

(e) In connection with the review of a denied claim, the claimant or the claimant's representative shall be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits.

(f) The time period within which a benefit determination will be made shall begin to run at the time a claim or request for review is filed in accordance with the claims procedures, without regard to whether all the information necessary to make a benefit determination accompanies the filing.

(g) The claims and review procedures shall be administered with appropriate safeguards so that benefit claim determinations are made in accordance with governing plan documents and, where appropriate, the plan provisions have been applied consistently with respect to similarly situated claimants.

(h) The BAC may, in its discretion, rely on any applicable statute of limitation or deadline as a basis for denial of any claim.

12.4 Deadline to File Claim. To be considered timely under the Plan's claims and review procedure, a claim must be filed with the BAC within one (1) year after the claimant knew or reasonably should have known of the principal facts upon which the claim is based.

12.5 Exhaustion of Administrative Remedies. The exhaustion of the claims and review procedure is mandatory for resolving every claim and dispute arising under the Plan. As to such claims and disputes:

(a) no claimant shall be permitted to commence any legal action to recover Plan benefits or to enforce or clarify rights under the Plan under section 502 or section 510 of ERISA or under any other provision of law, whether or not statutory, until the claims and review procedure set forth herein have been exhausted in their entirety; and

(b) in any such legal action all explicit and all implicit determinations by the Committee (including, but not limited to, determinations as to whether the claim, or a request for a review of a denied claim, was timely filed) shall be afforded the maximum deference permitted by law.

12.6 Deadline to File Legal Action. No legal action to recover Plan benefits or to enforce or clarify rights under the Plan under section 502 or section 510 of ERISA or under any other provision of law, whether or not statutory, may be brought by any claimant on any matter pertaining to the Plan unless the legal action is commenced in the proper forum before the earlier of: (i) thirty (30) months after the claimant knew or reasonably should have known of the principal facts on which the claim is based (to the extent the claim is based on investment directions, the thirty (30) month period is shortened to nineteen (19) months), or, (ii) six (6) months after the claimant has exhausted the claims and review procedure. Any legal action must be brought in the venue described in Section 13.10.

12.7 Knowledge of Fact by Participant Imputed to Beneficiary. Knowledge of all facts that a Participant knew or reasonably should have known shall be imputed to every claimant who is or claims to be a Beneficiary of the Participant or otherwise claims to derive an entitlement by reference to the Participant for the purpose of applying the previously specified periods.

ARTICLE XIII
MISCELLANEOUS

13.1 No Employment Contract. Nothing contained in this Plan shall be deemed to give any Participant or Employee the right to be retained in the service of the Employer or to limit the right of the Employer to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon him as a Participant of the Plan.

13.2 Effect on Other Plans. This Plan shall not alter, enlarge or diminish any person's employment rights or obligations or rights or obligations under the Qualified Plan or any other plan. It is specifically contemplated that the Qualified Plan will, from time to time, be amended and possibly terminated. All such amendments and termination shall be given effect under this Plan (it being expressly intended that this Plan shall not lock in the benefit structures of the Qualified Plan as they exist at the adoption of this Plan or upon the commencement of participation, or commencement of benefits by any Participant).

13.3 Errors in Computations. Neither the Company, the Employer, or the Plan Administrator shall be liable or responsible for any error in the computation of any benefit payable to or with respect to any Participant resulting from any misstatement of fact made by the Participant or by or on behalf of any survivor to whom such benefit shall be payable, directly or indirectly, to the Company, the Employer or the Plan Administrator and used in determining the benefit. Neither the Company, the Employer nor the Plan Administrator shall be obligated or required to increase the benefit payable to or with respect to such Participant which, on discovery of the misstatement, is found to be understated as a result of such misstatement of the Participant. However, the benefit of any Participant which is overstated by reason of any such misstatement or any other reason shall be reduced to the amount appropriate in view of the truth (and to recover any prior overpayment).

13.4 No Salary Reduction. This Plan does not involve a reduction in salary for the Participants or a foregoing of an increase in future salary by the Participant.

13.5 Payments to Minors, Incompetents. In making any distribution to or for the benefit of any minor or incompetent Beneficiary, the Plan Administrator, in his sole, absolute and uncontrolled discretion, may, but need not, make such distribution to a legal or natural guardian or other relative of such minor or court appointed committee of such incompetent, or to any adult with whom such minor or incompetent temporarily or permanently resides, and any such authority and discretion to expend such distribution for the use and benefit of such minor or incompetent. The receipt of such guardian, committee, relative or other person shall be a complete discharge to the Employer, without any responsibility on its part or on the part of the Plan Administrator to see to the application thereof.

13.6 Non-Alienability. No Participant, surviving spouse, joint or contingent annuitant or beneficiary shall have the power to transmit, assign, alienate, dispose of, pledge or encumber any benefit payable under this Plan before its actual payment to such person. The Employer shall not recognize any such effort to convey any interest under this Plan. No benefit payable under this Plan shall be subject to attachment, garnishment, execution following judgment or other legal process before actual payment to such person. This Plan is not required to and shall not permit the payment of benefits in accordance with a qualified domestic relations order. (This Plan is exempt from Part 2 of Subtitle B of Title I of ERISA.)

13.7 Successors. This Plan shall be binding upon and inure to the benefit of the Employer, its successors and assigns and each Participant and his heirs, executors, administrators and legal representatives.

13.8 Taxes. The Employer shall have the right to withhold such federal, state or local taxes, including without limitation, FICA and FUTA taxes, as it may be required to withhold by applicable laws. Such taxes may be withheld from any benefits due hereunder or from any other compensation to which the Participant is entitled from the Employer.

13.9 Choice of Law. Except to the extent that federal law is controlling, the Plan shall be construed and enforced in accordance with the laws of the State of Minnesota (except that the state law will be applied without regard to any choice of law provisions). The Participant, the Participant's Beneficiaries, and any other person claiming a benefit shall only have recourse against the Employer.

13.10 Choice of Venue. Any claim or action brought with respect to this Plan shall be brought in the Federal courts of the State of Minnesota.

13.11 Rules of Interpretation. An individual shall be considered to have attained a given age on the individual's birthday for that age (and not on the day before). The birthday of any individual born on a February 29 shall be deemed to be February 28 in any year that is not a leap year. Notwithstanding any other provision of this Plan or any election or designation made under the Plan, any individual who feloniously and intentionally kills a Participant shall be deemed for all purposes of this Plan and all elections and designations made under this Plan to have died before such Participant. A final judgment of conviction of felonious and intentional killing is conclusive for the purposes of this Section. In the absence of a conviction of felonious and intentional killing, the Benefits Administration Committee shall determine whether the killing was felonious and intentional for the purposes of this Section. Whenever appropriate, words used herein in the singular may be read in the plural, or words used herein in the plural may be read in the singular; the masculine may include the feminine; and the words "hereof," "herein" or "hereunder" or other similar compounds of the word "here" shall mean and refer to the entire Plan and not to any particular paragraph or Section of this Plan unless the context clearly indicates to the contrary. The titles given to the various Sections of this Plan are inserted for convenience of reference only and are not part of this Plan, and they shall not be considered in determining the purpose, meaning or intent of any provision hereof. Any reference in this Plan to a statute or regulation shall be considered also to mean and refer to any subsequent amendment or replacement of that statute or regulation.

13.12 Applicable Laws.

13.12.1. **ERISA Status**. The Plan is maintained with the understanding that the Plan is an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees as provided in sections 201(2), 301(3) and 401(a)(1) of ERISA, and section 2520.104-23 of the regulations under ERISA. Each provision shall be interpreted and administered accordingly.

13.12.2. **Internal Revenue Code Status**. The Plan is maintained as a nonqualified excess and supplemental plan under section 409A of the Code. Each provision shall be interpreted and administered in accordance with section 409A of the Code and guidance provided thereunder. Notwithstanding the foregoing, neither the Employer nor any of its officers, directors, agents or affiliates, nor the Committee shall be obligated, directly or indirectly, to any Participant or any other person for any taxes, penalties, interest or like amounts that may be imposed on the Participant or other person on account of any amounts under this Plan or on account of any failure to comply with the Code.

APPENDIX A-2

Except as otherwise provided in Appendix A-3 to this Plan, benefits under the U.S. Bancorp Nonqualified Supplemental Executive Retirement Plan (the "SERP") ceased to accrue for all SERP participants effective as of September 30, 2001. After that date and notwithstanding anything in the SERP to the contrary, the "SERP Benefit" payable to each person who was a participant in the SERP on September 30, 2001, shall equal the dollar amount of that person's SERP Benefit calculated as of September 30, 2001, but taking into account service through December 31, 2001 when determining "total years of continuous and full-time service" for purposes of the definition of a participant's "Accrued SERP Benefit" in Section 1.2.2(c) of the SERP. The accrued SERP Benefit (as adjusted for any minimum benefits in excess of the cash balance benefit) shall be paid in accordance with the terms of the SERP, and shall not increase or decrease due to any subsequent changes in service, compensation, projected pension benefits, or any other factor affecting the calculation of the SERP Benefit.

APPENDIX A-3

The following persons are entitled to benefits pursuant to the terms of the U.S. Bancorp Nonqualified Supplemental Executive Retirement Plan (the "SERP") as in effect on September 30, 2001, subject to the modifications set forth in this Appendix A-3.

NAME

J. Robert Hoffman
Andrew Cecere
Lee R. Mitau
Daniel M. Quinn
Daniel W. Yohannes

The persons named in this Appendix A-3 were Participants in the U.S. Bancorp Cash Balance Pension Plan as of December 31, 2001. After that date, the tax-qualified pension benefits of these Participants are being provided under the U.S. Bancorp Pension Plan. Their benefits under the U.S. Bancorp Pension Plan will be the sum of two parts: 1) an Accrued Benefit as determined under the U.S. Bancorp Cash Balance Pension Plan as it existed immediately prior to January 1, 2002 for service prior to that date, and 2) an Accrued Benefit determined under Section 2.1.1 of the U.S. Bancorp Pension Plan (2002 Restatement) for service on and after January 1, 2002.

Notwithstanding anything in the SERP document as in effect on September 30, 2001 to the contrary, in calculating the amount of the Other Benefit payable to the persons named in this Appendix A-3, the following modifications shall apply effective January 1, 2002 to take into account the changes to their underlying pension benefits:

Section 1.2.1.

The term "Projected Cash Balance Annuity" in subsection (a)(i) of Section 1.2.1 of the SERP (which defines the Accrual Percentage) is replaced by the term "Projected Pension Plan Annuity."

Section 1.2.3.

The reference in Section 1.2.3 of the SERP to the "Cash Balance Plan" is replaced by a reference to the "U.S. Bancorp Pension Plan as in effect on and after January 1, 2002."

Section 1.2.18.

Section 1.2.18 of the SERP is replaced in its entirety with the following:

1.2.18. **Prior Plans' Offset** — a dollar amount equal to the product of the Participant's Projected Average Compensation multiplied by the factor for that Participant determined from Schedule II to this Plan Statement. The factor for the participant shall be determined by reference to the Participant's age at his or her most recent date of hire by the Employer; provided, however, that in the event the Projected Pension Plan Benefit is reduced as provided in the last sentence of Section 1.2.20(a)(5), the factor shall be determined by reference to the Participant's age as of the applicable "conversion date" referred to in Section 1.2.20(a)(5).

To the same extent that the Committee determines under Section 1.2.12 of the Plan Statement that a business entity was an Employer prior to the date on which the business entity first became an Employer, the business entity shall be considered an Employer for the purposes of this paragraph.

Section 1.2.20.

Section 1.2.20 of the SERP is replaced in its entirety with the following:

1.2.20 **Projected Pension Plan Benefit** – a dollar amount equal to the single lump sum present value of the total benefit the Participant would be expected to have accrued under the U.S. Bancorp Pension Plan at his or her Normal Retirement Age based on the following assumptions.

(a) In determining the portion of a Participant's Pension Plan Benefit for service prior to January 1, 2002 (the "Cash Balance Portion"), the following assumptions apply:

(1) The initial account balance shall be the Participant's Account Balance as of the last day of the Plan Year immediately preceding the date as of which the Projected Pension Benefit is determined.

(2) The Cash Balance Portion shall be based solely on the Participant's Account Balance and without regard to the Minimum Benefit described in Section 1.4 of the Cash Balance Pension Plan or to any grandfathered benefit described in Section 1.5 of the Cash Balance Pension Plan;

(3) The Cash Balance Portion shall include such amounts as would have been included as of December 31, 2001, if there were never any limitations on benefits under Section 415 of the Internal Revenue Code or limitations on compensation under section 401(a)(17) of the Internal Revenue Code;

(4) Interest Credits under the Cash Balance Portion shall be made at an annual rate that is 3 percentage points greater than the rate at which Projected Compensation is deemed to increase under this Plan Statement;

(5) Interest Credits shall be made as if there were no limitations on benefits under Section 415 of the Internal Revenue Code; and

(6) Subject to the following, the Participant's Account Balance shall not include any amounts attributable to service with a business entity prior to the date the business entity first became an Employer. To the same extent that the Committee determines that a business entity was an Employer prior to the date on which the business entity first became an Employer, amounts attributable to service with the business entity shall be included in the Participant's Account Balance. Notwithstanding anything to the contrary in this subsection (a)(6), unless the Committee determines otherwise, in lieu of adjusting the Account Balance of a Participant to exclude amounts attributable to service with a business entity prior to the date the business entity first became an Employer, the Projected Pension Plan Benefit of any

Participant whose prior employer pension was merged into the Cash Balance Plan on or after December 31, 1998, shall be reduced by the amount of the single life annuity benefit payable at Normal Retirement Age under the defined benefit pension plans of the prior employer which were converted into a lump sum amount and included in the Account Balance, such single life annuity to be calculated as of the conversion date (and to be determined without regard to the limitations on benefits under section 415 of the Internal Revenue Code and the limitation on compensation under section 401(a)(17) of the Internal Revenue Code to the extent the prior employer maintained a plan or plans to provide such excess benefits).

(b) In determining the portion of a Participant's Pension Plan Benefit for service on and after January 1, 2002 (a Participant's Accrued Benefit under Section 2.1.1 of the U.S. Bancorp Pension Plan), the following assumptions apply:

(1) The Participant remains in Recognized Employment through Normal Retirement Age;

(2) The Participant receives future increases in Base Pension Pay and Total Pension Pay at the rate Projected Compensation is deemed to increase under this Plan Statement;

(3) The Participant's Base Pension Pay and Total Pension Pay are not limited by Section 401(a)(17) of the Internal Revenue Code; and

(4) The Participant's benefit is not limited by Section 415 of the Internal Revenue Code.

Section 1.2.21.

Section 1.2.21 of the SERP is replaced in its entirety by the following:

1.2.21 **Projected Pension Plan Annuity —** the annual amount payable in the form of a single life annuity at Normal Retirement Age for the life of the Participant which is the Actuarial Equivalent of the Projected Pension Plan Benefit, calculated using the assumptions set forth in Appendix C of the U.S. Bancorp Pension Plan.

Appendices A-1, A-4 to A-10 and B-1 to B-3 have been omitted. These appendices relate to supplemental benefits to individuals who are no longer employed by the company or are not executive officers. The Company agrees to furnish supplementally a copy of each such omitted appendix to the U.S. Securities and Exchange Commission upon its request.

Exhibit 10.30

U.S. BANCORP
PERFORMANCE RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS AGREEMENT is made as of <Grant Date> (the "Grant Date"), by and between U.S. Bancorp (the "Company") and <Participant Name> (the "Participant"), together with the Completed Exhibit A which is incorporated herein by reference (collectively, the "Agreement"), sets forth the terms and conditions of a performance restricted stock unit award representing the right to receive <Number of Target Awards Granted> shares of common stock of the Company, par value $0.01 per share (the "Common Stock"). The grant of this performance restricted stock unit award is made pursuant to the Company's 2015 Stock Incentive Plan, which was approved by shareholders on April 21, 2015 (the "Plan") and is subject to its terms. Capitalized terms that are not defined in the Agreement shall have the meaning ascribed to such terms in the Plan.

The Company and Participant agree as follows:

1. **Award**

Subject to the terms and conditions of the Plan and the Agreement, the Company grants to Participant a performance restricted stock unit award (the "Units") entitling Participant to <Number of Target Awards Granted> performance restricted stock units (such number of units, the "Target Award Number"). The Target Award Number shall be adjusted upward or downward as provided in the Completed Exhibit A. The number of Units that Participant will receive under the Agreement, after giving effect to such adjustment, is referred to herein as the "Final Award Number." Each Unit represents the right to receive one share of Common Stock, subject to the vesting requirements and distribution provisions of the Agreement and the terms of the Plan. The shares of Common Stock distributable to Participant with respect to the Units granted hereunder are referred to as the "Shares." The Completed Exhibit A sets forth (a) the performance period over which the Final Award Number will be determined (the "Performance Period"), and (b) the date on which the Final Award Number will be determined (the "Determination Date").

2. **Vesting; Forfeiture**

(a) Subject to Sections 2(b) and 2(c), the Units shall vest pursuant to the following rules:

(i) *Time-Based Vesting Conditions*. Except as otherwise provided in subsections (ii) through (v) below, if the Participant remains continuously employed by the Company or an Affiliate of the Company through the Scheduled Vesting Date as set forth in Exhibit A, the number of Units equal to the Final Award Number shall become vested on the Scheduled Vesting Date and will be settled in accordance with Section 3(a).

(ii) *Continued Vesting Upon Separation From Service Due to Retirement or Disability*. If Participant remains continuously employed by the Company or an Affiliate of the Company through the date of his or her Separation From Service (as defined in Section 10) with the Company or the Affiliate by reason of Retirement (as defined in Section 10) or Disability (as defined in Section 10) prior to the Scheduled Vesting Date, and provided such Separation From Service is not a Qualifying Termination (as defined in Section 10), the Final Award Number will be determined in accordance with Section 1 and a number of Units equal to the Final Award Number shall continue to vest on the Scheduled Vesting Date and will be settled in accordance with Section 3(a).

(iii) *Acceleration of Vesting Upon Death*. If, prior to the Scheduled Vesting Date, Participant (A) ceases to be an employee by reason of death while in the employ of the Company or

any Affiliate, or (B) dies after a Separation From Service by reason of Retirement or Disability, then the Units will become vested in accordance with this subsection (iii). If such death occurs prior to the last day of the Performance Period, a number of Units equal to the Target Award Number will vest upon Participant's death. If the death occurs on or after the last day of the Performance Period, then a number of Units equal to the Final Award Number will vest. Units that vest in accordance with this subsection (iii) shall be distributed to the Participant in accordance with Section 3(c).

(iv) *Acceleration of Vesting Following a Qualifying Termination*. If Participant remains continuously employed by the Company or an Affiliate of the Company through the date of a Qualifying Termination prior to the Scheduled Vesting Date, then the Units will become vested in accordance with this subsection (iv). If the Qualifying Termination occurs prior to the last day of the Performance Period, a number of Units equal to the Target Award Number will vest upon Participant's Qualifying Termination. If the Qualifying Termination occurs on or after the last date of the Performance Period, then a number of Units equal to the Final Award Number will vest. Units that vest in accordance with this subsection (iv) shall be distributed to the Participant in accordance with Section 3(b). Notwithstanding the foregoing, if in connection with a Change in Control the Units are adjusted, or units in the acquiring or surviving entity are substituted for the Units, or the Plan is terminated, in each case as permitted under the Plan and in accordance with Section 409A, then the terms of such adjustment, substitution or plan termination will govern the treatment of the Units.

(v) *Continued Vesting As a Result of Qualifying Severance*. If Participant has been continuously employed by the Company or any Affiliate from the Grant Date until the date of a Qualifying Severance (as defined in Section 10) and the Scheduled Vesting Date is on or before the second anniversary of the Qualifying Severance, then the Units will become vested such that the Final Award Number will be determined in accordance with Section 1 and a number of Units equal to the Final Award Number shall continue to vest on the Scheduled Vesting Date. Units that vest in accordance with this subsection (v) shall be distributed to the Participant in accordance with Section 3(a).

Except as provided above in this Section 2(a), if Participant's employment with the Company or an Affiliate terminates, any Units that have not vested at the time of the termination shall be immediately and irrevocably forfeited.

(b) *Forfeiture if Violation of Confidentiality Agreement*. Notwithstanding any other provision of this Agreement, Units that have not become vested previously may also be forfeited if Participant has not complied with the terms of any confidentiality and non-solicitation agreement between the Company or an Affiliate and the Participant at all times since the Grant Date.

(c) *Special Risk-Related Cancellation Provisions.* Notwithstanding any other provision of the Agreement, if at any time subsequent to the Grant Date the Committee determines, in its sole discretion, that Participant has subjected the Company to significant financial, reputational, or other risk by (i) failing to comply with Company policies and procedures, including the Code of Ethics and Business Conduct, (ii) violating any law or regulation, (iii) engaging in negligence or willful misconduct, or (iv) engaging in activity resulting in a significant or material control deficiency under the Sarbanes-Oxley Act of 2002, then all or part of the Units granted under the Agreement that have not been settled (and Shares delivered) at the time of such determination may be cancelled. If any Units are cancelled pursuant to this provision, Participant will have no rights with respect to the Units (including, without limitation, any rights to receive a distribution of Shares with respect to the Units and the right to receive Dividend Equivalents).

3. **Distribution of Shares with Respect to Units**

Following the vesting of Units and following the payment of any applicable withholding taxes pursuant to Section 7 hereof, the Company shall cause to be issued and delivered to Participant (including through book entry) Shares registered in the name of Participant or in the name of Participant's legal representatives, beneficiaries or heirs, as the case may be, as follows:

(a) *Distribution on Schedule Vesting Date (Including for Retirement, Disability, and Qualifying Severance)*. As soon as administratively feasible following the Scheduled Vesting Date (but in no event later than December 31st of the year in which such Scheduled Vesting Date occurs), all Shares issuable pursuant to Units that become vested in accordance with subsections (i), (ii), and (v) of Section 2(a) shall be distributed to Participant.

(b) *Qualifying Termination Distributions*. As soon as administratively feasible following a Separation From Service in connection with a Qualifying Termination (and in any case no later than 60 days following such Separation From Service except as otherwise provided in this Section 3(b)), all Shares issuable pursuant to Units that become vested in accordance with Section 2(a)(iv) shall be distributed to Participant. Notwithstanding the foregoing, any Shares issuable to a Specified Employee (as defined in Section 10) as a result of a Separation From Service in connection with a Qualifying Termination will not be delivered to such Specified Employee until the date that is six months and one day after the date of the Separation From Service. If in connection with a Change in Control the Units are adjusted, or units in the acquiring or surviving entity are substituted for the Units, or the Plan is terminated, in each case as permitted under the Plan and in accordance with Section 409A, then the terms of such adjustment, substitution or plan termination will govern the treatment of the Units, including the time and manner of settlement of the Units.

(c) *Distributions Following Death*. As soon as administratively feasible following the death of a Participant (but in no event later than December 31 of the first calendar year following the calendar year in which the death occurred) all Shares issuable pursuant to Units that become vested pursuant to Section 2(a)(iii) shall be distributed to the representatives of Participant or to any Person to whom the Units have been transferred by will or the applicable laws of descent and distribution.

In the event that the number of Shares distributable pursuant to this Section 3 is a number that is not a whole number, then the number of Shares distributed shall be rounded down to the nearest whole number.

4. **Rights as Shareholder; Dividend Equivalents**

Prior to the distribution of Shares with respect to Units pursuant to Section 3 above, Participant shall not have ownership or rights of ownership of any Shares underlying the Units; provided, however, that Participant shall be entitled to accrue cash Dividend Equivalents on outstanding Units (i.e. Units that have not been forfeited, cancelled or settled), whether vested or unvested, if cash dividends on the Common Stock are declared by the Board on or after the Grant Date. Prior to the Determination Date, Participant will accrue cash Dividend Equivalents on Units equal to the Target Award Number. Specifically, when cash dividends are paid with respect to a share of outstanding Common Stock, an amount of cash per Unit equal to the cash dividend paid with respect to a share of outstanding Common Stock will be accrued with respect to each Unit in Participant's Target Award Number. On the Determination Date, the dollar amount of Participant's cumulative accrued Dividend Equivalents as of the Determination Date will be multiplied by Participant's Target Award Number Percentage to determine the amount of cash Dividend Equivalents that will be paid to Participant. Dividend Equivalents will be paid in cash as soon as administratively feasible following the date on which the underlying Units giving

rise to the Dividend Equivalents are settled and paid out, but in no event later than December 31st of the year in which the underlying Units are distributed in accordance with Section 3. The Dividend Equivalents shall be treated as earnings on, and as a separate amount from, the Units for purposes of Section 409A of the Code.

5. **Restriction on Transfer**

Except for transfers by will or the applicable laws of descent and distribution, the Units cannot be sold, assigned, transferred, gifted, pledged, or in any manner encumbered, alienated, attached or disposed of, and any purported sale, assignment, transfer, gift, pledge, alienation, attachment or encumbrance shall be void and unenforceable against the Company and its Affiliates. No such attempt to transfer the Units, whether voluntary or involuntary, by operation of law or otherwise (except by will or laws of descent and distribution), shall vest the purported transferee with any interest or right in or with respect to the Units or the Shares issuable with respect to the Units.

6. **Securities Law Compliance**

The delivery of all or any of the Shares in accordance with this Award shall be effective only at such time that the issuance of such Shares will not violate any state or federal securities or other laws. The Company is under no obligation to effect any registration of the Shares under the Securities Act of 1933 or to effect any state registration or qualification of the Shares. The Company may, in its sole discretion, delay the delivery of the Shares or place restrictive legends on such Shares in order to ensure that the issuance of any Shares will be in compliance with federal or state securities laws and the rules of the New York Stock Exchange or any other exchange upon which the Common Stock is traded.

7. **Tax Withholding**

In order to comply with all applicable federal, state, local and foreign income and payroll tax laws or regulations, the Company and its Affiliates may take such action as it deems appropriate to ensure that all applicable withholding, income or other taxes, which are the sole and absolute responsibility of Participant, are withheld or collected from Participant. Without limiting the foregoing, the Company and its Affiliates may, but are not obligated to, permit or require the satisfaction of tax withholding obligations through net Share settlement at the time of delivery of Shares (i.e. the Company or Affiliate withholds a portion of the Shares otherwise to be delivered with a Fair Market Value, as such term is defined in the Plan, equal to the amount of such taxes, but only to the extent necessary to satisfy certain statutory withholding requirements to avoid adverse accounting treatment under ASC 718) or through an open market sale of Shares otherwise to be delivered, in each case pursuant to such rules and procedures as may be established by the Company.

8. **Miscellaneous**

(a) The Agreement is issued pursuant to the Plan and is subject to its terms. The Plan is available for inspection during business hours at the principal office of the Company. In addition, the Plan may be viewed on the Fidelity Website at **www.netbenefits.com** (or the website of any other stock plan administrator selected by the Company in the future).

(b) The Agreement shall not confer on Participant any right with respect to continuance of employment with the Company or any Affiliate, nor will it interfere in any way with the right of the Company or any Affiliate to terminate such employment at any time.

(c) Participant acknowledges that the grant, vesting or any payment with respect to this Award, and the sale or other taxable disposition of the Shares issued with respect to the Units hereunder may have tax consequences pursuant to the Code or under local, state or international tax laws. It is intended that the Award shall comply with Section 409A of the Code, and the provisions of the Agreement and the Plan shall be construed and administered accordingly. Any amendment or modification of the Award (to the extent permitted under the terms of the Plan), will be undertaken in a manner intended to comply with Section 409A, to the extent applicable. Notwithstanding the foregoing, there is no guaranty or assurance as to the tax treatment of the Award. Participant acknowledges that Participant is relying solely and exclusively on Participant's own professional tax and investment advisors with respect to any and all such matters (and is not relying, in any manner, on the Company, its Affiliates, or any of their employees or representatives). Participant understands and agrees that any and all tax consequences resulting from the Award and its grant, vesting, amendment, or any payment with respect thereto, and the sale or other taxable disposition of the Shares acquired pursuant to the Award, is solely and exclusively the responsibility of Participant without any expectation or understanding that the Company, its Affiliates, or any of their employees or representatives will pay or reimburse Participant for such taxes or other items.

9. **Venue**

Any claim or action brought with respect to this Award shall be brought in a federal or state court located in Minneapolis, Minnesota.

10. **Definitions**

For purposes of the Agreement, the following terms shall have the definitions as set forth below:

(a) **"Change in Control"** shall have the meaning ascribed to it in the Plan, but only if the event or circumstances constituting such change in control also constitute a change in ownership or effective control of the Company, or a change in the ownership of a substantial portion of the assets of the Company, within the meaning of Section 409A of the Code.

(b) **"Disability"** means leaving active employment and qualifying for and receiving disability benefits under the Company's long-term disability programs as in effect from time to time.

(c) "**Qualifying Severance**" means Participant's Separation From Service at least six months from the Grant Date pursuant to which the Participant is entitled (or would be entitled if he or she were a U.S. employee performing services in the U.S. for an eligible employer) to severance benefits under the U.S. Bank Severance Pay Program; provided, however, that if the Separation From Service occurs immediately following a leave of absence, the Separation From Service shall constitute a Qualifying Severance only if the leave of absence ends within six months of its commencement.

(d) **"Qualifying Termination"** means:

(i) Participant's Separation From Service as a result of the Company's termination of Participant's employment for any reason other than Cause within 12 months following a Change in Control; or

(ii) Participant's Separation From Service as a result of Disability within 12 months following a Change in Control; or

(iii) Participant's Separation From Service (other than as a result of Participant's termination of employment by the Company for Cause) within 12 months following a Change in Control, if, at the time of such Separation From Service, Participant is age 55 or older and has had 10 or more years of employment with the Company or its Affiliates following such Participant's most recent date of hire by the Company or its Affiliates.

For purposes of this definition, the term Company shall be deemed to include any Person that has assumed this Award (or provided a substitute award to Participant) in connection with a Change in Control.

(e) **"Retirement"** means a Separation From Service (other than for Cause) by a Participant who is age 55 or older and has had 10 or more years of employment with the Company or its Affiliates following such Participant's most recent date of hire by the Company or its Affiliates.

(f) **"Separation From Service"** means a Participant's separation from service with the Company and its affiliates, as determined under Treasury Regulation section 1.409A-1(h)(1), provided, that the term "affiliate" shall mean a business entity which is affiliated in ownership with the Company and that is treated as a single employer under the rules of section 414(b) and (c) of the Code (applying the eighty percent common ownership standard).

(f) **"Specified Employee"** shall mean any Participant who is a specified employee for purposes of section 1.409A-1(i) of the U.S. Treasury Regulations, determined in accordance with the rules set forth in the separate document entitled "U.S. Bank Specified Employee Determination."

EXHIBIT A TO

PERFORMANCE RESTRICTED STOCK UNIT AWARD AGREEMENT

This Exhibit A to the Performance Restricted Stock Unit Award Agreement sets forth the manner in which the Final Award Number will be determined for each Participant.

Definitions

Capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan, and the Performance Restricted Stock Unit Award Agreement. The following terms used in the text of this Exhibit A and in the ROE Performance Matrix shall have the meanings set forth below:

"Company ROE Maximum" means %.

"Company ROE Minimum" means %.

"Company ROE Result" means the ROE achieved by the Company during the Performance Period.

"Company ROE Target" means %.

"Determination Date" means the date on which the Final Award Number is determined, which date shall not be later than 45 days after the last day of the Performance Period.

"Final Award Number" means the "Final Award Number" determined in accordance with this Exhibit A.

"Peer Group Companies" means the following companies: .

"Peer Group ROE Ranking Maximum" means the percentile.

"Peer Group ROE Ranking Minimum" means the percentile.

"Peer Group ROE Ranking Target" means the percentile.

"Peer Group ROE" means the ROE achieved by the Peer Group Companies during the Performance Period.

"Peer Group ROE Ranking" means the percentile rank of the Company ROE Result relative to Peer Group ROE.

"Performance Period" means the three-year period commencing on January 1, 20 and ending December 31, 20 ; provided, that performance shall be measured annually during the Performance Period.

"ROE" means the adjusted return on equity determined based on (a) net income applicable to the common shareholders of the company during the Performance Period, adjusted by: (i) deducting the provision for credit losses determined under the Current Expected Credit Losses (CECL) methodology net of the effective tax for the Performance Period, and (ii) adding net charge-offs net of the effective tax for the Performance Period, the sum of which is divided by (b) that company's average common shareholders' equity during the Performance Period.

"ROE Performance Matrix" means the ROE Performance Matrix set forth in this Exhibit A.

"Scheduled Vesting Date" means , 20 .

"Target Award Number" means the "Target Award Number" set forth in a Participant's Performance Restricted Stock Unit Award Agreement.

"Target Award Number Percentage" means the "Target Award Number Percentage" determined in accordance with the ROE Performance Matrix and the related rules set forth in this Exhibit A.

Determination of Final Award Number

Each Participant has been granted a number of Units equal to the Target Award Number. The Target Award Number will be adjusted upward or downward depending on (a) whether the Company ROE Result is greater or less than the Company ROE Target, and (b) the Peer Group ROE Ranking. The Committee shall measure performance with respect to these performance goals following each calendar year during the Performance Period by calculating the Target Award Number Percentage for the year in accordance with the ROE Performance Matrix and related rules below. At the end of the Performance Period, the Target Award Number Percentage for each of the three years in the Performance Period will be averaged, and the Final Award Number for each Participant will be determined by multiplying (i) the average of the three Target Award Number Percentages by (ii) the Target Award Number.

ROE PERFORMANCE MATRIX

		Target Award Number Percentage		
Company ROE Result (Vertical Axis)	Company ROE Maximum (%) or more	75%	125%	150%
	Company ROE Target (%)	50%	100%	125%
	Company ROE Minimum (%) or less (but greater than zero)	25%	50%	75%
	Company ROE is 0% or less	0%	0%	0%
		Peer Group ROE Ranking Minimum or below	Peer Group ROE Ranking Target	Peer Group ROE Ranking Maximum or above
		Peer Group ROE Ranking (Horizontal Axis)		

In determining the Target Award Number Percentage in accordance with the ROE Performance Matrix, the following rules will apply:

- If the Company ROE Result is greater than the Company ROE Minimum and less than the Company ROE Target, the Target Award Number Percentage on the vertical axis will be determined by interpolation of the Company ROE Result between the Company ROE Minimum and the Company ROE Target.

- If the Company ROE Result is greater than the Company ROE Target and less than the Company ROE Maximum, the Target Award Number Percentage on the vertical axis will be determined by interpolation of the Company ROE Result between the Company ROE Target and the Company ROE Maximum.
- If the Peer Group ROE Ranking is greater than the Peer Group ROE Ranking Minimum and less than the Peer Group ROE Ranking Target, the Target Award Number Percentage on the horizontal axis will be determined by interpolation of the Peer Group ROE Ranking between the Peer Group ROE Minimum and the Peer Group ROE Target.
- If the Peer Group ROE Ranking is greater than the Peer ROE Group Ranking Target and less than the Peer Group ROE Ranking Maximum, the Target Award Number Percentage on the horizontal axis will be determined by interpolation of the Peer Group ROE Ranking between the Peer Group ROE Target and the Peer Group ROE Maximum.
- After the Target Award Number Percentage on each of the vertical axis and horizontal axis has been determined, the actual Target Award Number Percentage will be determined by interpolation of the data points (*i.e.*, the percentages) set forth in the ROE Performance Matrix.
- In no event shall the Target Award Number Percentage be greater than 150.0%.

The Final Award Number for each Participant shall be determined by the Committee on the Determination Date.

Committee Determinations

The Committee shall make all determinations necessary to arrive at the Final Award Number for each Participant. The Committee shall determine the Company ROE Result by reference to the Company's audited financial statements as of and for each calendar year during the Performance Period. The Committee shall determine the Peer Group ROE Ranking by reference to publicly available financial information regarding the Peer Companies for each calendar year during the Performance Period. The Committee may adjust ROE during each calendar year during the Performance Period to exclude the impact of any of the following events or occurrences which the Committee determines should appropriately be excluded: (a) asset write-downs and discontinued operations; (b) litigation, claims, judgments or settlements; (c) the effect of changes in tax law or other such laws or regulations affecting reported results; (d) acquisitions, mergers or restructuring costs; (e) any change in applicable accounting rules or principles or the Company's method of accounting; and (f) any other extraordinary or unusual items or events applied on a consistent basis. The Committee also may adjust the Peer Group Companies to account for members that cease to be a public company during the Performance Period (whether by merger, consolidation, liquidation or otherwise) and include additional companies consistent with previously approved methodology for selecting Peer Group Companies. Any determination by the Committee pursuant to this Exhibit A will be binding upon each Participant and the Company.

No Fractional Units

In the event the Final Award Number is a number of Units that is not a whole number, then the Final Award Number shall be rounded down to the nearest whole number.

Exhibit 10.31

U.S. BANCORP
RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS AGREEMENT is made as of <Grant Date> (the "Grant Date") by and between U.S. Bancorp (the "Company") and <Participant Name> (the "Participant"). This Agreement (the "Agreement") sets forth the terms and conditions of a restricted stock unit award representing the right to receive <Number of Awards Granted> shares of common stock of the Company, par value $0.01 per share (the "Common Stock"). The grant of this restricted stock unit award is made pursuant to the Company's 2015 Stock Incentive Plan, which was approved by shareholders on April 21, 2015 (the "Plan") and is subject to its terms. Capitalized terms that are not defined in the Agreement shall have the meaning ascribed to such terms in the Plan.

The Company and Participant agree as follows:

1. **Award**

Subject to the terms and conditions of the Plan and the Agreement, the Company grants to Participant a restricted stock unit award (the "Units") entitling the Participant to <Number of Awards Granted> restricted stock units. Each Unit represents the right to receive one share of Common Stock, subject to the vesting requirements and distribution provisions of the Agreement and the terms of the Plan. The shares of Common Stock distributable to Participant with respect to the Units granted hereunder are referred to as the "Shares."

2. **Vesting; Forfeiture**

(a) Subject to Sections 2(b) and 2(c), the Units shall vest pursuant to the following rules:

(i) *Time-Based Vesting Conditions*. Except as otherwise provided in subsections (ii) through (v) below, the Units shall vest in installments on the date or dates set forth in the vesting schedule (the "Vesting Schedule") detailed at the end of this Agreement in the Appendix: Vesting Schedule (the "Scheduled Vesting Date") and will be settled in accordance with Section 3(a).

(ii) *Continued Vesting Upon Separation From Service Due to Retirement or Disability*. If Participant remains continuously employed by the Company or an Affiliate of the Company through the date of his or her Separation From Service (as defined in Section 10) with the Company or the Affiliate by reason of Retirement (as defined in Section 10) or Disability (as defined in Section 10) prior to the Scheduled Vesting Date, the Units shall continue to vest on the remaining Scheduled Vesting Dates and will be settled in accordance with Section 3(a).

(iii) *Acceleration of Vesting upon Death*. If, prior to the Scheduled Vesting Date, Participant (A) ceases to be an employee by reason of death while in the employ of the Company or any Affiliate, or (B) dies after a Separation From Service by reason of Retirement or Disability, then the Units will become vested as of the date of death and will be settled in accordance with Section 3(c).

(iv) *Acceleration of Vesting Upon Qualifying Termination*. If Participant has been continuously employed by the Company or any Affiliate until the date such Participant experiences a Qualifying Termination (as defined in Section 10) that occurs prior to a Scheduled Vesting Date, then, immediately upon such Qualifying Termination, the Units shall become vested and will be settled in accordance with Section 3(b).

(v) *Continued Vesting Upon Qualifying Severance*. If Participant has been continuously employed by the Company or any Affiliate from the Grant Date until the date of a Qualifying Severance (as defined in Section 10), then the Units that are not vested at the time of the Qualifying Severance and that would vest under subsection (i) if Participant remained continuously employed through solely the second anniversary of the Qualifying Severance, shall continue to vest on the remaining Scheduled Vesting Dates that are on or before the second anniversary of the Qualifying Severance. Units vested in accordance with this subsection (v) will be settled in accordance with Section 3(a).

Except as provided above in this Section 2(a), if Participant's employment with the Company or an Affiliate terminates, any Units that have not vested at the time of the termination shall be immediately and irrevocably forfeited.

(b) *Forfeiture if Violation of Confidentiality Agreement*. Notwithstanding any other provision of this Agreement, Units that have not become vested previously may also be forfeited if Participant has not complied with the terms of any confidentiality and non-solicitation agreement between the Company or an Affiliate and the Participant at all times since the Grant Date.

(c) *Special Risk-Related Cancellation Provisions.* Notwithstanding any other provision of the Agreement, if at any time subsequent to the Grant Date the Committee determines, in its sole discretion, that Participant has subjected the Company to significant financial, reputational, or other risk by (i) failing to comply with Company policies and procedures, including the Code of Ethics and Business Conduct, (ii) violating any law or regulation, (iii) engaging in negligence or willful misconduct, or (iv) engaging in activity resulting in a significant or material control deficiency under the Sarbanes-Oxley Act of 2002, then all or part of the Units granted under the Agreement that have not been settled (and Shares delivered) at the time of such determination may be cancelled. If any Units are cancelled pursuant to this provision, Participant will have no rights with respect to the Units (including, without limitation, any rights to receive a distribution of Shares with respect to the Units and the right to receive Dividend Equivalents).

3. **Distribution of Shares with Respect to Units**

Following the vesting of Units and following the payment of any applicable withholding taxes pursuant to Section 7 hereof, the Company shall cause to be issued and delivered to Participant (including through book entry) Shares registered in the name of Participant or in the name of Participant's legal representatives, beneficiaries or heirs, as the case may be, as follows:

(a) *Distributions on Scheduled Vesting Dates (Including for Retirement, Disability, and Qualifying Severance)*. As soon as administratively feasible following each Scheduled Vesting Date (but in no event later than December 31st of the year in which such Scheduled Vesting Date occurs), all Shares issuable pursuant to Units that become vested pursuant to subsections (i), (ii), and (v) of Section 2(a) (and with respect to which Shares have not been distributed previously) shall be distributed to Participant.

(b) *Qualifying Termination Distributions*. As soon as administratively feasible following a Separation From Service in connection with a Qualifying Termination (and in any case no later than 60 days following such Separation From Service except as otherwise provided in this Section 3(b)), all Shares issuable pursuant to Units that become vested as a result of such Qualifying Termination (and with respect to which Shares have not been distributed previously) shall be distributed to Participant. Notwithstanding the foregoing, any Shares issuable to a Specified Employee (as defined in Section 10) as a result of a Separation From Service in connection with a Qualifying Termination will not be delivered to such Specified Employee until the date that is six months and one day after the date of the Separation

From Service. If in connection with a Change in Control the Units are adjusted, or units in the acquiring or surviving entity are substituted for the Units, or the Plan is terminated, in each case as permitted under the Plan and in accordance with Section 409A, then the terms of such adjustment, substitution or plan termination will govern the treatment of the Units, including the time and manner of settlement of the Units.

(c) *Distributions Following Death*. As soon as administratively feasible following the death of a Participant (but in no event later than December 31 of the first calendar year following the calendar year in which the death occurred) all Shares issuable pursuant to Units that become vested pursuant to Section 2(a)(iii) (and with respect to which Shares have not been distributed previously) shall be distributed to the representatives of Participant or to any Person to whom the Units have been transferred by will or the applicable laws of descent and distribution.

In the event that the number of Shares distributable pursuant to this Section 3 is a number that is not a whole number, then the number of Shares distributed shall be rounded down to the nearest whole number.

4. **Rights as Shareholder; Dividend Equivalents**

Prior to the distribution of Shares with respect to Units pursuant to Section 3 above, Participant shall not have ownership or rights of ownership of any Shares underlying the Units; provided, however, that Participant shall be entitled to receive cash Dividend Equivalents on outstanding Units (i.e. Units that have not been forfeited, cancelled or settled), whether vested or unvested, if cash dividends on the Common Stock are declared by the Board on or after the Grant Date. Such Dividend Equivalents will be in an amount of cash per Unit equal to the cash dividend paid with respect to a share of outstanding Common Stock. The Dividend Equivalents shall be treated as earnings on, and as a separate amount from, the Units for purposes of Section 409A of the Code and will be paid out as soon as administratively feasible following the Common Stock dividend payable date, but in no event later than December 31st of the year in which the payable date is declared. Dividend Equivalents paid with respect to dividends declared before the delivery of the Shares underlying the Units will be treated as compensation income for tax purposes and will be subject to income and payroll tax withholding by the Company.

5. **Restriction on Transfer**

Except for transfers by will or the applicable laws of descent and distribution, the Units cannot be sold, assigned, transferred, gifted, pledged, or in any manner encumbered, alienated, attached or disposed of, and any purported sale, assignment, transfer, gift, pledge, alienation, attachment or encumbrance shall be void and unenforceable against the Company and its Affiliates. No such attempt to transfer the Units, whether voluntary or involuntary, by operation of law or otherwise (except by will or laws of descent and distribution), shall vest the purported transferee with any interest or right in or with respect to the Units or the Shares issuable with respect to the Units.

6. **Securities Law Compliance**

The delivery of all or any of the Shares in accordance with this Award shall be effective only at such time that the issuance of such Shares will not violate any state or federal securities or other laws. The Company is under no obligation to effect any registration of the Shares under the Securities Act of 1933 or to effect any state registration or qualification of the Shares. The Company may, in its sole discretion, delay the delivery of the Shares or place restrictive legends on such Shares in order to ensure that the issuance of any Shares will be in compliance with federal or state securities laws and the rules of the New York Stock Exchange or any other exchange upon which the Common Stock is traded.

7. **Tax Withholding**

In order to comply with all applicable federal, state, local and foreign income and payroll tax laws or regulations, the Company and its Affiliates may take such action as it deems appropriate to ensure that all applicable withholding, income or other taxes, which are the sole and absolute responsibility of Participant, are withheld or collected from Participant. Without limiting the foregoing, the Company and its Affiliates may, but are not obligated to, permit or require the satisfaction of tax withholding obligations through net Share settlement at the time of delivery of Shares (i.e. the Company or the Affiliate withholds a portion of the Shares otherwise to be delivered with a Fair Market Value, as such term is defined in the Plan, equal to the amount of such taxes, but only to the extent necessary to satisfy certain statutory withholding requirements to avoid adverse accounting treatment under ASC 718) or through an open market sale of Shares otherwise to be delivered, in each case pursuant to such rules and procedures as may be established by the Company.

8. **Miscellaneous**

(a) The Agreement is issued pursuant to the Plan and is subject to its terms. The Plan is available for inspection during business hours at the principal office of the Company. In addition, the Plan may be viewed on the Fidelity Website at **www.netbenefits.com** (or the website of any other stock plan administrator selected by the Company in the future).

(b) The Agreement shall not confer on Participant any right with respect to continuance of employment with the Company or any Affiliate, nor will it interfere in any way with the right of the Company or any Affiliate to terminate such employment at any time.

(c) Participant acknowledges that the grant, vesting or any payment with respect to this Award, and the sale or other taxable disposition of the Shares issued with respect to the Units hereunder may have tax consequences pursuant to the Code or under local, state or international tax laws. It is intended that the Award shall comply with Section 409A of the Code, and the provisions of the Agreement and the Plan shall be construed and administered accordingly. Any amendment or modification of the Award (to the extent permitted under the terms of the Plan), will be undertaken in a manner intended to comply with Section 409A, to the extent applicable. Notwithstanding the foregoing, there is no guaranty or assurance as to the tax treatment of the Award. Participant acknowledges that Participant is relying solely and exclusively on Participant's own professional tax and investment advisors with respect to any and all such matters (and is not relying, in any manner, on the Company, its Affiliates, or any of their employees or representatives). Participant understands and agrees that any and all tax consequences resulting from the Award and its grant, vesting, amendment, or any payment with respect thereto, and the sale or other taxable disposition of the Shares acquired pursuant to the Award, is solely and exclusively the responsibility of Participant without any expectation or understanding that the Company, its Affiliates, or any of their employees or representatives will pay or reimburse Participant for such taxes or other items.

9. **Venue**

Any claim or action brought with respect to this Award shall be brought in a federal or state court located in Minneapolis, Minnesota.

10. **Definitions**

For purposes of the Agreement, the following terms shall have the definitions as set forth below:

(a) **"Change in Control"** shall have the meaning ascribed to it in the Plan, but only if the event or circumstances constituting such change in control also constitute a change in ownership or effective control of the Company, or a change in the ownership of a substantial portion of the assets of the Company, within the meaning of Section 409A of the Code.

(b) **"Disability"** means leaving active employment and qualifying for and receiving disability benefits under the Company's long-term disability programs as in effect from time to time.

(c) "**Qualifying Severance**" means Participant's Separation From Service at least six months from the Grant Date pursuant to which the Participant is entitled (or would be entitled if he or she were a U.S. employee performing services in the U.S. for an eligible employer) to severance benefits under the U.S. Bank Severance Pay Program; provided, however, that if the Separation From Service occurs immediately following a leave of absence, the Separation From Service shall constitute a Qualifying Severance only if the leave of absence ends within six months of its commencement.

(d) **"Qualifying Termination"** means:

(i) Participant's Separation From Service as a result of the Company's termination of Participant's employment for any reason other than Cause within 12 months following a Change in Control;

(ii) Participant's Separation From Service as a result of Disability within 12 months following a Change in Control; or

(iii) Participant's Separation From Service (other than as a result of Participant's termination of employment by the Company for Cause) within 12 months following a Change in Control, if, at the time of such Separation From Service, Participant is age 55 or older and has had 10 or more years of employment with the Company or its Affiliates following such Participant's most recent date of hire by the Company or its Affiliates.

For purposes of this definition, the term Company shall be deemed to include any Person that has assumed this Award (or provided a substitute award to Participant) in connection with a Change in Control.

(e) **"Retirement"** means a Separation From Service (other than for Cause) by a Participant who is age 55 or older and has had 10 or more years of employment with the Company or its Affiliates following such Participant's most recent date of hire by the Company or its Affiliates.

(f) **"Separation From Service"** means a Participant's separation from service with the Company and its affiliates, as determined under Treasury Regulation section 1.409A-1(h)(1), provided, that the term "affiliate" shall mean a business entity which is affiliated in ownership with the Company and that is treated as a single employer under the rules of section 414(b) and (c) of the Code (applying the eighty percent common ownership standard).

(g) **"Specified Employee"** shall mean any Participant who is a specified employee for purposes of section 1.409A-1(i) of the U.S. Treasury Regulations, determined in accordance with the rules set forth in the separate document entitled "U.S. Bank Specified Employee Determination."

Appendix
Vesting Schedule

Table of Contents

Exhibit 13

The following pages discuss in detail the financial results we achieved in 2020 — results that reflect how we are creating the future now.

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

This report 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; civil unrest; 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.

Additional factors could cause actual results to differ from expectations, including the risks discussed in the "Corporate Risk Profile" section on pages 36 to 58 and "Risk Factors" section on pages 146 to 158 of this report. 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.

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Management's Discussion and Analysis

Overview

In 2020, U.S. Bancorp and its subsidiaries (the "Company") continued to demonstrate its financial strength despite significant weakness in the domestic and global economies. The COVID-19 pandemic and the mitigation efforts put in place by companies, consumers and governmental authorities to contain it created the most severe negative impact to the domestic and global economies since the Great Depression. These adverse economic conditions moderated during the second half of 2020 as the economies began to recover and unemployment began to decline. Despite a challenging economic environment, the Company's diversified business mix generated healthy fee revenue growth, capital and liquidity are in a strong position, and the Company demonstrated strong discipline over its expense growth while continuing to invest in digital capabilities and key business initiatives to drive growth and improve efficiencies in the future.

As a result of the economic challenges, the Company earned $5.0 billion in 2020, a decrease of $2.0 billion (28.3 percent) from 2019, reflecting an increase in the provision for credit losses, lower net interest income and higher noninterest expense, partially offset by noninterest income growth. The increase in the provision for credit losses was driven by unfavorable economic conditions caused by the impact of COVID-19 on the domestic and global economies. Net interest income decreased as a result of lower interest rates, partially offset by changes in deposit and funding mix, loan growth and higher loan fees. Noninterest income increased due to significant growth in mortgage banking revenue due to refinancing activities and strong growth in commercial products revenue, partially offset by declines in payment services revenue and deposit service charges due to lower consumer and business spending. Noninterest expense increased reflecting costs incurred related to the COVID-19 environment, an increase in revenue-related production expenses and higher costs related to developing digital capabilities and related business investment.

In 2020, the Company grew its loan portfolio and increased deposits significantly. Average loan balances in 2020 increased $16.6 billion (5.7 percent) over 2019 primarily due to higher commercial loans, reflecting customer utilization of bank credit facilities to support their liquidity requirements, loans made under the Small Business Administration's ("SBA") Paycheck Protection Program, growth in residential mortgages given the lower interest rate environment, and higher commercial real estate loans. These increases were partially offset by lower credit card loans driven by a decline in consumer spending during the year, and lower other retail loans. Average deposit balances in 2020 increased $51.8 billion (14.9 percent) over 2019 primarily due to higher total savings and noninterest-bearing deposit balances, partially offset by lower time deposit balances. The growth in average total savings and noninterest-bearing deposits was primarily a result of actions taken 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.

The Company's common equity tier 1 capital to risk-weighted assets ratio, using the Basel III standardized approach was 9.7 percent at December 31, 2020. Refer to Table 23 for a summary of the statutory capital ratios in effect for the Company at December 31, 2020 and 2019. Further, credit rating organizations rate the Company's debt among the highest of any bank in the world. This comparative financial strength provides the Company with favorable funding costs, strong liquidity and the ability to attract new customers.

The Company's financial strength, business model, credit culture and focus on efficiency have enabled it to deliver solid financial performance during the challenging economic environment of 2020. Given the current economic environment, the Company will continue to focus on managing credit losses and operating costs, while also utilizing its financial strength to grow market share. The Company believes it is well positioned for long-term growth in earnings per common share and industry-leading returns on assets and common equity. The Company remains committed to delivering best-in-class products and services and in 2021 will continue to invest in its digital capabilities, technology and people to drive revenue growth and efficiency improvement.

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TABLE 1 Selected Financial Data

Year Ended December 31 (Dollars and Shares in Millions, Except Per Share Data)	2020	2019	2018	2017	2016
Condensed Income Statement					
Net interest income	$ 12,825	$ 13,052	$ 12,919	$ 12,380	$ 11,666
Taxable-equivalent adjustment [a]	99	103	116	205	203
Net interest income (taxable-equivalent basis) [b]	12,924	13,155	13,035	12,585	11,869
Noninterest income	10,401	9,831	9,602	9,317	9,290
Total net revenue	23,325	22,986	22,637	21,902	21,159
Noninterest expense	13,369	12,785	12,464	12,790	11,527
Provision for credit losses	3,806	1,504	1,379	1,390	1,324
Income before taxes	6,150	8,697	8,794	7,722	8,308
Income taxes and taxable-equivalent adjustment	1,165	1,751	1,670	1,469	2,364
Net income	4,985	6,946	7,124	6,253	5,944
Net (income) loss attributable to noncontrolling interests	(26)	(32)	(28)	(35)	(56)
Net income attributable to U.S. Bancorp	$ 4,959	$ 6,914	$ 7,096	$ 6,218	$ 5,888
Net income applicable to U.S. Bancorp common shareholders	$ 4,621	$ 6,583	$ 6,784	$ 5,913	$ 5,589
Per Common Share					
Earnings per share	$ 3.06	$ 4.16	$ 4.15	$ 3.53	$ 3.25
Diluted earnings per share	3.06	4.16	4.14	3.51	3.24
Dividends declared per share	1.68	1.58	1.34	1.16	1.07
Book value per share [c]	31.26	29.90	28.01	26.34	24.63
Market value per share	46.59	59.29	45.70	53.58	51.37
Average common shares outstanding	1,509	1,581	1,634	1,677	1,718
Average diluted common shares outstanding	1,510	1,583	1,638	1,683	1,724
Financial Ratios					
Return on average assets	.93%	1.45%	1.55%	1.39%	1.36%
Return on average common equity	10.0	14.1	15.4	13.8	13.4
Net interest margin (taxable-equivalent basis) [a]	2.68	3.06	3.14	3.10	3.04
Efficiency ratio [b]	57.8	55.8	55.1	58.5	54.5
Net charge-offs as a percent of average loans outstanding	.58	.50	.48	.48	.47
Average Balances					
Loans	$307,269	$290,686	$280,701	$276,537	$267,811
Loans held for sale	6,985	3,769	3,230	3,574	4,181
Investment securities [d]	125,954	117,150	113,940	111,820	107,922
Earning assets	481,402	430,537	415,067	406,421	389,877
Assets	531,207	475,653	457,014	448,582	433,313
Noninterest-bearing deposits	98,539	73,863	78,196	81,933	81,176
Deposits	398,615	346,812	333,462	333,514	312,810
Short-term borrowings	19,182	18,137	21,790	15,022	19,906
Long-term debt	44,040	41,572	37,450	35,601	36,220
Total U.S. Bancorp shareholders' equity	52,246	52,623	49,763	48,466	47,339
Period End Balances					
Loans	$297,707	$296,102	$286,810	$280,432	$273,207
Investment securities	136,840	122,613	112,165	112,499	109,275
Assets	553,905	495,426	467,374	462,040	445,964
Deposits	429,770	361,916	345,475	347,215	334,590
Long-term debt	41,297	40,167	41,340	32,259	33,323
Total U.S. Bancorp shareholders' equity	53,095	51,853	51,029	49,040	47,298
Asset Quality					
Nonperforming assets	$ 1,298	$ 829	$ 989	$ 1,200	$ 1,603
Allowance for credit losses	8,010	4,491	4,441	4,417	4,357
Allowance for credit losses as a percentage of period-end loans	2.69%	1.52%	1.55%	1.58%	1.59%
Capital Ratios					
Common equity tier 1 capital	9.7%	9.1%	9.1%	9.3%	9.4%
Tier 1 capital	11.3	10.7	10.7	10.8	11.0
Total risk-based capital	13.4	12.7	12.6	12.9	13.2
Leverage	8.3	8.8	9.0	8.9	9.0
Total leverage exposure	7.3	7.0	7.2		
Tangible common equity to tangible assets [b]	6.9	7.5	7.8	7.6	7.5
Tangible common equity to risk-weighted assets [b]	9.5	9.3	9.4	9.4	9.2
Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the current expected credit losses methodology [b]	9.3				

(a) Based on federal income tax rates of 21 percent for 2020, 2019 and 2018 and 35 percent for 2017 and 2016, for those assets and liabilities whose income or expense is not included for federal income tax purposes.
(b) See Non-GAAP Financial Measures beginning on page 64.
(c) Calculated as U.S. Bancorp common shareholders' equity divided by common shares outstanding at end of the period.
(d) Excludes unrealized gains and losses on available-for-sale investment securities and any premiums or discounts recorded related to the transfer of investment securities at fair value from available-for-sale to held-to-maturity.

Earnings Summary The Company reported net income attributable to U.S. Bancorp of $5.0 billion in 2020, or $3.06 per diluted common share, compared with $6.9 billion, or $4.16 per diluted common share, in 2019. Return on average assets and return on average common equity were 0.93 percent and 10.0 percent, respectively, in 2020, compared with 1.45 percent and 14.1 percent, respectively, in 2019. During a challenging period adversely impacted by the COVID-19 pandemic, the Company's diversified business generated growth in net revenue and supported a provision for credit losses of $3.8 billion resulting in a $2.0 billion increase in the allowance for credit losses in 2020.

Total net revenue for 2020 was $339 million (1.5 percent) higher than 2019, reflecting a 5.8 percent increase in noninterest income, partially offset by a 1.7 percent decrease in net interest income (1.8 percent on a taxable-equivalent basis). The decrease in net interest income from the prior year was primarily due to the impact of lower rates, partially offset by changes in deposit and funding mix, loan growth and higher loan fees. The increase in noninterest income was driven by significant growth in mortgage banking revenue and commercial products revenue, as well as increases in trust and investment management fees and gains on the sale of investment 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 business spending. Additionally, other noninterest income declined from the prior year due to lower equity investment income and certain asset impairments, partially offset by gains on sale of certain businesses in 2020.

Noninterest expense in 2020 was $584 million (4.6 percent) higher than 2019, reflecting costs related to COVID-19 and an increase in revenue-related production expenses in 2020. Additionally, noninterest expense reflected an increase in personnel costs and technology and communications expense related to developing digital capabilities and related business investment, as well as an increase in other noninterest expense, partially offset by lower marketing and business development expense.

Results for 2019 Compared With 2018 For discussion related to changes in financial condition and results of operations for 2019 compared with 2018, refer to "Management's Discussion and Analysis" in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the Securities and Exchange Commission on February 20, 2020.

Statement of Income Analysis

Net Interest Income Net interest income, on a taxable-equivalent basis, was $12.9 billion in 2020, compared with $13.2 billion in 2019. The $231 million (1.8 percent) decrease in net interest income, on a taxable-equivalent basis, in 2020 compared with 2019, was principally driven by the impact of lower interest rates from the prior year, partially offset by changes in deposit and funding mix, loan growth and higher loan fees. Average earning assets were $50.9 billion (11.8 percent) higher in 2020, compared with 2019, reflecting increases in loans, investment securities and other earning assets primarily representing cash balances. The net interest margin, on a taxable-equivalent basis, in 2020 was 2.68 percent, compared with 3.06 percent in 2019. The decrease in the net interest margin in 2020, compared with 2019, was primarily due to the impact of lower interest rates, changes in the yield curve, a decision to maintain higher cash balances for liquidity, and higher premium amortization within the investment portfolio, partially offset by the net benefit of changes in loan mix and deposit and funding mix. Refer to the "Interest Rate Risk Management" section for further information on the sensitivity of the Company's net interest income to changes in interest rates.

Average total loans were $307.3 billion in 2020, compared with $290.7 billion in 2019. The $16.6 billion (5.7 percent) increase was primarily due to higher commercial loans, residential mortgages and commercial real estate loans, partially offset by decreases in credit card loans and other retail loans. Average commercial loans increased $10.8 billion (10.4 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. Average residential mortgages increased $5.9 billion (8.7 percent) due to higher mortgage loan production given the lower interest rate environment, and higher Government National Mortgage Association ("GNMA") buybacks. Average commercial real estate loans increased $1.2 billion (3.0 percent) in 2020, compared with 2019, primarily the result of higher commercial mortgage new business in the first half of 2020, along with slower paydowns of balances by customers in the second half of the year. Average credit card balances decreased $977 million (4.2 percent), reflecting the net impact of lower consumer spending during 2020, partially offset by the acquisition of a credit card portfolio in 2020. The $291 million (0.5 percent) decrease in average other retail loans was primarily due to lower home equity loans, revolving credit balances, auto loans and retail leasing loans, partially offset by an increase in installment loans.

TABLE 2 Analysis of Net Interest Income [a]

Year Ended December 31 (Dollars in Millions)	2020	2019	2018	2020 v 2019	2019 v 2018
Components of Net Interest Income					
Income on earning assets (taxable-equivalent basis)	$ 14,942	$ 17,607	$ 16,298	$ (2,665)	$ 1,309
Expense on interest-bearing liabilities (taxable-equivalent basis)	2,018	4,452	3,263	(2,434)	1,189
Net interest income (taxable-equivalent basis) [b]	$ 12,924	$ 13,155	$ 13,035	$ (231)	$ 120
Net interest income, as reported	$ 12,825	$ 13,052	$ 12,919	$ (227)	$ 133
Average Yields and Rates Paid					
Earning assets yield (taxable-equivalent basis)	3.10%	4.09%	3.93%	(.99)%	.16%
Rate paid on interest-bearing liabilities (taxable-equivalent basis)	.56	1.34	1.04	(.78)	.30
Gross interest margin (taxable-equivalent basis)	2.54%	2.75%	2.89%	(.21)%	(.14)%
Net interest margin (taxable-equivalent basis)	2.68%	3.06%	3.14%	(.38)%	(.08)%
Average Balances					
Investment securities [c]	$125,954	$117,150	$113,940	$ 8,804	$ 3,210
Loans	307,269	290,686	280,701	16,583	9,985
Earning assets	481,402	430,537	415,067	50,865	15,470
Noninterest-bearing deposits	98,539	73,863	78,196	24,676	(4,333)
Interest-bearing deposits	300,076	272,949	255,266	27,127	17,683
Total deposits	398,615	346,812	333,462	51,803	13,350
Interest-bearing liabilities	363,298	332,658	314,506	30,640	18,152

(a) Interest and rates are presented on a fully taxable-equivalent basis based on a federal income tax rate of 21 percent.
(b) See Non-GAAP Financial Measures beginning on page 64.
(c) Excludes unrealized gains and losses on available-for-sale investment securities and any premiums or discounts recorded related to the transfer of investment securities at fair value from available-for-sale to held-to-maturity.

Average investment securities in 2020 were $8.8 billion (7.5 percent) higher than in 2019, primarily due to purchases of mortgage-backed securities, net of prepayments and maturities.

Average total deposits for 2020 were $51.8 billion (14.9 percent) higher than 2019. Average total savings deposits for 2020 were $33.7 billion (14.7 percent) higher than 2019, driven by increases in Consumer and Business Banking, Corporate and Commercial Banking, and Wealth Management and Investment Services balances. Average noninterest-bearing deposits were $24.7 billion (33.4 percent) higher in 2020, compared with 2019, reflecting increases across all business lines. The growth in average total savings and noninterest-bearing deposits was primarily a result of the 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. The increase in average noninterest-bearing deposits in Payment Services was driven by state unemployment distributions on prepaid debit cards. Average time deposits for 2020 were $6.5 billion (14.7 percent) lower than 2019, primarily driven by decreases in those deposits managed as an alternative to other funding sources, based largely on relative pricing and liquidity characteristics, partially offset by increases in Consumer and Business Banking balances reflecting the acquisition of deposit balances from State Farm Bank in the fourth quarter of 2020.

