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, 2021

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 **(State or other jurisdiction of incorporation or organization)**	**41-0255900** **(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 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
Depositary Shares (each representing 1/1,000th interest in a share of Series O Non-Cumulative Perpetual Preferred Stock, par value $1.00)	USB PrS	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, 2021, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was $84.5 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, 2022
Common Stock, $.01 par value per share	1,483,901,767

Auditor Firm Id: 42 Auditor Name: Ernst & Young LLP Auditor Location: Minneapolis, Minnesota

DOCUMENTS INCORPORATED BY REFERENCE

Document	Parts Into Which Incorporated
1. Portions of the Annual Report to Shareholders for the Fiscal Year Ended December 31, 2021 (the "2021 Annual Report")	Parts I and II
2. Portions of the Proxy Statement for the Annual Meeting of Shareholders to be held April 19, 2022 (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, including the following risks and uncertainties and the risks and uncertainties more fully discussed under "Risk Factors" in the 2021 Annual Report, which 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; 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; the effects of climate change; changes in customer behavior and preferences; breaches in data security, including as a result of work-from-home arrangements; 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. In addition, U.S. Bancorp's proposed acquisition of MUFG Union Bank presents risks and uncertainties, including, among others; the risk that the cost savings, any revenue synergies and other anticipated benefits of the proposed acquisition may not be realized or may take longer than anticipated to be realized; the risk that U.S. Bancorp's business could be disrupted as a result of the announcement and pendency of the proposed acquisition and diversion of management's attention from ongoing business operations and opportunities; the possibility that the proposed acquisition, including the integration of MUFG Union Bank, may be more costly or difficult to complete than anticipated; delays in closing the proposed acquisition; and the failure of required government approvals to be obtained or any other closing conditions in the definitive purchase agreement to be satisfied.

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 35 to 56 and "Risk Factors" on pages 137 to 150 of the 2021 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 financial services holding company headquartered in Minneapolis, Minnesota, serving millions of local, national and global customers. U.S. Bancorp 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 $465 billion in deposits at December 31, 2021, 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 and governmental entity 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 2,230 banking offices as of December 31, 2021, 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 4,059 ATMs as of December 31, 2021, 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. The Company's 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.

The COVID-19 pandemic has created economic and operational disruptions that have affected the Company's business. Customer behavior has evolved greatly as more customers have migrated to on-line and digital-based products and services more quickly than originally anticipated. 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.

Pending Acquisition

In September 2021, the Company announced that it has entered into a definitive agreement to acquire MUFG Union Bank's core regional banking franchise from Mitsubishi UFJ Financial Group ("MUFG") for an expected purchase price of approximately $8.0 billion, including $5.5 billion in cash and approximately 44 million shares of U.S. Bancorp common stock. The transaction excludes the purchase of MUFG Union Bank's Global Corporate & Investment Bank, certain middle and back office functions, and other assets. MUFG Union Bank currently has approximately 300 branches in California, Washington and Oregon and is expected to add approximately $105 billion in total assets, $58 billion of loans and $90 billion of deposits to the Company's consolidated balance sheet. The transaction is expected to close in the first half of 2022, subject to customary closing conditions, including regulatory approvals.

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 20.4 percent, of the Company's net income in 2021, a decrease of $33 million (2.0 percent) compared with 2020.

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 $2.3 billion, or 28.5 percent, of the Company's net income in 2021, a decrease of $103 million (4.3 percent) compared with 2020.

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 $837 million, or 10.5 percent, of the Company's net income in 2021, a decrease of $104 million (11.1 percent) compared with 2020.

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 $1.7 billion, or 21.6 percent, of the Company's net income in 2021, an increase of $420 million (32.3 percent) compared with 2020.

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 net income of $1.5 billion, or 19.0 percent, of the Company's net income in 2021, an increase of $2.8 billion compared with 2020.

Additional information regarding the Company's business segments can be found on pages 56 to 60 of the Company's 2021 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, engaging and continuously upskilling 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, engagement and productivity. As of December 31, 2021, the Company employed a total of 68,796 full-time equivalent employees.

Diversity and Inclusion The Company continues to expand its talent pipeline to increase the representation of women at leadership levels and people of color at all levels. In 2021, the Company expanded its hiring policies to require the inclusion of at least one woman or one person of color on interview slates for all roles at the Company. In addition, the Company has deployed leadership development cohorts and an executive sponsorship program for female and people of color leaders, while also providing inclusive leadership learning journeys designed to coach and develop its leaders in driving employee and team performance through inclusive behaviors and best practices.

The Company also sponsors ten Business Resource Groups, including Asian, Black, Hispanic and Native American heritage, women, LGBTQ, 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.

These programs, practices and policies are part of the Company's strategy to have an ethnically and gender diverse employee base. As of December 31, 2021, of the Company's employees in the United States, 57 percent were women and 33 percent were people of color. The Company also has focused on increasing the diversity of its senior management team. As of December 31, 2021, 32 percent of employees at the executive and senior management level in the United States were women and 16 percent were people of color. In addition, as of December 31, 2021, of the Company's 13 directors, 6 were women and 4 were people of color. The Company's goal is to ensure diversity and inclusion accountability is consistent across the organization. To ensure accountability, the Company's chief executive officer ("CEO") chairs the Company's Diversity, Equity and Inclusion Committee, with the Company's Chief Diversity Officer reporting directly to the CEO and serving as a member of the Managing Committee.

Equitable and Competitive Compensation, Health & Wellness Programs Maintaining competitive compensation and benefits practices is a continued focus for the Company, with periodic peer and benchmarking reviews used to assist with competitive alignment and employee retention. The Company recognizes that comprehensive health and wellness benefits, competitive retirement, leave, recognition, flexible work programs, and education assistance programs are important in the current talent market.

The Company is also committed to fair pay and continues to prioritize pay equity efforts. To help ensure diverse employees are fairly compensated, the Company has processes in place to address any gender and racial pay inequities identified within its workforce. This work starts with fair hiring practices, as discussed above. The Company also has guidelines in place for both internal and external job postings to assist the Company's leaders in making fair compensation decisions based on the demands and value of each role, candidate experience, and pay related to comparable internal positions. The Company also conducts periodic reviews of its employees' pay levels across gender and racial categories with the assistance of an independent third-party consultant. When gender or race-based disparities in pay are identified, the Company adjusts compensation levels to eliminate those disparities. In the 2021 review, on average, employees of the Company in the United States who are women were paid greater than 99 percent of what their male counterparts were paid, and employees of the Company in the United States who are people of color were paid greater than 99 percent of what their white counterparts were paid, taking into account several factors including comparable jobs and experience.

The Company also added two new Company holidays: Juneteenth and My Holiday. The Company's recognition of Juneteenth as a holiday reflects the historical importance of Juneteenth and alignment with a diverse and inclusive culture. My Holiday is a personal day that every employee can take during the course of the year to celebrate a day of significance to each employee, such as religious holidays, day of cultural significance, or other personally significant day. The Company also increased its parental leave program to 10 weeks to further support its employees and their families.

Employee Engagement and Retention As part of its efforts to develop and retain skilled employees, the Company remains focused on monitoring employee engagement. The Company's employee listening program allows the Company to collect quantitative and qualitative data from employees, which then supports and informs the Company on human capital strategies and decisions that impact its employee base.

In addition to the Company's talent development offerings for employees, it launched two new efforts in 2021, the Digital Academy and the People Leader Center, which focus on digital skill development and core leadership skill development, respectively, both of which the Company believes are critical in the current and future working environment. Enhancing succession and talent development processes remains a top priority for the Company.

The Company has continued to evolve its flexible work programs to adapt to the current environment with remote, hybrid and in-person work arrangements, providing additional optionality and flexibility for most employees. Most of the Company's non-office critical staff remained remote during 2021, and the Company continues to assess the extent to which employees work remotely or in the office as conditions evolve. High safety standards for the Company's office critical and on-site staff remain important to the Company, with the Company facilitating enhanced cleaning of work spaces and providing personal protective equipment to employees, such as face coverings, gloves and face shields as needed. The Company has also continued to provide additional time-off to support employees and their families for when they are impacted by COVID-19, need paid time-off for vaccinations or require additional childcare support. 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 the section entitled "Risk Factors" on pages 137 to 150 of the 2021 Annual Report.

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 ("BHCs") 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 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 BHC, 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 agencies generally include comprehensive annual reviews of all major aspects of the Company's and U.S. Bank National Association's business and condition, regular on-site examinations, and imposition of periodic reporting requirements and limitations on investments and certain types of activities. If the applicable regulatory agencies deem the Company to be operating in a manner that is inconsistent with safe and sound banking practices, the 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 BHC with over $250 billion in total consolidated assets, the Company is subject to the Dodd-Frank Act's enhanced prudential standards, as modified by the federal banking regulators' 2019 rules (the "Tailoring Rules"). 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. Following those exams, the Company (under the Federal Reserve's Large Financial Institution Rating System) and U.S. Bank National Association (under the CAMELS rating system) are assigned supervisory ratings. Disclosure of these ratings to third parties is not allowed without permission of the issuing regulator. 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.

BHC Activities The Company is a BHC under the BHC Act and has elected to be a financial holding company ("FHC"). BHCs that qualify and elect to be treated as FHCs may engage in, and affiliate with financial companies engaging in, a broader range of activities than would otherwise be permitted for a BHC.

If an FHC or a depository institution controlled by an FHC ceases to be well-capitalized or well-managed, the Federal Reserve may impose corrective capital and managerial requirements on the FHC and may place

limitations on its ability to conduct all of the business activities that FHCs 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 FHC may be required to divest its depository institution subsidiaries or cease all activities other than those activities that may be conducted by BHCs that are not FHCs. In addition, if a depository institution controlled by an FHC does not receive a Community Reinvestment Act ("CRA") rating of at least "satisfactory" at its most recent examination, the Federal Reserve will prohibit the FHC from conducting new business activities that FHCs are generally permitted to conduct and from making certain acquisitions.

The Federal Reserve also requires BHCs 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 an FHC, 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 engaged in activities that are financial in nature or incidental to activities that are financial in nature, as long as the Company meets the capital, managerial and CRA requirements to qualify as an FHC. However, the Company is required to receive approval for an acquisition in which the total consolidated assets to be acquired exceed $10 billion. FHCs 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 BHC, 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 BHC 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 BHC 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 BHC'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.

In July 2021, the current United States presidential administration issued an executive order on competition, which included provisions relating to bank mergers. These provisions encourage the Department of Justice and

the federal banking regulators to update guidelines on banking mergers and to provide more scrutiny of bank mergers. A number of large bank deals that were pending at the time of the executive order have not yet obtained approval, or obtained approval on an extended time frame. The Company is unable to predict what impact the executive order will have on the timing of or ability to obtain regulatory approvals of mergers, including its pending merger with MUFG Union Bank.

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.

OCC Heightened Standards U.S. Bank National Association is subject to the OCC's guidelines establishing heightened standards for large national banks, which 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 Economic Growth, Regulatory Relief and Consumer Protection Act 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 and certain "risk-based indicators." 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. Certain of the enhanced prudential standards applicable to the Company are described below in further detail.

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 addition, the Federal Reserve's final rule implementing the stress capital buffer ("SCB") provides that a BHC 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 BHC is required to resubmit its capital plan. The rule also provides that a BHC must resubmit its capital plan if, among other things, the BHC determines there has been or will be a material change in the BHC's risk profile, financial condition, or corporate structure since the BHC last submitted its capital plan.

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, and are "standardized approach" banking organizations that are subject to rules that 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. Substantial growth in total consolidated assets (including assets obtained in acquisitions) or cross-jurisdictional activity (as defined in the Tailoring Rules) could affect the Company's continued classification as a "Category III" institution, which could result in more stringent capital, liquidity, and other regulatory requirements.

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. 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 generally is assigned on an annual basis and becomes effective on October 1 of each year, subject to a 2.5 percent floor, and may vary over time. As of December 31, 2021, the SCB applicable to the Company is 2.5 percent. If the Federal Reserve were to raise the countercyclical capital buffer, 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" (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).

United States banking organizations are also subject to a minimum tier 1 leverage ratio of 4.0 percent. As a Category III banking organization, the Company is 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, 2021, 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. At this time, a United States based rule has not been released.

In 2020, the United States federal banking agencies adopted a rule that allowed 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. Through the 2021 stress test cycle, the Federal Reserve has not yet incorporated CECL into the calculation of the allowance for credit losses in supervisory stress tests. For further discussion of CECL, see Notes 1 and 6 of the Notes to Consolidated Financial Statements in the 2021 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 2021 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.

Stress Testing The Federal Reserve's CCAR framework and the Dodd-Frank Act stress testing framework require BHCs 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, and incorporates the Company's planned capital actions and the Dodd-Frank Act capital actions, respectively, into its stress tests. 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 OCC's rules, 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 BHC's CCAR submission to the Federal Reserve. The stress test is based on the OCC's stress scenarios (which are typically the same as the Federal Reserve's stress scenarios) and capital actions that are appropriate for the economic conditions assumed in each scenario.

Basel III Liquidity Requirements As a Category III banking organization, the Company is 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 addition, the Company and U.S. Bank National Association are subject to the Net Stable Funding Ratio ("NSFR") rule, which became effective in July 2021 and is designed to promote stable, longer-term funding of assets and business activities over a one-year time horizon. Under the Tailoring Rules and 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.

Prompt Corrective Action The Federal Deposit Insurance Corporation Improvement Act ("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 BHCs such as the Company. However, the Federal Reserve is authorized to take appropriate action at the BHC level, based on the undercapitalized status of the BHC's subsidiary banking institutions. In certain instances, relating to an undercapitalized bank, the BHC 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.

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.

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 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 BHC, such as the Company, the FDIC may be appointed as conservator or receiver of the BHC 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 a 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 BHC 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. As a Category III banking organization, the Company is required to submit resolution plans on a triennial cycle (alternating between

targeted and full submissions). In December, 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 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 submitted its targeted resolution plan in December, 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 the institution's creditors. In June 2021, the FDIC issued a Statement on Resolution Plans for Insured Depository Institutions (the "FDIC Statement"). Among other things, the FDIC Statement establishes a three-year filing cycle for banks with $100 billion or more in total assets and provides details regarding the content that filers will be expected to prepare. The FDIC Statement also divides covered insured depository institutions ("IDIs") into two groups for purposes of the timing of resolution plan submissions, with the first group consisting of IDIs for which the parent is not a United States G-SIB or "Category II" firm. Under this guidance, U.S. Bank National Association is in the first group.

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 2021.

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 related remedial actions have been increasing.

In January 2021, the Anti-Money Laundering Act of 2020 ("AMLA"), which amends the BSA, was enacted. 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 OCC 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 BHC applying for approval to acquire a bank or other BHC, the Federal Reserve will assess the CRA records of each subsidiary depository institution of the applicant BHC, 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 December 2021, the OCC issued a final rule (the "2021 CRA Rule") to rescind the OCC's May 2020 CRA rule (the "2020 CRA Rule"), which created a new CRA framework, and replace it with rules based on the 1995 CRA rules, as revised, that were issued jointly by the OCC, Federal Reserve and FDIC. Because many aspects of the 2020 CRA Rule had not yet been implemented and because of certain transition provisions in the 2021 CRA Rule, the Company does not expect the 2021 CRA Rule to have a significant effect on U.S. Bank National Association.

Regulation of Brokerage, Investment Advisory and Insurance Activities The Company conducts a broad range of securities activities, both retail and institutional, in the United States through U.S. Bancorp Investments, Inc. and PFM Fund Distributors, Inc. ("broker-dealer entities"). 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 and counterparties, trading operations, customer suitability and communications. Securities regulators impose capital requirements on the Company's broker-dealer entities and periodically review their sales practice and financial operations. In addition, the Company's broker-dealer entities are members 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 membership fee assessments and other reporting requirements on the broker-dealer entities.

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's rules concerning swap margin and capital requirements for swap dealers regulated by the OCC were fully phased-in on September 1, 2021. These rules mandate 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. Other rules, finalized by the banking regulators in June 2020, 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 prohibit 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, and compliance requirements are tailored based on the size and scope of trading activities. The Company has a Volcker Rule compliance program in place that covers all of its subsidiaries and affiliates, including U.S. Bank National Association.

Data Privacy and Cybersecurity Federal and state law contains extensive consumer privacy and data protection provisions. The Gramm Leach-Bliley Act ("GLBA") requires financial institutions to periodically disclose their privacy policies and practices relating to sharing nonpublic personal information and enables retail customers to opt out of the sharing of 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. Security and privacy policies and procedures for the protection of personal and confidential information are in effect across all the Company's businesses and geographic locations.

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, the Company is subject to the California Consumer Protection Act of 2018 and its implementing regulations (collectively, the "CCPA"). 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. The CCPA also provides residents of California (regardless of whether their information is covered under the GLBA exemption) with a limited private right of action against the unauthorized access and exfiltration, theft, or disclosure of certain types of personal information, including the right to seek statutory damages. 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, among other things, expanding certain rights relating to personal information and its use, collection, and disclosure by covered businesses and expanding coverage to include employees, job applicants and business contacts who are residents

of California. The key provisions of the CPRA will become effective on January 1, 2023. In addition, similar laws have been and may be adopted by other states where the Company does business, including the Colorado Privacy Act and the Virginia Consumer Data Protection Act, each of which were enacted in 2021. 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 additional data privacy or data protection legislation. In addition, in the European Union ("EU"), privacy law is governed by the General Data Protection Regulation ("GDPR"), which is directly binding and applicable for each EU member state. 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 credit data between affiliates, and using affiliate credit 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 on cybersecurity that is intended to enhance cyber risk management among financial institutions. 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 November 2021, the United States federal bank regulatory agencies adopted a rule regarding notification requirements for banking organizations related to significant computer security incidents. Under the final rule, a BHC, such as the Company, and a national bank, such as U.S. Bank National Association, are required to notify the Federal Reserve or OCC, respectively, within 36 hours of incidents that have materially disrupted or degraded, or are reasonably likely to materially disrupt or degrade, the banking organization's ability 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.

Consumer Protection U.S. Bank National Association's retail banking activities are subject to a variety of federal and state statutes and regulations designed to protect consumers. These 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, and may also result in significant reputational harm. 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.

U.S. Bank National Association and its subsidiaries are subject to supervision and regulation by the CFPB with respect to federal consumer laws. 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 that provide 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.

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 22, 2022, 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 1/1000th 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.

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, by clicking on "About us" and then clicking on "Investor relations," 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 2021 Annual Report on pages 56 to 60 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 2021 Annual Report on pages 137 to 150 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, 2021, the Company's subsidiaries owned and operated a total of 1,244 facilities and leased an additional 1,498 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 9 of the Notes to Consolidated Financial Statements included in the 2021 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 23 of the Notes to Consolidated Financial Statements included in the 2021 Annual Report. That information is incorporated into this report by reference.

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

Not Applicable.

PART II

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

Due to continued economic uncertainty resulting from COVID-19, the Federal Reserve implemented measures beginning in the third quarter of 2020 and extending through the second quarter of 2021, restricting capital distributions of all large bank holding companies, including the Company. These restrictions limited the aggregate amount of common stock dividends and share repurchases to an amount that did not exceed the average net income of the four preceding calendar quarters. Based on the results of the December 2020 Federal Reserve Stress Test, the Company announced on December 22, 2020 that its Board of Directors had approved an authorization to repurchase $3.0 billion of its common stock beginning January 1, 2021, and repurchased $1.5 billion of its common stock during the first six months of 2021 under this program. The Company suspended all common stock repurchases at the beginning of the third quarter of 2021, except for those done exclusively in connection with its stock-based compensation programs, due to its recently announced pending acquisition of MUFG Union Bank's core regional banking franchise. The Company does not expect to commence repurchasing its common stock again until the second half of 2022, or after the acquisition closes in order to build capital prior to the acquisition. The following table provides a detailed analysis of all shares repurchased by the Company or any affiliated purchaser during the fourth quarter of 2021:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (In Millions)
October 1-31	155,223[(a)]	$ 60.61	5,223	$ 1,462
November 1-30	66,654[(b)]	57.46	6,654	1,462
December 1-31	395,604[(c)]	57.11	305,604	1,444
Total	617,481[(d)]	$ 58.03	317,481	$ 1,444

(a) Includes 150,000 shares of common stock purchased, at an average price per share of $60.61, in open-market transactions by U.S. Bank National Association, the Company's banking subsidiary, in its capacity as trustee of the U.S. Bank 401(k) Savings Plan, which is the Company's employee retirement savings plan.

(b) Includes 60,000 shares of common stock purchased, at an average price per share of $57.20, in open-market transactions by U.S. Bank National Association in its capacity as trustee of the U.S. Bank 401(k) Savings Plan.

(c) Includes 90,000 shares of common stock purchased, at an average price per share of $56.45, in open-market transactions by U.S. Bank National Association in its capacity as trustee of the U.S. Bank 401(k) Savings Plan.

(d) Includes 300,000 shares of common stock purchased, at an average price per share of $58.68, in open-market transactions by U.S. Bank National Association in its capacity as trustee of the U.S. Bank 401(k) Savings Plan.

Additional Information

Additional information in response to this Item 5 can be found in the 2021 Annual Report on page 136 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 and this Item by reference.

Item 6. **[Reserved]**

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 2021 Annual Report on pages 22 to 60 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 2021 Annual Report on pages 35 to 56 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 2021 Annual Report on pages 65 to 136 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 Daily Average Balance Sheet and Related Yields and Rates (Unaudited)" and "U.S. Bancorp Supplemental Financial Data (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 2021 Annual Report on page 64 under the heading "Controls and Procedures" and on pages 65 and 68 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.

Item 9C. ***Disclosure Regarding Foreign Jurisdictions that Prevent Inspections***

Not Applicable.

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, 61, 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, 51, 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, 58, 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, 58, 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, 60, 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, 51, 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 and a Partner and associate at McKinsey from 1996 to 2004.

James B. Kelligrew

Mr. Kelligrew is Vice Chair, Corporate and Commercial Banking, of U.S. Bancorp. Mr. Kelligrew, 56, 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, 57, 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, 57, 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, 53, 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 Transformation Officer of U.S. Bancorp. Mr. Runkel, 45, has served in this position since August 2021. From December 2013 to August 2021, he served as Senior Executive Vice President and Chief Credit Officer. 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, 55, 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, 56, 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, 56, 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 “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, 2021:

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			24,064,520[3]
Stock Options	3,890,131[1]	$ 42.58	
Restricted Stock Units and Performance-Based Restricted Stock Units	6,865,705[2]	-	
Equity Compensation Plans Not Approved by Security Holders	376,367[4]	-	-
Total	11,132,203		24,064,520

(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 24,064,520 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 376,367 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, 2021. 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 and 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, 2021 and 2020
- U.S. Bancorp Consolidated Statement of Income for each of the three years in the period ended December 31, 2021
- U.S. Bancorp Consolidated Statement of Comprehensive Income for each of the three years in the period ended December 31, 2021
- U.S. Bancorp Consolidated Statement of Shareholders' Equity for each of the three years in the period ended December 31, 2021
- U.S. Bancorp Consolidated Statement of Cash Flows for each of the three years in the period ended December 31, 2021
- Notes to Consolidated Financial Statements
- U.S. Bancorp Consolidated Daily Average Balance Sheet and Related Yields and Rates (Unaudited)
- U.S. Bancorp Supplemental Financial Data (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.

[(1)]**2.1**	Share Purchase Agreement, dated as of September 21, 2021. Filed as Exhibit 2.1 to Form 8-K filed on September 24, 2021. *
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 April 20, 2021.
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.
[1][2][3]**10.4**	U.S. Bank Non-Qualified Retirement Plan. Filed as Exhibit 10.4 to Form 10-K for the year ended December 31, 2020.
[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 1, 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 1, 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 2019). Filed as Exhibit 10.34 to Form 10-K for the year ended December 31, 2018.
[1][2]**10.24**	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]**10.25**	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]**10.26**	Form of Performance Restricted Stock Unit Award Agreement for Executive Officers under U.S. Bancorp 2015 Stock Incentive Plan (used for grants made during 2020). Filed as Exhibit 10.36 to Form 10-K for the year ended December 31, 2019.
[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 during 2020). Filed as Exhibit 10.37 to Form 10-K for the year ended December 31, 2019.