TABLE 3 Net Interest Income — Changes Due to Rate and Volume [a]

Year Ended December 31 (Dollars in Millions)	2020 v 2019 Volume	2020 v 2019 Yield/Rate	2020 v 2019 Total	2019 v 2018 Volume	2019 v 2018 Yield/Rate	2019 v 2018 Total
Increase (decrease) in						
Interest Income						
Investment securities	$ 222	$ (684)	$ (462)	$ 75	$ 201	$ 276
Loans held for sale	138	(84)	54	28	(31)	(3)
Loans						
Commercial	442	(1,479)	(1,037)	167	267	434
Commercial real estate	57	(519)	(462)	(28)	66	38
Residential mortgages	231	(209)	22	224	54	278
Credit card	(112)	(176)	(288)	192	(57)	135
Other retail	(14)	(316)	(330)	40	176	216
Covered loans	—	—	—	(134)	—	(134)
Total loans	604	(2,699)	(2,095)	461	506	967
Other earning assets	401	(563)	(162)	27	42	69
Total earning assets	1,365	(4,030)	(2,665)	591	718	1,309
Interest Expense						
Interest-bearing deposits						
Interest checking	36	(198)	(162)	5	72	77
Money market savings	237	(1,346)	(1,109)	86	473	559
Savings accounts	14	(79)	(65)	2	53	55
Time deposits	(130)	(439)	(569)	87	208	295
Total interest-bearing deposits	157	(2,062)	(1,905)	180	806	986
Short-term borrowings	21	(247)	(226)	(65)	48	(17)
Long-term debt	73	(376)	(303)	111	109	220
Total interest-bearing liabilities	251	(2,685)	(2,434)	226	963	1,189
Increase (decrease) in net interest income	$1,114	$ (1,345)	$ (231)	$ 365	$ (245)	$ 120

(a) This table shows the components of the change in net interest income by volume and rate on a taxable-equivalent basis based on a federal income tax rate of 21 percent. This table does not take into account the level of noninterest-bearing funding, nor does it fully reflect changes in the mix of assets and liabilities. The change in interest not solely due to changes in volume or rates has been allocated on a pro-rata basis to volume and yield/rate.

Provision for Credit Losses The provision for credit losses reflects changes in economic conditions and the size and credit quality of the entire portfolio of loans. The Company maintains an allowance for credit losses considered appropriate by management for expected losses, based on factors discussed in the “Analysis and Determination of Allowance for Credit Losses” section.

In 2020, the provision for credit losses was $3.8 billion, compared with $1.5 billion in 2019. In March 2020, economic conditions began to deteriorate, and continued to worsen in the second quarter of 2020, due to the impact of the COVID-19 pandemic. Economic conditions moderated during the second half of 2020 as economic projections for both the gross domestic product and unemployment levels improved throughout the third and fourth quarters. The Company recognized an increase of $1.9 billion in the allowance for credit losses during 2020 due to deteriorating credit quality and expected ongoing effects of these adverse economic conditions. In addition, the Company recognized an increase of $120 million in the allowance for credit losses during 2020, reflecting the expected losses within the acquired State Farm Bank credit card portfolio. Net charge-offs increased $332 million (22.8 percent) in 2020, compared with 2019, reflecting higher commercial and commercial real estate loan net charge-offs, partially offset by a decrease in credit card loan net charge-offs. Nonperforming assets increased $469 million (56.6 percent) from December 31, 2019 to December 31, 2020, primarily driven by increases in nonperforming commercial and commercial real estate loans.

Refer to “Corporate Risk Profile” for further information on the provision for credit losses, net charge-offs, nonperforming assets and other factors considered by the Company in assessing the credit quality of the loan portfolio and establishing the allowance for credit losses.

TABLE 4 Noninterest Income

Year Ended December 31 (Dollars in Millions)	2020	2019	2018	2020 v 2019	2019 v 2018
Credit and debit card revenue	$ 1,338	$1,413	$1,401	(5.3)%	.9%
Corporate payment products revenue	497	664	644	(25.2)	3.1
Merchant processing services	1,261	1,601	1,531	(21.2)	4.6
Trust and investment management fees	1,736	1,673	1,619	3.8	3.3
Deposit service charges	677	909	1,070	(25.5)	(15.0)
Treasury management fees	568	578	594	(1.7)	(2.7)
Commercial products revenue	1,143	934	895	22.4	4.4
Mortgage banking revenue	2,064	874	720	*	21.4
Investment products fees	192	186	188	3.2	(1.1)
Securities gains (losses), net	177	73	30	*	*
Other	748	926	910	(19.2)	1.8
Total noninterest income	$10,401	$9,831	$9,602	5.8%	2.4%

* *Not meaningful.*

Noninterest Income Noninterest income in 2020 was $10.4 billion, compared with $9.8 billion in 2019. The $570 million (5.8 percent) increase in 2020 over 2019 reflected growth in mortgage banking revenue, commercial products revenue, and trust and investment management fees, as well as higher gains on sales of investment securities, partially offset by lower payment services revenue, deposit service charges and other noninterest income. Mortgage banking revenue increased $1.2 billion in 2020, compared with 2019, due to higher mortgage loan production driven by refinancing activities and stronger gain on sale margins, partially offset by declines in mortgage servicing rights ("MSRs") valuations, net of hedging activities. Commercial products revenue increased 22.4 percent in 2020, compared with 2019, primarily due to higher corporate bond issuance fees and trading revenue. Trust and investment management fees increased 3.8 percent due to business growth and favorable market conditions. Payment services revenue decreased in 2020, compared with 2019, due to a 5.3 percent decrease in credit and debit card revenue, a 25.2 percent decrease in corporate payment products revenue and a 21.2 percent decrease in merchant processing services revenue, all driven by lower sales volume due to the worldwide impact of the COVID-19 pandemic on consumer and business spending. The decrease in credit and debit card revenue was partially offset by the impact of higher prepaid card fees related to government stimulus programs adopted in 2020. Deposit service charges decreased 25.5 percent primarily due to lower consumer spending activities. Other noninterest income decreased 19.2 percent in 2020, compared with 2019, primarily due to lower equity investment income and certain 2020 asset impairments as a result of expected branch closures and property damage from civil unrest that occurred during the year. These decreases in other noninterest income were partially offset by higher retail leasing end of term residual gains, higher tax-advantaged investment syndication revenue, gains on sales of certain businesses in 2020 and the impact of a charge of $140 million in 2019 for a derivative liability related to Visa shares previously sold by the Company.

TABLE 5 Noninterest Expense

Year Ended December 31 (Dollars in Millions)	2020	2019	2018	2020 v 2019	2019 v 2018
Compensation	$ 6,635	$ 6,325	$ 6,162	4.9%	2.6%
Employee benefits	1,303	1,286	1,231	1.3	4.5
Net occupancy and equipment	1,092	1,123	1,063	(2.8)	5.6
Professional services	430	454	407	(5.3)	11.5
Marketing and business development	318	426	429	(25.4)	(.7)
Technology and communications	1,294	1,095	978	18.2	12.0
Postage, printing and supplies	288	290	324	(.7)	(10.5)
Other intangibles	176	168	161	4.8	4.3
Other	1,833	1,618	1,709	13.3	(5.3)
Total noninterest expense	$13,369	$12,785	$12,464	4.6%	2.6%
Efficiency ratio [(a)]	57.8%	55.8%	55.1%		

(a) See Non-GAAP Financial Measures beginning on page 64.

Noninterest Expense Noninterest expense in 2020 was $13.4 billion, compared with $12.8 billion in 2019. The Company's efficiency ratio was 57.8 percent in 2020, compared with 55.8 percent in 2019. The $584 million (4.6 percent) increase in noninterest expense in 2020 over 2019 was driven by additional expenses of $574 million in 2020, representing incremental costs related to the prepaid card business, expenses related to COVID-19, and revenue-related expenses due to higher mortgage production and capital markets activities. In addition, the increases were also driven by business investments, including those related to increased digital capabilities. The increase in 2020 noninterest expense over 2019 reflected higher compensation expense, technology and communications expense, and other noninterest expense, partially offset by lower marketing and business development expense, net occupancy and equipment expense, and professional services expense. Compensation expense increased 4.9 percent in 2020 over 2019, due to the impacts of merit increases and higher variable compensation related to business production within the mortgage banking and fixed income capital markets businesses. Technology and communications expense increased 18.2 percent primarily due to capital expenditures supporting business technology investments and the impact of increased call center volume on prepaid cards related to government stimulus programs adopted in 2020. Other noninterest expense increased 13.3 percent, reflecting expenses in 2020 related to COVID-19, higher revenue-related costs, merger-related costs related to acquired deposits, higher FDIC insurance expense driven by an increase in the assessment base, and higher state franchise taxes, partially offset by lower costs related to tax-advantaged projects in 2020 and the impact of $200 million of severance charges and asset impairment accruals recorded in 2019. Incremental costs related to COVID-19 include increased liabilities driven by the Company's exposure as a credit card processor to charge-back risk on undelivered goods and services, including prepaid airline tickets, as well as expenses related to paying premium compensation to front-line workers and providing a safe working environment for employees. Marketing and business development expense decreased 25.4 percent due to a reduction in travel as a result of COVID-19 and a decrease in 2020 marketing campaigns. Net occupancy and equipment expense decreased 2.8 percent due to branch closures, while professional services expense decreased 5.3 percent primarily due to fewer initiatives in 2020.

Pension Plans Because of the long-term nature of pension plans, the related accounting is complex and can be impacted by several factors, including investment funding policies, accounting methods and actuarial assumptions.

The Company's pension accounting reflects the long-term nature of the benefit obligations and the investment horizon of plan assets. Amounts recorded in the financial statements reflect actuarial assumptions about participant benefits and plan asset returns. Changes in actuarial assumptions and differences in actual plan experience, compared with actuarial assumptions, are deferred and recognized in expense in future periods.

Pension expense is expected to remain unchanged at $201 million in 2021, primarily due to expected earnings on higher plan assets due to the Company's 2020 contributions of $1.2 billion, offset by a lower expected rate of return on assets of 6.50 percent and a lower discount rate. Because of the complexity of forecasting pension plan activities, the accounting methods utilized for pension plans, the Company's ability to respond to factors affecting the plans and the hypothetical nature of actuarial assumptions, the actual pension expense may differ from the expected amount.

Refer to Note 16 of the Notes to the Consolidated Financial Statements for further information on the Company's pension plan funding practices, investment policies and asset allocation strategies, and accounting policies for pension plans.

The following table shows the effect of hypothetical changes in the discount rate and long-term rate of return ("LTROR") on the Company's expected 2021 pension expense:

Discount Rate (Dollars in Millions)	Down 100 Basis Points	Up 100 Basis Points
Incremental benefit (expense)	$ (115)	$ 102
Percent of 2020 net income	(1.73)%	1.54%
LTROR (Dollars in Millions)	Down 100 Basis Points	Up 100 Basis Points
Incremental benefit (expense)	$ (69)	$ 69
Percent of 2020 net income	(1.04)%	1.04%

Income Tax Expense The provision for income taxes was $1.1 billion (an effective rate of 17.6 percent) in 2020, compared with $1.6 billion (an effective rate of 19.2 percent) in 2019. The reduced tax rate for 2020 was primarily a result of reduced pretax income driven by current economic conditions, including the higher provision for credit losses.

For further information on income taxes, refer to Note 18 of the Notes to Consolidated Financial Statements.

Balance Sheet Analysis

Average earning assets were $481.4 billion in 2020, compared with $430.5 billion in 2019. The increase in average earning assets of $50.9 billion (11.8 percent) was primarily due to increases in loans of $16.6 billion (5.7 percent), investment securities of $8.8 billion (7.5 percent) and other earning assets of $22.3 billion, primarily representing higher cash balances.

For average balance information, refer to Consolidated Daily Average Balance Sheet and Related Yields and Rates on pages 144 and 145.

Loans The Company's loan portfolio was $297.7 billion at December 31, 2020, compared with $296.1 billion at December 31, 2019, an increase of $1.6 billion (0.5 percent). The increase was driven by an increase in residential mortgages of $5.6 billion (7.9 percent), partially offset by decreases in credit card loans of $2.4 billion (9.9 percent), commercial loans of $992 million (1.0 percent), commercial real estate loans of $435 million (1.1 percent) and other retail loans of $94 million

(0.2 percent). Table 6 provides a summary of the loan distribution by product type, while Table 12 provides a summary of the selected loan maturity distribution by loan category. Average total loans increased $16.6 billion (5.7 percent) in 2020, compared with 2019. The increase was due to growth in commercial loans, residential mortgages and commercial real estate loans, partially offset by lower credit card and other retail loans.

Commercial Commercial loans, including lease financing, decreased $992 million (1.0 percent) at December 31, 2020, compared with December 31, 2019, reflecting paydowns by corporate customers, partially offset by loans made under the SBA's Paycheck Protection Program. Average commercial loans increased $10.8 billion (10.4 percent) in 2020, compared with 2019, 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. Table 7 provides a summary of commercial loans by industry and geographical location.

Commercial Real Estate The Company's portfolio of commercial real estate loans, which includes commercial mortgages and construction and development loans, decreased $435 million (1.1 percent) at December 31, 2020, compared with December 31, 2019. The decrease was primarily the result of customers paying down balances, partially offset by new originations. Average commercial real estate loans increased $1.2 billion (3.0 percent) in 2020, compared with 2019. Table 8 provides a summary of commercial real estate loans by property type and geographical location.

The Company reclassifies construction loans to the commercial mortgage category if permanent financing criteria are met. In 2020, approximately $489 million of construction loans were reclassified to the commercial mortgage category. At December 31, 2020 and 2019, $80 million and $101 million, respectively, of tax-exempt industrial development loans were secured by real estate. The Company's commercial mortgage and construction and development loans had unfunded commitments of $11.3 billion at December 31, 2020 and 2019.

The Company also finances the operations of real estate developers and other entities with operations related to real estate. These loans are not secured directly by real estate but have similar characteristics to commercial real estate loans. These loans were included in the commercial loan category and totaled $14.0 billion and $14.3 billion at December 31, 2020 and 2019, respectively.

TABLE 6 Loan Portfolio Distribution

	2020		2019		2018		2017		2016	
At December 31 (Dollars in Millions)	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Commercial										
Commercial	$ 97,315	32.7%	$ 98,168	33.2%	$ 96,849	33.8%	$ 91,958	32.8%	$ 87,928	32.2%
Lease financing	5,556	1.9	5,695	1.9	5,595	1.9	5,603	2.0	5,458	2.0
Total commercial	102,871	34.6	103,863	35.1	102,444	35.7	97,561	34.8	93,386	34.2
Commercial Real Estate										
Commercial mortgages	28,472	9.6	29,404	9.9	28,596	10.0	29,367	10.5	31,592	11.6
Construction and development	10,839	3.6	10,342	3.5	10,943	3.8	11,096	4.0	11,506	4.2
Total commercial real estate	39,311	13.2	39,746	13.4	39,539	13.8	40,463	14.5	43,098	15.8
Residential Mortgages										
Residential mortgages	66,525	22.4	59,865	20.2	53,034	18.5	46,685	16.6	43,632	16.0
Home equity loans, first liens	9,630	3.2	10,721	3.6	12,000	4.2	13,098	4.7	13,642	5.0
Total residential mortgages	76,155	25.6	70,586	23.8	65,034	22.7	59,783	21.3	57,274	21.0
Credit Card	22,346	7.5	24,789	8.4	23,363	8.1	22,180	7.9	21,749	7.9
Other Retail										
Retail leasing	8,150	2.7	8,490	2.9	8,546	3.0	7,988	2.8	6,316	2.3
Home equity and second mortgages	12,472	4.2	15,036	5.1	16,122	5.6	16,327	5.8	16,369	6.0
Revolving credit	2,688	.9	2,899	1.0	3,088	1.1	3,183	1.1	3,282	1.2
Installment	13,823	4.6	11,038	3.7	9,676	3.4	8,989	3.2	8,087	3.0
Automobile	19,722	6.6	19,435	6.5	18,719	6.5	18,934	6.8	17,571	6.4
Student	169	.1	220	.1	279	.1	1,903	.7	2,239	.8
Total other retail	57,024	19.1	57,118	19.3	56,430	19.7	57,324	20.4	53,864	19.7
Covered Loans	—	—	—	—	—	—	3,121	1.1	3,836	1.4
Total loans	$297,707	100.0%	$296,102	100.0%	$286,810	100.0%	$280,432	100.0%	$273,207	100.0%

TABLE 7 Commercial Loans by Industry Group and Geography

At December 31 (Dollars in Millions)	2020 Loans	2020 Percent	2019 Loans	2019 Percent
Industry Group				
Real-estate related	$ 14,032	13.6%	$ 14,329	13.8%
Financial institutions	11,208	10.9	9,386	9.0
Healthcare	7,815	7.6	6,398	6.2
Personal, professional and commercial services	7,597	7.4	6,799	6.5
Media and entertainment	5,737	5.6	4,993	4.8
Retail	5,277	5.1	5,131	4.9
Education and non-profit	4,698	4.6	4,262	4.1
Automotive	4,395	4.3	6,446	6.2
Technology	3,937	3.8	4,446	4.3
Food and beverage	3,869	3.8	4,009	3.9
Transportation	3,441	3.3	3,696	3.6
State and municipal government	3,157	3.1	3,095	3.0
Capital goods	2,911	2.8	3,465	3.3
Metals and mining	2,892	2.8	3,261	3.1
Building materials	2,813	2.7	2,367	2.3
Energy (includes Oil and gas)	2,624	2.6	3,644	3.5
Power (includes Utilities)	2,150	2.1	2,098	2.0
Agriculture	1,950	1.9	2,258	2.2
Other	12,368	12.0	13,780	13.3
Total	$102,871	100.0%	$103,863	100.0%
Geography				
California	$ 14,053	13.7%	$ 12,432	12.0%
Colorado	3,773	3.7	4,025	3.9
Illinois	5,795	5.6	5,482	5.3
Minnesota	7,251	7.0	7,294	7.0
Missouri	4,085	4.0	3,875	3.7
Ohio	4,394	4.3	4,777	4.6
Oregon	2,094	2.0	1,986	1.9
Washington	4,083	4.0	3,910	3.8
Wisconsin	3,996	3.9	3,975	3.8
Iowa, Kansas, Nebraska, North Dakota, South Dakota	3,981	3.9	4,375	4.2
Arkansas, Indiana, Kentucky, North Carolina, Tennessee	5,481	5.3	6,461	6.2
Idaho, Montana, Wyoming	1,116	1.1	1,010	1.0
Arizona, Nevada, New Mexico, Utah	4,269	4.1	4,194	4.0
Total banking region	64,371	62.6	63,796	61.4
Florida, Michigan, New York, Pennsylvania, Texas	20,183	19.6	20,869	20.1
All other states	18,317	17.8	19,198	18.5
Total outside Company's banking region	38,500	37.4	40,067	38.6
Total	$102,871	100.0%	$103,863	100.0%

Residential Mortgages Residential mortgages held in the loan portfolio at December 31, 2020, increased $5.6 billion (7.9 percent) over December 31, 2019. Average residential mortgages increased $5.9 billion (8.7 percent) in 2020, compared with 2019. The growth reflected higher mortgage production given the lower interest rate environment, and higher GNMA buybacks. Residential mortgages originated and placed in the Company's loan portfolio include well-secured jumbo mortgages and branch-originated first lien home equity loans to borrowers with high credit quality.

Credit Card Total credit card loans decreased $2.4 billion (9.9 percent) at December 31, 2020, compared with December 31, 2019. Average credit card balances decreased $977 million (4.2 percent) in 2020, compared with 2019. The decreases reflected reduced consumer spending in 2020 driven by the impact of COVID-19, partially offset by the acquisition of the State Farm Bank credit card portfolio during 2020.

TABLE 8 Commercial Real Estate Loans by Property Type and Geography

At December 31 (Dollars in Millions)	2020 Loans	2020 Percent	2019 Loans	2019 Percent
Property Type				
Multi-family	$ 8,672	22.1%	$ 8,256	20.8%
Business owner occupied	8,622	21.9	9,111	22.9
Office	6,081	15.5	5,783	14.6
Retail	3,645	9.3	3,947	9.9
Industrial	2,941	7.5	2,650	6.7
Lodging	2,814	7.1	3,154	7.9
Residential land and development	2,724	6.9	3,038	7.6
Other	3,812	9.7	3,807	9.6
Total	$39,311	100.0%	$39,746	100.0%
Geography				
California	$ 9,653	24.6%	$ 9,980	25.1%
Colorado	1,680	4.3	1,649	4.1
Illinois	1,487	3.8	1,379	3.5
Minnesota	1,869	4.7	1,927	4.9
Missouri	950	2.4	1,114	2.8
Ohio	1,213	3.1	1,235	3.1
Oregon	1,738	4.4	1,735	4.4
Washington	3,427	8.7	3,505	8.8
Wisconsin	1,585	4.0	1,713	4.3
Iowa, Kansas, Nebraska, North Dakota, South Dakota	1,930	4.9	2,049	5.2
Arkansas, Indiana, Kentucky, North Carolina, Tennessee	2,981	7.6	2,828	7.1
Idaho, Montana, Wyoming	997	2.5	1,004	2.5
Arizona, Nevada, New Mexico, Utah	2,933	7.5	3,056	7.7
Total banking region	32,443	82.5	33,174	83.5
Florida, Michigan, New York, Pennsylvania, Texas	3,999	10.2	3,892	9.8
All other states	2,869	7.3	2,680	6.7
Total outside Company's banking region	6,868	17.5	6,572	16.5
Total	$39,311	100.0%	$39,746	100.0%

Other Retail Total other retail loans, which include retail leasing, home equity and second mortgages and other retail loans, decreased $94 million (0.2 percent) at December 31, 2020, compared with December 31, 2019, reflecting decreases in home equity loans, retail leasing and revolving credit balances, partially offset by increases in installment loans and auto loans. Average other retail loans decreased $291 million (0.5 percent) in 2020, compared with 2019. Of the total residential mortgages, credit card and other retail loans outstanding at December 31, 2020, approximately 70.7 percent were to customers located in the Company's primary banking region, compared with 73.2 percent at December 31, 2019. Tables 9, 10 and 11 provide a geographic summary of residential mortgages, credit card loans and other retail loans outstanding, respectively, as of December 31, 2020 and 2019.

TABLE 9 Residential Mortgages by Geography

At December 31 (Dollars in Millions)	2020 Loans	2020 Percent	2019 Loans	2019 Percent
California	$22,994	30.2%	$22,945	32.5%
Colorado	3,777	5.0	3,864	5.5
Illinois	3,786	5.0	3,488	4.9
Minnesota	4,378	5.7	4,359	6.2
Missouri	1,724	2.3	1,704	2.4
Ohio	2,241	2.9	2,017	2.9
Oregon	2,399	3.1	2,485	3.5
Washington	3,943	5.2	4,075	5.8
Wisconsin	1,391	1.8	1,503	2.1
Iowa, Kansas, Nebraska, North Dakota, South Dakota	1,969	2.6	1,970	2.8
Arkansas, Indiana, Kentucky, North Carolina, Tennessee	4,372	5.7	3,921	5.6
Idaho, Montana, Wyoming	1,334	1.8	1,354	1.9
Arizona, Nevada, New Mexico, Utah	6,087	8.0	5,229	7.4
Total banking region	60,395	79.3	58,914	83.5
Florida, Michigan, New York, Pennsylvania, Texas	7,367	9.7	5,162	7.3
All other states	8,393	11.0	6,510	9.2
Total outside Company's banking region	15,760	20.7	11,672	16.5
Total	$76,155	100.0%	$70,586	100.0%

TABLE 10 Credit Card Loans by Geography

At December 31 (Dollars in Millions)	2020 Loans	2020 Percent	2019 Loans	2019 Percent
California	$ 2,175	9.7%	$ 2,550	10.3%
Colorado	773	3.5	854	3.4
Illinois	1,095	4.9	1,257	5.1
Minnesota	1,126	5.0	1,305	5.3
Missouri	709	3.2	787	3.2
Ohio	1,153	5.2	1,272	5.1
Oregon	620	2.8	710	2.9
Washington	789	3.5	903	3.6
Wisconsin	926	4.1	1,043	4.2
Iowa, Kansas, Nebraska, North Dakota, South Dakota	1,019	4.5	1,122	4.5
Arkansas, Indiana, Kentucky, North Carolina, Tennessee	1,938	8.7	2,106	8.5
Idaho, Montana, Wyoming	355	1.6	395	1.6
Arizona, Nevada, New Mexico, Utah	1,133	5.1	1,286	5.2
Total banking region	13,811	61.8	15,590	62.9
Florida, Michigan, New York, Pennsylvania, Texas	4,410	19.7	4,763	19.2
All other states	4,125	18.5	4,436	17.9
Total outside Company's banking region	8,535	38.2	9,199	37.1
Total	$22,346	100.0%	$24,789	100.0%

TABLE 11 Other Retail Loans by Geography

At December 31 (Dollars in Millions)	2020 Loans	2020 Percent	2019 Loans	2019 Percent
California	$ 9,179	16.1%	$ 9,596	16.8%
Colorado	1,886	3.3	2,015	3.5
Illinois	2,571	4.5	2,772	4.8
Minnesota	3,009	5.3	3,147	5.5
Missouri	1,687	3.0	1,820	3.2
Ohio	2,579	4.5	2,594	4.5
Oregon	1,426	2.5	1,530	2.7
Washington	1,809	3.2	1,810	3.2
Wisconsin	1,219	2.1	1,289	2.3
Iowa, Kansas, Nebraska, North Dakota, South Dakota	2,235	3.9	2,320	4.1
Arkansas, Indiana, Kentucky, North Carolina, Tennessee	3,960	6.9	3,927	6.9
Idaho, Montana, Wyoming	1,069	1.9	1,090	1.9
Arizona, Nevada, New Mexico, Utah	3,054	5.4	3,144	5.5
Total banking region	35,683	62.6	37,054	64.9
Florida, Michigan, New York, Pennsylvania, Texas	13,522	23.7	12,564	22.0
All other states	7,819	13.7	7,500	13.1
Total outside Company's banking region	21,341	37.4	20,064	35.1
Total	$57,024	100.0%	$57,118	100.0%

TABLE 12 Selected Loan Maturity Distribution

At December 31, 2020 (Dollars in Millions)	One Year or Less	Over One Through Five Years	Over Five Years	Total
Commercial	$42,147	$ 58,051	$ 2,673	$102,871
Commercial real estate	11,748	20,866	6,697	39,311
Residential mortgages	2,735	9,888	63,532	76,155
Credit card	22,346	—	—	22,346
Other retail	10,240	25,255	21,529	57,024
Total loans	$89,216	$114,060	$94,431	$297,707
Total of loans due after one year with				
Predetermined interest rates				$106,018
Floating interest rates				$102,473

The Company generally retains portfolio loans through maturity; however, the Company's intent may change over time based upon various factors such as ongoing asset/liability management activities, assessment of product profitability, credit risk, liquidity needs, and capital implications. If the Company's intent or ability to hold an existing portfolio loan changes, it is transferred to loans held for sale.

Loans Held for Sale Loans held for sale, consisting primarily of residential mortgages to be sold in the secondary market, were $8.8 billion at December 31, 2020, compared with $5.6 billion at December 31, 2019. The increase in loans held for sale was principally due to a higher level of mortgage loan closings in late 2020, compared with the same period of 2019, given the lower interest rate environment. Almost all of the residential mortgage loans the Company originates or purchases for sale follow guidelines that allow the loans to be sold into existing, highly liquid secondary markets; in particular in government agency transactions and to government sponsored enterprises ("GSEs").

TABLE 13 Available-for-Sale Investment Securities

At December 31 (Dollars in Millions)	2020 Amortized Cost	2020 Fair Value	2020 Weighted-Average Maturity in Years	2020 Weighted-Average Yield [d]	2019 Amortized Cost	2019 Fair Value	2019 Weighted-Average Maturity in Years	2019 Weighted-Average Yield [d]
U.S. Treasury and agencies	$ 21,954	$ 22,391	3.8	1.37%	$ 19,845	$ 19,839	2.7	1.68%
Mortgage-backed securities [a]	103,282	105,374	3.0	1.47	95,385	95,564	4.4	2.39
Asset-backed securities [a]	200	205	6.2	1.47	375	383	3.1	3.09
Obligations of state and political subdivisions [b][c]	8,166	8,861	6.3	3.99	6,499	6,814	6.6	4.29
Other	9	9	.1	1.81	13	13	.3	2.66
Total investment securities	$133,611	$136,840	3.4	1.61%	$122,117	$122,613	4.2	2.38%

(a) Information related to asset and mortgage-backed securities included above is presented based upon weighted-average maturities that take into account anticipated future prepayments.
(b) Information related to obligations of state and political subdivisions is presented based upon yield to first optional call date if the security is purchased at a premium, and yield to maturity if the security is purchased at par or a discount.
(c) Maturity calculations for obligations of state and political subdivisions are based on the first optional call date for securities with a fair value above par and the contractual maturity date for securities with a fair value equal to or below par.
(d) Yields on investment securities are computed based on amortized cost balances. Weighted-average yields for obligations of state and political subdivisions are presented on a fully-taxable equivalent basis based on a federal income tax rate of 21 percent.

Investment Securities The Company uses its investment securities portfolio to manage interest rate risk, provide liquidity (including the ability to meet regulatory requirements), generate interest and dividend income, and as collateral for public deposits and wholesale funding sources. While the Company intends to hold its investment securities indefinitely, it may sell available-for-sale securities in response to structural changes in the balance sheet and related interest rate risk and to meet liquidity requirements, among other factors.

Available-for-sale investment securities totaled $136.8 billion at December 31, 2020, compared with $122.6 billion at December 31, 2019. The $14.2 billion (11.6 percent) increase reflected $11.5 billion of net investment purchases and a $2.7 billion favorable change in net unrealized gains (losses) on available-for-sale investment securities. The Company had no outstanding investment securities classified as held-to-maturity at December 31, 2020 and 2019.

Average investment securities were $126.0 billion in 2020, compared with $117.2 billion in 2019. The weighted-average yield of the investment securities portfolio was 1.61 percent at December 31, 2020, compared with 2.38 percent at December 31, 2019. The weighted-average maturity of the investment securities portfolio was 3.4 years at December 31, 2020, compared with 4.2 years at December 31, 2019. Available-for-sale investment securities by type are shown in Table 13.

The Company's available-for-sale investment securities are carried at fair value with changes in fair value reflected in other comprehensive income (loss) unless a portion of a security's unrealized loss is related to credit and an allowance for credit losses is necessary. At December 31, 2020, the Company's net unrealized gains on available-for-sale securities were $3.2 billion, compared with $496 million at December 31, 2019. The favorable change in net unrealized gains was primarily due to increases in the fair value of mortgage-backed, U.S. Treasury, and state and political securities as a result of changes in interest rates. Gross unrealized losses on available-for-sale investment securities totaled $53 million at December 31, 2020, compared with $448 million at December 31, 2019. When evaluating credit losses, the Company considers various factors such as the nature of the investment security, the credit ratings or financial condition of the issuer, the extent of the unrealized loss, expected cash flows of the underlying collateral, the existence of any government or agency guarantees, and market conditions. At December 31, 2020, the Company had no plans to sell securities with unrealized losses, and believes it is more likely than not that it would not be required to sell such securities before recovery of their amortized cost.

Refer to Notes 4 and 21 in the Notes to Consolidated Financial Statements for further information on investment securities.

TABLE 14 Deposits

The composition of deposits was as follows:

At December 31 (Dollars in Millions)	2020 Amount	2020 Percent of Total	2019 Amount	2019 Percent of Total	2018 Amount	2018 Percent of Total	2017 Amount	2017 Percent of Total	2016 Amount	2016 Percent of Total
Noninterest-bearing deposits	$118,089	27.5%	$ 75,590	20.9%	$ 81,811	23.7%	$ 87,557	25.2%	$ 86,097	25.7%
Interest-bearing deposits										
Interest checking	95,894	22.3	75,949	21.0	73,994	21.4	74,520	21.5	66,298	19.8
Money market savings	128,058	29.8	120,082	33.2	100,396	29.1	107,973	31.1	109,947	32.9
Savings accounts	57,035	13.3	47,401	13.1	44,720	12.9	43,809	12.6	41,783	12.5
Total savings deposits	280,987	65.4	243,432	67.3	219,110	63.4	226,302	65.2	218,028	65.2
Time deposits less than $100,000	8,451	2.0	10,624	2.9	7,422	2.1	7,315	2.1	8,040	2.4
Time deposits greater than $100,000										
Domestic	10,149	2.3	13,077	3.6	19,958	5.8	10,792	3.1	7,230	2.2
Foreign	12,094	2.8	19,193	5.3	17,174	5.0	15,249	4.4	15,195	4.5
Total interest-bearing deposits	311,681	72.5	286,326	79.1	263,664	76.3	259,658	74.8	248,493	74.3
Total deposits	$429,770	100.0%	$361,916	100.0%	$345,475	100.0%	$347,215	100.0%	$334,590	100.0%

The maturity of time deposits was as follows:

At December 31, 2020 (Dollars in Millions)	Time Deposits Less Than $100,000	Time Deposits Greater Than $100,000 Domestic	Time Deposits Greater Than $100,000 Foreign	Total
Three months or less	$ 1,321	$ 2,983	$ 12,094	$16,398
Three months through six months	1,333	1,554	—	2,887
Six months through one year	2,231	2,292	—	4,523
Thereafter	3,566	3,320	—	6,886
Total	$ 8,451	$ 10,149	$ 12,094	$30,694

Deposits Total deposits were $429.8 billion at December 31, 2020, compared with $361.9 billion at December 31, 2019. The $67.9 billion (18.7 percent) increase in total deposits reflected increases in noninterest-bearing and total savings deposits, partially offset by a decrease in time deposits. The increase in total deposits includes approximately $10 billion related to the acquisition of deposit balances from State Farm Bank in the fourth quarter of 2020. Average total deposits in 2020 increased $51.8 billion (14.9 percent) over 2019.

Noninterest-bearing deposits at December 31, 2020, increased $42.5 billion (56.2 percent) from December 31, 2019. Average noninterest-bearing deposits increased $24.7 billion (33.4 percent) in 2020, compared with 2019, reflecting increases across all business lines.

Interest-bearing savings deposits increased $37.6 billion (15.4 percent) at December 31, 2020, compared with December 31, 2019. The increase was related to higher interest checking, savings and money market deposit balances. Interest checking balances increased $19.9 billion (26.3 percent) primarily due to higher Consumer and Business Banking, and Wealth Management and Investment Services balances. Savings account balances increased $9.6 billion (20.3 percent), driven by higher Consumer and Business Banking balances. Money market deposit balances increased $8.0 billion (6.6 percent), primarily due to higher Consumer and Business Banking, and Wealth Management and Investment Services balances. Average interest-bearing savings deposits in 2020 increased $33.7 billion (14.7 percent), compared with 2019, reflecting higher Consumer and Business Banking, Corporate and Commercial Banking, and Wealth Management and Investment Services balances.

The growth in noninterest-bearing and total savings deposits was 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. The increase in noninterest-bearing deposits in Payment Services was driven by state unemployment distributions on prepaid debit cards.

Interest-bearing time deposits at December 31, 2020, decreased $12.2 billion (28.4 percent), compared with December 31, 2019. Average time deposits decreased $6.5 billion (14.7 percent) in 2020, compared with 2019. The decreases were primarily driven by a decrease in those deposits managed as an alternative to other funding sources, based largely on relative pricing and liquidity characteristics, partially offset by an increase in Consumer and Business Banking balances reflecting the acquisition of deposit balances from State Farm Bank during 2020.

Borrowings The Company utilizes both short-term and long-term borrowings as part of its asset/liability management and funding strategies. Short-term borrowings, which include federal funds purchased, commercial paper, repurchase agreements, borrowings secured by high-grade assets and other short-term borrowings, were $11.8 billion at December 31, 2020, compared with $23.7 billion at December 31, 2019. The $11.9 billion (50.4 percent) decline in short-term borrowings was primarily due to decreases in short-term Federal Home Loan Bank (“FHLB”)

advances, commercial paper and other short-term borrowings balances, partially offset by higher repurchase agreement balances.

Long-term debt was $41.3 billion at December 31, 2020, compared with $40.2 billion at December 31, 2019. The $1.1 billion (2.8 percent) increase was primarily due to $3.3 billion of bank note and $2.8 billion of medium-term note issuances, partially offset by $4.5 billion of bank note repayments and maturities, and $1.2 billion of medium-term note repayments.

Refer to Notes 12 and 13 of the Notes to Consolidated Financial Statements for additional information regarding short-term borrowings and long-term debt, and the “Liquidity Risk Management” section for discussion of liquidity management of the Company.

Corporate Risk Profile

Overview Managing risks is an essential part of successfully operating a financial services company. The Company’s Board of Directors has approved a risk management framework which establishes governance and risk management requirements for all risk-taking activities. This framework includes Company and business line risk appetite statements which set boundaries for the types and amount of risk that may be undertaken in pursuing business objectives and initiatives. The Board of Directors, primarily through its Risk Management Committee, oversees performance relative to the risk management framework, risk appetite statements, and other policy requirements.

The Executive Risk Committee (“ERC”), which is chaired by the Chief Risk Officer and includes the Chief Executive Officer and other members of the executive management team, oversees execution against the risk management framework and risk appetite statements. The ERC focuses on current and emerging risks, including strategic and reputation risks, by directing timely and comprehensive actions. Senior operating committees have also been established, each responsible for overseeing a specified category of risk.

The Company’s most prominent risk exposures are credit, interest rate, market, liquidity, operational, compliance, strategic, and reputation. Leveraging the Company’s risk management framework, the specific impacts of COVID-19 and related risks are identified for each of the most prominent exposures. With respect to direct impacts from COVID-19, oversight and governance is managed through a centralized command center with frequent reporting to the Managing Committee and ERC. The Board of Directors also oversees the Company’s responsiveness to the COVID-19 pandemic. Credit risk is the risk of loss associated with a change in the credit profile or the failure of a borrower or counterparty to meet its contractual obligations. Interest rate risk is the potential reduction of net interest income or market valuations as a result of changes in interest rates. Market risk arises from fluctuations in interest rates, foreign exchange rates, and security prices that may result in changes in the values of financial instruments, such as trading and available-for-sale securities, mortgage loans held for sale (“MLHFS”), MSRs and derivatives that are accounted for on a fair value basis. Liquidity risk is the possible inability to fund obligations or new business at a reasonable cost and in a timely manner. Operational risk is the risk to current or projected financial condition and resilience arising from inadequate or failed internal processes or systems, people (including human errors or misconduct), or adverse external events, including the risk of loss resulting from breaches in data security. Operational risk can also include the risk of loss due to failures by third parties with which the Company does business. Compliance risk is the risk that the Company may suffer legal or regulatory sanctions, financial losses, and reputational damage if it fails to adhere to compliance requirements and the Company’s compliance policies. Strategic risk is the risk to current or projected financial condition arising from adverse business decisions, poor implementation of business decisions, or lack of responsiveness to changes in the banking industry and operating environment. Reputation risk is the risk to current or anticipated earnings, capital, or franchise or enterprise value arising from negative public opinion. This risk may impair the Company’s competitiveness by affecting its ability to establish new relationships or services, or continue serving existing relationships. In addition to the risks identified above, other risk factors exist that may impact the Company. Refer to “Risk Factors” beginning on page 146, for a detailed discussion of these factors.

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, the business lines, manages risks in conformity with established limits and policy requirements. In turn, business line leaders and their risk officers establish programs to ensure conformity with these limits and policy requirements. 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.

Management regularly provides reports to the Risk Management Committee of the Board of Directors. The Risk Management Committee discusses with management the Company’s risk management performance, and provides a summary of key risks to the entire Board of Directors, covering the status of existing matters, areas of potential future concern and specific information on certain types of loss events. The Risk Management Committee considers quarterly reports by management assessing the Company’s performance relative to

the risk appetite statements and the associated risk limits, including:

- Macroeconomic environment and other qualitative considerations, such as regulatory and compliance changes, litigation developments, and technology and cybersecurity;
- Credit measures, including adversely rated and nonperforming loans, leveraged transactions, credit concentrations and lending limits;
- Interest rate and market risk, including market value and net income simulation, and trading-related Value at Risk ("VaR");
- Liquidity risk, including funding projections under various stressed scenarios;
- Operational and compliance risk, including losses stemming from events such as fraud, processing errors, control breaches, breaches in data security or adverse business decisions, as well as reporting on technology performance, and various legal and regulatory compliance measures;
- Capital ratios and projections, including regulatory measures and stressed scenarios; and
- Strategic and reputation risk considerations, impacts and responses.

Credit Risk Management The Company's strategy for credit risk management includes well-defined, centralized credit policies, uniform underwriting criteria, and ongoing risk monitoring and review processes for all commercial and consumer credit exposures. The strategy also emphasizes diversification on a geographic, industry and customer level, regular credit examinations and management reviews of loans exhibiting deterioration of credit quality. The Risk Management Committee oversees the Company's credit risk management process.

In addition, credit quality ratings as defined by the Company, are an important part of the Company's overall credit risk management and evaluation of its allowance for credit losses. Loans with a pass rating represent those loans not classified on the Company's rating scale for problem credits, as minimal credit risk has been identified. Loans with a special mention or classified rating, including consumer lending and small business loans that are 90 days or more past due and still accruing, nonaccrual loans, those loans considered troubled debt restructurings ("TDRs"), and loans in a junior lien position that are current but are behind a first lien position on nonaccrual, encompass all loans held by the Company that it considers to have a potential or well-defined weakness that may put full collection of contractual cash flows at risk. The Company's internal credit quality ratings for consumer loans are primarily based on delinquency and nonperforming status, except for a limited population of larger loans within those portfolios that are individually evaluated. For this limited population, the determination of the internal credit quality rating may also consider collateral value and customer cash flows. Refer to Notes 1 and 5 in the Notes to Consolidated Financial Statements for further discussion of the Company's loan portfolios including internal credit quality ratings.

The Company categorizes its loan portfolio into two segments, which is the level at which it develops and documents a systematic methodology to determine the allowance for credit losses. The Company's two loan portfolio segments are commercial lending and consumer lending.

The commercial lending segment includes loans and leases made to small business, middle market, large corporate, commercial real estate, financial institution, non-profit and public sector customers. Key risk characteristics relevant to commercial lending segment loans include the industry and geography of the borrower's business, purpose of the loan, repayment source, borrower's debt capacity and financial flexibility, loan covenants, and nature of pledged collateral, if any, as well as macroeconomic factors such as unemployment rates, gross domestic product levels, corporate bond spreads and long-term interest rates, all of which have been impacted by the COVID-19 pandemic. These risk characteristics, among others, are considered in determining estimates about the likelihood of default by the borrowers and the severity of loss in the event of default. The Company considers these risk characteristics in assigning internal risk ratings to, or forecasting losses on, these loans, which are the significant factors in determining the allowance for credit losses for loans in the commercial lending segment.

The consumer lending segment represents loans and leases made to consumer customers, including residential mortgages, credit card loans, and other retail loans such as revolving consumer lines, auto loans and leases, home equity loans and lines, and student loans, a run-off portfolio. Home equity or second mortgage loans are junior lien closed-end accounts fully disbursed at origination. These loans typically are fixed rate loans, secured by residential real estate, with a 10- or 15-year fixed payment amortization schedule. Home equity lines are revolving accounts giving the borrower the ability to draw and repay balances repeatedly, up to a maximum commitment, and are secured by residential real estate. These include accounts in either a first or junior lien position. Typical terms on home equity lines in the portfolio are variable rates benchmarked to the prime rate, with a 10- or 15-year draw period during which a minimum payment is equivalent to the monthly interest, followed by a 20- or 10-year amortization period, respectively. At December 31, 2020, substantially all of the Company's home equity lines were in the draw period. Approximately $1.3 billion, or 12 percent, of the outstanding home equity line balances at December 31, 2020, will enter the amortization period within the next 36 months. Key risk characteristics relevant to consumer lending segment loans primarily relate to the borrowers' capacity and willingness to repay and include unemployment rates, consumer bankruptcy filings and other macroeconomic factors, customer payment history and credit scores, and in some cases, updated loan-to-value ("LTV") information reflecting current market conditions on real estate-based loans. These and other risk characteristics, including elevated risk resulting from the COVID-19 pandemic, are reflected in forecasts of delinquency levels, bankruptcies and losses which are the primary factors in determining the allowance for credit losses for the consumer lending segment.

The Company further disaggregates its loan portfolio segments into various classes based on their underlying risk characteristics. The two classes within the commercial lending segment are commercial loans and commercial real estate loans. The three classes within the consumer lending segment are residential mortgages, credit card loans and other retail loans.

Because business processes and credit risks associated with unfunded credit commitments are essentially the same as for loans, the Company utilizes similar processes to estimate its liability for unfunded credit commitments. The Company also engages in non-lending activities that may give rise to credit risk, including derivative transactions for balance sheet hedging purposes, foreign exchange transactions, deposit overdrafts and interest rate contracts for customers, investments in securities and other financial assets, and settlement risk, including Automated Clearing House transactions and the processing of credit card transactions for merchants. These activities are subject to credit review, analysis and approval processes.

Economic and Other Factors In evaluating its credit risk, the Company considers changes, if any, in underwriting activities, the loan portfolio composition (including product mix and geographic, industry or customer-specific concentrations), collateral values, trends in loan performance and macroeconomic factors, such as changes in unemployment rates, gross domestic product levels and consumer bankruptcy filings, as well as the potential impact on customers and the domestic economy resulting from the COVID-19 pandemic.

During the first half of 2020, the COVID-19 pandemic and the mitigation efforts put in place by companies, consumers and governmental authorities to contain it created the most severe negative impact to the domestic and global economies since the Great Depression. Beginning in the late first quarter and continuing into the second quarter of 2020, the gross domestic product declined substantially, while unemployment claims rose significantly. During the second half of the year, economic conditions began to moderate as economic projections for both the gross domestic product and unemployment levels improved from the second quarter. Although spending on many services continues to lag pre-pandemic levels, the rebound in the gross domestic product has been broad based across many industries. However, economic growth slowed somewhat in the fourth quarter as the number of COVID-19 cases increased and certain mitigation efforts were re-instated. Although a significant level of uncertainty exists related to future economic growth, economic activity is currently expected to remain at lower levels during the first half of 2021 and begin to grow in the second half of the year.

Credit Diversification The Company manages its credit risk, in part, through diversification of its loan portfolio which is achieved through limit setting by product type criteria, such as industry, and identification of credit concentrations. As part of its normal business activities, the Company offers a broad array of traditional commercial lending products and specialized products such as asset-based lending, commercial lease financing, agricultural credit, warehouse mortgage lending, small business lending, commercial real estate lending, health care lending and correspondent banking financing. The Company also offers an array of consumer lending products, including residential mortgages, credit card loans, auto loans, retail leases, home equity loans and lines, revolving credit arrangements and other consumer loans. These consumer lending products are primarily offered through the branch office network, home mortgage and loan production offices, mobile and on-line banking, and indirect distribution channels, such as auto dealers. The Company monitors and manages the portfolio diversification by industry, customer and geography. Table 6 provides information with respect to the overall product diversification and changes in the mix during 2020.

The commercial loan class is diversified among various industries with higher concentrations in real estate, financial institutions, healthcare, personal, professional and commercial services, media and entertainment, and retail. Additionally, the commercial loan class is diversified across the Company's geographical markets with 62.6 percent of total commercial loans within the Company's Consumer and Business Banking region. Credit relationships outside of the Company's Consumer and Business Banking region relate to the corporate banking, mortgage banking, auto dealer and leasing businesses, focusing on large national customers and specifically targeted industries, such as healthcare, utilities, oil and gas, and state and municipal government. Loans to mortgage banking customers are primarily warehouse lines which are collateralized with the underlying mortgages. The Company regularly monitors its mortgage collateral position to manage its risk exposure. Table 7 provides a summary of significant industry groups and geographical locations of commercial loans outstanding at December 31, 2020 and 2019.

The commercial real estate loan class reflects the Company's focus on serving business owners within its geographic footprint as well as regional and national investment-based real estate owners and builders. Within the commercial real estate loan class, different property types have varying degrees of credit risk. Table 8 provides a summary of the significant property types and geographical locations of commercial real estate loans outstanding at December 31, 2020 and 2019. At December 31, 2020, approximately 21.9 percent of the commercial real estate loans represented business owner-occupied properties that tend to exhibit less credit risk than non owner-occupied properties. The investment-based real estate mortgages are diversified among various property types with somewhat higher concentrations in multi-family, office and retail properties. From a geographical perspective, the Company's commercial real estate loan class is generally well diversified. However, at December 31, 2020, 24.6 percent of the Company's commercial real estate loans were secured by collateral in California, which has historically experienced higher credit quality deterioration in recessionary periods due to excess inventory levels and declining valuations. Included in commercial real estate at year-end 2020 was approximately $431 million in loans related to land held for development and $419 million of loans related to residential and commercial acquisition and development properties. These loans

are subject to quarterly monitoring for changes in local market conditions due to a higher credit risk profile. The commercial real estate loan class is diversified across the Company's geographical markets with 82.5 percent of total commercial real estate loans outstanding at December 31, 2020, within the Company's Consumer and Business Banking region.

The Company's consumer lending segment utilizes several distinct business processes and channels to originate consumer credit, including traditional branch lending, mobile and on-line banking, indirect lending, alliance partnerships, correspondent banks and loan brokers. Each distinct underwriting and origination activity manages unique credit risk characteristics and prices its loan production commensurate with the differing risk profiles.

Residential mortgage originations are generally limited to prime borrowers and are performed through the Company's branches, loan production offices, mobile and on-line services, and a wholesale network of originators. The Company may retain residential mortgage loans it originates on its balance sheet or sell the loans into the secondary market while retaining the servicing rights and customer relationships. Utilizing the secondary markets enables the Company to effectively reduce its credit and other asset/liability risks. For residential mortgages that are retained in the Company's portfolio and for home equity and second mortgages, credit risk is also diversified by geography and managed by adherence to LTV and borrower credit criteria during the underwriting process.

The Company estimates updated LTV information on its outstanding residential mortgages quarterly, based on a method that combines automated valuation model updates and relevant home price indices. LTV is the ratio of the loan's outstanding principal balance to the current estimate of property value. For home equity and second mortgages, combined loan-to-value ("CLTV") is the combination of the first mortgage original principal balance and the second lien outstanding principal balance, relative to the current estimate of property value. Certain loans do not have an LTV or CLTV, primarily due to lack of availability of relevant automated valuation model and/or home price indices values, or lack of necessary valuation data on acquired loans.

The following tables provide summary information of residential mortgages and home equity and second mortgages by LTV at December 31, 2020:

Residential Mortgages (Dollars in Millions)	Interest Only	Amortizing	Total	Percent of Total
Loan-to-Value				
Less than or equal to 80%	$3,108	$ 57,562	$60,670	79.6%
Over 80% through 90%	9	4,248	4,257	5.6
Over 90% through 100%	—	432	432	.6
Over 100%	—	120	120	.2
No LTV available	—	15	15	—
Loans purchased from GNMA mortgage pools [a]	—	10,661	10,661	14.0
Total [b]	$3,117	$ 73,038	$76,155	100.0%

(a) Represents loans purchased from Government National Mortgage Association ("GNMA") mortgage pools whose payments are primarily insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs.

(b) At December 31, 2020, approximately $517 million of residential mortgage balances were considered sub-prime.

Home Equity and Second Mortgages (Dollars in Millions)	Lines	Loans	Total	Percent of Total
Loan-to-Value				
Less than or equal to 80%	$10,062	$ 708	$10,770	86.3%
Over 80% through 90%	937	380	1,317	10.6
Over 90% through 100%	165	42	207	1.7
Over 100%	83	7	90	.7
No LTV/CLTV available	84	4	88	.7
Total [a]	$11,331	$1,141	$12,472	100.0%

(a) At December 31, 2020, approximately $50 million of home equity and second mortgage balances were considered sub-prime.

Home equity and second mortgages were $12.5 billion at December 31, 2020, compared with $15.0 billion at December 31, 2019, and included $3.5 billion of home equity lines in a first lien position and $9.0 billion of home equity and second mortgage loans and lines in a junior lien position. Loans and lines in a junior lien position at December 31, 2020, included approximately $3.4 billion of loans and lines for which the Company also serviced the related first lien loan, and approximately $5.6 billion where the Company did not service the related first lien loan. The Company was able to determine the status of the related first liens using information the Company has as the servicer of the first lien or information reported on customer credit bureau files. The Company also evaluates other indicators of credit risk for these junior lien loans and lines, including delinquency, estimated average CLTV ratios and updated weighted-average credit scores in making its assessment of credit risk, related loss estimates and determining the allowance for credit losses.

The following table provides a summary of delinquency statistics and other credit quality indicators for the Company's junior lien positions at December 31, 2020:

	Junior Liens Behind		
(Dollars in Millions)	Company Owned or Serviced First Lien	Third Party First Lien	Total
Total	$ 3,445	$ 5,589	$9,034
Percent 30 - 89 days past due	.49%	.53%	.52%
Percent 90 days or more past due	.03%	.07%	.06%
Weighted-average CLTV	66%	63%	64%
Weighted-average credit score	780	778	779

See the "Analysis and Determination of the Allowance for Credit Losses" section for additional information on how the Company determines the allowance for credit losses for loans in a junior lien position.

Credit card and other retail loans are diversified across customer segments and geographies. Diversification in the credit card portfolio is achieved with broad customer relationship distribution through the Company's and financial institution partners' branches, retail and affinity partners, and digital channels.

Tables 9, 10 and 11 provide a geographical summary of the residential mortgage, credit card and other retail loan portfolios, respectively.

TABLE 15 Delinquent Loan Ratios as a Percent of Ending Loan Balances

At December 31 90 days or more past due excluding nonperforming loans	2020	2019	2018	2017	2016
Commercial					
Commercial	.06%	.08%	.07%	.06%	.06%
Lease financing	–	–	–	–	–
Total commercial	.05	.08	.07	.06	.06
Commercial Real Estate					
Commercial mortgages	–	.01	–	–	.01
Construction and development	.02	–	–	.05	.05
Total commercial real estate	.01	.01	–	.01	.02
Residential Mortgages [(a)]	.18	.17	.18	.22	.27
Credit Card	.88	1.23	1.25	1.28	1.16
Other Retail					
Retail leasing	.05	.05	.04	.03	.02
Home equity and second mortgages	.36	.32	.35	.28	.25
Other	.10	.13	.15	.15	.13
Total other retail	.15	.17	.19	.17	.15
Covered Loans	–	–	–	4.74	5.53
Total loans	.16%	.20%	.20%	.26%	.28%

At December 31 90 days or more past due including nonperforming loans	2020	2019	2018	2017	2016
Commercial	.42%	.27%	.27%	.31%	.57%
Commercial real estate	1.15	.21	.29	.37	.31
Residential mortgages [(a)]	.50	.51	.63	.96	1.31
Credit card	.88	1.23	1.25	1.28	1.18
Other retail	.42	.46	.54	.46	.45
Covered loans	–	–	–	4.93	5.68
Total loans	.57%	.44%	.49%	.62%	.78%

(a) Delinquent loan ratios exclude $1.8 billion, $1.7 billion, $1.7 billion, $1.9 billion and $2.5 billion at December 31, 2020, 2019, 2018, 2017 and 2016, respectively, of loans purchased from GNMA mortgage pools whose repayments are primarily insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs. Including these loans, the ratio of residential mortgages 90 days or more past due including all nonperforming loans was 2.87 percent, 2.92 percent, 3.21 percent, 4.16 percent and 5.73 percent at December 31, 2020, 2019, 2018, 2017, and 2016, respectively.

Loan Delinquencies Trends in delinquency ratios are an indicator, among other considerations, of credit risk within the Company's loan portfolios. The entire balance of a loan account is considered delinquent if the minimum payment contractually required to be made is not received by the date specified on the billing statement. The Company measures delinquencies, both including and excluding nonperforming loans, to enable comparability with other companies. Delinquent loans purchased from GNMA mortgage pools whose repayments are primarily insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs, are excluded from delinquency statistics. In addition, in certain situations, a consumer lending customer's account may be re-aged to remove it from delinquent status. Generally, the purpose of re-aging accounts is to assist customers who have recently overcome temporary financial difficulties and have demonstrated both the ability and willingness to resume regular payments. To qualify for re-aging, the account must have been open for at least nine months and cannot have been re-aged during the preceding 365 days. An account may not be re-aged more than two times in a five-year period. To qualify for re-aging, the customer must also have made three regular minimum monthly payments within the last 90 days. In addition, the Company may re-age the consumer lending account of a customer who has experienced longer-term financial difficulties and apply modified, concessionary terms and conditions to the account. Such additional re-ages are limited to one in a five-year period and must meet the qualifications for re-aging described above. All re-aging strategies must be independently approved by the Company's risk management department. Commercial lending loans are generally not subject to re-aging policies.

Accruing loans 90 days or more past due totaled $477 million at December 31, 2020, compared with $605 million at December 31, 2019. Accruing loans 90 days or more past due are not included in nonperforming assets and continue to accrue interest because they are adequately secured by collateral, are in the process of collection and are reasonably expected to result in repayment or restoration to current status, or are managed in homogeneous portfolios with specified charge-off timeframes adhering to regulatory guidelines. The ratio of accruing loans 90 days or more past due to total loans was 0.16 percent at December 31, 2020, compared with 0.20 percent at December 31, 2019.

The following table provides summary delinquency information for residential mortgages, credit card and other retail loans included in the consumer lending segment:

At December 31 (Dollars in Millions)	Amount 2020	Amount 2019	As a Percent of Ending Loan Balances 2020	As a Percent of Ending Loan Balances 2019
Residential Mortgages [(a)]				
30-89 days	$244	$154	.32%	.22%
90 days or more	137	120	.18	.17
Nonperforming	245	241	.32	.34
Total	$626	$515	.82%	.73%
Credit Card				
30-89 days	$231	$321	1.04%	1.30%
90 days or more	197	306	.88	1.23
Nonperforming	—	—	—	—
Total	$428	$627	1.92%	2.53%
Other Retail				
Retail Leasing				
30-89 days	$ 35	$ 45	.43%	.53%
90 days or more	4	4	.05	.05
Nonperforming	13	13	.16	.15
Total	$ 52	$ 62	.64%	.73%
Home Equity and Second Mortgages				
30-89 days	$ 68	$ 77	.54%	.51%
90 days or more	45	48	.36	.32
Nonperforming	107	116	.86	.77
Total	$220	$241	1.76%	1.60%
Other [(b)]				
30-89 days	$215	$271	.60%	.81%
90 days or more	37	45	.10	.13
Nonperforming	34	36	.09	.11
Total	$286	$352	.79%	1.05%

(a) Excludes $1.4 billion of loans 30-89 days past due and $1.8 billion of loans 90 days or more past due at December 31, 2020, purchased from GNMA mortgage pools that continue to accrue interest, compared with $428 million and $1.7 billion at December 31, 2019, respectively.
(b) Includes revolving credit, installment, automobile and student loans.

Restructured Loans In certain circumstances, the Company may modify the terms of a loan to maximize the collection of amounts due when a borrower is experiencing financial difficulties or is expected to experience difficulties in the near-term. In most cases the modification is either a concessionary reduction in interest rate, extension of the maturity date or reduction in the principal balance that would otherwise not be considered.

Troubled Debt Restructurings Concessionary modifications are classified as TDRs unless the modification results in only an insignificant delay in the payments to be received. TDRs accrue interest if the borrower complies with the revised terms and conditions and has demonstrated repayment performance at a level commensurate with the modified terms over several payment cycles, which is generally six months or greater. At December 31, 2020, performing TDRs were $3.6 billion, compared with $3.8 billion, $3.9 billion, $4.0 billion and $4.2 billion at December 31, 2019, 2018, 2017 and 2016, respectively.

The Company continues to work with customers to modify loans for borrowers who are experiencing financial difficulties. Many of the Company's TDRs are determined on a case-by-case basis in connection with ongoing loan collection processes. The modifications vary within each of the Company's loan classes. Commercial lending segment TDRs generally include extensions of the maturity date and may be accompanied by an increase or decrease to the interest rate. The Company may also work with the borrower to make other changes to the loan to mitigate losses, such as obtaining additional collateral and/or guarantees to support the loan.

The Company has also implemented certain residential mortgage loan restructuring programs that may result in TDRs. The Company modifies residential mortgage loans under Federal Housing Administration, United States Department of Veterans Affairs, and its own internal programs. Under these programs, the Company offers qualifying homeowners the opportunity to permanently modify their loan and achieve more affordable monthly payments by providing loan concessions. These concessions may include adjustments to interest rates, conversion of adjustable rates to fixed rates, extensions of maturity dates or deferrals of payments, capitalization of accrued interest and/or outstanding advances, or in limited situations, partial forgiveness of loan principal. In most instances, participation in residential mortgage loan restructuring programs requires the customer to complete a short-term trial period. A permanent loan modification is contingent on the customer successfully completing the trial period arrangement, and the loan documents are not modified until that time. The Company reports loans in a trial period arrangement as TDRs and continues to report them as TDRs after the trial period.

Credit card and other retail loan TDRs are generally part of distinct restructuring programs providing customers modification solutions over a specified time period, generally up to 60 months.

In accordance with regulatory guidance, the Company considers secured consumer loans that have had debt discharged through bankruptcy where the borrower has not reaffirmed the debt to be TDRs. If the loan amount exceeds the collateral value, the loan is charged down to collateral value and the remaining amount is reported as nonperforming.

Loan modifications or concessions granted to customers resulting directly from the effects of the COVID-19 pandemic, who were otherwise in current payment status, are not considered to be TDRs.

The following table provides a summary of TDRs by loan class, including the delinquency status for TDRs that continue to accrue interest and TDRs included in nonperforming assets:

At December 31, 2020 (Dollars in Millions)	Performing TDRs	As a Percent of Performing TDRs: 30-89 Days Past Due	As a Percent of Performing TDRs: 90 Days or More Past Due	Nonperforming TDRs	Total TDRs
Commercial	$ 167	6.4%	2.7%	$ 230[a]	$ 397
Commercial real estate	153	12.8	—	174[b]	327
Residential mortgages	1,426	5.7	4.6	141	1,567[d]
Credit card	234	7.9	4.0	—	234
Other retail	197	12.9	6.7	37[c]	234[e]
TDRs, excluding loans purchased from GNMA mortgage pools	2,177	7.1	4.2	582	2,759
Loans purchased from GNMA mortgage pools [g]	1,434	—	—	—	1,434[f]
Total	$ 3,611	4.3%	2.5%	$ 582	$4,193

(a) Primarily represents loans less than six months from the modification date that have not met the performance period required to return to accrual status (generally six months) and small business credit cards with a modified rate equal to 0 percent.
(b) Primarily represents loans less than six months from the modification date that have not met the performance period required to return to accrual status (generally six months).
(c) Primarily represents loans with a modified rate equal to 0 percent.
(d) Includes $272 million of residential mortgage loans to borrowers that have had debt discharged through bankruptcy and $33 million in trial period arrangements or previously placed in trial period arrangements but not successfully completed.
(e) Includes $77 million of other retail loans to borrowers that have had debt discharged through bankruptcy and $16 million in trial period arrangements or previously placed in trial period arrangements but not successfully completed.
(f) Includes $150 million of Federal Housing Administration and United States Department of Veterans Affairs residential mortgage loans to borrowers that have had debt discharged through bankruptcy and $277 million in trial period arrangements or previously placed in trial period arrangements but not successfully completed.
(g) Approximately 12.3 percent and 41.0 percent of the total TDR loans purchased from GNMA mortgage pools are 30-89 days past due and 90 days or more past due, respectively, but are not classified as delinquent as their repayments are insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs.

Short-term and Other Loan Modifications The Company makes short-term and other modifications that it does not consider to be TDRs, in limited circumstances, to assist borrowers experiencing temporary hardships. Short-term consumer lending modification programs include payment reductions, deferrals of up to three past due payments, and the ability to return to current status if the borrower makes required payments. The Company may also make short-term modifications to commercial lending loans, with the most common modification being an extension of the maturity date of three months or less. Such extensions generally are used when the maturity date is imminent and the borrower is experiencing some level of financial stress, but the Company believes the borrower will pay all contractual amounts owed.

COVID-19 Payment Relief The Company has offered payment relief, including forbearance, payment deferrals and other customer accommodations, to assist borrowers that have experienced financial hardship resulting from the effects of the COVID-19 pandemic. The majority of these borrowers were not delinquent on payments at the time they received the payment relief. From March 2020 through December 31, 2020, the Company had approved approximately 365,000 loan modifications for these borrowers, representing approximately $27.2 billion. The loans modified consisted primarily of payment forbearance or deferrals of 90 days or less. A portion of the borrowers who received account modifications are no longer participating in these payment relief programs, as the programs are generally short-term; and at December 31, 2020, approximately 83,000 accounts, representing $10.1 billion, were currently in an active payment relief program. The recognition of delinquent or nonaccrual loans and loan net charge-offs may be delayed for those customers enrolled in these payment relief programs who would have otherwise moved into past due or nonaccrual status, as these customer accounts do not continue to age during the period the payment delay is provided.

The following table summarizes borrowers enrolled in payment relief programs as a result of the COVID-19 pandemic at December 31, 2020, as a percentage of the Company's loans and loan balances:

	Percentage of Loan Accounts in Payment Relief Programs	Percentage of Loan Balances in Payment Relief Programs	Program Details
Commercial	.11%	.13%	Primarily 3 month payment deferral up to a maximum of 6 months; interest continues to accrue with various payment options; may include short-term covenant waivers
Commercial real estate	.52	.78	Primarily 3 month payment deferral up to a maximum of 6 months; interest continues to accrue with various payment options; may include short-term covenant waivers
Residential mortgages [(a)]	3.00	4.21	Primarily 6 month payment forbearance, which may be extended up to 12 months; interest continues to accrue; cumulative payments suspended during forbearance period are either paid-off immediately or under a short-term repayment plan, or addressed through a permanent loan modification that either requires repayment at maturity or through restructured payments over time
Credit cards	.18	.38	Primarily 3 month payment deferral; interest continues to accrue
Other retail	.62	.98	Home equity loan programs are similar to residential mortgage programs; programs for other loan portfolios are primarily 2 month payment deferral up to a maximum of 4 months; interest continues to accrue
Total loans [(a)]	.31%	1.36%	

Note: Payment relief generally includes payment deferrals, forbearances, extensions and re-ages, and excludes loans made under the Small Business Administration's ("SBA") Paycheck Protection Program, as amounts due under that program are expected to be fully forgiven by the SBA.

(a) Excludes loans purchased from GNMA mortgage pools, whose repayments are primarily insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs. At December 31, 2020, 52.12 percent of the total number of accounts and 55.71 percent of the total loan balances of loans purchased from GNMA mortgage pools were to borrowers enrolled in payment relief programs as a result of the COVID-19 pandemic. Including these loans, 13.61 percent of the total number of accounts and 11.42 percent of the total balances of residential mortgages were to borrowers enrolled in payment relief programs as result of the COVID-19 pandemic. Including these loans, .61 percent of the total number of accounts and 3.35 percent of the total balances of all loans were to borrowers enrolled in payment relief programs as result of the COVID-19 pandemic.

Nonperforming Assets The level of nonperforming assets represents another indicator of the potential for future credit losses. Nonperforming assets include nonaccrual loans, restructured loans not performing in accordance with modified terms and not accruing interest, restructured loans that have not met the performance period required to return to accrual status, other real estate owned ("OREO") and other nonperforming assets owned by the Company. Interest payments collected from assets on nonaccrual status are generally applied against the principal balance and not recorded as income. However, interest income may be recognized for interest payments if the remaining carrying amount of the loan is believed to be collectible.

At December 31, 2020, total nonperforming assets were $1.3 billion, compared with $829 million at December 31, 2019.

The $469 million (56.6 percent) increase in nonperforming assets, from December 31, 2019 to December 31, 2020, was driven by increases in nonperforming commercial and commercial real estate loans. The ratio of total nonperforming assets to total loans and other real estate was 0.44 percent at December 31, 2020, compared with 0.28 percent at December 31, 2019. The Company expects nonperforming assets to remain elevated given current economic conditions.

OREO was $24 million at December 31, 2020, compared with $78 million at December 31, 2019, and was related to foreclosed properties that previously secured loan balances. These balances exclude foreclosed GNMA loans whose repayments are primarily insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs.

TABLE 16 Nonperforming Assets [a]

At December 31 (Dollars in Millions)	2020	2019	2018	2017	2016
Commercial					
Commercial	$ 321	$172	$186	$ 225	$ 443
Lease financing	54	32	23	24	40
Total commercial	375	204	209	249	483
Commercial Real Estate					
Commercial mortgages	411	74	76	108	87
Construction and development	39	8	39	34	37
Total commercial real estate	450	82	115	142	124
Residential Mortgages [b]	245	241	296	442	595
Credit Card	—	—	—	1	3
Other Retail					
Retail leasing	13	13	12	8	2
Home equity and second mortgages	107	116	145	126	128
Other	34	36	40	34	27
Total other retail	154	165	197	168	157
Covered Loans	—	—	—	6	6
Total nonperforming loans	1,224	692	817	1,008	1,368
Other Real Estate [c]	24	78	111	141	186
Covered Other Real Estate	—	—	—	21	26
Other Assets	50	59	61	30	23
Total nonperforming assets	$1,298	$829	$989	$1,200	$1,603
Accruing loans 90 days or more past due [b]	$ 477	$605	$584	$ 720	$ 764
Nonperforming loans to total loans	.41%	.23%	.28%	.36%	.50%
Nonperforming assets to total loans plus other real estate [c]	.44%	.28%	.34%	.43%	.59%

Changes in Nonperforming Assets

(Dollars in Millions)	Commercial and Commercial Real Estate	Residential Mortgages, Credit Card and Other Retail	Total
Balance December 31, 2019	$ 321	$ 508	$ 829
Additions to nonperforming assets			
New nonaccrual loans and foreclosed properties	1,428	264	1,692
Advances on loans	15	1	16
Total additions	1,443	265	1,708
Reductions in nonperforming assets			
Paydowns, payoffs	(314)	(123)	(437)
Net sales	(237)	(63)	(300)
Return to performing status	(19)	(118)	(137)
Charge-offs [d]	(340)	(25)	(365)
Total reductions	(910)	(329)	(1,239)
Net additions to (reductions in) nonperforming assets	533	(64)	469
Balance December 31, 2020	$ 854	$ 444	$ 1,298

(a) Throughout this document, nonperforming assets and related ratios do not include accruing loans 90 days or more past due.
(b) Excludes $1.8 billion, $1.7 billion, $1.7 billion, $1.9 billion, and $2.5 billion at December 31, 2020, 2019, 2018, 2017 and 2016, respectively, of loans purchased from GNMA mortgage pools that are 90 days or more past due that continue to accrue interest, as their repayments are primarily insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs.
(c) Foreclosed GNMA loans of $33 million, $155 million, $235 million, $267 million and $373 million at December 31, 2020, 2019, 2018, 2017 and 2016, respectively, continue to accrue interest and are recorded as other assets and excluded from nonperforming assets because they are insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs.
(d) Charge-offs exclude actions for certain card products and loan sales that were not classified as nonperforming at the time the charge-off occurred.

The following table provides an analysis of OREO, as a percent of their related loan balances, including geographical location detail for residential (residential mortgage, home equity and second mortgage) and commercial (commercial and commercial real estate) loan balances:

	Amount		As a Percent of Ending Loan Balances	
At December 31 (Dollars in Millions)	2020	2019	2020	2019
Residential				
Minnesota	$ 3	$ 6	.05%	.10%
California	2	7	.01	.03
New York	2	6	.17	.66
Illinois	2	10	.04	.22
Oregon	2	4	.07	.12
All other states	12	41	.03	.09
Total residential	23	74	.03	.09
Commercial				
Iowa	1	—	.04	—
California	—	3	—	.01
All other states	—	1	—	—
Total commercial	1	4	—	—
Total	$ 24	$ 78	.01%	.03%

Analysis of Loan Net Charge-offs Total loan net charge-offs were $1.8 billion in 2020, compared with $1.5 billion in 2019. The $332 million (22.8 percent) increase in total net charge-offs in 2020, compared with 2019, reflected higher commercial and commercial real estate loan net charge-offs, partially offset by a decrease in credit card loan net charge-offs. The ratio of total loan net charge-offs to average loans outstanding was 0.58 percent in 2020, compared with 0.50 percent in 2019.

Commercial and commercial real estate loan net charge-offs for 2020 were $700 million (0.45 percent of average loans outstanding), compared with $299 million (0.21 percent of average loans outstanding) in 2019. The increase in net charge-offs in 2020, compared with 2019, reflected higher charge-offs as a result of deteriorating economic conditions in 2020.

Residential mortgage loan net charge-offs for 2020 reflected a net recovery of $12 million (0.02 percent of average loans outstanding), compared with $3 million of net charge-offs in 2019. Credit card loan net charge-offs in 2020 were $829 million (3.71 percent of average loans outstanding), compared with $893 million (3.83 percent of average loans outstanding) in 2019. Other retail loan net charge-offs for 2020 were $269 million (0.47 percent of average loans outstanding), compared with $259 million (0.45 percent of average loans outstanding) in 2019. The decrease in total residential mortgage, credit card and other retail loan net charge-offs in 2020, compared with 2019, reflected lower credit card and residential mortgage loan charge-offs, partially offset by higher retail leasing charge-offs due to the inclusion of end of term losses on residual lease values as of January 1, 2020.

TABLE 17 Net Charge-offs as a Percent of Average Loans Outstanding

Year Ended December 31	2020	2019	2018	2017	2016
Commercial					
Commercial	.45%	.28%	.25%	.27%	.35%
Lease financing	.54	.22	.25	.31	.34
Total commercial	.45	.28	.25	.28	.35
Commercial Real Estate					
Commercial mortgages	.62	.04	(.06)	.03	(.01)
Construction and development	.02	.02	(.02)	(.07)	(.08)
Total commercial real estate	.46	.04	(.05)	—	(.03)
Residential Mortgages	(.02)	—	.03	.06	.11
Credit Card	3.71	3.83	3.90	3.76	3.30
Other Retail					
Retail leasing	.96	.15	.15	.14	.09
Home equity and second mortgages	(.03)	(.02)	(.02)	(.03)	.01
Other	.56	.76	.79	.75	.71
Total other retail	.47	.45	.46	.44	.42
Total loans	.58%	.50%	.48%	.48%	.47%

Analysis and Determination of the Allowance for Credit Losses Prior to January 1, 2020, the allowance for credit losses was established to reserve for probable and estimable losses incurred in the Company's loan and lease portfolio, including unfunded credit commitments. Effective January 1, 2020, the Company adopted new accounting guidance which changed previous impairment recognition to a model that is based on expected losses rather than incurred losses. The allowance considers expected losses for the remaining lives of the applicable assets, inclusive of expected recoveries. The allowance for credit losses is increased through provisions charged to earnings and reduced by net charge-offs. Management evaluates the appropriateness of the allowance for credit losses on a quarterly basis. Multiple economic scenarios are considered over a three-year reasonable and supportable forecast period, which incorporates historical loss experience in years two and three. These economic scenarios are constructed with interrelated projections of multiple economic variables, and loss estimates are produced that consider the historical correlation of those economic variables with credit losses. After the forecast period, the Company fully reverts to long-term historical loss experience, adjusted for prepayments and characteristics of the current loan and lease portfolio, to estimate losses over the remaining life of the portfolio. The economic scenarios are updated at least quarterly and are designed to provide a range of reasonable estimates, which are both better and worse than current expectations. Scenarios are weighted based on the Company's expectation of economic conditions for the foreseeable future and reflect significant judgment and consider uncertainties that exist. Final loss estimates also consider factors affecting credit losses not reflected in the scenarios, due to the unique aspects of current conditions and expectations. These factors may include, but are not limited to, loan servicing practices, regulatory guidance, and/or fiscal and monetary policy actions. Because business processes and credit risks associated with unfunded credit commitments are essentially the same as for loans, the Company utilizes similar processes to estimate its liability for unfunded credit commitments, which is included in other liabilities in the Consolidated Balance Sheet. Both the allowance for loan losses and the liability for unfunded credit commitments are included in the Company's analysis of credit losses and reported reserve ratios.

The allowance recorded for credit losses utilizes forward-looking expected loss models to consider a variety of factors affecting lifetime credit losses. These factors include, but are not limited to, macroeconomic variables such as unemployment rates, real estate prices, gross domestic product levels, corporate bonds spreads and long-term interest rate forecasts, as well as loan and borrower characteristics, such as internal risk ratings on commercial loans and consumer credit scores, delinquency status, collateral type and available valuation information, consideration of end-of-term losses on lease residuals, and the remaining term of the loan, adjusted for expected prepayments. For each loan portfolio, model estimates are adjusted as necessary to consider any relevant changes in portfolio composition, lending policies, underwriting standards, risk management practices, economic conditions or other factors that may affect the accuracy of the model. Expected credit loss estimates also include consideration of expected cash recoveries on loans previously charged-off or expected recoveries on collateral-dependent loans where recovery is expected through sale of the collateral. Where loans do not exhibit similar risk characteristics, an individual analysis is performed to consider expected credit losses.

The allowance recorded for individually evaluated loans greater than $5 million in the commercial lending segment is based on an analysis utilizing expected cash flows discounted using the original effective interest rate, the observable market price of the loan, or the fair value of the collateral, less selling costs, for collateral-dependent loans as appropriate. For commercial TDRs individually evaluated for impairment, attributes of the borrower are the primary factors in determining the allowance for credit losses. However, historical loss experience is

TABLE 18 Summary of Allowance for Credit Losses

(Dollars in Millions)	2020	2019	2018	2017	2016
Balance at beginning of year	$4,491	$4,441	$4,417	$4,357	$4,306
Change in accounting principle [a]	1,499	–	–	–	–
Charge-Offs					
Commercial					
Commercial	536	380	328	387	388
Lease financing	39	19	22	27	29
Total commercial	575	399	350	414	417
Commercial real estate					
Commercial mortgages	202	17	6	28	12
Construction and development	8	4	3	2	10
Total commercial real estate	210	21	9	30	22
Residential mortgages	19	34	48	65	85
Credit card	975	1,028	970	887	759
Other retail					
Retail leasing	101	24	21	16	9
Home equity and second mortgages	16	19	25	31	40
Other	284	342	337	308	283
Total other retail	401	385	383	355	332
Total charge-offs	2,180	1,867	1,760	1,751	1,615
Recoveries					
Commercial					
Commercial	53	107	91	140	81
Lease financing	9	7	8	10	11
Total commercial	62	114	99	150	92
Commercial real estate					
Commercial mortgages	17	5	23	20	16
Construction and development	6	2	5	10	19
Total commercial real estate	23	7	28	30	35
Residential mortgages	31	31	31	28	25
Credit card	146	135	124	101	83
Other retail					
Retail leasing	20	11	9	6	4
Home equity and second mortgages	20	22	28	36	39
Other	92	93	87	70	68
Total other retail	132	126	124	112	111
Total recoveries	394	413	406	421	346
Net Charge-Offs					
Commercial					
Commercial	483	273	237	247	307
Lease financing	30	12	14	17	18
Total commercial	513	285	251	264	325
Commercial real estate					
Commercial mortgages	185	12	(17)	8	(4)
Construction and development	2	2	(2)	(8)	(9)
Total commercial real estate	187	14	(19)	–	(13)
Residential mortgages	(12)	3	17	37	60
Credit card	829	893	846	786	676
Other retail					
Retail leasing	81	13	12	10	5
Home equity and second mortgages	(4)	(3)	(3)	(5)	1
Other	192	249	250	238	215
Total other retail	269	259	259	243	221
Total net charge-offs	1,786	1,454	1,354	1,330	1,269
Provision for credit losses	3,806	1,504	1,379	1,390	1,324
Other changes	–	–	(1)	–	(4)
Balance at end of year	$8,010	$4,491	$4,441	$4,417	$4,357
Components					
Allowance for loan losses	$7,314	$4,020	$3,973	$3,925	$3,813
Liability for unfunded credit commitments	696	471	468	492	544
Total allowance for credit losses	$8,010	$4,491	$4,441	$4,417	$4,357
Allowance for Credit Losses as a Percentage of					
Period-end loans	2.69%	1.52%	1.55%	1.58%	1.59%
Nonperforming loans	654	649	544	438	318
Nonperforming and accruing loans 90 days or more past due	471	346	317	256	204
Nonperforming assets	617	542	449	368	272
Net charge-offs	448	309	328	332	343

(a) 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.

TABLE 19 Allocation of the Allowance for Credit Losses

At December 31 (Dollars in Millions)	Allowance Amount					Allowance as a Percent of Loans				
	2020	2019	2018	2017	2016	2020	2019	2018	2017	2016
Commercial										
Commercial	$2,344	$1,413	$1,388	$1,298	$1,376	2.41%	1.44%	1.43%	1.41%	1.56%
Lease financing	79	71	66	74	74	1.42	1.25	1.18	1.32	1.36
Total commercial	2,423	1,484	1,454	1,372	1,450	2.36	1.43	1.42	1.41	1.55
Commercial Real Estate										
Commercial mortgages	894	272	269	295	282	3.14	.93	.94	1.00	.89
Construction and development	650	527	531	536	530	6.00	5.10	4.85	4.83	4.61
Total commercial real estate	1,544	799	800	831	812	3.93	2.01	2.02	2.05	1.88
Residential Mortgages	573	433	455	449	510	.75	.61	.70	.75	.89
Credit Card	2,355	1,128	1,102	1,056	934	10.54	4.55	4.72	4.76	4.29
Other Retail										
Retail leasing	252	78	25	21	11	3.09	.92	.29	.26	.17
Home equity and second mortgages	349	232	265	298	300	2.80	1.54	1.64	1.83	1.83
Other	514	337	340	359	306	1.41	1.00	1.07	1.09	.98
Total other retail	1,115	647	630	678	617	1.96	1.13	1.12	1.18	1.15
Covered Loans	–	–	–	31	34	–	–	–	.99	.89
Total allowance	$8,010	$4,491	$4,441	$4,417	$4,357	2.69%	1.52%	1.55%	1.58%	1.59%

also incorporated into the allowance methodology applied to this category of loans. Commercial lending segment TDR loans may be collectively evaluated for impairment where observed performance history, including defaults, is a primary driver of the loss allocation.

The allowance recorded for TDR loans in the consumer lending segment is determined on a homogenous pool basis utilizing expected cash flows discounted using the original effective interest rate of the pool. The expected cash flows on TDR loans consider subsequent payment defaults since modification, the borrower's ability to pay under the restructured terms, and the timing and amount of payments. The allowance for collateral-dependent loans in the consumer lending segment is determined based on the current fair value of the collateral less costs to sell.

When evaluating the appropriateness of the allowance for credit losses for any loans and lines in a junior lien position, the Company considers the delinquency and modification status of the first lien. At December 31, 2020, the Company serviced the first lien on 38 percent of the home equity loans and lines in a junior lien position. The Company also considers the status of first lien mortgage accounts reported on customer credit bureau files when the first lien is not serviced by the Company. Regardless of whether the Company services the first lien, an assessment is made of economic conditions, problem loans, recent loss experience and other factors in determining the allowance for credit losses. Based on the available information, the Company estimated $209 million or 1.7 percent of its total home equity portfolio at December 31, 2020, represented non-delinquent junior liens where the first lien was delinquent or modified, excluding loans in COVID-related forbearance programs.

The Company considers historical loss experience on the loans and lines in a junior lien position to establish loss estimates for junior lien loans and lines the Company services that are current, but the first lien is delinquent or modified. The historical long-term average loss experience related to junior liens has been relatively limited (less than 1 percent of the total portfolio annually), and estimates are adjusted to consider current collateral support and portfolio risk characteristics. These include updated credit scores and collateral estimates obtained on the Company's home equity portfolio each quarter. In its evaluation of the allowance for credit losses, the Company also considers the increased risk of loss associated with home equity lines that are contractually scheduled to convert from a revolving status to a fully amortizing payment.

Beginning January 1, 2020, when a loan portfolio is purchased, the acquired loans are divided into those considered purchased with more than insignificant credit deterioration ("PCD") and those not considered purchased with more than insignificant credit deterioration. An allowance is established for each population and considers product mix, risk characteristics of the portfolio, bankruptcy experience, delinquency status and refreshed LTV ratios when possible. The allowance established for purchased loans not considered PCD is recognized through provision expense upon acquisition, whereas the allowance established for loans considered PCD at acquisition is offset by an increase in the basis of the acquired loans. Any subsequent increases and decreases in the allowance related to purchased loans, regardless of PCD status, are recognized through provision expense, with charge-offs charged to the allowance. The Company did not have a material amount of PCD loans included in its loan portfolio at December 31, 2020.

The Company's methodology for determining the appropriate allowance for credit losses also considers the imprecision inherent in the methodologies used and allocated to the various loan portfolios. As a result, amounts determined under the methodologies described above are adjusted by management to

consider the potential impact of other qualitative factors not captured in quantitative model adjustments which include, but are not limited to, the following: model imprecision, imprecision in economic scenario assumptions, and emerging risks related to either changes in the economic environment that are affecting specific portfolios, or changes in portfolio concentrations over time that may affect model performance. The consideration of these items results in adjustments to allowance amounts included in the Company's allowance for credit losses for each loan portfolio.

The results of the analysis are evaluated quarterly to confirm the estimates are appropriate for each loan portfolio. Table 19 shows the amount of the allowance for credit losses by loan class and underlying portfolio category.

Although the Company determined the amount of each element of the allowance separately and considers this process to be an important credit management tool, the entire allowance for credit losses is available for the entire loan portfolio. The actual amount of losses can vary significantly from the estimated amounts.

At December 31, 2020, the allowance for credit losses was $8.0 billion (2.69 percent of period-end loans), compared with an allowance of $4.5 billion (1.52 percent of period-end loans) at December 31, 2019. The ratio of the allowance for credit losses to nonperforming loans was 654 percent at December 31, 2020, compared with 649 percent at December 31, 2019. The ratio of the allowance for credit losses to annual loan net charge-offs at December 31, 2020, was 448 percent, compared with 309 percent at December 31, 2019. Management determined the allowance for credit losses was appropriate at December 31, 2020.

The increase in the allowance for credit losses of $3.5 billion (78.4 percent) at December 31, 2020, compared with December 31, 2019, reflected the $1.5 billion impact of the January 1, 2020 adoption of new accounting guidance, along with an additional $2.0 billion increase during 2020 to recognize the expected losses resulting from the deteriorating and ongoing effects of adverse economic conditions driven by the impact of COVID-19 on the domestic and global economies, as well as new loan production and acquired loans. Expected loss estimates consider various factors including the changing economic activity, potential mitigating effects of government stimulus, estimated duration and severity of the health crisis, customer specific information impacting changes in risk ratings, projected delinquencies and the impact of industry-wide loan modification efforts designed to limit long-term effects of the COVID-19 pandemic, among other factors.

Changes in economic conditions in 2020 included significant reductions in economic activity related to actions taken by customers and governmental authorities to slow the spread of COVID-19. Levels of employment and overall gross domestic product in the United States declined significantly with the initial wave of the pandemic, and had not fully recovered at December 31, 2020, which contributed to the increase in expected credit losses. At the same time, record economic stimulus measures were also enacted, and additional measures are being considered, with the intent to support businesses and consumers through what is expected to be a period of reduced economic activity. These competing positive and negative factors are evaluated through a combination of quantitative calculations using economic scenarios and qualitative assessments that consider the high degree of uncertainty related to the unprecedented levels of both economic stress and the stimulus response.

The following table summarizes the baseline forecast for key economic variables the Company used in its estimate of the allowance for credit losses at January 1, 2020 and December 31, 2020:

	January 1, 2020	December 31, 2020
United States unemployment rate for the three months ending [(a)]		
December 31, 2020	4.0%	6.7%
June 30, 2021	4.0	7.1
December 31, 2021	4.0	6.8
United States real gross domestic product for the three months ending [(b)]		
December 31, 2020	1.2%	(2.5)%
June 30, 2021	2.2	(1.1)
December 31, 2021	2.9	1.5

(a) Reflects quarterly average of forecasted reported United States unemployment rate.
(b) Reflects cumulative change from December 31, 2019.

Baseline economic forecasts are used in combination with alternative scenarios and historical loss experience as is considered reasonable and supportable to inform the Company's allowance for credit losses. Changes in the allowance for credit losses are based on a variety of factors, including loan balance changes, portfolio credit quality and mix changes, and changes in general economic conditions and expectations (including for unemployment and gross domestic product), among other factors. Based on economic conditions at December 31, 2020, it was difficult to estimate the length and severity of the economic downturn that may result from COVID-19 and the impact of other factors that may influence the level of eventual losses and corresponding requirements for the allowance for credit losses, including the impact of economic stimulus programs and customer accommodation activity. While reserves consider the uncertainty in these estimates, the unpredictability of the COVID-19 pandemic could continue to result in the recognition of credit losses in the Company's loan portfolios and changes in the allowance for credit losses, particularly if the economy worsens.

The allowance for credit losses related to commercial lending segment loans increased $1.4 billion during the year ended December 31, 2020, as increased loan volume and credit downgrades during the period reflected the impact of COVID-19 on certain industry sectors, including the retail and restaurants, energy, media and entertainment, lodging and airline industries that were severely impacted by virus containment measures.

The following table summarizes the Company's commercial lending segment credit exposure to customers within the industry sectors most impacted by COVID-19, as a percentage of total loans and legal commitments outstanding at December 31, 2020:

	Loans	Outstanding Commitments
Retail	3.8%	5.2%
Energy (includes Oil and gas)	.9	2.2
Media and entertainment	2.0	2.2
Lodging	1.3	1.0
Airline	.3	.5

The allowance for credit losses related to consumer lending segment loans increased $592 million during the year ended December 31, 2020, as higher economic risks, including those due to increased unemployment, and increases in expected losses related to acquired portfolios were partially mitigated by strong underlying credit quality that supports expectations of long-term repayment, and the decline in funded loan balances.

Residual Value Risk Management The Company manages its risk to changes in the residual value of leased vehicles, office and business equipment, and other assets through disciplined residual valuation setting at the inception of a lease, diversification of its leased assets, regular residual asset valuation reviews and monitoring of residual value gains or losses upon the disposition of assets. Lease originations are subject to the same well-defined underwriting standards referred to in the "Credit Risk Management" section, which includes an evaluation of the residual value risk. Retail lease residual value risk is mitigated further by effective end-of-term marketing of off-lease vehicles.

Included in the retail leasing portfolio was approximately $6.3 billion of retail leasing residuals at December 31, 2020, compared with $6.6 billion at December 31, 2019. The Company monitors concentrations of leases by manufacturer and vehicle type. As of December 31, 2020, vehicle lease residuals related to sport utility vehicles were 46.3 percent of the portfolio, while truck and crossover utility vehicle classes represented approximately 32.8 percent and 14.3 percent of the portfolio, respectively. At year-end 2020, the individual vehicle model with the largest residual value outstanding represented 13.2 percent of the aggregate residual value of all vehicles in the portfolio. At December 31, 2020 and 2019, the weighted-average origination term of the portfolio was 41 months. At December 31, 2020, the commercial leasing portfolio had $498 million of residuals, compared with $481 million at December 31, 2019. At year-end 2020, lease residuals related to trucks and other transportation equipment represented 32.2 percent of the total residual portfolio, while business and office equipment represented 32.1 percent.

Operational Risk Management . The Company operates in many different businesses in diverse markets and relies on the ability of its employees and systems to process a high number of transactions. Operational risk is inherent in all business activities, and the management of this risk is important to the achievement of the Company's objectives. Business lines have direct and primary responsibility and accountability for identifying, controlling, and monitoring operational risks embedded in their business activities, including those additional or increased risks created by the economic and financial disruptions, and the Company's alternative working arrangements resulting from the COVID-19 pandemic. The Company maintains a system of controls with the objective of providing proper transaction authorization and execution, proper system operations, proper oversight of third parties with whom it does business, safeguarding of assets from misuse or theft, and ensuring the reliability and security of financial and other data.

Business continuation and disaster recovery planning is also critical to effectively managing operational risks. Each business unit of the Company is required to develop, maintain and test these plans at least annually to ensure that recovery activities, if needed, can support mission critical functions, including technology, networks and data centers supporting customer applications and business operations.

While the Company believes it has designed effective processes to minimize operational risks, there is no absolute assurance that business disruption or operational losses would not occur from an external event or internal control breakdown. On an ongoing basis, management makes process changes and investments to enhance its systems of internal controls and business continuity and disaster recovery plans.

In the past, the Company has experienced attack attempts on its computer systems, including various denial-of-service attacks on customer-facing websites. The Company has not experienced any material losses relating to these attempts, as a result of its

controls, processes and systems to protect its networks, computers, software and data from attack, damage or unauthorized access but future attacks could be more disruptive or damaging. Attack attempts on the Company's computer systems are evolving and increasing, and the Company continues to develop and enhance its controls and processes to protect against these attempts.

Compliance Risk Management The Company may suffer legal or regulatory sanctions, material financial loss, or damage to its reputation through failure to comply with laws, regulations, rules, standards of good practice, and codes of conduct, including those related to compliance with Bank Secrecy Act/anti-money laundering requirements, sanctions compliance requirements as administered by the Office of Foreign Assets Control, consumer protection and other requirements. The Company has controls and processes in place for the assessment, identification, monitoring, management and reporting of compliance risks and issues, including those created or increased by the economic and financial disruptions caused by the COVID-19 pandemic. Refer to "Supervision and Regulation" in the Company's Annual Report on Form 10-K for further discussion of the regulatory framework applicable to bank holding companies and their subsidiaries.

Interest Rate Risk Management In the banking industry, changes in interest rates are a significant risk that can impact earnings and the safety and soundness of an entity. The Company manages its exposure to changes in interest rates through asset and liability management activities within guidelines established by its Asset Liability Management Committee ("ALCO") and approved by the Board of Directors. The ALCO has the responsibility for approving and ensuring compliance with the ALCO management policies, including interest rate risk exposure.

One way the Company measures and analyzes its interest rate risk is through net interest income simulation analysis.

Simulation analysis incorporates substantially all of the Company's assets and liabilities and off-balance sheet instruments, together with forecasted changes in the balance sheet and assumptions that reflect the current interest rate environment. Through this simulation, management estimates the impact on net interest income of various interest rate changes that differ in the direction, amount and speed of change over time, as well as the shape of the yield curve. This simulation includes assumptions about how the balance sheet is likely to be affected by changes in loan and deposit growth. Assumptions are made to project interest rates for new loans and deposits based on historical analysis, management's outlook and re-pricing strategies. These assumptions are reviewed and validated on a periodic basis with sensitivity analysis being provided for key variables of the simulation. The results are reviewed monthly by the ALCO and are used to guide asset/liability management strategies.

The Company manages its interest rate risk position by holding assets with desired interest rate risk characteristics on its balance sheet, implementing certain pricing strategies for loans and deposits and selecting derivatives and various funding and investment portfolio strategies.

Table 20 summarizes the projected impact to net interest income over the next 12 months of various potential interest rate changes. The sensitivity of the projected impact to net interest income over the next 12 months is dependent on balance sheet growth, product mix, deposit behavior, pricing and funding decisions. While the Company utilizes models and assumptions based on historical information and expected behaviors, actual outcomes could vary significantly.

TABLE 20 Sensitivity of Net Interest Income

	December 31, 2020				December 31, 2019			
	Down 50 bps Immediate	Up 50 bps Immediate	Down 200 bps Gradual	Up 200 bps Gradual	Down 50 bps Immediate	Up 50 bps Immediate	Down 200 bps Gradual	Up 200 bps Gradual
Net interest income	(4.48)%	4.58%	*	6.57%	(1.43)%	.83%	*	.21%

* *Given the level of interest rates, downward rate scenario is not computed.*

Use of Derivatives to Manage Interest Rate and Other Risks To manage the sensitivity of earnings and capital to interest rate, prepayment, credit, price and foreign currency fluctuations (asset and liability management positions), the Company enters into derivative transactions. The Company uses derivatives for asset and liability management purposes primarily in the following ways:

- To convert fixed-rate debt and available-for-sale investment securities from fixed-rate payments to floating-rate payments;
- To convert the cash flows associated with floating-rate debt from floating-rate payments to fixed-rate payments;
- To mitigate changes in value of the Company's unfunded mortgage loan commitments, funded MLHFS and MSRs;
- To mitigate remeasurement volatility of foreign currency denominated balances; and
- To mitigate the volatility of the Company's net investment in foreign operations driven by fluctuations in foreign currency exchange rates.

In addition, the Company enters into interest rate and foreign exchange derivative contracts to support the business requirements of its customers (customer-related positions). The Company minimizes the market and liquidity risks of customer-related positions by either entering into similar offsetting positions with broker-dealers, or on a portfolio basis by entering into other derivative or non-derivative financial instruments that partially or fully offset the exposure from these customer-related positions. The Company may enter into derivative contracts that are either exchange-traded, centrally cleared through clearinghouses or over-the-counter. The Company does not utilize derivatives for speculative purposes.

The Company does not designate all of the derivatives that it enters into for risk management purposes as accounting hedges because of the inefficiency of applying the accounting requirements and may instead elect fair value accounting for the related hedged items. In particular, the Company enters into interest rate swaps, swaptions, forward commitments to buy to-be-announced securities ("TBAs"), U.S. Treasury and Eurodollar futures and options on U.S. Treasury futures to mitigate fluctuations in the value of its MSRs, but does not designate those derivatives as accounting hedges. The estimated net sensitivity to changes in interest rates of the fair value of the MSRs and the related derivative instruments at December 31, 2020, to an immediate 25, 50 and 100 bps downward movement in interest rates would be a decrease of approximately $5 million, an increase of $10 million and an increase of $81 million, respectively. An immediate upward movement in interest rates at December 31, 2020, of 25, 50 and 100 bps would result in an increase of approximately $20 million, $39 million and $46 million, in the fair value of the MSRs and related derivative instruments, respectively. Refer to Note 9 of the Notes to Consolidated Financial Statements for additional information regarding MSRs.

Additionally, the Company uses forward commitments to sell TBAs and other commitments to sell residential mortgage loans at specified prices to economically hedge the interest rate risk in its residential mortgage loan production activities. At December 31, 2020, the Company had $15.0 billion of forward commitments to sell, hedging $7.0 billion of MLHFS and $12.0 billion of unfunded mortgage loan commitments. The forward commitments to sell and the unfunded mortgage loan commitments on loans intended to be sold are considered derivatives under the accounting guidance related to accounting for derivative instruments and hedging activities. The Company has elected the fair value option for the MLHFS.

Derivatives are subject to credit risk associated with counterparties to the contracts. Credit risk associated with derivatives is measured by the Company based on the probability of counterparty default, including consideration of the COVID-19 pandemic. The Company manages the credit risk of its derivative positions by diversifying its positions among various counterparties, by entering into master netting arrangements, and, where possible, by requiring collateral arrangements. The Company may also transfer counterparty credit risk related to interest rate swaps to third parties through the use of risk participation agreements. In addition, certain interest rate swaps, interest rate forwards and credit contracts are required to be centrally cleared through clearinghouses to further mitigate counterparty credit risk.

For additional information on derivatives and hedging activities, refer to Notes 19 and 20 in the Notes to Consolidated Financial Statements.

LIBOR Transition In July 2017, the United Kingdom's Financial Conduct Authority announced that it would no longer require banks to submit rates for the London InterBank Offered Rate ("LIBOR") after 2021. In November 2020, the Intercontinental Exchange Benchmark Administration, which is the administrator of LIBOR, proposed to cease the publication of all non-United States Dollar LIBOR rates and one week and two month United States Dollar LIBOR rates on December 31, 2021, but extend the publication of the remainder of United States Dollar LIBOR rates until June 30, 2023. The Company holds financial instruments that will be impacted by the discontinuance of LIBOR, including certain loans, investment securities, derivatives, borrowings and other financial instruments that use LIBOR as the benchmark rate. The Company also provides various services to customers in its capacity as trustee, which involve financial instruments that will be similarly impacted by the discontinuance of LIBOR. The Company anticipates these financial instruments will require transition to a new reference rate. This transition will occur over time as many of these arrangements do not have an alternative rate referenced in their contracts or a clear path for the parties to agree upon an alternative reference rate. In order to facilitate the transition process, the Company has instituted a LIBOR Transition Office and commenced an enterprise-wide project to identify, assess and monitor risks associated with the expected discontinuance or unavailability of LIBOR, actively engage with industry working groups and regulators, achieve operational readiness and engage impacted customers. During 2020, the Company began modifying its systems, models, procedures and internal infrastructure to be prepared to accept alternative

reference rates. The Company also adopted industry best practice guidelines for fallback language for new transactions, converted its cleared interest rate swaps discounting to Secured Overnight Financing Rate discounting, and distributed communications to certain impacted parties, both inside and outside the Company, on the transition. Refer to “Risk Factors” beginning on page 146, for further discussion on potential risks that could adversely affect the Company’s financial results as a result of the LIBOR transition.

Market Risk Management In addition to interest rate risk, the Company is exposed to other forms of market risk, principally related to trading activities which support customers’ strategies to manage their own foreign currency, interest rate risk and funding activities. For purposes of its internal capital adequacy assessment process, the Company considers risk arising from its trading activities, as well as the remeasurement volatility of foreign currency denominated balances included on its Consolidated Balance Sheet (collectively, “Covered Positions”), employing methodologies consistent with the requirements of regulatory rules for market risk. The Company’s Market Risk Committee (“MRC”), within the framework of the ALCO, oversees market risk management. The MRC monitors and reviews the Company’s Covered Positions and establishes policies for market risk management, including exposure limits for each portfolio. The Company uses a VaR approach to measure general market risk. Theoretically, VaR represents the statistical risk of loss the Company has to adverse market movements over a one-day time horizon. The Company uses the Historical Simulation method to calculate VaR for its Covered Positions measured at the ninety-ninth percentile using a one-year look-back period for distributions derived from past market data. The market factors used in the calculations include those pertinent to market risks inherent in the underlying trading portfolios, principally those that affect the Company’s corporate bond trading business, foreign currency transaction business, client derivatives business, loan trading business and municipal securities business, as well as those inherent in the Company’s foreign denominated balances and the derivatives used to mitigate the related measurement volatility. On average, the Company expects the one-day VaR to be exceeded by actual losses two to three times per year related to these positions. The Company monitors the accuracy of internal VaR models and modeling processes by back-testing model performance, regularly updating the historical data used by the VaR models and regular model validations to assess the accuracy of the models’ input, processing, and reporting components. All models are required to be independently reviewed and approved prior to being placed in use. If the Company were to experience market losses in excess of the estimated VaR more often than expected, the VaR models and associated assumptions would be analyzed and adjusted.

The average, high, low and period-end one-day VaR amounts for the Company’s Covered Positions were as follows:

Year Ended December 31 (Dollars in Millions)	2020	2019
Average	$ 2	$ 1
High	3	2
Low	1	1
Period-end	2	1

Given the market volatility in the first quarter of 2020 resulting from effects of the COVID-19 pandemic, the Company experienced actual losses for its combined Covered Positions that exceeded VaR five times during the year ended December 31, 2020. The Company did not experience any actual losses for its combined Covered Positions that exceeded VaR during 2019. The Company stress tests its market risk measurements to provide management with perspectives on market events that may not be captured by its VaR models, including worst case historical market movement combinations that have not necessarily occurred on the same date.

The Company calculates Stressed VaR using the same underlying methodology and model as VaR, except that a historical continuous one-year look-back period is utilized that reflects a period of significant financial stress appropriate to the Company’s Covered Positions. The period selected by the Company includes the significant market volatility of the last four months of 2008.

The average, high, low and period-end one-day Stressed VaR amounts for the Company’s Covered Positions were as follows:

Year Ended December 31 (Dollars in Millions)	2020	2019
Average	$ 6	$ 6
High	8	9
Low	4	4
Period-end	5	5

Valuations of positions in client derivatives and foreign currency activities are based on discounted cash flow or other valuation techniques using market-based assumptions. These valuations are compared to third-party quotes or other market prices to determine if there are significant variances. Significant variances are approved by senior management in the Company’s corporate functions. Valuation of positions in the corporate bond trading, loan trading and municipal securities businesses are based on trader marks. These trader marks are evaluated against third-party prices, with significant variances approved by senior management in the Company’s corporate functions.

The Company also measures the market risk of its hedging activities related to residential MLHFS and MSRs using the Historical Simulation method. The VaRs are measured at the ninety-ninth percentile and employ factors pertinent to the market risks inherent in the valuation of the assets and hedges. A one-year look-back period is used to obtain past market data for the models.

The average, high and low VaR amounts for the residential MLHFS and related hedges and the MSRs and related hedges were as follows:

Year Ended December 31 (Dollars in Millions)	2020	2019
Residential Mortgage Loans Held For Sale and Related Hedges		
Average	$ 10	$ 3
High	22	8
Low	2	–
Mortgage Servicing Rights and Related Hedges		
Average	$ 19	$ 7
High	54	11
Low	1	4

Liquidity Risk Management The Company's liquidity risk management process is designed to identify, measure, and manage the Company's funding and liquidity risk to meet its daily funding needs and to address expected and unexpected changes in its funding requirements. The Company engages in various activities to manage its liquidity risk. These activities include diversifying its funding sources, stress testing, and holding readily-marketable assets which can be used as a source of liquidity if needed. In addition, the Company's profitable operations, sound credit quality and strong capital position have enabled it to develop a large and reliable base of core deposit funding within its market areas and in domestic and global capital markets.

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 a contingency funding plan. The ALCO 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.

The Company's liquidity policy requires it to maintain diversified wholesale funding sources to avoid maturity, entity and market concentrations. The Company operates a Cayman Islands branch for issuing Eurodollar time deposits. In addition, the Company has relationships with dealers to issue national market retail and institutional savings certificates and short-term and medium-term notes. The Company also maintains a significant correspondent banking network and relationships. Accordingly, the Company has access to national federal funds, funding through repurchase agreements and sources of stable certificates of deposit and commercial paper.

The Company regularly projects its funding needs under various stress scenarios and maintains a contingency funding plan consistent with the Company's access to diversified sources of contingent funding. The Company maintains a substantial level of total available liquidity in the form of on-balance sheet and off-balance sheet funding sources. These liquidity sources include cash at the Federal Reserve Bank and certain European central banks, unencumbered liquid assets, and capacity to borrow from the FHLB and at Federal Reserve Bank's Discount Window. Unencumbered liquid assets in the Company's investment securities portfolio provides asset liquidity through the Company's ability to sell the securities or pledge and borrow against them. At December 31, 2020, the fair value of unencumbered investment securities totaled $125.9 billion, compared with $114.2 billion at December 31, 2019. Refer to Note 4 of the Notes to Consolidated Financial Statements and "Balance Sheet Analysis" for further information on investment securities maturities and trends. Asset liquidity is further enhanced by the Company's practice of pledging loans to access secured borrowing facilities through the FHLB and Federal Reserve Bank. At December 31, 2020, the Company could have borrowed a total of an additional $96.5 billion from the FHLB and Federal Reserve Bank based on collateral available for additional borrowings.

The Company's diversified deposit base provides a sizeable source of relatively stable and low-cost funding, while reducing the Company's reliance on the wholesale markets. Total deposits were $429.8 billion at December 31, 2020, compared with $361.9 billion at December 31, 2019. Refer to Table 14 and "Balance Sheet Analysis" for further information on the Company's deposits.

Additional funding is provided by long-term debt and short-term borrowings. Long-term debt was $41.3 billion at December 31, 2020, and is an important funding source because of its multi-year borrowing structure. Refer to Note 13 of the Notes to Consolidated Financial Statements for information on the terms and maturities of the Company's long-term debt issuances and "Balance Sheet Analysis" for discussion on long-term debt trends. Short-term borrowings were $11.8 billion at December 31, 2020, and supplement the Company's other funding sources. Refer to Note 12 of the Notes to Consolidated Financial Statements and "Balance Sheet Analysis" for further information on the terms and trends of the Company's short-term borrowings.

The Company's ability to raise negotiated funding at competitive prices is influenced by rating agencies' views of the Company's credit quality, liquidity, capital and earnings. Table 21 details the rating agencies' most recent assessments.

TABLE 21 Debt Ratings

	Moody's	Standard & Poor's	Fitch	Dominion Bond Rating Service
U.S. Bancorp				
Long-term issuer rating	A1	A+	AA-	AA
Short-term issuer rating		A-1	F1+	R-1 (middle)
Senior unsecured debt	A1	A+	A+	AA
Subordinated debt	A1	A-1	A	AA (low)
Junior subordinated debt	A2			
Preferred stock	A3	BBB	BBB+	A
Commercial paper	P-1		F1+	
U.S. Bank National Association				
Long-term issuer rating	A1	AA-	AA-	AA (high)
Short-term issuer rating	P-1	A-1+	F1+	R-1 (high)
Long-term deposits	Aa1		AA	AA (high)
Short-term deposits	P-1		F1+	
Senior unsecured debt	A1	AA-	AA-	AA (high)
Subordinated debt	A1	A		AA
Commercial paper	P-1	A-1+	F1+	
Counterparty risk assessment	Aa2(cr)/P-1(cr)			
Counterparty risk rating	Aa3/P-1			
Baseline credit assessment	aa3			

In addition to assessing liquidity risk on a consolidated basis, the Company monitors the parent company's liquidity. The parent company's routine funding requirements consist primarily of operating expenses, dividends paid to shareholders, debt service, repurchases of common stock and funds used for acquisitions. The parent company obtains funding to meet its obligations from dividends collected from its subsidiaries and the issuance of debt and capital securities. The Company establishes limits for the minimal number of months into the future where the parent company can meet existing and forecasted obligations with cash and securities held that can be readily monetized. The Company measures and manages this limit in both normal and adverse conditions. The Company maintains sufficient funding to meet expected capital and debt service obligations for 24 months without the support of dividends from subsidiaries and assuming access to the wholesale markets is maintained. The Company maintains sufficient liquidity to meet its capital and debt service obligations for 12 months under adverse conditions without the support of dividends from subsidiaries or access to the wholesale markets. The parent company is currently well in excess of required liquidity minimums.

Under United States Securities and Exchange Commission rules, the parent company is classified as a "well-known seasoned issuer," which allows it to file a registration statement that does not have a limit on issuance capacity. "Well-known seasoned issuers" generally include those companies with outstanding common securities with a market value of at least $700 million held by non-affiliated parties or those companies that have issued at least $1 billion in aggregate principal amount of non-convertible securities, other than common equity, in the last three years. However, the parent company's ability to issue debt and other securities under a registration statement filed with the United States Securities and Exchange Commission under these rules is limited by the debt issuance authority granted by the Company's Board of Directors and/or the ALCO policy.

At December 31, 2020, parent company long-term debt outstanding was $20.9 billion, compared with $18.6 billion at December 31, 2019. The increase was primarily due to $2.8 billion of medium-term note issuances, partially offset by $1.2 billion of medium-term note repayments. As of December 31, 2020, there was $1.5 billion of parent company debt scheduled to mature in 2021. Future debt maturities may be met through medium-term note and capital security issuances and dividends from subsidiaries, as well as from parent company cash and cash equivalents.

Dividend payments to the Company by its subsidiary bank are subject to regulatory review and statutory limitations and, in some instances, regulatory approval. In general, dividends to the parent company from its banking subsidiary are limited by rules which compare dividends to net income for regulatorily-defined periods. For further information, see Note 24 of the Notes to Consolidated Financial Statements.

The Company is subject to a regulatory Liquidity Coverage Ratio ("LCR") requirement which requires banks to maintain an adequate level of unencumbered high quality liquid assets to meet estimated liquidity needs over a 30-day stressed period. At December 31, 2020, the Company was compliant with this requirement.

European Exposures The Company provides merchant processing and corporate trust services in Europe either directly or through banking affiliations in Europe. Revenue generated from sources in Europe represented approximately 2 percent of the Company's total net revenue for 2020. Operating cash for these businesses is deposited on a short-term basis typically with certain European central banks. For deposits placed at other European banks, exposure is mitigated by the Company placing

TABLE 22 Contractual Obligations

At December 31, 2020 (Dollars in Millions)	Payments Due By Period: One Year or Less	Over One Through Three Years	Over Three Through Five Years	Over Five Years	Total
Contractual Obligations [a]					
Long-term debt [b]	$ 7,266	$ 11,480	$ 11,821	$10,730	$41,297
Operating leases	290	463	266	344	1,363
Benefit obligations [c]	32	68	109	204	413
Time deposits	23,808	5,065	1,819	2	30,694
Contractual interest payments [d]	1,274	1,272	719	597	3,862
Equity investment commitments	1,592	577	139	58	2,366
Other [e]	339	90	22	92	543
Total	$34,601	$ 19,015	$ 14,895	$12,027	$80,538

(a) Unrecognized tax positions of $474 million at December 31, 2020, are excluded as the Company cannot make a reasonably reliable estimate of the period of cash settlement with the respective taxing authority.
(b) Includes obligations under finance leases.
(c) Amounts include obligations related to the unfunded non-qualified pension plan and postretirement welfare plan.
(d) Includes accrued interest and future contractual interest obligations.
(e) Primarily includes purchase obligations for goods and services covered by noncancellable contracts including cancellation fees.

deposits at multiple banks and managing the amounts on deposit at any bank based on institution-specific deposit limits. At December 31, 2020, the Company had an aggregate amount on deposit with European banks of approximately $10.9 billion, predominately with the Central Bank of Ireland and Bank of England.

In addition, the Company provides financing to domestic multinational corporations that generate revenue from customers in European countries, transacts with various European banks as counterparties to certain derivative-related activities, and through a subsidiary, manages money market funds that hold certain investments in European sovereign debt. Any further deterioration in economic conditions in Europe, including the potential negative impact of the United Kingdom's withdrawal from the European Union ("Brexit"), is not expected to have a significant effect on the Company related to these activities. The Company is focused on providing continuity of services, with minimal disruption resulting from Brexit, to customers with activities in European countries. The Company has made certain structural changes to its legal entities and operations in the United Kingdom and European Union, where needed, and migrated certain business activities to the appropriate jurisdictions to continue to provide such services and generate revenue.

Off-Balance Sheet Arrangements Off-balance sheet arrangements include any contractual arrangements to which an unconsolidated entity is a party, under which the Company has an obligation to provide credit or liquidity enhancements or market risk support. Off-balance sheet arrangements also include any obligation related to a variable interest held in an unconsolidated entity that provides financing, liquidity, credit enhancement or market risk support. The Company has not utilized private label asset securitizations as a source of funding.

Commitments to extend credit are legally binding and generally have fixed expiration dates or other termination clauses. Many of the Company's commitments to extend credit expire without being drawn and, therefore, total commitment amounts do not necessarily represent future liquidity requirements or the Company's exposure to credit loss. Commitments to extend credit also include consumer credit lines that are cancelable upon notification to the consumer. Total contractual amounts of commitments to extend credit at December 31, 2020 were $344.2 billion. The Company also issues and confirms various types of letters of credit, including standby and commercial. Total contractual amounts of letters of credit at December 31, 2020 were $10.4 billion. For more information on the Company's commitments to extend credit and letters of credit, refer to Note 22 in the Notes to Consolidated Financial Statements.

The Company's off-balance sheet arrangements with unconsolidated entities primarily consist of private investment funds or partnerships that make equity investments, provide debt financing or support community-based investments in tax-advantaged projects. In addition to providing investment returns, these arrangements in many cases assist the Company in complying with requirements of the Community Reinvestment Act. The investments in these entities generate a return primarily through the realization of federal and state income tax credits and other tax benefits, such as tax deductions from operating losses of the investments, over specified time periods. The entities in which the Company invests are generally considered variable interest entities ("VIEs"). The Company's recorded net investment in these entities as of December 31, 2020 was approximately $3.0 billion.

The Company also has non-controlling financial investments in private funds and partnerships considered VIEs. The Company's recorded investment in these entities was approximately $35 million at December 31, 2020, and the Company had unfunded commitments to invest an additional $22 million. For more information on the Company's interests in unconsolidated VIEs, refer to Note 7 in the Notes to Consolidated Financial Statements.

Guarantees are contingent commitments issued by the Company to customers or other third parties requiring the Company to perform if certain conditions exist or upon the occurrence or nonoccurrence of a specified event, such as a scheduled payment to be made under contract. The Company's primary guarantees include commitments from securities lending activities in which indemnifications are provided to customers; indemnification or

buy-back provisions related to sales of loans and tax credit investments; and merchant charge-back guarantees through the Company's involvement in providing merchant processing services. For certain guarantees, the Company may have access to collateral to support the guarantee, or through the exercise of other recourse provisions, be able to offset some or all of any payments made under these guarantees.

The Company and certain of its subsidiaries, along with other Visa U.S.A. Inc. member banks, have a contingent guarantee obligation to indemnify Visa Inc. for potential losses arising from antitrust lawsuits challenging the practices of Visa U.S.A. Inc. and MasterCard International. The indemnification by the Company and other Visa U.S.A. Inc. member banks has no maximum amount. Refer to Note 22 in the Notes to Consolidated Financial Statements for further details regarding guarantees, other commitments, and contingent liabilities, including maximum potential future payments and current carrying amounts.

Capital Management The Company is committed to managing capital to maintain strong protection for depositors and creditors and for maximum shareholder benefit. The Company continually assesses its business risks and capital position. The Company also manages its capital to exceed regulatory capital requirements for banking organizations. To achieve its capital goals, the Company employs a variety of capital management tools, including dividends, common share repurchases, and the issuance of subordinated debt, non-cumulative perpetual preferred stock, common stock and other capital instruments.

The Company repurchased approximately 31 million shares of its common stock in 2020, compared with approximately 81 million shares in 2019. The average price paid for the shares repurchased in 2020 was $53.32 per share, compared with $55.88 per share in 2019. Beginning in March and continuing through the remainder of 2020, the Company suspended all common stock repurchases except for those done exclusively in connection with its stock-based compensation programs. This action was initially taken by the Company to maintain strong capital levels given the impact and uncertainties of COVID-19 on the economy and global markets. Due to continued economic uncertainty, the Federal Reserve Board implemented measures beginning in the third quarter of 2020 and extending through the first quarter of 2021, restricting capital distributions of all large bank holding companies, including the Company. These restrictions initially included capping common stock dividends at existing rates and restricting share repurchases, and currently limit the aggregate amount of common stock dividends and share repurchases to an amount that does not exceed the average net income of the four preceding calendar quarters. On December 22, 2020, the Company announced that it had received its results on the December 2020 Stress Test from the Federal Reserve Board. Based on those results, the Company announced that its Board of Directors had approved an authorization to repurchase $3.0 billion of its common stock beginning January 1, 2021. The Company will continue to monitor the economic environment and will adjust its capital distributions as circumstances warrant. Additional capital distributions are subject to the approval of the Company's Board of Directors, and will be consistent with regulatory requirements. For a more complete analysis of activities impacting shareholders' equity and capital management programs, refer to Note 14 of the Notes to Consolidated Financial Statements.

Total U.S. Bancorp shareholders' equity was $53.1 billion at December 31, 2020, compared with $51.9 billion at December 31, 2019. The increase was primarily the result of corporate earnings and changes in unrealized gains and losses on available-for-sale investment securities included in other comprehensive income (loss), partially offset by a reduction to retained earnings due to the January 1, 2020 adoption of accounting guidance related to the impairment of financial instruments, dividends and common share repurchases.

The regulatory capital requirements effective for the Company follow Basel III, with the Company being subject to calculating its capital adequacy as a percentage of risk-weighted assets under the standardized approach. Under Basel III, banking regulators define minimum capital requirements for banks and financial services holding companies. These requirements are expressed in the form of a minimum common equity tier 1 capital ratio, tier 1 capital ratio, total risk-based capital ratio, tier 1 leverage ratio and a tier 1 total leverage exposure, or supplementary leverage, ratio. The Company's minimum required level for these ratios at December 31, 2020, which include a stress capital buffer of 2.5 percent for the common equity tier 1 capital, tier 1 capital and total capital ratios, was 7.0 percent, 8.5 percent, 10.5 percent, 4.0 percent, and 3.0 percent, respectively. The Company targets its regulatory capital levels, at both the bank and bank holding company level, to exceed the "well-capitalized" threshold for these ratios under the FDIC Improvement Act prompt corrective action provisions that are applicable to all banks. At December 31, 2020, the minimum "well-capitalized" thresholds under the prompt corrective action framework for the common equity tier 1 capital ratio, tier 1 capital ratio, total risk-based capital ratio, tier 1 leverage ratio, and tier 1 total leverage exposure ratio was 6.5 percent, 8.0 percent, 10.0 percent, 5.0 percent, and 3.0 percent, respectively. During 2020, the Company elected to adopt a rule issued during 2020 by its regulators which permits banking organizations who adopt accounting guidance related to the impairment of financial instruments based on the current expected credit losses ("CECL") methodology during 2020, the option to defer the impact of the effect of that guidance at adoption plus 25 percent of its quarterly credit reserve increases over the next two years on its regulatory capital requirements, followed by a three-year transition period to phase in the cumulative deferred impact. As of December 31, 2020, the Company's bank subsidiary met all regulatory capital ratios to be considered "well-capitalized". There are no conditions or events since December 31, 2020 that management believes have changed the risk-based category of its covered subsidiary bank.

As an approved mortgage seller and servicer, U.S. Bank National Association, through its mortgage banking division, is required to maintain various levels of shareholder's equity, as specified by various agencies, including the United States Department of Housing and Urban Development, Government National Mortgage

TABLE 23 Regulatory Capital Ratios

At December 31 (Dollars in Millions)	2020	2019
Basel III standardized approach:		
Common equity tier 1 capital	$ 38,045	$ 35,713
Tier 1 capital	44,474	41,721
Total risk-based capital	52,602	49,744
Risk-weighted assets	393,648	391,269
Common equity tier 1 capital as a percent of risk-weighted assets	9.7%	9.1%
Tier 1 capital as a percent of risk-weighted assets	11.3	10.7
Total risk-based capital as a percent of risk-weighted assets	13.4	12.7
Tier 1 capital as a percent of adjusted quarterly average assets (leverage ratio)	8.3	8.8
Tier 1 capital as a percent of total on- and off-balance sheet leverage exposure (total leverage exposure ratio)	7.3	7.0

Association, Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association. At December 31, 2020, U.S. Bank National Association met these requirements.

Table 23 provides a summary of statutory regulatory capital ratios in effect for the Company at December 31, 2020 and 2019. All regulatory ratios exceeded regulatory "well-capitalized" requirements.

The Company believes certain other capital ratios are useful in evaluating its capital adequacy. At December 31, 2020, the Company's tangible common equity, as a percent of tangible assets and as a percent of risk-weighted assets determined in accordance with transitional regulatory capital requirements related to the CECL methodology under the standardized approach, was 6.9 percent and 9.5 percent, respectively. This compares to the Company's tangible common equity, as a percent of tangible assets and as a percent of risk-weighted assets under the standardized approach, of 7.5 percent and 9.3 percent, respectively, at December 31, 2019. In addition, the Company's common equity tier 1 capital to risk-weighted assets ratio, reflecting the full implementation of the CECL methodology was 9.3 percent at December 31, 2020. Refer to "Non-GAAP Financial Measures" beginning on page 64 for further information on these other capital ratios.

Fourth Quarter Summary

The Company reported net income attributable to U.S. Bancorp of $1.5 billion for the fourth quarter of 2020, or $0.95 per diluted common share, compared with $1.5 billion, or $0.90 per diluted common share, for the fourth quarter of 2019. Return on average assets and return on average common equity were 1.10 percent and 12.1 percent, respectively, for the fourth quarter of 2020, compared with 1.21 percent and 11.8 percent, respectively, for the fourth quarter of 2019.

Total net revenue for the fourth quarter of 2020, was $84 million (1.5 percent) higher than the fourth quarter of 2019, reflecting a 4.7 percent increase in noninterest income, partially offset by a 1.0 percent decrease in net interest income (0.9 percent on a taxable-equivalent basis). The decrease in net interest income from the fourth quarter of 2019 was primarily due to the impact of lower interest rates from a year ago, partially offset by changes in deposit and funding mix, loan growth and higher loan fees. The noninterest income increase was driven by significant growth in mortgage banking revenue due to refinancing production, growth in commercial products revenue primarily due to commitment fees on unused lines and higher other noninterest income. Growth in these fee categories was partially offset by a decline in payment services revenue and deposit service charges related to lower consumer and business spending.

Noninterest expense in the fourth quarter of 2020 was $37 million (1.1 percent) lower than the fourth quarter of 2019, reflecting the impact of severance charges and other accruals recorded in 2019, partially offset by business investments, costs related to COVID-19 and an increase in revenue-related production expenses in the fourth quarter of 2020.

Fourth quarter 2020 net interest income, on a taxable-equivalent basis, was $3.2 billion, representing a decrease of $30 million (0.9 percent) compared with the fourth quarter of 2019. The decrease was primarily due to the impact of lower interest rates from the prior year, partially offset by changes in deposit and funding mix, loan growth and higher loan fees. The Company expects net interest income to decline slightly in the first quarter of 2021 in part due to seasonally fewer days. Average earning assets were $57.7 billion (13.1 percent) higher in the fourth quarter of 2020, compared with the fourth quarter of 2019, reflecting increases of $7.4 billion (2.5 percent) in average loans, $11.8 billion (9.7 percent) in average investment securities and $34.9 billion in average other earning assets including cash balances being maintained for liquidity given the current economic environment. The net interest margin, on a taxable-equivalent basis, in the fourth quarter of 2020 was 2.57 percent, compared with 2.92 percent in the fourth quarter of 2019. The decrease in net interest margin was primarily due to the impact of a lower yield curve and decisions to maintain higher cash balances for liquidity, partially offset by changes in deposit and funding mix. The Company expects its net interest margin to be relatively stable in the first quarter of 2021.

TABLE 24 Fourth Quarter Results

(Dollars and Shares in Millions, Except Per Share Data)	Three Months Ended December 31 2020	2019
Condensed Income Statement		
Net interest income	$3,175	$3,207
Taxable-equivalent adjustment [a]	26	24
Net interest income (taxable-equivalent basis) [b]	3,201	3,231
Noninterest income	2,550	2,436
Total net revenue	5,751	5,667
Noninterest expense	3,364	3,401
Provision for credit losses	441	395
Income before taxes	1,946	1,871
Income taxes and taxable-equivalent adjustment	421	378
Net income	1,525	1,493
Net (income) loss attributable to noncontrolling interests	(6)	(7)
Net income attributable to U.S. Bancorp	$1,519	$1,486
Net income applicable to U.S. Bancorp common shareholders	$1,425	$1,408
Per Common Share		
Earnings per share	$ .95	$ .91
Diluted earnings per share	$ .95	$ .90
Dividends declared per share	$ .42	$ .42
Average common shares outstanding	1,507	1,556
Average diluted common shares outstanding	1,508	1,558
Financial Ratios		
Return on average assets	1.10%	1.21%
Return on average common equity	12.1	11.8
Net interest margin (taxable-equivalent basis) [a]	2.57	2.92
Efficiency ratio [b]	58.8	60.3

(a) 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.
(b) See Non-GAAP Financial Measures beginning on page 64.

Noninterest income in the fourth quarter of 2020 was $2.6 billion, representing an increase of $114 million (4.7 percent) from the fourth quarter of 2019. The increase reflected higher mortgage banking revenue, commercial products revenue and other noninterest income, partially offset by lower payment services revenue and deposit service charges. Mortgage banking revenue increased $224 million (91.8 percent) due to higher mortgage loan production driven by refinancing activities and stronger gain on sale margins, partially offset by declines in the valuations of MSRs, net of hedging activities. The Company expects mortgage banking revenue to decline in the first quarter of 2021, as compared with the fourth quarter of 2020, in line with the industry, as refinancing activity continues to moderate. Commercial products revenue increased $13 million (5.8 percent) primarily due to higher commercial loan and commercial leasing fees. Other noninterest income increased $73 million (52.9 percent) in the fourth quarter of 2020, compared with the same period of the prior year, reflecting higher retail leasing end of term residual gains, higher tax-advantaged investment syndication revenue and the impact of the fourth quarter of 2019 charge for the increased derivative liability related to Visa shares previously sold by the Company, partially offset by lower equity investment income. The decrease in payment services revenue reflected lower merchant processing services revenue of $98 million (24.0 percent), lower corporate payment products revenue of $32 million (20.3 percent) and lower credit and debit card revenue of $16 million (4.2 percent), all driven by lower sales volume due to the impact of the COVID-19 pandemic on consumer and business spending. The decrease in credit and debit card revenue was partially offset by higher prepaid card fees as a result of government stimulus programs in 2020. Merchant processing services revenue and corporate payments products revenue are expected to decline in the first quarter of 2021, as compared with the first quarter of 2020, reflecting lower travel and hospitality activity due to COVID-19. However, sales volume trends, excluding travel and hospitality, are expected to continue to improve compared to the fourth quarter of 2020, in line with consumer and business spending activity. Credit and debit card revenue is expected to increase in the first quarter of 2021, compared to the first quarter of 2020, as overall increases in sales volume are expected to more than offset lower travel and hospitality activity, and prepaid debit card volumes are expected to be higher due to the impact of government stimulus programs. Deposit service charges decreased $66 million (28.6 percent) primarily due to lower consumer spending activities.

Noninterest expense in the fourth quarter of 2020 was $3.4 billion, representing a decrease of $37 million (1.1 percent)

compared with the fourth quarter of 2019. The fourth quarter of 2020 included incremental costs related to the prepaid card business, expenses related to COVID-19, and revenue-related expenses primarily due to higher mortgage production in addition to business investments, including those related to increased digital capabilities. The decrease in noninterest expense in the fourth quarter of 2020, as compared with the same period of the prior year, reflected lower other noninterest expense, net occupancy and equipment expense, professional services expense and marketing and business development expense, partially offset by higher technology and communications expense and compensation expense. Other noninterest expense decreased $102 million (18.9 percent), reflecting the impact of severance charges and other accruals recorded in the fourth quarter of 2019, along with lower costs related to tax-advantaged projects. These decreases in other noninterest expense were partially offset by higher expenses for revenue-related costs and COVID-19, merger-related costs related to acquired deposits and higher state franchise taxes. Net occupancy and equipment expense decreased $17 million (5.9 percent) due to expected branch closures, while professional services expense decreased $16 million (11.5 percent) primarily due to fewer initiatives in 2020. Marketing and business development expense decreased $12 million (10.3 percent) due to a reduction in travel as a result of COVID-19. Technology and communications expense increased $71 million (24.4 percent) primarily due to the impact of increased call center volume related to prepaid cards and capital expenditures supporting business technology investments. Compensation expense in the fourth quarter of 2020 increased $46 million (2.9 percent) over the same period of the prior year, due to merit increases and higher variable compensation related to business production within mortgage banking. The Company expects its noninterest expenses to be relatively stable in the first quarter of 2021, as compared with the fourth quarter of 2020.

The provision for credit losses for the fourth quarter of 2020 was $441 million, an increase of $46 million (11.6 percent) from the same period of 2019. Net charge-offs were $441 million in the fourth quarter of 2020, compared with $385 million in the fourth quarter of 2019. The net charge-off ratio was 0.58 percent in the fourth quarter of 2020, compared with 0.52 percent in the fourth quarter of 2019.

The provision for income taxes was $395 million (an effective rate of 20.6 percent) for the fourth quarter of 2020, compared with $354 million (an effective rate of 19.2 percent) for the same period of 2019.

Line of Business Financial Review

The Company's major lines of business are Corporate and Commercial Banking, Consumer and Business Banking, Wealth Management and Investment Services, Payment Services, and Treasury and Corporate Support. These operating segments are components of the Company about which financial information is prepared and is evaluated regularly by management in deciding how to allocate resources and assess performance.

Basis for Financial Presentation Business line results are derived from the Company's business unit profitability reporting systems by specifically attributing managed balance sheet assets, deposits and other liabilities and their related income or expense. Refer to Note 23 of the Notes to Consolidated Financial Statements for further information on the business lines' basis for financial presentation.

Designations, assignments and allocations change from time to time as management systems are enhanced, methods of evaluating performance or product lines change or business segments are realigned to better respond to the Company's diverse customer base. During 2020, certain organization and methodology changes were made and, accordingly, 2019 results were restated and presented on a comparable basis.