[(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, 2021). Filed as Exhibit 10.30 to Form 10-K for the year ended December 31, 2020.
[(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, 2021). Filed as Exhibit 10.31 to Form 10-K for the year ended December 31, 2020.
13	2021 Annual Report, pages 21 through 153.
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	The following financial statements from the Company's Annual Report for the year ended December 31, 2021, formatted in Inline XBRL: (i) Consolidated Balance Sheet, (ii) Consolidated Statement of Income, (iii) Consolidated Statement of Comprehensive Income, (iv) Consolidated Statement of Shareholders' Equity, (v) Consolidated Statement of Cash Flows and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and included in Exhibit 101)

(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.

* The schedules and similar attachments to this exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to provide a copy of the omitted schedules and similar attachments on a supplemental basis to the U.S. Securities and Exchange Commission or its staff, if requested.

Item 16. ***Form 10-K Summary***

Not applicable.

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 22, 2022, 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 22, 2022, 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

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

KIMBERLY J. HARRIS*
Kimberly J. Harris, Director

ROLAND A. HERNANDEZ*
Roland A. Hernandez, Director

OLIVIA F. KIRTLEY*
Olivia F. Kirtley, Director

Signature and Title

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 22, 2022

By: /s/ ANDREW CECERE

Andrew Cecere

Attorney-In-Fact

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.

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.

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.

* * * * *

[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]

CERTIFICATE OF DESIGNATIONS
OF
SERIES N FIXED RATE RESET 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 September 20, 2021, the Board of Directors of the Corporation (the "*Board*"), pursuant to authority conferred upon the Board by the Certificate of Incorporation of the Corporation and by Section 141(a) of the General Corporation Law of the State of Delaware, duly adopted resolutions establishing the terms of the Corporation's Series N Fixed Rate Reset Non-Cumulative Perpetual Preferred Stock, $1.00 par value (the "*Series N Preferred Stock*"), and authorized a Committee (the "*Committee*") to act on behalf of the Board in establishing the liquidation preference, dividend rate, optional redemption date, number of authorized shares and certain other terms of the Series N Preferred Stock.

2. Thereafter, on October 19, 2021, the Committee duly adopted the following resolution by written consent:

   "**NOW, THEREFORE, BE IT RESOLVED**, that the Committee hereby establishes the Series N 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 N 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 & Chief Executive Officer this 20th day of October, 2021.

U.S. BANCORP

BY: /s/ Andrew Cecere
Name: Andrew Cecere
Title: Chairman, President & Chief Executive Officer

EXHIBIT A
TO
CERTIFICATE OF DESIGNATIONS
OF
SERIES N FIXED RATE RESET NON-CUMULATIVE PERPETUAL PREFERRED STOCK
OF
U.S. BANCORP

Section 1. Designation. The designation of the series of preferred stock shall be Series N Fixed Rate Reset Non-Cumulative Perpetual Preferred Stock (hereinafter referred to as the "*Series N Preferred Stock*"). Each share of Series N Preferred Stock shall be identical in all respects to every other share of Series N Preferred Stock, except as to the respective dates from which dividends thereon shall accrue, to the extent such dates may differ as permitted pursuant to Section 4(a) below. Series N 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 N Preferred Stock shall be 60,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of preferred stock, less all shares of any other series of preferred stock authorized at the time of such increase) or decreased (but not below the number of shares of Series N 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 N Preferred Stock.

Section 3. Definitions. As used herein with respect to Series N 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, subject to any adjustment as provided for herein.

"*Calculation Agent*" means, at any time, the person or entity appointed by the Corporation and serving as such agent at such time. The Corporation may terminate any such appointment and may appoint a successor agent at any time and from time to time.

"*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.

"Five-Year Treasury Rate" means the average of the yields on actively traded U.S. treasury securities adjusted to constant maturity, for five-year maturities, for the five Business Days preceding the applicable Reset Dividend Determination Date appearing (or, if fewer than five Business Days so appear, for such number of Business Days appearing) under the caption "Treasury Constant Maturities" in the most recently published H.15, as determined by the Calculation Agent. The Five-Year Treasury Rate will be determined by the Calculation Agent on the Reset Dividend Determination Date.

Notwithstanding the foregoing, if the Corporation or its designee in consultation with the Corporation, determines on the relevant Reset Dividend Determination Date that the then-current Reference Rate (which as of October 26, 2021 is the Five-Year Treasury Rate) cannot be determined in the manner applicable for such Reference Rate (a "Rate Substitution Event"), the Corporation or its designee, after consultation with the Corporation, may determine whether there is an industry-accepted successor rate to the then-applicable Reference Rate. If the Corporation or such designee, after consulting with the Corporation, determines that there is such an industry-accepted successor rate, then such successor rate will replace the then-current Reference Rate for all purposes relating to the Series N Preferred Stock (including the dividend rate) on such Reset Dividend Determination Date and thereafter. In that case, the Corporation or its designee, after consultation with the Corporation, may then adopt and make changes to (i) the Reset Date, the Reset Dividend Determination Date, the Reset Period, the definition of Business Day, the day-count and the rounding conventions to be used and (ii) any other relevant methodology or definition for determining or otherwise calculating such successor rate, including any spread or adjustment factor needed to make such successor rate comparable to the then-current Reference Rate (which as of October 26, 2021 is the Five-Year Treasury Rate), in each case in a manner that is substantially consistent with industry-accepted practices for the use of such successor rate. If the Corporation, or any designee after consultation with the Corporation, determines that there is no industry-accepted successor rate to the then-applicable base rate, then the Reference Rate for the applicable Reset Dividend Determination Date will be deemed to be the same rate determined for the prior Reset Dividend Determination Date or, with respect to the first Reset Dividend Determination Date, 3.70%.

Any calculation or determination made by the Calculation Agent will be made in the Calculation Agent's sole discretion and will be conclusive and binding absent manifest error. Any determination, decision or selection made by the Corporation or its designee after consultation with the Corporation will be made in the Corporation's or such designee's sole discretion, will be conclusive and binding absent manifest error and, notwithstanding anything to the contrary herein, shall become effective without the consent from the holders of the Series N Preferred Stock.

"H.15" means the daily statistical release designated as such, or any successor publication, published by the Federal Reserve Board or any successor.

"*Junior Stock*" means the Corporation's common stock and any other class or series of stock of the Corporation hereafter authorized over which Series N 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 N 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.

"*Reference Rate*" means, initially, the Five-Year Treasury Rate; provided that if a Rate Substitution Event has occurred with respect to the Five-Year Treasury Rate or the then-current Reference Rate, then "Reference Rate" means the applicable replacement rate.

"*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 N Preferred Stock, (ii) any proposed change in those laws or regulations that is announced after the initial issuance of any share of Series N 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 N 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 N 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 N Preferred Stock is outstanding.

"*Reset Date*" means January 15, 2027 and each date falling on the fifth anniversary of the preceding Reset Date, subject to adjustment as provided for herein, regardless of whether such day is a Business Day.

"*Reset Dividend Determination Date*" means, in respect of any Reset Period, the day falling three Business Days prior to the beginning of such Reset Period, subject to adjustment as provided for herein.

"*Reset Period*" means the period from and including January 15, 2027 to, but excluding, the next following Reset Date and thereafter each period from, and including, each Reset Date to, but excluding, the next following Reset Date, subject to adjustment as provided for herein.

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

Section 4. Dividends.

(a) Rate. Holders of Series N 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 N Preferred Stock, and no more, payable quarterly in arrears on the 15th day of each January, April, July and October, commencing on January 15, 2022 (i) from the date of issuance to, but excluding, January 15, 2027, at a fixed rate *per annum* equal to 3.70%, and (ii) from, and including, January 15, 2027, during each Reset Period, at a rate *per annum* equal to the Five-Year Treasury Rate as of the most recent Reset Dividend Determination Date plus a spread of 2.541%; *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 N 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 N 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. If the Corporation issues additional shares of Series N Preferred Stock after the original issue date, dividends on such shares may accrue from the original issue or any other date specified by the Board of Directors or a duly authorized committee of the Board of Directors at the time such additional shares are issued. Notwithstanding any other provision hereof, dividends on the Series N 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 N Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series N 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 N 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 N 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 N 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 N 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 N 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 N 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 N Preferred Stock and any Parity Stock, all dividends declared upon shares of Series N 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 N 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 N 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 N 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 N 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 N 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 N 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 holders of Series N 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 N Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series N 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 N 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 N 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 N Preferred Stock on any Dividend Payment Date on or after January 15, 2027, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series N 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 N 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 N 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 10 days and not more than 60 days before the date fixed for redemption. Notwithstanding the foregoing, if the Series N 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 N Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series N Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series N 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 N Preferred Stock at the time outstanding, the shares of Series N Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series N Preferred Stock in proportion to the number of Series N 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 N 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 N 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 N 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 N Preferred Stock, taken as a whole; *provided, however*, that any increase in the amount of the authorized or issued Series N 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 N 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 N 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 N 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 N 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 N Preferred Stock or any other class or series of preferred stock that ranks on parity with the Series N 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 N 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 N Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series N 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 N Preferred Stock and any other class or series of the Corporation's stock that ranks on parity with Series N 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 N 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 N Preferred Stock, and any other class or series of preferred stock that ranks on parity with Series N 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 N 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 N 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 N Preferred Stock and any other class or series of preferred stock that ranks on parity with Series N 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 N 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 N 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 N Preferred Stock shall not have any rights to convert such Series N 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 N 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 N 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 N 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 N 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 N Preferred Stock are not subject to the operation of a sinking fund.

* * * * * *

[As filed with the Delaware Secretary of State on October 25, 2021]

CERTIFICATE OF DESIGNATIONS
OF
SERIES O 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 24, 2022, 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 O Non-Cumulative Perpetual Preferred Stock, $1.00 par value (the "Series O 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 O Preferred Stock.

2. Thereafter, on February 2, 2022, the Subcommittee duly adopted the following resolution by written consent:

   "**NOW, THEREFORE, BE IT RESOLVED**, that the Subcommittee hereby establishes the Series O 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 O 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 Chair and Chief Financial Officer this 8th day of February, 2022.

U.S. Bancorp

By: /s/ Terrance R. Dolan
Name: Terrance R. Dolan
Title: Vice Chair And Chief Financial Officer

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

Section 1. Designation. The designation of the series of preferred stock shall be Series O Non-Cumulative Perpetual Preferred Stock (hereinafter referred to as the "*Series O Preferred Stock*"). Each share of Series O Preferred Stock shall be identical in all respects to every other share of Series O Preferred Stock, except as to the respective dates from which dividends thereon shall accrue, to the extent such dates may differ as permitted pursuant to Section 4(a) below. Series O 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 O 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, less all shares of any other series of preferred stock authorized at the time of such increase) or decreased (but not below the number of shares of Series O 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 O Preferred Stock.

Section 3. Definitions. As used herein with respect to Series O 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 O 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 O 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 O Preferred Stock, (ii) any proposed change in those laws or regulations that is announced after the initial issuance of any share of Series O 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 O 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 O 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 O Preferred Stock is outstanding.

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

Section 4. Dividends.

(a) Rate. Holders of Series O 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 O Preferred Stock, and no more, payable quarterly in arrears on the 15th day of each January, April, July and October, commencing on April 15, 2022; *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 O 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 O Preferred Stock will accrue on the liquidation preference of $25,000 per share at a rate per annum equal to 4.50%. The record date for payment of dividends on the Series O 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 shall be rounded to three decimal places, with $0.0005 being rounded upward. If the Corporation issues additional shares of Series O Preferred Stock after the original issue date, dividends on such shares may accrue from the original issue date or any other date specified by the Board of Directors or a duly authorized committee thereof at the time such additional shares are issued, *provided* that dividends, if any, on any shares of Series O Preferred Stock issued in connection with the exercise by the underwriters purchasing shares of Series O Preferred Stock on the original issuance date of their option to purchase additional depositary shares representing interests in the shares of the Series O Preferred Stock, will accrue from the original issue date of the Series O Preferred Stock or any other date specified by the Board of Directors or a duly authorized committee thereof at the time such additional shares are issued. Notwithstanding any other provision hereof, dividends on the Series O 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 O Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series O 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 O 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 O 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 O 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 O 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 O 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 O 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 O Preferred Stock and any Parity Stock, all dividends declared upon shares of Series O 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 O 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 O 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 O 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 O 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 O 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 O 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 holders of Series O 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 O Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series O 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 O 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 O 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 O 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 O 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 O 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 O 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 10 days and not more than 60 days before the date fixed for redemption. Notwithstanding the foregoing, if the Series O 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 O Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series O Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series O 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 O Preferred Stock at the time outstanding, the shares of Series O Preferred Stock to be redeemed shall be selected either pro rata from the holders of record of Series O Preferred Stock in proportion to the number of Series O 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 O 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 O 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 O 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 O Preferred Stock, taken as a whole; provided, however, that any increase in the amount of the authorized or issued Series O 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 O 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 O 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 O 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 O 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 O Preferred Stock or any other class or series of preferred stock that ranks on parity with the Series O 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 O 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 O Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series O 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 O Preferred Stock and any other class or series of the Corporation's stock that ranks on parity with Series O 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 O 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 O Preferred Stock, and any other class or series of preferred stock that ranks on parity with Series O 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 O 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 O 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 O Preferred Stock and any other class or series of preferred stock that ranks on parity with Series O 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 O 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 O 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 O Preferred Stock shall not have any rights to convert such Series O 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 O 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 O 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 O 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 O 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 O Preferred Stock are not subject to the operation of a sinking fund.

* * * * * *

[As filed with the Delaware Secretary of State on February 8, 2022]

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 K preferred stock, (6) depositary shares representing shares of Series L preferred stock, (7) depositary shares representing shares of Series M 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, as amended (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 designations 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, 2021, there were 2,125,725,742 shares of Common Stock issued and outstanding and 269,510 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");
- 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");
- 20,000 represent shares of Series L Non-Cumulative Perpetual Preferred Stock (the "Series L Preferred Stock");

- 30,000 represent shares of Series M Non-Cumulative Perpetual Preferred Stock (the "Series M Preferred Stock"); and
- 60,000 represent shares of Series N Fixed Rate Reset Non-Cumulative Preferred Stock (the "Series N Preferred Stock").

All outstanding shares of USB's capital stock are fully paid and non-assessable. On January 15, 2022, USB redeemed all 44,000 issued and outstanding shares of the Series F Preferred Stock and all issued and outstanding depositary shares representing the shares of the Series F 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, 2021, USB has authorized the following securities, which have been registered pursuant to Section 12 of the Exchange Act:

- 20,010 shares of Series A Preferred Stock, with a liquidation preference of $100,000 per share, of which 12,510 shares of Series A Preferred Stock were outstanding, with 5,746.22 shares of Series A Preferred Stock evidenced by 574,622 depositary shares, all of which are issued and 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;
- 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;
- 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; and
- 30,000,000 depositary shares representing, in the aggregate, 30,000 shares of Series M Preferred Stock, with a liquidation preference of $25,000 per share, all of which are issued and outstanding.

The Series J Preferred Stock and the Series N Preferred Stock described herein have not been registered pursuant to Section 12 of the Exchange Act. On January 15, 2022, USB redeemed all 44,000 issued and outstanding shares of the Series F Preferred Stock and all 44,000,000 issued and outstanding depositary shares representing the shares of the Series F Preferred Stock. On February 9, 2022, USB issued 18,000,000 depositary shares, representing, in the aggregate, 18,000 shares of Series O Non-Cumulative Perpetual Preferred Stock (the "Series O Preferred Stock"), which is described herein. Such depositary shares are listed on the New York Stock Exchange under the symbol "PrS".

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 J Preferred Stock, the Series K Preferred Stock, the Series L Preferred Stock, the Series M Preferred Stock and the Series N 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 Rights — 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 J Preferred Stock, the Series K Preferred Stock, the Series L Preferred Stock, the Series M Preferred Stock and the Series N 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

On January 15, 2022, USB redeemed all 44,000 issued and outstanding shares of the Series F Preferred Stock and all 44,000,000 issued and outstanding depositary shares representing the shares of the 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 J Preferred Stock, the Series K Preferred Stock, the Series L Preferred Stock, the Series M Preferred Stock and the Series N 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 provision.

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 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 K Preferred Stock and the Series L Preferred Stock, the Series M Preferred Stock and the Series N 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 provision.

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 consecutive quarterly 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 Preferred 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 J Preferred Stock, the Series L Preferred Stock, the Series M Preferred Stock and the Series N 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 provision.

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 consecutive quarterly 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 Preferred 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 J Preferred Stock, the Series K Preferred , the Series M Preferred Stock and the Series N 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 provision.

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 consecutive quarterly 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 Preferred 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.

Series M Preferred Stock

General — The depositary is the sole holder of the Series M Preferred Stock, as described below under the section entitled "—Description of Depositary Shares," and all references herein to the holders of the Series M 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 M Preferred Stock, as described below under "—Description of Depositary Shares." The holders of the Series M 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 M 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 M 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 M 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 M Preferred Stock ranks equally with the Series A Preferred Stock, the Series B Preferred Stock, the Series F Preferred Stock, the Series J Preferred Stock, the Series K Preferred Stock, the Series L Preferred Stock and the Series N Preferred Stock and with any future class or series of USB's capital stock that ranks on a par with the Series M 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 M 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 M 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 M 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 M 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 (i) 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, (ii) through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (iii) 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, (iv) any purchase, redemption or other acquisition of Junior Stock pursuant to any employee, consultant or director incentive or benefit plans or arrangements of USB's or any of USB's subsidiaries (including any employment, severance or consulting arrangements adopted before or after the issuance of the Series M Preferred Stock) and (v) in connection with any underwriting, stabilization, market-making or similar transactions in USB's capital stock by an investment banking subsidiary of USB in the ordinary course of such subsidiary's business), 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 M Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, unless full dividends for the most recently completed dividend period on all outstanding shares of Series M Preferred Stock have been paid or declared and a sum sufficient for the payment thereof set aside.

Dividends — Dividends on shares of the Series M Preferred Stock will not be mandatory. Holders of Series M 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 M Preferred Stock will accrue on the liquidation preference amount of $25,000 per share at a rate per annum equal to 4.00% 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 M 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 M 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. Dollar amounts resulting from that calculation will be rounded to three decimal places, with $0.0005 being rounded upward. For purposes of the Series M 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 M 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 M Preferred Stock to receive dividends is non-cumulative. If USB's board of directors does not declare a dividend on the Series M Preferred Stock or declares less than a full dividend in respect of any dividend period, the holders of the Series M 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 M 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 M 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 M 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 M Preferred Stock that may be in arrears.

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

The Series M Preferred Stock will be redeemable at USB's option, in whole or in part, at any time on or after April 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 M 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 M 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 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 USB 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 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 M Preferred Stock is outstanding.

If shares of the Series M 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 M 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 M 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 M 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 M 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 M 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 M Preferred Stock so called for redemption, then, on and after the redemption date, dividends will cease to accrue on such shares of Series M Preferred Stock, such shares of Series M 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 M 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 M 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 M 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 M 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 M Preferred Stock and all stock ranking equal to the Series M 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 M 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 M Preferred Stock have no voting rights.

Whenever dividends on any shares of the Series M 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 M 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 M Preferred Stock, 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 the Series M 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 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 for at least four consecutive quarterly 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 M Preferred Stock

and any other class or series of Parity Stock, the holders of the Series M 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 M 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 M 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 M Preferred Stock become entitled to vote for the election of Preferred Directors, the Series M 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 M Preferred Stock may become subject to regulations under the Bank Holding Company Act and/or certain acquisitions of the Series M Preferred Stock may be subject to prior approval by the Federal Reserve Board.

So long as any shares of Series M 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 M 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 M 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 M 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 M 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 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 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 M 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 M 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 M Preferred Stock to effect such redemption.

Series N Preferred Stock

General — The depositary is the sole holder of the Series N Preferred Stock, as described below under the section entitled "—Description of Depositary Shares," and all references herein to the holders of the Series N 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 N Preferred Stock, as described below under "—Description of Depositary Shares." The holders of the Series N 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 N 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 N 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 N 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 N Preferred Stock ranks equally with the Series A Preferred Stock, the Series B Preferred Stock, the Series F Preferred Stock, the Series J Preferred Stock, the Series K Preferred Stock, the Series L Preferred Stock and the Series M Preferred Stock and with any future class or series of USB's capital stock that ranks on a par with the Series N 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 N 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 N 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 N 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 N 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 (i) 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, (ii) through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (iii) 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, (iv) any purchase, redemption or other acquisition of Junior Stock pursuant to any employee, consultant or director incentive or benefit plans or arrangements of USB's or any of USB's subsidiaries (including any employment, severance or consulting arrangements adopted before or after the issuance of the Series N Preferred Stock) and (v) in connection with any underwriting, stabilization, market-making or similar transactions in USB's capital stock by an investment banking subsidiary of USB in the ordinary course of such subsidiary's business), 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 N Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, unless full dividends for the most recently completed dividend period on all outstanding shares of Series N Preferred Stock have been paid or declared and a sum sufficient for the payment thereof set aside.

Dividends — Dividends on shares of the Series N Preferred Stock will not be mandatory. Holders of Series N 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 N Preferred Stock will accrue on the liquidation preference amount of $25,000 per share, payable quarterly in arrears on each January 15, April 15, July 15 and October 15 (each, a "dividend payment date"). Dividends declared will accrue (i) from the original issue date to, but excluding, January 15, 2027 (the "first reset date"), at a rate per annum of 3.70% and (ii) from and including the first reset date, during each reset period (as defined below), at a rate per annum equal to the five-year treasury rate (as defined below) as of the most recent reset dividend determination date (as defined below), plus a spread of 2.541%. In the event that USB issues additional shares of Series N Preferred Stock after the original issue date, dividends on such shares may accrue from the original issue or any other date specified by USB at the time such additional shares are issued.

As used herein:

"dividend period" is the period from, and including, a dividend payment date to, but excluding, the next dividend payment date, except that the initial dividend period will commence on and include the original issue date of the Series N Preferred Stock.

"five-year treasury rate" will be determined by the calculation agent on the applicable reset dividend determination date as the average of the yields on actively traded U.S. treasury securities adjusted to constant maturity, for five-year maturities, for the five business days preceding the applicable reset dividend determination date appearing (or, if fewer than five business days so appear, for such number of business days appearing) under the caption "Treasury Constant Maturities" in the most recently published H.15.

Notwithstanding the foregoing, if USB or USB's designee (which may be an affiliate of USB), after consulting with USB, determines on the relevant reset dividend determination date that the then-current reference rate (which as of the original issue date of the Series N Preferred Stock is the five-year treasury rate) cannot be determined in the manner applicable for such reference rate (a "rate substitution event"), USB or such designee, after consulting with USB, may determine whether there is an industry-accepted successor rate to the then-applicable reference rate (such successor rate, the "replacement rate"). If USB or such designee, after consultation with USB, determines there is such a replacement rate, then the replacement rate will replace the then-current reference rate for all purposes relating to the Series N Preferred Stock (including the dividend rate) on such reset dividend determination date and thereafter. In addition, if a replacement rate is selected, USB or USB's designee (which may be an affiliate of USB), after consulting with USB, may then adopt and make changes to (i) the reset date, the reset period, the reset dividend determination date, the day count convention, the business day convention, the definition of business day and the rounding conventions to be used and (ii) any other relevant methodology or definition for determining or otherwise calculating such replacement rate, including any spread or adjustment factor needed to make such replacement rate comparable to the then-current reference rate (which as of the original issue date of the Series N Preferred Stock is the five-year treasury rate), in each case in a manner that is substantially consistent with industry-accepted practices for the use of such replacement rate (the "adjustments"). If USB or USB's designee (which may be an affiliate of USB), after consulting with USB, determines that there is no such replacement rate, then the reference rate for the applicable reset dividend determination date will be deemed to be the same rate determined for the prior reset dividend determination date or, in the case of the first reset dividend determination date, 3.70%.

"H.15" means the daily statistical release designated as such, or any successor publication, published by the Federal Reserve Board or any successor.

"reference rate" means, initially, the five-year treasury rate; provided that if a rate substitution event has occurred with respect to the five-year treasury rate or the then-current reference rate, then "reference rate" means the applicable replacement rate.

"reset date" means the first reset date and each date falling on the fifth anniversary of the preceding reset date, subject to adjustment as provided above. Reset dates, including the first reset date, will not be adjusted for business days.

"reset dividend determination date" means, in respect of any reset period, the day falling three business days prior to the beginning of such reset period.