Corporate and Commercial Banking Corporate and Commercial Banking offers lending, equipment finance and small-ticket leasing, depository services, treasury management, capital markets services, international trade services and other financial services to middle market, large corporate, commercial real estate, financial institution, non-profit and public sector clients. Corporate and Commercial Banking contributed $1.6 billion of the Company's net income in 2020, or a decrease of $122 million (7.2 percent), compared with 2019.

Net revenue increased $375 million (9.5 percent) in 2020, compared with 2019. Net interest income, on a taxable-equivalent basis, increased $158 million (5.1 percent) in 2020, compared with 2019, primarily due to higher noninterest-bearing and interest-bearing deposits and strong loan growth, partially offset by the impact of declining interest rates on the margin benefit from deposits, changes in loan mix and lower spreads on loans. Noninterest income increased $217 million (25.2 percent) in 2020, compared with 2019, primarily due to higher corporate bond issuance fees and trading revenue as corporate customers accessed the fixed income capital markets for bond issuances, as well as higher commercial loan and commercial leasing fees.

Noninterest expense increased $52 million (3.2 percent) in 2020, compared with 2019, primarily driven by higher compensation expense due to merit increases and variable compensation related to fixed income capital markets business production, higher FDIC insurance expense and higher other noninterest expense driven by legal costs, partially offset by a reduction in travel as a result of COVID-19. The provision for credit losses increased $486 million in 2020, compared with 2019, primarily due to higher net charge-offs, along with an unfavorable change in the reserve allocation based on economic risks related to COVID-19 in the portfolio.

Consumer and Business Banking Consumer and Business Banking delivers products and services through banking offices, telephone servicing and sales, on-line services, direct mail, ATM processing and mobile devices. It encompasses community banking, metropolitan banking and indirect lending, as well as mortgage banking. Consumer and Business Banking contributed $2.8 billion of the Company's net income in 2020, or an increase of $424 million (18.0 percent), compared with 2019.

Net revenue increased $887 million (10.2 percent) in 2020, compared with 2019. Net interest income, on a taxable-equivalent basis, decreased $88 million (1.4 percent) in 2020, compared with 2019, reflecting the impact of declining interest rates on the margin benefit from deposits, partially offset by higher noninterest-bearing and interest-bearing deposit balances, loan growth and higher loan fees driven in part by loans made under the SBA's Paycheck Protection Program and higher GNMA buybacks, in addition to favorable loan spreads. Noninterest income increased $975 million (40.9 percent) in 2020, compared with 2019, primarily due to higher mortgage banking revenue driven by higher mortgage loan production and stronger gain on sale margins, partially offset by declines in the valuation of MSRs, net of hedging activities. Other noninterest income increased primarily due to higher retail leasing end of term residual gains. The increases in noninterest income were partially offset by lower deposit service charges due to lower volume.

Noninterest expense increased $312 million (5.9 percent) in 2020, compared with 2019, primarily due to higher net shared services expense reflecting the impact of investment in infrastructure supporting business growth, higher variable compensation related to strong mortgage banking origination activities and higher other noninterest expense due to increased mortgage loan processing costs, partially offset by a reduction in travel as a result of COVID-19. The provision for credit losses increased $11 million (3.5 percent) in 2020, compared with 2019, due to higher net charge-offs.

Wealth Management and Investment Services Wealth Management and Investment Services provides private banking, financial advisory services, investment management, retail brokerage services, insurance, trust, custody and fund servicing through four businesses: Wealth Management, Global Corporate Trust & Custody, U.S. Bancorp Asset Management and Fund Services. Wealth Management and Investment Services contributed $714 million of the Company's net income in 2020, or a decrease of $177 million (19.9 percent), compared with 2019.

Net revenue decreased $102 million (3.4 percent) in 2020, compared with 2019. Net interest income, on a taxable-equivalent basis, decreased $176 million (15.0 percent) in 2020, compared with 2019, primarily due to the impact of declining interest rates on the margin benefit from deposits, partially offset by higher interest-bearing and noninterest-bearing deposit balances, and changes in deposit mix. Noninterest income increased $74 million (4.1 percent) in 2020, compared with 2019, primarily due to the impact of favorable market conditions and business growth on trust and investment management fees, partially offset by higher fee waivers related to the money market funds.

Noninterest expense increased $95 million (5.3 percent) in 2020, compared with 2019, reflecting increased net shared services expense due to technology development and higher compensation expense due to the impact of merit increases. In addition, other noninterest expense was higher due to litigation settlements, partially offset by a reduction in travel as a result of COVID-19. The provision for credit losses increased $41 million in 2020, compared with 2019, reflecting an unfavorable change in the reserve allocation driven by downgrades within the loan portfolio.

Payment Services Payment Services includes consumer and business credit cards, stored-value cards, debit cards, corporate, government and purchasing card services, consumer lines of credit and merchant processing. Payment Services contributed $1.3 billion of the Company's net income in 2020, or a decrease of $185 million (12.7 percent), compared with 2019.

Net revenue decreased $531 million (8.6 percent) in 2020, compared with 2019. Net interest income, on a taxable-equivalent basis, increased $56 million (2.3 percent) in 2020, compared with 2019, primarily due to favorable loan spreads and higher deposit balances as a result of state unemployment distributions on prepaid debit cards, partially offset by lower loan volume and loan fees. Noninterest income decreased $587 million (15.8 percent) in 2020, compared with 2019, mainly due to the impacts of COVID-19 on consumer and business spending volume in all payments businesses including merchant processing services, corporate payment products, and credit and debit card revenue. The decrease in credit and debit card revenue due to lower spending volume was partially offset by higher prepaid card fees as a result of government stimulus programs in 2020.

Noninterest expense increased $145 million (4.6 percent) in 2020, compared with 2019, reflecting incremental costs related to the prepaid card business and higher software expense due to capital expenditures and acquisitions, partially offset by lower marketing and business development expense due to the timing of marketing campaigns. The provision for credit losses decreased $428 million (38.6 percent) in 2020, compared with 2019, reflecting a favorable change in the reserve allocation driven by lower outstanding loan balances and lower net charge-offs, partially offset by the impact on the allowance for credit losses to recognize the expected losses within the acquired State Farm Bank credit card portfolio.

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TABLE 25 Line of Business Financial Performance

Year Ended December 31 (Dollars in Millions)	Corporate and Commercial Banking 2020	2019	Percent Change	Consumer and Business Banking 2020	2019	Percent Change
Condensed Income Statement						
Net interest income (taxable-equivalent basis)	$ 3,259	$ 3,101	5.1%	$ 6,263	$ 6,351	(1.4)%
Noninterest income	1,078	861	25.2	3,360	2,385	40.9
Total net revenue	4,337	3,962	9.5	9,623	8,736	10.2
Noninterest expense	1,680	1,624	3.4	5,573	5,257	6.0
Other intangibles	—	4	*	16	20	(20.0)
Total noninterest expense	1,680	1,628	3.2	5,589	5,277	5.9
Income before provision and income taxes	2,657	2,334	13.8	4,034	3,459	16.6
Provision for credit losses	575	89	*	322	311	3.5
Income before income taxes	2,082	2,245	(7.3)	3,712	3,148	17.9
Income taxes and taxable-equivalent adjustment	521	562	(7.3)	929	789	17.7
Net income (loss)	1,561	1,683	(7.2)	2,783	2,359	18.0
Net (income) loss attributable to noncontrolling interests	—	—	—	—	—	—
Net income (loss) attributable to U.S. Bancorp	$ 1,561	$ 1,683	(7.2)	$ 2,783	$ 2,359	18.0
Average Balance Sheet						
Commercial	$ 86,558	$ 78,575	10.2%	$ 12,716	$ 9,601	32.4%
Commercial real estate	21,753	20,453	6.4	16,076	16,135	(.4)
Residential mortgages	2	5	(60.0)	69,088	63,864	8.2
Credit card	—	—	—	—	—	—
Other retail	7	4	75.0	54,754	55,016	(.5)
Total loans	108,320	99,037	9.4	152,634	144,616	5.5
Goodwill	1,647	1,647	—	3,500	3,496	.1
Other intangible assets	6	8	(25.0)	2,106	2,619	(19.6)
Assets	120,829	108,983	10.9	170,531	158,932	7.3
Noninterest-bearing deposits	40,109	29,400	36.4	35,543	27,831	27.7
Interest checking	13,884	11,965	16.0	59,786	51,286	16.6
Savings products	52,534	43,232	21.5	70,905	62,269	13.9
Time deposits	17,266	17,625	(2.0)	16,645	15,680	6.2
Total deposits	123,793	102,222	21.1	182,879	157,066	16.4
Total U.S. Bancorp shareholders' equity	16,385	15,508	5.7	15,058	15,151	(.6)

* *Not meaningful*

Wealth Management and Investment Services			Payment Services			Treasury and Corporate Support			Consolidated Company		
2020	2019	Percent Change	2020	2019	Percent Change	2020	2019	Percent Change	2020	2019	Percent Change
$ 996	$ 1,172	(15.0)%	$ 2,530	$ 2,474	2.3%	$ (124)	$ 57	*%	$ 12,924	$ 13,155	(1.8)%
1,877	1,803	4.1	3,124	3,711	(15.8)	962	1,071	(10.2)	10,401	9,831	5.8
2,873	2,975	(3.4)	5,654	6,185	(8.6)	838	1,128	(25.7)	23,325	22,986	1.5
1,871	1,775	5.4	3,133	3,005	4.3	936	956	(2.1)	13,193	12,617	4.6
12	13	(7.7)	148	131	13.0	—	—	—	176	168	4.8
1,883	1,788	5.3	3,281	3,136	4.6	936	956	(2.1)	13,369	12,785	4.6
990	1,187	(16.6)	2,373	3,049	(22.2)	(98)	172	*	9,956	10,201	(2.4)
38	(3)	*	681	1,109	(38.6)	2,190	(2)	*	3,806	1,504	*
952	1,190	(20.0)	1,692	1,940	(12.8)	(2,288)	174	*	6,150	8,697	(29.3)
238	299	(20.4)	423	486	(13.0)	(946)	(385)	*	1,165	1,751	(33.5)
714	891	(19.9)	1,269	1,454	(12.7)	(1,342)	559	*	4,985	6,946	(28.2)
—	—	—	—	—	—	(26)	(32)	18.8	(26)	(32)	18.8
$ 714	$ 891	(19.9)	$ 1,269	$ 1,454	(12.7)	$ (1,368)	$ 527	*	$ 4,959	$ 6,914	(28.3)
$ 4,449	$ 4,023	10.6%	$ 8,936	$ 9,905	(9.8)%	$ 1,308	$ 1,094	19.6%	$113,967	$103,198	10.4%
578	510	13.3	—	—	—	2,141	2,288	(6.4)	40,548	39,386	3.0
4,577	3,878	18.0	—	—	—	—	—	—	73,667	67,747	8.7
—	—	—	22,332	23,309	(4.2)	—	—	—	22,332	23,309	(4.2)
1,723	1,674	2.9	271	352	(23.0)	—	—	—	56,755	57,046	(.5)
11,327	10,085	12.3	31,539	33,566	(6.0)	3,449	3,382	2.0	307,269	290,686	5.7
1,617	1,617	—	3,060	2,818	8.6	—	—	—	9,824	9,578	2.6
39	49	(20.4)	580	536	8.2	—	—	—	2,731	3,212	(15.0)
14,448	13,336	8.3	36,496	39,424	(7.4)	188,903	154,978	21.9	531,207	475,653	11.7
16,275	13,231	23.0	4,356	1,261	*	2,256	2,140	5.4	98,539	73,863	33.4
10,348	9,100	13.7	—	—	—	258	202	27.7	84,276	72,553	16.2
53,602	49,612	8.0	121	112	8.0	766	754	1.6	177,928	155,979	14.1
2,222	3,430	(35.2)	1	2	(50.0)	1,738	7,680	(77.4)	37,872	44,417	(14.7)
82,447	75,373	9.4	4,478	1,375	*	5,018	10,776	(53.4)	398,615	346,812	14.9
2,482	2,441	1.7	6,095	6,069	.4	12,226	13,454	(9.1)	52,246	52,623	(.7)

Treasury and Corporate Support Treasury and Corporate Support includes the Company's investment portfolios, funding, capital management, interest rate risk management, income taxes not allocated to the business lines, including most investments in tax-advantaged projects, and the residual aggregate of those expenses associated with corporate activities that are managed on a consolidated basis. Treasury and Corporate Support recorded a net loss of $1.4 billion in 2020, compared with net income of $527 million in 2019.

Net revenue decreased $290 million (25.7 percent) in 2020, compared with 2019. Net interest income, on a taxable-equivalent basis, decreased $181 million in 2020, compared with 2019, primarily due to higher prepayment amortization and lower reinvestment yields within the investment portfolio compared with the prior year. Noninterest income decreased $109 million (10.2 percent) in 2020, compared with 2019, primarily due to lower equity investment income, and certain 2020 asset impairments as a result of expected branch closures and property damage from civil unrest that occurred during the year. These decreases in noninterest income were partially offset by gains on the sale of certain businesses in 2020, higher investment securities gains and the impact of a 2019 charge for an increased derivative liability related to Visa shares previously sold by the Company.

Noninterest expense decreased $20 million (2.1 percent) in 2020, compared with 2019, primarily due to lower net shared services expense, lower costs related to tax-advantaged projects and the impact of severance charges and asset impairment accruals recorded in 2019. These decreases in noninterest expense were partially offset by the recognition of liabilities related to airline exposure and COVID-related expenses in 2020, higher compensation expense reflecting merit increases and stock-based compensation, higher implementation costs of capital investments to support business growth, higher state franchise taxes and higher merger-related costs. The provision for credit losses was $2.2 billion higher in 2020, compared with 2019, reflecting the residual impact of changes in the allowance for credit losses being impacted by adverse economic conditions and the expected impact to credit losses within the Company's loan portfolios due to the COVID-19 pandemic.

Income taxes are assessed to each line of business at a managerial tax rate of 25.0 percent with the residual tax expense or benefit to arrive at the consolidated effective tax rate included in Treasury and Corporate Support.

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, and
– Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the CECL methodology.

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 2020 adoption of accounting guidance related to impairment of financial instruments based on the CECL 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 report in their entirety, and not to rely on any single financial measure.

The following table shows the Company's calculation of these non-GAAP financial measures:

At December 31 (Dollars in Millions)	2020	2019	2018	2017	2016
Total equity	$ 53,725	$ 52,483	$ 51,657	$ 49,666	$ 47,933
Preferred stock	(5,983)	(5,984)	(5,984)	(5,419)	(5,501)
Noncontrolling interests	(630)	(630)	(628)	(626)	(635)
Goodwill (net of deferred tax liability) (1)	(9,014)	(8,788)	(8,549)	(8,613)	(8,203)
Intangible assets, other than mortgage servicing rights	(654)	(677)	(601)	(583)	(712)
Tangible common equity (a)	37,444	36,404	35,895	34,425	32,882
Common equity tier 1 capital, determined in accordance with transitional regulatory capital requirements related to the CECL methodology implementation	38,045				
Adjustments (2)	(1,733)				
Common equity tier 1 capital, reflecting the full implementation of the CECL methodology (b)	36,312				
Total assets	553,905	495,426	467,374	462,040	445,964
Goodwill (net of deferred tax liability) (1)	(9,014)	(8,788)	(8,549)	(8,613)	(8,203)
Intangible assets, other than mortgage servicing rights	(654)	(677)	(601)	(583)	(712)
Tangible assets (c)	544,237	485,961	458,224	452,844	437,049
Risk-weighted assets, determined in accordance with prescribed regulatory capital requirements effective for the Company (d)	393,648	391,269	381,661	367,771	358,237
Adjustments (3)	(1,471)				
Risk-weighted assets, reflecting the full implementation of the CECL methodology (e)	392,177				
Ratios					
Tangible common equity to tangible assets (a)/(c)	6.9%	7.5%	7.8%	7.6%	7.5%
Tangible common equity to risk-weighted assets (a)/(d)	9.5	9.3	9.4	9.4	9.2
Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the CECL methodology (b)/(e)	9.3				

	Three Months Ended December 31		Year Ended December 31				
	2020	2019	2020	2019	2018	2017	2016
Net interest income	$3,175	$3,207	$12,825	$13,052	$12,919	$12,380	$11,666
Taxable-equivalent adjustment (4)	26	24	99	103	116	205	203
Net interest income, on a taxable-equivalent basis	3,201	3,231	12,924	13,155	13,035	12,585	11,869
Net interest income, on a taxable-equivalent basis (as calculated above)	3,201	3,231	12,924	13,155	13,035	12,585	11,869
Noninterest income	2,550	2,436	10,401	9,831	9,602	9,317	9,290
Less: Securities gains (losses), net	34	26	177	73	30	57	22
Total net revenue, excluding net securities gains (losses) (f)	5,717	5,641	23,148	22,913	22,607	21,845	21,137
Noninterest expense (g)	3,364	3,401	13,369	12,785	12,464	12,790	11,527
Efficiency ratio (g)/(f)	58.8%	60.3%	57.8%	55.8%	55.1%	58.5%	54.5%

	Year Ended December 31, 2020		
	Net Revenue	Net Revenue as a Percent of the Consolidated Company	Net Revenue as a Percent of the Consolidated Company Excluding Treasury and Corporate Support
Corporate and Commercial Banking	$ 4,337	19%	19%
Consumer and Business Banking	9,623	41	43
Wealth Management and Investment Services	2,873	12	13
Payment Services	5,654	24	25
Treasury and Corporate Support	838	4	
Consolidated Company	23,325	100%	
Less: Treasury and Corporate Support	838		
Consolidated Company excluding Treasury and Corporate Support	$ 22,487		100%

(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 CECL 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 CECL methodology.
(4) Based on federal income tax rates of 21 percent for 2020, 2019 and 2018 and 35 percent for 2017 and 2016, for those assets and liabilities whose income or expense is not included for federal income tax purposes.

Accounting Changes

Note 2 of the Notes to Consolidated Financial Statements discusses accounting standards recently issued but not yet required to be adopted and the expected impact of these changes in accounting standards. To the extent the adoption of new accounting standards materially affects the Company's financial condition or results of operations, the impacts are discussed in the applicable section(s) of the Management's Discussion and Analysis and the Notes to Consolidated Financial Statements.

Critical Accounting Policies

The accounting and reporting policies of the Company comply with accounting principles generally accepted in the United States and conform to general practices within the banking industry. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. The Company's financial position and results of operations can be affected by these estimates and assumptions, which are integral to understanding the Company's financial statements. Critical accounting policies are those policies management believes are the most important to the portrayal of the Company's financial condition and results, and require management to make estimates that are difficult, subjective or complex. Most accounting policies are not considered by management to be critical accounting policies. Several factors are considered in determining whether or not a policy is critical in the preparation of financial statements. These factors include, among other things, whether the estimates are significant to the financial statements, the nature of the estimates, the ability to readily validate the estimates with other information (including third-party sources or available prices), sensitivity of the estimates to changes in economic conditions and whether alternative accounting methods may be utilized under GAAP. Management has discussed the development and the selection of critical accounting policies with the Company's Audit Committee.

Significant accounting policies are discussed in Note 1 of the Notes to Consolidated Financial Statements. Those policies considered to be critical accounting policies are described below.

Allowance for Credit Losses Management's evaluation of the appropriate allowance for credit losses is often the most critical of all the accounting estimates for a banking institution. It is an inherently subjective process impacted by many factors as discussed throughout the Management's Discussion and Analysis section of the Annual Report.

The methods utilized to estimate the allowance for credit losses, key assumptions and quantitative and qualitative information considered by management in determining the appropriate allowance for credit losses at December 31, 2020 are discussed in the "Credit Risk Management" section. Although methodologies utilized to determine each element of the allowance reflect management's assessment of credit risk as identified through assessments completed of individual credits and of homogenous pools affected by material credit events, degrees of imprecision exist in these measurement tools due in part to subjective judgments involved and an inherent lag in the data available to quantify current conditions and events that affect credit loss reserve estimates. As discussed in the "Analysis and Determination of Allowance for Credit Losses" section, management considered the effect of changes in economic conditions, risk management practices, and other factors that contributed to imprecision of loss estimates in determining the allowance for credit losses. If not considered, expected losses in the credit portfolio related to imprecision and other subjective factors could have a dramatic adverse impact on the liquidity and financial viability of a banking institution.

Given the many quantitative variables and subjective factors affecting the credit portfolio, changes in the allowance for credit losses may not directly coincide with changes in the risk ratings of the credit portfolio reflected in the risk rating process. This is in part due to the timing of the risk rating process in relation to changes in the business cycle, the exposure and mix of loans within risk rating categories, levels of nonperforming loans and the timing of charge-offs and expected recoveries. The allowance for credit losses on commercial lending segment loans measures the expected loss content on the remaining portfolio exposure, while nonperforming loans and net charge-offs are measures of specific impairment events that have already been confirmed. Therefore, the degree of change in the forward-looking expected loss in the commercial lending allowance may differ from the level of changes in nonperforming loans and net charge-offs. Management maintains an appropriate allowance for credit losses by updating allowance rates to reflect changes in expected losses, including expected changes in economic or business cycle conditions.

Some factors considered in determining the appropriate allowance for credit losses are more readily quantifiable while other factors require extensive qualitative judgment. Management conducts an analysis with respect to the accuracy of risk ratings and the volatility of expected losses, and utilizes this analysis along with qualitative factors that can affect the precision of credit loss estimates, including economic conditions, such as changes in gross domestic product, unemployment or bankruptcy rates, and concentration risks, such as risks associated with specific industries, collateral valuations, and loans to highly leveraged enterprises, in determining the overall level of the allowance for credit losses.

The Company considers a range of economic scenarios in its determination of the allowance for credit losses. These scenarios are constructed with interrelated projections of multiple economic variables, and loss estimates are produced that consider the historical correlation of those economic variables with credit losses, and also the expectation that conditions will eventually normalize over the longer run. Scenarios worse than the Company's expected outcome at December 31, 2020 include risks that government stimulus in response to the COVID-19 pandemic is less broad or less effective than expected, or that a longer or more severe health crisis prolongs the downturn in

economic activity, reducing the number of businesses that are ultimately able to resume operations after the crisis has passed.

Under the range of economic scenarios considered, the allowance for credit losses would have been lower by $538 million or higher by $1.2 billion. This range reflects the sensitivity of the allowance for credit losses specifically related to the scenarios and weights considered as of December 31, 2020, and does not consider other potential adjustments that could increase or decrease loss estimates calculated using alternative economic scenarios.

Because several quantitative and qualitative factors are considered in determining the allowance for credit losses, these sensitivity analyses do not necessarily reflect the nature and extent of future changes in the allowance for credit losses. They are intended to provide insights into the impact of adverse changes in the economy on the Company's modeled loss estimates for the loan portfolio and do not imply any expectation of future deterioration in the risk rating or loss rates. Given current processes employed by the Company, management believes the risk ratings and loss model estimates currently assigned are appropriate. It is possible that others, given the same information, may at any point in time reach different reasonable conclusions that could be significant to the Company's financial statements. Refer to the "Analysis and Determination of the Allowance for Credit Losses" section for further information.

Fair Value Estimates A portion of the Company's assets and liabilities are carried at fair value on the Consolidated Balance Sheet, with changes in fair value recorded either through earnings or other comprehensive income (loss) in accordance with applicable accounting principles generally accepted in the United States. These include all of the Company's available-for-sale investment securities, derivatives and other trading instruments, MSRs and MLHFS. The estimation of fair value also affects other loans held for sale, which are recorded at the lower-of-cost-or-fair value. The determination of fair value is important for certain other assets that are periodically evaluated for impairment using fair value estimates, including goodwill and other intangible assets, impaired loans, OREO and other repossessed assets.

Fair value is generally defined as the exit price at which an asset or liability could be exchanged in a current transaction between willing, unrelated parties, other than in a forced or liquidation sale. Fair value is based on quoted market prices in an active market, or if market prices are not available, is estimated using models employing techniques such as matrix pricing or discounting expected cash flows. The significant assumptions used in the models, which include assumptions for interest rates, discount rates, prepayments and credit losses, are independently verified against observable market data where possible. Where observable market data is not available, the estimate of fair value becomes more subjective and involves a high degree of judgment. In this circumstance, fair value is estimated based on management's judgment regarding the value that market participants would assign to the asset or liability. This valuation process takes into consideration factors such as market illiquidity. Imprecision in estimating these factors can impact the amount recorded on the balance sheet for a particular asset or liability with related impacts to earnings or other comprehensive income (loss).

When available, trading and available-for-sale securities are valued based on quoted market prices. However, certain securities are traded less actively and, therefore, quoted market prices may not be available. The determination of fair value may require benchmarking to similar instruments or performing a discounted cash flow analysis using estimates of future cash flows and prepayment, interest and default rates. For more information on investment securities, refer to Note 4 of the Notes to Consolidated Financial Statements.

As few derivative contracts are listed on an exchange, the majority of the Company's derivative positions are valued using valuation techniques that use readily observable market inputs. Certain derivatives, however, must be valued using techniques that include unobservable inputs. For these instruments, the significant assumptions must be estimated and, therefore, are subject to judgment. Note 19 of the Notes to Consolidated Financial Statements provides a summary of the Company's derivative positions.

Refer to Note 21 of the Notes to Consolidated Financial Statements for additional information regarding estimations of fair value.

Mortgage Servicing Rights MSRs are capitalized as separate assets when loans are sold and servicing is retained, or may be purchased from others. The Company records MSRs at fair value. Because MSRs do not trade in an active market with readily observable prices, the Company determines the fair value by estimating the present value of the asset's future cash flows utilizing market-based prepayment rates, option adjusted spread, and other assumptions validated through comparison to trade information, industry surveys and independent third-party valuations. Changes in the fair value of MSRs are recorded in earnings during the period in which they occur. Risks inherent in the valuation of MSRs include higher than expected prepayment rates and/or delayed receipt of cash flows. The Company utilizes derivatives, including interest rate swaps, swaptions, forward commitments to buy TBAs, U.S. Treasury and Eurodollar futures and options on U.S. Treasury futures, to mitigate the valuation risk. Refer to Notes 9 and 21 of the Notes to Consolidated Financial Statements for additional information on the assumptions used in determining the fair value of MSRs and an analysis of the sensitivity to changes in interest rates of the fair value of the MSRs portfolio and the related derivative instruments used to mitigate the valuation risk.

Income Taxes The Company estimates income tax expense based on amounts expected to be owed to the various tax jurisdictions in which it operates, including federal, state and local domestic jurisdictions, and an insignificant amount to foreign jurisdictions. The estimated income tax expense is reported in the Consolidated Statement of Income. Accrued taxes are reported in other assets or other liabilities on the Consolidated Balance Sheet and represent the net estimated amount due to or to be received from taxing jurisdictions either currently or deferred to future periods. Deferred taxes arise from differences between assets and liabilities measured for financial reporting purposes versus income tax reporting purposes. Deferred tax assets are recognized if, in management's judgment, their realizability is determined to be more likely than not. Uncertain tax positions that meet the more likely than not recognition threshold are measured to determine the amount of benefit to recognize. An uncertain tax position is measured at the largest amount of benefit management believes is more likely than not to be realized upon settlement. In estimating accrued taxes, the Company assesses the relative merits and risks of the appropriate tax treatment considering statutory, judicial and regulatory guidance in the context of the tax position. Because of the complexity of tax laws and regulations, interpretation can be difficult and subject to legal judgment given specific facts and circumstances. It is possible that others, given the same information, may at any point in time reach different reasonable conclusions regarding the estimated amounts of accrued taxes.

Changes in the estimate of accrued taxes occur periodically due to changes in tax rates, interpretations of tax laws, the status of examinations being conducted by various taxing authorities, and newly enacted statutory, judicial and regulatory guidance that impacts the relative merits and risks of tax positions. These changes, when they occur, affect accrued taxes and can be significant to the operating results of the Company. Refer to Note 18 of the Notes to Consolidated Financial Statements for additional information regarding income taxes.

Controls and Procedures

Under the supervision and with the participation of the Company's management, including its principal executive officer and principal financial officer, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based upon this evaluation, the principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective.

During the most recently completed fiscal quarter, there was no change made in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

The annual report of the Company's management on internal control over financial reporting is provided on page 69. The audit report of Ernst & Young LLP, the Company's independent accountants, regarding the Company's internal control over financial reporting is provided on page 72.

Report of Management

Responsibility for the financial statements and other information presented throughout this Annual Report rests with the management of U.S. Bancorp. The Company believes the consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States and present the substance of transactions based on the circumstances and management's best estimates and judgment.

In meeting its responsibilities for the reliability of the financial statements, management is responsible for establishing and maintaining an adequate system of internal control over financial reporting as defined by Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's system of internal control is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of publicly filed financial statements in accordance with accounting principles generally accepted in the United States.

To test compliance, the Company carries out an extensive audit program. This program includes a review for compliance with written policies and procedures and a comprehensive review of the adequacy and effectiveness of the system of internal control. Although control procedures are designed and tested, it must be recognized that there are limits inherent in all systems of internal control and, therefore, errors and irregularities may nevertheless occur. Also, estimates and judgments are required to assess and balance the relative cost and expected benefits of the controls. Projection of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Board of Directors of the Company has an Audit Committee composed of directors who are independent of U.S. Bancorp. The Audit Committee meets periodically with management, the internal auditors and the independent accountants to consider audit results and to discuss internal accounting control, auditing and financial reporting matters.

Management assessed the effectiveness of the Company's system of internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in its Internal Control-Integrated Framework (2013 framework). Based on our assessment and those criteria, management believes the Company designed and maintained effective internal control over financial reporting as of December 31, 2020.

The Company's independent registered accountants, Ernst & Young LLP, have been engaged to render an independent professional opinion on the financial statements and issue an audit report on the Company's internal control over financial reporting. Their opinion on the financial statements appearing on pages 70 and 71 and their audit report on internal control over financial reporting appearing on page 72 are based on procedures conducted in accordance with auditing standards of the Public Company Accounting Oversight Board (United States).

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of U.S. Bancorp

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of U.S. Bancorp (the Company) as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 23, 2021 expressed an unqualified opinion thereon.

Adoption of New Accounting Standard

As discussed in Notes 1, 2 and 5 to the consolidated financial statements, the Company changed its method for accounting for credit losses in 2020. As explained below, auditing the Company's allowance for credit losses, including adoption of the new accounting guidance related to the estimate of allowance for credit losses, was a critical audit matter.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Credit Losses

Description of the Matter	The Company's loan and lease portfolio and the associated allowance for credit losses (ACL), were $297.7 billion and $8.0 billion as of December 31, 2020, respectively. The provision for credit losses was $3.8 billion for the year ended December 31, 2020. As discussed above and in Notes 1, 2 and 5 to the financial statements, effective January 1, 2020 the Company adopted new accounting guidance related to the estimate of ACL, resulting in ACL increase of $1.5 billion. The ACL is established for current expected credit losses (ECL) on the Company's loan and lease portfolio, including unfunded credit commitments, by utilizing forward-looking expected loss models. When determining expected losses, the Company uses multiple probability weighted economic scenarios over a reasonable and supportable forecast period and then fully reverts to historical loss experience to estimate losses over the remaining asset lives. Model estimates are adjusted to consider any relevant changes in portfolio composition, lending policies, underwriting standards, risk management practices or economic conditions that would affect the accuracy of the model. Additionally, management may adjust ACL for other qualitative factors such as model imprecision, imprecision in economic scenario assumptions, and emerging risks related to either changes in the environment that are affecting specific portfolio segments, or changes in portfolio concentrations.

Auditing management's ACL estimate and related provision for credit losses was complex due to the highly judgmental nature of the probability weighted economic scenarios, expected loss models, as well as model and qualitative factor adjustments.

How We Addressed the Matter in Our Audit

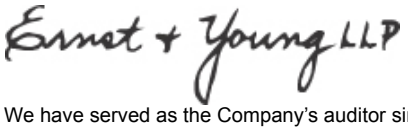
We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's process for establishing the ACL, including management's controls over: 1) selection and implementation of forward-looking economic scenarios and the probability weights assigned to them; 2) expected loss models, including model validation, implementation, monitoring, the completeness and accuracy of key inputs and assumptions used in the models, and management's output assessment and related adjustments; 3) adjustments to reflect management's consideration of qualitative factors; 4) the ACL methodology and governance process.

With the support of specialists, we assessed the economic scenarios and related probability weights by, among other procedures, evaluating management's methodology and agreeing a sample of key economic variables used to external sources. We also performed and considered the results of various sensitivity analyses and analytical procedures, including comparison of a sample of the key economic variables to alternative external sources, historical statistics and peer bank information.

With respect to expected loss models, with the support of specialists, we evaluated model calculation design and re-performed the calculation for a sample of models. We also tested the appropriateness of key inputs and assumptions used in these models by agreeing a sample of inputs to internal sources. As to model adjustments, with the support of specialists, we evaluated management's assessment of factors that could potentially impact accuracy of expected loss models and we evaluated management's estimate methodology. We also re-calculated a sample of model adjustments and tested internal and external data used by agreeing a sample of inputs to internal and external sources.

Regarding the completeness of qualitative factors identified and incorporated into measuring the ACL, we evaluated the potential impact of imprecision in the expected loss models and economic scenario assumptions, emerging risks related to changes in the environment impacting specific portfolio segments and portfolio concentrations. We also evaluated and tested internal and external data used in the qualitative adjustments by agreeing significant inputs and underlying data to internal and external sources.

We evaluated the overall ACL amount, including model estimates and adjustments, qualitative factors adjustments, and whether the recorded ACL appropriately reflects expected credit losses on the loan and lease portfolio and unfunded credit commitments. We reviewed historical loss statistics, peer-bank information, subsequent events and transactions and considered whether they corroborate or contradict the Company's measurement of the ACL. We searched for and evaluated information that corroborates or contradicts management's forecasted assumptions and related probability weights as well as identification and measurement of adjustments to model estimates and qualitative factors.



We have served as the Company's auditor since 2003.

Minneapolis, Minnesota
February 23, 2021

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of U.S. Bancorp

Opinion on Internal Control over Financial Reporting

We have audited U.S. Bancorp's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, U.S. Bancorp (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes of the Company and our report dated February 23, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



Minneapolis, Minnesota
February 23, 2021

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U.S. Bancorp
Consolidated Balance Sheet

At December 31 (Dollars in Millions)	2020	2019
Assets		
Cash and due from banks	$ 62,580	$ 22,405
Available-for-sale investment securities ($402 and $269 pledged as collateral, respectively) [(a)]	136,840	122,613
Loans held for sale (including $8,524 and $5,533 of mortgage loans carried at fair value, respectively)	8,761	5,578
Loans		
Commercial	102,871	103,863
Commercial real estate	39,311	39,746
Residential mortgages	76,155	70,586
Credit card	22,346	24,789
Other retail	57,024	57,118
Total loans	297,707	296,102
Less allowance for loan losses	(7,314)	(4,020)
Net loans	290,393	292,082
Premises and equipment	3,468	3,702
Goodwill	9,918	9,655
Other intangible assets	2,864	3,223
Other assets (including $1,255 and $951 of trading securities at fair value pledged as collateral, respectively) [(a)]	39,081	36,168
Total assets	$553,905	$495,426
Liabilities and Shareholders' Equity		
Deposits		
Noninterest-bearing	$118,089	$ 75,590
Interest-bearing [(b)]	311,681	286,326
Total deposits	429,770	361,916
Short-term borrowings	11,766	23,723
Long-term debt	41,297	40,167
Other liabilities	17,347	17,137
Total liabilities	500,180	442,943
Shareholders' equity		
Preferred stock	5,983	5,984
Common stock, par value $0.01 a share — authorized: 4,000,000,000 s hares; issued: 2020 and 2019 — 2,125,725,742 s hares	21	21
Capital surplus	8,511	8,475
Retained earnings	64,188	63,186
Less cost of common stock in treasury: 2020 — 618,618,084 shares; 2019 — 591,570,506 shares	(25,930)	(24,440)
Accumulated other comprehensive income (loss)	322	(1,373)
Total U.S. Bancorp shareholders' equity	53,095	51,853
Noncontrolling interests	630	630
Total equity	53,725	52,483
Total liabilities and equity	$553,905	$495,426

(a) Includes only collateral pledged by the Company where counterparties have the right to sell or pledge the collateral.
(b) Includes time deposits greater than $250,000 balances of $4.4 billion and $7.8 billion at December 31, 2020 and 2019, respectively.
See Notes to Consolidated Financial Statements.

U.S. Bancorp
Consolidated Statement of Income

Year Ended December 31 (Dollars and Shares in Millions, Except Per Share Data)	2020	2019	2018
Interest Income			
Loans	$ 12,018	$ 14,099	$ 13,120
Loans held for sale	216	162	165
Investment securities	2,428	2,893	2,616
Other interest income	178	340	272
Total interest income	14,840	17,494	16,173
Interest Expense			
Deposits	950	2,855	1,869
Short-term borrowings	141	360	378
Long-term debt	924	1,227	1,007
Total interest expense	2,015	4,442	3,254
Net interest income	12,825	13,052	12,919
Provision for credit losses	3,806	1,504	1,379
Net interest income after provision for credit losses	9,019	11,548	11,540
Noninterest Income			
Credit and debit card revenue	1,338	1,413	1,401
Corporate payment products revenue	497	664	644
Merchant processing services	1,261	1,601	1,531
Trust and investment management fees	1,736	1,673	1,619
Deposit service charges	677	909	1,070
Treasury management fees	568	578	594
Commercial products revenue	1,143	934	895
Mortgage banking revenue	2,064	874	720
Investment products fees	192	186	188
Securities gains (losses), net	177	73	30
Other	748	926	910
Total noninterest income	10,401	9,831	9,602
Noninterest Expense			
Compensation	6,635	6,325	6,162
Employee benefits	1,303	1,286	1,231
Net occupancy and equipment	1,092	1,123	1,063
Professional services	430	454	407
Marketing and business development	318	426	429
Technology and communications	1,294	1,095	978
Postage, printing and supplies	288	290	324
Other intangibles	176	168	161
Other	1,833	1,618	1,709
Total noninterest expense	13,369	12,785	12,464
Income before income taxes	6,051	8,594	8,678
Applicable income taxes	1,066	1,648	1,554
Net income	4,985	6,946	7,124
Net (income) loss attributable to noncontrolling interests	(26)	(32)	(28)
Net income attributable to U.S. Bancorp	$ 4,959	$ 6,914	$ 7,096
Net income applicable to U.S. Bancorp common shareholders	$ 4,621	$ 6,583	$ 6,784
Earnings per common share	$ 3.06	$ 4.16	$ 4.15
Diluted earnings per common share	$ 3.06	$ 4.16	$ 4.14
Average common shares outstanding	1,509	1,581	1,634
Average diluted common shares outstanding	1,510	1,583	1,638

See Notes to Consolidated Financial Statements.

U.S. Bancorp
Consolidated Statement of Comprehensive Income

Year Ended December 31 (Dollars in Millions)	2020	2019	2018
Net income	$4,985	$6,946	$7,124
Other Comprehensive Income (Loss)			
Changes in unrealized gains and losses on investment securities available-for-sale	2,905	1,693	(656)
Unrealized gains and losses on held-to-maturity investment securities transferred to available-for-sale	–	141	–
Changes in unrealized gains and losses on derivative hedges	(194)	(229)	39
Foreign currency translation	2	26	3
Changes in unrealized gains and losses on retirement plans	(401)	(380)	(302)
Reclassification to earnings of realized gains and losses	(42)	20	93
Income taxes related to other comprehensive income (loss)	(575)	(322)	205
Total other comprehensive income (loss)	1,695	949	(618)
Comprehensive income	6,680	7,895	6,506
Comprehensive (income) loss attributable to noncontrolling interests	(26)	(32)	(28)
Comprehensive income attributable to U.S. Bancorp	$6,654	$7,863	$6,478

See Notes to Consolidated Financial Statements.

U.S. Bancorp
Consolidated Statement of Shareholders' Equity

(Dollars and Shares in Millions, Except Per Share Data)	U.S. Bancorp Shareholders									
	Common Shares Outstanding	Preferred Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total U.S. Bancorp Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance December 31, 2017	1,656	$ 5,419	$ 21	$8,464	$54,142	$(17,602)	$ (1,404)	$ 49,040	$ 626	$49,666
Changes in accounting principle [(a)]					299		(300)	(1)		(1)
Net income (loss)					7,096			7,096	28	7,124
Other comprehensive income (loss)							(618)	(618)		(618)
Preferred stock dividends [(b)]					(282)			(282)		(282)
Common stock dividends ($1.34 per share)					(2,190)			(2,190)		(2,190)
Issuance of preferred stock		565						565		565
Issuance of common and treasury stock	6			(167)		258		91		91
Purchase of treasury stock	(54)					(2,844)		(2,844)		(2,844)
Distributions to noncontrolling interests								–	(31)	(31)
Net other changes in noncontrolling interests								–	5	5
Stock option and restricted stock grants				172				172		172
Balance December 31, 2018	1,608	$ 5,984	$ 21	$8,469	$59,065	$(20,188)	$ (2,322)	$ 51,029	$ 628	$51,657
Changes in accounting principle					2			2		2
Net income (loss)					6,914			6,914	32	6,946
Other comprehensive income (loss)							949	949		949
Preferred stock dividends [(c)]					(302)			(302)		(302)
Common stock dividends ($1.58 per share)					(2,493)			(2,493)		(2,493)
Issuance of common and treasury stock	7			(174)		263		89		89
Purchase of treasury stock	(81)					(4,515)		(4,515)		(4,515)
Distributions to noncontrolling interests								–	(31)	(31)
Net other changes in noncontrolling interests								–	1	1
Stock option and restricted stock grants				180				180		180
Balance December 31, 2019	1,534	$ 5,984	$ 21	$8,475	$63,186	$(24,440)	$ (1,373)	$ 51,853	$ 630	$52,483
Change in accounting principle [(d)]					(1,099)			(1,099)		(1,099)
Net income (loss)					4,959			4,959	26	4,985
Other comprehensive income (loss)							1,695	1,695		1,695
Preferred stock dividends [(e)]					(304)			(304)		(304)
Common stock dividends ($1.68 per share)					(2,541)			(2,541)		(2,541)
Issuance of preferred stock		486						486		486
Call of preferred stock		(487)			(13)			(500)		(500)
Issuance of common and treasury stock	4			(154)		171		17		17
Purchase of treasury stock	(31)					(1,661)		(1,661)		(1,661)
Distributions to noncontrolling interests								–	(25)	(25)
Net other changes in noncontrolling interests								–	(1)	(1)
Stock option and restricted stock grants				190				190		190
Balance December 31, 2020	1,507	$ 5,983	$ 21	$8,511	$64,188	$(25,930)	$ 322	$ 53,095	$ 630	$53,725

(a) Reflects the adoption of new accounting guidance on January 1, 2018 to reclassify the impact of the reduced federal statutory tax rate for corporations included in 2017 tax reform legislation from accumulated other comprehensive income to retained earnings.

(b) Reflects dividends declared per share on the Company's Series A, Series B, Series F, Series H, Series I, Series J and Series K Non-Cumulative Perpetual Preferred Stock of $3,548.61, $887.15, $1,625.00, $1,287.52, $1,281.25, $1,325.00 and $576.74, respectively.

(c) Reflects dividends declared per share on the Company's Series A, Series B, Series F, Series H, Series I, Series J and Series K Non-Cumulative Perpetual Preferred Stock of $3,654.95, $887.15, $1,625.00, $1,287.52, $1,281.25, $1,325.00 and $1,375.00, respectively.

(d) 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. Upon adoption, the Company increased its allowance for credit losses and reduced retained earnings net of deferred tax es through a cumulative-effect adjustment.

(e) Reflects dividends declared per share on the Company's Series A, Series B, Series F, Series H, Series I, Series J, Series K and Series L Non-Cumulative Perpetual Preferred Stock of $3,558.332, $889.58, $1,625.00, $1,287.52, $1,281.25, $1,325.00, $1,375.00 and $203.13, respectively.

See Notes to Consolidated Financial Statements.

U.S. Bancorp
Consolidated Statement of Cash Flows

Year Ended December 31 (Dollars in Millions)	2020	2019	2018
Operating Activities			
Net income attributable to U.S. Bancorp	$ 4,959	$ 6,914	$ 7,096
Adjustments to reconcile net income to net cash provided by operating activities			
Provision for credit losses	3,806	1,504	1,379
Depreciation and amortization of premises and equipment	351	334	306
Amortization of intangibles	176	168	161
(Gain) loss on sale of loans held for sale	(2,193)	(762)	(394)
(Gain) loss on sale of securities and other assets	(344)	(469)	(510)
Loans originated for sale, net of repayments	(67,449)	(36,561)	(29,214)
Proceeds from sales of loans held for sale	65,468	33,303	30,730
Other, net	(1,058)	458	1,010
Net cash provided by operating activities	3,716	4,889	10,564
Investing Activities			
Proceeds from sales of available-for-sale investment securities	15,596	11,252	1,400
Proceeds from maturities of held-to-maturity investment securities	–	9,137	6,619
Proceeds from maturities of available-for-sale investment securities	40,639	11,454	11,411
Purchases of held-to-maturity investment securities	–	(6,701)	(9,793)
Purchases of available-for-sale investment securities	(68,662)	(33,814)	(10,077)
Net decrease (increase) in loans outstanding	6,350	(9,871)	(9,234)
Proceeds from sales of loans	2,250	2,899	4,862
Purchases of loans	(11,622)	(3,805)	(3,694)
Net decrease (increase) in securities purchased under agreements to resell	645	(816)	(182)
Other, net	(636)	(1,295)	(289)
Net cash used in investing activities	(15,440)	(21,560)	(8,977)
Financing Activities			
Net increase (decrease) in deposits	67,854	16,441	(1,740)
Net (decrease) increase in short-term borrowings	(11,957)	9,584	(2,512)
Proceeds from issuance of long-term debt	14,501	9,899	12,078
Principal payments or redemption of long-term debt	(14,476)	(11,119)	(2,928)
Proceeds from issuance of preferred stock	486	–	565
Proceeds from issuance of common stock	15	88	86
Repurchase of common stock	(1,672)	(4,525)	(2,822)
Cash dividends paid on preferred stock	(300)	(302)	(274)
Cash dividends paid on common stock	(2,552)	(2,443)	(2,092)
Net cash provided by financing activities	51,899	17,623	361
Change in cash and due from banks	40,175	952	1,948
Cash and due from banks at beginning of period	22,405	21,453	19,505
Cash and due from banks at end of period	$ 62,580	$ 22,405	$ 21,453
Supplemental Cash Flow Disclosures			
Cash paid for income taxes	$ 1,025	$ 941	$ 365
Cash paid for interest	2,199	4,404	3,056
Noncash transfer of held-to-maturity investment securities to available-for-sale	–	43,596	–
Net noncash transfers to foreclosed property	23	60	115

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

NOTE 1 Significant Accounting Policies

U.S. Bancorp is a multi-state financial services holding company headquartered in Minneapolis, Minnesota. U.S. Bancorp and its subsidiaries (the "Company") provide a full range of financial services, including lending and depository services through banking offices principally in the Midwest and West regions of the United States, through on-line services, over mobile devices and through other distribution channels. The Company also engages in credit card, merchant, and ATM processing, mortgage banking, cash management, capital markets, insurance, trust and investment management, brokerage, and leasing activities, principally in domestic markets.

Basis of Presentation The consolidated financial statements include the accounts of the Company and its subsidiaries and all variable interest entities ("VIEs") for which the Company has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and the obligation to absorb losses or right to receive benefits of the VIE that could potentially be significant to the VIE. Consolidation eliminates intercompany accounts and transactions. Certain items in prior periods have been reclassified to conform to the current presentation.

Uses of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual experience could differ from those estimates .

Securities

Realized gains or losses on securities are determined on a trade date basis based on the specific amortized cost of the investments sold.

Trading Securities Securities held for resale are classified as trading securities and are included in other assets and reported at fair value. Changes in fair value and realized gains or losses are reported in noninterest income.

Available-for-sale Securities Debt securities that are not trading securities but may be sold before maturity in response to changes in the Company's interest rate risk profile, funding needs, demand for collateralized deposits by public entities or other reasons, are carried at fair value with unrealized net gains or losses reported within other comprehensive income (loss). Declines in fair value related to credit, if any, are recorded through the establishment of an allowance for credit losses.

Securities Purchased Under Agreements to Resell and Securities Sold Under Agreements to Repurchase Securities purchased under agreements to resell and securities sold under agreements to repurchase are accounted for as collateralized financing transactions with a receivable or payable recorded at the amounts at which the securities were acquired or sold, plus accrued interest. Collateral requirements are continually monitored and additional collateral is received or provided as required. The Company records a receivable or payable for cash collateral paid or received.

Equity Investments

Equity investments in entities where the Company has a significant influence (generally between 20 percent and 50 percent ownership), but does not control the entity, are accounted for using the equity method. Investments in limited partnerships and similarly structured limited liability companies where the Company's ownership interest is greater than 5 percent are accounted for using the equity method. Equity investments not using the equity method are accounted for at fair value with changes in fair value and realized gains or losses reported in noninterest income, unless fair value is not readily determinable, in which case the investment is carried at cost subject to adjustments for any observable market transactions on the same or similar instruments of the investee. Most of the Company's equity investments do not have readily determinable fair values. All equity investments are evaluated for impairment at least annually and more frequently if certain criteria are met.

Loans

The Company offers a broad array of lending products and categorizes its loan portfolio into two segments, which is the level at which it develops and documents a systematic methodology to determine the allowance for credit losses. The Company's two loan portfolio segments are commercial lending and consumer lending. The Company further disaggregates its loan portfolio segments into various classes based on their underlying risk characteristics. The two classes within the commercial lending segment are commercial loans and commercial real estate loans. The three classes within the consumer lending segment are residential mortgages, credit card loans and other retail loans. Previously, the Company categorized loans covered under loss sharing or similar credit protection agreements with the Federal Deposit Insurance Corporation ("FDIC"), along with the related indemnification asset, in a separate covered loans segment. During 2018 the majority of these loans were sold and the loss share coverage expired. Any remaining balances were reclassified to the loan segment they would have otherwise been included in had the loss share coverage not been in place.

Originated Loans Held for Investment Loans the Company originates as held for investment are reported at the principal amount outstanding, net of unearned interest income and deferred fees and costs, and any direct principal charge-offs. Interest income is accrued on the unpaid principal balances as earned. Loan and commitment fees and certain direct loan origination costs are deferred and recognized over the life of the

loan and/or commitment period as yield adjustments.

Purchased Loans All purchased loans are recorded at fair value at the date of purchase and those acquired on or after January 1, 2020 are divided into those considered purchased with more than insignificant credit deterioration ("PCD") and those not considered purchased with more than insignificant credit deterioration. An allowance for credit losses is established for each population and considers product mix, risk characteristics of the portfolio, bankruptcy experience, delinquency status and refreshed loan-to-value ratios when possible. The allowance for credit losses established for purchased loans not considered PCD is recognized through provision expense upon acquisition, whereas the allowance for credit losses established for loans considered PCD at acquisition is offset by an increase in the basis of the acquired loans. Any subsequent increases and decreases in the allowance for credit losses related to purchased loans, regardless of PCD status, are recognized through provision expense, with charge-offs charged to the allowance. The Company did not have a material amount of PCD loans included in its loan portfolio at December 31, 2020. In accordance with applicable authoritative accounting guidance, purchased loans acquired prior to January 1, 2020 were initially measured at fair value, inclusive of any credit discounts, and an allowance for credit losses was not recorded as of the acquisition date.

Commitments to Extend Credit Unfunded commitments for residential mortgage loans intended to be held for sale are considered derivatives and recorded in other assets and other liabilities on the Consolidated Balance Sheet at fair value with changes in fair value recorded in noninterest income. All other unfunded loan commitments are not considered derivatives and are not reported on the Consolidated Balance Sheet. Reserves for credit exposure on all other unfunded credit commitments are recorded in other liabilities.

Allowance for Credit Losses Beginning January 1, 2020, the allowance for credit losses is established for current expected credit losses on the Company's loan and lease portfolio, including unfunded credit commitments. The allowance considers expected losses for the remaining lives of the applicable assets, inclusive of expected recoveries. The allowance for credit losses is increased through provisions charged to earnings and reduced by net charge-offs. Management evaluates the appropriateness of the allowance for credit losses on a quarterly basis. Multiple economic scenarios are considered over a three-year reasonable and supportable forecast period, which incorporates historical loss experience in years two and three. These economic scenarios are constructed with interrelated projections of multiple economic variables, and loss estimates are produced that consider the historical correlation of those economic variables with credit losses. After the forecast period, the Company fully reverts to long-term historical loss experience, adjusted for prepayments and characteristics of the current loan and lease portfolio, to estimate losses over the remaining life of the portfolio. The economic scenarios are updated at least quarterly and are designed to provide a range of reasonable estimates, both better and worse than current expectations. Scenarios are weighted based on the Company's expectation of economic conditions for the foreseeable future and reflect significant judgment and consider uncertainties that exist . Final loss estimates also consider factors affecting credit losses not reflected in the scenarios, due to the unique aspects of current conditions and expectations. These factors may include, but are not limited to, loan servicing practices, regulatory guidance, and/or fiscal and monetary policy actions.

The allowance recorded for credit losses utilizes forward-looking expected loss models to consider a variety of factors affecting lifetime credit losses. These factors include, but are not limited to, macroeconomic variables such as unemployment rate, real estate prices, gross domestic product levels, corporate bonds spreads and long-term interest rate forecasts, as well as loan and borrower characteristics, such as internal risk ratings on commercial loans and consumer credit scores, delinquency status, collateral type and available valuation information, consideration of end-of-term losses on lease residuals, and the remaining term of the loan, adjusted for expected prepayments. For each loan portfolio, model estimates are adjusted as necessary to consider any relevant changes in portfolio composition, lending policies, underwriting standards, risk management practices, economic conditions or other factors that would affect the accuracy of the model. Expected credit loss estimates also include consideration of expected cash recoveries on loans previously charged-off or expected recoveries on collateral dependent loans where recovery is expected through sale of the collateral. Where loans do not exhibit similar risk characteristics, an individual analysis is performed to consider expected credit losses. The allowance recorded for individually evaluated loans greater than $5 million in the commercial lending segment is based on an analysis utilizing expected cash flows discounted using the original effective interest rate, the observable market price of the loan, or the fair value of the collateral, less selling costs, for collateral-dependent loans as appropriate.

The allowance recorded for Troubled Debt Restructuring ("TDR") loans in the consumer lending segment is determined on a homogenous pool basis utilizing expected cash flows discounted using the original effective interest rate of the pool. TDRs generally do not include loan modifications granted to customers resulting directly from the economic effects of the COVID-19 pandemic, who were otherwise in current payment status. The expected cash flows on TDR loans consider subsequent payment defaults since modification, the borrower's ability to pay under the restructured terms, and the timing and amount of payments. The allowance for collateral-dependent loans in the consumer lending segment is determined based on the fair value of the collateral less costs to sell. With respect to the commercial lending segment, TDRs may be collectively evaluated

for impairment where observed performance history, including defaults, is a primary driver of the loss allocation. For commercial TDRs individually evaluated for impairment, attributes of the borrower are the primary factors in determining the allowance for credit losses. However, historical loss experience is also incorporated into the allowance methodology applied to this category of loans.

The Company's methodology for determining the appropriate allowance for credit losses also considers the imprecision inherent in the methodologies used and allocated to the various loan portfolios. As a result, amounts determined under the methodologies described above, are adjusted by management to consider the potential impact of other qualitative factors not captured in the quantitative model adjustments which include, but are not limited to the following: model imprecision, imprecision in economic scenario assumptions, and emerging risks related to either changes in the environment that are affecting specific portfolios, or changes in portfolio concentrations over time that may affect model performance. The consideration of these items results in adjustments to allowance amounts included in the Company's allowance for credit losses for each loan portfolio.

The Company also assesses the credit risk associated with off-balance sheet loan commitments, letters of credit, investment securities and derivatives. Credit risk associated with derivatives is reflected in the fair values recorded for those positions. The liability for off-balance sheet credit exposure related to loan commitments and other credit guarantees is included in other liabilities. Because business processes and credit risks associated with unfunded credit commitments are essentially the same as for loans, the Company utilizes similar processes to estimate its liability for unfunded credit commitments.

The results of the analysis are evaluated quarterly to confirm the estimates are appropriate for each specific loan portfolio, as well as the entire loan portfolio, as the entire allowance for credit losses is available for the entire loan portfolio.

Prior to January 1, 2020, the allowance for credit losses was established based on an incurred loss model. The allowance recorded for loans in the commercial lending segment was based on the migration analysis of commercial loans and actual loss experience. The allowance recorded for loans in the consumer lending segment loans was determined on a homogenous pool basis and primarily included consideration of delinquency status and historical losses. In addition to the amounts determined under the methodologies described above, management also considered the potential impact of qualitative factors.

Credit Quality The credit quality of the Company's loan portfolios is assessed as a function of net credit losses, levels of nonperforming assets and delinquencies, and credit quality ratings as defined by the Company.

For all loan portfolio classes, loans are considered past due based on the number of days delinquent except for monthly amortizing loans which are classified delinquent based upon the number of contractually required payments not made (for example, two missed payments is considered 30 days delinquent). When a loan is placed on nonaccrual status, unpaid accrued interest is reversed, reducing interest income in the current period.

Commercial lending segment loans are generally placed on nonaccrual status when the collection of principal and interest has become 90 days past due or is otherwise considered doubtful. Commercial lending segment loans are generally fully or partially charged down to the fair value of the collateral securing the loan, less costs to sell, when the loan is placed on nonaccrual.

Consumer lending segment loans are generally charged-off at a specific number of days or payments past due. Residential mortgages and other retail loans secured by 1-4 family properties are generally charged down to the fair value of the collateral securing the loan, less costs to sell, at 180 days past due. Residential mortgage loans and lines in a first lien position are placed on nonaccrual status in instances where a partial charge-off occurs unless the loan is well secured and in the process of collection. Residential mortgage loans and lines in a junior lien position secured by 1-4 family properties are placed on nonaccrual status at 120 days past due or when they are behind a first lien that has become 180 days or greater past due or placed on nonaccrual status. Any secured consumer lending segment loan whose borrower has had debt discharged through bankruptcy, for which the loan amount exceeds the fair value of the collateral, is charged down to the fair value of the related collateral and the remaining balance is placed on nonaccrual status. Credit card loans continue to accrue interest until the account is charged-off. Credit cards are charged-off at 180 days past due. Other retail loans not secured by 1-4 family properties are charged-off at 120 days past due; and revolving consumer lines are charged-off at 180 days past due. Similar to credit cards, other retail loans are generally not placed on nonaccrual status because of the relative short period of time to charge-off. Certain retail customers having financial difficulties may have the terms of their credit card and other loan agreements modified to require only principal payments and, as such, are reported as nonaccrual.

For all loan classes, interest payments received on nonaccrual loans are generally recorded as a reduction to a loan's carrying amount while a loan is on nonaccrual and are recognized as interest income upon payoff of the loan. However, interest income may be recognized for interest payments if the remaining carrying amount of the loan is believed to be collectible. In certain circumstances, loans in any class may be restored to accrual status, such as when a loan has demonstrated sustained repayment performance or no amounts are past due and prospects for future payment are no longer in doubt; or when the loan becomes well secured and is in the process of collection. Loans where there has been a partial charge-off may be returned to accrual status if all principal and interest (including amounts previously charged-off) is expected to be collected and the loan is current.

The Company classifies its loan portfolio classes using internal credit quality ratings on a quarterly basis. These ratings include pass, special mention and classified, and are an important part of

the Company's overall credit risk management process and evaluation of the allowance for credit losses. Loans with a pass rating represent those loans not classified on the Company's rating scale for problem credits, as minimal credit risk has been identified. Special mention loans are those loans that have a potential weakness deserving management's close attention. Classified loans are those loans where a well-defined weakness has been identified that may put full collection of contractual cash flows at risk. It is possible that others, given the same information, may reach different reasonable conclusions regarding the credit quality rating classification of specific loans.

Troubled Debt Restructurings In certain circumstances, the Company may modify the terms of a loan to maximize the collection of amounts due when a borrower is experiencing financial difficulties or is expected to experience difficulties in the near-term. Concessionary modifications are classified as TDRs unless the modification results in only an insignificant delay in payments to be received. The Company recognizes interest on TDRs if the borrower complies with the revised terms and conditions as agreed upon with the Company and has demonstrated repayment performance at a level commensurate with the modified terms over several payment cycles, which is generally six months or greater. To the extent a previous restructuring was insignificant, the Company considers the cumulative effect of past restructurings related to the receivable when determining whether a current restructuring is a TDR.

The Company has implemented certain restructuring programs that may result in TDRs. However, many of the Company's TDRs are also determined on a case-by-case basis in connection with ongoing loan collection processes.

For the commercial lending segment, modifications generally result in the Company working with borrowers on a case-by-case basis. Commercial and commercial real estate modifications generally include extensions of the maturity date and may be accompanied by an increase or decrease to the interest rate, which may not be deemed a market interest rate. In addition, the Company may work with the borrower in identifying other changes that mitigate loss to the Company, which may include additional collateral or guarantees to support the loan. To a lesser extent, the Company may waive contractual principal. The Company classifies all of the above concessions as TDRs to the extent the Company determines that the borrower is experiencing financial difficulty.

Modifications for the consumer lending segment are generally part of programs the Company has initiated. The Company modifies residential mortgage loans under Federal Housing Administration, United States Department of Veterans Affairs, or its own internal programs. Under these programs, the Company offers qualifying homeowners the opportunity to permanently modify their loan and achieve more affordable monthly payments by providing loan concessions. These concessions may include adjustments to interest rates, conversion of adjustable rates to fixed rates, extension of maturity dates or deferrals of payments, capitalization of accrued interest and/or outstanding advances, or in limited situations, partial forgiveness of loan principal. In most instances, participation in residential mortgage loan restructuring programs requires the customer to complete a short-term trial period. A permanent loan modification is contingent on the customer successfully completing the trial period arrangement, and the loan documents are not modified until that time. The Company reports loans in a trial period arrangement as TDRs and continues to report them as TDRs after the trial period.

Credit card and other retail loan TDRs are generally part of distinct restructuring programs providing customers experiencing financial difficulty with modifications whereby balances may be amortized up to 60 months, and generally include waiver of fees and reduced interest rates.

In addition, the Company considers secured loans to consumer borrowers that have debt discharged through bankruptcy where the borrower has not reaffirmed the debt to be TDRs.

Loan modifications or concessions granted to borrowers resulting directly from the effects of the COVID-19 pandemic, who were otherwise in current payment status, are not considered to be TDRs.

Leases The Company, as a lessor, originates retail and commercial leases either directly to the consumer or indirectly through dealer networks. Retail leases, primarily automobiles, have 3 to 5 year terms. Commercial leases may include high dollar assets such as aircraft or lower cost items such as office equipment. At lease inception, retail lease customers are provided with an end-of-term purchase option, which is based on the expected fair value of the automobile at the expiration of the lease. Automobile leases do not typically contain options to extend or terminate the lease. Equipment leases may contain various types of purchase options. Some option amounts are a stated value, while others are determined using the fair market value at the time of option exercise.

Residual values on leased assets are reviewed regularly for impairment. Residual valuations for retail leases are based on independent assessments of expected used automobile sale prices at the end of the lease term. Impairment tests are conducted based on these valuations considering the probability of the lessee returning the asset to the Company, re-marketing efforts, insurance coverage and ancillary fees and costs. Valuations for commercial leases are based upon external or internal management appraisals. The Company manages its risk to changes in the residual value of leased vehicles, office and business equipment, and other assets through disciplined residual valuation setting at the inception of a lease, diversification of its leased assets, regular residual asset valuation reviews and monitoring of residual value gains or losses upon the disposition of assets. Retail lease residual value risk is mitigated further by the purchase of residual value insurance coverage and effective end-of-term marketing of off-lease vehicles.

The Company, as lessee, leases certain assets for use in its operations. Leased assets primarily include retail branches, operations centers and other corporate locations, and, to a lesser extent, office and computer equipment. For each lease with an original term greater than 12 months, the Company records a

lease liability and a corresponding right of use (“ROU”) asset. The Company accounts for the lease and non-lease components in the majority of its lease contracts as a single lease component, with the determination of the lease liability at lease inception based on the present value of the consideration to be paid under the contract. The discount rate used by the Company is determined at commencement of the lease using a secured rate for a similar term as the period of the lease. The Company’s leases do not include significant variable lease payments.

Certain of the Company’s real estate leases include options to extend. Lease extension options are generally exercisable at market rates. Such option periods do not provide a significant incentive, and their exercise is not reasonably certain. Accordingly, the Company does not generally recognize payments occurring during option periods in the calculation of its ROU assets and lease liabilities.

Other Real Estate Other real estate owned (“OREO”) is included in other assets, and is property acquired through foreclosure or other proceedings on defaulted loans. OREO is initially recorded at fair value, less estimated selling costs. The fair value of OREO is evaluated regularly and any decreases in value along with holding costs, such as taxes and insurance, are reported in noninterest expense.

Loans Held For Sale

Loans held for sale (“LHFS”) represent mortgage loans intended to be sold in the secondary market and other loans that management has an active plan to sell. LHFS are carried at the lower-of-cost-or-fair value as determined on an aggregate basis by type of loan with the exception of loans for which the Company has elected fair value accounting, which are carried at fair value. The credit component of any writedowns upon the transfer of loans to LHFS is reflected in loan charge-offs.

Where an election is made to carry the LHFS at fair value, any change in fair value is recognized in noninterest income. Where an election is made to carry LHFS at lower-of-cost-or-fair value, any further decreases are recognized in noninterest income and increases in fair value above the loan cost basis are not recognized until the loans are sold. Fair value elections are made at the time of origination or purchase based on the Company’s fair value election policy. The Company has elected fair value accounting for substantially all its mortgage loans held for sale (“MLHFS”).

Derivative Financial Instruments

In the ordinary course of business, the Company enters into derivative transactions to manage various risks and to accommodate the business requirements of its customers. Derivative instruments are reported in other assets or other liabilities at fair value. Changes in a derivative’s fair value are recognized currently in earnings unless specific hedge accounting criteria are met.

All derivative instruments that qualify and are designated for hedge accounting are recorded at fair value and classified as either a hedge of the fair value of a recognized asset or liability (“fair value hedge”); a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (“cash flow hedge”); or a hedge of the volatility of a net investment in foreign operations driven by changes in foreign currency exchange rates (“net investment hedge”). Changes in the fair value of a derivative that is highly effective and designated as a fair value hedge, and the offsetting changes in the fair value of the hedged item, are recorded in earnings. Changes in the fair value of a derivative that is highly effective and designated as a cash flow hedge are recorded in other comprehensive income (loss) until cash flows of the hedged item are realized. Changes in the fair value of net investment hedges that are highly effective are recorded in other comprehensive income (loss). The Company performs an assessment, at inception and, at a minimum, quarterly thereafter, to determine the effectiveness of the derivative in offsetting changes in the value or cash flows of the hedged item(s).

If a derivative designated as a cash flow hedge is terminated or ceases to be highly effective, the gain or loss in other comprehensive income (loss) is amortized to earnings over the period the forecasted hedged transactions impact earnings. If a hedged forecasted transaction is no longer probable, hedge accounting is ceased and any gain or loss included in other comprehensive income (loss) is reported in earnings immediately, unless the forecasted transaction is at least reasonably possible of occurring, whereby the amounts remain within other comprehensive income (loss).

Revenue Recognition

In the ordinary course of business, the Company recognizes income derived from various revenue generating activities. Certain revenues are generated from contracts where they are recognized when, or as services or products are transferred to customers for amounts the Company expects to be entitled. Revenue generating activities related to financial assets and liabilities are also recognized; including mortgage servicing fees, loan commitment fees, foreign currency remeasurements, and gains and losses on securities, equity investments and unconsolidated subsidiaries. Certain specific policies include the following:

Credit and Debit Card Revenue Credit and debit card revenue includes interchange from credit and debit cards processed through card association networks, annual fees, and other transaction and account management fees. Interchange rates are generally set by the credit card associations and based on purchase volumes and other factors. The Company records interchange as services are provided. Transaction and account management fees are recognized as services are provided, except for annual fees which are recognized over the applicable period. Costs for rewards programs and certain payments to partners and credit card associations are also recorded within credit and debit card revenue when services are provided. The

Company predominately records credit and debit card revenue within the Payment Services line of business.

Corporate Payment Products Revenue Corporate payment products revenue primarily includes interchange from commercial card products processed through card association networks and revenue from proprietary network transactions. The Company records corporate payment products revenue as services are provided. Certain payments to credit card associations and customers are also recorded within corporate payment products revenue as services are provided. Corporate payment products revenue is recorded within the Payment Services line of business.

Merchant Processing Services Merchant processing services revenue consists principally of merchant discount and other transaction and account management fees charged to merchants for the electronic processing of card association network transactions, less interchange paid to the card-issuing bank, card association assessments, and revenue sharing amounts. All of these are recognized at the time the merchant's services are performed. The Company may enter into revenue sharing agreements with referral partners or in connection with purchases of merchant contracts from sellers. The revenue sharing amounts are determined primarily on sales volume processed or revenue generated for a particular group of merchants. Merchant processing revenue also includes revenues related to point-of-sale equipment recorded as sales when the equipment is shipped or as earned for equipment rentals. The Company records merchant processing services revenue within the Payment Services line of business.

Trust and Investment Management Fees Trust and investment management fees are recognized over the period in which services are performed and are based on a percentage of the fair value of the assets under management or administration, fixed based on account type, or transaction-based fees. Services provided to clients include trustee, transfer agent, custodian, fiscal agent, escrow, fund accounting and administration services. Services provided to mutual funds may include selling, distribution and marketing services. Trust and investment management fees are predominately recorded within the Wealth Management and Investment Services line of business.

Deposit Service Charges Deposit service charges include service charges on deposit accounts received under depository agreements with customers to provide access to deposited funds, serve as a custodian of funds, and when applicable, pay interest on deposits. Checking or savings accounts may contain fees for various services used on a day to day basis by a customer. Fees are recognized as services are delivered to and consumed by the customer, or as penalty fees are charged. Deposit service charges also include revenue generated from ATM transaction processing and settlement services which is recognized at the time the services are performed. Certain payments to partners and card associations related to ATM processing services are also recorded within deposit service charges as services are provided. Deposit service charges are reported primarily within the Consumer and Business Banking line of business.

Treasury Management Fees Treasury management fees include fees for a broad range of products and services that enables customers to manage their cash more efficiently. These products and services include cash and investment management, receivables management, disbursement services, funds transfer services, and information reporting. Revenue is recognized as products and services are provided to customers. The Company reflects a discount calculated on monthly average collected customer balances. Total treasury management fees are reported primarily within the Corporate and Commercial Banking and Consumer and Business Banking lines of business.

Commercial Products Revenue Commercial products revenue primarily includes revenue related to ancillary services provided to Corporate and Commercial Banking and Consumer and Business Banking customers, including standby letter of credit fees, non-yield related loan fees, capital markets related revenue, sales of direct financing leases, and loan and syndication fees. Sales of direct financing leases are recognized at the point of sale. In addition, the Company may lead or participate with a group of underwriters in raising investment capital on behalf of securities issuers and charge underwriting fees. These fees are recognized at securities issuance. The Company, in its role as lead underwriter, arranges deal structuring and use of outside vendors for the underwriting group. The Company recognizes only those fees and expenses related to its underwriting commitment.

Mortgage Banking Revenue Mortgage banking revenue includes revenue derived from mortgages originated and subsequently sold, generally with servicing retained. The primary components include: gains and losses on mortgage sales; servicing revenue; changes in fair value for mortgage loans originated with the intent to sell and measured at fair value under the fair value option; changes in fair value for derivative commitments to purchase and originate mortgage loans; changes in the fair value of mortgage servicing rights ("MSRs"); and the impact of risk management activities associated with the mortgage origination pipeline, funded loans and MSRs. Net interest income from mortgage loans is recorded in interest income. Refer to Other Significant Policies in Note 1, as well as Note 9 and Note 21 for a further discussion of MSRs. Mortgage banking revenue is reported within the Consumer and Business Banking line of business.

Investment Products Fees Investment products fees include commissions related to the execution of requested security trades, distribution fees from sale of mutual funds, and investment advisory fees. Commissions and investment advisory fees are recognized as services are delivered to and utilized by the customer. Distribution fees are received over time, are dependent on the consumer maintaining their mutual fund asset position and the value of such position. These revenues are estimated and recognized at the point a significant reversal of revenue becomes remote. Investment products fees are predominately reported within the Wealth Management and Investment Services line of business.

Other Noninterest Income Other noninterest income is primarily related to financial assets including income on unconsolidated subsidiaries and equity method investments, gains on sale of other investments and corporate owned life insurance proceeds. The Company reports other noninterest income across all lines of business.

Other Significant Policies

Goodwill and Other Intangible Assets Goodwill is recorded on acquired businesses if the purchase price exceeds the fair value of the net assets acquired. Other intangible assets are recorded at their fair value upon completion of a business acquisition or certain other transactions, and generally represent the value of customer contracts or relationships. Goodwill is not amortized but is subject, at a minimum, to annual tests for impairment at a reporting unit level. In certain situations, an interim impairment test may be required if events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Other intangible assets are amortized over their estimated useful lives, using straight-line and accelerated methods and are subject to impairment if events or circumstances indicate a possible inability to realize the carrying amount. Determining the amount of goodwill impairment, if any, includes assessing whether the carrying value of a reporting unit exceeds its fair value. Determining the amount of other intangible asset impairment, if any, includes assessing the present value of the estimated future cash flows associated with the intangible asset and comparing it to the carrying amount of the asset.

Income Taxes Deferred taxes are recorded to reflect the tax consequences on future years of differences between the tax basis of assets and liabilities and their financial reporting carrying amounts. The Company uses the deferral method of accounting on investments that generate investment tax credits. Under this method, the investment tax credits are recognized as a reduction to the related asset. For certain investments in qualified affordable housing projects, the Company presents the expense in tax expense rather than noninterest expense.

Mortgage Servicing Rights MSRs are capitalized as separate assets when loans are sold and servicing is retained or if they are purchased from others. MSRs are recorded at fair value. The Company determines the fair value by estimating the present value of the asset's future cash flows utilizing market-based prepayment rates, option adjusted spread, and other assumptions validated through comparison to trade information, industry surveys and independent third-party valuations. Changes in the fair value of MSRs are recorded in earnings as mortgage banking revenue during the period in which they occur.

Pensions For purposes of its pension plans, the Company utilizes its fiscal year-end as the measurement date. At the measurement date, plan assets are determined based on fair value, generally representing observable market prices or the net asset value provided by the funds' trustee or administrator. The actuarial cost method used to compute the pension liabilities and related expense is the projected unit credit method. The projected benefit obligation is principally determined based on the present value of projected benefit distributions at an assumed discount rate. The discount rate utilized is based on the investment yield of high quality corporate bonds available in the marketplace with maturities equal to projected cash flows of future benefit payments as of the measurement date. Periodic pension expense (or income) includes service costs, interest costs based on the assumed discount rate, the expected return on plan assets based on an actuarially derived market-related value and amortization of actuarial gains and losses. Service cost is included in employee benefits expense on the Consolidated Statement of Income, with all other components of periodic pension expense included in other noninterest expense on the Consolidated Statement of Income. Pension accounting reflects the long-term nature of benefit obligations and the investment horizon of plan assets, and can have the effect of reducing earnings volatility related to short-term changes in interest rates and market valuations. Actuarial gains and losses include the impact of plan amendments and various unrecognized gains and losses which are deferred and amortized over the future service periods of active employees or the remaining life expectancies of inactive participants. The market-related value utilized to determine the expected return on plan assets is based on fair value adjusted for the difference between expected returns and actual performance of plan assets. The unrealized difference between actual experience and expected returns is included in expense over a period of approximately 15 years for active employees and approximately 30 years for inactive participants. The overfunded or underfunded status of each plan is recorded as an asset or liability on the Consolidated Balance Sheet, with changes in that status recognized through other comprehensive income (loss).

Premises and Equipment Premises and equipment are stated at cost less accumulated depreciation and depreciated primarily on a straight-line basis over the estimated life of the assets. Estimated useful lives range up to 40 years for newly constructed buildings and from 3 to 25 years for furniture and equipment.

The Company, as lessee, records an ROU asset for each lease with an original term greater than 12 months. ROU assets are included in premises and equipment, with the corresponding lease liabilities included in long-term debt and other liabilities.

Capitalized Software The Company capitalizes certain costs associated with the acquisition or development of internal-use software. Once the software is ready for its intended use, these costs are amortized on a straight-line basis over the software's expected useful life and reviewed for impairment on an ongoing basis. Estimated useful lives are generally 3 years, but may range up to 7 years.

Stock-Based Compensation The Company grants stock-based awards, which may include restricted stock, restricted stock units and options to purchase common stock of the Company. Stock option grants are for a fixed number of shares to employees and directors with an exercise price equal to the fair

value of the shares at the date of grant. Restricted stock and restricted stock unit grants are awarded at no cost to the recipient. Stock-based compensation for awards is recognized in the Company's results of operations over the vesting period. The Company immediately recognizes compensation cost of awards to employees that meet retirement status, despite their continued active employment. The amortization of stock-based compensation reflects estimated forfeitures adjusted for actual forfeiture experience. As compensation expense is recognized, a deferred tax asset is recorded that represents an estimate of the future tax deduction from exercise or release of restrictions. At the time stock-based awards are exercised, cancelled, expire, or restrictions are released, the Company may be required to recognize an adjustment to tax expense, depending on the market price of the Company's common stock at that time.

Per Share Calculations Earnings per common share is calculated using the two-class method under which earnings are allocated to common shareholders and holders of participating securities. Unvested stock-based compensation awards that contain nonforfeitable rights to dividends or dividend equivalents are considered participating securities under the two-class method. Net income applicable to U.S. Bancorp common shareholders is then divided by the weighted-average number of common shares outstanding to determine earnings per common share. Diluted earnings per common share is calculated by adjusting income and outstanding shares, assuming conversion of all potentially dilutive securities.

NOTE 2 Accounting Changes

Financial Instruments—Credit Losses Effective January 1, 2020, the Company adopted accounting guidance, issued by the Financial Accounting Standards Board ("FASB") in June 2016, related to the impairment of financial instruments . This guidance changes impairment recognition to a model that is based on expected losses rather than incurred losses, which is intended to result in more timely recognition of credit losses. This guidance is also intended to reduce the complexity of accounting guidance by decreasing the number of credit impairment models that entities use to account for debt instruments. In addition, the guidance requires additional credit quality disclosures for loans. Upon adoption, the Company increased its allowance for credit losses by approximately $1.5 billion and reduced retained earnings net of deferred tax balances by approximately $1.1 billion through a cumulative-effect adjustment. The increase in the allowance at adoption was primarily related to the commercial, credit card, installment and other retail loan portfolios where the allowance for loan losses had not previously considered the full term of the loans. The Company has elected to defer the impact of the effect of the guidance at adoption plus 25 percent of its quarterly credit reserve increases over the next two years on its regulatory capital requirements, followed by a transition period to phase in the cumulative deferred impact at 25 percent per year from 2022 to 2025, as provided by rules issued by its regulators.

The adoption of this guidance did not have a material impact on the Company's available-for-sale securities as most of this portfolio consists of U.S. Treasury and residential agency mortgage-backed securities that inherently have an immaterial risk of loss.

Reference Interest Rate Transition In March 2020, the FASB issued accounting guidance, providing temporary optional expedients and exceptions to the guidance in United States generally accepted accounting principles on contract modifications and hedge accounting, to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. Under the guidance, a company can elect not to apply certain modification accounting requirements to contracts affected by reference rate transition, if certain criteria are met. A company that makes this election would not be required to remeasure the contracts at the modification date or reassess a previous accounting determination. This guidance also permits a company to elect various optional expedients that would allow it to continue applying hedge accounting for hedging relationships affected by reference rate transition, if certain criteria are met. The guidance is effective upon issuance and generally can be applied through December 31, 2022. The Company is currently assessing the impact of this guidance on its financial statements.

NOTE 3 Restrictions on Cash and Due from Banks

Banking regulators require bank subsidiaries to maintain minimum average reserve balances, either in the form of vault cash or reserve balances held with central banks or other financial institutions. The amount of required reserve balances were approximately $73 million and $3.2 billion at December 31, 2020 and 2019, respectively. The Company held balances at central banks and other financial institutions of $55.4 billion and $16.2 billion at December 31, 2020 and 2019, respectively, to meet these requirements and for other purposes. These balances are included in cash and due from banks on the Consolidated Balance Sheet.

NOTE 4 Investment Securities

The Company's available-for-sale investment securities are carried at fair value with unrealized net gains or losses reported within accumulated other comprehensive income (loss) in shareholders' equity. The Company had no outstanding investment securities classified as held-to-maturity at December 31, 2020 and December 31, 2019.

The amortized cost, gross unrealized holding gains and losses, and fair value of available-for-sale investment securities at December 31 were as follows:

	2020				2019			
(Dollars in Millions)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury and agencies	$ 21,954	$ 462	$ (25)	$ 22,391	$ 19,845	$ 61	$ (67)	$ 19,839
Mortgage-backed securities								
Residential agency	98,031	1,950	(13)	99,968	93,903	557	(349)	94,111
Commercial agency	5,251	170	(15)	5,406	1,482	–	(29)	1,453
Asset-backed securities	200	5	–	205	375	8	–	383
Obligations of state and political subdivisions	8,166	695	–	8,861	6,499	318	(3)	6,814
Other	9	–	–	9	13	–	–	13
Total available-for-sale	$133,611	$ 3,282	$ (53)	$136,840	$122,117	$ 944	$ (448)	$122,613

Investment securities with a fair value of $11.0 billion at December 31, 2020, and $8.4 billion at December 31, 2019, were pledged to secure public, private and trust deposits, repurchase agreements and for other purposes required by contractual obligation or law. Included in these amounts were securities where the Company and certain counterparties have agreements granting the counterparties the right to sell or pledge the securities. Investment securities securing these types of arrangements had a fair value of $402 million at December 31, 2020, and $269 million at December 31, 2019.

The following table provides information about the amount of interest income from taxable and non-taxable investment securities:

Year Ended December 31 (Dollars in Millions)	2020	2019	2018
Taxable	$2,201	$2,680	$2,396
Non-taxable	227	213	220
Total interest income from investment securities	$2,428	$2,893	$2,616

The following table provides information about the amount of gross gains and losses realized through the sales of available-for-sale investment securities:

Year Ended December 31 (Dollars in Millions)	2020	2019	2018
Realized gains	$200	$ 99	$ 30
Realized losses	(23)	(26)	–
Net realized gains (losses)	$177	$ 73	$ 30
Income tax (benefit) on net realized gains (losses)	$ 45	$ 18	$ 7

The Company conducts a regular assessment of its available-for-sale investment securities with unrealized losses to determine whether all or some portion of a security's unrealized loss is related to credit and an allowance for credit losses is necessary. If the Company intends to sell or it is more likely than not the Company will be required to sell an investment security, the amortized cost of the security is written down to fair value. When evaluating credit losses, the Company considers various factors such as the nature of the investment security, the credit ratings or financial condition of the issuer, the extent of the unrealized loss, expected cash flows of underlying collateral, the existence of any government or agency guarantees, and market conditions. The Company measures the allowance for credit losses using market information where available and discounting the cash flows at the original effective rate of the investment security. The allowance for credit losses is adjusted each period through earnings and can be subsequently recovered. The allowance for credit losses on the Company's available-for-sale investment securities was immaterial for the year ended December 31, 2020.

At December 31, 2020, certain investment securities had a fair value below amortized cost. The following table shows the gross unrealized losses and fair value of the Company's available-for-sale investment securities with unrealized losses, aggregated by investment category and length of time the individual investment securities have been in continuous unrealized loss positions, at December 31, 2020:

	Less Than 12 Months		12 Months or Greater		Total	
(Dollars in Millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury and agencies	$3,144	$ (25)	$ –	$ –	$3,144	$ (25)
Residential agency mortgage-backed securities	2,748	(11)	1,028	(2)	3,776	(13)
Commercial agency mortgage-backed securities	1,847	(15)	–	–	1,847	(15)
Asset-backed securities	–	–	2	–	2	–
Obligations of state and political subdivisions	2	–	–	–	2	–
Other	6	–	–	–	6	–
Total investment securities	$7,747	$ (51)	$1,030	$ (2)	$8,777	$ (53)

These unrealized losses primarily relate to changes in interest rates and market spreads subsequent to purchase of the investment securities. U.S. Treasury and agencies securities and agency mortgage-backed securities are issued, guaranteed or otherwise supported by the United States government. The Company's obligations of state and political subdivisions are generally high grade. Accordingly, the Company does not consider these unrealized losses to be credit-related and an allowance for credit losses is not necessary. In general, the issuers of the investment securities are contractually prohibited from prepayment at less than par, and the Company did not pay significant purchase premiums for these investment securities. At December 31, 2020, the Company had no plans to sell investment securities with unrealized losses, and believes it is more likely than not it would not be required to sell such investment securities before recovery of their amortized cost.

During the year ended December 31, 2020, the Company did not purchase any available-for-sale investment securities that had more-than-insignificant credit deterioration.

The following table provides information about the amortized cost, fair value and yield by maturity date of the available-for-sale investment securities outstanding at December 31, 2020:

(Dollars in Millions)	Amortized Cost	Fair Value	Weighted-Average Maturity in Years	Weighted-Average Yield [e]
U.S. Treasury and Agencies				
Maturing in one year or less	$ 5,069	$ 5,101	.5	1.53%
Maturing after one year through five years	10,491	10,740	2.5	1.29
Maturing after five years through ten years	5,874	6,034	8.2	1.39
Maturing after ten years	520	516	12.5	1.52
Total	$ 21,954	$ 22,391	3.8	1.37%
Mortgage-Backed Securities [a]				
Maturing in one year or less	$ 682	$ 688	.6	1.54%
Maturing after one year through five years	90,156	92,059	2.5	1.48
Maturing after five years through ten years	12,425	12,607	6.9	1.44
Maturing after ten years	19	20	12.2	1.31
Total	$103,282	$105,374	3.0	1.47%
Asset-Backed Securities [a]				
Maturing in one year or less	$ –	$ –	–	.52%
Maturing after one year through five years	3	4	3.0	1.91
Maturing after five years through ten years	197	200	6.2	1.46
Maturing after ten years	–	1	14.2	2.41
Total	$ 200	$ 205	6.2	1.47%
Obligations of State and Political Subdivisions [b] [c]				
Maturing in one year or less	$ 115	$ 117	.5	4.44%
Maturing after one year through five years	1,245	1,327	3.2	4.43
Maturing after five years through ten years	6,779	7,386	7.0	3.90
Maturing after ten years	27	31	10.9	3.88
Total	$ 8,166	$ 8,861	6.3	3.99%
Other				
Maturing in one year or less	$ 9	$ 9	.1	1.81%
Maturing after one year through five years	–	–	–	–
Maturing after five years through ten years	–	–	–	–
Maturing after ten years	–	–	–	–
Total	$ 9	$ 9	.1	1.81%
Total investment securities [d]	$133,611	$136,840	3.4	1.61%

(a) Information related to asset and mortgage-backed securities included above is presented based upon weighted-average maturities that take into account anticipated future prepayments.
(b) Information related to obligations of state and political subdivisions is presented based upon yield to first optional call date if the security is purchased at a premium, and yield to maturity if the security is purchased at par or a discount.
(c) Maturity calculations for obligations of state and political subdivisions are based on the first optional call date for securities with a fair value above par and the contractual maturity date for securities with a fair value equal to or below par.
(d) The weighted-average maturity of total available-for-sale investment securities was 4.2 years at December 31, 2019, with a corresponding weighted-average yield of 2.38 percent.
(e) Weighted-average yields for obligations of state and political subdivisions are presented on a fully-taxable equivalent basis based on a federal income tax rate of 21 percent. Yields on investment securities are computed based on amortized cost balances.

NOTE 5 Loans and Allowance for Credit Losses

The composition of the loan portfolio at December 31, disaggregated by class and underlying specific portfolio type, was as follows:

(Dollars in Millions)	2020	2019
Commercial		
Commercial	$ 97,315	$ 98,168
Lease financing	5,556	5,695
Total commercial	102,871	103,863
Commercial Real Estate		
Commercial mortgages	28,472	29,404
Construction and development	10,839	10,342
Total commercial real estate	39,311	39,746
Residential Mortgages		
Residential mortgages	66,525	59,865
Home equity loans, first liens	9,630	10,721
Total residential mortgages	76,155	70,586
Credit Card	22,346	24,789
Other Retail		
Retail leasing	8,150	8,490
Home equity and second mortgages	12,472	15,036
Revolving credit	2,688	2,899
Installment	13,823	11,038
Automobile	19,722	19,435
Student	169	220
Total other retail	57,024	57,118
Total loans	$ 297,707	$ 296,102

The Company had loans of $96.1 billion at December 31, 2020, and $96.2 billion at December 31, 2019, pledged at the Federal Home Loan Bank, and loans of $67.8 billion at December 31, 2020, and $76.3 billion at December 31, 2019, pledged at the Federal Reserve Bank.

The Company offers a broad array of lending products to consumer and commercial customers, in various industries, across several geographical locations, predominately in the states in which it has Consumer and Business Banking offices. Collateral for commercial and commercial real estate loans may include marketable securities, accounts receivable, inventory, equipment, real estate, or the related property.

Originated loans are reported at the principal amount outstanding, net of unearned interest and deferred fees and costs, and any partial charge-offs recorded . Net unearned interest and deferred fees and costs amounted to $763 million at December 31, 2020 and $781 million at December 31, 2019. All purchased loans are recorded at fair value at the date of purchase. Beginning January 1, 2020, the Company evaluates purchased loans for more-than-insignificant deterioration at the date of purchase in accordance with applicable authoritative accounting guidance. Purchased loans that have experienced more-than-insignificant deterioration from origination are considered purchased credit deteriorated loans. All other purchased loans are considered non-purchased credit deteriorated loans.

Allowance for Credit Losses Beginning January 1, 2020, the allowance for credit losses is established for current expected credit losses on the Company's loan and lease portfolio, including unfunded credit commitments. The allowance for credit losses is increased through provisions charged to earnings and reduced by net charge-offs.

Activity in the allowance for credit losses by portfolio class was as follows:

(Dollars in Millions)	Commercial	Commercial Real Estate	Residential Mortgages	Credit Card	Other Retail	Covered Loans	Total Loans
Balance at December 31, 2019	$ 1,484	$ 799	$ 433	$1,128	$ 647	$ –	$4,491
Add							
Change in accounting principle [(a)]	378	(122)	(30)	872	401	–	1,499
Provision for credit losses	1,074	1,054	158	1,184	336	–	3,806
Deduct							
Loans charged-off	575	210	19	975	401	–	2,180
Less recoveries of loans charged-off	(62)	(23)	(31)	(146)	(132)	–	(394)
Net loans charged-off	513	187	(12)	829	269	–	1,786
Balance at December 31, 2020	$ 2,423	$ 1,544	$ 573	$2,355	$1,115	$ –	$8,010
Balance at December 31, 2018	$ 1,454	$ 800	$ 455	$1,102	$ 630	$ –	$4,441
Add							
Provision for credit losses	315	13	(19)	919	276	–	1,504
Deduct							
Loans charged-off	399	21	34	1,028	385	–	1,867
Less recoveries of loans charged-off	(114)	(7)	(31)	(135)	(126)	–	(413)
Net loans charged-off	285	14	3	893	259	–	1,454
Balance at December 31, 2019	$ 1,484	$ 799	$ 433	$1,128	$ 647	$ –	$4,491
Balance at December 31, 2017	$ 1,372	$ 831	$ 449	$1,056	$ 678	$ 31	$4,417
Add							
Provision for credit losses	333	(50)	23	892	211	(30)	1,379
Deduct							
Loans charged-off	350	9	48	970	383	–	1,760
Less recoveries of loans charged-off	(99)	(28)	(31)	(124)	(124)	–	(406)
Net loans charged-off	251	(19)	17	846	259	–	1,354
Other changes	–	–	–	–	–	(1)	(1)
Balance at December 31, 2018	$ 1,454	$ 800	$ 455	$1,102	$ 630	$ –	$4,441

(a) 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.

The increase in the allowance for credit losses from December 31, 2019 to December 31, 2020 reflected the deteriorating and ongoing effects of adverse economic conditions driven by the impact of COVID-19 on the domestic and global economies. Expected loss estimates consider both the changes in economic activity, and the mitigating effects of government stimulus and industrywide loan modification efforts designed to limit long term effects of the pandemic.

Credit Quality The credit quality of the Company's loan portfolios is assessed as a function of net credit losses, levels of nonperforming assets and delinquencies, and credit quality ratings as defined by the Company. These credit quality ratings are an important part of the Company's overall credit risk management process and evaluation of the allowance for credit losses.

The following table provides a summary of loans by portfolio class, including the delinquency status of those that continue to accrue interest, and those that are nonperforming:

(Dollars in Millions)	Current	Accruing 30-89 Days Past Due	Accruing 90 Days or More Past Due	Nonperforming [b]	Total
December 31, 2020					
Commercial	$102,127	$ 314	$ 55	$ 375	$102,871
Commercial real estate	38,676	183	2	450	39,311
Residential mortgages [a]	75,529	244	137	245	76,155
Credit card	21,918	231	197	–	22,346
Other retail	56,466	318	86	154	57,024
Total loans	$294,716	$ 1,290	$ 477	$ 1,224	$297,707
December 31, 2019					
Commercial	$103,273	$ 307	$ 79	$ 204	$103,863
Commercial real estate	39,627	34	3	82	39,746
Residential mortgages [a]	70,071	154	120	241	70,586
Credit card	24,162	321	306	–	24,789
Other retail	56,463	393	97	165	57,118
Total loans	$293,596	$ 1,209	$ 605	$ 692	$296,102

(a) At December 31, 2020, $1.4 billion of loans 30–89 days past due and $1.8 billion of loans 90 days or more past due purchased from Government National Mortgage Association ("GNMA") mortgage pools whose repayments are insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs, were classified as current, compared with $428 million and $1.7 billion at December 31, 2019, respectively.

(b) Substantially all nonperforming loans at December 31, 2020 and 2019, had an associated allowance for credit losses. The Company recognized interest income on nonperforming loans of $23 million and $24 million for the years ended December 31, 2020 and 2019, respectively, compared to what would have been recognized at the original contractual terms of the loans of $45 million and $43 million, respectively.

At December 31, 2020, total nonperforming assets held by the company were $1.3 billion, compared with $829 million at December 31, 2019. Total nonperforming assets included $1.2 billion of nonperforming loans, $24 million of OREO and $50 million of other nonperforming assets owned by the Company at December 31, 2020, compared with $692 million, $78 million and $59 million, respectively at December 31, 2019.

At December 31, 2020, the amount of foreclosed residential real estate held by the Company, and included in OREO, was $23 million, compared with $74 million at December 31, 2019. These amounts excluded $33 million and $155 million at December 31, 2020 and 2019, respectively, of foreclosed residential real estate related to mortgage loans whose payments are primarily insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs. In addition, the amount of residential mortgage loans secured by residential real estate in the process of foreclosure at December 31, 2020 and 2019, was $1.0 billion and $1.5 billion, respectively, of which $812 million and $1.2 billion, respectively, related to loans purchased from Government National Mortgage Association ("GNMA") mortgage pools whose repayments are insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs.

The following table provides a summary of loans by portfolio class and the Company's internal credit quality rating:

	December 31, 2020					December 31, 2019				
		Criticized					Criticized			
(Dollars in Millions)	Pass	Special Mention	Classified [a]	Total Criticized	Total	Pass	Special Mention	Classified [a]	Total Criticized	Total
Commercial										
Originated in 2020	$ 34,557	$1,335	$ 1,753	$ 3,088	$ 37,645	$ –	$ –	$ –	$ –	$ –
Originated in 2019	17,867	269	349	618	18,485	33,550	174	222	396	33,946
Originated in 2018	12,349	351	176	527	12,876	21,394	420	136	556	21,950
Originated in 2017	5,257	117	270	387	5,644	10,464	165	97	262	10,726
Originated in 2016	2,070	81	26	107	2,177	4,984	10	37	47	5,031
Originated prior to 2016	2,884	47	89	136	3,020	5,151	86	96	182	5,333
Revolving	22,445	299	280	579	23,024	26,307	292	278	570	26,877
Total commercial	97,429	2,499	2,943	5,442	102,871	101,850	1,147	866	2,013	103,863
Commercial real estate										
Originated in 2020	9,446	461	1,137	1,598	11,044	–	–	–	–	–
Originated in 2019	9,514	454	1,005	1,459	10,973	12,976	108	108	216	13,192
Originated in 2018	6,053	411	639	1,050	7,103	9,455	71	56	127	9,582
Originated in 2017	2,650	198	340	538	3,188	5,863	99	64	163	6,026
Originated in 2016	2,005	132	140	272	2,277	3,706	117	60	177	3,883
Originated prior to 2016	2,757	108	169	277	3,034	4,907	78	101	179	5,086
Revolving	1,445	9	238	247	1,692	1,965	11	1	12	1,977
Total commercial real estate	33,870	1,773	3,668	5,441	39,311	38,872	484	390	874	39,746
Residential mortgages [b]										
Originated in 2020	23,262	1	3	4	23,266	–	–	–	–	–
Originated in 2019	13,969	1	17	18	13,987	18,819	2	1	3	18,822
Originated in 2018	5,670	1	22	23	5,693	9,204	–	11	11	9,215
Originated in 2017	6,918	1	24	25	6,943	9,605	–	21	21	9,626
Originated in 2016	8,487	2	32	34	8,521	11,378	–	29	29	11,407
Originated prior to 2016	17,434	–	310	310	17,744	21,168	–	348	348	21,516
Revolving	1	–	–	–	1	–	–	–	–	–
Total residential mortgages	75,741	6	408	414	76,155	70,174	2	410	412	70,586
Credit card [c]	22,149	–	197	197	22,346	24,483	–	306	306	24,789
Other retail										
Originated in 2020	17,589	–	7	7	17,596	–	–	–	–	–
Originated in 2019	11,605	–	23	23	11,628	15,907	–	11	11	15,918
Originated in 2018	6,814	–	27	27	6,841	10,131	–	23	23	10,154
Originated in 2017	3,879	–	22	22	3,901	7,907	–	28	28	7,935
Originated in 2016	1,825	–	11	11	1,836	3,679	–	20	20	3,699
Originated prior to 2016	1,906	–	18	18	1,924	3,274	–	28	28	3,302
Revolving	12,647	–	110	110	12,757	15,509	10	138	148	15,657
Revolving converted to term	503	–	38	38	541	418	–	35	35	453
Total other retail	56,768	–	256	256	57,024	56,825	10	283	293	57,118
Total loans	$285,957	$4,278	$ 7,472	$11,750	$297,707	$292,204	$1,643	$ 2,255	$ 3,898	$296,102
Total outstanding commitments	$627,606	$8,772	$ 9,374	$18,146	$645,752	$619,224	$2,451	$ 2,873	$ 5,324	$624,548

Note:Year of origination is based on the origination date of a loan or the date when the maturity date, pricing or commitment amount is amended.

(a) Classified rating on consumer loans primarily based on delinquency status.

(b) At December 31, 2020, $1.8 billion of GNMA loans 90 days or more past due and $1.4 billion of restructured GNMA loans whose repayments are insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs were classified with a pass rating, compared with $1.7 billion and $1.6 billion at December 31, 2019, respectively.

(c) All credit card loans are considered revolving loans.

Troubled Debt Restructurings In certain circumstances, the Company may modify the terms of a loan to maximize the collection of amounts due when a borrower is experiencing financial difficulties or is expected to experience difficulties in the near-term. The following table provides a summary of loans modified as TDRs for the years ended December 31, by portfolio class:

(Dollars in Millions)	Number of Loans	Pre-Modification Outstanding Loan Balance	Post-Modification Outstanding Loan Balance
2020			
Commercial	3,423	$ 628	$ 493
Commercial real estate	149	262	218
Residential mortgages	1,176	402	401
Credit card	23,549	135	136
Other retail	4,027	117	114
Total loans, excluding loans purchased from GNMA mortgage pools	32,324	1,544	1,362
Loans purchased from GNMA mortgage pools	4,630	667	659
Total loans	36,954	$ 2,211	$ 2,021
2019			
Commercial	3,445	$ 376	$ 359
Commercial real estate	136	129	125
Residential mortgages	417	55	54
Credit card	34,247	185	186
Other retail	2,952	63	61
Total loans, excluding loans purchased from GNMA mortgage pools	41,197	808	785
Loans purchased from GNMA mortgage pools	6,257	856	827
Total loans	47,454	$ 1,664	$ 1,612
2018			
Commercial	2,824	$ 336	$ 311
Commercial real estate	127	168	169
Residential mortgages	526	73	69
Credit card	33,318	169	171
Other retail	2,462	58	55
Covered Loans	3	1	1
Total loans, excluding loans purchased from GNMA mortgage pools	39,260	805	776
Loans purchased from GNMA mortgage pools	6,268	821	803
Total loans	45,528	$ 1,626	$ 1,579

Residential mortgages, home equity and second mortgages , and loans purchased from GNMA mortgage pools in the table above include trial period arrangements offered to customers during the periods presented. The post-modification balances for these loans reflect the current outstanding balance until a permanent modification is made. In addition, the post-modification balances typically include capitalization of unpaid accrued interest and/or fees under the various modification programs. A t December 31, 2020, 44 residential mortgages, 9 home equity and second mortgage loans and 423 loans purchased from GNMA mortgage pools with outstanding balances of $12 million, less than $1 million and $64 million, respectively, were in a trial period and have estimated post-modification balances of $13 million, less than $1 million and $65 million, respectively, assuming permanent modification occurs at the end of the trial period.

Loan modifications or concessions granted to borrowers resulting directly from the effects of the COVID-19 pandemic, who were otherwise in current payment status, are generally not considered to be TDRs. As of December 31, 2020, approximately $10.1 billion of loan modifications included on the Company's consolidated balance sheet related to borrowers impacted by the COVID-19 pandemic, consisting primarily of payment deferrals.

The following table provides a summary of TDR loans that defaulted (fully or partially charged-off or became 90 days or more past due) for the years ended December 31, that were modified as TDRs within 12 months previous to default:

(Dollars in Millions)	Number of Loans	Amount Defaulted
2020		
Commercial	1,148	$ 80
Commercial real estate	50	30
Residential mortgages	38	5
Credit card	6,688	35
Other retail	307	4
Total loans, excluding loans purchased from GNMA mortgage pools	8,231	154
Loans purchased from GNMA mortgage pools	498	66
Total loans	8,729	$ 220
2019		
Commercial	1,040	$ 46
Commercial real estate	36	24
Residential mortgages	137	15
Credit card	8,273	40
Other retail	380	10
Total loans, excluding loans purchased from GNMA mortgage pools	9,866	135
Loans purchased from GNMA mortgage pools	997	131
Total loans	10,863	$ 266
2018		
Commercial	836	$ 71
Commercial real estate	39	15
Residential mortgages	191	18
Credit card	8,012	35
Other retail	334	5
Covered loans	1	–
Total loans, excluding loans purchased from GNMA mortgage pools	9,413	144
Loans purchased from GNMA mortgage pools	1,447	187
Total loans	10,860	$ 331

In addition to the defaults in the table above, the Company had a total of 115 residential mortgage loans, home equity and second mortgage loans and loans purchased from GNMA mortgage pools for the year ended December 31, 2020, where borrowers did not successfully complete the trial period arrangement and, therefore, are no longer eligible for a permanent modification under the applicable modification program. These loans had aggregate outstanding balances of $14 million for the year ended December 31, 2020.

As of December 31, 2020, the Company had $128 million of commitments to lend additional funds to borrowers whose terms of their outstanding owed balances have been modified in TDRs.

NOTE 6 Leases

The Company, as a lessor, originates retail and commercial leases either directly to the consumer or indirectly through dealer networks. Retail leases consist primarily of automobiles, while commercial leases may include high dollar assets such as aircraft or lower cost items such as office equipment.

The components of the net investment in sales -type and direct financing leases, at December 31, were as follows:

(Dollars in Millions)	2020	2019
Lease receivables	$11,890	$12,324
Unguaranteed residual values accruing to the lessor's benefit	1,787	1,834
Total net investment in sales-type and direct financing leases	$13,677	$14,158

The Company, as a lessor, recorded $952 million and $996 million of revenue on its Consolidated Statement of Income for the years ended December 31, 2020 and 2019, respectively, primarily consisting of interest income on sales-type and direct financing leases .

The contractual future lease payments to be received by the Company, at December 31, 2020, were as follows:

(Dollars in Millions)	Sales-type and direct financing leases	Operating leases
2021	$ 4,288	$ 153
2022	3,664	121
2023	2,816	83
2024	1,210	56
2025	307	38
Thereafter	496	17
Total lease payments	12,781	$ 468
Amounts representing interest	(891)	
Lease receivables	$ 11,890	

The Company, as lessee, leases certain assets for use in its operations. Leased assets primarily include retail branches, operations centers and other corporate locations, and, to a lesser extent, office and computer equipment. For each lease with an original term greater than 12 months, the Company records a lease liability and a corresponding right of use ("ROU") asset. At December 31, 2020, the Company's ROU assets included in premises and equipment and lease liabilities included in long-term debt and other liabilities, were $1.1 billion and $1.3 billion, respectively, compared with $1.3 billion of ROU assets and $1.4 billion of lease liabilities at December 31, 2019, respectively.

Total costs incurred by the Company, as a lessee, were $374 million and $394 million for the years ended December 31, 2020 and 2019, respectively, and principally related to contractual lease payments on operating leases. The Company's leases do not impose significant covenants or other restrictions on the Company.

The following table presents amounts relevant to the Company's assets leased for use in its operations for the years ended December 31:

(Dollars in Millions)	2020	2019
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$305	$302
Operating cash flows from finance leases	6	7
Financing cash flows from finance leases	12	10
Right of use assets obtained in exchange for new operating lease liabilities	128	134
Right of use assets obtained in exchange for new finance lease liabilities	6	10

The following table presents the weighted-average remaining lease terms and discount rates of the Company's assets leased for use in its operations at December 31:

	2020	2019
Weighted-average remaining lease term of operating leases (in years)	7.0	7.4
Weighted-average remaining lease term of finance leases (in years)	9.6	10.7
Weighted-average discount rate of operating leases	3.0%	3.2%
Weighted-average discount rate of finance leases	12.5%	14.3%

The contractual future lease obligations of the Company at December 31, 2020, were as follows:

(Dollars in Millions)	Operating leases	Finance leases
2021	$ 290	$ 18
2022	254	15
2023	209	15
2024	155	13
2025	111	11
Thereafter	344	29
Total lease payments	1,363	101
Amounts representing interest	(129)	(25)
Lease liabilities	$ 1,234	$ 76

NOTE 7 Accounting for Transfers and Servicing of Financial Assets and Variable Interest Entities

The Company transfers financial assets in the normal course of business. The majority of the Company's financial asset transfers are residential mortgage loan sales primarily to government-sponsored enterprises ("GSEs"), transfers of tax-advantaged investments, commercial loan sales through participation agreements, and other individual or portfolio loan and securities sales. In accordance with the accounting guidance for asset transfers, the Company considers any ongoing involvement with transferred assets in determining whether the assets can be derecognized from the balance sheet. Guarantees provided to certain third parties in connection with the transfer of assets are further discussed in Note 22.

For loans sold under participation agreements, the Company also considers whether the terms of the loan participation agreement meet the accounting definition of a participating interest. With the exception of servicing and certain performance-based guarantees, the Company's continuing involvement with financial assets sold is minimal and generally limited to market customary representation and warranty clauses. Any gain or loss on sale depends on the previous carrying amount of the transferred financial assets, the consideration received, and any liabilities incurred in exchange for the transferred assets. Upon transfer, any servicing assets and other interests that continue to be held by the Company are initially recognized at fair value. For further information on MSR's, refer to Note 9. On a limited basis, the Company may acquire and package high-grade corporate bonds for select corporate customers, in which the Company generally has no continuing involvement with these transactions. Additionally, the Company is an authorized GNMA issuer and issues GNMA securities on a regular basis. The Company has no other asset securitizations or similar asset-backed financing arrangements that are off-balance sheet.

The Company also provides financial support primarily through the use of waivers of trust and investment management fees associated with various unconsolidated registered money market funds it manages. The Company provided $89 million, $30 million and $25 million of support to the funds during the years ended December 31, 2020, 2019 and 2018, respectively.

The Company is involved in various entities that are considered to be VIEs. The Company's investments in VIEs are primarily related to investments promoting affordable housing, community development and renewable energy sources. Some of these tax-advantaged investments support the Company's regulatory compliance with the Community Reinvestment Act. The Company's investments in these entities generate a return primarily through the realization of federal and state income tax credits, and other tax benefits, such as tax deductions from operating losses of the investments, over specified time periods. These tax credits are recognized as a reduction of tax expense or, for investments qualifying as investment tax credits, as a reduction to the related investment asset. The Company recognized federal and state income tax credits related to its affordable housing and other tax-advantaged investments in tax expense of $578 million, $615 million and $689 million for the years ended December 31, 2020, 2019 and 2018, respectively. The Company also recognized $414 million, $506 million and $639 million of investment tax credits for the years ended December 31, 2020, 2019 and 2018, respectively. The Company recognized $545 million, $557 million and $604 million of expenses related to all of these investments for the years ended December 31, 2020, 2019 and 2018, respectively, of which $367 million, $318 million and $275 million, respectively, were included in tax expense and the remaining amounts were included in noninterest expense.

The Company is not required to consolidate VIEs in which it has concluded it does not have a controlling financial interest, and thus is not the primary beneficiary. In such cases, the Company does not have both the power to direct the entities' most significant activities and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIEs.

The Company's investments in these unconsolidated VIEs are carried in other assets on the Consolidated Balance Sheet. The Company's unfunded capital and other commitments related to these unconsolidated VIEs are generally carried in other liabilities on the Consolidated Balance Sheet. The Company's maximum exposure to loss from these unconsolidated VIEs

include the investment recorded on the Company's Consolidated Balance Sheet, net of unfunded capital commitments, and previously recorded tax credits which remain subject to recapture by taxing authorities based on compliance features required to be met at the project level. While the Company believes potential losses from these investments are remote, the maximum exposure was determined by assuming a scenario where the community-based business and housing projects completely fail and do not meet certain government compliance requirements resulting in recapture of the related tax credits.

The following table provides a summary of investments in community development and tax-advantaged VIEs that the Company has not consolidated:

At December 31 (Dollars in Millions)	2020	2019
Investment carrying amount	$ 5,378	$ 6,148
Unfunded capital and other commitments	2,334	2,938
Maximum exposure to loss	11,219	12,118

The Company also has noncontrolling financial investments in private investment funds and partnerships considered to be VIEs, which are not consolidated. The Company's recorded investment in these entities, carried in other assets on the Consolidated Balance Sheet, was approximately $35 million at December 31, 2020 and $31 million at December 31, 2019. The maximum exposure to loss related to these VIEs was $57 million at December 31, 2020 and $55 million at December 31, 2019, representing the Company's investment balance and its unfunded commitments to invest additional amounts.

The Company's individual net investments in unconsolidated VIEs, which exclude any unfunded capital commitments, ranged from less than $1 million to $78 million at December 31, 2020, compared with less than $1 million to $87 million at December 31, 2019.

The Company is required to consolidate VIEs in which it has concluded it has a controlling financial interest. The Company sponsors entities to which it transfers its interests in tax-advantaged investments to third parties. At December 31, 2020, approximately $4.9 billion of the Company's assets and $3.7 billion of its liabilities included on the Consolidated Balance Sheet were related to community development and tax-advantaged investment VIEs which the Company has consolidated, primarily related to these transfers. These amounts compared to $4.0 billion and $3.2 billion, respectively, at December 31, 2019. The majority of the assets of these consolidated VIEs are reported in other assets, and the liabilities are reported in long-term debt and other liabilities. The assets of a particular VIE are the primary source of funds to settle its obligations. The creditors of the VIEs do not have recourse to the general credit of the Company. The Company's exposure to the consolidated VIEs is generally limited to the carrying value of its variable interests plus any related tax credits previously recognized or transferred to others with a guarantee.

In addition, the Company sponsors a municipal bond securities tender option bond program. The Company controls the activities of the program's entities, is entitled to the residual returns and provides liquidity and remarketing arrangements to the program. As a result, the Company has consolidated the program's entities. At December 31, 2020, $2.4 billion of available-for-sale investment securities and $1.5 billion of short-term borrowings on the Consolidated Balance Sheet were related to the tender option bond program, compared with $3.0 billion of available-for-sale investment securities and $2.7 billion of short-term borrowings at December 31, 2019.

NOTE 8 Premises and Equipment

Premises and equipment at December 31 consisted of the following :

(Dollars in Millions)	2020	2019
Land	$ 487	$ 504
Buildings and improvements	3,519	3,513
Furniture, fixtures and equipment	3,439	3,366
Right of use assets on operating leases	1,038	1,141
Right of use assets on finance leases	110	111
Construction in progress	25	21
	8,618	8,656
Less accumulated depreciation and amortization	(5,150)	(4,954)
Total	$ 3,468	$ 3,702

NOTE 9 Mortgage Servicing Rights

The Company capitalizes MSRs as separate assets when loans are sold and servicing is retained. MSRs may also be purchased from others. The Company carries MSRs at fair value, with changes in the fair value recorded in earnings during the period in which they occur. The Company serviced $211.8 billion of residential mortgage loans for others at December 31, 2020, and $226.0 billion at December 31, 2019, including subserviced mortgages with no corresponding MSR asset. Included in mortgage banking revenue are the MSR fair value changes arising from market rate and model assumption changes, net of the value change in derivatives used to economically hedge MSRs. These changes resulted in a net gain of $18 million, a net loss of $24 million, and a net gain of $47 million for the years ended December 31, 2020, 2019 and 2018, respectively. Loan servicing and ancillary fees, not including valuation changes, included in mortgage banking revenue were $718 million, $734 million and $746 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Changes in fair value of capitalized MSRs for the years ended December 31, are summarized as follows:

(Dollars in Millions)	2020	2019	2018
Balance at beginning of period	$2,546	$2,791	$2,645
Rights purchased	34	20	8
Rights capitalized	1,030	559	397
Rights sold [a]	3	5	(27)
Changes in fair value of MSRs			
Due to fluctuations in market interest rates [b]	(719)	(390)	98
Due to revised assumptions or models [c]	(12)	23	56
Other changes in fair value [d]	(672)	(462)	(386)
Balance at end of period	$2,210	$2,546	$2,791

(a) MSRs sold include those having a negative fair value, resulting from the loans being severely delinquent.
(b) Includes changes in MSR value associated with changes in market interest rates, including estimated prepayment rates and anticipated earnings on escrow deposits.
(c) Includes changes in MSR value not caused by changes in market interest rates, such as changes in assumed cost to service, ancillary income and option adjusted spread, as well as the impact of any model changes.
(d) Primarily the change in MSR value from passage of time and cash flows realized (decay), but also includes the impact of changes to expected cash flows not associated with changes in market interest rates, such as the impact of deliquencies.

The estimated sensitivity to changes in interest rates of the fair value of the MSR portfolio and the related derivative instruments as of December 31 follows:

	2020						2019					
(Dollars in Millions)	Down 100 bps	Down 50 bps	Down 25 bps	Up 25 bps	Up 50 bps	Up 100 bps	Down 100 bps	Down 50 bps	Down 25 bps	Up 25 bps	Up 50 bps	Up 100 bps
MSR portfolio	$ (442)	$(271)	$(150)	$ 169	$ 343	$ 671	$ (663)	$(316)	$(153)	$ 141	$ 269	$ 485
Derivative instrument hedges	523	281	145	(149)	(304)	(625)	613	306	152	(143)	(279)	(550)
Net sensitivity	$ 81	$ 10	$ (5)	$ 20	$ 39	$ 46	$ (50)	$ (10)	$ (1)	$ (2)	$ (10)	$ (65)

The fair value of MSRs and their sensitivity to changes in interest rates is influenced by the mix of the servicing portfolio and characteristics of each segment of the portfolio. The Company's servicing portfolio consists of the distinct portfolios of government-insured mortgages, conventional mortgages and Housing Finance Agency ("HFA") mortgages. The servicing portfolios are predominantly comprised of fixed-rate agency loans with limited adjustable -rate or jumbo mortgage loans. The HFA servicing portfolio is comprised of loans originated under state and local housing authority program guidelines which assist purchases by first-time or low- to moderate-income homebuyers through a favorable rate subsidy, down payment and/or closing cost assistance on government - and conventional-insured mortgages.

A summary of the Company's MSRs and related characteristics by portfolio as of December 31 follows:

	2020				2019			
(Dollars in Millions)	HFA	Government	Conventional [d]	Total	HFA	Government	Conventional [d]	Total
Servicing portfolio [a]	$40,396	$ 25,474	$ 143,085	$208,955	$44,906	$ 35,302	$ 143,310	$223,518
Fair value	$ 406	$ 261	$ 1,543	$ 2,210	$ 486	$ 451	$ 1,609	$ 2,546
Value (bps) [b]	101	102	108	106	108	128	112	114
Weighted-average servicing fees (bps)	35	40	30	32	34	39	28	31
Multiple (value/servicing fees)	2.87	2.56	3.55	3.26	3.15	3.29	4.00	3.67
Weighted-average note rate	4.43%	3.91%	3.78%	3.92%	4.65%	3.99%	4.07%	4.17%
Weighted-average age (in years)	3.8	5.6	4.2	4.3	3.7	4.9	4.8	4.6
Weighted-average expected prepayment (constant prepayment rate)	14.1%	18.0%	13.8%	14.4%	12.2%	13.7%	12.2%	12.4%
Weighted-average expected life (in years)	5.6	4.3	5.5	5.4	6.5	5.7	5.9	6.0
Weighted-average option adjusted spread [c]	7.7%	7.3%	6.2%	6.6%	8.4%	7.9%	6.9%	7.3%

(a) Represents principal balance of mortgages having corresponding MSR asset.
(b) Calculated as fair value divided by the servicing portfolio.
(c) Option adjusted spread is the incremental spread added to the risk-free rate to reflect optionality and other risk inherent in the MSRs.
(d) Represents loans sold primarily to GSEs.

NOTE 10 Intangible Assets

Intangible assets consisted of the following:

At December 31 (Dollars in Millions)	Estimated Life [a]	Amortization Method [b]	Balance 2020	Balance 2019
Goodwill		[c]	$ 9,918	$ 9,655
Merchant processing contracts	6 years/7 years	SL/AC	235	225
Core deposit benefits	22 years/5 years	SL/AC	64	82
Mortgage servicing rights		[c]	2,210	2,546
Trust relationships	10 years/7 years	SL/AC	19	27
Other identified intangibles	6 years/4 years	SL/AC	336	343
Total			$12,782	$12,878

(a) Estimated life represents the amortization period for assets subject to the straight line method and the weighted average or life of the underlying cash flows amortization period for intangibles subject to accelerated methods. If more than one amortization method is used for a category, the estimated life for each method is calculated and reported separately.
(b) Amortization methods: SL = straight line method
AC= accelerated methods generally based on cash flows
(c) Goodwill is evaluated for impairment, but not amortized. Mortgage servicing rights are recorded at fair value, and are not amortized.

Aggregate amortization expense consisted of the following:

Year Ended December 31 (Dollars in Millions)	2020	2019	2018
Merchant processing contracts	$ 49	$ 45	$ 24
Core deposit benefits	18	22	26
Trust relationships	9	10	11
Other identified intangibles	100	91	100
Total	$176	$168	$161

The estimated amortization expense for the next five years is as follows:

(Dollars in Millions)	
2021	$149
2022	137
2023	98
2024	77
2025	52

The following table reflects the changes in the carrying value of goodwill for the years ended December 31, 2020, 2019 and 2018:

(Dollars in Millions)	Corporate and Commercial Banking	Consumer and Business Banking	Wealth Management Investment and Services	Payment Services	Treasury and Corporate Support	Consolidated Company
Balance at December 31, 2017	$ 1,647	$ 3,681	$ 1,569	$ 2,537	$ –	$ 9,434
Goodwill acquired	–	–	–	105	–	105
Disposal	–	(155)	–	–	–	(155)
Foreign exchange translation and other	–	(51)	49	(13)	–	(15)
Balance at December 31, 2018	$ 1,647	$ 3,475	$ 1,618	$ 2,629	$ –	$ 9,369
Goodwill acquired	–	–	–	285	–	285
Foreign exchange translation and other	–	–	(1)	2	—	1
Balance at December 31, 2019	$ 1,647	$ 3,475	$ 1,617	$ 2,916	$ –	$ 9,655
Goodwill acquired	–	–	–	180	–	180
Foreign exchange translation and other	–	–	2	81	–	83
Balance at December 31, 2020	$ 1,647	$ 3,475	$ 1,619	$ 3,177	$ –	$ 9,918

NOTE 11 Deposits

The composition of deposits at December 31 was as follows:

(Dollars in Millions)	2020	2019
Noninterest-bearing deposits	$ 118,089	$ 75,590
Interest-bearing deposits		
Interest checking	95,894	75,949
Money market savings	128,058	120,082
Savings accounts	57,035	47,401
Time deposits	30,694	42,894
Total interest-bearing deposits	311,681	286,326
Total deposits	$ 429,770	$ 361,916

The maturities of time deposits outstanding at December 31, 2020 were as follows:

(Dollars in Millions)	
2021	$23,808
2022	3,751
2023	1,314
2024	1,351
2025	468
Thereafter	2
Total	$30,694

NOTE 12 Short-Term Borrowings [a]

The following table is a summary of short-term borrowings for the last three years:

(Dollars in Millions)	2020 Amount	2020 Rate	2019 Amount	2019 Rate	2018 Amount	2018 Rate
At year-end						
Federal funds purchased	$ 777	.08%	$ 828	1.45%	$ 458	2.05%
Securities sold under agreements to repurchase	1,430	.16	1,165	1.41	2,582	2.20
Commercial paper	6,007	.01	7,576	1.07	6,940	1.35
Other short-term borrowings	3,552	1.51	14,154	1.94	4,159	2.68
Total	$11,766	.49%	$23,723	1.62%	$14,139	1.92%
Average for the year						
Federal funds purchased	$ 1,660	.35%	$ 1,457	1.94%	$ 1,070	1.70%
Securities sold under agreements to repurchase	1,686	.50	1,770	2.00	2,279	1.87
Commercial paper	8,141	.26	8,186	1.45	6,929	.94
Other short-term borrowings	7,695	1.41	6,724	2.78	11,512	2.27
Total	$19,182	.75%	$18,137	2.04%	$21,790	1.78%
Maximum month-end balance						
Federal funds purchased	$ 2,811		$ 3,629		$ 4,532	
Securities sold under agreements to repurchase	2,183		2,755		3,225	
Commercial paper	9,514		9,431		7,846	
Other short-term borrowings	20,569		14,154		16,588	

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

NOTE 13 Long-Term Debt

Long-term debt (debt with original maturities of more than one year) at December 31 consisted of the following:

(Dollars in Millions)	Rate Type	Rate [a]	Maturity Date	2020	2019
U.S. Bancorp (Parent Company)					
Subordinated notes	Fixed	2.950%	2022	$ 1,300	$ 1,300
	Fixed	3.600%	2024	1,000	1,000
	Fixed	7.500%	2026	199	199
	Fixed	3.100%	2026	1,000	1,000
	Fixed	3.000%	2029	1,000	1,000
Medium-term notes	Fixed	.850% - 4.125%	2021 - 2030	15,492	13,820
	Floating	.855%	2022	250	250
Other [b]				683	33
Subtotal				20,924	18,602
Subsidiaries					
Federal Home Loan Bank advances	Fixed	1.250 % - 8.250%	2021 - 2026	1,003	1,106
	Floating	.474% - .765%	2022 - 2026	3,272	3,272
Bank notes	Fixed	1.800% - 3.450%	2021 - 2025	9,100	9,550
	Floating	– % - .653%	2021 - 2059	5,888	6,789
Other [c]				1,110	848
Subtotal				20,373	21,565
Total				$41,297	$40,167

(a) Weighted-average interest rates of medium-term notes, Federal Home Loan Bank advances and bank notes were 2.61 percent, 1.12 percent and 1.83 percent, respectively.
(b) Includes debt issuance fees and unrealized gains and losses and deferred amounts relating to derivative instruments.
(c) Includes consolidated community development and tax-advantaged investment VIEs, finance lease obligations, debt issuance fees, and unrealized gains and losses and deferred amounts relating to derivative instruments.

The Company has arrangements with the Federal Home Loan Bank and Federal Reserve Bank whereby the Company could have borrowed an additional $96.5 billion and $97.4 billion at December 31, 2020 and 2019, respectively, based on collateral available.

Maturities of long-term debt outstanding at December 31, 2020, were:

(Dollars in Millions)	Parent Company	Consolidated
2021	$ 1,509	$ 7,266
2022	3,855	8,610
2023	–	2,870
2024	5,913	5,933
2025	2,283	5,888
Thereafter	7,364	10,730
Total	$20,924	$ 41,297

NOTE 14 Shareholders' Equity

At December 31, 2020 and 2019, the Company had authority to issue 4 billion shares of common stock and 50 million shares of preferred stock. The Company had 1.5 billion shares of common stock outstanding at December 31, 2020 and 2019. The Company had 41 million shares reserved for future issuances, primarily under its stock incentive plans at December 31, 2020.

The number of shares issued and outstanding and the carrying amount of each outstanding series of the Company's preferred stock were as follows:

	2020				2019			
At December 31 (Dollars in Millions)	Shares Issued and Outstanding	Liquidation Preference	Discount	Carrying Amount	Shares Issued and Outstanding	Liquidation Preference	Discount	Carrying Amount
Series A	12,510	$ 1,251	$ 145	$1,106	12,510	$ 1,251	$ 145	$1,106
Series B	40,000	1,000	–	1,000	40,000	1,000	–	1,000
Series F	44,000	1,100	12	1,088	44,000	1,100	12	1,088
Series H	–	–	–	–	20,000	500	13	487
Series I	30,000	750	5	745	30,000	750	5	745
Series J	40,000	1,000	7	993	40,000	1,000	7	993
Series K	23,000	575	10	565	23,000	575	10	565
Series L	20,000	500	14	486	–	–	–	–
Total preferred stock [(a)]	209,510	$ 6,176	$ 193	$5,983	209,510	$ 6,176	$ 192	$5,984

(a) The par value of all shares issued and outstanding at December 31, 2020 and 2019, was $1.00 per share.

During 2020, the Company issued depositary shares representing an ownership interest in 20,000 shares of Series L Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series L Preferred Stock"). The Series L Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends, if declared, will accrue and be payable quarterly, in arrears, at a rate per annum equal to 3.75 percent. The Series L Preferred Stock is redeemable at the Company's option, in whole or in part, on or after January 15, 2026. The Series L Preferred Stock is redeemable at the Company's option, in whole, but not in part, prior to January 15, 2026 within 90 days following an official administrative or judicial decision, amendment to, or change in the laws or regulations that would not allow the Company to treat the full liquidation value of the Series L Preferred Stock as Tier 1 capital for purposes of the capital adequacy guidelines of the Federal Reserve Board.

During 2018, the Company issued depositary shares representing an ownership interest in 23,000 shares of Series K Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series K Preferred Stock"). The Series K Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends, if declared, will accrue and be payable quarterly, in arrears, at a rate per annum equal to 5.50 percent. The Series K Preferred Stock is redeemable at the Company's option, in whole or in part, on or after October 15, 2023. The Series K Preferred Stock is redeemable at the Company's option, in whole, but not in part, prior to October 15, 2023 within 90 days following an official administrative or judicial decision, amendment to, or change in the laws or regulations that would not allow the Company to treat the full liquidation value of the Series K Preferred Stock as Tier 1 capital for purposes of the capital adequacy guidelines of the Federal Reserve Board.

During 2017, the Company issued depositary shares representing an ownership interest in 40,000 shares of Series J Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series J Preferred Stock"). The Series J Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends, if declared, will accrue and be payable semiannually, in arrears, at a rate per annum equal to 5.300 percent from the date of issuance to, but excluding, April 15, 2027, and thereafter will accrue and be payable quarterly at a floating rate per annum equal to the three-month London Interbank Offered Rate ("LIBOR") plus 2.914 percent. The Series J Preferred Stock is redeemable at the Company's option, in whole or in part, on or after April 15, 2027. The Series J Preferred Stock is redeemable at the Company's option, in whole, but not in part, prior to April 15, 2027 within 90 days following an official administrative or judicial decision, amendment to, or change in the laws or regulations that would not allow the Company to treat the full liquidation value of the Series J Preferred Stock as Tier 1 capital for purposes of the capital adequacy guidelines of the Federal Reserve Board.

During 2015, the Company issued depositary shares representing an ownership interest in 30,000 shares of Series I Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series I Preferred Stock"). The Series I Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends, if declared, will accrue and be payable semiannually, in arrears, at a rate per annum equal to 5.125 percent from the date of issuance to, but excluding, January 15, 2021, and thereafter will accrue and be payable quarterly at a floating rate per annum equal to three-month LIBOR plus 3.486 percent. The Series I Preferred Stock is redeemable at the Company's option, subject to prior approval by the Federal Reserve Board.

During 2013, the Company issued depositary shares representing an ownership interest in 20,000 shares of Series H Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series H Preferred Stock"). During 2020, the Company provided notice of its intent to redeem all outstanding shares of the Series H Preferred Stock during the first quarter of 2021. The Company removed the outstanding liquidation preference amount of the Series H Preferred Stock from shareholders' equity and included it in other liabilities on the Consolidated Balance Sheet as of December 31, 2020, because upon the notification date it became mandatorily redeemable. The liquidation preference amount equals the redemption price for all outstanding shares of the Series H Preferred Stock. The Company included a $13 million loss in the computation of earnings per diluted common share for 2020, which represents the stock issuance costs recorded in preferred stock upon the issuance of the Series H Preferred Stock that were reclassified to retained earnings on the notification date. Effective January 15, 2021, the Company redeemed all outstanding shares of the Series H Preferred Stock.

During 2012, the Company issued depositary shares representing an ownership interest in 44,000 shares of Series F Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series F Preferred Stock"). The Series F Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends, if declared, will accrue and be payable quarterly, in arrears, at a rate per annum equal to 6.50 percent from the date of issuance to, but excluding, January 15, 2022, and thereafter at a floating rate per annum equal to three-month LIBOR plus 4.468 percent. The Series F Preferred Stock is redeemable at the Company's option, in whole or in part, on or after January 15, 2022. The Series F Preferred Stock is redeemable at the Company's option, in whole, but not in part, prior to January 15, 2022 within 90 days following an official administrative or judicial decision, amendment to, or change in the laws or regulations that would not allow the Company to treat the full liquidation value of the Series F Preferred Stock as Tier 1 capital for purposes of the capital adequacy guidelines of the Federal Reserve Board.

During 2010, the Company issued depositary shares representing an ownership interest in 5,746 shares of Series A Non-Cumulative Perpetual Preferred Stock (the "Series A Preferred Stock") to investors, in exchange for their portion of USB Capital IX Income Trust Securities. During 2011, the Company issued depositary shares representing an ownership interest in 6,764 shares of Series A Preferred Stock to USB Capital IX, thereby settling the stock purchase contract established between the Company and USB Capital IX as part of the 2006 issuance of USB Capital IX Income Trust Securities. The preferred shares were issued to USB Capital IX for the purchase price specified in the stock forward purchase contract. The Series A Preferred Stock has a liquidation preference of $100,000 per share, no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends, if declared, will accrue and be payable quarterly, in arrears, at a rate per annum equal to the greater of three-month LIBOR plus 1.02 percent or 3.50 percent. The Series A Preferred Stock is redeemable at the Company's option, subject to prior approval by the Federal Reserve Board.