"reset period" means the period from and including the first reset date to, but excluding, the next following reset date and thereafter each period from, and including, each reset date to, but excluding, the next following reset date, subject to adjustment as provided above.

The applicable dividend rate for each reset period from and including the first reset date will be determined by the calculation agent, as of the applicable reset dividend determination date. Promptly upon such determination, the calculation agent will notify USB of the dividend rate for the reset period. Any calculation or determination by the calculation agent with respect to the dividend rate will be made in the calculation agent's sole discretion and will be conclusive and binding absent manifest error.

Any determination, decision or selection that may be made by USB or USB's designee pursuant to the provisions of the Series N Preferred Stock (including provisions relating to a rate substitution event, such as any determination with respect to tenor, rate or adjustment, or of the occurrence or non-occurrence of an event, circumstance or date, and any decision to take or refrain from taking any action or make or refrain from making any selection) will be made in USB's or such designee's sole discretion, will be conclusive and binding absent manifest error and will become effective without consent from the holders of the Series N Preferred Stock.

If any day on which dividends are payable on the Series N 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 N 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. Dollar amounts resulting from that calculation will be rounded to three decimal places, with $0.0005 being rounded upward. For purposes of the Series N 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 N 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 N Preferred Stock to receive dividends is non-cumulative. If USB's board of directors does not declare a dividend on the Series N Preferred Stock or declares less than a full dividend in respect of any dividend period, the holders of the Series N 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 N 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 N 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 N 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 N Preferred Stock that may be in arrears.

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

The Series N Preferred Stock will be redeemable at USB's option, in whole or in part, at any time on or after January 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 N 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 N 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 N Preferred Stock, (ii) any proposed change in those laws or regulations that is announced after the initial issuance of any share of Series N 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 N 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 N 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 N Preferred Stock is outstanding.

If shares of the Series N 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 N Preferred Stock to be redeemed, mailed not less than 10 days nor more than 60 days prior to the date fixed for redemption thereof (provided that, if the depositary shares representing the Series N 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 N 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 N 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 N 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 N Preferred Stock so called for redemption, then, on and after the redemption date, dividends will cease to accrue on such shares of Series N Preferred Stock, such shares of Series N 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 N 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 N 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 N 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 N 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 N Preferred Stock and all stock ranking equal to the Series N 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 N 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 N Preferred Stock have no voting rights.

Whenever dividends on any shares of the Series N 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 N 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 N Preferred Stock, a special meeting of the holders of Series N Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series N 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 N Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series N Preferred Stock as to payment of dividends for at least four consecutive quarterly 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 N Preferred Stock and any other class or series of Parity Stock, the holders of the Series N 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 N 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 N 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 N Preferred Stock become entitled to vote for the election of Preferred Directors, the Series N 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 N Preferred Stock may become subject to regulations under the Bank Holding Company Act and/or certain acquisitions of the Series N Preferred Stock may be subject to prior approval by the Federal Reserve Board.

So long as any shares of Series N 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 N 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 N 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 N 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 N 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 N Preferred Stock, taken as a whole; provided, however, that any increase in the amount of the authorized or issued Series N 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 N 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 N 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 N Preferred Stock to effect such redemption.

Series O Preferred Stock

General — The depositary is the sole holder of the Series O Preferred Stock, as described below under the section entitled "—Description of Depositary Shares," and all references herein to the holders of the Series O 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 O Preferred Stock, as described below under "—Description of Depositary Shares." The holders of the Series O 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 O 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 O 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 O 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 O Preferred Stock ranks equally with the Series A Preferred Stock, the Series B Preferred Stock, the Series J Preferred Stock, the Series K Preferred Stock, the Series L Preferred Stock, the Series M Preferred Stock and the Series N Preferred Stock and with any future class or series

of USB's capital stock that ranks on a par with the Series O 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 O 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 O 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 O 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 O 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 (i) 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, (ii) through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (iii) 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, (iv) any purchase, redemption or other acquisition of Junior Stock pursuant to any employee, consultant or director incentive or benefit plans or arrangements of USB's or any of USB's subsidiaries (including any employment, severance or consulting arrangements adopted before or after the issuance of the Series O Preferred Stock) and (v) in connection with any underwriting, stabilization, market-making or similar transactions in USB's capital stock by an investment banking subsidiary of USB in the ordinary course of such subsidiary's business), 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 O Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, unless full dividends for the most recently completed dividend period on all outstanding shares of Series O Preferred Stock have been paid or declared and a sum sufficient for the payment thereof set aside.

Dividends — Dividends on shares of the Series O Preferred Stock will not be mandatory. Holders of Series O 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 O Preferred Stock will accrue on the liquidation preference amount of $25,000 per share at a rate per annum equal to 4.50% 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 O 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 O 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. Dollar amounts resulting from that calculation will be rounded to three decimal places, with $0.0005 being rounded upward. For purposes of the Series O 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 O 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 O Preferred Stock to receive dividends is non-cumulative. If USB's board of directors does not declare a dividend on the Series O Preferred Stock or declares less than a full dividend in respect of any dividend period, the holders of the Series O 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 O 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 O 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 O 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 O Preferred Stock that may be in arrears.

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

The Series O 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 O 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 O 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 O Preferred Stock, (ii) any proposed change in those laws or regulations that is announced after the initial issuance of any share of Series O 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 O 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 O 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 O Preferred Stock is outstanding.

If shares of the Series O 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 O Preferred Stock to be redeemed, mailed not less than 10 days nor more than 60 days prior to the date fixed for redemption thereof (provided that, if the depositary shares representing the Series O 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 O 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 O 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 O 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 O Preferred Stock so called for redemption, then, on and after the redemption date, dividends will cease to accrue on such shares of Series O Preferred Stock, such shares of Series O 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 O 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 O 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 O 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 O 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 O Preferred Stock and all stock ranking equal to the Series O 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 O 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 O Preferred Stock have no voting rights.

Whenever dividends on any shares of the Series O 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 O 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 O Preferred Stock, a special meeting of the holders of Series O Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series O 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 O Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series O Preferred Stock as to payment of dividends for at least four consecutive quarterly 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 O Preferred Stock and any other class or series of Parity Stock, the holders of the Series O 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 O 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 O 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 O Preferred Stock become entitled to vote for the election of Preferred Directors, the Series O 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 O Preferred Stock may become subject to regulations under the Bank Holding Company Act and/or certain acquisitions of the Series O Preferred Stock may be subject to prior approval by the Federal Reserve Board.

So long as any shares of Series O 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 O 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 O 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 O 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 O 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 O Preferred Stock, taken as a whole; provided, however, that any increase in the amount of the authorized or issued Series O 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 O 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 O 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 O 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).

The following pages discuss in detail the financial results we achieved in 2021 — 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, including the following risks and uncertainties and the risks and uncertainties more fully discussed in the "Risk Factors" section of this report, which 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; 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; the effects of climate change; changes in customer behavior and preferences; breaches in data security, including as a result of work-from-home arrangements; 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. In addition, U.S. Bancorp's proposed acquisition of MUFG Union Bank presents risks and uncertainties, including, among others: the risk that the cost savings, any revenue synergies and other anticipated benefits of the proposed acquisition may not be realized or may take longer than anticipated to be realized; the risk that U.S. Bancorp's business could be disrupted as a result of the announcement and pendency of the proposed acquisition and diversion of management's attention from ongoing business operations and opportunities; the possibility that the proposed acquisition, including the integration of MUFG Union Bank, may be more costly or difficult to complete than anticipated; delays in closing the proposed acquisition; and the failure of required governmental approvals to be obtained or any other closing conditions in the definitive purchase agreement to be satisfied.

Additional factors could cause actual results to differ from expectations, including the risks discussed in the "Corporate Risk Profile" section on pages 35 to 56 and "Risk Factors" section on pages 137 to 150 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.

22 Management's Discussion and Analysis
- 22 Overview
- 24 Statement of Income Analysis
- 28 Balance Sheet Analysis
- 35 Corporate Risk Profile
  - 35 Overview
  - 36 Credit Risk Management
  - 48 Residual Value Risk Management
  - 48 Operational Risk Management
  - 49 Compliance Risk Management
  - 49 Interest Rate Risk Management
  - 51 Market Risk Management
  - 52 Liquidity Risk Management
  - 55 Capital Management
- 56 Line of Business Financial Review
- 60 Non-GAAP Financial Measures
- 62 Accounting Changes
- 62 Critical Accounting Policies
- 64 Controls and Procedures

65 Reports of Management and Independent Accountants

69 Consolidated Financial Statements and Notes

134 Consolidated Daily Average Balance Sheet and Related Yields and Rates

136 Supplemental Financial Data

137 Company Information

151 Managing Committee

153 Directors

Management's Discussion and Analysis

Overview

In 2021, U.S. Bancorp and its subsidiaries (the "Company") continued to demonstrate its financial strength and diversified business model. In a year where the economy continued to recover from the impacts of the COVID-19 pandemic, the Company maintained its sound credit quality and strong capital and liquidity position, while continuing to invest in digital capabilities and key business initiatives to drive growth in the future.

The Company earned $8.0 billion in 2021, an increase of $3.0 billion (60.6 percent) from 2020, reflecting a decrease in the provision for credit losses, partially offset by lower pre-provision operating income. The decrease in the provision for credit losses was driven by improvement in the global economy, as well as strong credit and collateral performance. Net interest income decreased due to lower loan spreads and declining average loan balances driven by commercial loan payoffs by business customers, partially offset by changes in deposit and funding mix and higher loan fees. Noninterest income decreased due to lower mortgage banking revenue, commercial products revenue and securities gains, partially offset by improvements in payment services revenue, trust and investment management fees, deposit service charges, treasury management fees and investment products fees. Noninterest expense was higher reflecting increases in compensation expense, employee benefits expense, technology and communications expense, professional services expense, and marketing and business development expense, partially offset by lower net occupancy and equipment expense and other noninterest expense.

In 2021, the Company increased deposits significantly, while average loan balances decreased. Average loan balances in 2021 decreased $10.3 billion (3.4 percent) from 2020 primarily due to lower commercial loans driven by continued payoffs by business customers, lower commercial real estate loans as a result of customer payoffs and lower credit card loans driven by higher customer payment rates. These decreases were partially offset by higher other retail loans, driven by growth in installment loans due to strong auto and recreational vehicle lending, partially offset by lower home equity and second mortgages as more customers chose to refinance their existing first lien residential mortgage balances during the prior year due to the low interest rate environment. In addition, residential mortgages were higher due to increased loan portfolio production and slower payoffs in the mortgage portfolio. Average deposit balances in 2021 increased $35.7 billion (8.9 percent) over 2020 primarily due to higher noninterest-bearing and total savings deposit balances, partially offset by lower time deposit balances. The growth in average noninterest-bearing and total savings deposits was primarily a result of the actions taken by the federal government to increase liquidity in the financial system and government stimulus programs.

The Company's common equity tier 1 capital to risk-weighted assets ratio, using the Basel III standardized approach was 10.0 percent at December 31, 2021. Refer to Table 22 for a summary of the statutory capital ratios in effect for the Company at December 31, 2021 and 2020. 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, diversified business model and strong credit quality position it well for 2022. The Company looks to continue building momentum in each of the lines of business, as the investments made in digital transformation and payments ecosystem initiatives will continue to enable customer and revenue growth, and the Company expects continued momentum in customer spend activity and loan growth.

TABLE 1 Selected Financial Data

Year Ended December 31 (Dollars and Shares in Millions, Except Per Share Data)	2021	2020	2019
Condensed Income Statement			
Net interest income	$ 12,494	$ 12,825	$ 13,052
Taxable-equivalent adjustment[a]	106	99	103
Net interest income (taxable-equivalent basis)[b]	12,600	12,924	13,155
Noninterest income	10,227	10,401	9,831
Total net revenue	22,827	23,325	22,986
Noninterest expense	13,728	13,369	12,785
Provision for credit losses	(1,173)	3,806	1,504
Income before taxes	10,272	6,150	8,697
Income taxes and taxable-equivalent adjustment	2,287	1,165	1,751
Net income	7,985	4,985	6,946
Net (income) loss attributable to noncontrolling interests	(22)	(26)	(32)
Net income attributable to U.S. Bancorp	$ 7,963	$ 4,959	$ 6,914
Net income applicable to U.S. Bancorp common shareholders	$ 7,605	$ 4,621	$ 6,583
Per Common Share			
Earnings per share	$ 5.11	$ 3.06	$ 4.16
Diluted earnings per share	5.10	3.06	4.16
Dividends declared per share	1.76	1.68	1.58
Book value per share[c]	32.71	31.26	29.90
Market value per share	56.17	46.59	59.29
Average common shares outstanding	1,489	1,509	1,581
Average diluted common shares outstanding	1,490	1,510	1,583
Financial Ratios			
Return on average assets	1.43%	.93%	1.45%
Return on average common equity	16.0	10.0	14.1
Net interest margin (taxable-equivalent basis)[a]	2.49	2.68	3.06
Efficiency ratio[b]	60.4	57.8	55.8
Net charge-offs as a percent of average loans outstanding	.23	.58	.50
Average Balances			
Loans	$296,965	$307,269	$290,686
Loans held for sale	8,024	6,985	3,769
Investment securities[d]	154,702	125,954	117,150
Earning assets	506,141	481,402	430,537
Assets	556,532	531,207	475,653
Noninterest-bearing deposits	127,204	98,539	73,863
Deposits	434,281	398,615	346,812
Short-term borrowings	14,774	19,182	18,137
Long-term debt	36,682	44,040	41,572
Total U.S. Bancorp shareholders' equity	53,810	52,246	52,623
Period End Balances			
Loans	$312,028	$297,707	$296,102
Investment securities	174,821	136,840	122,613
Assets	573,284	553,905	495,426
Deposits	456,083	429,770	361,916
Long-term debt	32,125	41,297	40,167
Total U.S. Bancorp shareholders' equity	54,918	53,095	51,853
Asset Quality			
Nonperforming assets	$ 878	$ 1,298	$ 829
Allowance for credit losses	6,155	8,010	4,491
Allowance for credit losses as a percentage of period-end loans	1.97%	2.69%	1.52%
Capital Ratios			
Common equity tier 1 capital	10.0%	9.7%	9.1%
Tier 1 capital	11.6	11.3	10.7
Total risk-based capital	13.4	13.4	12.7
Leverage	8.6	8.3	8.8
Total leverage exposure	6.9	7.3	7.0
Tangible common equity to tangible assets[b]	6.8	6.9	7.5
Tangible common equity to risk-weighted assets[b]	9.2	9.5	9.3
Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the current expected credit losses methodology[b]	9.6	9.3	

(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 60.
(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 $8.0 billion in 2021, or $5.10 per diluted common share, compared with $5.0 billion, or $3.06 per diluted common share, in 2020. Return on average assets and return on average common equity were 1.43 percent and 16.0 percent, respectively, in 2021, compared with 0.93 percent and 10.0 percent, respectively, in 2020.

Total net revenue for 2021 was $498 million (2.1 percent) lower than 2020, reflecting a 2.6 percent decrease in net interest income (2.5 percent on a taxable-equivalent basis) and a 1.7 percent decrease in noninterest income. The decrease in net interest income from the prior year was due to lower loan spreads and declining average loan balances driven by commercial loan payoffs by business customers, partially offset by changes in deposit and funding mix and higher loan fees. The decrease in noninterest income was driven by lower mortgage banking revenue, commercial products revenue and securities gains, partially offset by improvements in payment services revenue, trust and investment management fees, deposit service charges, treasury management fees and investment products fees.

Noninterest expense in 2021 was $359 million (2.7 percent) higher than 2020, reflecting increases in compensation expense, employee benefits expense, technology and communications expense, professional services expense, and marketing and business development expense, partially offset by lower net occupancy and equipment expense and other noninterest expense.

Results for 2020 Compared With 2019 For discussion related to changes in financial condition and results of operations for 2020 compared with 2019, refer to “Management’s Discussion and Analysis” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020, which was filed with the Securities and Exchange Commission on February 23, 2021.

Pending Acquisition In September 2021, the Company announced that it has entered into a definitive agreement to acquire MUFG Union Bank’s core regional banking franchise from Mitsubishi UFJ Financial Group (“MUFG”), for an expected purchase price of approximately $8.0 billion, including $5.5 billion in cash and approximately 44 million shares of U.S. Bancorp common stock. The transaction excludes the purchase of MUFG Union Bank’s Global Corporate & Investment Bank, certain middle and back office functions, and other assets. MUFG Union Bank currently has approximately 300 branches in California, Washington and Oregon and is expected to add approximately $105 billion in total assets, $58 billion of loans and $90 billion of deposits to the Company’s consolidated balance sheet. The transaction is expected to close in the first half of 2022, subject to customary closing conditions, including regulatory approvals.

Statement of Income Analysis

Net Interest Income Net interest income, on a taxable-equivalent basis, was $12.6 billion in 2021, compared with $12.9 billion in 2020. The $324 million (2.5 percent) decrease in net interest income, on a taxable-equivalent basis, in 2021 compared with 2020, was principally driven by lower loan spreads and declining average loan balances driven by commercial loan payoffs by corporate customers accessing the capital markets and government supported loan programs, partially offset by changes in deposit and funding mix and higher loan fees driven by accelerated loan forgiveness from the Small Business Administration (“SBA”) Paycheck Protection Program. Average earning assets were $24.7 billion (5.1 percent) higher in 2021, compared with 2020, reflecting increases in investment securities and other earning assets primarily representing cash balances, while average loans decreased due to continued payoffs by corporate customers. The net interest margin, on a taxable-equivalent basis, in 2021 was 2.49 percent, compared with 2.68 percent in 2020. The decrease in the net interest margin in 2021, compared with 2020, was primarily due to the mix of loans, lower loan spreads and higher investment securities and cash balances, partially offset by changes in deposit and funding mix and higher loan fees. 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 $297.0 billion in 2021, compared with $307.3 billion in 2020. The $10.3 billion (3.4 percent) decrease was primarily due to lower commercial loans, commercial real estate loans and credit card loans, partially offset by higher residential mortgages and other retail loans. Average commercial loans decreased $11.1 billion (9.8 percent), driven by continued payoffs by corporate customers that accessed the capital markets and government supported loan programs. Average commercial real estate loans decreased $1.8 billion (4.4 percent), the result of customer payoffs. Average credit card loans decreased $687 million (3.1 percent), driven by higher customer payment rates. Average residential mortgages increased $962 million (1.3 percent) due to increased loan portfolio production and slower payoffs in the mortgage portfolio. Average other retail loans increased $2.3 billion (4.1 percent), driven by growth in installment loans due to strong auto and recreational vehicle lending, partially offset by lower home equity and second mortgages as more customers chose to refinance their existing first lien residential mortgage balances during the prior year due to the low interest rate environment.

TABLE 2 Analysis of Net Interest Income[a]

Year Ended December 31 (Dollars in Millions)	2021	2020	2019	2021 v 2020	2020 v 2019
Components of Net Interest Income					
Income on earning assets (taxable-equivalent basis)	$ 13,593	$ 14,942	$ 17,607	$ (1,349)	$ (2,665)
Expense on interest-bearing liabilities (taxable-equivalent basis)	993	2,018	4,452	(1,025)	(2,434)
Net interest income (taxable-equivalent basis)[b]	$ 12,600	$ 12,924	$ 13,155	$ (324)	$ (231)
Net interest income, as reported	$ 12,494	$ 12,825	$ 13,052	$ (331)	$ (227)
Average Yields and Rates Paid					
Earning assets yield (taxable-equivalent basis)	2.69%	3.10%	4.09%	(.41)%	(.99)%
Rate paid on interest-bearing liabilities (taxable-equivalent basis)	.28	.56	1.34	(.28)	(.78)
Gross interest margin (taxable-equivalent basis)	2.41%	2.54%	2.75%	(.13)%	(.21)%
Net interest margin (taxable-equivalent basis)	2.49%	2.68%	3.06%	(.19)%	(.38)%
Average Balances					
Investment securities[c]	$154,702	$125,954	$117,150	$ 28,748	$ 8,804
Loans	296,965	307,269	290,686	(10,304)	16,583
Earning assets	506,141	481,402	430,537	24,739	50,865
Noninterest-bearing deposits	127,204	98,539	73,863	28,665	24,676
Interest-bearing deposits	307,077	300,076	272,949	7,001	27,127
Total deposits	434,281	398,615	346,812	35,666	51,803
Interest-bearing liabilities	358,533	363,298	332,658	(4,765)	30,640

(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 60.
(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 2021 were $28.7 billion (22.8 percent) higher than in 2020, primarily due to purchases of mortgage-backed, U.S. Treasury and state and political securities, net of prepayments and maturities.

Average total deposits for 2021 were $35.7 billion (8.9 percent) higher than 2020. Average noninterest-bearing deposits were $28.7 billion (29.1 percent) higher in 2021, compared with 2020, reflecting increases across all business lines. Average total savings deposits for 2021 were $20.4 billion (7.8 percent) higher than 2020, driven by increases in Consumer and Business Banking balances, partially offset by decreases in Corporate and Commercial Banking balances. The growth in average noninterest-bearing and total savings deposits was primarily a result of the actions by the federal government to increase liquidity in the financial system and government stimulus programs. Average time deposits for 2021 were $13.4 billion (35.3 percent) lower than 2020, driven by decreases across most business lines. Time deposits are managed as an alternative to other funding sources, based largely on relative pricing and liquidity characteristics.

TABLE 3 Net Interest Income — Changes Due to Rate and Volume[a]

Year Ended December 31 (Dollars in Millions)	2021 v 2020			2020 v 2019		
	Volume	Yield/Rate	Total	Volume	Yield/Rate	Total
Increase (decrease) in						
Interest Income						
Investment securities	$ 569	$ (623)	$ (54)	$ 222	$ (684)	$ (462)
Loans held for sale	32	(16)	16	138	(84)	54
Loans						
Commercial	(311)	(197)	(508)	442	(1,479)	(1,037)
Commercial real estate	(63)	(175)	(238)	57	(519)	(462)
Residential mortgages	35	(224)	(189)	231	(209)	22
Credit card	(74)	(40)	(114)	(112)	(176)	(288)
Other retail	95	(321)	(226)	(14)	(316)	(330)
Total loans	(318)	(957)	(1,275)	604	(2,699)	(2,095)
Other earning assets	23	(59)	(36)	401	(563)	(162)
Total earning assets	306	(1,655)	(1,349)	1,365	(4,030)	(2,665)
Interest Expense						
Interest-bearing deposits						
Interest checking	15	(56)	(41)	36	(198)	(162)
Money market savings	(37)	(292)	(329)	237	(1,346)	(1,109)
Savings accounts	9	(48)	(39)	14	(79)	(65)
Time deposits	(110)	(111)	(221)	(130)	(439)	(569)
Total interest-bearing deposits	(123)	(507)	(630)	157	(2,062)	(1,905)
Short-term borrowings	(33)	(41)	(74)	21	(247)	(226)
Long-term debt	(155)	(166)	(321)	73	(376)	(303)
Total interest-bearing liabilities	(311)	(714)	(1,025)	251	(2,685)	(2,434)
Increase (decrease) in net interest income	$ 617	$ (941)	$ (324)	$1,114	$ (1,345)	$ (231)

(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 2021, the provision for credit losses was a benefit of $1.2 billion, compared with a provision for credit losses of $3.8 billion in 2020. The change was driven by the Company recognizing a decrease in the allowance for credit losses during 2021 as a result of improvement in the global economy, as well as strong credit and collateral performance, compared with the Company recognizing an increase in the allowance for credit losses in 2020 due to deteriorating economic conditions related to COVID-19. Net charge-offs decreased $1.1 billion (61.8 percent) in 2021, compared with 2020, reflecting improvements across all loan categories. Nonperforming assets decreased $420 million (32.4 percent) from December 31, 2020 to December 31, 2021, primarily driven by decreases 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)	2021	2020	2019	2021 v 2020	2020 v 2019
Credit and debit card revenue	$ 1,507	$ 1,338	$1,413	12.6%	(5.3)%
Corporate payment products revenue	575	497	664	15.7	(25.2)
Merchant processing services	1,449	1,261	1,601	14.9	(21.2)
Trust and investment management fees	1,832	1,736	1,673	5.5	3.8
Deposit service charges	724	677	909	6.9	(25.5)
Treasury management fees	614	568	578	8.1	(1.7)
Commercial products revenue	1,102	1,143	934	(3.6)	22.4
Mortgage banking revenue	1,361	2,064	874	(34.1)	*
Investment products fees	239	192	186	24.5	3.2
Securities gains (losses), net	103	177	73	(41.8)	*
Other	721	748	926	(3.6)	(19.2)
Total noninterest income	$10,227	$10,401	$9,831	(1.7)%	5.8%

* *Not meaningful.*

Noninterest Income Noninterest income in 2021 was $10.2 billion, compared with $10.4 billion in 2020. The $174 million (1.7 percent) decrease in 2021 from 2020 reflected lower mortgage banking revenue, commercial products revenue, other noninterest income and securities gains, partially offset by higher payment services revenue, trust and investment management fees, deposit service charges, treasury management fees and investment products fees. Mortgage banking revenue decreased 34.1 percent in 2021, compared with 2020, due to lower application volume, given declining refinancing activity, and related gain on sale margins, along with declines in mortgage servicing rights (“MSRs”) valuations, net of hedging activities. Commercial products revenue decreased 3.6 percent in 2021, compared with 2020, primarily due to lower capital markets activity and trading revenue, partially offset by higher syndication revenue and fees, higher non-yield loan fees as a result of higher unused commitments, and higher foreign currency customer activity. Other noninterest income decreased 3.6 percent in 2021, compared with 2020, driven by lower equity investment income and the 2020 impact of transition services agreement revenue associated with the sale of the Company’s ATM third-party servicing business, partially offset by higher retail leasing end of term residual gains and the 2020 impact of certain asset impairments as a result of branch optimization. During 2020, payment services revenue had been adversely affected by the impact of the COVID-19 pandemic on consumer and business spending, particularly related to travel and entertainment activities. However, spending has strengthened across most sectors driven by government stimulus, local jurisdictions reducing restrictions and consumer behaviors normalizing. As a result, payment services revenue increased in 2021, compared with 2020, driven by a 12.6 percent increase in credit and debit card revenue, a 15.7 percent increase in corporate payment products revenue and a 14.9 percent increase in merchant processing services revenue. Credit and debit card revenue growth related to stronger sales volume and fee activity, partially offset by investment in customer acquisition. Corporate payment products revenue increased primarily due to improving business spending, while merchant processing services revenue increased driven by higher sales volume as well as merchant fees. Trust and investment management fees increased 5.5 percent driven by business growth, favorable market conditions and activity related to the acquisition of PFM Asset Management LLC (“PFM”), partially offset by higher fee waivers. Deposit service charges increased 6.9 percent primarily due to stronger customer activity. Treasury management fees increased 8.1 percent due to core growth driven by the COVID-19 economic recovery. Investment products fees increased 24.5 percent primarily driven by favorable market conditions and growth.