During 2006, the Company issued depositary shares representing an ownership interest in 40,000 shares of Series B Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series B Preferred Stock"). The Series B Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends, if declared, will accrue and be payable quarterly, in arrears, at a rate per annum equal to the greater of three-month LIBOR plus .60 percent, or 3.50 percent. The Series B Preferred Stock is redeemable at the Company's option, subject to the prior approval of the Federal Reserve Board.

Dividends for certain of the Company's outstanding series of preferred stock described above are, or will in the future be, calculated by reference to LIBOR. The outstanding series contain fallback provisions in the event that LIBOR is no longer published or quoted, but these fallback provisions have not yet been utilized.

During 2020, 2019 and 2018, the Company repurchased shares of its common stock under various authorizations approved by its Board of Directors. Beginning in March 2020 and continuing through the remainder of the year, the Company suspended all common stock repurchases except for those done exclusively in connection with its stock-based compensation programs. This action was initially taken by the Company to maintain strong capital levels given the impact and uncertainties of COVID-19 on the economy and global markets. Due to continued economic uncertainty, the Federal Reserve Board implemented measures beginning in the third quarter of 2020 and extending through the first quarter of 2021, restricting capital distributions of all large bank holding companies, including the Company. These restrictions initially included capping common stock dividends at existing rates and restricting share repurchases, and currently limit the aggregate amount of common stock dividends and share repurchases to an amount that does not exceed the average net income of the four preceding calendar quarters. On December 22, 2020, the Company announced that it had received its results on the December 2020 Stress Test from the Federal Reserve. Based on those results, the Company announced that its Board of Directors had approved an authorization to repurchase up to $3.0 billion of its common stock beginning January 1, 2021. The Company will continue to monitor the impact of COVID-19 and will adjust its common stock repurchases as circumstances warrant, including remaining consistent with regulatory requirements.

The following table summarizes the Company's common stock repurchased in each of the last three years:

(Dollars and Shares in Millions)	Shares	Value
2020	31	$1,661
2019	81	4,515
2018	54	2,844

Shareholders' equity is affected by transactions and valuations of asset and liability positions that require adjustments to accumulated other comprehensive income (loss). The reconciliation of the transactions affecting accumulated other comprehensive income (loss) included in shareholders' equity for the years ended December 31, is as follows:

(Dollars in Millions)	Unrealized Gains (Losses) on Investment Securities Available-For-Sale	Unrealized Gains (Losses) on Investment Securities Transferred From Available-For-Sale to Held-To-Maturity	Unrealized Gains (Losses) on Derivative Hedges	Unrealized Gains (Losses) on Retirement Plans	Foreign Currency Translation	Total
2020						
Balance at beginning of period	$ 379	$ –	$ (51)	$ (1,636)	$ (65)	$(1,373)
Changes in unrealized gains and losses	2,905	–	(194)	(401)	–	2,310
Foreign currency translation adjustment [a]	–	–	–	–	2	2
Reclassification to earnings of realized gains and losses	(177)	–	10	125	—	(42)
Applicable income taxes	(690)	–	46	70	(1)	(575)
Balance at end of period	$ 2,417	$ –	$ (189)	$ (1,842)	$ (64)	$ 322
2019						
Balance at beginning of period	$ (946)	$ 14	$ 112	$ (1,418)	$ (84)	$(2,322)
Changes in unrealized gains and losses	1,693	–	(229)	(380)	–	1,084
Unrealized gains and losses on held-to-maturity investment securities transferred to available-for-sale	150	(9)	–	–	–	141
Foreign currency translation adjustment [a]	–	–	–	–	26	26
Reclassification to earnings of realized gains and losses	(73)	(7)	11	89	–	20
Applicable income taxes	(445)	2	55	73	(7)	(322)
Balance at end of period	$ 379	$ –	$ (51)	$ (1,636)	$ (65)	$(1,373)
2018						
Balance at beginning of period	$ (357)	$ 17	$ 71	$ (1,066)	$ (69)	$(1,404)
Revaluation of tax related balances [b]	(77)	4	15	(229)	(13)	(300)
Changes in unrealized gains and losses	(656)	–	39	(302)	–	(919)
Foreign currency translation adjustment [a]	–	–	–	–	3	3
Reclassification to earnings of realized gains and losses	(30)	(9)	(5)	137	–	93
Applicable income taxes	174	2	(8)	42	(5)	205
Balance at end of period	$ (946)	$ 14	$ 112	$ (1,418)	$ (84)	$(2,322)

(a) Represents the impact of changes in foreign currency exchange rates on the Company's investment in foreign operations and related hedges.
(b) Reflects the adoption of new accounting guidance on January 1, 2018 to reclassify the impact of the reduced federal statutory rate for corporations included in 2017 tax reform legislation from accumulated other comprehensive income to retained earnings.

Additional detail about the impact to net income for items reclassified out of accumulated other comprehensive income (loss) and into earnings for the years ended December 31, is as follows:

(Dollars in Millions)	Impact to Net Income 2020	2019	2018	Affected Line Item in the Consolidated Statement of Income
Unrealized gains (losses) on investment securities available-for-sale				
Realized gains (losses) on sale of investment securities	$ 177	$ 73	$ 30	Securities gains (losses), net
	(45)	(18)	(7)	Applicable income taxes
	132	55	23	Net-of-tax
Unrealized gains (losses) on investment securities transferred from available-for-sale to held-to-maturity				
Amortization of unrealized gains	–	7	9	Interest income
	–	(2)	(2)	Applicable income taxes
	–	5	7	Net-of-tax
Unrealized gains (losses) on derivative hedges				
Realized gains (losses) on derivative hedges	(10)	(11)	5	Interest expense
	3	3	(2)	Applicable income taxes
	(7)	(8)	3	Net-of-tax
Unrealized gains (losses) on retirement plans				
Actuarial gains (losses) and prior service cost (credit) amortization	(125)	(89)	(137)	Other noninterest expense
	32	22	35	Applicable income taxes
	(93)	(67)	(102)	Net-of-tax
Total impact to net income	$ 32	$(15)	$ (69)	

Regulatory Capital The Company uses certain measures defined by bank regulatory agencies to assess its capital. The regulatory capital requirements effective for the Company follow Basel III, with the Company being subject to calculating its capital adequacy as a percentage of risk-weighted assets under the standardized approach.

Tier 1 capital is considered core capital and includes common shareholders' equity adjusted for the aggregate impact of certain items included in other comprehensive income (loss) ("common equity tier 1 capital"), plus qualifying preferred stock, trust preferred securities and noncontrolling interests in consolidated subsidiaries subject to certain limitations. Total risk-based capital includes Tier 1 capital and other items such as subordinated debt and the allowance for credit losses. Capital measures are stated as a percentage of risk-weighted assets, which are measured based on their perceived credit risks and include certain off-balance sheet exposures, such as unfunded loan commitments, letters of credit, and derivative contracts. During 2020, the Company elected to adopt a rule issued during 2020 by its regulators which permits banking organizations who adopt accounting guidance related to the impairment of financial instruments based on the current expected credit losses methodology during 2020, the option to defer the impact of the effect of that guidance at adoption plus 25 percent of its quarterly credit reserve increases over the next two years on its regulatory capital requirements, followed by a three-year transition period to phase in the cumulative deferred impact.

The Company is also subject to leverage ratio requirements, which is defined as Tier 1 capital as a percentage of adjusted average assets under the standardized approach and Tier 1 capital as a percentage of total on- and off-balance sheet leverage exposure under more risk-sensitive advanced approaches.

The following table provides a summary of the regulatory capital requirements in effect, along with the actual components and ratios for the Company and its bank subsidiary, at December 31, 2020 and 2019:

(Dollars in Millions)	U.S. Bancorp 2020	U.S. Bancorp 2019	U.S. Bank National Association 2020	U.S. Bank National Association 2019
Basel III standardized approach:				
Common shareholders' equity	$ 47,112	$ 45,869	$ 52,589	$ 48,592
Less intangible assets				
Goodwill (net of deferred tax liability)	(9,014)	(8,788)	(9,034)	(8,806)
Other disallowed intangible assets	(654)	(677)	(654)	(710)
Other [(a)]	601	(691)	1,254	38
Total common equity tier 1 capital	38,045	35,713	44,155	39,114
Qualifying preferred stock	5,983	5,984	–	–
Noncontrolling interests eligible for tier 1 capital	451	28	451	28
Other [(b)]	(5)	(4)	(6)	(4)
Total tier 1 capital	44,474	41,721	44,600	39,138
Eligible portion of allowance for credit losses	4,905	4,491	4,850	4,491
Subordinated debt and noncontrolling interests eligible for tier 2 capital	3,223	3,532	3,517	3,365
Total tier 2 capital	8,128	8,023	8,367	7,856
Total risk-based capital	$ 52,602	$ 49,744	$ 52,967	$ 46,994
Risk-weighted assets	$393,648	$391,269	$ 387,388	$ 383,560
Common equity tier 1 capital as a percent of risk-weighted assets	9.7%	9.1%	11.4%	10.2%
Tier 1 capital as a percent of risk-weighted assets	11.3	10.7	11.5	10.2
Total risk-based capital as a percent of risk-weighted assets	13.4	12.7	13.7	12.3
Tier 1 capital as a percent of adjusted quarterly average assets (leverage ratio)	8.3	8.8	8.4	8.4
Tier 1 capital as a percent of total on- and off-balance sheet leverage exposure (total leverage exposure ratio)	7.3	7.0	6.8%	6.7

	Minimum [(c)]	Well-Capitalized
Bank Regulatory Capital Requirements		
Common equity tier 1 capital as a percent of risk-weighted assets	7.0%	6.5% [(d)]
Tier 1 capital as a percent of risk-weighted assets	8.5	8.0
Total risk-based capital as a percent of risk-weighted assets	10.5	10.0
Tier 1 capital as a percent of adjusted quarterly average assets (leverage ratio)	4.0	5.0[(d)]
Tier 1 capital as a percent of total on- and off-balance sheet leverage exposure (total leverage exposure ratio)	3.0	3.0

(a) Includes the impact of items included in other comprehensive income (loss), such as unrealized gains (losses) on available-for-sale securities, accumulated net gains on cash flow hedges, pension liability adjustments, etc., and the portion of deferred tax assets related to net operating loss and tax credit carryforwards not eligible for common equity tier 1 capital. December 31, 2020 amounts also exclude the impact of the 2020 adoption of accounting guidance related to impairment of financial instruments based on the CECL methodology included in retained earnings.

(b) Includes the remaining portion of deferred tax assets not eligible for total tier 1 capital.

(c) The minimum common equity tier 1 capital, tier 1 capital and total risk-based capital ratio requirements for 2020 reflect a stress capital buffer requirement of 2.5 percent. In 2019, these minimum capital ratio requirements reflected a capital conservation buffer requirement of 2.5 percent, which has since been replaced by the stress capital buffer requirement. Banks and financial services holding companies must maintain minimum capital levels, including a stress capital buffer requirement, to avoid limitations on capital distributions and certain discretionary compensation payments.

(d) A minimum well-capitalized threshold does not apply to U.S. Bancorp for this ratio as it is not formally defined under applicable banking regulations for bank holding companies.

Noncontrolling interests principally represent third-party investors' interests in consolidated entities, including preferred stock of consolidated subsidiaries. During 2006, the Company's banking subsidiary formed USB Realty Corp., a real estate investment trust, for the purpose of issuing 5,000 shares of Fixed-to-Floating Rate Exchangeable Non-cumulative Perpetual Series A Preferred Stock with a liquidation preference of $100,000 per share ("Series A Preferred Securities") to third-party investors. Dividends on the Series A Preferred Securities, if declared, will accrue and be payable quarterly, in arrears, at a rate per annum equal to three-month LIBOR plus 1.147 percent. If USB Realty Corp. has not declared a dividend on the Series A Preferred Securities before the dividend payment date for any dividend period, such dividend shall not be cumulative and shall cease to accrue and be payable, and USB Realty Corp. will have no obligation to pay dividends accrued for such dividend period, whether or not dividends on the Series A Preferred Securities are declared for any future dividend period.

The Series A Preferred Securities will be redeemable, in whole or in part, at the option of USB Realty Corp. on each fifth anniversary after the dividend payment date occurring in January 2012. Any redemption will be subject to the approval of the Office of the Comptroller of the Currency. During 2016, the Company purchased 500 shares of the Series A Preferred Securities held by third-party investors. As of December 31, 2020, 4,500 shares of the Series A Preferred Securities remain outstanding.

NOTE 15 Earnings Per Share

The components of earnings per share were:

Year Ended December 31 (Dollars and Shares in Millions, Except Per Share Data)	2020	2019	2018
Net income attributable to U.S. Bancorp	$4,959	$6,914	$7,096
Preferred dividends	(304)	(302)	(282)
Impact of preferred stock call [(a)]	(13)	–	–
Earnings allocated to participating stock awards	(21)	(29)	(30)
Net income applicable to U.S. Bancorp common shareholders	$4,621	$6,583	$6,784
Average common shares outstanding	1,509	1,581	1,634
Net effect of the exercise and assumed purchase of stock awards	1	2	4
Average diluted common shares outstanding	1,510	1,583	1,638
Earnings per common share	$ 3.06	$ 4.16	$ 4.15
Diluted earnings per common share	$ 3.06	$ 4.16	$ 4.14

(a) Represents stock issuance costs originally recorded in preferred stock upon issuance of the Company's Series H Preferred Stock that were reclassified to retained earnings on the date the Company announced its intent to redeem the outstanding shares.

Options outstanding at December 31, 2020, to purchase 2 million common shares and outstanding at December 31, 2019 and 2018, to purchase 1 million common shares, were not included in the computation of diluted earnings per share for the years ended December 31, 2020, 2019 and 2018, because they were antidilutive.

NOTE 16 Employee Benefits

Employee Retirement Savings Plan The Company has a defined contribution retirement savings plan that covers substantially all its employees. Qualified employees are allowed to contribute up to 75 percent of their annual compensation, subject to Internal Revenue Service limits, through salary deductions under Section 401(k) of the Internal Revenue Code. Employee contributions are invested at their direction among a variety of investment alternatives. Employee contributions are 100 percent matched by the Company, up to four percent of each employee's eligible annual compensation. The Company's matching contribution vests immediately and is invested in the same manner as each employee's future contribution elections. Total expense for the Company's matching contributions was $192 million, $179 million and $171 million in 2020, 2019 and 2018, respectively.

Pension Plans The Company has two tax qualified noncontributory defined benefit pension plans: the U.S. Bank Pension Plan and the U.S. Bank Legacy Pension Plan. The U.S. Bank Legacy Pension Plan was established effective January 1, 2020, to receive a transfer from the U.S. Bank Pension Plan of the accrued benefits and related plan assets of participants who terminated employment prior to January 1, 2020. The two plans have substantively identical terms. The plans provide benefits to substantially all the Company's employees. Participants receive annual cash balance pay credits based on eligible pay multiplied by a percentage determined by their age and years of service. Participants also receive an annual interest credit. Employees become vested upon completing three years of vesting service. For participants in the plans before 2010 that elected to stay under their existing formula, pension benefits are provided to eligible employees based on years of service, multiplied by a percentage of their final average pay. Additionally, as a result of past plan mergers, a portion of pension benefits may also be provided using a cash balance benefit formula where only interest credits continue to be credited to participants' accounts.

In general, the Company's qualified pension plans' funding objectives include maintaining a funded status sufficient to meet participant benefit obligations over time while reducing long-term funding requirements and pension costs. The Company has an established process for evaluating the plans, their performance and significant plan assumptions, including the assumed discount rate and the long-term rate of return ("LTROR"). Although plan assumptions are established annually, the Company may update its analysis on an interim basis in order to be responsive to significant events that occur during the year, such as plan mergers and amendments. The Company's Compensation and Human Resources Committee (the "Committee") oversees the Company's process of evaluating the plans, their performance and significant plan assumptions .

The Company's funding policy is to contribute amounts to its plans sufficient to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended by the Pension Protection Act, plus such additional amounts as the Company determines to be appropriate. The Company contributed $1.1 billion to its qualified pension plans in 2020. The Company did not contribute to its qualified pension plan in 2019. The Company does not expect to contribute to the plans in 2021. Any contributions made to the qualified plans are invested in accordance with established investment policies and asset allocation strategies.

In addition to the funded qualified pension plans, the Company maintains a non-qualified plan that is unfunded and provides benefits to certain employees. The assumptions used in computing the accumulated benefit obligation, the projected

benefit obligation and net pension expense are substantially consistent with those assumptions used for the funded qualified plans. In 2021, the Company expects to contribute approximately $27 million to its non-qualified pension plan which equals the 2021 expected benefit payments.

Postretirement Welfare Plan In addition to providing pension benefits, the Company provides health care and death benefits to certain former employees who retired prior to January 1, 2014.

Employees retiring after December 31, 2013, are not eligible for retiree health care benefits. Prior to December 31, 2020, the postretirement welfare plan operated as a voluntary employees' beneficiary association ("VEBA") plan. Effective December 31, 2020, the VEBA trust was dissolved and the postretirement welfare plan now operates as an unfunded plan. In 2021, the Company expects to contribute approximately $5 million to its postretirement welfare plan which equals the 2021 expected benefit payments net of participant contributions.

The following table summarizes the changes in benefit obligations and plan assets for the years ended December 31, and the funded status and amounts recognized in the Consolidated Balance Sheet at December 31 for the retirement plans:

	Pension Plans		Postretirement Welfare Plan	
(Dollars in Millions)	2020	2019	2020	2019
Change In Projected Benefit Obligation [(a)]				
Benefit obligation at beginning of measurement period	$ 6,829	$ 5,507	$ 47	$ 54
Service cost	235	192	–	–
Interest cost	235	249	1	2
Participants' contributions	–	–	6	7
Plan amendments	(18)	–	–	–
Actuarial loss (gain)	754	1,100	(4)	(4)
Lump sum settlements	(55)	(56)	–	–
Benefit payments	(175)	(163)	(13)	(13)
Federal subsidy on benefits paid	–	–	1	1
Benefit obligation at end of measurement period [(b)]	$ 7,805	$ 6,829	$ 38	$ 47
Change In Fair Value Of Plan Assets				
Fair value at beginning of measurement period	$ 5,838	$ 4,936	$ 84	$ 81
Actual return on plan assets	737	1,095	1	6
Employer contributions	1,153	26	5	4
Participants' contributions	–	–	6	6
Lump sum settlements	(55)	(56)	–	–
Benefit payments	(175)	(163)	(13)	(13)
Other changes [(c)]	–	–	(83)	–
Fair value at end of measurement period	$ 7,498	$ 5,838	$ –	$ 84
Funded (Unfunded) Status	$ (307)	$ (991)	$(38)	$ 37
Components Of The Consolidated Balance Sheet				
Noncurrent benefit asset	$ 369	$ –	$ –	$ 37
Current benefit liability	(27)	(25)	(5)	–
Noncurrent benefit liability	(649)	(966)	(33)	–
Recognized amount	$ (307)	$ (991)	$(38)	$ 37
Accumulated Other Comprehensive Income (Loss), Pretax				
Net actuarial gain (loss)	$(2,557)	$(2,271)	$ 63	$ 68
Net prior service credit (cost)	18	–	11	14
Recognized amount	$(2,539)	$(2,271)	$ 74	$ 82

(a) The increases in the projected benefit obligation for 2020 and 2019 were primarily due to decreases in the discount rate.
(b) At December 31, 2020 and 2019, the accumulated benefit obligation for all pension plans was $7.1 billion and $6.2 billion, respectively.
(c) The fair value of postretirement welfare plan assets decreased in 2020 due to the dissolution of the VEBA trust. Prior to dissolution, the remaining assets in the VEBA trust were used to pay benefits under other programs of the Company's health and welfare plan, as permitted by the VEBA trust agreement. The postreirement welfare plan now operates as an unfunded plan.

The following table provides information for pension plans with benefit obligations in excess of plan assets at December 31:

(Dollars in Millions)	2020	2019
Pension Plans with Projected Benefit Obligations in Excess of Plan Assets		
Projected benefit obligation	$676	$6,829
Fair value of plan assets	–	5,838
Pension Plans with Accumulated Benefit Obligations in Excess of Plan Assets		
Accumulated benefit obligation	$628	$ 553
Fair value of plan assets	–	–

The following table sets forth the components of net periodic benefit cost and other amounts recognized in accumulated other comprehensive income (loss) for the years ended December 31 for the retirement plans:

(Dollars in Millions)	Pension Plans			Postretirement Welfare Plan		
	2020	2019	2018	2020	2019	2018
Components Of Net Periodic Benefit Cost						
Service cost	$ 235	$ 192	$ 208	$ –	$ –	$ –
Interest cost	235	249	224	1	2	2
Expected return on plan assets	(403)	(383)	(379)	(3)	(3)	(3)
Prior service cost (credit) and transition obligation (asset) amortization	–	–	–	(3)	(3)	(3)
Actuarial loss (gain) amortization	134	98	146	(6)	(6)	(6)
Net periodic benefit cost	$ 201	$ 156	$ 199	$ (11)	$ (10)	$ (10)
Other Changes In Plan Assets And Benefit Obligations Recognized In Other Comprehensive Income (Loss)						
Net actuarial gain (loss) arising during the year	$(420)	$(388)	$(305)	$ 1	$ 7	$ 3
Net actuarial loss (gain) amortized during the year	134	98	146	(6)	(6)	(6)
Net prior service (cost) credit and transition (obligation) asset arising during the year	18	–	–	–	–	–
Net prior service cost (credit) and transition obligation (asset) amortized during the year	–	–	–	(3)	(3)	(3)
Total recognized in other comprehensive income (loss)	$(268)	$(290)	$(159)	$ (8)	$ (2)	$ (6)
Total recognized in net periodic benefit cost and other comprehensive income (loss)	$(469)	$(446)	$(358)	$ 3	$ 8	$ 4

The following table sets forth weighted average assumptions used to determine the projected benefit obligations at December 31:

(Dollars in Millions)	Pension Plans		Postretirement Welfare Plan	
	2020	2019	2020	2019
Discount rate [a]	2.75%	3.40%	1.82%	2.80%
Cash balance interest crediting rate	3.00	3.00	*	*
Rate of compensation increase [b]	3.56	3.56	*	*
Health care cost trend rate [c]				
Prior to age 65			6.00%	6.25%
After age 65			6.00%	6.25%

(a) The discount rates were developed using a cash flow matching bond model with a modified duration for the qualified pension plan, legacy pension plan, non-qualified pension plan and postretirement welfare plan of 18.6, 12.9, 12.5 and 6.1 years, respectively, for 2020, and for the qualified pension plan, non-qualified pension plan and postretirement welfare plan of 15.8, 12.3 and 6.1 years, respectively, for 2019.
(b) Determined on an active liability-weighted basis.
(c) The 2020 and 2019 pre-65 and post-65 rates are both assumed to decrease gradually to 5.00 percent by 2025 and remain at this level thereafter.
** Not applicable*

The following table sets forth weighted average assumptions used to determine net periodic benefit cost for the years ended December 31:

(Dollars in Millions)	Pension Plans			Postretirement Welfare Plan		
	2020	2019	2018	2020	2019	2018
Discount rate [a]	3.40%	4.45%	3.84%	2.80%	4.05%	3.34%
Cash balance interest crediting rate	3.00	3.00	3.00	*	*	*
Expected return on plan assets [b]	7.25	7.25	7.25	3.50	3.50	3.50
Rate of compensation increase [c]	3.56	3.52	3.56	*	*	*
Health care cost trend rate [d]						
Prior to age 65				6.25%	6.50%	6.75%
After age 65				6.25	10.00	6.75

(a) The discount rates were developed using a cash flow matching bond model with a modified duration for the qualified pension plan, non-qualified pension plan and postretirement welfare plan of 15.8, 12.3, and 6.1 years, respectively, for 2020, and 14.7, 11.5 and 5.9 years, respectively, for 2019.
(b) With the help of an independent pension consultant, the Company considers several sources when developing its expected long-term rates of return on plan assets assumptions, including, but not limited to, past returns and estimates of future returns given the plans' asset allocation, economic conditions, and peer group LTROR information. The Company determines its expected long-term rates of return reflecting current economic conditions and plan assets.
(c) Determined on an active liability weighted basis.
(d) The 2020, 2019 and 2018 pre-65 and post-65 rates are both assumed to decrease gradually to 5.00 percent by 2025 and remain at that level thereafter.
** Not applicable*

Investment Policies and Asset Allocation In establishing its investment policies and asset allocation strategies, the Company considers expected returns and the volatility associated with different strategies. An independent consultant performs modeling that projects numerous outcomes using a broad range of possible scenarios, including a mix of possible rates of inflation and economic growth. Starting with current economic information, the model bases its projections on past relationships between inflation, fixed income rates and equity returns when these types of economic conditions have existed over the previous 30 years, both in the United States and in foreign countries. Estimated future returns and other actuarially determined adjustments are also considered in calculating the estimated return on assets.

Generally, based on historical performance of the various investment asset classes, investments in equities have outperformed other investment classes but are subject to higher volatility. In an effort to minimize volatility, while recognizing the long-term up-side potential of investing in equities, the Committee has determined that a target asset allocation of 35 percent long duration bonds, 30 percent global equities, 10 percent real estate equities, 10 percent private equity funds, 5 percent domestic mid-small cap equities, 5 percent emerging markets equities, and 5 percent hedge funds is appropriate.

At December 31, 2020 and 2019, plan assets included an asset management arrangement with a related party totaling $1.0 billion and $57 million, respectively.

In accordance with authoritative accounting guidance, the Company groups plan assets into a three-level hierarchy for valuation techniques used to measure their fair value based on whether the valuation inputs are observable or unobservable. Refer to Note 21 for further discussion on these levels.

The assets of the qualified pension plans include investments in equity and U.S. Treasury securities whose fair values are determined based on quoted prices in active markets and are classified within Level 1 of the fair value hierarchy. The qualified pension plans also invest in U.S. agency, corporate and municipal debt securities, which are all valued based on observable market prices or data by third party pricing services, and mutual funds which are valued based on quoted net asset values provided by the trustee of the fund; these assets are classified as Level 2. Additionally, the qualified pension plans invest in certain assets that are valued based on net asset values as a practical expedient, including investments in collective investment funds, hedge funds, and private equity funds; the net asset values are provided by the fund trustee or administrator and are not classified in the fair value hierarchy.

The following table summarizes plan investment assets measured at fair value at December 31:

	Qualified Pension Plans								Postretirement Welfare Plan	
	2020				2019				2020	2019
(Dollars in Millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 1
Cash and cash equivalents	$ 975[a]	$ –	$ –	$ 975	$ 58	$ –	$ –	$ 58	$ –	$ 40
Debt securities	894	1,224	–	2,118	727	1,073	–	1,800	–	–
Mutual funds										
Debt securities	–	371	–	371	–	304	–	304	–	–
Emerging markets equity securities	–	174	–	174	–	136	–	136	–	–
Other	–	–	6	6	–	–	3	3	–	–
	$1,869	$1,769	$ 6	3,644	$ 785	$1,513	$ 3	2,301	–	40
Plan investment assets not classified in fair value hierarchy [b]:										
Collective investment funds										
Domestic equity securities				1,515				1,328	–	27
Mid-small cap equity securities [c]				431				323	–	–
International equity securities				718				752	–	17
Domestic real estate securities				520				547	–	–
Hedge funds [d]				251				283	–	–
Private equity funds [e]				419				304	–	–
Total plan investment assets at fair value				$7,498				$5,838	$ –	$ 84

(a) Includes an employer contribution made in late 2020, which was invested consistently with the plan's target asset allocation subsequent to December 31, 2020.
(b) These investments are valued based on net asset value per share as a practical expedient; fair values are provided to reconcile to total investment assets of the plans at fair value.
(c) At December 31, 2020 and 2019, securities included $431 million and $323 million in domestic equities, respectively.
(d) This category consists of several investment strategies diversified across several hedge fund managers.
(e) This category consists of several investment strategies diversified across several private equity fund managers.

The following table summarizes the changes in fair value for qualified pension plans investment assets measured at fair value using significant unobservable inputs (Level 3) for the years ended December 31:

(Dollars in Millions)	2020 Other	2019 Other	2018 Other
Balance at beginning of period	$ 3	$ 3	$ 2
Unrealized gains (losses) relating to assets still held at end of year	3	–	–
Purchases, sales, and settlements, net	–	–	1
Balance at end of period	$ 6	$ 3	$ 3

The following benefit payments are expected to be paid from the retirement plans for the years ended December 31:

(Dollars in Millions)	Pension Plans	Postretirement Welfare Plan [a]
2021	$ 250	$ 5
2022	266	4
2023	292	4
2024	312	4
2025	362	3
2026-2030	1,880	12

(a) Net of expected retiree contributions and before Medicare Part D subsidy.

NOTE 17 Stock-Based Compensation

As part of its employee and director compensation programs, the Company currently may grant certain stock awards under the provisions of its stock incentive plan. The plan provides for grants of options to purchase shares of common stock at a fixed price equal to the fair value of the underlying stock at the date of grant. Option grants are generally exercisable up to ten years from the date of grant. In addition, the plan provides for grants of shares of common stock or stock units that are subject to restriction on transfer prior to vesting. Most stock and unit awards vest over three to five years and are subject to forfeiture if certain vesting requirements are not met. Stock incentive plans of acquired companies are generally terminated at the merger closing dates. Participants under such plans receive the Company's common stock, or options to buy the Company's common stock, based on the conversion terms of the various merger agreements. At December 31, 2020, there were 28 million shares (subject to adjustment for forfeitures) available for grant under the Company's stock incentive plan.

Stock Option Awards

The following is a summary of stock options outstanding and exercised under prior and existing stock incentive plans of the Company:

Year Ended December 31	Stock Options/Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (in millions)
2020				
Number outstanding at beginning of period	5,718,256	$ 39.25		
Exercised	(513,293)	27.48		
Cancelled [a]	(24,572)	45.08		
Number outstanding at end of period [b]	5,180,391	$ 40.38	3.7	$ 32
Exercisable at end of period	4,942,077	$ 39.68	3.6	$ 34
2019				
Number outstanding at beginning of period	9,115,010	$ 34.52		
Exercised	(3,333,467)	26.36		
Cancelled [a]	(63,287)	36.74		
Number outstanding at end of period [b]	5,718,256	$ 39.25	4.4	$ 115
Exercisable at end of period	4,869,805	$ 37.67	4.0	$ 105
2018				
Number outstanding at beginning of period	12,668,467	$ 32.15		
Exercised	(3,443,494)	25.41		
Cancelled [a]	(109,963)	46.72		
Number outstanding at end of period [b]	9,115,010	$ 34.52	4.3	$ 102
Exercisable at end of period	7,372,036	$ 31.61	3.5	$ 104

Note:The Company did not grant any stock option awards during 2020, 2019 and 2018.
(a) Options cancelled include both non-vested (i.e., forfeitures) and vested options (i.e., expirations).
(b) Outstanding options include stock-based awards that may be forfeited in future periods. The impact of the estimated forfeitures is reflected in compensation expense.

Stock-based compensation expense is based on the estimated fair value of the award at the date of grant or modification. The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model, requiring the use of subjective assumptions. Because employee stock options have characteristics that differ from those of traded options, including vesting provisions and trading limitations that impact their liquidity, the determined value used to measure compensation expense may vary from the actual fair value of the employee stock options.

The following summarizes certain stock option activity of the Company:

Year Ended December 31 (Dollars in Millions)	2020	2019	2018
Fair value of options vested	$ 7	$ 10	$ 14
Intrinsic value of options exercised	11	95	97
Cash received from options exercised	14	88	87
Tax benefit realized from options exercised	3	24	24

To satisfy option exercises, the Company predominantly uses treasury stock.

Additional information regarding stock options outstanding as of December 31, 2020, is as follows:

	Outstanding Options			Exercisable Options	
Range of Exercise Prices	Shares	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
$23.36—$25.00	1,248	.3	$ 24.84	1,248	$ 24.84
$25.01—$30.00	1,047,197	.8	28.65	1,047,197	28.65
$30.01—$35.00	527,422	2.1	33.98	527,422	33.98
$35.01—$40.00	1,227,889	5.1	39.49	1,227,889	39.49
$40.01—$45.00	1,424,608	3.6	42.42	1,424,608	42.42
$45.01—$50.00	–	–	–	–	–
$50.01—$55.01	952,027	6.1	54.97	713,713	54.97
	5,180,391	3.7	$ 40.38	4,942,077	$ 39.68

Restricted Stock and Unit Awards

A summary of the status of the Company's restricted shares of stock and unit awards is presented below:

	2020		2019		2018	
Year Ended December 31	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value
Outstanding at beginning of period	6,606,833	$ 48.99	6,719,298	$ 48.17	7,446,955	$ 44.49
Granted	3,552,923	53.90	3,519,474	50.45	3,213,023	55.03
Vested	(3,534,770)	49.28	(3,270,778)	48.69	(3,373,323)	46.42
Cancelled	(281,673)	53.51	(361,161)	50.55	(567,357)	49.07
Outstanding at end of period	6,343,313	$ 51.38	6,606,833	$ 48.99	6,719,298	$ 48.17

The total fair value of shares vested was $182 million, $175 million and $182 million for the years ended December 31, 2020, 2019 and 2018, respectively. Stock-based compensation expense was $189 million, $178 million and $174 million for the years ended December 31, 2020, 2019 and 2018, respectively. On an after-tax basis, stock-based compensation was $142 million, $133 million and $130 million for the years ended December 31, 2020, 2019 and 2018, respectively. As of December 31, 2020, there was $128 million of total unrecognized compensation cost related to nonvested share-based arrangements granted under the plans. That cost is expected to be recognized over a weighted-average period of 1.7 years as compensation expense.

NOTE 18 Income Taxes

The components of income tax expense were:

Year Ended December 31 (Dollars in Millions)	2020	2019	2018
Federal			
Current	$1,146	$1,162	$1,287
Deferred	(291)	166	(148)
Federal income tax	855	1,328	1,139
State			
Current	355	379	395
Deferred	(144)	(59)	20
State income tax	211	320	415
Total income tax provision	$1,066	$1,648	$1,554

A reconciliation of expected income tax expense at the federal statutory rate of 21 percent to the Company's applicable income tax expense follows:

Year Ended December 31 (Dollars in Millions)	2020	2019	2018
Tax at statutory rate	$1,271	$1,805	$1,822
State income tax, at statutory rates, net of federal tax benefit	240	355	352
Tax effect of			
Tax credits and benefits, net of related expenses	(370)	(424)	(513)
Tax-exempt income	(117)	(120)	(130)
Nondeductible legal and regulatory expenses	29	23	52
Other items [(a)]	13	9	(29)
Applicable income taxes	$1,066	$1,648	$1,554

(a) Includes excess tax benefits associated with stock-based compensation and adjustments related to deferred tax assets and liabilities.

The tax effects of fair value adjustments on securities available-for-sale, derivative instruments in cash flow hedges, foreign currency translation adjustments, and pension and post-retirement plans are recorded directly to shareholders' equity as part of other comprehensive income (loss).

In preparing its tax returns, the Company is required to interpret complex tax laws and regulations and utilize income and cost allocation methods to determine its taxable income. On an ongoing basis, the Company is subject to examinations by federal, state, local and foreign taxing authorities that may give rise to differing interpretations of these complex laws, regulations and methods. Due to the nature of the examination process, it generally takes years before these examinations are completed and matters are resolved. Federal tax examinations for all years ending through December 31, 2014 are completed and resolved.

The Company's tax returns for the years ended December 31, 2015, 2016, 2017 and 2018 are under examination by the Internal Revenue Service. The years open to examination by foreign, state and local government authorities vary by jurisdiction.

A reconciliation of the changes in the federal, state and foreign uncertain tax position balances are summarized as follows:

Year Ended December 31 (Dollars in Millions)	2020	2019	2018
Balance at beginning of period	$432	$335	$287
Additions for tax positions taken in prior years	62	168	93
Additions for tax positions taken in the current year	6	6	10
Exam resolutions	(8)	(62)	(51)
Statute expirations	(18)	(15)	(4)
Balance at end of period	$474	$432	$335

The total amount of uncertain tax positions that, if recognized, would impact the effective income tax rate as of December 31, 2020, 2019 and 2018, were $280 million, $274 million and $273 million, respectively. The Company classifies interest and penalties related to uncertain tax positions as a component of income tax expense. At December 31, 2020, the Company's uncertain tax position balance included $40 million of accrued interest and penalties. During the years ended December 31, 2020, 2019 and 2018 the Company recorded approximately $5 million, $7 million and $(25) million, respectively, in interest and penalties on uncertain tax positions.

Deferred income tax assets and liabilities reflect the tax effect of estimated temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for the same items for income tax reporting purposes.

The significant components of the Company's net deferred tax asset (liability) follows:

At December 31 (Dollars in Millions)	2020	2019
Deferred Tax Assets		
Federal, state and foreign net operating loss and credit carryforwards	$ 2,495	$ 2,592
Allowance for credit losses	2,042	1,155
Accrued expenses	554	485
Obligation for operating leases	293	328
Pension and postretirement benefits	108	193
Stock compensation	84	78
Partnerships and other investment assets	9	91
Fixed assets	–	2
Other deferred tax assets, net	383	257
Gross deferred tax assets	5,968	5,181
Deferred Tax Liabilities		
Leasing activities	(2,511)	(2,700)
Goodwill and other intangible assets	(802)	(763)
Securities available-for-sale and financial instruments	(755)	(111)
Mortgage servicing rights	(408)	(546)
Right of use operating leases	(249)	(282)
Fixed assets	(226)	–
Loans	(112)	(139)
Other deferred tax liabilities, net	(145)	(131)
Gross deferred tax liabilities	(5,208)	(4,672)
Valuation allowance	(163)	(127)
Net Deferred Tax Asset	$ 597	$ 382

The Company has approximately $2.3 billion of federal, state and foreign net operating loss carryforwards which expire at various times beginning in 2021. A substantial portion of these carryforwards relate to state-only net operating losses, for which the related deferred tax asset is subject to a full valuation allowance as the carryforwards are not expected to be realized within the carryforward period. Management has determined it is more likely than not the other net deferred tax assets could be realized through carry back to taxable income in prior years, future reversals of existing taxable temporary differences and future taxable income.

In addition, the Company has $2.3 billion of federal credit carryforwards which expire at various times through 2040 which are not subject to a valuation allowance as management believes that it is more likely than not that the credits will be utilized within the carryforward period.

At December 31, 2020, retained earnings included approximately $102 million of base year reserves of acquired thrift institutions, for which no deferred federal income tax liability has been recognized. These base year reserves would be recaptured if certain subsidiaries of the Company cease to qualify as a bank for federal income tax purposes. The base year reserves also remain subject to income tax penalty provisions that, in general, require recapture upon certain stock redemptions of, and excess distributions to, stockholders.

NOTE 19 Derivative Instruments

In the ordinary course of business, the Company enters into derivative transactions to manage various risks and to accommodate the business requirements of its customers. The Company recognizes all derivatives on the Consolidated Balance Sheet at fair value in other assets or in other liabilities. On the date the Company enters into a derivative contract, the derivative is designated as either a fair value hedge, cash flow hedge, net investment hedge, or a designation is not made as it is a customer-related transaction, an economic hedge for asset/liability risk management purposes or another stand-alone derivative created through the Company's operations ("free-standing derivative"). When a derivative is designated as a fair value, cash flow or net investment hedge, the Company performs an assessment, at inception and, at a minimum, quarterly thereafter, to determine the effectiveness of the derivative in offsetting changes in the value or cash flows of the hedged item(s).

Fair Value Hedges These derivatives are interest rate swaps the Company uses to hedge the change in fair value related to interest rate changes of its underlying available-for-sale investment securities and fixed-rate debt. Changes in the fair value of derivatives designated as fair value hedges, and changes in the fair value of the hedged items, are recorded in earnings.

Cash Flow Hedges These derivatives are interest rate swaps the Company uses to hedge the forecasted cash flows from its underlying variable-rate debt. Changes in the fair value of derivatives designated as cash flow hedges are recorded in other comprehensive income (loss) until the cash flows of the hedged items are realized. If a derivative designated as a cash flow hedge is terminated or ceases to be highly effective, the gain or loss in other comprehensive income (loss) is amortized to earnings over the period the forecasted hedged transactions impact earnings. If a hedged forecasted transaction is no longer probable, hedge accounting is ceased and any gain or loss included in other comprehensive income (loss) is reported in earnings immediately, unless the forecasted transaction is at least reasonably possible of occurring, whereby the amounts remain within other comprehensive income (loss). At December 31, 2020, the Company had $189 million (net-of-tax) of realized and unrealized losses on derivatives classified as cash flow hedges recorded in other comprehensive income (loss), compared with $51 million (net-of-tax) of realized and unrealized losses at December 31, 2019. The estimated amount to be reclassified from other comprehensive income (loss) into earnings during the next 12 months is a loss of $41 million (net-of-tax). All cash flow hedges were highly effective for the year ended December 31, 2020.

Net Investment Hedges The Company uses forward commitments to sell specified amounts of certain foreign currencies, and non-derivative debt instruments, to hedge the volatility of its net investment in foreign operations driven by fluctuations in foreign currency exchange rates. The carrying amount of non-derivative debt instruments designated as net investment hedges was $1.4 billion at December 31, 2020, compared with $1.3 billion December 31, 2019.

Other Derivative Positions The Company enters into free-standing derivatives to mitigate interest rate risk and for other risk management purposes. These derivatives include forward commitments to sell to-be-announced securities ("TBAs") and other commitments to sell residential mortgage loans, which are used to economically hedge the interest rate risk related to MLHFS and unfunded mortgage loan commitments. The Company also enters into interest rate swaps, swaptions, forward commitments to buy TBAs, U.S. Treasury and Eurodollar futures and options on U.S. Treasury futures to economically hedge the change in the fair value of the Company's MSRs. The Company also enters into foreign currency forwards to economically hedge remeasurement gains and losses the Company recognizes on foreign currency denominated assets and liabilities. In addition, the Company acts as a seller and buyer of interest rate derivatives and foreign exchange contracts for its customers. The Company mitigates the market and liquidity risk associated with these customer derivatives by entering into similar offsetting positions with broker-dealers, or on a portfolio basis by entering into other derivative or non-derivative financial instruments that partially or fully offset the exposure to earnings from these customer-related positions. The Company's customer derivatives and related hedges are monitored and reviewed by the Company's Market Risk Committee, which establishes policies for market risk management, including exposure limits for each portfolio. The Company also has derivative contracts that are created through its operations, including certain unfunded mortgage loan commitments and swap agreements related to the sale of a portion of its Class B common and preferred shares of Visa Inc. Refer to Note 21 for further information on these swap agreements.

The following table summarizes the asset and liability management derivative positions of the Company:

(Dollars in Millions)	Asset Derivatives Notional Value	Asset Derivatives Fair Value	Asset Derivatives Weighted-Average Remaining Maturity In Years	Liability Derivatives Notional Value	Liability Derivatives Fair Value	Liability Derivatives Weighted-Average Remaining Maturity In Years
December 31, 2020						
Fair value hedges						
Interest rate contracts						
Receive fixed/pay floating swaps	$ 8,500	$ –	1.86	$ –	$ –	–
Cash flow hedges						
Interest rate contracts						
Pay fixed/receive floating swaps	–	–	–	3,250	–	4.59
Net investment hedges						
Foreign exchange forward contracts	479	–	.06	336	3	.06
Other economic hedges						
Interest rate contracts						
Futures and forwards						
Buy	16,431	73	.50	1,925	5	.07
Sell	10,440	48	.04	28,976	157	.07
Options						
Purchased	11,610	121	4.11	–	–	–
Written	5,073	202	.13	7,770	198	2.53
Receive fixed/pay floating swaps	11,064	–	7.31	907	–	23.43
Pay fixed/receive floating swaps	78	–	13.68	8,538	–	5.67
Foreign exchange forward contracts	292	1	.04	341	2	.05
Equity contracts	127	3	.39	45	–	.46
Other [(a)]	47	1	.11	1,832	183	2.44
Total	$64,141	$449		$53,920	$548	
December 31, 2019						
Fair value hedges						
Interest rate contracts						
Receive fixed/pay floating swaps	$18,300	$ –	3.89	$ 4,900	$ –	3.49
Cash flow hedges						
Interest rate contracts						
Pay fixed/receive floating swaps	1,532	–	6.06	7,150	10	2.11
Net investment hedges						
Foreign exchange forward contracts	–	–	–	287	3	.04
Other economic hedges						
Interest rate contracts						
Futures and forwards						
Buy	5,409	17	.08	5,477	11	.07
Sell	16,333	13	.81	8,113	25	.03
Options						
Purchased	10,180	79	2.97	–	–	–
Written	1,270	30	.08	4,238	81	2.07
Receive fixed/pay floating swaps	4,408	–	5.99	5,316	–	13.04
Pay fixed/receive floating swaps	1,259	–	5.67	4,497	–	6.03
Foreign exchange forward contracts	113	1	.05	467	6	.04
Equity contracts	128	2	.45	20	–	1.06
Other [(a)]	34	–	.01	1,823	165	2.45
Total	$58,966	$142		$42,288	$301	

(a) Includes derivative liability swap agreements related to the sale of a portion of the Company's Class B common and preferred shares of Visa Inc. The Visa swap agreements had a total notional value, fair value and weighted-average remaining maturity of $1.8 billion, $182 million and 2.50 years at December 31, 2020, respectively, compared to $1.8 billion, $165 million and 2.50 years at December 31, 2019, respectively. In addition, includes short-term underwriting purchase and sale commitments with total asset and liability notional values of $47 million at December 31, 2020, and $34 million at December 31, 2019.

The following table summarizes the customer-related derivative positions of the Company:

(Dollars in Millions)	Asset Derivatives			Liability Derivatives		
	Notional Value	Fair Value	Weighted-Average Remaining Maturity In Years	Notional Value	Fair Value	Weighted-Average Remaining Maturity In Years
December 31, 2020						
Interest rate contracts						
Receive fixed/pay floating swaps	$144,859	$3,782	4.93	$ 12,027	$ 99	8.72
Pay fixed/receive floating swaps	15,048	2	8.43	134,963	1,239	4.71
Other [(a)]	9,921	6	3.75	6,387	3	4.22
Options						
Purchased	72,655	111	1.40	1,454	46	2.96
Written	1,736	46	2.76	68,205	81	1.25
Futures						
Buy	1,851	–	1.22	924	–	.05
Sell	–	–	–	4,090	–	.72
Foreign exchange rate contracts						
Forwards, spots and swaps	44,845	1,590	.96	45,992	1,565	1.13
Options						
Purchased	519	14	.90	–	–	–
Written	–	–	–	519	14	.90
Credit contracts	2,876	1	2.75	7,479	7	3.81
Total	$294,310	$5,552		$282,040	$3,054	
December 31, 2019						
Interest rate contracts						
Receive fixed/pay floating swaps	$108,560	$1,865	4.83	$ 31,544	$ 88	3.83
Pay fixed/receive floating swaps	28,150	30	3.83	101,078	753	4.55
Other [(a)]	6,895	1	3.45	6,218	2	2.98
Options						
Purchased	46,406	43	2.06	12,804	47	1.25
Written	6,901	49	1.93	49,741	41	1.82
Futures						
Buy	894	–	.21	–	–	–
Sell	3,874	1	1.18	1,995	–	1.04
Foreign exchange rate contracts						
Forwards, spots and swaps	36,350	748	.97	36,671	729	1.07
Options						
Purchased	1,354	17	.54	–	–	–
Written	–	–	–	1,354	17	.54
Credit contracts	2,879	1	3.28	7,488	5	4.33
Total	$242,263	$2,755		$248,893	$1,682	

(a) Primarily represents floating rate interest rate swaps that pay based on differentials between specified interest rate indexes.

The table below shows the effective portion of the gains (losses) recognized in other comprehensive income (loss) and the gains (losses) reclassified from other comprehensive income (loss) into earnings (net-of-tax) for the years ended December 31:

	Gains (Losses) Recognized in Other Comprehensive Income (Loss)			Gains (Losses) Reclassified from Other Comprehensive Income (Loss) into Earnings		
(Dollars in Millions)	2020	2019	2018	2020	2019	2018
Asset and Liability Management Positions						
Cash flow hedges						
Interest rate contracts	$ (145)	$ (171)	$ 29	$ (7)	$ (8)	$ 3
Net investment hedges						
Foreign exchange forward contracts	(21)	3	39	–	–	–
Non-derivative debt instruments	(90)	13	32	–	–	–

Note: The Company does not exclude components from effectiveness testing for cash flow and net investment hedges.

The table below shows the effect of fair value and cash flow hedge accounting on the Consolidated Statement of Income for the years ended December 31:

	Interest Income			Interest Expense		
(Dollars in Millions)	2020	2019	2018	2020	2019	2018
Total amount of income and expense line items presented in the Consolidated Statement of Income in which the effects of fair value or cash flow hedges are recorded	$14,840	$17,494	$16,173	$2,015	$4,442	$3,254
Asset and Liability Management Positions						
Fair value hedges						
Interest rate contract derivatives	1	–	–	(134)	(44)	5
Hedged items	(1)	–	–	134	44	(5)
Cash Flow hedges						
Interest rate contract derivatives	–	–	–	10	11	(5)

Note: The Company does not exclude components from effectiveness testing for fair value and cash flow hedges. The Company reclassified losses of $41 million into earnings during the year ended December 31, 2020, as a result of the discontinuance of cash flow hedges. The Company did not reclassify gains or losses into earnings as a result of the discontinuance of cash flow hedges during the years ended December 31, 2019 and 2018.

The table below shows cumulative hedging adjustments and the carrying amount of assets and liabilities designated in fair value hedges:

	Carrying Amount of the Hedged Assets and Liabilities		Cumulative Hedging Adjustment [a]	
At December 31 (Dollars in Millions)	2020	2019	2020	2019
Line Item in the Consolidated Balance Sheet				
Available-for-sale investment securities	$ 99	$ –	$ (1)	$ –
Long-term debt	8,567	23,195	903	35

(a) The cumulative hedging adjustment related to discontinued hedging relationships was $726 million and $(7) million at December 31, 2020 and 2019, respectively.

The table below shows the gains (losses) recognized in earnings for other economic hedges and the customer-related positions for the years ended December 31:

(Dollars in Millions)	Location of Gains (Losses) Recognized in Earnings	2020	2019	2018
Asset and Liability Management Positions				
Other economic hedges				
Interest rate contracts				
Futures and forwards	Mortgage banking revenue/ other noninterest income	$ 82	$ 34	$ 110
Purchased and written options	Mortgage banking revenue	1,527	432	188
Swaps	Mortgage banking revenue	598	316	(111)
Foreign exchange forward contracts	Other noninterest income	3	(24)	39
Equity contracts	Compensation expense	3	–	(4)
Other	Other noninterest income	(70)	(140)	2
Customer-Related Positions				
Interest rate contracts				
Swaps	Commercial products revenue	135	82	47
Purchased and written options	Commercial products revenue	(8)	10	2
Futures	Commercial products revenue	(18)	(5)	9
Foreign exchange rate contracts				
Forwards, spots and swaps	Commercial products revenue	78	82	84
Purchased and written options	Commercial products revenue	1	1	–
Credit contracts	Commercial products revenue	(32)	(18)	2

Derivatives are subject to credit risk associated with counterparties to the derivative contracts. The Company measures that credit risk using a credit valuation adjustment and includes it within the fair value of the derivative. The Company manages counterparty credit risk through diversification of its derivative positions among various counterparties, by entering into derivative positions that are centrally cleared through clearinghouses, by entering into master netting arrangements and, where possible, by requiring collateral arrangements. A master netting arrangement allows two counterparties, who have multiple derivative contracts with each other, the ability to net settle amounts under all contracts, including any related collateral, through a single payment and in a single currency. Collateral arrangements generally require the counterparty to deliver collateral (typically cash or U.S. Treasury and agency securities) equal to the Company's net derivative receivable, subject to minimum transfer and credit rating requirements.

The Company's collateral arrangements are predominately bilateral and, therefore, contain provisions that require collateralization of the Company's net liability derivative positions. Required collateral coverage is based on net liability thresholds and may be contingent upon the Company's credit rating from two of the nationally recognized statistical rating organizations. If the Company's credit rating were to fall below credit ratings thresholds established in the collateral arrangements, the counterparties to the derivatives could request immediate additional collateral coverage up to and including full collateral coverage for derivatives in a net liability position. The aggregate fair value of all derivatives under collateral arrangements that were in a net liability position at December 31, 2020, was $1.5 billion. At December 31, 2020, the Company had $1.3 billion of cash posted as collateral against this net liability position.

NOTE 20 Netting Arrangements for Certain Financial Instruments and Securities Financing Activities

The Company's derivative portfolio consists of bilateral over-the-counter trades, certain interest rate derivatives and credit contracts required to be centrally cleared through clearinghouses per current regulations, and exchange-traded positions which may include U.S. Treasury and Eurodollar futures or options on U.S. Treasury futures. Of the Company's $694.4 billion total notional amount of derivative positions at December 31, 2020, $362.8 billion related to bilateral over-the-counter trades, $315.5 billion related to those centrally cleared through clearinghouses and $16.1 billion related to those that were exchange-traded. The Company's derivative contracts typically include offsetting rights (referred to as netting arrangements), and depending on expected volume, credit risk, and counterparty preference, collateral maintenance may be required. For all derivatives under collateral support arrangements, fair value is determined daily and, depending on the collateral maintenance requirements, the Company and a counterparty may receive or deliver collateral, based upon the net fair value of all derivative positions between the Company and the counterparty. Collateral is typically cash, but securities may be allowed under collateral arrangements with certain counterparties. Receivables and payables related to cash collateral are included in other assets and other liabilities on the Consolidated Balance Sheet, along with the related derivative asset and liability fair values. Any securities pledged to counterparties as collateral remain on the Consolidated Balance Sheet. Securities received from counterparties as collateral are not recognized on the Consolidated Balance Sheet, unless the counterparty defaults. In general, securities used as collateral can be sold, repledged or otherwise used by the party in possession. No restrictions exist on the use of cash collateral by either party. Refer to Note 19 for further discussion of the Company's derivatives, including collateral arrangements.

As part of the Company's treasury and broker-dealer operations, the Company executes transactions that are treated as securities sold under agreements to repurchase or securities purchased under agreements to resell, both of which are accounted for as collateralized financings. Securities sold under agreements to repurchase include repurchase agreements and securities loaned transactions. Securities purchased under agreements to resell include reverse repurchase agreements and securities borrowed transactions. For securities sold under agreements to repurchase, the Company records a liability for the cash received, which is included in short-term borrowings on the Consolidated Balance Sheet. For securities purchased under agreements to resell, the Company records a receivable for the cash paid, which is included in other assets on the Consolidated Balance Sheet.

Securities transferred to counterparties under repurchase agreements and securities loaned transactions continue to be recognized on the Consolidated Balance Sheet, are measured at fair value, and are included in investment securities or other assets. Securities received from counterparties under reverse repurchase agreements and securities borrowed transactions are not recognized on the Consolidated Balance Sheet unless the counterparty defaults. The securities transferred under repurchase and reverse repurchase transactions typically are U.S. Treasury and agency securities, residential agency mortgage-backed securities or corporate debt securities. The securities loaned or borrowed typically are corporate debt securities traded by the Company's broker-dealer subsidiary. In general, the securities transferred can be sold, repledged or otherwise used by the party in possession. No restrictions exist on the use of cash collateral by either party. Repurchase/reverse repurchase and securities loaned/borrowed transactions expose the Company to counterparty risk. The Company manages this risk by performing assessments, independent of business line managers, and establishing concentration limits on each counterparty. Additionally, these transactions include collateral arrangements that require the fair values of the underlying securities to be determined daily, resulting in cash being obtained or refunded to counterparties to maintain specified collateral levels.

The following table summarizes the maturities by category of collateral pledged for repurchase agreements and securities loaned transactions :

(Dollars in Millions)	Overnight and Continuous	Less Than 30 Days	30-89 Days	Greater Than 90 Days	Total
December 31, 2020					
Repurchase agreements					
U.S. Treasury and agencies	$ 472	$ –	$ –	$ –	$ 472
Residential agency mortgage-backed securities	398	–	–	–	398
Corporate debt securities	560	–	–	–	560
Total repurchase agreements	1,430	–	–	–	1,430
Securities loaned					
Corporate debt securities	218	–	–	–	218
Total securities loaned	218	–	–	–	218
Gross amount of recognized liabilities	$ 1,648	$ –	$ –	$ –	$1,648
December 31, 2019					
Repurchase agreements					
U.S. Treasury and agencies	$ 289	$ –	$ –	$ –	$ 289
Residential agency mortgage-backed securities	266	–	–	–	266
Corporate debt securities	610	–	–	–	610
Total repurchase agreements	1,165	–	–	–	1,165
Securities loaned					
Corporate debt securities	50	–	–	–	50
Total securities loaned	50	–	–	–	50
Gross amount of recognized liabilities	$ 1,215	$ –	$ –	$ –	$1,215

The Company executes its derivative, repurchase/reverse repurchase and securities loaned/borrowed transactions under the respective industry standard agreements. These agreements include master netting arrangements that allow for multiple contracts executed with the same counterparty to be viewed as a single arrangement. This allows for net settlement of a single amount on a daily basis. In the event of default, the master netting arrangement provides for close-out netting, which allows all of these positions with the defaulting counterparty to be terminated and net settled with a single payment amount.

The Company has elected to offset the assets and liabilities under netting arrangements for the balance sheet presentation of the majority of its derivative counterparties. The netting occurs at the counterparty level, and includes all assets and liabilities related to the derivative contracts, including those associated with cash collateral received or delivered. The Company has not elected to offset the assets and liabilities under netting arrangements for the balance sheet presentation of repurchase/reverse repurchase and securities loaned/borrowed transactions.

The following tables provide information on the Company's netting adjustments, and items not offset on the Consolidated Balance Sheet but available for offset in the event of default:

(Dollars in Millions)	Gross Recognized Assets	Gross Amounts Offset on the Consolidated Balance Sheet [a]	Net Amounts Presented on the Consolidated Balance Sheet	Gross Amounts Not Offset on the Consolidated Balance Sheet		Net Amount
				Financial Instruments [b]	Collateral Received [c]	
December 31, 2020						
Derivative assets [d]	$ 5,744	$ (1,874)	$ 3,870	$ (109)	$ (287)	$ 3,474
Reverse repurchase agreements	377	–	377	(262)	(115)	–
Securities borrowed	1,716	–	1,716	–	(1,670)	46
Total	$ 7,837	$ (1,874)	$ 5,963	$ (371)	$ (2,072)	$ 3,520
December 31, 2019						
Derivative assets [d]	$ 2,857	$ (982)	$ 1,875	$ (80)	$ (116)	$ 1,679
Reverse repurchase agreements	1,021	–	1,021	(152)	(869)	–
Securities borrowed	1,624	–	1,624	–	(1,569)	55
Total	$ 5,502	$ (982)	$ 4,520	$ (232)	$ (2,554)	$ 1,734

(a) Includes $898 million and $429 million of cash collateral related payables that were netted against derivative assets at December 31, 2020 and 2019, respectively.
(b) For derivative assets this includes any derivative liability fair values that could be offset in the event of counterparty default; for reverse repurchase agreements this includes any repurchase agreement payables that could be offset in the event of counterparty default; for securities borrowed this includes any securities loaned payables that could be offset in the event of counterparty default.
(c) Includes the fair value of securities received by the Company from the counterparty. These securities are not included on the Consolidated Balance Sheet unless the counterparty defaults.
(d) Excludes $257 million and $40 million at December 31, 2020 and 2019, respectively, of derivative assets not subject to netting arrangements.

(Dollars in Millions)	Gross Recognized Liabilities	Gross Amounts Offset on the Consolidated Balance Sheet [a]	Net Amounts Presented on the Consolidated Balance Sheet	Gross Amounts Not Offset on the Consolidated Balance Sheet		Net Amount
				Financial Instruments [b]	Collateral Pledged [c]	
December 31, 2020						
Derivative liabilities [d]	$ 3,419	$ (2,312)	$ 1,107	$ (109)	$ –	$ 998
Repurchase agreements	1,430	–	1,430	(262)	(1,168)	–
Securities loaned	218	–	218	–	(215)	3
Total	$ 5,067	$ (2,312)	$ 2,755	$ (371)	$ (1,383)	$ 1,001
December 31, 2019						
Derivative liabilities [d]	$ 1,816	$ (1,067)	$ 749	$ (80)	$ –	$ 669
Repurchase agreements	1,165	–	1,165	(152)	(1,012)	1
Securities loaned	50	–	50	–	(49)	1
Total	$ 3,031	$ (1,067)	$ 1,964	$ (232)	$ (1,061)	$ 671

(a) Includes $1.3 billion and $514 million of cash collateral related receivables that were netted against derivative liabilities at December 31, 2020 and 2019, respectively.
(b) For derivative liabilities this includes any derivative asset fair values that could be offset in the event of counterparty default; for repurchase agreements this includes any reverse repurchase agreement receivables that could be offset in the event of counterparty default; for securities loaned this includes any securities borrowed receivables that could be offset in the event of counterparty default.
(c) Includes the fair value of securities pledged by the Company to the counterparty. These securities are included on the Consolidated Balance Sheet unless the Company defaults.
(d) Excludes $183 million and $167 million at December 31, 2020 and 2019, respectively, of derivative liabilities not subject to netting arrangements.

NOTE 21 Fair Values of Assets and Liabilities

The Company uses fair value measurements for the initial recording of certain assets and liabilities, periodic remeasurement of certain assets and liabilities, and disclosures. Derivatives, trading and available-for-sale investment securities, MSRs and substantially all MLHFS are recorded at fair value on a recurring basis. Additionally, from time to time, the Company may be required to record at fair value other assets on a nonrecurring basis, such as loans held for sale, loans held for investment and certain other assets. These nonrecurring fair value adjustments typically involve application of lower-of-cost-or-fair value accounting or impairment write-downs of individual assets.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A fair value measurement reflects all of the assumptions that market participants would use in pricing the asset or liability, including assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset and the risk of nonperformance.

The Company groups its assets and liabilities measured at fair value into a three-level hierarchy for valuation techniques used to measure financial assets and financial liabilities at fair value. This hierarchy is based on whether the valuation inputs are observable or unobservable. These levels are:

- Level 1 — Quoted prices in active markets for identical assets or liabilities. Level 1 includes U.S. Treasury securities, as well as exchange-traded instruments.
- Level 2 — Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 includes debt securities that are traded less frequently than exchange-traded instruments and which are typically valued using third party pricing services; derivative contracts and other assets and liabilities, including securities, whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data; and MLHFS whose values are determined using quoted prices for similar assets or pricing models with inputs that are observable in the market or can be corroborated by observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category includes MSRs and certain derivative contracts.

Valuation Methodologies

The valuation methodologies used by the Company to measure financial assets and liabilities at fair value are described below. In addition, the following section includes an indication of the level of the fair value hierarchy in which the assets or liabilities are classified. Where appropriate, the descriptions include information about the valuation models and key inputs to those models. During the years ended December 31, 2020, 2019 and 2018, there were no significant changes to the valuation techniques used by the Company to measure fair value.

Available-For-Sale Investment Securities When quoted market prices for identical securities are available in an active market, these prices are used to determine fair value and these securities are classified within Level 1 of the fair value hierarchy. Level 1 investment securities include U.S. Treasury and exchange-traded securities.

For other securities, quoted market prices may not be readily available for the specific securities. When possible, the Company determines fair value based on market observable information, including quoted market prices for similar securities, inactive transaction prices, and broker quotes. These securities are classified within Level 2 of the fair value hierarchy. Level 2 valuations are generally provided by a third party pricing service. Level 2 investment securities are predominantly agency mortgage-backed securities, certain other asset-backed securities, obligations of state and political subdivisions and agency debt securities.

Mortgage Loans Held For Sale MLHFS measured at fair value, for which an active secondary market and readily available market prices exist, are initially valued at the transaction price and are subsequently valued by comparison to instruments with similar collateral and risk profiles. MLHFS are classified within Level 2. Included in mortgage banking revenue was a net gain of $362 million, a net gain of $73 million and a net loss of $60 million for the years ended December 31, 2020, 2019 and 2018, respectively, from the changes to fair value of these MLHFS under fair value option accounting guidance. Changes in fair value due to instrument specific credit risk were immaterial. Interest income for MLHFS is measured based on contractual interest rates and reported as interest income on the Consolidated Statement of Income. Electing to measure MLHFS at fair value reduces certain timing differences and better matches changes in fair value of these assets with changes in the value of the derivative instruments used to economically hedge them without the burden of complying with the requirements for hedge accounting.

Mortgage Servicing Rights MSRs are valued using a discounted cash flow methodology, and are classified within Level 3. The Company determines fair value of the MSRs by

projecting future cash flows for different interest rate scenarios using prepayment rates and other assumptions, and discounts these cash flows using a risk adjusted rate based on option adjusted spread levels. There is minimal observable market activity for MSRs on comparable portfolios and, therefore, the determination of fair value requires significant management judgment. Refer to Note 9 for further information on MSR valuation assumptions.

Derivatives The majority of derivatives held by the Company are executed over-the-counter or centrally cleared through clearinghouses and are valued using market standard cash flow valuation techniques. The models incorporate inputs, depending on the type of derivative, including interest rate curves, foreign exchange rates and volatility. All derivative values incorporate an assessment of the risk of counterparty nonperformance, measured based on the Company's evaluation of credit risk including external assessments of credit risk. The Company monitors and manages its nonperformance risk by considering its ability to net derivative positions under master netting arrangements, as well as collateral received or provided under collateral arrangements. Accordingly, the Company has elected to measure the fair value of derivatives, at a counterparty level, on a net basis. The majority of the derivatives are classified within Level 2 of the fair value hierarchy, as the significant inputs to the models, including nonperformance risk, are observable. However, certain derivative transactions are with counterparties where risk of nonperformance cannot be observed in the market and, therefore, the credit valuation adjustments result in these derivatives being classified within Level 3 of the fair value hierarchy.