TABLE 5 Noninterest Expense

Year Ended December 31 (Dollars in Millions)	2021	2020	2019	2021 v 2020	2020 v 2019
Compensation	$ 7,299	$ 6,635	$ 6,325	10.0%	4.9%
Employee benefits	1,429	1,303	1,286	9.7	1.3
Net occupancy and equipment	1,048	1,092	1,123	(4.0)	(2.8)
Professional services	492	430	454	14.4	(5.3)
Marketing and business development	366	318	426	15.1	(25.4)
Technology and communications	1,454	1,294	1,095	12.4	18.2
Postage, printing and supplies	274	288	290	(4.9)	(.7)
Other intangibles	159	176	168	(9.7)	4.8
Other	1,207	1,833	1,618	(34.2)	13.3
Total noninterest expense	$13,728	$13,369	$12,785	2.7%	4.6%
Efficiency ratio[(a)]	60.4%	57.8%	55.8%		

(a) See Non-GAAP Financial Measures beginning on page 60.

Noninterest Expense Noninterest expense in 2021 was $13.7 billion, compared with $13.4 billion in 2020. The Company's efficiency ratio was 60.4 percent in 2021, compared with 57.8 percent in 2020. The $359 million (2.7 percent) increase in noninterest expense in 2021 over 2020 was driven by higher compensation expense, employee benefits expense, technology and communications expense, professional services expense, and marketing and business development expense, partially offset by lower net occupancy and equipment expense and other noninterest expense. Compensation expense increased 10.0 percent in 2021 over 2020, due to higher performance-based incentives, revenue related commissions, merit increases and hiring to support business growth. Employee benefits expense increased 9.7 percent driven by higher medical claims expense, compensation related payroll taxes and pension expense. Technology and communications expense increased 12.4 percent primarily due to expenditures supporting business investments. Professional services expense increased 14.4 percent primarily due to an increase in business investment and related initiatives in 2021. Marketing and business development expense increased 15.1 percent due to the timing of marketing campaigns supporting business development and lower marketing activities in 2020 during the pandemic. Net occupancy and equipment expense decreased 4.0 percent primarily due to branch closures. Other noninterest expense decreased 34.2 percent, primarily due to higher COVID-19 related expenses in 2020 including recognizing liabilities related to future delivery exposures for merchant and airline processing, as well as lower amortization related to tax-advantaged projects which were scaled back in 2020 during the pandemic.

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 decrease by approximately $20 million to $181 million in 2022, primarily related to the return on higher plan assets and a higher discount rate, partially offset by demographic experience. 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 17 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 2022 pension expense:

Discount Rate (Dollars in Millions)	Down 100 Basis Points	Up 100 Basis Points
Incremental benefit (expense)	$ (108)	$ 96
Percent of 2021 net income	(1.01)%	.90%
LTROR (Dollars in Millions)	Down 100 Basis Points	Up 100 Basis Points
Incremental benefit (expense)	$ (73)	$ 73
Percent of 2021 net income	(.68)%	.68%

Income Tax Expense The provision for income taxes was $2.2 billion (an effective rate of 21.5 percent) in 2021, compared with $1.1 billion (an effective rate of 17.6 percent) in 2020. The higher tax rate for 2021 was due to the marginal impact of providing taxes on higher pretax earnings in 2021.

For further information on income taxes, refer to Note 19 of the Notes to Consolidated Financial Statements.

Balance Sheet Analysis

Average earning assets were $506.1 billion in 2021, compared with $481.4 billion in 2020. The increase in average earning assets of $24.7 billion (5.1 percent) was primarily due to increases in investment securities of $28.7 billion (22.8 percent) and other earning assets of $5.3 billion (12.8 percent), primarily representing higher cash balances, partially offset by a decrease in loans of $10.3 billion (3.4 percent).

For average balance information, refer to Consolidated Daily Average Balance Sheet and Related Yields and Rates on pages 134 and 135.

Loans The Company's loan portfolio was $312.0 billion at December 31, 2021, compared with $297.7 billion at December 31, 2020, an increase of $14.3 billion (4.8 percent). The increase was driven by increases in commercial loans of $9.2 billion (8.9 percent), other retail loans of $4.9 billion (8.7%), residential mortgages of $338 million (0.4 percent) and credit card loans of $154 million (0.7 percent), partially offset by a decrease in commercial real estate loans of $258 million (0.7 percent). Table 6 provides a summary of the loan distribution by product type, while Table 7 provides a summary of the selected loan maturity distribution by loan category. Average total loans decreased $10.3 billion (3.4 percent) in 2021, compared with 2020. The decrease was due to lower commercial loans, commercial real estate loans and credit card loans, partially offset by increases in other retail loans and residential mortgages.

TABLE 6 Loan Portfolio Distribution

At December 31 (Dollars in Millions)	2021 Amount	2021 Percent of Total	2020 Amount	2020 Percent of Total
Commercial				
Commercial	$106,912	34.3%	$ 97,315	32.7%
Lease financing	5,111	1.6	5,556	1.9
Total commercial	112,023	35.9	102,871	34.6
Commercial Real Estate				
Commercial mortgages	28,757	9.2	28,472	9.6
Construction and development	10,296	3.3	10,839	3.6
Total commercial real estate	39,053	12.5	39,311	13.2
Residential Mortgages				
Residential mortgages	67,546	21.6	66,525	22.4
Home equity loans, first liens	8,947	2.9	9,630	3.2
Total residential mortgages	76,493	24.5	76,155	25.6
Credit Card	22,500	7.2	22,346	7.5
Other Retail				
Retail leasing	7,256	2.3	8,150	2.7
Home equity and second mortgages	10,446	3.4	12,472	4.2
Revolving credit	2,750	.9	2,688	.9
Installment	16,514	5.3	13,823	4.6
Automobile	24,866	8.0	19,722	6.6
Student	127	—	169	.1
Total other retail	61,959	19.9	57,024	19.1
Total loans	$312,028	100.0%	$297,707	100.0%

TABLE 7 Selected Loan Maturity Distribution

At December 31, 2021 (Dollars in Millions)	One Year or Less	Over One Through Five Years	Over Five Through Fifteen Years	Over Fifteen Years	Total
Commercial	$27,220	$ 78,342	$ 6,295	$ 166	$ 112,023
Commercial real estate	8,334	22,462	4,527	3,730[(a)]	39,053
Residential mortgages	337	877	7,604	67,675	76,493
Credit card	22,500	—	—	—	22,500
Other retail	2,742	20,934	23,893	14,390	61,959
Total loans	$61,133	$122,615	$ 42,319	$ 85,961	$ 312,028

Total of loans due after one year with:	Predetermined Interest Rates	Floating Interest Rates
Commercial	$ 16,816	$ 67,987
Commercial real estate	10,476	20,243
Residential mortgages	53,517	22,639
Credit card	—	—
Other retail	47,261	11,956
Total	$ 128,070	$ 122,825

(a) Primarily represents construction loans for single-family residences or loans guaranteed by the SBA.

TABLE 8 Commercial Loans by Industry Group and Geography

At December 31 (Dollars in Millions)	2021 Loans	2021 Percent	2020 Loans	2020 Percent
Industry Group				
Real-estate related	$ 16,646	14.9%	$ 14,032	13.6%
Financial institutions	14,002	12.5	11,208	10.9
Automotive	7,590	6.8	4,395	4.3
Personal, professional and commercial services	7,095	6.3	7,597	7.4
Healthcare	6,923	6.2	7,815	7.6
Technology	5,119	4.6	3,937	3.8
Retail	4,717	4.2	5,277	5.1
Media and entertainment	4,623	4.1	5,737	5.6
Capital goods	4,099	3.6	2,911	2.8
Food and beverage	4,097	3.6	3,869	3.8
Transportation	3,895	3.5	3,441	3.3
Education and non-profit	3,721	3.3	4,698	4.6
Metals and mining	3,342	3.0	2,892	2.8
State and municipal government	3,166	2.8	3,157	3.1
Power	3,028	2.7	2,150	2.1
Building materials	2,687	2.4	2,813	2.7
Energy	2,299	2.1	2,624	2.6
Agriculture	1,796	1.6	1,950	1.9
Other	13,178	11.8	12,368	12.0
Total	$112,023	100.0%	$102,871	100.0%
Geography				
California	$ 15,439	13.8%	$ 14,053	13.7%
New York	7,483	6.7	6,129	6.0
Texas	6,748	6.0	6,163	6.0
Minnesota	6,730	6.0	7,251	7.0
Illinois	6,572	5.9	5,795	5.6
Ohio	4,310	3.8	4,394	4.3
Wisconsin	3,894	3.5	3,996	3.9
New Jersey	3,825	3.4	2,148	2.1
Virginia	3,822	3.4	2,098	2.0
Missouri	3,817	3.4	4,085	4.0
All other states	49,383	44.1	46,759	45.4
Total	$112,023	100.0%	$102,871	100.0%

Commercial Commercial loans, including lease financing, increased $9.2 billion (8.9 percent) at December 31, 2021, compared with December 31, 2020, driven by strong new business and higher utilization. Average commercial loans decreased $11.1 billion (9.8 percent) in 2021, compared with 2020. Table 8 provides a summary of commercial loans by industry and geographical location.

TABLE 9 Commercial Real Estate Loans by Property Type and Geography

At December 31 (Dollars in Millions)	2021 Loans	2021 Percent	2020 Loans	2020 Percent
Property Type				
Multi-family	$ 9,293	23.8%	$ 8,672	22.1%
Business owner occupied	8,238	21.1	8,622	21.9
Office	5,814	14.9	6,081	15.5
Industrial	3,672	9.4	2,941	7.5
Retail	3,382	8.7	3,645	9.3
Residential land and development	2,788	7.1	2,724	6.9
Lodging	2,422	6.2	2,814	7.1
Other	3,444	8.8	3,812	9.7
Total	$39,053	100.0%	$39,311	100.0%
Geography				
California	$ 9,683	24.8%	$ 9,653	24.6%
Washington	3,680	9.4	3,427	8.7
Minnesota	1,717	4.4	1,869	4.7
Colorado	1,684	4.3	1,680	4.3
Texas	1,662	4.3	1,600	4.1
Oregon	1,526	3.9	1,738	4.4
Florida	1,520	3.9	1,265	3.2
Illinois	1,409	3.6	1,487	3.8
Wisconsin	1,391	3.6	1,585	4.0
Ohio	1,215	3.1	1,213	3.1
All other states	13,566	34.7	13,794	35.1
Total	$39,053	100.0%	$39,311	100.0%

Commercial Real Estate The Company's portfolio of commercial real estate loans, which includes commercial mortgages and construction and development loans, decreased $258 million (0.7 percent) at December 31, 2021, compared with December 31, 2020. The decrease was primarily the result of customers paying down balances. Average commercial real estate loans decreased $1.8 billion (4.4 percent) in 2021, compared with 2020. Table 9 provides a summary of commercial real estate loans by property type and geographical location.

At December 31, 2021 and 2020, $72 million and $80 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 $11.8 billion and $11.3 billion at December 31, 2021 and 2020, respectively.

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 $16.6 billion and $14.0 billion at December 31, 2021 and 2020, respectively.

TABLE 10 Residential Mortgages by Geography

At December 31 (Dollars in Millions)	2021 Loans	2021 Percent	2020 Loans	2020 Percent
California	$23,568	30.8%	$22,994	30.2%
Washington	4,002	5.2	3,943	5.2
Minnesota	3,767	4.9	4,378	5.7
Colorado	3,612	4.7	3,777	5.0
Illinois	3,392	4.4	3,786	5.0
Florida	3,340	4.4	3,112	4.1
Arizona	2,684	3.5	2,865	3.8
Oregon	2,332	3.1	2,399	3.1
Texas	2,209	2.9	2,244	2.9
Ohio	2,072	2.7	2,241	2.9
All other states	25,515	33.4	24,416	32.1
Total	$76,493	100.0%	$76,155	100.0%

Residential Mortgages Residential mortgages held in the loan portfolio at December 31, 2021, increased $338 million (0.4 percent) compared to December 31, 2020, due to increased loan portfolio production and slower payoffs. Average residential mortgages increased $962 million (1.3 percent) in 2021, compared with 2020. 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 increased $154 million (0.7 percent) at December 31, 2021, compared with December 31, 2020, reflecting increased consumer spending. Average credit card balances decreased $687 million (3.1 percent) in 2021, compared with 2020.

Other Retail Total other retail loans, which include retail leasing, home equity and second mortgages and other retail loans, increased $4.9 billion (8.7 percent) at December 31, 2021, compared with December 31, 2020, reflecting increases in auto loans and installment loans, partially offset by decreases in home equity loans and retail leasing balances. Average other retail loans increased $2.3 billion (4.1 percent) in 2021, compared with 2020. Tables 10, 11 and 12 provide a geographic summary of residential mortgages, credit card loans and other retail loans outstanding, respectively, as of December 31, 2021 and 2020.

TABLE 11 Credit Card Loans by Geography

At December 31 (Dollars in Millions)	2021 Loans	2021 Percent	2020 Loans	2020 Percent
California	$ 2,134	9.5%	$ 2,175	9.7%
Texas	1,343	6.0	1,300	5.8
Ohio	1,113	4.9	1,153	5.2
Minnesota	1,109	4.9	1,126	5.0
Illinois	1,108	4.9	1,095	4.9
Florida	1,046	4.6	974	4.4
Wisconsin	895	4.0	926	4.1
Michigan	822	3.7	848	3.8
Colorado	761	3.4	773	3.5
Washington	757	3.4	789	3.5
All other states	11,412	50.7	11,187	50.1
Total	$22,500	100.0%	$22,346	100.0%

TABLE 12 Other Retail Loans by Geography

At December 31 (Dollars in Millions)	2021 Loans	2021 Percent	2020 Loans	2020 Percent
California	$ 9,605	15.5%	$ 9,179	16.1%
Texas	7,570	12.2	6,381	11.2
Florida	3,850	6.2	3,135	5.5
Minnesota	2,947	4.8	3,009	5.3
Illinois	2,692	4.3	2,571	4.5
Ohio	2,634	4.2	2,579	4.5
New York	2,014	3.3	1,766	3.1
Washington	1,913	3.1	1,809	3.2
Colorado	1,859	3.0	1,886	3.3
Missouri	1,683	2.7	1,687	2.9
All other states	25,192	40.7	23,022	40.4
Total	$61,959	100.0%	$57,024	100.0%

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 $7.8 billion at December 31, 2021, compared with $8.8 billion at December 31, 2020. The decrease in loans held for sale was principally due to a lower level of mortgage loan closings in late 2021, compared with the same period of 2020. 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 Investment Securities

At December 31 (Dollars in Millions)	2021 Amortized Cost	2021 Fair Value	2021 Weighted-Average Maturity in Years	2021 Weighted-Average Yield[d]	2020 Amortized Cost	2020 Fair Value	2020 Weighted-Average Maturity in Years	2020 Weighted-Average Yield[d]
Held-to-maturity								
Mortgage-backed securities[a]	$ 41,858	$ 41,812	7.4	1.45%	$ —	$ —	—	—%
Total held-to-maturity	$ 41,858	$ 41,812	7.4	1.45%	$ —	$ —	—	—%
Available-for-sale								
U.S. Treasury and agencies	$ 36,648	$ 36,609	6.7	1.54%	$ 21,954	$ 22,391	3.8	1.37%
Mortgage-backed securities[a]	85,394	85,564	4.9	1.58	103,282	105,374	3.0	1.47
Asset-backed securities[a]	62	66	5.2	1.53	200	205	6.2	1.47
Obligations of state and political subdivisions[b][c]	10,130	10,717	6.6	3.67	8,166	8,861	6.3	3.99
Other	7	7	3.4	2.07	9	9	.1	1.81
Total available-for-sale	$132,241	$132,963	5.5	1.73%	$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) 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 investment securities in response to structural changes in the balance sheet and related interest rate risk and to meet liquidity requirements, among other factors.

Investment securities totaled $174.8 billion at December 31, 2021, compared with $136.8 billion at December 31, 2020. The $38.0 billion (27.8 percent) increase reflected $41.9 billion of net investment purchases, partially offset by a $3.8 billion unfavorable change in net unrealized gains (losses) on available-for-sale investment securities. During the fourth quarter of 2021, the Company transferred $43.1 billion amortized cost ($41.8 billion fair value) of available-for-sale investment securities to the held-to-maturity category to reflect its new intent for these securities. The Company had no outstanding investment securities classified as held-to-maturity at December 31, 2020.

Average investment securities were $154.7 billion in 2021, compared with $126.0 billion in 2020. The weighted-average yield of the available-for-sale investment securities portfolio was 1.73 percent at December 31, 2021, compared with 1.61 percent at December 31, 2020. The weighted-average maturity of the available-for-sale investment securities portfolio was 5.5 years at December 31, 2021, compared with 3.4 years at December 31, 2020. The weighted-average yield of the held-to-maturity investment securities portfolio was 1.45 percent at December 31, 2021. The weighted-average maturity of the held-to-maturity investment securities portfolio was 7.4 years at December 31, 2021. 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, 2021, the Company's net unrealized gains on available-for-sale investment securities were $722 million, compared with $3.2 billion at December 31, 2020. The unfavorable change in net unrealized gains was primarily due to decreases in the fair value of mortgage-backed and U.S. Treasury securities as a result of changes in interest rates, partially offset by the impact of the transfer of available-for-sale investment securities to the held-to-maturity category. Gross unrealized losses on available-for-sale investment securities totaled $812 million at December 31, 2021, compared with $53 million at December 31, 2020. 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, 2021, 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 5 and 22 in the Notes to Consolidated Financial Statements for further information on investment securities.

Deposits Total deposits were $456.1 billion at December 31, 2021, compared with $429.8 billion at December 31, 2020. The $26.3 billion (6.1 percent) increase in total deposits reflected increases in noninterest-bearing and total savings deposits, partially offset by a decrease in time deposits. Average total deposits in 2021 increased $35.7 billion (8.9 percent) over 2020.

Noninterest-bearing deposits at December 31, 2021, increased $16.8 billion (14.2 percent) from December 31, 2020. The increase was driven by higher Wealth Management and Investment Services, and Corporate and Commercial Banking balances. Average noninterest-bearing deposits increased $28.7 billion (29.1 percent) in 2021, compared with 2020.

Interest-bearing savings deposits increased $17.5 billion (6.2 percent) at December 31, 2021, compared with December 31, 2020. The increase was related to higher interest checking and savings account deposit balances, partially offset by lower money market deposit balances. Interest checking balances increased $19.2 billion (20.0 percent) primarily due to higher Consumer and Business Banking, and Corporate and Commercial Banking balances. Savings account balances increased $8.8 billion (15.3 percent), driven by higher Consumer and Business Banking balances. Money market deposit balances decreased $10.4 billion (8.2 percent), primarily due to lower Wealth Management and Investment Services balances, partially offset by higher Corporate and Commercial Banking balances. Average interest-bearing savings deposits increased $20.4 billion (7.8 percent) in 2021, compared with 2020, reflecting higher Consumer and Business Banking balances, partially offset by lower Corporate and Commercial Banking balances.

Interest-bearing time deposits at December 31, 2021, decreased $8.0 billion (26.2 percent), compared with December 31, 2020. Average time deposits decreased $13.4 billion (35.3 percent) in 2021, compared with 2020. The decreases were primarily driven by lower Corporate and Commercial Banking, Consumer and Business Banking, and Wealth Management and Investment Services balances. Changes in time deposits are primarily related to those deposits managed as an alternative to other funding sources, based largely on relative pricing and liquidity characteristics.

TABLE 14 Deposits

The composition of deposits was as follows:

At December 31 (Dollars in Millions)	2021 Amount	2021 Percent of Total	2020 Amount	2020 Percent of Total
Noninterest-bearing deposits	$134,901	29.6%	$118,089	27.5%
Interest-bearing deposits				
Interest checking	115,108	25.2	95,894	22.3
Money market savings	117,619	25.8	128,058	29.8
Savings accounts	65,790	14.4	57,035	13.3
Total savings deposits	298,517	65.4	280,987	65.4
Domestic time deposits less than $250,000	11,303	2.5	14,187	3.3
Domestic time deposits greater than $250,000	2,743	.6	4,413	1.0
Foreign time deposits	8,619	1.9	12,094	2.8
Total interest-bearing deposits	321,182	70.4	311,681	72.5
Total deposits[(a)]	$456,083	100.0%	$429,770	100.0%

(a) Includes $238.0 billion and $239.0 billion of deposits at December 31, 2021 and 2020, respectively, that are not subject to any federal, state or foreign deposit insurance program.

The maturity of domestic time deposits in excess of the insurance limit and those time deposits not subject to any federal, state or foreign deposit insurance program at December 31, 2021 was as follows:

(Dollars in Millions)	Domestic Time Deposits Greater Than $250,000	Foreign Time Deposits	Total
Three months or less	$ 1,107	$ 8,619	$ 9,726
Three months through six months	365	—	365
Six months through one year	742	—	742
Thereafter	529	—	529
Total	$ 2,743	$ 8,619	$11,362

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, 2021 and 2020. The $30 million (0.3 percent) increase in short-term borrowings at December 31, 2021, compared with December 31, 2020, reflected higher repurchase agreement and commercial paper balances, mostly offset by lower federal funds purchased balances.

Long-term debt was $32.1 billion at December 31, 2021, compared with $41.3 billion at December 31, 2020. The $9.2 billion (22.2 percent) decrease was primarily due to $7.0 billion of bank note repayments and maturities, $3.0 billion of medium-term note repayments and a $1.0 billion decrease in Federal Home Loan Bank ("FHLB") advances, partially offset by $1.0 billion of bank note and $1.3 billion of subordinated note issuances.

Refer to Notes 13 and 14 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 current or prospective risk to earnings and capital, or market valuations, arising from the impact 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 risk that financial condition or overall safety and soundness is adversely affected by the Company's inability, or perceived inability, to meet its cash flow obligations in a timely and complete manner in either normal or stressed conditions. 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 and resilience 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 137, 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 6 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, 2021, substantially all of the Company’s home equity lines were in the draw period. Approximately $1.2 billion, or 13 percent, of the outstanding home equity line balances at December 31, 2021, 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 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 economy since the Great Depression. During 2021, factors affecting economic conditions, including the enactment of additional benefits from government stimulus programs and broad vaccine availability in the United States, have contributed to economic improvement. As a result, economic projections for both the gross domestic product and unemployment levels improved from the prior year. However, economic uncertainty remains associated with supply chain concerns, rising inflationary concerns and additional virus variants.

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 and recreational vehicle 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 2021.

The commercial loan class is diversified among various industries with higher concentrations in real estate and financial institutions. Additionally, the commercial loan class is diversified across the Company's geographical markets, with a higher concentration in California. Table 8 provides a summary of significant industry groups and geographical locations of commercial loans outstanding at December 31, 2021 and 2020.

The commercial real estate loan class reflects the Company's focus on serving business owners within states encompassing its branch office network, 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 9 provides a summary of the significant property types and geographical locations of commercial real estate loans outstanding at December 31, 2021 and 2020. At December 31, 2021, approximately 21.1 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, industrial and retail properties. From a geographical perspective, the Company's commercial real estate loan class is generally well diversified, with a higher concentration in California.

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 and correspondent banks. 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, 2021:

Residential Mortgages (Dollars in Millions)	Interest Only	Amortizing	Total	Percent of Total
Loan-to-Value				
Less than or equal to 80%	$3,680	$ 62,380	$66,060	86.4%
Over 80% through 90%	—	1,946	1,946	2.5
Over 90% through 100%	—	193	193	.3
Over 100%	—	72	72	.1
No LTV available	—	22	22	—
Loans purchased from GNMA mortgage pools[a]	—	8,200	8,200	10.7
Total[b]	$3,680	$ 72,813	$76,493	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, 2021, approximately $418 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 / Combined Loan-to-Value				
Less than or equal to 80%	$9,132	$638	$ 9,770	93.5%
Over 80% through 90%	282	223	505	4.8
Over 90% through 100%	47	23	70	.7
Over 100%	38	4	42	.4
No LTV/CLTV available	56	3	59	.6
Total[a]	$9,555	$891	$10,446	100.0%

(a) At December 31, 2021, approximately $33 million of home equity and second mortgage balances were considered sub-prime.

Home equity and second mortgages were $10.4 billion at December 31, 2021, compared with $12.5 billion at December 31, 2020, and included $3.0 billion of home equity lines in a first lien position and $7.4 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, 2021, included approximately $2.6 billion of loans and lines for which the Company also serviced the related first lien loan, and approximately $4.8 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, 2021:

	Junior Liens Behind		
(Dollars in Millions)	Company Owned or Serviced First Lien	Third Party First Lien	Total
Total	$ 2,594	$ 4,795	$7,389
Percent 30 - 89 days past due	.53%	.56%	.55%
Percent 90 days or more past due	.11%	.08%	.09%
Weighted-average CLTV	58%	56%	57%
Weighted-average credit score	782	783	782

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 10, 11 and 12 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	2021	2020
Commercial		
Commercial	.05%	.06%
Lease financing	—	—
Total commercial	.04	.05
Commercial Real Estate		
Commercial mortgages	—	—
Construction and development	.10	.02
Total commercial real estate	.03	.01
Residential Mortgages[a]	.24	.18
Credit Card	.73	.88
Other Retail		
Retail leasing	.04	.05
Home equity and second mortgages	.35	.36
Other	.06	.10
Total other retail	.11	.15
Total loans	.15%	.16%

At December 31 90 days or more past due including nonperforming loans	2021	2020
Commercial	.20%	.42%
Commercial real estate	.76	1.15
Residential mortgages[a]	.53	.50
Credit card	.73	.88
Other retail	.35	.42
Total loans	.42%	.57%

(a) Delinquent loan ratios exclude $1.5 billion and $1.8 billion at December 31, 2021 and 2020, 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 2.43 percent and 2.87 percent at December 31, 2021 and 2020, 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.

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. Commercial lending loans are generally not subject to re-aging policies.

Accruing loans 90 days or more past due totaled $472 million at December 31, 2021, compared with $477 million at December 31, 2020. 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 0.15 percent at December 31, 2021, compared with 0.16 percent at December 31, 2020.

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		As a Percent of Ending Loan Balances	
	2021	2020	2021	2020
Residential Mortgages[a]				
30-89 days	$124	$244	.15%	.32%
90 days or more	181	137	.24	.18
Nonperforming	226	245	.30	.32
Total	$531	$626	.69%	.82%
Credit Card				
30-89 days	$193	$231	.86%	1.04%
90 days or more	165	197	.73	.88
Nonperforming	—	—	—	—
Total	$358	$428	1.59%	1.92%
Other Retail				
Retail Leasing				
30-89 days	$ 29	$ 35	.40%	.43%
90 days or more	3	4	.04	.05
Nonperforming	10	13	.14	.16
Total	$ 42	$ 52	.58%	.64%
Home Equity and Second Mortgages				
30-89 days	$ 55	$ 68	.53%	.54%
90 days or more	37	45	.35	.36
Nonperforming	116	107	1.11	.86
Total	$208	$220	1.99%	1.76%
Other[b]				
30-89 days	$191	$215	.43%	.60%
90 days or more	26	37	.06	.10
Nonperforming	24	34	.05	.09
Total	$241	$286	.54%	.79%

(a) Excludes $.8 billion of loans 30-89 days past due and $1.5 billion of loans 90 days or more past due at December 31, 2021, purchased from GNMA mortgage pools that continue to accrue interest, compared with $1.4 billion and $1.8 billion at December 31, 2020, 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, 2021, performing TDRs were $3.1 billion, compared with $3.6 billion at December 31, 2020.

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, 2021 (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	$ 130	5.0%	2.9%	$ 77[a]	$ 207
Commercial real estate	92	1.2	—	219[b]	311
Residential mortgages	1,363	3.0	4.9	126	1,489[d]
Credit card	234	10.9	5.0	—	234
Other retail	164	11.0	5.9	38[c]	202[e]
TDRs, excluding loans purchased from GNMA mortgage pools	1,983	4.7	4.6	460	2,443
Loans purchased from GNMA mortgage pools[g]	1,071	—	—	—	1,071[f]
Total	$ 3,054	3.0%	3.0%	$ 460	$3,514

(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 $231 million of residential mortgage loans to borrowers that have had debt discharged through bankruptcy and $22 million in trial period arrangements or previously placed in trial period arrangements but not successfully completed.
(e) Includes $69 million of other retail loans to borrowers that have had debt discharged through bankruptcy and $14 million in trial period arrangements or previously placed in trial period arrangements but not successfully completed.
(f) Includes $177 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 $132 million in trial period arrangements or previously placed in trial period arrangements but not successfully completed.
(g) Approximately 8.5 percent and 35.8 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. Most of the borrowers who received account modifications are no longer participating in these payment relief programs, as the programs are generally short-term. At December 31, 2021, less than 3,000 accounts representing approximately $304 million in loan balances, were currently in the Company's payment relief programs. Borrowers participating in these programs at December 31, 2021 primarily represented those receiving payment forbearance on residential mortgages; payment relief for other loan products is insignificant. These amounts exclude loans purchased from GNMA mortgage pools whose repayments are primarily insured by the Federal Housing Administration or guaranteed by the United States Department of Veteran Affairs and have received COVID-19 payment relief under the respective government agency's programs.

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, 2021, total nonperforming assets were $878 million, compared with $1.3 billion at December 31, 2020. The $420 million (32.4 percent) decrease in nonperforming assets, from December 31, 2020 to December 31, 2021, was driven by decreases in nonperforming commercial and commercial real estate loans. The ratio of total nonperforming assets to total loans and other real estate was 0.28 percent at December 31, 2021, compared with 0.44 percent at December 31, 2020. Nonperforming assets are expected to continue to decline over the next several quarters. However, some manageable levels of elevated nonperforming assets in certain industries and loan categories impacted by the pandemic may experience longer recovery periods.

OREO was $22 million at December 31, 2021, compared with $24 million at December 31, 2020, 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)	2021	2020
Commercial		
Commercial	$ 139	$ 321
Lease financing	35	54
Total commercial	174	375
Commercial Real Estate		
Commercial mortgages	213	411
Construction and development	71	39
Total commercial real estate	284	450
Residential Mortgages[b]	226	245
Credit Card	—	—
Other Retail		
Retail leasing	10	13
Home equity and second mortgages	116	107
Other	24	34
Total other retail	150	154
Total nonperforming loans[1]	834	1,224
Other Real Estate[c]	22	24
Other Assets	22	50
Total nonperforming assets	$ 878	$ 1,298
Accruing loans 90 days or more past due[b]	$ 472	$ 477
Period-end loans[2]	$312,028	$297,707
Nonperforming loans to total loans[1]/[2]	.27%	.41%
Nonperforming assets to total loans plus other real estate[c]	.28%	.44%

Changes in Nonperforming Assets

(Dollars in Millions)	Commercial and Commercial Real Estate	Residential Mortgages, Credit Card and Other Retail	Total
Balance December 31, 2020	$ 854	$ 444	$1,298
Additions to nonperforming assets			
New nonaccrual loans and foreclosed properties	316	212	528
Advances on loans	10	1	11
Total additions	326	213	539
Reductions in nonperforming assets			
Paydowns, payoffs	(292)	(101)	(393)
Net sales	(178)	(14)	(192)
Return to performing status	(129)	(111)	(240)
Charge-offs[d]	(120)	(14)	(134)
Total reductions	(719)	(240)	(959)
Net additions to (reductions in) nonperforming assets	(393)	(27)	(420)
Balance December 31, 2021	$ 461	$ 417	$ 878

(a) Throughout this document, nonperforming assets and related ratios do not include accruing loans 90 days or more past due.
(b) Excludes $1.5 billion and $1.8 billion at December 31, 2021 and 2020, 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 $22 million and $33 million at December 31, 2021 and 2020, 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.

TABLE 17 Net Charge-offs as a Percent of Average Loans Outstanding

Year Ended December 31 (Dollars in Millions)	2021 Average Loan Balance	2021 Net Charge-offs	2021 Percent	2020 Average Loan Balance	2020 Net Charge-offs	2020 Percent	2019 Average Loan Balance	2019 Net Charge-offs	2019 Percent
Commercial									
Commercial	$ 97,649	$ 97	.10%	$ 108,367	$ 483	.45%	$ 97,697	$ 273	.28%
Lease financing	5,206	6	.12	5,600	30	.54	5,501	12	.22
Total commercial	102,855	103	.10	113,967	513	.45	103,198	285	.28
Commercial real estate									
Commercial mortgages	27,997	(14)	(.05)	29,641	185	.62	28,595	12	.04
Construction	10,784	16	.15	10,907	2	.02	10,791	2	.02
Total commercial real estate	38,781	2	.01	40,548	187	.46	39,386	14	.04
Residential mortgages	74,629	(32)	(.04)	73,667	(12)	(.02)	67,747	3	—
Credit card	21,645	512	2.37	22,332	829	3.71	23,309	893	3.83
Other retail									
Retail leasing	7,710	2	.03	8,405	81	.96	8,515	13	.15
Home equity and second mortgages	11,228	(10)	(.09)	13,894	(4)	(.03)	15,659	(3)	(.02)
Other	40,117	105	.26	34,456	192	.56	32,872	249	.76
Total other retail	59,055	97	.16	56,755	269	.47	57,046	259	.45
Total loans	$ 296,965	$ 682	.23%	$ 307,269	$ 1,786	.58%	$ 290,686	$ 1,454	.50%

Analysis of Loan Net Charge-offs Total loan net charge-offs were $682 million in 2021, compared with $1.8 billion in 2020. The $1.1 billion (61.8 percent) decrease in total net charge-offs in 2021, compared with 2020, reflected improvement across most loan categories, associated with improving economic conditions, borrower liquidity and strong asset prices in the market that support repayment and recovery on problem loans. The ratio of total loan net charge-offs to average loans outstanding was 0.23 percent in 2021, compared with 0.58 percent in 2020.

Commercial and commercial real estate loan net charge-offs for 2021 were $105 million (0.07 percent of average loans outstanding), compared with $700 million (0.45 percent of average loans outstanding) in 2020. The decrease in net charge-offs in 2021, compared with 2020, reflected lower charge-offs as a result of improving economic conditions in 2021.

Residential mortgage loan net charge-offs for 2021 reflected a net recovery of $32 million (0.04 percent of average loans outstanding), compared with a net recovery of $12 million (0.02 percent of average loans outstanding) in 2020. Credit card loan net charge-offs in 2021 were $512 million (2.37 percent of average loans outstanding), compared with $829 million (3.71 percent of average loans outstanding) in 2020. Other retail loan net charge-offs for 2021 were $97 million (0.16 percent of average loans outstanding), compared with $269 million (0.47 percent of average loans outstanding) in 2020. The decrease in total residential mortgage, credit card and other retail loan net charge-offs in 2021, compared with 2020, reflected improving economic conditions. The Company expects net charge-offs to return to more normalized levels over time.

Analysis and Determination of the Allowance for Credit Losses 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 includes increasing consideration of historical loss experience over 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 from better to 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 consideration of 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 and corporate bonds spreads, 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 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, 2021, the Company serviced the first lien on 35 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 $224 million or 2.1 percent of its total home equity portfolio at December 31, 2021, 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, 2021.

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.

TABLE 18 Summary of Allowance for Credit Losses

(Dollars in Millions)	2021	2020	2019
Balance at beginning of year	$ 8,010	$ 4,491	$ 4,441
Change in accounting principle[a]	—	1,499	—
Charge-Offs			
Commercial			
Commercial	206	536	380
Lease financing	16	39	19
Total commercial	222	575	399
Commercial real estate			
Commercial mortgages	9	202	17
Construction and development	20	8	4
Total commercial real estate	29	210	21
Residential mortgages	18	19	34
Credit card	686	975	1,028
Other retail			
Retail leasing	26	101	24
Home equity and second mortgages	12	16	19
Other	215	284	342
Total other retail	253	401	385
Total charge-offs	1,208	2,180	1,867
Recoveries			
Commercial			
Commercial	109	53	107
Lease financing	10	9	7
Total commercial	119	62	114
Commercial real estate			
Commercial mortgages	23	17	5
Construction and development	4	6	2
Total commercial real estate	27	23	7
Residential mortgages	50	31	31
Credit card	174	146	135
Other retail			
Retail leasing	24	20	11
Home equity and second mortgages	22	20	22
Other	110	92	93
Total other retail	156	132	126
Total recoveries	526	394	413
Net Charge-Offs			
Commercial			
Commercial	97	483	273
Lease financing	6	30	12
Total commercial	103	513	285
Commercial real estate			
Commercial mortgages	(14)	185	12
Construction and development	16	2	2
Total commercial real estate	2	187	14
Residential mortgages	(32)	(12)	3
Credit card	512	829	893
Other retail			
Retail leasing	2	81	13
Home equity and second mortgages	(10)	(4)	(3)
Other	105	192	249
Total other retail	97	269	259
Total net charge-offs	682	1,786	1,454
Provision for credit losses	(1,173)	3,806	1,504
Balance at end of year	$ 6,155	$ 8,010	$ 4,491
Components			
Allowance for loan losses	$ 5,724	$ 7,314	$ 4,020
Liability for unfunded credit commitments	431	696	471
Total allowance for credit losses[1]	$ 6,155	$ 8,010	$ 4,491
Period-end loans[2]	$312,028	$297,707	$296,102
Nonperforming loans[3]	834	1,224	692
Allowance for Credit Losses as a Percentage of			
Period-end loans[1]/[2]	1.97%	2.69%	1.52%
Nonperforming loans[1]/[3]	738	654	649
Nonperforming and accruing loans 90 days or more past due	471	471	346
Nonperforming assets	701	617	542
Net charge-offs	902	448	309

(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 2021	Allowance Amount 2020	Allowance as a Percent of Loans 2021	Allowance as a Percent of Loans 2020
Commercial				
Commercial	$1,779	$2,344	1.66%	2.41%
Lease financing	70	79	1.37	1.42
Total commercial	1,849	2,423	1.65	2.36
Commercial Real Estate				
Commercial mortgages	699	894	2.43	3.14
Construction and development	424	650	4.12	6.00
Total commercial real estate	1,123	1,544	2.88	3.93
Residential Mortgages	565	573	.74	.75
Credit Card	1,673	2,355	7.44	10.54
Other Retail				
Retail leasing	136	252	1.87	3.09
Home equity and second mortgages	231	349	2.21	2.80
Other	578	514	1.31	1.41
Total other retail	945	1,115	1.53	1.96
Total allowance	$6,155	$8,010	1.97%	2.69%

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, 2021, the allowance for credit losses was $6.2 billion (1.97 percent of period-end loans), compared with an allowance of $8.0 billion (2.69 percent of period-end loans) at December 31, 2020. The ratio of the allowance for credit losses to nonperforming loans was 738 percent at December 31, 2021, compared with 654 percent at December 31, 2020. The ratio of the allowance for credit losses to annual loan net charge-offs at December 31, 2021, was 902 percent, compared with 448 percent at December 31, 2020. Management determined the allowance for credit losses was appropriate at December 31, 2021 and 2020.

The decrease in the allowance for credit losses of $1.9 billion (23.2 percent) at December 31, 2021, compared with December 31, 2020, reflected factors affecting economic conditions during 2021, including the enactment of additional benefits from government stimulus programs and broad vaccine availability in the United States that has reduced the risks associated with COVID-19, contributing to an economic recovery. However, economic uncertainty remains associated with supply chain concerns, rising inflationary concerns and additional virus variants. In addition to these factors, expected loss estimates consider various factors including customer specific information impacting changes in risk ratings, projected delinquencies and potential effects of diminishing liquidity without support of mortgage forbearance and direct federal stimulus. Consumer credit trends continued to perform better than expected in 2021, while select wholesale portfolios continue to be monitored for pandemic related impacts.

Changes in economic conditions considered in estimating the allowance for credit losses at December 31, 2021 included improvements in projected gross domestic product and unemployment levels, which reflected the additional government stimulus and availability of vaccines. These 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 December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
United States unemployment rate for the three months ending[(a)]		
December 31, 2021	4.3%	6.8%
June 30, 2022	3.6	6.2
December 31, 2022	3.5	5.4
United States real gross domestic product for the three months ending[(b)]		
December 31, 2021	2.8%	1.5%
June 30, 2022	5.0	3.8
December 31, 2022	6.4	5.7

(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, 2021, it was difficult to estimate the length and severity of the longer term effects on certain industry sectors 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 inflationary pressures on certain lending sectors and diminishing liquidity after economic stimulus programs and accommodations delaying mortgage and rent payments end. While reserves consider the uncertainty in these estimates, the unpredictability of the COVID-19 pandemic could result in the recognition of credit losses in the Company's loan portfolios and increases in the allowance for credit losses. Scenarios worse than the Company's expected outcome at December 31, 2021 include risks that government stimulus in response to the COVID-19 pandemic is less effective than expected, or that a longer or more severe health crisis prolongs the downturn in economic activity, potentially reducing the number of businesses that are ultimately able to resume operations after the crisis has passed. Other factors considered include concerns around inflationary pressures, new virus variants, sustainability of asset values and borrower liquidity.

The allowance for credit losses related to commercial lending segment loans decreased $995 million during the year ended December 31, 2021, due to improvements in general economic conditions and portfolio credit quality that included some return of economic activity in certain industry sectors affected by COVID-19.

The allowance for credit losses related to consumer lending segment loans decreased $860 million during the year ended December 31, 2021, due to improving economic risks, including those due to decreased unemployment, along with continued strong underlying credit quality that supports expectations of long-term repayment.

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 $5.6 billion of retail leasing residuals at December 31, 2021, compared with $6.3 billion at December 31, 2020. The Company monitors concentrations of leases by manufacturer and vehicle type. As of December 31, 2021, vehicle lease residuals related to sport utility vehicles were 46.7 percent of the portfolio, while truck and crossover utility vehicle classes represented approximately 32.5 percent and 14.7 percent of the portfolio, respectively. At year-end 2021, the individual vehicle model with the largest residual value outstanding represented 14.9 percent of the aggregate residual value of all vehicles in the portfolio. At December 31, 2021 and 2020, the weighted-average origination term of the portfolio was 41 months. At December 31, 2021, the commercial leasing portfolio had $515 million of residuals, compared with $498 million at December 31, 2020. At year-end 2021, lease residuals related to trucks and other transportation equipment represented 33.4 percent of the total residual portfolio, while business and office equipment represented 29.7 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, 2021				December 31, 2020			
	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	(3.77)%	3.09%	*	5.39%	(4.48)%	4.58%	*	6.57%

* *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 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, 2021, to an immediate 25, 50 and 100 bps downward movement in interest rates would be a decrease of approximately $8 million, $15 million and $22 million, respectively. An immediate upward movement in interest rates at December 31, 2021, of 25, 50 and 100 bps would result in an increase of approximately $8 million, an increase of $9 million and a decrease of $25 million, in the fair value of the MSRs and related derivative instruments, respectively. Refer to Note 10 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, 2021, the Company had $8.6 billion of forward commitments to sell, hedging $5.4 billion of MLHFS and $4.7 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 20 and 21 in the Notes to Consolidated Financial Statements.

LIBOR Transition In July 2017, the United Kingdom's Financial Conduct Authority (the "FCA") announced that it would no longer require banks to submit rates for the London InterBank Offered Rate ("LIBOR") after 2021. In March 2021, the FCA and the administrator of LIBOR announced that, with respect to the most commonly used tenors of United States Dollar LIBOR, LIBOR will no longer be published on a representative basis after June 30, 2023. The publication of all other tenors of United States Dollar LIBOR ceased to be provided or ceased to be representative after December 31, 2021. The Company holds financial instruments 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 capacities as trustee and servicer, which involve financial instruments that will be similarly impacted by the discontinuance of LIBOR.

The Company has transitioned financial instruments associated to LIBOR currencies and tenors that ceased or became nonrepresentative on December 31, 2021 to alternative reference rates, with limited exceptions. The Company also anticipates that additional financial instruments associated to the remaining United States Dollar LIBOR tenors will require transition to a new reference rate by June 30, 2023. 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 and therefore require remediation. For residual exposure related to these rates after June 30, 2023, the Company is assessing the applicability of relevant contractual and statutory solutions. Certain states have passed legislation, and federal legislation has been proposed,

that would transition contracts from LIBOR to an alternative reference rate for any contracts with non-existent or impracticable fallback language. The Company is assessing the impact of such legislative solutions to its various products.

In order to facilitate the transition process, the Company has instituted a LIBOR Transition Office and commenced an enterprise-wide project to identify, assess, monitor and mitigate risks associated with the expected discontinuance or unavailability of LIBOR, actively engage with industry working groups and regulators, achieve operational readiness for the use of alternative reference rates and engage impacted customers to remediate and transition impacted instruments. The Company has also invested in updating its systems, models, procedures and internal infrastructure as part of the transition program. Additionally, in alignment with guidance from United States banking agencies and the FCA, the Company has ceased the use of LIBOR as a reference rate in new contracts, with limited exceptions, and continues to increase the usage of alternative reference rates such as the Secured Overnight Financing Rate ("SOFR"). The Company has also adopted industry best practice guidelines for fallback language for new transactions, converted its cleared interest rate swaps discounting to SOFR discounting, and distributed communications related to the transition to certain impacted parties, both inside and outside the Company. Refer to "Risk Factors" beginning on page 137, 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)	2021	2020
Average	$ 2	$ 2
High	4	3
Low	1	1
Period-end	2	2

The Company did not experience any actual losses for its combined Covered Positions that exceeded VaR during the year ended December 31, 2021. 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 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)	2021	2020
Average	$ 7	$ 6
High	9	8
Low	5	4
Period-end	7	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)	2021	2020
Residential Mortgage Loans Held For Sale and Related Hedges		
Average	$ 9	$ 10
High	19	22
Low	4	2
Mortgage Servicing Rights and Related Hedges		
Average	$ 4	$ 19
High	11	54
Low	1	1

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 the 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, 2021, the fair value of unencumbered investment securities totaled $144.0 billion, compared with $125.9 billion at December 31, 2020. Refer to Note 5 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, 2021, the Company could have borrowed a total of an additional $101.0 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 $456.1 billion at December 31, 2021, compared with $429.8 billion at December 31, 2020. Refer to Note 12 of the Notes to Consolidated Financial Statements and "Balance Sheet Analysis" for further information on the maturities, terms and trends of the Company's deposits.