The Company also has other derivative contracts that are created through its operations, including commitments to purchase and originate mortgage loans and swap agreements executed in conjunction with the sale of a portion of its Class B common and preferred shares of Visa Inc. (the "Visa swaps"). The mortgage loan commitments are valued by pricing models that include market observable and unobservable inputs, which result in the commitments being classified within Level 3 of the fair value hierarchy. The unobservable inputs include assumptions about the percentage of commitments that actually become a closed loan and the MSR value that is inherent in the underlying loan value. The Visa swaps require payments by either the Company or the purchaser of the Visa Inc. Class B common and preferred shares when there are changes in the conversion rate of the Visa Inc. Class B common and preferred shares to Visa Inc. Class A common and preferred shares, respectively, as well as quarterly payments to the purchaser based on specified terms of the agreements. Management reviews and updates the Visa swaps fair value in conjunction with its review of Visa Inc. related litigation contingencies, and the associated escrow funding. The expected litigation resolution impacts the Visa Inc. Class B common share to Visa Inc. Class A common share conversion rate, as well as the ultimate termination date for the Visa swaps. Accordingly, the Visa swaps are classified within Level 3. Refer to Note 22 for further information on the Visa Inc. restructuring and related card association litigation.

Significant Unobservable Inputs of Level 3 Assets and Liabilities

The following section provides information to facilitate an understanding of the uncertainty in the fair value measurements for the Company's Level 3 assets and liabilities recorded at fair value on the Consolidated Balance Sheet. This section includes a description of the significant inputs used by the Company and a description of any interrelationships between these inputs. The discussion below excludes nonrecurring fair value measurements of collateral value used for impairment measures for loans and OREO. These valuations utilize third party appraisal or broker price opinions, and are classified as Level 3 due to the significant judgment involved.

Mortgage Servicing Rights The significant unobservable inputs used in the fair value measurement of the Company's MSRs are expected prepayments and the option adjusted spread that is added to the risk-free rate to discount projected cash flows. Significant increases in either of these inputs in isolation would have resulted in a significantly lower fair value measurement. Significant decreases in either of these inputs in isolation would have resulted in a significantly higher fair value measurement. There is no direct interrelationship between prepayments and option adjusted spread. Prepayment rates generally move in the opposite direction of market interest rates. Option adjusted spread is generally impacted by changes in market return requirements.

The following table shows the significant valuation assumption ranges for MSRs at December 31, 2020:

	Minimum	Maximum	Weighted Average [(a)]
Expected prepayment	9%	21%	14%
Option adjusted spread	6	11	7

(a) Determined based on the relative fair value of the related mortgage loans serviced.

Derivatives The Company has two distinct Level 3 derivative portfolios: (i) the Company's commitments to purchase and originate mortgage loans that meet the requirements of a derivative and (ii) the Company's asset/liability and customer-related derivatives that are Level 3 due to unobservable inputs related to measurement of risk of nonperformance by the counterparty. In addition, the Company's Visa swaps are classified within Level 3.

The significant unobservable inputs used in the fair value measurement of the Company's derivative commitments to purchase and originate mortgage loans are the percentage of commitments that actually become a closed loan and the MSR value that is inherent in the underlying loan value. A significant increase in the rate of loans that close would have resulted in a larger derivative asset or liability. A significant increase in the inherent MSR value would have resulted in an increase in the derivative asset or a reduction in the derivative liability. Expected loan close rates and the inherent MSR values are directly impacted by changes in market rates and will generally move in the same direction as interest rates.

The following table shows the significant valuation assumption ranges for the Company's derivative commitments to purchase and originate mortgage loans at December 31, 2020:

	Minimum	Maximum	Weighted Average [a]
Expected loan close rate	22%	100%	76%
Inherent MSR value (basis points per loan)	39	177	117

(a) Determined based on the relative fair value of the related mortgage loans.

The significant unobservable input used in the fair value measurement of certain of the Company's asset/liability and customer-related derivatives is the credit valuation adjustment related to the risk of counterparty nonperformance. A significant increase in the credit valuation adjustment would have resulted in a lower fair value measurement. A significant decrease in the credit valuation adjustment would have resulted in a higher fair value measurement. The credit valuation adjustment is impacted by changes in market rates, volatility, market implied credit spreads, and loss recovery rates, as well as the Company's assessment of the counterparty's credit position. At December 31, 2020, the minimum, maximum and weighted average credit valuation adjustment as a percentage of the net fair value of the counterparty's derivative contracts prior to adjustment was 0 percent, 100 percent and 2 percent, respectively.

The significant unobservable inputs used in the fair value measurement of the Visa swaps are management's estimate of the probability of certain litigation scenarios occurring, and the timing of the resolution of the related litigation loss estimates in excess, or shortfall, of the Company's proportional share of escrow funds. An increase in the loss estimate or a delay in the resolution of the related litigation would have resulted in an increase in the derivative liability. A decrease in the loss estimate or an acceleration of the resolution of the related litigation would have resulted in a decrease in the derivative liability.

The following table summarizes the balances of assets and liabilities measured at fair value on a recurring basis:

(Dollars in Millions)	Level 1	Level 2	Level 3	Netting	Total
December 31, 2020					
Available-for-sale securities					
U.S. Treasury and agencies	$19,251	$ 3,140	$ –	$ –	$ 22,391
Mortgage-backed securities					
Residential agency	–	99,968	–	–	99,968
Commercial agency	–	5,406	–	–	5,406
Asset-backed securities	–	198	7	–	205
Obligations of state and political subdivisions	–	8,860	1	–	8,861
Other	–	9	–	–	9
Total available-for-sale	19,251	117,581	8	–	136,840
Mortgage loans held for sale	–	8,524	–	–	8,524
Mortgage servicing rights	–	–	2,210	–	2,210
Derivative assets	4	3,235	2,762	(1,874)	4,127
Other assets	302	1,601	–	–	1,903
Total	$19,557	$130,941	$4,980	$ (1,874)	$153,604
Derivative liabilities	$ –	$ 3,166	$ 436	$ (2,312)	$ 1,290
Short-term borrowings and other liabilities [(a)]	85	1,672	–	–	1,757
Total	$ 85	$ 4,838	$ 436	$(2,312)	$ 3,047
December 31, 2019					
Available-for-sale securities					
U.S. Treasury and agencies	$18,986	$ 853	$ –	$ –	$ 19,839
Mortgage-backed securities					
Residential agency	–	94,111	–	–	94,111
Commercial agency	–	1,453	–	–	1,453
Asset-backed securities	–	375	8	–	383
Obligations of state and political subdivisions	–	6,813	1	–	6,814
Other	–	13	–	–	13
Total available-for-sale	18,986	103,618	9	–	122,613
Mortgage loans held for sale	–	5,533	–	–	5,533
Mortgage servicing rights	–	–	2,546	–	2,546
Derivative assets	9	1,707	1,181	(982)	1,915
Other assets	312	1,563	–	–	1,875
Total	$19,307	$112,421	$3,736	$ (982)	$134,482
Derivative liabilities	$ –	$ 1,612	$ 371	$(1,067)	$ 916
Short-term borrowings and other liabilities [(a)]	50	1,578	–	–	1,628
Total	$ 50	$ 3,190	$ 371	$(1,067)	$ 2,544

Note: Excluded from the table above are equity investments without readily determinable fair values. The Company has elected to carry these investments at historical cost, adjusted for impairment and any changes resulting from observable price changes for identical or similar investments of the issuer. The aggregate carrying amount of these equity investments was $85 million and $91 million at December 31, 2020 and 2019, respectively. The Company has not recorded impairments or adjustments for observable price changes on these equity investments during 2020 and 2019, or on a cumulative basis.

(a) Primarily represents the Company's obligation on securities sold short required to be accounted for at fair value per applicable accounting guidance.

The following table presents the changes in fair value for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31:

(Dollars in Millions)	Beginning of Period Balance	Net Gains (Losses) Included in Net Income	Purchases	Sales	Principal Payments	Issuances	Settlements	Transfers into Level 3	End of Period Balance	Net Change in Unrealized Gains (Losses) Relating to Assets and Liabilities Held at End of Period
2020										
Available-for-sale securities										
Asset-backed securities	$ 8	$ –	$ –	$ –	$ (1)	$ –	$ –	$ –	$ 7	$ –
Obligations of state and political subdivisions	1	–	–	–	–	–	–	–	1	–
Total available-for-sale	9	–	–	–	(1)	–	–	–	8	–
Mortgage servicing rights	2,546	(1,403) [a]	34	3	–	1,030[c]	–	–	2,210	(1,403) [a]
Net derivative assets and liabilities	810	2,922[b]	247	(3)	–	–	(1,650)	–	2,326	1,649[d]
2019										
Available-for-sale securities										
Asset-backed securities	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 8	$ 8	$ –
Obligations of state and political subdivisions	–	–	–	–	–	–	–	1	1	–
Total available-for-sale	–	–	–	–	–	–	–	9	9	–
Mortgage servicing rights	2,791	(829) [a]	20	5	–	559[c]	–	–	2,546	(829) [a]
Net derivative assets and liabilities	80	769[e]	142	(9)	–	–	(172)	–	810	782[f]
2018										
Mortgage servicing rights	$ 2,645	$ (232) [a]	$ 8	$(27)	$ –	$ 397[c]	$ –	$ –	$2,791	$ (232) [a]
Net derivative assets and liabilities	107	21[g]	13	(41)	–	–	(20)	–	80	34[h]

(a) Included in mortgage banking revenue.
(b) Approximately $1.9 billion, $1.1 billion and $(70) million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.
(c) Represents MSRs capitalized during the period.
(d) Approximately $247 million, $1.5 billion and $(70) million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.
(e) Approximately $482 million, $428 million and $(141) million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.
(f) Approximately $35 million, $888 million and $(141) million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.
(g) Approximately $160 million, $(141) million and $2 million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.
(h) Approximately $20 million, $12 million and $2 million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.

The Company is also required periodically to measure certain other financial assets at fair value on a nonrecurring basis. These measurements of fair value usually result from the application of lower-of-cost-or-fair value accounting or write-downs of individual assets.

The following table summarizes the balances as of the measurement date of assets measured at fair value on a nonrecurring basis, and still held as of December 31:

	2020				2019			
(Dollars in Millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Loans [a]	$ –	$ –	$ 385	$385	$ –	$ –	$ 136	$136
Other assets [b]	–	–	30	30	–	–	46	46

(a) Represents the carrying value of loans for which adjustments were based on the fair value of the collateral, excluding loans fully charged-off.
(b) Primarily represents the fair value of foreclosed properties that were measured at fair value based on an appraisal or broker price opinion of the collateral subsequent to their initial acquisition.

The following table summarizes losses recognized related to nonrecurring fair value measurements of individual assets or portfolios for the years ended December 31:

(Dollars in Millions)	2020	2019	2018
Loans [a]	$426	$122	$ 83
Other assets [b]	21	17	26

(a) Represents write-downs of loans which were based on the fair value of the collateral, excluding loans fully charged-off.
(b) Primarily represents related losses of foreclosed properties that were measured at fair value subsequent to their initial acquisition.

Fair Value Option

The following table summarizes the differences between the aggregate fair value carrying amount of MLHFS for which the fair value option has been elected and the aggregate unpaid principal amount that the Company is contractually obligated to receive at maturity as of December 31:

	2020			2019		
(Dollars in Millions)	Fair Value Carrying Amount	Aggregate Unpaid Principal	Carrying Amount Over (Under) Unpaid Principal	Fair Value Carrying Amount	Aggregate Unpaid Principal	Carrying Amount Over (Under) Unpaid Principal
Total loans	$ 8,524	$ 8,136	$ 388	$ 5,533	$ 5,366	$ 167
Nonaccrual loans	1	1	–	1	1	–
Loans 90 days or more past due	2	2	–	1	1	–

Fair Value of Financial Instruments

The following section summarizes the estimated fair value for financial instruments accounted for at amortized cost as of December 31, 2020 and 2019. In accordance with disclosure guidance related to fair values of financial instruments, the Company did not include assets and liabilities that are not financial instruments, such as the value of goodwill, long-term relationships with deposit, credit card, merchant processing and trust customers, other purchased intangibles, premises and equipment, deferred taxes and other liabilities. Additionally, in accordance with the disclosure guidance, receivables and payables due in one year or less, insurance contracts, equity investments not accounted for at fair value, and deposits with no defined or contractual maturities are excluded.

The estimated fair values of the Company's financial instruments as of December 31, are shown in the table below:

	2020					2019				
	Carrying	Fair Value				Carrying	Fair Value			
(Dollars in Millions)	Amount	Level 1	Level 2	Level 3	Total	Amount	Level 1	Level 2	Level 3	Total
Financial Assets										
Cash and due from banks	$ 62,580	$62,580	$ –	$ –	$ 62,580	$ 22,405	$22,405	$ –	$ –	$ 22,405
Federal funds sold and securities purchased under resale agreements	377	–	377	–	377	1,036	–	1,036	–	1,036
Loans held for sale [a]	237	–	–	237	237	45	–	–	43	43
Loans	290,393	–	–	300,419	300,419	292,082	–	–	297,241	297,241
Other [b]	1,772	–	731	1,041	1,772	1,923	–	929	994	1,923
Financial Liabilities										
Time deposits	30,694	–	30,864	–	30,864	42,894	–	42,831	–	42,831
Short-term borrowings [c]	10,009	–	9,956	–	9,956	22,095	–	21,961	–	21,961
Long-term debt	41,297	–	42,485	–	42,485	40,167	–	41,077	–	41,077
Other [d]	4,052	–	1,234	2,818	4,052	3,678	–	1,342	2,336	3,678

(a) Excludes mortgages held for sale for which the fair value option under applicable accounting guidance was elected.
(b) Includes investments in Federal Reserve Bank and Federal Home Loan Bank stock and tax-advantaged investments.
(c) Excludes the Company's obligation on securities sold short required to be accounted for at fair value per applicable accounting guidance.
(d) Includes operating lease liabilities and liabilities related to tax-advantaged investments.

The fair value of unfunded commitments, deferred non-yield related loan fees, standby letters of credit and other guarantees is approximately equal to their carrying value. The carrying value of unfunded commitments, deferred non-yield related loan fees and standby letters of credit was $774 million and $528 million at December 31, 2020 and 2019, respectively. The carrying value of other guarantees was $362 million and $200 million at December 31, 2020 and 2019, respectively.

NOTE 22 Guarantees and Contingent Liabilities

Visa Restructuring and Card Association Litigation The Company's payment services business issues credit and debit cards and acquires credit and debit card transactions through the Visa U.S.A. Inc. card association or its affiliates (collectively "Visa"). In 2007, Visa completed a restructuring and issued shares of Visa Inc. common stock to its financial institution members in contemplation of its initial public offering ("IPO") completed in the first quarter of 2008 (the "Visa Reorganization"). As a part of the Visa Reorganization, the Company received its proportionate number of shares of Visa Inc. common stock, which were subsequently converted to Class B shares of Visa Inc. ("Class B shares").

Visa U.S.A. Inc. ("Visa U.S.A.") and MasterCard International (collectively, the "Card Brands") are defendants in antitrust lawsuits challenging the practices of the Card Brands (the "Visa Litigation"). Visa U.S.A. member banks have a contingent obligation to indemnify Visa Inc. under the Visa U.S.A. bylaws (which were modified at the time of the restructuring in October 2007) for potential losses arising from the Visa Litigation. The indemnification by the Visa U.S.A. member banks has no specific maximum amount. Using proceeds from its IPO and through reductions to the conversion ratio applicable to the Class B shares held by Visa U.S.A. member banks, Visa Inc. has funded an escrow account for the benefit of member financial institutions to fund their indemnification obligations associated with the Visa Litigation. The receivable related to the escrow account is classified in other liabilities as a direct offset to the related Visa Litigation contingent liability.

In October 2012, Visa signed a settlement agreement to resolve class action claims associated with the multi-district interchange litigation pending in the United States District Court for the Eastern District of New York (the "Multi-District Litigation"). The U.S. Court of Appeals for the Second Circuit reversed the approval of that settlement and remanded the matter to the district court. Thereafter, the case was split into two putative class actions, one seeking damages (the "Damages Action") and a separate class action seeking injunctive relief only (the "Injunctive Action"). In September 2018, Visa signed a new settlement agreement, superseding the original settlement agreement, to resolve the Damages Action. The Damages Action settlement was approved by the United States District Court for the Eastern District of New York, but is now on appeal. The Injunctive Action, which generally seeks changes to Visa rules, is still pending.

Commitments to Extend Credit Commitments to extend credit are legally binding and generally have fixed expiration dates or other termination clauses. The contractual amount represents the Company's exposure to credit loss, in the event of default by the borrower. The Company manages this credit risk by using the same credit policies it applies to loans. Collateral is obtained to secure commitments based on management's credit assessment

of the borrower. The collateral may include marketable securities, receivables, inventory, equipment and real estate. Since the Company expects many of the commitments to expire without being drawn, total commitment amounts do not necessarily represent the Company's future liquidity requirements. In addition, the commitments include consumer credit lines that are cancelable upon notification to the consumer.

The contract or notional amounts of unfunded commitments to extend credit at December 31, 2020, excluding those commitments considered derivatives, were as follows:

	Term		
(Dollars in Millions)	Less Than One Year	Greater Than One Year	Total
Commercial and commercial real estate loans	$ 43,642	$110,382	$154,024
Corporate and purchasing card loans [(a)]	29,541	–	29,541
Residential mortgages	319	1	320
Retail credit card loans [(a)]	117,827	–	117,827
Other retail loans	12,980	22,998	35,978
Other	6,486	10	6,496

(a) Primarily cancelable at the Company's discretion.

Other Guarantees and Contingent Liabilities

The following table is a summary of other guarantees and contingent liabilities of the Company at December 31, 2020:

(Dollars in Millions)	Collateral Held	Carrying Amount	Maximum Potential Future Payments
Standby letters of credit	$ –	$ 70	$ 9,789
Third party borrowing arrangements	–	–	2
Securities lending indemnifications	6,461	–	6,298
Asset sales	–	80	6,165
Merchant processing	579	211	89,352
Tender option bond program guarantee	2,374	–	2,036
Other	–	71	1,292

Letters of Credit Standby letters of credit are commitments the Company issues to guarantee the performance of a customer to a third party. The guarantees frequently support public and private borrowing arrangements, including commercial paper issuances, bond financings and other similar transactions. The Company also issues and confirms commercial letters of credit on behalf of customers to ensure payment or collection in connection with trade transactions. In the event of a customer's or counterparty's nonperformance, the Company's credit loss exposure is similar to that in any extension of credit, up to the letter's contractual amount. Management assesses the borrower's credit to determine the necessary collateral, which may include marketable securities, receivables, inventory, equipment and real estate. Since the conditions requiring the Company to fund letters of credit may not occur, the Company expects its liquidity requirements to be less than the total outstanding commitments. The maximum potential future payments guaranteed by the Company under standby letter of credit arrangements at December 31, 2020, were approximately $9.8 billion with a weighted-average term of approximately 19 months. The estimated fair value of standby letters of credit was approximately $70 million at December 31, 2020.

The contract or notional amount of letters of credit at December 31, 2020, were as follows:

	Term		
(Dollars in Millions)	Less Than One Year	Greater Than One Year	Total
Standby	$ 4,526	$ 5,263	$9,789
Commercial	536	30	566

Guarantees Guarantees are contingent commitments issued by the Company to customers or other third parties. The Company's guarantees primarily include parent guarantees related to subsidiaries' third party borrowing arrangements; third party performance guarantees inherent in the Company's business operations, such as indemnified securities lending programs and merchant charge-back guarantees; and indemnification or buy-back provisions related to certain asset sales. For certain guarantees, the Company has recorded a liability related to the potential obligation, or has access to collateral to support the guarantee or through the exercise of other recourse provisions can offset some or all of the maximum potential future payments made under these guarantees.

Third Party Borrowing Arrangements The Company provides guarantees to third parties as a part of certain subsidiaries' borrowing arrangements. The maximum potential future payments guaranteed by the Company under these arrangements were approximately $2 million at December 31, 2020.

Commitments from Securities Lending The Company participates in securities lending activities by acting as the customer's agent involving the loan of securities. The Company indemnifies customers for the difference between the fair value of the securities lent and the fair value of the collateral received. Cash collateralizes these transactions. The maximum potential future payments guaranteed by the Company under these arrangements were approximately $6.3 billion at December 31, 2020, and represent the fair value of the securities lent to third parties. At December 31, 2020, the Company held $6.5 billion of cash as collateral for these arrangements.

Asset Sales The Company has provided guarantees to certain third parties in connection with the sale or syndication of certain

assets, primarily loan portfolios and tax-advantaged investments. These guarantees are generally in the form of asset buy-back or make-whole provisions that are triggered upon a credit event or a change in the tax-qualifying status of the related projects, as applicable, and remain in effect until the loans are collected or final tax credits are realized, respectively. The maximum potential future payments guaranteed by the Company under these arrangements were approximately $6.2 billion at December 31, 2020, and represented the proceeds received from the buyer or the guaranteed portion in these transactions where the buy-back or make-whole provisions have not yet expired. At December 31, 2020, the Company had reserved $80 million for potential losses related to the sale or syndication of tax-advantaged investments.

The maximum potential future payments do not include loan sales where the Company provides standard representation and warranties to the buyer against losses related to loan underwriting documentation defects that may have existed at the time of sale that generally are identified after the occurrence of a triggering event such as delinquency. For these types of loan sales, the maximum potential future payments is generally the unpaid principal balance of loans sold measured at the end of the current reporting period. Actual losses will be significantly less than the maximum exposure, as only a fraction of loans sold will have a representation and warranty breach, and any losses on repurchase would generally be mitigated by any collateral held against the loans.

The Company regularly sells loans to GSEs as part of its mortgage banking activities. The Company provides customary representations and warranties to GSEs in conjunction with these sales. These representations and warranties generally require the Company to repurchase assets if it is subsequently determined that a loan did not meet specified criteria, such as a documentation deficiency or rescission of mortgage insurance. If the Company is unable to cure or refute a repurchase request, the Company is generally obligated to repurchase the loan or otherwise reimburse the GSE for losses. At December 31, 2020, the Company had reserved $19 million for potential losses from representation and warranty obligations, compared with $9 million at December 31, 2019. The Company's reserve reflects management's best estimate of losses for representation and warranty obligations. The Company's repurchase reserve is modeled at the loan level, taking into consideration the individual credit quality and borrower activity that has transpired since origination. The model applies credit quality and economic risk factors to derive a probability of default and potential repurchase that are based on the Company's historical loss experience, and estimates loss severity based on expected collateral value. The Company also considers qualitative factors that may result in anticipated losses differing from historical loss trends.

As of December 31, 2020 and 2019, the Company had $13 million and $10 million, respectively, of unresolved representation and warranty claims from GSEs. The Company does not have a significant amount of unresolved claims from investors other than GSEs.

Merchant Processing The Company, through its subsidiaries, provides merchant processing services. Under the rules of credit card associations, a merchant processor retains a contingent liability for credit card transactions processed. This contingent liability arises in the event of a billing dispute between the merchant and a cardholder that is ultimately resolved in the cardholder's favor. In this situation, the transaction is "charged-back" to the merchant and the disputed amount is credited or otherwise refunded to the cardholder. If the Company is unable to collect this amount from the merchant, it bears the loss for the amount of the refund paid to the cardholder.

A cardholder, through its issuing bank, generally has until the later of up to four months after the date the transaction is processed or the receipt of the product or service to present a charge-back to the Company as the merchant processor. The absolute maximum potential liability is estimated to be the total volume of credit card transactions that meet the associations' requirements to be valid charge-back transactions at any given time. Management estimates that the maximum potential exposure for charge-backs would approximate the total amount of merchant transactions processed through the credit card associations for the last four months. For the last four months of 2020 this amount totaled approximately $89.4 billion. In most cases, this contingent liability is unlikely to arise, as most products and services are delivered when purchased and amounts are refunded when items are returned to merchants. However, where the product or service has been purchased but is not provided until a future date ("future delivery"), the potential for this contingent liability increases. To mitigate this risk, the Company may require the merchant to make an escrow deposit, place maximum volume limitations on future delivery transactions processed by the merchant at any point in time, or require various credit enhancements (including letters of credit and bank guarantees). Also, merchant processing contracts may include event triggers to provide the Company more financial and operational control in the event of financial deterioration of the merchant.

The Company currently processes card transactions in the United States, Canada and Europe through wholly-owned subsidiaries. In the event a merchant was unable to fulfill product or services subject to future delivery, such as airline tickets, the Company could become financially liable for refunding the purchase price of such products or services purchased through the credit card associations under the charge-back provisions. Charge-back risk related to these merchants is evaluated in a manner similar to credit risk assessments and, as such, merchant processing contracts contain various provisions to protect the Company in the event of default. At December 31, 2020, the value of airline tickets purchased to be delivered at a future date through card transactions processed by the Company was $6.0 billion. The Company held collateral of $442 million in escrow deposits, letters of credit and indemnities from financial institutions, and liens on various assets. In addition to specific collateral or other credit enhancements, the Company maintains a liability for its implied guarantees associated with future delivery.

At December 31, 2020, the liability was $185 million primarily related to these airline processing arrangements.

In the normal course of business, the Company has unresolved charge-backs. The Company assesses the likelihood of its potential liability based on the extent and nature of unresolved charge-backs and its historical loss experience. At December 31, 2020, the Company held $137 million of merchant escrow deposits as collateral and had a recorded liability for potential losses of $26 million.

Tender Option Bond Program Guarantee As discussed in Note 7, the Company sponsors a municipal bond securities tender option bond program and consolidates the program's entities on its Consolidated Balance Sheet. The Company provides financial performance guarantees related to the program's entities. At December 31, 2020, the Company guaranteed $2.0 billion of borrowings of the program's entities, included on the Consolidated Balance Sheet in short-term borrowings. The Company also included on its Consolidated Balance Sheet the related $2.4 billion of available-for-sale investment securities serving as collateral for this arrangement.

Other Guarantees and Commitments As of December 31, 2020, the Company sponsored, and owned 100 percent of the common equity of, USB Capital IX, a wholly-owned unconsolidated trust, formed for the purpose of issuing redeemable Income Trust Securities ("ITS") to third-party investors, originally investing the proceeds in junior subordinated debt securities ("Debentures") issued by the Company and entering into stock purchase contracts to purchase the Company's preferred stock in the future. As of December 31, 2020, all of the Debentures issued by the Company have either matured or been retired. Total assets of USB Capital IX were $682 million at December 31, 2020, consisting primarily of the Company's Series A Preferred Stock. The Company's obligations under the transaction documents, taken together, have the effect of providing a full and unconditional guarantee by the Company, on a junior subordinated basis, of the payment obligations of the trust to third-party investors totaling $681 million at December 31, 2020.

The Company has also made other financial performance guarantees and commitments primarily related to the operations of its subsidiaries. At December 31, 2020, the maximum potential future payments guaranteed or committed by the Company under these arrangements were approximately $611 million.

Litigation and Regulatory Matters

The Company is subject to various litigation and regulatory matters that arise in the ordinary course of its business. The Company establishes reserves for such matters when potential losses become probable and can be reasonably estimated. The Company believes the ultimate resolution of existing legal and regulatory matters will not have a material adverse effect on the financial condition, results of operations or cash flows of the Company. However, in light of the uncertainties inherent in these matters, it is possible that the ultimate resolution of one or more of these matters may have a material adverse effect on the Company's results from operations for a particular period, and future changes in circumstances or additional information could result in additional accruals or resolution in excess of established accruals, which could adversely affect the Company's results from operations, potentially materially.

Residential Mortgage-Backed Securities Litigation Starting in 2011, the Company and other large financial institutions have been sued in their capacity as trustee for residential mortgage–backed securities trusts. In the lawsuits brought against the Company, the investors allege that the Company's banking subsidiary, U.S. Bank National Association ("U.S. Bank"), as trustee caused them to incur substantial losses by failing to enforce loan repurchase obligations and failing to abide by appropriate standards of care after events of default allegedly occurred. The plaintiffs in these matters seek monetary damages in unspecified amounts and most also seek equitable relief.

Regulatory Matters The Company is continually subject to examinations, inquiries and investigations in areas of heightened regulatory scrutiny, such as compliance, risk management, third-party risk management and consumer protection. The Company is cooperating fully with all pending examinations, inquiries and investigations, any of which could lead to administrative or legal proceedings or settlements. Remedies in these proceedings or settlements may include fines, penalties, restitution or alterations in the Company's business practices (which may increase the Company's operating expenses and decrease its revenue).

Outlook Due to their complex nature, it can be years before litigation and regulatory matters are resolved. The Company may be unable to develop an estimate or range of loss where matters are in early stages, there are significant factual or legal issues to be resolved, damages are unspecified or uncertain, or there is uncertainty as to a litigation class being certified or the outcome of pending motions, appeals or proceedings. For those litigation and regulatory matters where the Company has information to develop an estimate or range of loss, the Company believes the upper end of the range of reasonably possible losses in aggregate, in excess of any reserves established for matters where a loss is considered probable, will not be material to its financial condition, results of operations or cash flows. The Company's estimates are subject to significant judgment and uncertainties, and the matters underlying the estimates will change from time to time. Actual results may vary significantly from the current estimates.

NOTE 23 Business Segments

Within the Company, financial performance is measured by major lines of business based on the products and services provided to customers through its distribution channels. These operating segments are components of the Company about which financial information is prepared and is evaluated regularly by management in deciding how to allocate resources and assess performance. The Company has five reportable operating segments:

Corporate and Commercial Banking Corporate and Commercial Banking offers lending, equipment finance and small-ticket leasing, depository services, treasury management, capital markets services, international trade services and other financial services to middle market, large corporate, commercial real estate, financial institution, non-profit and public sector clients.

Consumer and Business Banking Consumer and Business Banking delivers products and services through banking offices, telephone servicing and sales, on-line services, direct mail, ATM processing and mobile devices. It encompasses community banking, metropolitan banking and indirect lending, as well as mortgage banking.

Wealth Management and Investment Services Wealth Management and Investment Services provides private banking, financial advisory services, investment management, retail brokerage services, insurance, trust, custody and fund servicing through four businesses: Wealth Management, Global Corporate Trust & Custody, U.S. Bancorp Asset Management and Fund Services.

Payment Services Payment Services includes consumer and business credit cards, stored-value cards, debit cards, corporate, government and purchasing card services, consumer lines of credit and merchant processing.

Treasury and Corporate Support Treasury and Corporate Support includes the Company's investment portfolios, funding, capital management, interest rate risk management, income taxes not allocated to business segments, including most investments in tax-advantaged projects, and the residual aggregate of those expenses associated with corporate activities that are managed on a consolidated basis.

Basis of Presentation Business segment results are derived from the Company's business unit profitability reporting systems by specifically attributing managed balance sheet assets, deposits and other liabilities and their related income or expense. The allowance for credit losses and related provision expense are allocated to the business segments according to the volume and credit quality of the loan balances managed, but with the impact of changes in economic forecasts recorded in Treasury and Corporate Support. Goodwill and other intangible assets are assigned to the business segments based on the mix of business of an entity acquired by the Company. Within the Company, capital levels are evaluated and managed centrally; however, capital is allocated to the business segments to support evaluation of business performance. Business segments are allocated capital on a risk-adjusted basis considering economic and regulatory capital requirements. Generally, the determination of the amount of capital allocated to each business segment includes credit allocations following a Basel III regulatory framework. Interest income and expense is determined based on the assets and liabilities managed by the business segment. Because funding and asset liability management is a central function, funds transfer-pricing methodologies are utilized to allocate a cost of funds used or credit for funds provided to all business segment assets and liabilities, respectively, using a matched funding concept. Also, each business unit is allocated the taxable-equivalent benefit of tax-exempt products. The residual effect on net interest income of asset/liability management activities is included in Treasury and Corporate Support. Noninterest income and expenses directly managed by each business segment, including fees, service charges, salaries and benefits, and other direct revenues and costs are accounted for within each segment's financial results in a manner similar to the consolidated financial statements. Occupancy costs are allocated based on utilization of facilities by the business segments. Generally, operating losses are charged to the business segment when the loss event is realized in a manner similar to a loan charge-off. Noninterest expenses incurred by centrally managed operations or business segments that directly support another business segment's operations are charged to the applicable business segment based on its utilization of those services, primarily measured by the volume of customer activities, number of employees or other relevant factors. These allocated expenses are reported as net shared services expense within noninterest expense. Certain activities that do not directly support the operations of the business segments or for which the business segments are not considered financially accountable in evaluating their performance are not charged to the business segments. The income or expenses associated with these corporate activities is reported within the Treasury and Corporate Support business segment. Income taxes are assessed to each business segment at a standard tax rate with the residual tax expense or benefit to arrive at the consolidated effective tax rate included in Treasury and Corporate Support.

Designations, assignments and allocations change from time to time as management systems are enhanced, methods of evaluating performance or product lines change or business segments are realigned to better respond to the Company's diverse customer base. During 2020, certain organization and methodology changes were made and, accordingly, 2019 results were restated and presented on a comparable basis.

Business segment results for the years ended December 31 were as follows:

(Dollars in Millions)	Corporate and Commercial Banking 2020	Corporate and Commercial Banking 2019	Consumer and Business Banking 2020	Consumer and Business Banking 2019	Wealth Management and Investment Services 2020	Wealth Management and Investment Services 2019
Condensed Income Statement						
Net interest income (taxable-equivalent basis)	$ 3,259	$ 3,101	$ 6,263	$ 6,351	$ 996	$ 1,172
Noninterest income	1,078	861	3,360	2,385	1,877	1,803
Total net revenue	4,337	3,962	9,623	8,736	2,873	2,975
Noninterest expense	1,680	1,624	5,573	5,257	1,871	1,775
Other intangibles	–	4	16	20	12	13
Total noninterest expense	1,680	1,628	5,589	5,277	1,883	1,788
Income (loss) before provision and income taxes	2,657	2,334	4,034	3,459	990	1,187
Provision for credit losses	575	89	322	311	38	(3)
Income (loss) before income taxes	2,082	2,245	3,712	3,148	952	1,190
Income taxes and taxable-equivalent adjustment	521	562	929	789	238	299
Net income (loss)	1,561	1,683	2,783	2,359	714	891
Net (income) loss attributable to noncontrolling interests	–	–	–	–	–	–
Net income (loss) attributable to U.S. Bancorp	$ 1,561	$ 1,683	$ 2,783	$ 2,359	$ 714	$ 891
Average Balance Sheet						
Loans	$108,320	$ 99,037	$152,634	$144,616	$ 11,327	$ 10,085
Other earning assets	4,163	3,751	7,186	3,989	287	282
Goodwill	1,647	1,647	3,500	3,496	1,617	1,617
Other intangible assets	6	8	2,106	2,619	39	49
Assets	120,829	108,983	170,531	158,932	14,448	13,336
Noninterest-bearing deposits	40,109	29,400	35,543	27,831	16,275	13,231
Interest-bearing deposits	83,684	72,822	147,336	129,235	66,172	62,142
Total deposits	123,793	102,222	182,879	157,066	82,447	75,373
Total U.S. Bancorp shareholders' equity	16,385	15,508	15,058	15,151	2,482	2,441

(Dollars in Millions)	Payment Services 2020	Payment Services 2019	Treasury and Corporate Support 2020	Treasury and Corporate Support 2019	Consolidated Company 2020	Consolidated Company 2019
Condensed Income Statement						
Net interest income (taxable-equivalent basis)	$ 2,530	$ 2,474	$ (124)	$ 57	$ 12,924	$ 13,155
Noninterest income	3,124[a]	3,711[a]	962	1,071	10,401[b]	9,831[b]
Total net revenue	5,654	6,185	838	1,128	23,325	22,986
Noninterest expense	3,133	3,005	936	956	13,193	12,617
Other intangibles	148	131	–	–	176	168
Total noninterest expense	3,281	3,136	936	956	13,369	12,785
Income (loss) before provision and income taxes	2,373	3,049	(98)	172	9,956	10,201
Provision for credit losses	681	1,109	2,190	(2)	3,806	1,504
Income (loss) before income taxes	1,692	1,940	(2,288)	174	6,150	8,697
Income taxes and taxable-equivalent adjustment	423	486	(946)	(385)	1,165	1,751
Net income (loss)	1,269	1,454	(1,342)	559	4,985	6,946
Net (income) loss attributable to noncontrolling interests	–	–	(26)	(32)	(26)	(32)
Net income (loss) attributable to U.S. Bancorp	$ 1,269	$ 1,454	$ (1,368)	$ 527	$ 4,959	$ 6,914
Average Balance Sheet						
Loans	$ 31,539	$ 33,566	$ 3,449	$ 3,382	$307,269	$290,686
Other earning assets	5	6	162,492	131,823	174,133	139,851
Goodwill	3,060	2,818	–	–	9,824	9,578
Other intangible assets	580	536	–	–	2,731	3,212
Assets	36,496	39,424	188,903	154,978	531,207	475,653
Noninterest-bearing deposits	4,356	1,261	2,256	2,140	98,539	73,863
Interest-bearing deposits	122	114	2,762	8,636	300,076	272,949
Total deposits	4,478	1,375	5,018	10,776	398,615	346,812
Total U.S. Bancorp shareholders' equity	6,095	6,069	12,226	13,454	52,246	52,623

(a) Presented net of related rewards and rebate costs and certain partner payments of $2.1 billion and $2.2 billion for 2020 and 2019, respectively.
(b) Includes revenue generated from certain contracts with customers of $6.9 billion and $7.3 billion for 2020 and 2019, respectively.

NOTE 24 U.S. Bancorp (Parent Company)

Condensed Balance Sheet

At December 31 (Dollars in Millions)	2020	2019
Assets		
Due from banks, principally interest-bearing	$12,279	$11,583
Available-for-sale investment securities	1,469	1,631
Investments in bank subsidiaries	52,551	48,518
Investments in nonbank subsidiaries	3,286	3,128
Advances to bank subsidiaries	3,850	3,850
Advances to nonbank subsidiaries	1,118	1,465
Other assets	869	1,211
Total assets	$75,422	$71,386
Liabilities and Shareholders' Equity		
Short-term funds borrowed	$ –	$ 8
Long-term debt	20,924	18,602
Other liabilities	1,403	923
Shareholders' equity	53,095	51,853
Total liabilities and shareholders' equity	$75,422	$71,386

Condensed Income Statement

Year Ended December 31 (Dollars in Millions)	2020	2019	2018
Income			
Dividends from bank subsidiaries	$1,500	$7,100	$5,300
Dividends from nonbank subsidiaries	24	6	6
Interest from subsidiaries	172	317	220
Other income	85	25	33
Total income	1,781	7,448	5,559
Expense			
Interest expense	433	551	471
Other expense	140	140	133
Total expense	573	691	604
Income before income taxes and equity in undistributed income of subsidiaries	1,208	6,757	4,955
Applicable income taxes	(78)	(92)	(91)
Income of parent company	1,286	6,849	5,046
Equity in undistributed income of subsidiaries	3,673	65	2,050
Net income attributable to U.S. Bancorp	$4,959	$6,914	$7,096

Condensed Statement of Cash Flows

Year Ended December 31 (Dollars in Millions)	2020	2019	2018
Operating Activities			
Net income attributable to U.S. Bancorp	$ 4,959	$ 6,914	$ 7,096
Adjustments to reconcile net income to net cash provided by operating activities			
Equity in undistributed income of subsidiaries	(3,673)	(65)	(2,050)
Other, net	907	231	359
Net cash provided by operating activities	2,193	7,080	5,405
Investing Activities			
Proceeds from sales and maturities of investment securities	258	291	39
Purchases of investment securities	–	(1,013)	(10)
Net (increase) decrease in short-term advances to subsidiaries	347	578	(488)
Long-term advances to subsidiaries	–	(2,600)	(500)
Principal collected on long-term advances to subsidiaries	–	2,550	–
Other, net	379	(341)	304
Net cash provided by (used in) investing activities	984	(535)	(655)
Financing Activities			
Net increase (decrease) in short-term borrowings	(8)	8	(1)
Proceeds from issuance of long-term debt	2,750	3,743	2,100
Principal payments or redemption of long-term debt	(1,200)	(1,500)	(1,500)
Proceeds from issuance of preferred stock	486	–	565
Proceeds from issuance of common stock	15	88	86
Repurchase of common stock	(1,672)	(4,525)	(2,822)
Cash dividends paid on preferred stock	(300)	(302)	(274)
Cash dividends paid on common stock	(2,552)	(2,443)	(2,092)
Net cash used in financing activities	(2,481)	(4,931)	(3,938)
Change in cash and due from banks	696	1,614	812
Cash and due from banks at beginning of year	11,583	9,969	9,157
Cash and due from banks at end of year	$ 12,279	$ 11,583	$ 9,969

Transfer of funds (dividends, loans or advances) from bank subsidiaries to the Company is restricted. Federal law requires loans to the Company or its affiliates to be secured and generally limits loans to the Company or an individual affiliate to 10 percent of each bank's unimpaired capital and surplus. In the aggregate, loans to the Company and all affiliates cannot exceed 20 percent of each bank's unimpaired capital and surplus.

Dividend payments to the Company by its subsidiary bank are subject to regulatory review and statutory limitations and, in some instances, regulatory approval. In general, dividends by the Company's bank subsidiary to the parent company are limited by rules which compare dividends to net income for regulatorily-defined periods. Furthermore, dividends are restricted by minimum capital constraints for all national banks.

NOTE 25 Subsequent Events

The Company has evaluated the impact of events that have occurred subsequent to December 31, 2020 through the date the consolidated financial statements were filed with the United States Securities and Exchange Commission. Based on this evaluation, the Company has determined none of these events were required to be recognized or disclosed in the consolidated financial statements and related notes.

U.S. Bancorp
Consolidated Balance Sheet—Five Year Summary (Unaudited)

At December 31 (Dollars in Millions)	2020	2019	2018	2017	2016	% Change 2020 v 2019
Assets						
Cash and due from banks	$ 62,580	$ 22,405	$ 21,453	$ 19,505	$ 15,705	*%
Held-to-maturity securities	–	–	46,050	44,362	42,991	–
Available-for-sale securities	136,840	122,613	66,115	68,137	66,284	11.6
Loans held for sale	8,761	5,578	2,056	3,554	4,826	57.1
Loans	297,707	296,102	286,810	280,432	273,207	.5
Less allowance for loan losses	(7,314)	(4,020)	(3,973)	(3,925)	(3,813)	(81.9)
Net loans	290,393	292,082	282,837	276,507	269,394	(.6)
Other assets	55,331	52,748	48,863	49,975	46,764	4.9
Total assets	$553,905	$495,426	$467,374	$462,040	$445,964	11.8
Liabilities and Shareholders' Equity						
Deposits						
Noninterest-bearing	$118,089	$ 75,590	$ 81,811	$ 87,557	$ 86,097	56.2%
Interest-bearing	311,681	286,326	263,664	259,658	248,493	8.9
Total deposits	429,770	361,916	345,475	347,215	334,590	18.7
Short-term borrowings	11,766	23,723	14,139	16,651	13,963	(50.4)
Long-term debt	41,297	40,167	41,340	32,259	33,323	2.8
Other liabilities	17,347	17,137	14,763	16,249	16,155	1.2
Total liabilities	500,180	442,943	415,717	412,374	398,031	12.9
Total U.S. Bancorp shareholders' equity	53,095	51,853	51,029	49,040	47,298	2.4
Noncontrolling interests	630	630	628	626	635	–
Total equity	53,725	52,483	51,657	49,666	47,933	2.4
Total liabilities and equity	$553,905	$495,426	$467,374	$462,040	$445,964	11.8

* *Not meaningful*

U.S. Bancorp
Consolidated Statement of Income — Five-Year Summary
(Unaudited)

Year Ended December 31 (Dollars in Millions)	2020	2019	2018	2017	2016	% Change 2020 v 2019
Interest Income						
Loans	$12,018	$14,099	$13,120	$11,788	$10,777	(14.8)%
Loans held for sale	216	162	165	144	154	33.3
Investment securities	2,428	2,893	2,616	2,232	2,078	(16.1)
Other interest income	178	340	272	182	125	(47.6)
Total interest income	14,840	17,494	16,173	14,346	13,134	(15.2)
Interest Expense						
Deposits	950	2,855	1,869	1,041	622	(66.7)
Short-term borrowings	141	360	378	141	92	(60.8)
Long-term debt	924	1,227	1,007	784	754	(24.7)
Total interest expense	2,015	4,442	3,254	1,966	1,468	(54.6)
Net interest income	12,825	13,052	12,919	12,380	11,666	(1.7)
Provision for credit losses	3,806	1,504	1,379	1,390	1,324	*
Net interest income after provision for credit losses	9,019	11,548	11,540	10,990	10,342	(21.9)
Noninterest Income						
Credit and debit card revenue	1,338	1,413	1,401	1,289	1,206	(5.3)
Corporate payment products revenue	497	664	644	575	541	(25.2)
Merchant processing services	1,261	1,601	1,531	1,486	1,498	(21.2)
Trust and investment management fees	1,736	1,673	1,619	1,522	1,427	3.8
Deposit service charges	677	909	1,070	1,035	983	(25.5)
Treasury management fees	568	578	594	618	583	(1.7)
Commercial products revenue	1,143	934	895	954	971	22.4
Mortgage banking revenue	2,064	874	720	834	979	*
Investment products fees	192	186	188	173	169	3.2
Securities gains (losses), net	177	73	30	57	22	*
Other	748	926	910	774	911	(19.2)
Total noninterest income	10,401	9,831	9,602	9,317	9,290	5.8
Noninterest Expense						
Compensation	6,635	6,325	6,162	5,746	5,212	4.9
Employee benefits	1,303	1,286	1,231	1,134	1,008	1.3
Net occupancy and equipment	1,092	1,123	1,063	1,019	988	(2.8)
Professional services	430	454	407	419	502	(5.3)
Marketing and business development	318	426	429	542	435	(25.4)
Technology and communications	1,294	1,095	978	903	877	18.2
Postage, printing and supplies	288	290	324	323	311	(.7)
Other intangibles	176	168	161	175	179	4.8
Other	1,833	1,618	1,709	2,529	2,015	13.3
Total noninterest expense	13,369	12,785	12,464	12,790	11,527	4.6
Income before income taxes	6,051	8,594	8,678	7,517	8,105	(29.6)
Applicable income taxes	1,066	1,648	1,554	1,264	2,161	(35.3)
Net income	4,985	6,946	7,124	6,253	5,944	(28.2)
Net (income) loss attributable to noncontrolling interests	(26)	(32)	(28)	(35)	(56)	18.8
Net income attributable to U.S. Bancorp	$ 4,959	$ 6,914	$ 7,096	$ 6,218	$ 5,888	(28.3)
Net income applicable to U.S. Bancorp common shareholders	$ 4,621	$ 6,583	$ 6,784	$ 5,913	$ 5,589	(29.8)

* *Not meaningful*

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U.S. Bancorp
Quarterly Consolidated Financial Data (Unaudited)

(Dollars in Millions, Except Per Share Data)	2020 First Quarter	2020 Second Quarter	2020 Third Quarter	2020 Fourth Quarter	2019 First Quarter	2019 Second Quarter	2019 Third Quarter	2019 Fourth Quarter
Interest Income								
Loans	$3,311	$2,949	$2,892	$2,866	$3,540	$3,582	$3,555	$3,422
Loans held for sale	44	52	61	59	25	34	48	55
Investment securities	692	630	586	520	705	745	734	709
Other interest income	69	41	34	34	81	90	100	69
Total interest income	4,116	3,672	3,573	3,479	4,351	4,451	4,437	4,255
Interest Expense								
Deposits	525	194	130	101	695	762	744	654
Short-term borrowings	71	34	19	17	93	91	97	79
Long-term debt	297	244	197	186	304	293	315	315
Total interest expense	893	472	346	304	1,092	1,146	1,156	1,048
Net interest income	3,223	3,200	3,227	3,175	3,259	3,305	3,281	3,207
Provision for credit losses	993	1,737	635	441	377	365	367	395
Net interest income after provision for credit losses	2,230	1,463	2,592	2,734	2,882	2,940	2,914	2,812
Noninterest Income								
Credit and debit card revenue	304	284	388	362	304	365	366	378
Corporate payment products revenue	145	101	125	126	162	167	177	158
Merchant processing services	337	266	347	311	378	404	410	409
Trust and investment management fees	427	434	434	441	399	415	421	438
Deposit service charges	209	133	170	165	217	227	234	231
Treasury management fees	143	137	145	143	146	153	139	140
Commercial products revenue	246	355	303	239	219	249	240	226
Mortgage banking revenue	395	648	553	468	169	189	272	244
Investment products fees	49	45	48	50	45	47	46	48
Securities gains (losses), net	50	81	12	34	5	17	25	26
Other	220	130	187	211	247	257	284	138
Total noninterest income	2,525	2,614	2,712	2,550	2,291	2,490	2,614	2,436
Noninterest Expense								
Compensation	1,620	1,685	1,687	1,643	1,559	1,574	1,595	1,597
Employee benefits	352	314	335	302	333	314	324	315
Net occupancy and equipment	276	271	276	269	277	281	279	286
Professional services	99	106	102	123	95	106	114	139
Marketing and business development	74	67	72	105	89	111	109	117
Technology and communications	289	309	334	362	257	270	277	291
Postage, printing and supplies	72	72	70	74	72	73	74	71
Other intangibles	42	43	44	47	40	42	42	44
Other	492	451	451	439	365	382	330	541
Total noninterest expense	3,316	3,318	3,371	3,364	3,087	3,153	3,144	3,401
Income before income taxes	1,439	759	1,933	1,920	2,086	2,277	2,384	1,847
Applicable income taxes	260	64	347	395	378	449	467	354
Net income	1,179	695	1,586	1,525	1,708	1,828	1,917	1,493
Net (income) loss attributable to noncontrolling interests	(8)	(6)	(6)	(6)	(9)	(7)	(9)	(7)
Net income attributable to U.S. Bancorp	$1,171	$ 689	$1,580	$1,519	$1,699	$1,821	$1,908	$1,486
Net income applicable to U.S. Bancorp common shareholders	$1,088	$ 614	$1,494	$1,425	$1,613	$1,741	$1,821	$1,408
Earnings per common share	$ .72	$ .41	$ .99	$ .95	$ 1.01	$ 1.09	$ 1.16	$ .91
Diluted earnings per common share	$ .72	$ .41	$ .99	$ .95	$ 1.00	$ 1.09	$ 1.15	$ .90

U.S. Bancorp
Supplemental Financial Data (Unaudited)

Earnings Per Common Share Summary	2020	2019	2018	2017	2016
Earnings per common share	$ 3.06	$ 4.16	$ 4.15	$ 3.53	$ 3.25
Diluted earnings per common share	3.06	4.16	4.14	3.51	3.24
Dividends declared per common share	1.68	1.58	1.34	1.16	1.07
Ratios					
Return on average assets	.93%	1.45%	1.55%	1.39%	1.36%
Return on average common equity	10.0	14.1	15.4	13.8	13.4
Average total U.S. Bancorp shareholders' equity to average assets	9.8	11.1	10.9	10.8	10.9
Dividends per common share to net income per common share	54.9	38.0	32.3	32.9	32.9
Other Statistics (Dollars and Shares in Millions)					
Common shares outstanding [(a)]	1,507	1,534	1,608	1,656	1,697
Average common shares outstanding and common stock equivalents					
Earnings per common share	1,509	1,581	1,634	1,677	1,718
Diluted earnings per common share	1,510	1,583	1,638	1,683	1,724
Number of shareholders [(b)]	32,520	33,515	35,154	36,841	38,794
Common dividends declared	$ 2,541	$ 2,493	$ 2,190	$ 1,950	$ 1,842

(a) Defined as total common shares less common stock held in treasury at December 31.
(b) Based on number of common stock shareholders of record at December 31.

The common stock of U.S. Bancorp is traded on the New York Stock Exchange, under the ticker symbol "USB." At January 31, 2021, there were 32,468 holders of record of the Company's common stock.

Stock Performance Chart

The following chart compares the cumulative total shareholder return on the Company's common stock during the five years ended December 31, 2020, with the cumulative total return on the Standard & Poor's 500 Index and the KBW Bank Index. The comparison assumes $100 was invested on December 31, 2015, in the Company's common stock and in each of the foregoing indices and assumes the reinvestment of all dividends. The comparisons in the graph are based upon historical data and are not indicative of, nor intended to forecast, future performance of the Company's common stock.

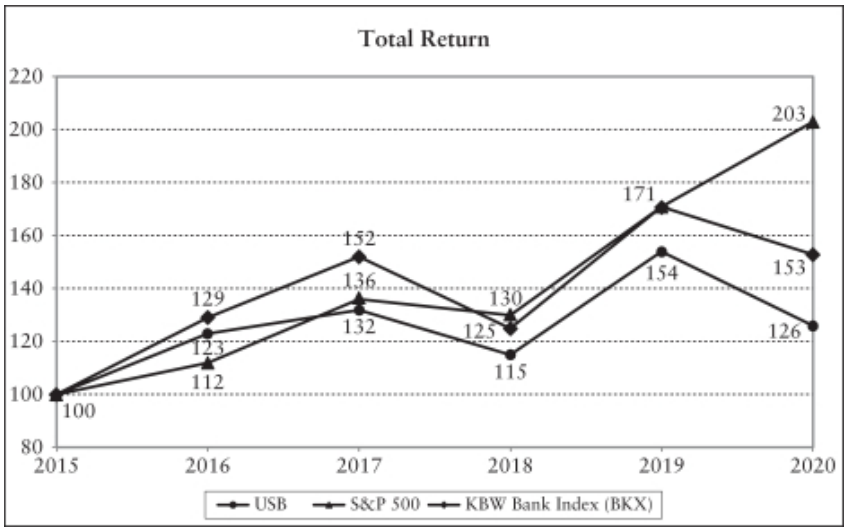


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U.S. Bancorp
Consolidated Daily Average Balance Sheet and Related Yields and Rates (a)
(Unaudited)

Year Ended December 31 (Dollars in Millions)	2020 Average Balances	2020 Interest	2020 Yields and Rates	2019 Average Balances	2019 Interest	2019 Yields and Rates
Assets						
Investment securities	$125,954	$ 2,488	1.98%	$117,150	$ 2,950	2.52%
Loans held for sale	6,985	216	3.10	3,769	162	4.30
Loans [b]						
Commercial	113,967	3,192	2.80	103,198	4,229	4.10
Commercial real estate	40,548	1,457	3.59	39,386	1,919	4.87
Residential mortgages	73,667	2,666	3.62	67,747	2,644	3.90
Credit card	22,332	2,392	10.71	23,309	2,680	11.50
Other retail	56,755	2,352	4.14	57,046	2,682	4.70
Covered loans	–	–	–	–	–	–
Total loans	307,269	12,059	3.92	290,686	14,154	4.87
Other earning assets	41,194	179	.43	18,932	341	1.80
Total earning assets	481,402	14,942	3.10	430,537	17,607	4.09
Allowance for loan losses	(6,858)			(4,007)		
Unrealized gain (loss) on investment securities	2,901			(117)		
Other assets	53,762			49,240		
Total assets	$531,207			$475,653		
Liabilities and Shareholders' Equity						
Noninterest-bearing deposits	$ 98,539			$ 73,863		
Interest-bearing deposits						
Interest checking	84,276	65	.08	72,553	227	.31
Money market savings	125,786	528	.42	109,849	1,637	1.49
Savings accounts	52,142	46	.09	46,130	111	.24
Time deposits	37,872	311	.82	44,417	880	1.98
Total interest-bearing deposits	300,076	950	.32	272,949	2,855	1.05
Short-term borrowings	19,182	144	.75	18,137	370	2.04
Long-term debt	44,040	924	2.10	41,572	1,227	2.95
Total interest-bearing liabilities	363,298	2,018	.56	332,658	4,452	1.34
Other liabilities	16,494		.	15,880		
Shareholders' equity						
Preferred equity	6,042			5,984		
Common equity	46,204			46,639		
Total U.S. Bancorp shareholders' equity	52,246			52,623		
Noncontrolling interests	630			629		
Total equity	52,876			53,252		
Total liabilities and equity	$531,207			$475,653		
Net interest income		$12,924			$13,155	
Gross interest margin			2.54%			2.75%
Gross interest margin without taxable-equivalent increments			2.52%			2.73%
Percent of Earning Assets						
Interest income			3.10%			4.09%
Interest expense			.42			1.03
Net interest margin			2.68%			3.06%
Net interest margin without taxable-equivalent increments			2.66%			3.04%

* *Not meaningful*

(a) Interest and rates are presented on a fully taxable-equivalent basis based on a federal income tax rate of 21 percent for 2020, 2019 and 2018 and 35 percent for 2017 and 2016.

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

2018			2017			2016			2020 v 2019
Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	% Change Average Balances
$ 113,940	$ 2,674	2.35%	$ 111,820	$ 2,328	2.08%	$ 107,922	$ 2,181	2.02%	7.5%
3,230	165	5.12	3,574	144	4.04	4,181	154	3.70	85.3
98,854	3,795	3.84	95,904	3,131	3.26	92,043	2,596	2.82	10.4
39,977	1,881	4.71	42,077	1,788	4.25	43,040	1,698	3.94	3.0
61,893	2,366	3.82	58,784	2,180	3.71	55,682	2,070	3.72	8.7
21,672	2,545	11.74	20,906	2,358	11.28	20,490	2,204	10.76	(4.2)
56,136	2,466	4.39	55,416	2,272	4.10	52,330	2,114	4.04	(.5)
2,169	134	6.17	3,450	175	5.07	4,226	200	4.73	*
280,701	13,187	4.70	276,537	11,904	4.30	267,811	10,882	4.06	5.7
17,196	272	1.58	14,490	183	1.26	9,963	125	1.26	*
415,067	16,298	3.93	406,421	14,559	3.58	389,877	13,342	3.42	11.8
(3,939)			(3,862)			(3,837)			(71.2)
(1,650)			(348)			593			*
47,536			46,371			46,680			9.2
$ 457,014			$ 448,582			$ 433,313			11.7
$ 78,196			$ 81,933			$ 81,176			33.4%
70,154	150	.21	67,953	84	.12	61,726	42	.07	16.2
101,732	1,078	1.06	106,476	644	.61	96,518	349	.36	14.5
44,713	56	.13	43,393	32	.07	40,382	34	.09	13.0
38,667	585	1.51	33,759	281	.83	33,008	197	.60	(14.7)
255,266	1,869	.73	251,581	1,041	.41	231,634	622	.27	9.9
21,790	387	1.78	15,022	149	1.00	19,906	97	.49	5.8
37,450	1,007	2.69	35,601	784	2.20	36,220	754	2.08	5.9
314,506	3,263	1.04	302,204	1,974	.65	287,760	1,473	.51	9.2
13,921			15,348			16,389			3.9
5,636			5,490			5,501			1.0
44,127			42,976			41,838			(.9)
49,763			48,466			47,339			(.7)
628			631			649			.2
50,391			49,097			47,988			(.7)
$ 457,014			$ 448,582			$ 433,313			11.7
	$ 13,035			$ 12,585			$ 11,869		
		2.89%			2.93%			2.91%	
		2.86%			2.88%			2.86%	
		3.93%			3.58%			3.42%	
		.79			.48			.38	
		3.14%			3.10%			3.04%	
		3.11%			3.05%			2.99%	

Company Information

General Business Description U.S. Bancorp is a multi-state financial services holding company headquartered in Minneapolis, Minnesota that is registered as a bank holding company under the Bank Holding Company Act of 1956 (the "BHC Act"), and has elected to be treated as a financial holding company under the BHC Act. The Company provides a full range of financial services, including lending and depository services, cash management, capital markets, and trust and investment management services. It also engages in credit card services, merchant and ATM processing, mortgage banking, insurance, brokerage and leasing.

U.S. Bancorp's banking subsidiary, U.S. Bank National Association, is engaged in the general banking business, principally in domestic markets. U.S. Bank National Association, with $443 billion in deposits at December 31, 2020, provides a wide range of products and services to individuals, businesses, institutional organizations, governmental entities and other financial institutions. Commercial and consumer lending services are principally offered to customers within the Company's domestic markets, to domestic customers with foreign operations and to large national customers operating in specific industries targeted by the Company, such as healthcare, utilities, oil and gas, and state and municipal government. Lending services include traditional credit products as well as credit card services, lease financing and import/export trade, asset-backed lending, agricultural finance and other products. Depository services include checking accounts, savings accounts and time certificate contracts. Ancillary services such as capital markets, treasury management and receivable lock-box collection are provided to corporate customers. U.S. Bancorp's bank and trust subsidiaries provide a full range of asset management and fiduciary services for individuals, estates, foundations, business corporations and charitable organizations.

Other U.S. Bancorp non-banking subsidiaries offer investment and insurance products to the Company's customers principally within its domestic markets, and fund administration services to a broad range of mutual and other funds.

Banking and investment services are provided through a network of 2,434 banking offices as of December 31, 2020, principally operating in the Midwest and West regions of the United States, through on-line services, over mobile devices and through other distribution channels. The Company operates a network of 4,232 ATMs as of December 31, 2020, and provides 24-hour, seven day a week telephone customer service. Mortgage banking services are provided through banking offices and loan production offices throughout the Company's domestic markets. Lending products may be originated through banking offices, indirect correspondents, brokers or other lending sources. The Company is also one of the largest providers of corporate and purchasing card services and corporate trust services in the United States. A wholly-owned subsidiary, Elavon, Inc. ("Elavon"), provides domestic merchant processing services directly to merchants. Wholly-owned subsidiaries of Elavon provide similar merchant services in Canada and segments of Europe. The Company also provides corporate trust and fund administration services in Europe. These foreign operations are not significant to the Company.

During the past year, the COVID-19 pandemic has created economic and operational disruptions that have affected the Company's business. Due to responses to the pandemic by the Company, its customers, its counterparties and governmental authorities, including "stay-at-home" orders, the Company temporarily, and in some cases permanently, closed certain of its offices and reduced operating hours and/or lobby services at its branches. Although, as of December 31, 2020, the Company has resumed operations at locations that were temporarily closed, customer behavior has evolved greatly as more customers are migrating quickly to on-line and digital-based products and services. To meet these evolving customer preferences, the Company has continued and accelerated the development of digital-based products and services, as well as reduced the number of higher-cost physical branches.

On a full-time equivalent basis, as of December 31, 2020, U.S. Bancorp employed 68,108 people.

Risk Factors An investment in the Company involves risk, including the possibility that the value of the investment could fall substantially and that dividends or other distributions on the investment could be reduced or eliminated. Below are risk factors that are material to, and could adversely affect, the Company's financial results and condition and the value of, and return on, an investment in the Company.

Economic and Market Conditions Risk

The COVID-19 pandemic has caused and may continue to cause significant harm to the global economy and the Company's businesses The COVID-19 pandemic has had, and is expected to continue to have, significant effects on global economic conditions, including disruption and volatility of financial markets, increased unemployment and other negative outcomes. It is expected that these negative effects will continue for the duration of the pandemic, and, if the pandemic is prolonged, or other diseases emerge, these negative effects on the global economy could worsen.

The continuation of the economic conditions caused by COVID-19 are expected to have a material adverse effect on the Company and its business, including: (i) reduced demand for the Company's products and services; (ii) possible increased recognition of credit losses and increases in the allowance for credit losses (particularly if unemployment continues to rise and customers draw on their lines of credit); (iii) possible downgrades to the Company's credit ratings; (iv) increased constraints on liquidity and capital; (v) the possibility of reduced revenues from the Company's credit and debit card, corporate payments products and merchant processing services product

offerings, including because of business closures, unemployment or requirements for consumers to stay at home; and (vi) the possibility that the Company's employees are unable to work effectively, including because of illness, quarantines, work-from-home arrangements or other restrictions relating to the pandemic.

Although the United States government has taken steps to attempt to mitigate some of the effects of the pandemic, including the passage of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, implementation of other programs such as the Paycheck Protection Program ("PPP"), and the provision of additional PPP funding and other COVID-related relief as part of the 2021 Consolidated Appropriations Act, which was signed into law in December 2020, there can be no assurance that these measures, and similar other measures taken by certain foreign governments to mitigate some of the effects of the pandemic, will achieve all of their desired results. In addition, these measures were of limited duration and/or received limited funding, and certain programs such as temporary lending facilities administered by the Federal Reserve and United States Department of Treasury have ended. The Company cannot predict whether additional governmental relief will be provided in the future, what form such additional relief, if any, will take, or to what extent existing relief efforts have mitigated, or will mitigate, the more severe effects of the pandemic (and consequently the severity of any effects from the cessation of those programs).

Other negative effects of COVID-19 and the resulting economic and market disruptions will depend on developments that are highly uncertain and cannot be predicted at this time. However, it is likely that the Company's business, financial condition, liquidity, capital and results of operations will continue to be adversely affected until the pandemic subsides and the domestic economy recovers. Further, the COVID-19 pandemic may also have the effect of heightening many of the other risks described in this section. Even after the pandemic subsides, it is possible that the domestic and other major global economies will continue to experience a prolonged recession, which the Company expects would adversely affect its business, financial condition, liquidity, capital and results of operations, potentially materially.

Deterioration in business and economic conditions could adversely affect the Company's lending business and the value of loans and debt securities it holds The Company's business activities and earnings are affected by general business conditions in the United States and abroad, including factors such as the level and volatility of short-term and long-term interest rates, inflation, home prices, unemployment and under-employment levels, bankruptcies, household income, consumer spending, fluctuations in both debt and equity capital markets, liquidity of the global financial markets, the availability and cost of capital and credit, investor sentiment and confidence in the financial markets, and the strength of the domestic and global economies in which the Company operates. Changes in these conditions caused by the COVID-19 pandemic adversely affected the Company's consumer and commercial businesses and securities portfolios, its level of charge-offs and provision for credit losses, and its results of operations during 2020, and other future changes in these conditions, whether related to the COVID-19 pandemic or otherwise, could have additional adverse effects on the Company and its businesses.

Given the high percentage of the Company's assets represented directly or indirectly by loans, and the importance of lending to its overall business, weak economic conditions caused by COVID-19 negatively affected the Company's business and results of operations, including new loan origination activity, existing loan utilization rates and delinquencies, defaults and the ability of customers to meet obligations under the loans. Although the effects of COVID-19 were mitigated in part by governmental programs and the Company's measures to assist its borrowers, there can be no assurances that such measures will continue to be effective. In addition, future deterioration in economic conditions, whether caused by COVID-19 or other events, could have adverse effects on loan origination activity, loan utilization rates and delinquencies, defaults and the ability of customers to meet loan obligations. The value to the Company of other assets such as investment securities, most of which are debt securities or other financial instruments supported by loans, similarly have been, and would be, negatively impacted by widespread decreases in credit quality resulting from a weakening of the economy.