Additional funding is provided by long-term debt and short-term borrowings. Long-term debt was $32.1 billion at December 31, 2021, and is an important funding source because of its multi-year borrowing structure. Refer to Note 14 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, 2021, and supplement the Company's other funding sources. Refer to Note 13 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 Credit Ratings

	Moody's	S&P Global Ratings	Fitch Ratings	DBRS Morningstar
U.S. Bancorp				
Long-term issuer rating	A2	A+	AA-	AA
Short-term issuer rating		A-1	F1+	R-1 (middle)
Senior unsecured debt	A2	A+	A+	AA
Subordinated debt	A2	A	A	AA (low)
Junior subordinated debt	A3			
Preferred stock	Baa1	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	Aa2		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	Aa3(cr)/P-1(cr)			
Counterparty risk rating	A1/P-1			
Baseline credit assessment	a1			

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, 2021, parent company long-term debt outstanding was $18.9 billion, compared with $20.9 billion at December 31, 2020. The decrease was primarily due to $3.0 billion of medium-term note repayments, partially offset by $1.3 billion of subordinated note issuances. As of December 31, 2021, there was $2.3 billion of parent company debt scheduled to mature in 2022. 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 25 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, 2021, the Company was compliant with this requirement.

Beginning July 1, 2021, the Company is also subject to a regulatory Net Stable Funding Ratio ("NSFR") requirement which requires banks to maintain a minimum level of stable funding based on the liquidity characteristics of their assets, commitments, and derivative exposures over a one-year time horizon. At December 31, 2021, 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 2021. 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 deposits at multiple banks and managing the amounts on deposit at any bank based on institution-specific deposit limits. At December 31, 2021, the Company had an aggregate amount on deposit with European banks of approximately $9.8 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 deterioration in economic conditions in Europe is not expected to have a significant effect on the Company related to these activities.

Commitments, Contingent Liabilities and Other Contractual Obligations The Company participates in many different contractual arrangements which may or may not be recorded on its balance sheet, with unrelated or unconsolidated entities, under which the Company has an obligation to pay certain amounts, provide credit or liquidity enhancements or market risk support. These 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.

In the ordinary course of business, the Company enters into contractual obligations that may require future cash payments, including funding for customer loan requests, customer deposit maturities and withdrawals, debt service, leases for premises and equipment, and other cash commitments including $3.3 billion of contractual interest payments at December 31, 2021. Refer to Notes 7, 12, 14, 17 and 23 in the Notes to Consolidated Financial Statements for information on the Company's operating lease obligations, deposits, long-term debt, benefit obligations and guarantees and other commitments, respectively.

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, 2021 were $355.1 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, 2021 were $10.5 billion. For more information on the Company's commitments to extend credit and letters of credit, refer to Note 23 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 investment in these entities, net of contractual equity investment commitments of $1.9 billion, was $2.6 billion at December 31, 2021.

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 $40 million at December 31, 2021, and the Company had unfunded commitments to invest an additional $44 million. For more information on the Company's interests in unconsolidated VIEs, refer to Note 8 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 23 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 28 million shares of its common stock in 2021, compared with approximately 31 million shares in 2020. The average price paid for the shares repurchased in 2021 was $54.18 per share, compared with $53.32 per share in 2020. Beginning in March of 2020 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 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 second quarter of 2021, restricting capital distributions of all large bank holding companies, including the Company. These restrictions limited the aggregate amount of common stock dividends and share repurchases to an amount that did not exceed the average net income of the four preceding calendar quarters. Based on the results of the December 2020 Federal Reserve Board Stress Test, the Company announced on December 22, 2020 that its Board of Directors had approved an authorization to repurchase $3.0 billion of its common stock beginning January 1, 2021, and repurchased $1.5 billion of its common stock during the first six months of 2021 under this program. The Company suspended all common stock repurchases at the beginning of the third quarter of 2021, except for those done exclusively in connection with its stock-based compensation programs, due to its recently announced pending acquisition of MUFG Union Bank's core regional banking franchise. The Company does not expect to commence repurchasing its common stock again until the second half of 2022, or after the acquisition closes in order to build capital prior to the acquisition.

Based on the results of the 2021 Federal Reserve Board Annual Stress Test, the Company announced on September 14, 2021 that its Board of Directors had approved a regular quarterly dividend of $0.46 per common share. This represented a 9.5 percent increase over the previous dividend rate per common share of $0.42 per quarter.

The Company will continue to monitor its capital position and may adjust its capital distributions based on economic conditions and its financial performance. Capital distributions, including dividends and stock repurchases, are subject to the approval of the Company's Board of Directors and will align with regulatory requirements. For a more complete analysis of activities impacting shareholders' equity and capital management programs, refer to Note 15 of the Notes to Consolidated Financial Statements.

Total U.S. Bancorp shareholders' equity was $54.9 billion at December 31, 2021, compared with $53.1 billion at December 31, 2020. The increase was primarily the result of corporate earnings, partially offset by changes in unrealized gains and losses on available-for-sale investment securities included in other comprehensive income (loss), 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, 2021, 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, 2021, 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. Beginning in 2020, the Company elected to adopt a rule issued in 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, 2021, the Company's bank subsidiary met all regulatory capital ratios to be considered "well-capitalized". There are no conditions or events since December 31, 2021 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 Association, Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association. At December 31, 2021, U.S. Bank National Association met these requirements.

TABLE 22 Regulatory Capital Ratios

At December 31 (Dollars in Millions)	2021	2020
Basel III standardized approach:		
Common equity tier 1 capital	$ 41,701	$ 38,045
Tier 1 capital	48,516	44,474
Total risk-based capital	56,250	52,602
Risk-weighted assets	418,571	393,648
Common equity tier 1 capital as a percent of risk-weighted assets	10.0%	9.7%
Tier 1 capital as a percent of risk-weighted assets	11.6	11.3
Total risk-based capital as a percent of risk-weighted assets	13.4	13.4
Tier 1 capital as a percent of adjusted quarterly average assets (leverage ratio)	8.6	8.3
Tier 1 capital as a percent of total on- and off-balance sheet leverage exposure (total leverage exposure ratio)	6.9	7.3

Table 22 provides a summary of statutory regulatory capital ratios in effect for the Company at December 31, 2021 and 2020. 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, 2021, 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 6.8 percent and 9.2 percent, respectively, compared with 6.9 percent and 9.5 percent at December 31, 2020, respectively. In addition, the Company's common equity tier 1 capital to risk-weighted assets ratio, reflecting the full implementation of the CECL methodology was 9.6 percent at December 31, 2021, compared with 9.3 percent at December 31, 2020. Refer to "Non-GAAP Financial Measures" beginning on page 60 for further information on these other capital ratios.

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 24 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 2021, certain organization and methodology changes were made and, accordingly, 2020 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 2021, or a decrease of $33 million (2.0 percent), compared with 2020.

Net revenue decreased $593 million (13.1 percent) in 2021, compared with 2020. Net interest income, on a taxable-equivalent basis, decreased $511 million (15.0 percent) in 2021, compared with 2020, primarily due to the impact of declining interest rates on the margin benefit from deposits as well as lower average loan balances, partially offset by favorable deposit mix with higher noninterest-bearing deposit balances and slightly higher loan spreads. Noninterest income decreased $82 million (7.3 percent) in 2021, compared with 2020, primarily driven by lower capital markets activities and trading revenue, partially offset by continued stronger treasury management fees due to core growth driven by the economic recovery.

Noninterest expense decreased $33 million (1.9 percent) in 2021, compared with 2020, primarily due to lower FDIC insurance expense and higher capitalized loan costs, partially offset by an increase in net shared services expense driven by investment in infrastructure and technology development. The provision for credit losses decreased $515 million (85.3 percent) in 2021, compared with 2020, primarily due to a decrease in the reserve allocation driven by improving portfolio credit quality in 2021, compared with deteriorating credit quality in 2020.

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 $2.3 billion of the Company's net income in 2021, or a decrease of $103 million (4.3 percent), compared with 2020.

Net revenue decreased $358 million (4.0 percent) in 2021, compared with 2020. Net interest income, on a taxable-equivalent basis, increased $318 million (5.5 percent) in 2021, compared with 2020, reflecting continued strong growth in deposit balances as well as favorable deposit mix, favorable loan spreads driven by growth in installment loans, and higher loan fees driven by loan forgiveness related to the SBA's Paycheck Protection Program. These increases in net interest income were partially offset by lower deposit spreads and loan balances. Noninterest income decreased $676 million (21.3 percent) in 2021, compared with 2020, primarily due to lower mortgage banking revenue reflecting lower application volume and related gain on sale margins as refinancing activities declined, along with a reduction in the fair value of MSRs, net of hedging activities, partially offset by higher gains on GNMA loan sales and higher retail product fees driven by retail leasing end of term residual gains.

Noninterest expense increased $216 million (3.9 percent) in 2021, compared with 2020, primarily due to increases in net shared services expense due to investments in digital capabilities and higher compensation expense related to merit increases, business growth and revenue-related compensation driven by business production. The provision for credit losses decreased $435 million in 2021, compared with 2020, due to a decrease in the reserve allocation reflecting improved credit quality in the current year.

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 $837 million of the Company's net income in 2021, or a decrease of $104 million (11.1 percent), compared with 2020.

Net revenue decreased $45 million (1.4 percent) in 2021, compared with 2020. Net interest income, on a taxable-equivalent basis, decreased $244 million (19.6 percent) in 2021, compared with 2020, primarily due to the declining margin benefit from deposits, partially offset by higher noninterest-bearing deposit balances driving favorable deposit mix, as well as higher average loan balances. Noninterest income increased $199 million (9.8 percent) in 2021, compared with 2020, primarily due to core business growth in trust and investment management fees and investment products fees, both driven by favorable market conditions, partially offset by higher fee waivers related to money market funds.

Noninterest expense increased $86 million (4.4 percent) in 2021, compared with 2020, reflecting higher compensation expense as a result of merit increases, higher performance-based incentives related to investment sales volumes and core business growth, and an increase in net shared services expense, partially offset by lower other noninterest expense due to the allocation to the business line of previously reserved legal matters in 2020. The provision for credit losses increased $7 million (17.5 percent) in 2021, compared with 2020, due to increased loan loss provisions supporting stronger balance sheet growth in 2021 compared to 2020.

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 $1.7 billion of the Company's net income in 2021, or an increase of $420 million (32.3 percent), compared with 2020.

Net revenue increased $322 million (5.7 percent) in 2021, compared with 2020. Net interest income, on a taxable-equivalent basis, decreased $104 million (4.1 percent) in 2021, compared with 2020, primarily due to lower loan balances and yields driven by higher credit card payment rates by customers. Noninterest income increased $426 million (13.6 percent) in 2021, compared with 2020, mainly due to continued strengthening of consumer and business spending across most sectors driven by government stimulus, local jurisdictions reducing restrictions and consumer behaviors normalizing. As a result, there was strong growth in merchant processing services revenue driven by increased sales volume and higher merchant fees, partially offset by higher rebates. There was also solid growth in corporate payment products revenue driven by improving business spending across all product groups. Credit and debit card revenue increased, driven by stronger sales volume and fee activity.

Noninterest expense increased $93 million (2.8 percent) in 2021, compared with 2020, due to lower marketing costs during 2020 reflecting the timing of marketing campaigns, along with incremental costs related to the prepaid card business in 2021. The provision for credit losses decreased $332 million (48.8 percent) in 2021, compared with 2020, primarily driven by improved credit quality in 2021.

TABLE 23 Line of Business Financial Performance

Year Ended December 31 (Dollars in Millions)	Corporate and Commercial Banking 2021	2020	Percent Change	Consumer and Business Banking 2021	2020	Percent Change
Condensed Income Statement						
Net interest income (taxable-equivalent basis)	$ 2,900	$ 3,411	(15.0)%	$ 6,077	$ 5,759	5.5%
Noninterest income	1,035	1,117	(7.3)	2,501	3,177	(21.3)
Total net revenue	3,935	4,528	(13.1)	8,578	8,936	(4.0)
Noninterest expense	1,678	1,711	(1.9)	5,690	5,470	4.0
Other intangibles	—	—	—	12	16	(25.0)
Total noninterest expense	1,678	1,711	(1.9)	5,702	5,486	3.9
Income before provision and income taxes	2,257	2,817	(19.9)	2,876	3,450	(16.6)
Provision for credit losses	89	604	(85.3)	(144)	291	*
Income (loss) before income taxes	2,168	2,213	(2.0)	3,020	3,159	(4.4)
Income taxes and taxable-equivalent adjustment	542	554	(2.2)	755	791	(4.6)
Net income (loss)	1,626	1,659	(2.0)	2,265	2,368	(4.3)
Net (income) loss attributable to noncontrolling interests	—	—	—	—	—	—
Net income (loss) attributable to U.S. Bancorp	$ 1,626	$ 1,659	(2.0)	$ 2,265	$ 2,368	(4.3)
Average Balance Sheet						
Commercial	$ 78,351	$ 89,841	(12.8)%	$ 8,656	$ 9,127	(5.2)%
Commercial real estate	24,819	25,692	(3.4)	10,944	11,977	(8.6)
Residential mortgages	26	19	36.8	67,442	67,981	(.8)
Credit card	—	—	—	—	—	—
Other retail	12	11	9.1	54,040	52,174	3.6
Total loans	103,208	115,563	(10.7)	141,082	141,259	(.1)
Goodwill	1,715	1,647	4.1	3,428	3,500	(2.1)
Other intangible assets	5	6	(16.7)	2,760	2,105	31.1
Assets	115,194	128,038	(10.0)	161,571	159,191	1.5
Noninterest-bearing deposits	61,272	44,309	38.3	33,855	30,467	11.1
Interest checking	14,306	14,359	(.4)	69,718	55,512	25.6
Savings products	47,815	54,578	(12.4)	75,404	62,702	20.3
Time deposits	9,125	19,201	(52.5)	13,312	13,322	(.1)
Total deposits	132,518	132,447	.1	192,289	162,003	18.7
Total U.S. Bancorp shareholders' equity	13,928	15,063	(7.5)	12,337	12,739	(3.2)

* *Not meaningful*

Wealth Management and Investment Services			Payment Services			Treasury and Corporate Support			Consolidated Company		
2021	2020	Percent Change	2021	2020	Percent Change	2021	2020	Percent Change	2021	2020	Percent Change
$ 1,002	$ 1,246	(19.6)%	$ 2,458	$ 2,562	(4.1)%	$ 163	$ (54)	*%	$ 12,600	$ 12,924	(2.5)%
2,221	2,022	9.8	3,550	3,124	13.6	920	961	(4.3)	10,227	10,401	(1.7)
3,223	3,268	(1.4)	6,008	5,686	5.7	1,083	907	19.4	22,827	23,325	(2.1)
2,045	1,961	4.3	3,231	3,123	3.5	925	928	(.3)	13,569	13,193	2.8
14	12	16.7	133	148	(10.1)	—	—	—	159	176	(9.7)
2,059	1,973	4.4	3,364	3,271	2.8	925	928	(.3)	13,728	13,369	2.7
1,164	1,295	(10.1)	2,644	2,415	9.5	158	(21)	*	9,099	9,956	(8.6)
47	40	17.5	349	681	(48.8)	(1,514)	2,190	*	(1,173)	3,806	*
1,117	1,255	(11.0)	2,295	1,734	32.4	1,672	(2,211)	*	10,272	6,150	67.0
280	314	(10.8)	575	434	32.5	135	(928)	*	2,287	1,165	96.3
837	941	(11.1)	1,720	1,300	32.3	1,537	(1,283)	*	7,985	4,985	60.2
—	—	—	—	—	—	(22)	(26)	15.4	(22)	(26)	15.4
$ 837	$ 941	(11.1)	$ 1,720	$ 1,300	32.3	$ 1,515	$ (1,309)	*	$ 7,963	$ 4,959	60.6
$ 5,407	$ 4,755	13.7%	$ 9,004	$ 8,936	.8%	$ 1,437	$ 1,308	9.9%	$102,855	$113,967	(9.8)%
735	738	(.4)	—	—	—	2,283	2,141	6.6	38,781	40,548	(4.4)
7,159	5,664	26.4	—	—	—	2	3	(33.3)	74,629	73,667	1.3
—	—	—	21,645	22,332	(3.1)	—	—	—	21,645	22,332	(3.1)
4,796	4,299	11.6	207	271	(23.6)	—	—	—	59,055	56,755	4.1
18,097	15,456	17.1	30,856	31,539	(2.2)	3,722	3,452	7.8	296,965	307,269	(3.4)
1,628	1,617	.7	3,185	3,060	4.1	—	—	—	9,956	9,824	1.3
84	39	*	508	581	(12.6)	—	—	—	3,357	2,731	22.9
21,236	18,564	14.4	36,553	36,497	.2	221,978	188,917	17.5	556,532	531,207	4.8
24,587	17,149	43.4	4,861	4,351	11.7	2,629	2,263	16.2	127,204	98,539	29.1
18,605	14,147	31.5	—	—	—	569	258	*	103,198	84,276	22.5
55,243	59,768	(7.6)	145	120	20.8	780	760	2.6	179,387	177,928	.8
1,770	3,610	(51.0)	—	1	*	285	1,738	(83.6)	24,492	37,872	(35.3)
100,205	94,674	5.8	5,006	4,472	11.9	4,263	5,019	(15.1)	434,281	398,615	8.9
3,154	2,936	7.4	7,643	7,462	2.4	16,748	14,046	19.2	53,810	52,246	3.0

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 net income of $1.5 billion in 2021, compared with a net loss of $1.3 billion in 2020.

Net revenue increased $176 million (19.4 percent) in 2021, compared with 2020. Net interest income, on a taxable-equivalent basis, increased $217 million in 2021, compared with 2020, due to favorable funding and deposit mix. Noninterest income decreased $41 million (4.3 percent) in 2021, compared with 2020, reflecting lower securities gains and changes in other noninterest income due to lower equity investment income and lower gains on sales of businesses in 2021, offset by the impact of asset impairments in 2020 as a result of branch closures.

Noninterest expense decreased $3 million (0.3 percent) in 2021, compared with 2020, primarily due to lower COVID-19 related expenses compared with the prior year, including recognizing liabilities related to future delivery exposures for merchant and airline processing, lower net shared services expense, lower amortization related to tax-advantaged investments and lower severance and other accruals. These decreases were partially offset by higher compensation expense as a result of higher performance-based incentives and merit increases, as well as higher employee benefits driven by higher medical claims. The provision for credit losses was $3.7 billion lower in 2021, compared with 2020, reflecting the residual impact of changes in the allowance for credit losses being impacted by improving economic conditions in the current year, compared to deteriorating conditions in the prior year.

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)	2021	2020
Total equity	$ 55,387	$ 53,725
Preferred stock	(6,371)	(5,983)
Noncontrolling interests	(469)	(630)
Goodwill (net of deferred tax liability)[1]	(9,323)	(9,014)
Intangible assets, other than mortgage servicing rights	(785)	(654)
Tangible common equity[a]	38,439	37,444
Common equity tier 1 capital, determined in accordance with transitional regulatory capital requirements related to the CECL methodology implementation	41,701	38,045
Adjustments[2]	(1,733)	(1,733)
Common equity tier 1 capital, reflecting the full implementation of the CECL methodology[b]	39,968	36,312
Total assets	573,284	553,905
Goodwill (net of deferred tax liability)[1]	(9,323)	(9,014)
Intangible assets, other than mortgage servicing rights	(785)	(654)
Tangible assets[c]	563,176	544,237
Risk-weighted assets, determined in accordance with prescribed regulatory capital requirements effective for the Company[d]	418,571	393,648
Adjustments[3]	(357)	(1,471)
Risk-weighted assets, reflecting the full implementation of the CECL methodology[e]	418,214	392,177
Ratios		
Tangible common equity to tangible assets[a]/[c]	6.8%	6.9%
Tangible common equity to risk-weighted assets[a]/[d]	9.2	9.5
Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the CECL methodology[b]/[e]	9.6	9.3

	Year Ended December 31		
	2021	2020	2019
Net interest income	$ 12,494	$ 12,825	$ 13,052
Taxable-equivalent adjustment[4]	106	99	103
Net interest income, on a taxable-equivalent basis	12,600	12,924	13,155
Net interest income, on a taxable-equivalent basis (as calculated above)	12,600	12,924	13,155
Noninterest income	10,227	10,401	9,831
Less: Securities gains (losses), net	103	177	73
Total net revenue, excluding net securities gains (losses)[f]	22,724	23,148	22,913
Noninterest expense[g]	13,728	13,369	12,785
Efficiency ratio[g]/[f]	60.4%	57.8%	55.8%

	Year Ended December 31, 2021		
	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	$ 3,935	17%	18%
Consumer and Business Banking	8,578	38	39
Wealth Management and Investment Services	3,223	14	15
Payment Services	6,008	26	28
Treasury and Corporate Support	1,083	5	
Consolidated Company	22,827	100%	
Less: Treasury and Corporate Support	1,083		
Consolidated Company excluding Treasury and Corporate Support	$ 21,744		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 rate of 21 percent 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, 2021 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, imprecision exists 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.

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 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, 2021 include risks that government stimulus in response to the COVID-19 pandemic is less effective than expected, or that a longer or more severe health crisis prolongs the downturn in economic activity, potentially reducing the number of businesses that are ultimately able to continue operations after the crisis has passed.

Under the range of economic scenarios considered, the allowance for credit losses would have been lower by $832 million or higher by $1.5 billion. This range reflects the sensitivity of the allowance for credit losses specifically related to the scenarios and weights considered as of December 31, 2021, 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 5 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 20 of the Notes to Consolidated Financial Statements provides a summary of the Company's derivative positions.

Refer to Note 22 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 10 and 22 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 19 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 65. 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 68.

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, 2021. 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, 2021.

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 66 and 67 and their audit report on internal control over financial reporting appearing on page 68 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, 2021 and 2020, 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, 2021, 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, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, 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, 2021 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 22, 2022 expressed an unqualified opinion thereon.

Adoption of New Accounting Standard

As discussed in Notes 1 and 6 to the consolidated financial statements, the Company changed its method for accounting for credit losses in 2020.

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 $312.0 billion and $6.2 billion as of December 31, 2021, respectively. The provision for credit losses was a benefit of $1.2 billion for the year ended December 31, 2021. As discussed in Notes 1 and 6 to the financial statements, the ACL is established for current expected credit losses 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

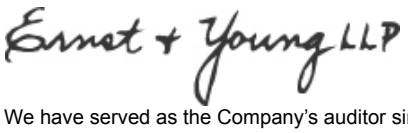
We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's process for establishing the ACL, including management's controls over: 1) selection and implementation of forward-looking economic scenarios and the probability weights assigned to them; 2) expected 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 reperformed 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 estimate methodology and assessment of factors that could potentially impact the accuracy of expected loss models. We also recalculated 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 22, 2022

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, 2021, 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, 2021, 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, 2021 and 2020, 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, 2021, and the related notes and our report dated February 22, 2022 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 22, 2022

Consolidated Financial Statements and Notes Table of Contents

Consolidated Financial Statements

Consolidated Balance Sheet 70
Consolidated Statement of Income 71
Consolidated Statement of Comprehensive Income 72
Consolidated Statement of Shareholders' Equity 73
Consolidated Statement of Cash Flows 74

Notes to Consolidated Financial Statements

Note 1 — Significant Accounting Policies 75
Note 2 — Accounting Changes 82
Note 3 — Business Combinations 82
Note 4 — Restrictions on Cash and Due From Banks 82
Note 5 — Investment Securities 83
Note 6 — Loans and Allowance for Credit Losses 86
Note 7 — Leases 92
Note 8 — Accounting for Transfers and Servicing of Financial Assets and Variable Interest Entities 93
Note 9 — Premises and Equipment 94
Note 10 — Mortgage Servicing Rights 95
Note 11 — Intangible Assets 96
Note 12 — Deposits 97
Note 13 — Short-Term Borrowings 97
Note 14 — Long-Term Debt 98
Note 15 — Shareholders' Equity 99
Note 16 — Earnings Per Share 104
Note 17 — Employee Benefits 104
Note 18 — Stock-Based Compensation 109
Note 19 — Income Taxes 111
Note 20 — Derivative Instruments 113
Note 21 — Netting Arrangements for Certain Financial Instruments and Securities Financing Activities 117
Note 22 — Fair Values of Assets and Liabilities 120
Note 23 — Guarantees and Contingent Liabilities 126
Note 24 — Business Segments 129
Note 25 — U.S. Bancorp (Parent Company) 132
Note 26 — Subsequent Events 133

U.S. Bancorp
Consolidated Balance Sheet

At December 31 (Dollars in Millions)	2021	2020
Assets		
Cash and due from banks	$ 28,905	$ 62,580
Investment securities		
Held-to-maturity (2021 fair value $41,812)	41,858	–
Available-for-sale ($557 and $402 pledged as collateral, respectively)[a]	132,963	136,840
Loans held for sale (including $6,623 and $8,524 of mortgage loans carried at fair value, respectively)	7,775	8,761
Loans		
Commercial	112,023	102,871
Commercial real estate	39,053	39,311
Residential mortgages	76,493	76,155
Credit card	22,500	22,346
Other retail	61,959	57,024
Total loans	312,028	297,707
Less allowance for loan losses	(5,724)	(7,314)
Net loans	306,304	290,393
Premises and equipment	3,305	3,468
Goodwill	10,262	9,918
Other intangible assets	3,738	2,864
Other assets (including $1,193 and $1,255 of trading securities at fair value pledged as collateral, respectively)[a]	38,174	39,081
Total assets	$573,284	$553,905
Liabilities and Shareholders' Equity		
Deposits		
Noninterest-bearing	$134,901	$118,089
Interest-bearing	321,182	311,681
Total deposits	456,083	429,770
Short-term borrowings	11,796	11,766
Long-term debt	32,125	41,297
Other liabilities	17,893	17,347
Total liabilities	517,897	500,180
Shareholders' equity		
Preferred stock	6,371	5,983
Common stock, par value $0.01 a share — authorized: 4,000,000,000 shares; issued: 2021 and 2020 — 2,125,725,742 shares	21	21
Capital surplus	8,539	8,511
Retained earnings	69,201	64,188
Less cost of common stock in treasury: 2021 — 642,223,571 shares; 2020 — 618,618,084 shares	(27,271)	(25,930)
Accumulated other comprehensive income (loss)	(1,943)	322
Total U.S. Bancorp shareholders' equity	54,918	53,095
Noncontrolling interests	469	630
Total equity	55,387	53,725
Total liabilities and equity	$573,284	$553,905

(a) Includes only collateral pledged by the Company where counterparties have the right to sell or pledge the collateral.
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)	2021	2020	2019
Interest Income			
Loans	$ 10,747	$ 12,018	$ 14,099
Loans held for sale	232	216	162
Investment securities	2,365	2,428	2,893
Other interest income	143	178	340
Total interest income	13,487	14,840	17,494
Interest Expense			
Deposits	320	950	2,855
Short-term borrowings	70	141	360
Long-term debt	603	924	1,227
Total interest expense	993	2,015	4,442
Net interest income	12,494	12,825	13,052
Provision for credit losses	(1,173)	3,806	1,504
Net interest income after provision for credit losses	13,667	9,019	11,548
Noninterest Income			
Credit and debit card revenue	1,507	1,338	1,413
Corporate payment products revenue	575	497	664
Merchant processing services	1,449	1,261	1,601
Trust and investment management fees	1,832	1,736	1,673
Deposit service charges	724	677	909
Treasury management fees	614	568	578
Commercial products revenue	1,102	1,143	934
Mortgage banking revenue	1,361	2,064	874
Investment products fees	239	192	186
Securities gains (losses), net	103	177	73
Other	721	748	926
Total noninterest income	10,227	10,401	9,831
Noninterest Expense			
Compensation	7,299	6,635	6,325
Employee benefits	1,429	1,303	1,286
Net occupancy and equipment	1,048	1,092	1,123
Professional services	492	430	454
Marketing and business development	366	318	426
Technology and communications	1,454	1,294	1,095
Postage, printing and supplies	274	288	290
Other intangibles	159	176	168
Other	1,207	1,833	1,618
Total noninterest expense	13,728	13,369	12,785
Income before income taxes	10,166	6,051	8,594
Applicable income taxes	2,181	1,066	1,648
Net income	7,985	4,985	6,946
Net (income) loss attributable to noncontrolling interests	(22)	(26)	(32)
Net income attributable to U.S. Bancorp	$ 7,963	$ 4,959	$ 6,914
Net income applicable to U.S. Bancorp common shareholders	$ 7,605	$ 4,621	$ 6,583
Earnings per common share	$ 5.11	$ 3.06	$ 4.16
Diluted earnings per common share	$ 5.10	$ 3.06	$ 4.16
Average common shares outstanding	1,489	1,509	1,581
Average diluted common shares outstanding	1,490	1,510	1,583

See Notes to Consolidated Financial Statements.

U.S. Bancorp
Consolidated Statement of Comprehensive Income

Year Ended December 31 (Dollars in Millions)	2021	2020	2019
Net income	$ 7,985	$4,985	$6,946
Other Comprehensive Income (Loss)			
Changes in unrealized gains (losses) on investment securities available-for-sale	(3,698)	2,905	1,693
Unrealized gains (losses) on held-to-maturity investment securities transferred to available-for-sale	–	–	141
Changes in unrealized gains (losses) on derivative hedges	125	(194)	(229)
Foreign currency translation	35	2	26
Changes in unrealized gains (losses) on retirement plans	400	(401)	(380)
Reclassification to earnings of realized (gains) losses	104	(42)	20
Income taxes related to other comprehensive income (loss)	769	(575)	(322)
Total other comprehensive income (loss)	(2,265)	1,695	949
Comprehensive income	5,720	6,680	7,895
Comprehensive (income) loss attributable to noncontrolling interests	(22)	(26)	(32)
Comprehensive income attributable to U.S. Bancorp	$ 5,698	$6,654	$7,863

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, 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[(a)]					(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[(b)]					(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[(c)]					(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
Net income (loss)					7,963			7,963	22	7,985
Other comprehensive income (loss)							(2,265)	(2,265)		(2,265)
Preferred stock dividends[(d)]					(303)			(303)		(303)
Common stock dividends ($1.76 per share)					(2,630)			(2,630)		(2,630)
Issuance of preferred stock		2,221						2,221		2,221
Call and redemption of preferred stock		(1,833)			(17)			(1,850)		(1,850)
Issuance of common and treasury stock	5			(169)		215		46		46
Purchase of treasury stock	(28)					(1,556)		(1,556)		(1,556)
Distributions to noncontrolling interests								–	(20)	(20)
Purchase of noncontrolling interests								–	(167)	(167)
Net other changes in noncontrolling interests								–	4	4
Stock option and restricted stock grants				197				197		197
Balance December 31, 2021	1,484	$ 6,371	$ 21	$8,539	$69,201	$(27,271)	($ 1,943)	$ 54,918	$ 469	$55,387

(a) 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.

(b) Effective January 1, 2020, the Company adopted accounting guidance which changed impairment recognition of financial instruments to a model that is based on expected losses rather than incurred losses. Upon adoption, the Company increased its allowance for credit losses and reduced retained earnings net of deferred taxes through a cumulative-effect adjustment.

(c) 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.

(d) Reflects dividends declared per share on the Company's Series A, Series B, Series F, Series I, Series J, Series K, Series L, Series M and Series N Non-Cumulative Perpetual Preferred Stock of $3,548.61, $887.153, $1,625.00, $232.953, $1,325.00, $1,375.00, $937.50, $952.778 and $202.986, respectively.

See Notes to Consolidated Financial Statements.

U.S. Bancorp
Consolidated Statement of Cash Flows

Year Ended December 31 (Dollars in Millions)	2021	2020	2019
Operating Activities			
Net income attributable to U.S. Bancorp	$ 7,963	$ 4,959	$ 6,914
Adjustments to reconcile net income to net cash provided by operating activities			
Provision for credit losses	(1,173)	3,806	1,504
Depreciation and amortization of premises and equipment	338	351	334
Amortization of intangibles	159	176	168
(Gain) loss on sale of loans held for sale	(1,135)	(2,193)	(762)
(Gain) loss on sale of securities and other assets	(398)	(344)	(469)
Loans originated for sale, net of repayments	(72,627)	(67,449)	(36,561)
Proceeds from sales of loans held for sale	74,315	65,468	33,303
Other, net	2,428	(1,058)	458
Net cash provided by operating activities	9,870	3,716	4,889
Investing Activities			
Proceeds from sales of available-for-sale investment securities	16,075	15,596	11,252
Proceeds from maturities of held-to-maturity investment securities	1,093	–	9,137
Proceeds from maturities of available-for-sale investment securities	41,199	40,639	11,454
Purchases of held-to-maturity investment securities	(1,088)	–	(6,701)
Purchases of available-for-sale investment securities	(99,045)	(68,662)	(33,814)
Net (increase) decrease in loans outstanding	(17,459)	6,350	(9,871)
Proceeds from sales of loans	6,183	2,250	2,899
Purchases of loans	(4,466)	(11,622)	(3,805)
Net decrease (increase) in securities purchased under agreements to resell	18	645	(816)
Other, net	3	(636)	(1,295)
Net cash used in investing activities	(57,487)	(15,440)	(21,560)
Financing Activities			
Net increase in deposits	26,313	67,854	16,441
Net increase (decrease) in short-term borrowings	30	(11,957)	9,584
Proceeds from issuance of long-term debt	2,626	14,501	9,899
Principal payments or redemption of long-term debt	(11,432)	(14,476)	(11,119)
Proceeds from issuance of preferred stock	2,221	486	–
Proceeds from issuance of common stock	43	15	88
Repurchase of preferred stock	(1,250)	–	–
Repurchase of common stock	(1,555)	(1,672)	(4,525)
Cash dividends paid on preferred stock	(308)	(300)	(302)
Cash dividends paid on common stock	(2,579)	(2,552)	(2,443)
Purchase of noncontrolling interests	(167)	–	–
Net cash provided by financing activities	13,942	51,899	17,623
Change in cash and due from banks	(33,675)	40,175	952
Cash and due from banks at beginning of period	62,580	22,405	21,453
Cash and due from banks at end of period	$ 28,905	$ 62,580	$ 22,405
Supplemental Cash Flow Disclosures			
Cash paid for income taxes	$ 535	$ 1,025	$ 941
Cash paid for interest	1,061	2,199	4,404
Noncash transfer of held-to-maturity investment securities to available-for-sale	–	–	43,596
Noncash transfer of available-for-sale investment securities to held-to-maturity	41,823	–	–
Net noncash transfers to foreclosed property	14	23	60
Acquisitions			
Assets (sold) acquired	$ 749	$ 828	$ 407
Liabilities sold (assumed)	(88)	(272)	36
Net	$ 661	$ 556	$ 443

See Notes to Consolidated Financial Statements.

NOTE 1 Significant Accounting Policies

U.S. Bancorp is a financial services holding company headquartered in Minneapolis, Minnesota, serving millions of local, national and global customers. 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 period 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 and assumptions.

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.

Held-to-maturity Securities Debt securities for which the Company has the positive intent and ability to hold to maturity are reported at historical cost adjusted for amortization of premiums and accretion of discounts. Expected credit losses, 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.

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, 2021. 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 includes increasing consideration of historical loss experience over 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, from better to 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 consideration of 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 rates, real estate prices, gross domestic product levels and corporate bond spreads, 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 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 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 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 charged down if unsecured by collateral 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. Any writedowns to fair value upon the transfer of loans to LHFS are 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 10 and Note 22 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

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 in the process of evaluating and applying, as applicable, the optional expedients and exceptions in accounting for eligible contract modifications, eligible existing hedging relationships and new hedging relationships available through December 31, 2022. The adoption of this guidance has not had, and is expected to continue to not have, a material impact on the Company's financial statements.

NOTE 3 Business Combinations

In September 2021, the Company announced that it has entered into a definitive agreement to acquire MUFG Union Bank's core regional banking franchise from Mitsubishi UFJ Financial Group ("MUFG"), for an expected purchase price of approximately $8.0 billion, including $5.5 billion in cash and approximately 44 million shares of the Company's common stock. The transaction excludes the purchase of MUFG Union Bank's Global Corporate & Investment Bank, certain middle and back office functions, and other assets. MUFG Union Bank currently has approximately 300 branches in California, Washington and Oregon and is expected to add approximately $105 billion in total assets, $58 billion of loans and $90 billion of deposits to the Company's consolidated balance sheet. The transaction is expected to close in the first half of 2022, subject to customary closing conditions, including regulatory approvals.

NOTE 4 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 $78 million and $73 million at December 31, 2021 and 2020, respectively. The Company held balances at central banks and other financial institutions of $23.0 billion and $55.4 billion at December 31, 2021 and 2020, 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 5 Investment Securities

The amortized cost, gross unrealized holding gains and losses, and fair value of held-to-maturity and available-for-sale investment securities at December 31 were as follows:

	2021				2020			
(Dollars in Millions)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Held-to-maturity								
Residential agency mortgage-backed securities	$ 41,858	$ 2	$ (48)	$ 41,812	$ –	$ –	$ –	$ –
Total held-to-maturity	$ 41,858	$ 2	$ (48)	$ 41,812	$ –	$ –	$ –	$ –
Available-for-sale								
U.S. Treasury and agencies	$ 36,648	$ 205	$ (244)	$ 36,609	$ 21,954	$ 462	$ (25)	$ 22,391
Mortgage-backed securities								
Residential agency	76,761	665	(347)	77,079	98,031	1,950	(13)	99,968
Commercial agency	8,633	53	(201)	8,485	5,251	170	(15)	5,406
Asset-backed securities	62	4	–	66	200	5	–	205
Obligations of state and political subdivisions	10,130	607	(20)	10,717	8,166	695	–	8,861
Other	7	–	–	7	9	–	–	9
Total available-for-sale	$132,241	$ 1,534	$ (812)	$132,963	$133,611	$ 3,282	$ (53)	$136,840

During the fourth quarter of 2021, the Company transferred $43.1 billion amortized cost ($41.8 billion fair value) of available-for-sale investment securities to the held-to-maturity category to reflect its new intent for these securities.

Investment securities with a fair value of $30.7 billion at December 31, 2021, and $11.0 billion at December 31, 2020, 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 $557 million at December 31, 2021, and $402 million at December 31, 2020.

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)	2021	2020	2019
Taxable	$2,103	$2,201	$2,680
Non-taxable	262	227	213
Total interest income from investment securities	$2,365	$2,428	$2,893

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)	2021	2020	2019
Realized gains	$122	$200	$ 99
Realized losses	(19)	(23)	(26)
Net realized gains	$103	$177	$ 73
Income tax on net realized gains	$ 26	$ 45	$ 18

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 at December 31, 2021 and December 31, 2020.

At December 31, 2021, 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, 2021:

	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	$11,445	$ (100)	$2,879	$ (144)	$14,324	$ (244)
Residential agency mortgage-backed securities	39,720	(342)	263	(5)	39,983	(347)
Commercial agency mortgage-backed securities	4,463	(104)	1,764	(97)	6,227	(201)
Asset-backed securities	–	–	2	–	2	–
Obligations of state and political subdivisions	1,500	(20)	–	–	1,500	(20)
Other	6	–	–	–	6	–
Total investment securities	$57,134	$ (566)	$4,908	$ (246)	$62,042	$ (812)

These unrealized losses primarily relate to changes in interest rates and market spreads subsequent to purchase of these available-for-sale 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, 2021, 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, 2021 and 2020, the Company did not purchase any investment securities that had more-than-insignificant credit deterioration.

All of the Company's held-to-maturity investment securities are highly rated agency mortgage-backed securities that are guaranteed or otherwise supported by the United States government and have no history of credit losses. Accordingly the Company does not expect to incur any credit losses on held-to-maturity investment securities and has no allowance for credit losses recorded for these securities.

The following table provides information about the amortized cost, fair value and yield by maturity date of the investment securities outstanding at December 31, 2021:

(Dollars in Millions)	Amortized Cost	Fair Value	Weighted-Average Maturity in Years	Weighted-Average Yield[e]
Held-to-maturity				
Mortgage-Backed Securities[a]				
Maturing in one year or less	$ –	$ –	–	–%
Maturing after one year through five years	2	2	4.8	1.69
Maturing after five years through ten years	41,856	41,810	7.4	1.45
Maturing after ten years	–	–	–	–
Total	$ 41,858	$ 41,812	7.4	1.45%
Total held-to-maturity	$ 41,858	$ 41,812	7.4	1.45%
Available-for-sale				
U.S. Treasury and Agencies				
Maturing in one year or less	$ 2,724	$ 2,744	.6	1.91%
Maturing after one year through five years	8,400	8,483	2.9	1.52
Maturing after five years through ten years	22,469	22,378	8.1	1.44
Maturing after ten years	3,055	3,004	12.0	1.99
Total	$ 36,648	$ 36,609	6.7	1.54%
Mortgage-Backed Securities[a]				
Maturing in one year or less	$ 104	$ 104	.7	2.02%
Maturing after one year through five years	42,711	43,267	3.6	1.47
Maturing after five years through ten years	42,560	42,174	6.3	1.70
Maturing after ten years	19	19	12.4	1.24
Total	$ 85,394	$ 85,564	4.9	1.58%
Asset-Backed Securities[a]				
Maturing in one year or less	$ –	$ –	.5	2.69%
Maturing after one year through five years	3	4	2.6	1.62
Maturing after five years through ten years	59	61	5.3	1.52
Maturing after ten years	–	1	12.9	2.41
Total	$ 62	$ 66	5.2	1.53%
Obligations of State and Political Subdivisions[b] [c]				
Maturing in one year or less	$ 393	$ 398	.5	4.30%
Maturing after one year through five years	2,954	3,178	4.1	4.25
Maturing after five years through ten years	6,217	6,579	7.2	3.45
Maturing after ten years	566	562	17.7	2.58
Total	$ 10,130	$ 10,717	6.6	3.67%
Other				
Maturing in one year or less	$ –	$ –	–	–%
Maturing after one year through five years	7	7	3.4	2.07
Maturing after five years through ten years	–	–	–	–
Maturing after ten years	–	–	–	–
Total	$ 7	$ 7	3.4	2.07%
Total available-for-sale[d]	$132,241	$132,963	5.5	1.73%

(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 3.4 years at December 31, 2020, with a corresponding weighted-average yield of 1.61 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, excluding any premiums or discounts recorded related to the transfer of investment securities at fair value from available-for-sale to held-to-maturity.

NOTE 6 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)	2021	2020
Commercial		
Commercial	$ 106,912	$ 97,315
Lease financing	5,111	5,556
Total commercial	112,023	102,871
Commercial Real Estate		
Commercial mortgages	28,757	28,472
Construction and development	10,296	10,839
Total commercial real estate	39,053	39,311
Residential Mortgages		
Residential mortgages	67,546	66,525
Home equity loans, first liens	8,947	9,630
Total residential mortgages	76,493	76,155
Credit Card	22,500	22,346
Other Retail		
Retail leasing	7,256	8,150
Home equity and second mortgages	10,446	12,472
Revolving credit	2,750	2,688
Installment	16,514	13,823
Automobile	24,866	19,722
Student	127	169
Total other retail	61,959	57,024
Total loans	$ 312,028	$ 297,707

The Company had loans of $92.1 billion at December 31, 2021, and $96.1 billion at December 31, 2020, pledged at the Federal Home Loan Bank, and loans of $76.9 billion at December 31, 2021, and $67.8 billion at December 31, 2020, 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 $475 million at December 31, 2021 and $763 million at December 31, 2020. 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 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.

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	Total Loans
Balance at December 31, 2020	$ 2,423	$ 1,544	$ 573	$2,355	$1,115	$ 8,010
Add						
Provision for credit losses	(471)	(419)	(40)	(170)	(73)	(1,173)
Deduct						
Loans charged-off	222	29	18	686	253	1,208
Less recoveries of loans charged-off	(119)	(27)	(50)	(174)	(156)	(526)
Net loan charge-offs (recoveries)	103	2	(32)	512	97	682
Balance at December 31, 2021	$ 1,849	$ 1,123	$ 565	$1,673	$ 945	$ 6,155
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 loan charge-offs (recoveries)	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 loan charge-offs (recoveries)	285	14	3	893	259	1,454
Balance at December 31, 2019	$ 1,484	$ 799	$ 433	$1,128	$ 647	$ 4,491

(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 decrease in the allowance for credit losses from December 31, 2020 to December 31, 2021 reflected factors affecting economic conditions during 2021, including the enactment of additional benefits from government stimulus programs and broad vaccine availability in the United States that has reduced the risks associated with COVID-19, contributing to an economic recovery. However, economic uncertainty remains associated with supply chain concerns, rising inflationary concerns and additional virus variants.

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, 2021					
Commercial	$ 111,270	$ 530	$ 49	$ 174	$ 112,023
Commercial real estate	38,678	80	11	284	39,053
Residential mortgages[a]	75,962	124	181	226	76,493
Credit card	22,142	193	165	–	22,500
Other retail	61,468	275	66	150	61,959
Total loans	$309,520	$ 1,202	$ 472	$ 834	$312,028
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

(a) At December 31, 2021, $791 million of loans 30–89 days past due and $1.5 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 $1.4 billion and $1.8 billion at December 31, 2020, respectively.

(b) Substantially all nonperforming loans at December 31, 2021 and 2020, had an associated allowance for credit losses. The Company recognized interest income on nonperforming loans of $16 million and $23 million for the years ended December 31, 2021 and 2020, respectively, compared to what would have been recognized at the original contractual terms of the loans of $34 million and $45 million, respectively.

At December 31, 2021, total nonperforming assets held by the Company were $878 million, compared with $1.3 billion at December 31, 2020. Total nonperforming assets included $834 million of nonperforming loans, $22 million of OREO and $22 million of other nonperforming assets owned by the Company at December 31, 2021, compared with $1.2 billion, $24 million and $50 million, respectively at December 31, 2020.