Any deterioration in global economic conditions could damage the domestic economy or negatively impact the Company's borrowers or other counterparties that have direct or indirect exposure to these regions. Such global disruptions can undermine investor confidence, cause a contraction of available credit, or create market volatility, any of which could have material adverse effects on the Company's businesses, results of operations, financial condition and liquidity, even if the Company's direct exposure to the affected region is limited. Global political trends toward nationalism and isolationism, could increase the probability of a deterioration in global economic conditions.

Changes in interest rates could reduce the Company's net interest income The Company's earnings are dependent to a large degree on net interest income, which is the difference between interest income from loans and investments and interest expense on deposits and borrowings. Net interest income is significantly affected by market rates of interest, which in turn are affected by prevailing economic conditions, by the fiscal and monetary policies of the federal government and by the policies of various regulatory agencies. Volatility in interest rates can also result in the flow of funds away from financial institutions into direct investments. Direct investments, such as United States government and corporate securities and other investment vehicles (including mutual funds), generally pay higher rates of return than financial institutions, because of the absence of federal insurance premiums and reserve requirements. During the first quarter of 2020, United States interest rates fell dramatically which adversely impacted, and may continue to adversely impact, the Company's net interest income. In addition, some foreign central banks have moved to a negative interest rate

environment, which has exerted downward pressure on the profitability of banks in those regions. The Company's financial condition could be damaged if this interest rate trend extends to the United States.

Changes in, or the discontinuance of, the London Interbank Offered Rate ("LIBOR") as an interest rate benchmark could adversely affect the Company's business, financial condition and results of operations In July 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. However, in November 2020, the administrator of LIBOR proposed to extend publication of the most commonly used United States Dollar LIBOR settings to June 30, 2023 and will cease publishing two other less frequently used LIBOR settings on December 31, 2021. The United States federal banking agencies have issued guidance strongly encouraging banking organizations to cease using the United States Dollar LIBOR as a reference rate in "new" contracts as soon as practicable and in any event by December 31, 2021. It is not possible to know whether LIBOR will continue to be viewed as an acceptable market benchmark, what rate or rates may become accepted alternatives to LIBOR, or what the effect of any such changes in views or alternatives may have on the financial markets for LIBOR-linked financial instruments.

In April 2018, the Federal Reserve Bank of New York commenced publication of the Secured Overnight Financing Rate ("SOFR"), which has been recommended as an alternative to United States dollar LIBOR by the Alternative Reference Rates Committee, a group of market and official sector participants. However, uncertainty remains as to the transition process and acceptance of SOFR as the primary alternative to LIBOR.

The market transition from LIBOR to SOFR or a different alternative reference rate is complex and could have a range of adverse impacts on the Company. In particular, any such transition or reform could, among other things, (i) adversely impact the value of, return on and trading for the Company's financial assets or liabilities that are linked to LIBOR, including its securities, loans and derivatives; (ii) require renegotiations of outstanding financial assets and liabilities; (iii) result in additional inquiries or other actions from regulators in respect of the Company's preparation and readiness for the LIBOR transition; (iv) increase the risk of disputes or litigation and/or increase expenses related to the transition, including with respect to any actions resulting from the Company's interpretation and execution of its roles and responsibilities in corporate trust transactions; (v) adversely impact the Company's reputation as it works with customers to transition loans and financial instruments from LIBOR; (vi) require successful system and analytics development and operationalization to transition the Company's systems, loan portfolio and risk management processes away from LIBOR, which will require the Company to rely on the readiness of its customers, counterparties and third-party vendors; and (vii) cause significant disruption to financial markets that are relevant to the Company's business segments. In addition, there can be no assurance that actions taken by the Company and third parties to address these risks and otherwise prepare for the transition from LIBOR to alternative interest rate benchmarks will be successful.

Operations and Business Risk

A breach in the security of the Company's systems, or the systems of certain third parties, could disrupt the Company's businesses, result in the disclosure of confidential information, damage its reputation and create significant financial and legal exposure The Company experiences numerous attacks on its computer systems, software, networks and other technology assets daily, and the number of attacks is increasing. Although the Company devotes significant resources to maintain and regularly upgrade its systems and processes that are designed to protect the security of the Company's computer systems, software, networks and other technology assets, as well as its intellectual property, and to protect the confidentiality, integrity and availability of information belonging to the Company and its customers, the Company's security measures may not be effective. Adversaries continue to develop more sophisticated cyber attacks that could impact the Company. Many banking institutions, retailers and other companies engaged in data processing have reported breaches in the security of their websites or other systems, some of which have involved sophisticated and targeted attacks intended to obtain unauthorized access to confidential information, destroy data, disable or degrade service, or sabotage systems, often through the introduction of computer viruses or malware, cyber attacks and other means.

Attacks on financial or other institutions important to the overall functioning of the financial system could also adversely affect, directly or indirectly, aspects of the Company's businesses. The increasing consolidation, interdependence and complexity of financial entities and technology systems increases the risk of operational failure, both for the Company and on an industry-wide basis, and means that a technology failure, cyber attack, or other information or security breach that significantly degrades, deletes or compromises the systems or data of one or more financial entities could materially affect counterparties or other market participants, including the Company.

Third parties that facilitate the Company's business activities, including exchanges, clearinghouses, payment and ATM networks, financial intermediaries or vendors that provide services or technology solutions for the Company's operations, could also be sources of operational and security risks to the Company, including with respect to breakdowns or failures of their systems, misconduct by their employees or cyber attacks that could affect their ability to deliver a product or service to the Company or result in lost or compromised information of the Company or its customers. The Company's ability to implement back-up systems or other safeguards with respect to third-party systems is limited. Furthermore, an attack on or failure of a third-party system may not be revealed to the Company in a timely manner, which could

compromise the Company's ability to respond effectively. Some of these third parties may engage vendors of their own, which introduces the risk that these "fourth parties" could be the source of operational and security failures. In addition, if a third party or fourth party obtains access to the customer account data on the Company's systems, and that party experiences a breach or misappropriates such data, the Company and its customers could suffer material harm, including heightened risk of fraudulent transactions, losses from fraudulent transactions, increased operational costs to remediate any security breach and reputational harm. These risks are expected to continue to increase as the Company expands its interconnectivity with its customers and other third parties.

During the past several years a number of retailers and hospitality companies have disclosed substantial cyber security breaches affecting debit and credit card accounts of their customers, some of whom were the Company's cardholders and who may experience fraud on their card accounts as a result of a breach. The Company might suffer losses associated with reimbursing its customers for such fraudulent transactions, as well as for other costs related to data security compromise events, such as replacing cards associated with compromised card accounts. These attacks involving Company cards are likely to continue and could, individually or in the aggregate, have a material adverse effect on the Company's financial condition or results of operations.

It is possible that the Company may not be able to anticipate or to implement effective preventive measures against all security breaches of these types, because the techniques used change frequently, generally increase in sophistication, often are not recognized until launched, sometimes go undetected even when successful, and originate from a wide variety of sources, including organized crime, hackers, terrorists, activists, hostile foreign governments and other external parties. Those parties may also attempt to fraudulently induce employees, customers or other users of the Company's systems to disclose sensitive information to gain access to the Company's data or that of its customers or clients, such as through "phishing" and other "social engineering" schemes. Other types of attacks may include computer viruses, malicious or destructive code, denial-of-service attacks, ransomware or ransom demands. During the COVID-19 pandemic, the Company has experienced increased information security risks, primarily as a result of the increase in work-from-home arrangements. These risks may increase in the future as the Company continues to increase its mobile and internet-based product offerings and expands its internal usage of web-based products and applications, which is expected to remain elevated at least as long as the COVID-19 pandemic continues. In addition, the Company's customers often use their own devices, such as computers, smart phones and tablet computers, to make payments and manage their accounts, and are subject to "phishing" and other attempts from cyber criminals to compromise or deny access to their accounts. The Company has limited ability to assure the safety and security of its customers' transactions with the Company to the extent they are using their own devices, which have been, and likely will continue to be, subject to such threats.

In the event that the Company's physical or cyber security systems are penetrated or circumvented, or an authorized user intentionally or unintentionally removes, loses or destroys operations data, serious negative consequences for the Company can follow, including significant disruption of the Company's operations, misappropriation of confidential Company and/or customer information, or damage to the Company's or customers' or counterparties' computers or systems. These consequences could result in violations of applicable privacy and other laws; financial loss to the Company or to its customers; loss of confidence in the Company's security measures; customer dissatisfaction; significant litigation exposure; regulatory fines, penalties or intervention; reimbursement or other compensatory costs (including the costs of credit monitoring services); additional compliance costs; and harm to the Company's reputation, all of which could adversely affect the Company.

Because the investigation of any information security breach is inherently unpredictable and would require substantial time to complete, the Company may not be able to quickly remediate the consequences of any breach, which may increase the costs, and enhance the negative consequences associated with a breach. In addition, to the extent the Company's insurance covers aspects of any breach, such insurance may not be sufficient to cover all of the Company's losses.

The Company relies on its employees, systems and third parties to conduct its business, and certain failures by systems or misconduct by employees or third parties could adversely affect its operations The Company operates in many different businesses in diverse markets and relies on the ability of its employees and systems to process a high number of transactions. The Company's business, financial, accounting, data processing, and other operating systems and facilities may stop operating properly or become disabled or damaged as a result of a number of factors, including events that are out of its control. In addition to the risks posed by information security breaches, as discussed above, such systems could be compromised because of spikes in transaction volume, electrical or telecommunications outages, degradation or loss of internet or website availability, natural disasters, political or social unrest, and terrorist acts. The Company's business operations may be adversely affected by significant disruption to the operating systems that support its businesses and customers. If backup systems are used during outages, they might not process data as quickly as do the primary systems, resulting in the potential of some data not being backed up.

The Company could also incur losses resulting from the risk of fraud by employees or persons outside the Company, unauthorized access to its computer systems, the execution of unauthorized transactions by employees, errors relating to transaction processing and technology, breaches of the internal control system and compliance requirements, and business continuation and disaster recovery. This risk of loss also includes the potential legal actions, fines or civil money penalties that could

arise as a result of an operational deficiency or as a result of noncompliance with applicable regulatory standards, adverse business decisions or their implementation, and customer attrition due to potential negative publicity.

Third parties provide key components of the Company's business infrastructure, such as internet connections, network access and mutual fund distribution. While the Company has selected these third parties carefully, it does not control their actions. Any problems caused by third-party service providers, including as a result of not providing the Company their services for any reason or performing their services poorly, could adversely affect the Company's ability to deliver products and services to the Company's customers and otherwise to conduct its business. Replacing third-party service providers could also entail significant delay and expense. In addition, failure of third-party service providers to handle current or higher volumes of use could adversely affect the Company's ability to deliver products and services to clients and otherwise to conduct business. Technological or financial difficulties of a third-party service provider could adversely affect the Company's businesses to the extent those difficulties result in the interruption or discontinuation of services provided by that party.

Operational risks for large financial institutions such as the Company have generally increased in recent years, in part because of the proliferation of new technologies, implementation of work-from-home arrangements such as during the COVID-19 pandemic, the use of internet services and telecommunications technologies to conduct financial transactions, the increased number and complexity of transactions being processed, and the increased sophistication and activities of organized crime, hackers, terrorists, activists, and other external parties. In the event of a breakdown in the internal control system, improper operation of systems or improper employee or third-party actions, the Company could suffer financial loss, face legal or regulatory action and suffer damage to its reputation.

The Company could face material legal and reputational harm if it fails to safeguard personal information The Company is subject to complex and evolving laws and regulations, both inside and outside the United States, governing the privacy and protection of personal information. Protected individuals can include the Company's customers (and in some cases its customers' customers), its employees, and the employees of the Company's suppliers, counterparties and other third parties. Complying with laws and regulations applicable to the Company's collection, use, transfer and storage of personal information can increase operating costs, impact the development of new products or services, and reduce operational efficiency. Any mishandling or misuse of personal information by the Company or a third party affiliated with the Company could expose the Company to litigation or regulatory fines, penalties or other sanctions.

In the United States, several states have recently enacted consumer privacy laws that impose compliance obligations with respect to personal information. In particular, the California Consumer Privacy Act (the "CCPA") imposes significant requirements on covered companies with respect to consumer data privacy rights. In November 2020, voters in the State of California approved the California Privacy Rights Act ("CPRA"), a ballot measure that amends and supplements the CCPA by creating the California Privacy Protection Agency, a watchdog privacy agency to be appointed shortly after the CPRA's enactment. The CPRA also modifies the CCPA by expanding both the scope of businesses covered by the law and certain rights relating to personal information and its use, collection, and disclosure by covered businesses. Compliance with the CCPA, the CPRA after it becomes effective, and other state statutes, common law, or regulations designed to protect consumer, employee, or applicant personal data could potentially require substantive technology infrastructure and process changes across many of the Company's businesses. Non-compliance with the CCPA, CPRA, or similar laws and regulations could lead to substantial regulatory fines and penalties, damages from private causes of action, and/or reputational harm. The Company cannot predict whether any pending or future state or federal legislation will be adopted, or the substance and impact of any legislation on the Company. Future legislation could result in substantial costs to the Company and could have an adverse effect on its business, financial condition and results of operations.

The July 2020 decision by the Court of Justice of the European Union relating to transfers of personal data outside of the European Union ("Schrems II") may impact the Company's operations and ability to transfer personal data out of the European Union or may require additional compliance programs. While the decision invalidated the EU US Privacy Shield Framework for transferring personal data, this does not impact the Company as no financial institution was eligible to participate in the program. However, it did question the use of Standard Contractual Clauses as a valid process for processing personal data and prescribed significant due diligence obligations to be undertaken to ensure the recipient of the personal data can comply with the clauses and sufficiently protect the data. Schrems II and subsequent guidance from the European Commission and European Union Data Protection Board could result in substantial costs of compliance and failure to adhere to the guidance may subject the Company to fines or regulatory oversight.

Additional risks could arise from the failure of the Company or third parties to provide adequate disclosure or transparency to the Company's customers about the personal information collected from them and its use; to receive, document, and honor the privacy preferences expressed by the Company's customers; to protect personal information from unauthorized disclosure; or to maintain proper training on privacy practices for all employees or third parties who have access to personal data. Concerns regarding the effectiveness of the Company's measures to safeguard personal information and abide by privacy preferences, or even the perception that those measures are inadequate, could cause the Company to lose existing or potential customers and thereby reduce its revenues. In addition, any failure or perceived failure by the Company to comply with applicable

privacy or data protection laws and regulations could result in requirements to modify or cease certain operations or practices, and/or in material liabilities or regulatory fines, penalties, or other sanctions. Refer to "Supervision and Regulation" in the Company's Annual Report on Form 10-K for additional information regarding data privacy laws and regulations. Any of these outcomes could damage the Company's reputation and otherwise adversely affect its business.

The Company could lose market share and experience increased costs if it does not effectively develop and implement new technology The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology-driven products and services, including innovative ways that customers can make payments or manage their accounts, such as through the use of mobile payments, digital wallets or digital currencies. The growth of many of these technologies was accelerated as a result of the COVID-19 pandemic and the shift to increased digital activity. The Company's continued success depends, in part, upon its ability to address customer needs by using technology to provide products and services that customers want to adopt, and create additional efficiencies in the Company's operations. When launching a new product or service or introducing a new platform for the delivery of products and services, the Company might not identify or fully appreciate new operational risks arising from those innovations or might fail to implement adequate controls to mitigate those risks. Developing and deploying new technology-driven products and services can also involve costs that the Company may not recover and divert resources away from other product development efforts. The Company may not be able to effectively develop and implement profitable new technology-driven products and services or be successful in marketing these products and services to its customers. Failure to successfully keep pace with technological change affecting the financial services industry, including because larger competitors may have more resources to spend on developing new technologies or because non-bank competitors have a lower cost structure and more flexibility, could harm the Company's competitive position and negatively affect its revenue and profit.

Damage to the Company's reputation could adversely impact its business and financial results Reputation risk, or the risk to the Company's business, earnings and capital from negative public opinion, is inherent in the Company's business. Negative public opinion about the financial services industry generally or the Company specifically could adversely affect the Company's ability to keep and attract customers, investors, and employees and could expose the Company to litigation and regulatory action. Negative public opinion can result from the Company's actual or alleged conduct in any number of activities, including lending practices, cybersecurity breaches, failures to safeguard personal information, discriminating or harassing behavior of employees toward other employees or customers, mortgage servicing and foreclosure practices, compensation practices, sales practices, environmental, social, and governance practices and disclosures, regulatory compliance, mergers and acquisitions, and actions taken by government regulators and community organizations in response to that conduct. In addition, social and environmental activists are increasingly targeting financial services firms with public criticism for their relationships with clients engaged in industries they perceive to be harmful to communities or the environment. Such criticism directed at the Company could generate dissatisfaction among its customers, investors, and employees. Although the Company takes steps to minimize reputation risk in dealing with customers and other constituencies, the Company, as a large diversified financial services company with a high industry profile, is inherently exposed to this risk.

The Company's business and financial performance could be adversely affected, directly or indirectly, by pandemics, terrorist activities, civil unrest or international hostilities Neither the occurrence nor the potential impact of pandemics, terrorist activities, civil unrest or international hostilities can be predicted. However, these occurrences could impact the Company directly (for example, by interrupting the Company's systems, which could prevent the Company from obtaining deposits, originating loans and processing and controlling its flow of business; causing significant damage to the Company's facilities; or otherwise preventing the Company from conducting business in the ordinary course), or indirectly as a result of their impact on the Company's borrowers, depositors, other customers, vendors or other counterparties (for example, by damaging properties pledged as collateral for the Company's loans or impairing the ability of certain borrowers to repay their loans). The Company could also suffer adverse consequences to the extent that pandemics, terrorist activities, civil unrest or international hostilities affect the financial markets or the economy in general or in any particular region.

During the COVID-19 pandemic, the Company has experienced significant disruptions to its normal operations, including the temporary closing of branches and a sudden increase in the volume of work-from-home arrangements. In addition, the Company has been indirectly negatively affected by the pandemic's effects on the Company's borrowers and other customers, and by its effects on global financial markets. Many of these effects are expected to continue for the duration of the pandemic, and could worsen if the pandemic continues to spread or if any vaccines are not effective (including because of lack of acceptance) or not efficiently distributed, or if governmental and other responses to the pandemic are ineffective. The COVID-19 pandemic has caused, and other future pandemics, or terrorist activities, civil unrest or international hostilities, may cause, an increase in delinquencies, bankruptcies or defaults that could result in the Company experiencing higher levels of nonperforming assets, net charge-offs and provisions for credit losses.

The United States, and in particular, the Minneapolis/St. Paul metropolitan area following tragic events that occurred in May 2020, has also faced a period of significant civil unrest. Although civil unrest has not materially affected the Company's businesses

to date, continued unrest or similar events could, directly or indirectly, have a material adverse effect on the Company's operations (for example, by causing shutdowns of branches or working locations of vendors and other counterparties or damaging property pledged as collateral for the Company's loans).

The Company's ability to mitigate the adverse consequences of these occurrences is in part dependent on the quality of the Company's resiliency planning, and the Company's ability, if any, to anticipate the nature of any such event that occurs. The adverse effects of pandemics, terrorist activities, civil unrest or international hostilities also could be increased to the extent that there is a lack of preparedness on the part of national or regional emergency responders or on the part of other organizations and businesses that the Company transacts with, particularly those that it depends upon, but has no control over.

The Company's operations and financial performance could be adversely affected by natural disasters, and climate change can exacerbate those risks while adding other compliance, market, strategic and reputation risks Natural disasters could have a material adverse effect on the Company's financial position and results of operations, and the timing and effects of any natural disaster cannot accurately be predicted. Natural disasters, such as an earthquake, could affect the Company directly (for example, by interrupting Company systems, damaging Company facilities or otherwise preventing the Company from conducting its business in the ordinary course) or indirectly (for example, by damaging or destroying customer businesses or otherwise impairing customers' ability to repay their loans, or by damaging or destroying property pledged as collateral for Company loans).

Both the frequency and severity of some kinds of natural disasters, including wildfires, tornadoes and hurricanes, have increased as a result of climate change, which further reduces the Company's ability to predict their effects accurately. Climate change poses other risks to the Company's business and financial performance as well. It may result in new and/or more stringent regulatory requirements for the Company, which could materially affect the Company's results of operations by requiring the Company to take costly measures to comply with any new laws or regulations related to climate change that may be forthcoming. Changes to regulations or market shifts to low-carbon products could also impact the credit worthiness of some of the Company's customers, which may require the Company to adjust its lending portfolios and business strategies.

In addition, the Company's customers, shareholders and communities have increasing expectations for the Company to manage its environmental impact, and frequently also evaluate the Company based on the environmental impact of its customers. Failure by the Company to appropriately manage its environmental impact could have a material adverse effect on its reputation and harm its ability to keep and attract customers and employees.

Regulatory and Legal Risk

The Company is subject to extensive and evolving government regulation and supervision, which can increase the cost of doing business, limit the Company's ability to make investments and generate revenue, and lead to costly enforcement actions Banking regulations are primarily intended to protect depositors' funds, the federal Deposit Insurance Fund, and the United States financial system as a whole, and not the Company's debt holders or shareholders. These regulations, and the Company's inability to act in certain instances without receiving prior regulatory approval, affect the Company's lending practices, capital structure, investment practices, dividend policy, ability to repurchase common stock, and ability to pursue strategic acquisitions, among other activities.

The Company expects that its business will remain subject to extensive regulation and supervision and that the level of scrutiny and the enforcement environment may fluctuate over time, based on numerous factors, including changes in the United States presidential administration or one or both houses of Congress and public sentiment regarding financial institutions (which can be influenced by scandals and other incidents that involve participants in the industry). In particular, given the recent election results, the Company and other large financial institutions may become subject to increased scrutiny and more extensive legal and regulatory requirements than under the prior presidential and congressional regime. In addition, changes in key personnel at the agencies that regulate the Company, including the federal banking regulators, may result in differing interpretations of existing rules and guidelines and potentially more stringent enforcement and more severe penalties than previously. New regulations or modifications to existing regulations and supervisory expectations have increased, and may in the future increase, the Company's costs over time and necessitate changes to the Company's existing regulatory compliance and risk management infrastructure. In addition, regulatory changes may reduce the Company's revenues, limit the types of financial services and products it may offer, alter the investments it makes, affect the manner in which it operates its businesses, increase its litigation and regulatory costs should it fail to appropriately comply with new or modified laws and regulatory requirements, and increase the ability of non-banks to offer competing financial services and products.

Changes to statutes, regulations or regulatory policies, or their interpretation or implementation, and/or regulatory practices, requirements or expectations, could affect the Company in substantial and unpredictable ways. Moreover, general regulatory practices, such as longer time frames to obtain regulatory approvals for acquisitions and other activities (and the resultant impact on businesses the Company may seek to acquire), could affect the Company's ability or willingness to make certain acquisitions or introduce new products or services.

Federal law grants substantial supervisory and enforcement powers to federal banking regulators and law enforcement

agencies, including, among other things, the ability to assess significant civil or criminal monetary penalties, fines, or restitution; to issue cease and desist or removal orders; and to initiate injunctive actions against banking organizations and institution-affiliated parties. The financial services industry continues to face scrutiny from bank supervisors in the examination process and stringent enforcement of regulations on both the federal and state levels, particularly with respect to mortgage-related practices, student lending practices, sales practices and related incentive compensation programs, and other consumer compliance matters, as well as compliance with Bank Secrecy Act/anti-money laundering ("BSA/AML") requirements and sanctions compliance requirements as administered by the Office of Foreign Assets Control, and consumer protection issues more generally. This heightened regulatory scrutiny, or the results of an investigation or examination, may lead to additional regulatory investigations or enforcement actions. There is no assurance that those actions will not result in regulatory settlements or other enforcement actions against the Company, which could cause the Company material financial and reputational harm. Furthermore, a single event involving a potential violation of law or regulation may give rise to numerous and overlapping investigations and proceedings, either by multiple federal and state agencies and officials in the United States or, in some instances, regulators and other governmental officials in foreign jurisdictions. In addition, another financial institution's violation of law or regulation relating to a business activity or practice often will give rise to an investigation of the same or similar activities or practices of the Company.

In general, the amounts paid by financial institutions in settlement of proceedings or investigations and the severity of other terms of regulatory settlements are likely to remain elevated. In some cases, governmental authorities have required criminal pleas or other extraordinary terms, including admissions of wrongdoing and the imposition of monitors, as part of such settlements, which could have significant consequences for a financial institution, including loss of customers, reputational harm, increased exposure to civil litigation, restrictions on the ability to access the capital markets, and the inability to operate certain businesses or offer certain products for a period of time.

Non-compliance with sanctions laws and/or AML laws or failure to maintain an adequate BSA/AML compliance program can lead to significant monetary penalties and reputational damage. In addition, federal regulators evaluate the effectiveness of an applicant in combating money laundering when determining whether to approve a proposed bank merger, acquisition, restructuring, or other expansionary activity. There have been a number of significant enforcement actions against banks, broker-dealers and non-bank financial institutions with respect to sanctions laws and BSA/AML laws and some have resulted in substantial penalties, including against the Company and U.S. Bank National Association in 2018.

Violations of laws and regulations or deemed deficiencies in risk management practices or consumer compliance also may be incorporated into the Company's confidential supervisory ratings. A downgrade in these ratings, or these or other regulatory actions and settlements, could limit the Company's ability to conduct expansionary activities for a period of time and require new or additional regulatory approvals before engaging in certain other business activities.

Differences in regulation can affect the Company's ability to compete effectively The content and application of laws and regulations applicable to financial institutions vary according to the size of the institution, the jurisdictions in which the institution is organized and operates and other factors. Large institutions, such as the Company, often are subject to more stringent regulatory requirements and supervision than smaller institutions. In addition, financial technology companies and other non-bank competitors may not be subject to banking regulation, or may be regulated by a national or state agency that does not have the same regulatory priorities or supervisory requirements as the Company's regulators. These differences in regulation can impair the Company's ability to compete effectively with competitors that are less regulated and that do not have similar compliance costs.

Stringent requirements related to capital and liquidity have been adopted by United States banking regulators that may limit the Company's ability to return earnings to shareholders or operate or invest in its business United States banking regulators have adopted stringent capital- and liquidity-related standards applicable to larger banking organizations, including the Company. The rules require banks to hold more and higher quality capital as well as sufficient unencumbered liquid assets to meet certain stress scenarios defined by regulation. In November 2019, the federal banking regulators adopted two final rules (the "Tailoring Rules") that revised the criteria for determining the applicability of regulatory capital and liquidity requirements for large U.S. banking organizations, including the Company and U.S. Bank National Association, and that tailored the application of the Federal Reserve's enhanced prudential standards to large banking organizations. Although the Tailoring Rules and other recent changes to capital- and liquidity-related rules generally have simplified the regulatory framework applicable to the Company, future changes to the implementation of these rules including the common equity tier 1 capital conservation buffer, or additional capital- and liquidity-related rules, could require the Company to take further steps to increase its capital, increase its investment security holdings, divest assets or operations, or otherwise change aspects of its capital and/or liquidity measures, including in ways that may be dilutive to shareholders or could limit the Company's ability to pay common stock dividends, repurchase its common stock, invest in its businesses or provide loans to its customers.

During 2020 the Federal Reserve implemented measures requiring all large bank holding companies to preserve capital through the suspension of share repurchase programs and capping common stock dividends to existing rates that do not exceed the average of the last four quarters' earnings. These

capital preservation actions applied to the third and fourth quarters of 2020. In December 2020, the Federal Reserve announced that these bank holding companies could continue existing dividend payments and resume stock repurchases in the first quarter of 2021, as long as the combined amounts of repurchases and dividends in that quarter do not exceed the bank holding company's average earnings per quarter over the last four quarters. However, the COVID-19 pandemic and/or additional actions by the Federal Reserve may cause the Company to suspend its share repurchase program and limit capital distributions in future periods, including reducing or suspending its common stock dividend.

Additional requirements may be imposed in the future. In December 2017, the Basel Committee finalized a package of revisions to the Basel III framework (commonly referred to as "Basel IV"). The changes are meant to improve the calculation of risk-weighted assets and the comparability of capital ratios. Federal banking regulators are expected to undertake rule-makings in future years to implement these revisions in the United States. The ultimate impact of revisions to the Basel III–based framework in the United States on the Company's capital and liquidity will depend on the final rule-makings and the implementation process thereafter.

Refer to "Supervision and Regulation" in the Company's Annual Report on Form 10-K for additional information regarding the Company's capital and liquidity requirements.

The Company is subject to significant financial and reputation risks from potential legal liability and governmental actions The Company faces significant legal risks in its businesses, and the volume of claims and amount of damages and penalties claimed in litigation and governmental proceedings against it and other financial institutions are substantial. Customers, clients and other counterparties are making claims for substantial or indeterminate amounts of damages, while banking regulators and certain other governmental authorities have focused on enforcement. The Company is named as a defendant or is otherwise involved in many legal proceedings, including class actions and other litigation. As a participant in the financial services industry, it is likely that the Company will continue to experience a high level of litigation related to its businesses and operations in the future. Substantial legal liability or significant governmental action against the Company could materially impact the Company's financial condition and results of operations (including because such matters may be resolved for amounts that exceed established accruals for a particular period) or cause significant reputational harm to the Company.

Many financial institutions, including the Company, have received inquiries from the United States Congress, regulators and other government agencies and are subject to litigation regarding participation directly or on behalf of customers and clients in United States government programs designed to support individuals, households and businesses impacted by the economic disruptions caused by the COVID-19 pandemic. The Company's participation in these and other programs used in response to the COVID-19 pandemic may lead to additional government and regulatory inquiries and litigation in the future, any of which could negatively impact the Company's business, reputation, financial condition and results of operations.

The Company may be required to repurchase mortgage loans or indemnify mortgage loan purchasers as a result of breaches in contractual representations and warranties When the Company sells mortgage loans that it has originated to various parties, including GSEs, it is required to make customary representations and warranties to the purchaser about the mortgage loans and the manner in which they were originated. The Company may be required to repurchase mortgage loans or be subject to indemnification claims in the event of a breach of contractual representations or warranties that is not remedied within a certain period. Contracts for residential mortgage loan sales to the GSEs include various types of specific remedies and penalties that could be applied if the Company does not adequately respond to repurchase requests. If economic conditions and the housing market deteriorate or the GSEs increase their claims for breached representations and warranties, the Company could have increased repurchase obligations and increased losses on repurchases, requiring material increases to its repurchase reserve.

Credit and Mortgage Business Risk

Heightened credit risk could require the Company to increase its provision for credit losses, which could have a material adverse effect on the Company's results of operations and financial condition When the Company lends money, or commits to lend money, it incurs credit risk, or the risk of losses if its borrowers do not repay their loans. As one of the largest lenders in the United States, the credit performance of the Company's loan portfolios significantly affects its financial results and condition. If the current economic environment were to further deteriorate, the Company's customers may have more difficulty in repaying their loans or other obligations, which could result in a higher level of credit losses and higher provisions for credit losses. Certain industries where the Company has credit exposure, including retail, energy, media and entertainment, lodging, and airlines, have experienced significant operational challenges as a result of COVID-19. Unexpected stress on the United States economy or the local economies in which the Company does business, including the economic stress caused by the COVID-19 pandemic, has resulted, and in the future may result, in, among other things, unexpected deterioration in credit quality of the loan portfolio, or in the value of collateral securing those loans, which, during the COVID-19 pandemic caused, and in the future could cause, the Company to establish higher provisions for credit losses.

In response to the COVID-19 pandemic and to support its customers, the Company has offered payment deferrals and other expanded assistance to customers, and, during 2020, committed to suspend mortgage payments and foreclosure sales for financially impacted customers for certain periods of time. A

number of the Company's customers sought to suspend their mortgage payments under these programs. Suspensions of mortgage payments and foreclosures and reduced pricing under these programs may adversely affect the Company's revenue and results of operations. In addition, if these programs are not effective in mitigating the financial consequences of COVID-19 on customers, or if customers are unable to pay their loans after these programs expire, the Company may experience higher rates of default, increased credit losses and additional increases to the allowance for credit losses in future periods.

The Company reserves for credit losses by establishing an allowance through a charge to earnings to provide for loan defaults and nonperformance. The Company's allowance for loan losses is compliant with the Current Expected Credit Loss (CECL) methodology, which is based on the portfolio's historical loss experience, an evaluation of the risks associated with its loan portfolio, including the size and composition of the loan portfolio, current and foreseeable economic conditions and borrower and collateral quality. These conditions inform the Company's expected lifetime loss estimates of the portfolio, which is the foundation for the allowance for credit losses. These forecasts and estimates require difficult, subjective, and complex judgments, including forecasts of economic conditions and how these economic predictions might impair the ability of the Company's borrowers to repay their loans. The Company may not be able to accurately predict these economic conditions and/or some or all of their effects, which may, in turn, negatively impact the reliability of the process. The Company also makes loans to borrowers where it does not have or service the loan with the first lien on the property securing its loan. For loans in a junior lien position, the Company may not have access to information on the position or performance of the first lien when it is held and serviced by a third party, which may adversely affect the accuracy of the loss estimates for loans of these types. Increases in the Company's allowance for loan losses may not be adequate to cover actual loan losses, and future provisions for loan losses could materially and adversely affect its financial results. In addition, the Company's ability to assess the creditworthiness of its customers may be impaired if the models and approaches it uses to select, manage, and underwrite its customers become less predictive of future behaviors.

A concentration of credit and market risk in the Company's loan portfolio could increase the potential for significant losses The Company may have higher credit risk, or experience higher credit losses, to the extent its loans are concentrated by loan type, industry segment, borrower type, or location of the borrower or collateral. For example, the Company's credit risk and credit losses can increase if borrowers who engage in similar activities are uniquely or disproportionately affected by economic or market conditions, or by regulation, such as regulation related to climate change. Deterioration in economic conditions or real estate values in states or regions where the Company has relatively larger concentrations of residential or commercial real estate could result in higher credit costs.

Changes in interest rates can impact the value of the Company's mortgage servicing rights and mortgages held for sale, and can make its mortgage banking revenue volatile from quarter to quarter, which can reduce its earnings The Company has a portfolio of MSRs, which is the right to service a mortgage loan—collect principal, interest and escrow amounts—for a fee, with a fair value of $2.2 billion as of December 31, 2020. The Company initially carries its MSRs using a fair value measurement of the present value of the estimated future net servicing income, which includes assumptions about the likelihood of prepayment by borrowers. Changes in interest rates can affect prepayment assumptions and thus fair value. When interest rates fall, prepayments tend to increase as borrowers refinance, and the fair value of MSRs can decrease, which in turn reduces the Company's earnings. Further, it is possible that, because of economic conditions and/or a weak or deteriorating housing market, even when interest rates fall or remain low, mortgage originations may fall or any increase in mortgage originations may not be enough to offset the decrease in the MSRs' value caused by the lower rates.

A decline in the soundness of other financial institutions could adversely affect the Company's results of operations The Company's ability to engage in routine funding or settlement transactions could be adversely affected by the actions and commercial soundness of other domestic or foreign financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. The Company has exposure to many different counterparties, and the Company routinely executes and settles transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. As a result, defaults by, or even rumors or questions about, the soundness of one or more financial services institutions, or the financial services industry generally, could lead to losses or defaults by the Company or by other institutions and impact the Company's predominately United States–based businesses or the less significant merchant processing, corporate trust and fund administration services businesses it operates in foreign countries. Many of these transactions expose the Company to credit risk in the event of a default by a counterparty or client. In addition, the Company's credit risk may be further increased when the collateral held by the Company cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the financial instrument exposure due the Company. There is no assurance that any such losses would not adversely affect the Company's results of operations.

Change in residual value of leased assets may have an adverse impact on the Company's financial results The Company engages in leasing activities and is subject to the risk that the residual value of the property under lease will be less than the Company's recorded asset value. Adverse changes in the residual value of leased assets can have a negative impact on the Company's financial results. The risk of changes in the

realized value of the leased assets compared to recorded residual values depends on many factors outside of the Company's control, including supply and demand for the assets, condition of the assets at the end of the lease term, and other economic factors.

Liquidity Risk

If the Company does not effectively manage its liquidity, its business could suffer The Company's liquidity is essential for the operation of its business. Market conditions, unforeseen outflows of funds or other events could negatively affect the Company's level or cost of funding, affecting its ongoing ability to accommodate liability maturities and deposit withdrawals, meet contractual obligations, and fund asset growth and new business transactions at a reasonable cost and in a timely manner. If the Company's access to stable and low-cost sources of funding, such as customer deposits, is reduced, the Company might need to use alternative funding, which could be more expensive or of limited availability. Any substantial, unexpected or prolonged changes in the level or cost of liquidity could adversely affect the Company's business.

Loss of customer deposits could increase the Company's funding costs The Company relies on bank deposits to be a low-cost and stable source of funding. The Company competes with banks and other financial services companies for deposits, including those that offer on-line channels. If the Company's competitors raise the interest rates they pay on deposits, the Company's funding costs may increase, either because the Company raises the interest rates it pays on deposits to avoid losing deposits to competitors or because the Company loses deposits to competitors and must rely on more expensive sources of funding. Higher funding costs reduce the Company's net interest margin and net interest income. Checking and savings account balances and other forms of customer deposits may decrease when customers perceive alternative investments, such as the stock market, as providing a better risk/return tradeoff. When customers move money out of bank deposits and into other investments, the Company may lose a relatively low-cost source of funds, increasing the Company's funding costs and reducing the Company's net interest income.

The Company relies on dividends from its subsidiaries for its liquidity needs, and the payment of those dividends is limited by laws and regulations The Company is a separate and distinct legal entity from U.S. Bank National Association and its non-bank subsidiaries. The Company receives a significant portion of its cash from dividends paid by its subsidiaries. These dividends are the principal source of funds to pay dividends on the Company's stock and interest and principal on its debt. Various federal and state laws and regulations limit the amount of dividends that U.S. Bank National Association and certain of its non-bank subsidiaries may pay to the Company without regulatory approval. Also, the Company's right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to prior claims of the subsidiary's creditors, except to the extent that any of the Company's claims as a creditor of that subsidiary may be recognized. Refer to "Supervision and Regulation" in the Company's Annual Report on Form 10-K for additional information regarding limitations on the amount of dividends U.S. Bank National Association may pay.

Competitive and Strategic Risk

The financial services industry is highly competitive, and competitive pressures could intensify and adversely affect the Company's financial results The Company operates in a highly competitive industry that could become even more competitive as a result of legislative, regulatory and technological changes, as well as continued industry consolidation, which may increase in connection with current economic and market conditions. This consolidation may produce larger, better-capitalized and more geographically diverse companies that are capable of offering a wider array of financial products and services at more competitive prices. The Company competes with other commercial banks, savings and loan associations, mutual savings banks, finance companies, mortgage banking companies, credit unions, investment companies, credit card companies, and a variety of other financial services and advisory companies. Legislative or regulatory changes also could lead to increased competition in the financial services sector. For example, the Economic Growth Act and the Tailoring Rules have reduced the regulatory burden of large bank holding companies, including the Company and some of its competitors, and raised the asset thresholds at which more onerous requirements apply, which could cause certain large bank holding companies with less than $250 billion in total consolidated assets, which were previously subject to more stringent enhanced prudential standards, to become more competitive or to pursue expansion more aggressively.

In addition, technology has lowered barriers to entry and made it possible for non-banks to offer products and services, such as loans and payment services, that traditionally were banking products, and made it possible for technology companies to compete with financial institutions in providing electronic, internet-based, and mobile phone–based financial solutions. Competition with non-banks, including technology companies, to provide financial products and services is intensifying. In particular, the activity of financial technology companies ("fintechs") has grown significantly over recent years and is expected to continue to grow. Fintechs have and may continue to offer bank or bank-like products. For example, a number of fintechs have applied for bank or industrial loan charters, which, in some cases, have been granted. In addition, other fintechs have partnered with existing banks to allow them to offer deposit products or payment services to their customers. Many of these companies, including the Company's competitors, have fewer regulatory constraints, and some have lower cost structures, in part due to lack of physical structures. Also, the potential need to adapt to industry changes in information technology systems, on which the Company and financial

services industry are highly dependent, could present operational issues and require capital spending. The Company's ability to compete successfully depends on a number of factors, including, among others, its ability to develop and execute strategic plans and initiatives; developing, maintaining and building long-term customer relationships based on quality service, competitive prices, high ethical standards and safe, sound assets; and industry and general economic trends. A failure to compete effectively could contribute to downward price pressure on the Company's products or services or a loss of market share.

The Company may need to lower prices on existing products and services and develop and introduce new products and services to maintain market share The Company's success depends, in part, on its ability to adapt its products and services to evolving industry standards. There is increasing pressure to provide products and services at lower prices. Lower prices can reduce the Company's net interest margin and revenues from its fee-based products and services. In addition, the adoption of new technologies or further developments in current technologies require the Company to make substantial expenditures to modify or adapt its existing products and services. Also, these and other capital investments in the Company's businesses may not produce expected growth in earnings anticipated at the time of the expenditure. The Company might not be successful in developing or introducing new products and services, adapting to changing customer preferences and spending and saving habits (which may be altered significantly and with little warning, such as during the COVID-19 pandemic), achieving market acceptance of its products and services, or sufficiently developing and maintaining loyal customer relationships.

The Company may not be able to complete future acquisitions, and completed acquisitions may not produce revenue enhancements or cost savings at levels or within timeframes originally anticipated, may result in unforeseen integration difficulties, and may dilute existing shareholders' interests The Company regularly explores opportunities to acquire financial services businesses or assets and may also consider opportunities to acquire other banks or financial institutions. The Company cannot predict the number, size or timing of acquisitions it might pursue.

The Company must generally receive federal regulatory approval before it can acquire a bank or bank holding company. The Company's ability to pursue or complete an attractive acquisition could be negatively impacted by regulatory delay or other regulatory issues. The Company cannot be certain when or if, or on what terms and conditions, any required regulatory approvals will be granted. For example, the Company may be required to sell branches as a condition to receiving regulatory approval for bank acquisitions. If the Company commits certain regulatory violations, including those that result in a downgrade in certain of the Company's bank regulatory ratings, governmental authorities could, as a consequence, preclude it from pursuing future acquisitions for a period of time.

There can be no assurance that acquisitions the Company completes will have the anticipated positive results, including results related to expected revenue increases, cost savings, increases in geographic or product presence, and/or other projected benefits. Integration efforts could divert management's attention and resources, which could adversely affect the Company's operations or results. The integration could result in higher than expected customer loss, deposit attrition, loss of key employees, disruption of the Company's businesses or the businesses of the acquired company, or otherwise adversely affect the Company's ability to maintain relationships with customers and employees or achieve the anticipated benefits of the acquisition. Also, the negative effect of any divestitures required by regulatory authorities in acquisitions or business combinations may be greater than expected. In addition, future acquisitions may also expose the Company to increased legal or regulatory risks. Finally, future acquisitions could be material to the Company, and it may issue additional shares of stock to pay for those acquisitions, which would dilute current shareholders' ownership interests.

Accounting and Tax Risk

The Company's reported financial results depend on management's selection of accounting methods and certain assumptions and estimates, which, if incorrect, could cause unexpected losses in the future The Company's accounting policies and methods are fundamental to how the Company records and reports its financial condition and results of operations. The Company's management must exercise judgment in selecting and applying many of these accounting policies and methods so they comply with generally accepted accounting principles and reflect management's judgment regarding the most appropriate manner to report the Company's financial condition and results of operations. In some cases, management must select the accounting policy or method to apply from two or more alternatives, any of which might be reasonable under the circumstances, yet might result in the Company's reporting materially different results than would have been reported under a different alternative.

Certain accounting policies are critical to presenting the Company's financial condition and results of operations. They require management to make difficult, subjective or complex judgments about matters that are uncertain. Materially different amounts could be reported under different conditions or using different assumptions or estimates. These critical accounting policies include the allowance for credit losses, estimations of fair value, the valuation of MSRs, and income taxes. Because of the uncertainty of estimates involved in these matters, the Company may be required to do one or more of the following: significantly increase the allowance for credit losses and/or sustain credit losses that are significantly higher than the reserve provided, recognize significant losses on the remeasurement of certain asset and liability balances, or significantly increase its accrued

taxes liability. For more information, refer to “Critical Accounting Policies” in this Annual Report.

The Company’s investments in certain tax-advantaged projects may not generate returns as anticipated and may have an adverse impact on the Company’s financial results The Company invests in certain tax-advantaged projects promoting affordable housing, community development and renewable energy resources. The Company’s investments in these projects are designed to generate a return primarily through the realization of federal and state income tax credits, and other tax benefits, over specified time periods. The Company is subject to the risk that previously recorded tax credits, which remain subject to recapture by taxing authorities based on compliance features required to be met at the project level, will fail to meet certain government compliance requirements and will not be able to be realized. The possible inability to realize these tax credit and other tax benefits can have a negative impact on the Company’s financial results. The risk of not being able to realize the tax credits and other tax benefits depends on many factors outside of the Company’s control, including changes in the applicable tax code and the ability of the projects to be completed.

General Risk Factors

The Company’s framework for managing risks may not be effective in mitigating risk and loss to the Company The Company’s risk management framework seeks to mitigate risk and loss. The Company has established processes and procedures intended to identify, measure, monitor, report, and analyze the types of risk to which it is subject, including liquidity risk, credit risk, market risk, interest rate risk, compliance risk, strategic risk, reputation risk, and operational risk related to its employees, systems and vendors, among others. However, as with any risk management framework, there are inherent limitations to the Company’s risk management strategies as there may exist, or develop in the future, risks that it has not appropriately anticipated or identified. In addition, the Company relies on quantitative models to measure certain risks and to estimate certain financial values, and these models could fail to predict future events or exposures accurately. The Company must also develop and maintain a culture of risk management among its employees, as well as manage risks associated with third parties, and could fail to do so effectively. If the Company’s risk management framework proves ineffective, the Company could incur litigation and negative regulatory consequences, and suffer unexpected losses that could affect its financial condition or results of operations.

The Company’s business could suffer if it fails to attract and retain skilled employees The Company’s success depends, in large part, on its ability to attract and retain key employees. Competition for the best people in most activities the Company engages in can be intense. The Company may not be able to hire the best people or to keep them. Recent strong scrutiny of compensation practices has resulted in, and may continue to result in, additional regulation and legislation in this area. As a result, the Company may not be able to retain key employees by providing adequate compensation. There is no assurance that these developments will not cause increased turnover or impede the Company’s ability to retain and attract the highest caliber employees.

A downgrade in the Company’s credit ratings could have a material adverse effect on its liquidity, funding costs and access to capital markets The Company’s credit ratings, which are subject credit agencies’ ongoing review of a number of factors, including factors not within the Company’s control, are important to the Company’s liquidity. A reduction in one or more of the Company’s credit ratings could adversely affect its liquidity, increase its funding costs or limit its access to the capital markets. Further, a downgrade could decrease the number of investors and counterparties willing or able, contractually or otherwise, to do business or lend to the Company, thereby adversely affecting the Company’s competitive position. There can be no assurance that the Company will maintain its current ratings and outlooks.

Changes in accounting standards could materially impact the Company’s financial statements From time to time, the Financial Accounting Standards Board and the United States Securities and Exchange Commission change the financial accounting and reporting standards that govern the preparation of the Company’s financial statements. These changes can be hard to predict and can materially impact how the Company records and reports its financial condition and results of operations. The Company could be required to apply a new or revised standard retroactively or apply an existing standard differently, on a retroactive basis, in each case potentially resulting in the Company restating prior period financial statements.

Managing Committee

Andrew Cecere

Mr. Cecere is Chairman, President and Chief Executive Officer of U.S. Bancorp. Mr. Cecere, 60, has served as President of U.S. Bancorp since January 2016, Chief Executive Officer since April 2017 and Chairman since April 2018. He also served as Vice Chairman and Chief Operating Officer from January 2015 to January 2016 and was U.S. Bancorp's Vice Chairman and Chief Financial Officer from February 2007 until January 2015. Until that time, he served as Vice Chairman, Wealth Management and Investment Services, of U.S. Bancorp since the merger of Firstar Corporation and U.S. Bancorp in February 2001. Previously, he had served as an executive officer of the former U.S. Bancorp, including as Chief Financial Officer from May 2000 through February 2001.

Elcio R.T. Barcelos

Mr. Barcelos is Senior Executive Vice President and Chief Human Resources Officer of U.S. Bancorp. Mr. Barcelos, 50, has served in this position since joining U.S. Bancorp in September 2020. From April 2018 until August 2020, he served as Senior Vice President and Chief People and Places Officer of the Federal National Mortgage Association (Fannie Mae), having served as Senior Vice President, Human Resources of the DXC Technology Company from April 2017 to March 2018. Previously, Mr. Barcelos served as Senior Vice President and Head of Human Resources for the Enterprise Services business of Hewlett Packard Enterprise Company from June 2015 to April 2017, and in other human resources senior leadership positions at Hewlett-Packard Company and Hewlett Packard Enterprise Company from July 2009 to June 2015. He previously served in various leadership roles at Wells Fargo and Bank of America.

James L. Chosy

Mr. Chosy is Senior Executive Vice President and General Counsel of U.S. Bancorp. Mr. Chosy, 57, has served in this position since March 2013. He also served as Corporate Secretary of U.S. Bancorp from March 2013 until April 2016. From 2001 to 2013, he served as the General Counsel and Secretary of Piper Jaffray Companies. From 1995 to 2001, Mr. Chosy was Vice President and Associate General Counsel of U.S. Bancorp, having also served as Assistant Secretary of U.S. Bancorp from 1995 through 2000 and as Secretary from 2000 until 2001.

Gregory G. Cunningham

Mr. Cunningham is Senior Executive Vice President and Chief Diversity Officer of U.S. Bancorp. Mr. Cunningham, 57, has served in this position since July 2020. From July 2019 until July 2020, he served as Senior Vice President and Chief Diversity Officer of U.S. Bancorp, having served as Vice President of Customer Engagement of U.S. Bancorp from October 2015, when he joined U.S. Bancorp, until July 2019. Previously, Mr. Cunningham served in various roles in the marketing department of Target Corporation from January 1998 until March 2015.

Terrance R. Dolan

Mr. Dolan is Vice Chair and Chief Financial Officer of U.S. Bancorp. Mr. Dolan, 59, has served in this position since August 2016. From July 2010 to July 2016, he served as Vice Chair, Wealth Management and Investment Services, of U.S. Bancorp. From September 1998 to July 2010, Mr. Dolan served as U.S. Bancorp's Controller. He additionally held the title of Executive Vice President from January 2002 until June 2010 and Senior Vice President from September 1998 until January 2002.

Gunjan Kedia

Ms. Kedia is Vice Chair, Wealth Management and Investment Services, of U.S. Bancorp. Ms. Kedia, 50, has served in this position since joining U.S. Bancorp in December 2016. From October 2008 until May 2016, she served as Executive Vice President of State Street Corporation where she led the core investment servicing business in North and South America and served as a member of State Street's management committee, its senior most strategy and policy committee. Previously, Ms. Kedia was an Executive Vice President of global product management at Bank of New York Mellon from 2004 to 2008.

James B. Kelligrew

Mr. Kelligrew is Vice Chair, Corporate and Commercial Banking, of U.S. Bancorp. Mr. Kelligrew, 55, has served in this position since January 2016. From March 2014 until December 2015, he served as Executive Vice President, Fixed Income and Capital Markets, of U.S. Bancorp, having served as Executive Vice President, Credit Fixed Income, of U.S. Bancorp from May 2009 to March 2014. Prior to that time, he held various leadership positions with Wells Fargo Securities from 2003 to 2009.

Shailesh M. Kotwal

Mr. Kotwal is Vice Chair, Payment Services, of U.S. Bancorp. Mr. Kotwal, 56, has served in this position since joining U.S. Bancorp in March 2015. From July 2008 until May 2014, he served as Executive Vice President of TD Bank Group with responsibility for retail banking products and services and as Chair of its enterprise payments council. From 2006 until 2008, he served as President, International, of eFunds Corporation. Previously, Mr. Kotwal served in various leadership roles at American Express Company from 1989 until 2006, including responsibility for operations in North and South America, Europe and the Asia-Pacific regions.

Katherine B. Quinn

Ms. Quinn is Vice Chair and Chief Administrative Officer of U.S. Bancorp. Ms. Quinn, 56, has served in this position since April 2017. From September 2013 to April 2017, she served as Executive Vice President and Chief Strategy and Reputation Officer of U.S. Bancorp and has served on U.S. Bancorp's Managing Committee since January 2015. From September 2010 until January 2013, she served as Chief Marketing Officer of WellPoint, Inc. (now known as Anthem, Inc.), having served as Head of Corporate Marketing of WellPoint from July 2005 until September 2010.

Jodi L. Richard

Ms. Richard is Vice Chair and Chief Risk Officer of U.S. Bancorp. Ms. Richard, 52, has served in this position since October 2018. She served as Executive Vice President and Chief Operational Risk Officer of U.S. Bancorp from January 2018 until October 2018, having served as Senior Vice President and Chief Operational Risk Officer from 2014 until January 2018. Prior to that time, Ms. Richard held various senior leadership roles at HSBC from 2003 until 2014, including Executive Vice President and Head of Operational Risk and Internal Control at HSBC North America from 2008 to 2014. Ms. Richard started her career at the Office of the Comptroller of the Currency in 1990 as a national bank examiner.

Mark G. Runkel

Mr. Runkel is Senior Executive Vice President and Chief Credit Officer of U.S. Bancorp. Mr. Runkel, 44, has served in this position since December 2013. From February 2011 until December 2013, he served as Senior Vice President and Credit Risk Group Manager of U.S. Bancorp Retail and Payment Services Credit Risk Management, having served as Senior Vice President and Risk Manager of U.S. Bancorp Retail and Small Business Credit Risk Management from June 2009 until February 2011. From March 2005 until May 2009, he served as Vice President and Risk Manager of U.S. Bancorp.

Dominic V. Venturo

Mr. Venturo is Senior Executive Vice President and Chief Digital Officer of U.S. Bancorp. Mr. Venturo, 54, has served in this position since July 2020. From January 2015 until July 2020, he served as Executive Vice President and Chief Innovation Officer of U.S. Bancorp, having served as Senior Vice President and Chief Innovation Officer of U.S. Bancorp Payment Services from January 2010 until January 2015. From January 2007 to December 2009, Mr. Venturo served as Senior Vice President and Chief Innovation Officer of U.S. Bancorp Retail Payment Solutions. Prior to that time, he served as Senior Vice President and held product management positions in various U.S. Bancorp Payment Services business lines from December 1998 to December 2006.

Jeffry H. von Gillern

Mr. von Gillern is Vice Chair, Technology and Operations Services, of U.S. Bancorp. Mr. von Gillern, 55, has served in this position since July 2010. From April 2001, when he joined U.S. Bancorp, until July 2010, Mr. von Gillern served as Executive Vice President of U.S. Bancorp, additionally serving as Chief Information Officer from July 2007 until July 2010.

Timothy A. Welsh

Mr. Welsh is Vice Chair, Consumer and Business Banking, of U.S. Bancorp. Mr. Welsh, 55, has served in this position since March 2019. Prior to that, he served as Vice Chair, Consumer Banking Sales and Support since joining U.S. Bancorp in July 2017. From July 2006 until June 2017, he served as a Senior Partner at McKinsey & Company where he specialized in financial services and the consumer experience. Previously, Mr. Welsh served as a Partner at McKinsey from 1999 to 2006.

Directors

Andrew Cecere [1,3,7]
Chairman, President and Chief Executive Officer
U.S. Bancorp

Warner L. Baxter [2,4]
Chairman, President and Chief Executive Officer
Ameren Corporation
(Energy)

Dorothy J. Bridges [6,7]
Former Senior Vice President
Federal Reserve Bank of Minneapolis
(Government)

Elizabeth L. Buse [2,3]
Former Chief Executive Officer
Monitise PLC
(Financial services)

Marc N. Casper [1,5,6]
Chairman, President and Chief Executive Officer
Thermo Fisher Scientific Inc.
(Life sciences and healthcare technology)

Kimberly N. Ellison-Taylor [2,6]
Executive Director of Finance Thought Leadership
Oracle Corporation
(Technology)

Kimberly J. Harris [1,3,5]
Retired President and Chief Executive Officer
Puget Energy, Inc.
(Energy)

Roland A. Hernandez [1,2,3]
Founding Principal and Chief Executive Officer
Hernandez Media Ventures
(Media)

Olivia F. Kirtley [1,4,5]
Business Consultant
(Consulting)

Karen S. Lynch [1,2,4]
President and Chief Executive Officer
CVS Health Corporation
(Health care)

Richard P. McKenney [1,5,7]
President and Chief Executive Officer
Unum Group
(Financial protection benefits)

Yusuf I. Mehdi [6,7]
Corporate Vice President
Microsoft Corporation
(Technology)

John P. Wiehoff [6,7]
Retired Chairman and Chief Executive Officer
C.H. Robinson Worldwide, Inc.
(Transportation and logistics services)

Scott W. Wine [1,2,4]
Chief Executive Officer
CNH Industrial N.V.
(Agricultural machinery)

1. *Executive Committee*
2. *Audit Committee*
3. *Capital Planning Committee*
4. *Compensation and Human Resources Committee*
5. *Governance Committee*
6. *Public Responsibility Committee*
7. *Risk Management Committee*

EXHIBIT 21

SUBSIDIARIES OF U.S. BANCORP

(JURISDICTIONS OF ORGANIZATION SHOWN IN PARENTHESES)

111 Tower Investors, Inc. (Minnesota)

Banctech Processing Services, LLC (Florida)

CenPOS, LLC (Florida)

Daimler Title Co. (Delaware)

DSL Service Company (California)

Eclipse Funding LLC (Delaware)

EFS Depositary Nominees Limited (Ireland)

Elavon Canada Company (Canada)

Elavon Digital (Dublin) Limited (Ireland)

Elavon Digital (GB) Limited (United Kingdom)

Elavon Digital Europe Limited (United Kingdom)

Elavon Digital Ireland Limited (Ireland)

Elavon European Holdings B.V. (Netherlands)

Elavon Financial Services DAC (Ireland)

Elavon Latin American Holdings, LLC (Delaware)

Elavon Puerto Rico, Inc. (Puerto Rico)

Elavon, Inc. (Georgia)

Fairfield Financial Group, Inc. (Illinois)

First Bank LaCrosse Building Corp. (Wisconsin)

First LaCrosse Properties (Wisconsin)

First Payment System Holdings, Inc. (Florida)

First Payment Systems, LLC (Florida)

Firstar Capital Corporation (Ohio)

Firstar Development, LLC (Delaware)

Firstar Realty, L.L.C. (Illinois)

Fixed Income Client Solutions LLC (Delaware)

FSV Payment Systems, Inc. (Delaware)

Galaxy Funding, Inc. (Delaware)

HTD Leasing LLC (Delaware)

HVT, Inc. (Delaware)

Integrated Logistics, LLC (Georgia)

Mercantile Mortgage Financial Company (Illinois)

Midwest Indemnity Inc. (Vermont)

Mississippi Valley Company (Arizona)

MMCA Lease Services, Inc. (Delaware)

NILT, Inc. (Delaware)

Norse Nordics AB (Sweden)

NuMaMe, LLC (Delaware)

One Eleven Investors LLC (Delaware)

Park Bank Initiatives, Inc. (Illinois)

Pomona Financial Services, Inc. (California)

Pullman Park Development, LLC (Illinois)

Pullman Transformation, Inc. (Delaware)

Quintillion Services Limited (Ireland)

Red Sky Risk Services, LLC (Delaware)

RTRT, Inc. (Delaware)

SCBD, LLC (Delaware)

SCDA, LLC (Delaware)

SCFD LLC (Delaware)

Syncada Asia Pacific Private Limited (Singapore)

Syncada Canada ULC (Canada)

Syncada India Operations Private Limited (India)

Syncada LLC (Delaware)

Talech Belize Limited (Belize)

Talech International Limited (Ireland)

Talech Lithuania, UAB (Lithuania)

Talech, Inc. (Delaware)

Tarquad Corporation (Missouri)

The Miami Valley Insurance Company (Arizona)

TLT Leasing Corp. (Delaware)

TMTT, Inc. (Delaware)

U.S. Bancorp Asset Management, Inc. (Delaware)

U.S. Bancorp Community Development Corporation (Minnesota)

U.S. Bancorp Community Investment Corporation (Delaware)

U.S. Bancorp Fund Services, LLC (Wisconsin)

U.S. Bancorp Government Leasing and Finance, Inc. (Minnesota)

U.S. Bancorp Insurance and Investments, Inc. (Wyoming)

U.S. Bancorp Insurance Company, Inc. (Vermont)

U.S. Bancorp Insurance Services of Montana, Inc. (Montana)

U.S. Bancorp Insurance Services, LLC (Wisconsin)

U.S. Bancorp Investments, Inc. (Delaware)

U.S. Bancorp Missouri Low-Income Housing Tax Credit Fund, L.L.C. (Missouri)

U.S. Bancorp Municipal Lending and Finance, Inc. (Minnesota)

U.S. Bank Global Corporate Trust Limited (United Kingdom)

U.S. Bank Global Fund Services (Cayman) Limited (Cayman Islands)

U.S. Bank Global Fund Services (Guernsey) Limited (Guernsey)

U.S. Bank Global Fund Services (Ireland) Limited (Ireland)

U.S. Bank Global Fund Services (Luxembourg) S.a.r.l. (Luxembourg)

U.S. Bank National Association (a nationally chartered banking association)

U.S. Bank Trust Company, National Association (a nationally chartered banking association)

U.S. Bank Trust National Association (a nationally chartered banking association)

U.S. Bank Trust National Association SD (a nationally chartered banking association)

U.S. Bank Trustees Limited (United Kingdom)

USB Americas Holdings Company (Delaware)

USB Capital IX (Delaware)

USB European Holdings Company (Delaware)

USB Investment Services (Holdings) Limited (Ireland)

USB Leasing LLC (Delaware)

USB Leasing LT (Delaware)

USB Nominees (GCT) Limited (Ireland)

USB Nominees (UK) Limited (United Kingdom)

USB Realty Corp. (Delaware)

USB Securities Data Services Limited (Ireland)

USB Service Company Holdings, Inc. (Delaware)

USBCDE, LLC (Delaware)

VT Inc. (Alabama)

Wideworld Payment Solutions, LLC (Florida)

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

Form	Registration Statement No.	Purpose
S-3	333-237082	Shelf Registration Statement
S-8	333-74036	U.S. Bancorp 2001 Stock Incentive Plan
S-8	333-100671	U.S. Bancorp 401(k) Savings Plan
S-8	333-203620	U.S. Bancorp 2015 Stock Incentive Plan
S-8	333-142194	Various benefit plans of U.S. Bancorp
S-8	333-166193	Various benefit plans of U.S. Bancorp
S-8	333-189506	Various benefit plans of U.S. Bancorp
S-8	333-195375	Various benefit plans of U.S. Bancorp
S-8	333-227999	Various benefit plans of U.S. Bancorp

of our reports dated February 23, 2021, with respect to the consolidated financial statements of U.S. Bancorp and the effectiveness of internal control over financial reporting of U.S. Bancorp, included in this 2020 Annual Report to Shareholders of U.S. Bancorp, which is incorporated by reference in this Annual Report (Form 10-K) of U.S. Bancorp for the year ended December 31, 2020.

/s/ Ernst & Young LLP

Minneapolis, Minnesota

February 23, 2021

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors of U.S. Bancorp, a Delaware corporation, hereby constitutes and appoints Andrew Cecere and James L. Chosy, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead in any and all capacities, to sign one or more Annual Reports for the Company's fiscal year ended December 31, 2020 on Form 10-K under the Securities Exchange Act of 1934, as amended, or such other form as any such attorney-in-fact may deem necessary or desirable, any amendments thereto, and all additional amendments thereto, each in such form as they or any one of them may approve, and to file the same with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done so that such Annual Report shall comply with the Securities Exchange Act of 1934, as amended, and the applicable Rules and Regulations adopted or issued pursuant thereto, as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or their substitute or resubstitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has set his or her hand this 16 day of February, 2021.

/s/ Warner L. Baxter
Warner L. Baxter

/s/ Dorothy J. Bridges
Dorothy J. Bridges

/s/ Elizabeth L. Buse
Elizabeth L. Buse

/s/ Marc N. Casper
Marc N. Casper

/s/ Kimberly N. Ellison-Taylor
Kimberly N. Ellison-Taylor

/s/ Kimberly J. Harris
Kimberly J. Harris

/s/ Roland A. Hernandez
Roland A. Hernandez

/s/ Olivia F. Kirtley
Olivia F. Kirtley

/s/ Karen S. Lynch
Karen S. Lynch

/s/ Richard P. McKenney
Richard P. McKenney

/s/ Yusuf I. Mehdi
Yusuf I. Mehdi

/s/ John P. Wiehoff
John P. Wiehoff

/s/ Scott W. Wine
Scott W. Wine

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Andrew Cecere, certify that:

(1) I have reviewed this Annual Report on Form 10-K of U.S. Bancorp;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ANDREW CECERE

Andrew Cecere
Chief Executive Officer

Dated: February 23, 2021

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Terrance R. Dolan, certify that:

(1) I have reviewed this Annual Report on Form 10-K of U.S. Bancorp;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ TERRANCE R. DOLAN
Terrance R. Dolan
Chief Financial Officer

Dated: February 23, 2021

EXHIBIT 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Chief Executive Officer and Chief Financial Officer of U.S. Bancorp, a Delaware corporation (the "Company"), do hereby certify that:

(1) The Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (the "Form 10-K") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ANDREW CECERE
Andrew Cecere
Chief Executive Officer

/s/ TERRANCE R. DOLAN
Terrance R. Dolan
Chief Financial Officer

Dated: February 23, 2021