At December 31, 2021, the amount of foreclosed residential real estate held by the Company, and included in OREO, was $22 million, compared with $23 million at December 31, 2020. These amounts excluded $22 million and $33 million at December 31, 2021 and December 31, 2020, 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, 2021 and December 31, 2020, was $696 million and $1.0 billion, respectively, of which $555 million and $812 million, 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, 2021					December 31, 2020				
		Criticized					Criticized			
(Dollars in Millions)	Pass	Special Mention	Classified[a]	Total Criticized	Total	Pass	Special Mention	Classified[a]	Total Criticized	Total
Commercial										
Originated in 2021	$ 51,155	$ 387	$ 287	$ 674	$ 51,829	$ –	$ –	$ –	$ –	$ –
Originated in 2020	14,091	304	133	437	14,528	34,557	1,335	1,753	3,088	37,645
Originated in 2019	10,159	151	54	205	10,364	17,867	269	349	618	18,485
Originated in 2018	5,122	3	36	39	5,161	12,349	351	176	527	12,876
Originated in 2017	2,149	2	38	40	2,189	5,257	117	270	387	5,644
Originated prior to 2017	2,774	28	43	71	2,845	4,954	128	115	243	5,197
Revolving	24,722	268	117	385	25,107	22,445	299	280	579	23,024
Total commercial	110,172	1,143	708	1,851	112,023	97,429	2,499	2,943	5,442	102,871
Commercial real estate										
Originated in 2021	13,364	6	990	996	14,360	–	–	–	–	–
Originated in 2020	7,459	198	263	461	7,920	9,446	461	1,137	1,598	11,044
Originated in 2019	6,368	251	610	861	7,229	9,514	454	1,005	1,459	10,973
Originated in 2018	2,996	29	229	258	3,254	6,053	411	639	1,050	7,103
Originated in 2017	1,662	38	113	151	1,813	2,650	198	340	538	3,188
Originated prior to 2017	2,811	17	111	128	2,939	4,762	240	309	549	5,311
Revolving	1,494	1	43	44	1,538	1,445	9	238	247	1,692
Total commercial real estate	36,154	540	2,359	2,899	39,053	33,870	1,773	3,668	5,441	39,311
Residential mortgages[b]										
Originated in 2021	29,882	–	3	3	29,885	–	–	–	–	–
Originated in 2020	15,948	1	8	9	15,957	23,262	1	3	4	23,266
Originated in 2019	6,938	–	36	36	6,974	13,969	1	17	18	13,987
Originated in 2018	2,889	–	30	30	2,919	5,670	1	22	23	5,693
Originated in 2017	3,796	–	30	30	3,826	6,918	1	24	25	6,943
Originated prior to 2017	16,619	–	312	312	16,931	25,921	2	342	344	26,265
Revolving	1	–	–	–	1	1	–	–	–	1
Total residential mortgages	76,073	1	419	420	76,493	75,741	6	408	414	76,155
Credit card[c]	22,335	–	165	165	22,500	22,149	–	197	197	22,346
Other retail										
Originated in 2021	22,455	–	6	6	22,461	–	–	–	–	–
Originated in 2020	12,071	–	9	9	12,080	17,589	–	7	7	17,596
Originated in 2019	7,223	–	17	17	7,240	11,605	–	23	23	11,628
Originated in 2018	3,285	–	14	14	3,299	6,814	–	27	27	6,841
Originated in 2017	1,726	–	9	9	1,735	3,879	–	22	22	3,901
Originated prior to 2017	1,973	–	15	15	1,988	3,731	–	29	29	3,760
Revolving	12,532	–	112	112	12,644	12,647	–	110	110	12,757
Revolving converted to term	472	–	40	40	512	503	–	38	38	541
Total other retail	61,737	–	222	222	61,959	56,768	–	256	256	57,024
Total loans	$306,471	$1,684	$ 3,873	$ 5,557	$312,028	$285,957	$4,278	$ 7,472	$11,750	$297,707
Total outstanding commitments	$662,363	$3,372	$ 5,684	$ 9,056	$671,419	$627,606	$8,772	$ 9,374	$18,146	$645,752

Note:Year of origination is based on the origination date of a loan, or for existing loans 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, 2021, $1.5 billion of GNMA loans 90 days or more past due and $1.1 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 $1.8 billion and $1.4 billion at December 31, 2020, 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
2021			
Commercial	2,156	$ 140	$ 127
Commercial real estate	112	193	179
Residential mortgages	977	329	328
Credit card	25,297	144	146
Other retail	2,576	74	67
Total loans, excluding loans purchased from GNMA mortgage pools	31,118	880	847
Loans purchased from GNMA mortgage pools	2,311	334	346
Total loans	33,429	$ 1,214	$ 1,193
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

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. At December 31, 2021, 7 residential mortgages, 2 home equity and second mortgage loans and 34 loans purchased from GNMA mortgage pools with outstanding balances of $1 million, less than $1 million and $4 million, respectively, were in a trial period and have estimated post-modification balances of $1 million, less than $1 million and $5 million, respectively, assuming permanent modification occurs at the end of the trial period.

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
2021		
Commercial	1,084	$ 32
Commercial real estate	16	7
Residential mortgages	81	9
Credit card	7,700	43
Other retail	714	11
Total loans, excluding loans purchased from GNMA mortgage pools	9,595	102
Loans purchased from GNMA mortgage pools	176	26
Total loans	9,771	$ 128
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

In addition to the defaults in the table above, the Company had a total of 17 residential mortgage loans, home equity and second mortgage loans and loans purchased from GNMA mortgage pools for the year ended December 31, 2021, 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 $2 million for the year ended December 31, 2021.

As of December 31, 2021, the Company had $132 million of commitments to lend additional funds to borrowers whose terms of their outstanding owed balances have been modified in TDRs.

NOTE 7 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)	2021	2020
Lease receivables	$10,738	$11,890
Unguaranteed residual values accruing to the lessor's benefit	1,610	1,787
Total net investment in sales-type and direct financing leases	$12,348	$13,677

The Company, as a lessor, recorded $888 million, $952 million and $996 million of revenue on its Consolidated Statement of Income for the years ended December 31, 2021, 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, 2021, were as follows:

(Dollars in Millions)	Sales-type and direct financing leases	Operating leases
2022	$ 3,926	$ 136
2023	3,293	104
2024	2,402	68
2025	963	44
2026	281	15
Thereafter	540	8
Total lease payments	11,405	$ 375
Amounts representing interest	(667)	
Lease receivables	$ 10,738	

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, 2021, the Company's ROU assets included in premises and equipment and lease liabilities included in long-term debt and other liabilities, were $1.2 billion and $1.3 billion, respectively, compared with $1.1 billion of ROU assets and $1.3 billion of lease liabilities at December 31, 2020, respectively.

Total costs incurred by the Company, as a lessee, were $364 million, $374 million and $394 million for the years ended December 31, 2021, 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)	2021	2020	2019
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	$288	$305	$302
Operating cash flows from finance leases	5	6	7
Financing cash flows from finance leases	12	12	10
Right of use assets obtained in exchange for new operating lease liabilities	164	128	134
Right of use assets obtained in exchange for new finance lease liabilities	75	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:

	2021	2020
Weighted-average remaining lease term of operating leases (in years)	7.0	7.0
Weighted-average remaining lease term of finance leases (in years)	9.5	9.6
Weighted-average discount rate of operating leases	2.7%	3.0%
Weighted-average discount rate of finance leases	9.3%	12.5%

The contractual future lease obligations of the Company at December 31, 2021, were as follows:

(Dollars in Millions)	Operating leases	Finance leases
2022	$ 278	$ 27
2023	240	27
2024	194	24
2025	145	16
2026	105	10
Thereafter	329	32
Total lease payments	1,291	136
Amounts representing interest	(121)	(23)
Lease liabilities	$ 1,170	$ 113

NOTE 8 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 23.

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 10. 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 $250 million, $89 million and $30 million of support to the funds during the years ended December 31, 2021, 2020 and 2019, 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 $508 million, $578 million and $615 million for the years ended December 31, 2021, 2020 and 2019, respectively. The Company also recognized $418 million, $414 million and $506 million of investment tax credits for the years ended December 31, 2021, 2020 and 2019, respectively. The Company recognized $468 million, $545 million and $557 million of expenses related to all of these investments for the years ended December 31, 2021, 2020 and 2019, respectively, of which $336 million, $367 million and $318 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)	2021	2020
Investment carrying amount	$4,484	$ 5,378
Unfunded capital and other commitments	1,890	2,334
Maximum exposure to loss	9,899	11,219

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 $40 million at December 31, 2021 and $35 million at December 31, 2020. The maximum exposure to loss related to these VIEs was $84 million at December 31, 2021 and $57 million at December 31, 2020, 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 $75 million at December 31, 2021, compared with less than $1 million to $78 million at December 31, 2020.

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, 2021, approximately $5.0 billion of the Company's assets and $3.4 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 $4.9 billion and $3.7 billion, respectively, at December 31, 2020. 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, 2021, $1.7 billion of available-for-sale investment securities and $1.2 billion of short-term borrowings on the Consolidated Balance Sheet were related to the tender option bond program, compared with $2.4 billion of available-for-sale investment securities and $1.5 billion of short-term borrowings at December 31, 2020.

NOTE 9 Premises and Equipment

Premises and equipment at December 31 consisted of the following:

(Dollars in Millions)	2021	2020
Land	$ 445	$ 487
Buildings and improvements	3,161	3,519
Furniture, fixtures and equipment	3,438	3,439
Right of use assets on operating leases	1,014	1,038
Right of use assets on finance leases	172	110
Construction in progress	23	25
	8,253	8,618
Less accumulated depreciation and amortization	(4,948)	(5,150)
Total	$ 3,305	$ 3,468

NOTE 10 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 $222.4 billion of residential mortgage loans for others at December 31, 2021, and $211.8 billion at December 31, 2020, 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 loss of $183 million, a net gain of $18 million, and a net loss of $24 million for the years ended December 31, 2021, 2020 and 2019, respectively. Loan servicing and ancillary fees, not including valuation changes, included in mortgage banking revenue were $725 million, $718 million and $734 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Changes in fair value of capitalized MSRs are summarized as follows:

(Dollars in Millions)	2021	2020	2019
Balance at beginning of period	$ 2,210	$ 2,546	$ 2,791
Rights purchased	42	34	20
Rights capitalized	1,136	1,030	559
Rights sold[a]	2	3	5
Changes in fair value of MSRs			
Due to fluctuations in market interest rates[b]	272	(719)	(390)
Due to revised assumptions or models[c]	(196)	(12)	23
Other changes in fair value[d]	(513)	(672)	(462)
Balance at end of period	$ 2,953	$ 2,210	$ 2,546

(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 delinquencies.

The estimated sensitivity to changes in interest rates of the fair value of the MSR portfolio and the related derivative instruments was as follows:

	2021						2020					
(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	$ (636)	$(324)	$(160)	$ 150	$ 287	$ 511	$ (442)	$(271)	$(150)	$ 169	$ 343	$ 671
Derivative instrument hedges	614	309	152	(142)	(278)	(536)	523	281	145	(149)	(304)	(625)
Net sensitivity	$ (22)	$ (15)	$ (8)	$ 8	$ 9	$ (25)	$ 81	$ 10	$ (5)	$ 20	$ 39	$ 46

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 was as follows:

	2021				2020			
(Dollars in Millions)	HFA	Government	Conventional[d]	Total	HFA	Government	Conventional[d]	Total
Servicing portfolio[a]	$40,652	$ 21,919	$ 156,382	$218,953	$40,396	$ 25,474	$ 143,085	$208,955
Fair value	$ 527	$ 308	$ 2,118	$ 2,953	$ 406	$ 261	$ 1,543	$ 2,210
Value (bps)[b]	130	141	135	135	101	102	108	106
Weighted-average servicing fees (bps)	36	41	30	32	35	40	30	32
Multiple (value/servicing fees)	3.63	3.43	4.50	4.18	2.87	2.56	3.55	3.26
Weighted-average note rate	4.07%	3.70%	3.41%	3.56%	4.43%	3.91%	3.78%	3.92%
Weighted-average age (in years)	3.8	5.9	3.3	3.7	3.8	5.6	4.2	4.3
Weighted-average expected prepayment (constant prepayment rate)	11.5%	13.2%	9.6%	10.3%	14.1%	18.0%	13.8%	14.4%
Weighted-average expected life (in years)	6.5	5.6	6.9	6.7	5.6	4.3	5.5	5.4
Weighted-average option adjusted spread[c]	7.3%	7.3%	6.3%	6.6%	7.7%	7.3%	6.2%	6.6%

(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 11 Intangible Assets

Intangible assets consisted of the following:

At December 31 (Dollars in Millions)	2021	2020
Goodwill	$10,262	$ 9,918
Merchant processing contracts	195	235
Core deposit benefits	49	64
Mortgage servicing rights	2,953	2,210
Trust relationships	62	19
Other identified intangibles	479	336
Total	$14,000	$12,782

Aggregate amortization expense consisted of the following:

Year Ended December 31 (Dollars in Millions)	2021	2020	2019
Merchant processing contracts	$ 45	$ 49	$ 45
Core deposit benefits	15	18	22
Trust relationships	10	9	10
Other identified intangibles	89	100	91
Total	$159	$176	$168

The estimated amortization expense for the next five years is as follows:

(Dollars in Millions)	
2022	$154
2023	111
2024	89
2025	63
2026	50

The following table reflects the changes in the carrying value of goodwill for the years ended December 31, 2021, 2020 and 2019:

(Dollars in Millions)	Corporate and Commercial Banking	Consumer and Business Banking	Wealth Management and Investment Services	Payment Services	Treasury and Corporate Support	Consolidated Company
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
Goodwill acquired	—	35	144	192	—	371
Foreign exchange translation and other	265	(265)	(2)	(25)	—	(27)
Balance at December 31, 2021	$ 1,912	$ 3,245	$ 1,761	$ 3,344	$ —	$ 10,262

NOTE 12 Deposits

The composition of deposits at December 31 was as follows:

(Dollars in Millions)	2021	2020
Noninterest-bearing deposits	$ 134,901	$ 118,089
Interest-bearing deposits		
Interest checking	115,108	95,894
Money market savings	117,619	128,058
Savings accounts	65,790	57,035
Time deposits	22,665	30,694
Total interest-bearing deposits	321,182	311,681
Total deposits	$ 456,083	$ 429,770

The maturities of time deposits outstanding at December 31, 2021 were as follows:

(Dollars in Millions)	
2022	$17,637
2023	2,298
2024	1,640
2025	655
2026	434
Thereafter	1
Total	$22,665

NOTE 13 Short-Term Borrowings

Short-term borrowings at December 31 consisted of the following:

(Dollars in Millions)	2021	2020
Federal funds purchased	$ 628	$ 777
Securities sold under agreements to repurchase	1,575	1,430
Commercial paper	6,026	6,007
Other short-term borrowings	3,567	3,552
Total	$11,796	$11,766

NOTE 14 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	2021	2020
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
	Fixed	2.491%	2036	1,300	–
Medium-term notes	Fixed	.850% - 3.950%	2022 - 2030	12,631	15,492
	Floating	.855%	2021	–	250
Other[b]				472	683
Subtotal				18,902	20,924
Subsidiaries					
Federal Home Loan Bank advances	Fixed	6.440% - 8.250%	2023 - 2026	2	1,003
	Floating[d]	.384% - .710%	2022 - 2026	3,272	3,272
Bank notes	Fixed	1.950% - 3.400%	2022 - 2025	5,700	9,100
	Floating[d]	– % - .604%	2022 - 2059	3,337	5,888
Other[c]				912	1,110
Subtotal				13,223	20,373
Total				$32,125	$41,297

(a) Weighted-average interest rates of medium-term notes, Federal Home Loan Bank advances and bank notes were 2.51 percent, .65 percent and 1.80 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.
(d) Includes $3.3 billion of Federal Home Loan Bank advances and $2.3 billion of bank notes, whose interest is calculated by reference to LIBOR. The outstanding debt contains fallback provisions in the event that LIBOR is no longer published or quoted, but these fallback provisions have not yet been utilized.

The Company has arrangements with the Federal Home Loan Bank and Federal Reserve Bank whereby the Company could have borrowed an additional $101.0 billion and $96.5 billion at December 31, 2021 and 2020, respectively, based on collateral available.

Maturities of long-term debt outstanding at December 31, 2021, were:

(Dollars in Millions)	Parent Company	Consolidated
2022	$ 2,311	$ 4,834
2023	–	3,847
2024	5,740	5,768
2025	2,240	5,804
2026	2,685	4,200
Thereafter	5,926	7,672
Total	$18,902	$ 32,125

NOTE 15 Shareholders' Equity

At December 31, 2021 and 2020, 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, 2021 and 2020. The Company had 36 million shares of common stock reserved for future issuances, primarily under its stock incentive plans at December 31, 2021.

The number of shares issued and outstanding and the carrying amount of each outstanding series of the Company's preferred stock were as follows:

	2021				2020			
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
Series I	–	–	–	–	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	20,000	500	14	486
Series M	30,000	750	21	729	–	–	–	–
Series N	60,000	1,500	8	1,492	–	–	–	–
Total preferred stock[(a)]	225,510	$ 6,576	$ 205	$6,371	209,510	$ 6,176	$ 193	$ 5,983

(a) The par value of all shares issued and outstanding at December 31, 2021 and 2020, was $1.00 per share.

During 2021, the Company issued depositary shares representing an ownership interest in 60,000 shares of Series N Fixed Rate Reset Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series N Preferred Stock"). The Series N 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 3.70 percent from the date of issuance to, but excluding, January 15, 2027, and thereafter will accrue and be payable quarterly at a floating rate per annum equal to the five-year treasury rate plus 2.541 percent. The Series N Preferred Stock is redeemable at the Company's option, in whole or in part, on or after January 15, 2027. The Series N Preferred Stock is redeemable at the Company's option, in whole, but not in part, prior to January 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 N Preferred Stock as Tier 1 capital for purposes of the capital adequacy guidelines of the Federal Reserve Board.

During 2021, the Company issued depositary shares representing an ownership interest in 30,000 shares of Series M Non-Cumulative Perpetual Preferred Stock with a liquidation preference of $25,000 per share (the "Series M Preferred Stock"). The Series M 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 4.00 percent. The Series M Preferred Stock is redeemable at the Company's option, in whole or in part, on or after April 15, 2026. The Series M Preferred Stock is redeemable at the Company's option, in whole, but not in part, prior to April 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 M Preferred Stock as Tier 1 capital for purposes of the capital adequacy guidelines of the Federal Reserve Board.

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"). During 2021, the Company redeemed all outstanding shares of the Series I Preferred Stock at a redemption price equal to the liquidation preference amount. The Company included a $5 million loss in the computation of diluted earnings per common share for 2021, which represents the stock issuance costs recorded in preferred stock upon the issuance of the Series I Preferred Stock that were reclassified to retained earnings on the date the Company provided notice of its intent to redeem the outstanding shares.

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"). During 2021, the Company provided notice of its intent to redeem all outstanding shares of the Series F Preferred Stock during the first quarter of 2022. The Company removed the outstanding liquidation preference amount of the Series F Preferred Stock from shareholders' equity and included it in other liabilities on the Consolidated Balance Sheet as of December 31, 2021, because upon the notification date it became mandatorily redeemable. The liquidation preference amount equals the redemption price for all outstanding shares of the Series F Preferred Stock. The Company included a $12 million loss in the computation of diluted earnings per common share for 2021, which represents the stock issuance costs recorded in preferred stock upon the issuance of the Series F Preferred Stock that were reclassified to retained earnings on the notification date. Effective January 15, 2022, the Company redeemed all outstanding shares of the Series F Preferred Stock.

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 2021, 2020 and 2019, the Company repurchased shares of its common stock under various authorizations approved by its Board of Directors. Beginning in March of 2020 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 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 second quarter of 2021, restricting capital distributions of all large bank holding companies, including the Company. These restrictions limited the aggregate amount of common stock dividends and share repurchases to an amount that did not exceed the average net income of the four preceding calendar

quarters. Based on the results of the December 2020 Federal Reserve Board Stress Test, the Company announced on December 22, 2020 that its Board of Directors had approved an authorization to repurchase $3.0 billion of its common stock beginning January 1, 2021, and repurchased $1.5 billion of its common stock during the first six months of 2021 under this program. The Company suspended all common stock repurchases at the beginning of the third quarter of 2021, except for those done exclusively in connection with its stock-based compensation programs, due to its recently announced pending acquisition of MUFG Union Bank's core regional banking franchise. The Company does not expect to commence repurchasing its common stock again until the second half of 2022, or after the acquisition closes in order to build capital prior to the acquisition.

The following table summarizes the Company's common stock repurchased in each of the last three years:

(Dollars and Shares in Millions)	Shares	Value
2021	28	$1,556
2020	31	1,661
2019	81	4,515

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
2021						
Balance at beginning of period	$ 2,417	$ –	$ (189)	$ (1,842)	$ (64)	$ 322
Changes in unrealized gains (losses)	(3,698)	–	125	400	–	(3,173)
Transfer of securities from available-for-sale to held-to-maturity	1,289	(1,289)	–	–	–	–
Foreign currency translation adjustment[(a)]	–	–	–	–	35	35
Reclassification to earnings of realized (gains) losses	(103)	36	14	157	–	104
Applicable income taxes	635	318	(35)	(141)	(8)	769
Balance at end of period	$ 540	$ (935)	$ (85)	$ (1,426)	$ (37)	$(1,943)
2020						
Balance at beginning of period	$ 379	$ –	$ (51)	$ (1,636)	$ (65)	$(1,373)
Changes in unrealized gains (losses)	2,905	–	(194)	(401)	–	2,310
Foreign currency translation adjustment[(a)]	–	–	–	–	2	2
Reclassification to earnings of realized (gains) 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 (losses)	1,693	–	(229)	(380)	–	1,084
Unrealized gains (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) 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)

(a) Represents the impact of changes in foreign currency exchange rates on the Company's investment in foreign operations and related hedges.

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 2021	2020	2019	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	$ 103	$ 177	$ 73	Securities gains (losses), net
	(26)	(45)	(18)	Applicable income taxes
	77	132	55	Net-of-tax
Unrealized gains (losses) on investment securities transferred from available-for-sale to held-to-maturity				
Amortization of unrealized gains	(36)	–	7	Interest income
	9	–	(2)	Applicable income taxes
	(27)	–	5	Net-of-tax
Unrealized gains (losses) on derivative hedges				
Realized gains (losses) on derivative hedges	(14)	(10)	(11)	Interest expense
	4	3	3	Applicable income taxes
	(10)	(7)	(8)	Net-of-tax
Unrealized gains (losses) on retirement plans				
Actuarial gains (losses) and prior service cost (credit) amortization	(157)	(125)	(89)	Other noninterest expense
	40	32	22	Applicable income taxes
	(117)	(93)	(67)	Net-of-tax
Total impact to net income	$ (77)	$ 32	$(15)	

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. Beginning in 2020, the Company elected to adopt a rule issued in 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, 2021 and 2020:

(Dollars in Millions)	U.S. Bancorp 2021	U.S. Bancorp 2020	U.S. Bank National Association 2021	U.S. Bank National Association 2020
Basel III standardized approach:				
Common shareholders' equity	$ 48,547	$ 47,112	$ 51,465	$ 52,589
Less intangible assets				
Goodwill (net of deferred tax liability)	(9,323)	(9,014)	(9,209)	(9,034)
Other disallowed intangible assets	(785)	(654)	(754)	(654)
Other[a]	3,262	601	3,498	1,254
Total common equity tier 1 capital	41,701	38,045	45,000	44,155
Qualifying preferred stock	6,371	5,983	—	—
Noncontrolling interests eligible for tier 1 capital	450	451	450	451
Other[b]	(6)	(5)	(6)	(6)
Total tier 1 capital	48,516	44,474	45,444	44,600
Eligible portion of allowance for credit losses	4,081	4,905	4,081	4,850
Subordinated debt and noncontrolling interests eligible for tier 2 capital	3,653	3,223	3,600	3,517
Total tier 2 capital	7,734	8,128	7,681	8,367
Total risk-based capital	$ 56,250	$ 52,602	$ 53,125	$ 52,967
Risk-weighted assets	$418,571	$393,648	$ 412,979	$ 387,388
Common equity tier 1 capital as a percent of risk-weighted assets	10.0%	9.7%	10.9%	11.4%
Tier 1 capital as a percent of risk-weighted assets	11.6	11.3	11.0	11.5
Total risk-based capital as a percent of risk-weighted assets	13.4	13.4	12.9	13.7
Tier 1 capital as a percent of adjusted quarterly average assets (leverage ratio)	8.6	8.3	8.2	8.4
Tier 1 capital as a percent of total on- and off-balance sheet leverage exposure (total leverage exposure ratio)	6.9	7.3	6.6	6.8

	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. Excludes 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 reflect a stress capital buffer requirement of 2.5 percent. 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, 2021, 4,500 shares of the Series A Preferred Securities remain outstanding.

NOTE 16 Earnings Per Share

The components of earnings per share were:

Year Ended December 31 (Dollars and Shares in Millions, Except Per Share Data)	2021	2020	2019
Net income attributable to U.S. Bancorp	$7,963	$4,959	$6,914
Preferred dividends	(303)	(304)	(302)
Impact of preferred stock call and redemption	(17)[a]	(13)[b]	–
Earnings allocated to participating stock awards	(38)	(21)	(29)
Net income applicable to U.S. Bancorp common shareholders	$7,605	$4,621	$6,583
Average common shares outstanding	1,489	1,509	1,581
Net effect of the exercise and assumed purchase of stock awards	1	1	2
Average diluted common shares outstanding	1,490	1,510	1,583
Earnings per common share	$ 5.11	$ 3.06	$ 4.16
Diluted earnings per common share	$ 5.10	$ 3.06	$ 4.16

(a) Represents stock issuance costs originally recorded in preferred stock upon the issuance of the Company's Series I and Series F Preferred Stock that were reclassified to retained earnings on the date the Company announced its intent to redeem the outstanding shares.

(b) Represents stock issuance costs originally recorded in preferred stock upon the 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 and 2019, to purchase 2 million and 1 million common shares, respectively, were not included in the computation of diluted earnings per share for the years ended December 31, 2020 and 2019, because they were antidilutive.

NOTE 17 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 $213 million, $192 million and $179 million in 2021, 2020 and 2019, 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 did not contribute to its qualified pension plans in 2021 and contributed $1.1 billion in 2020. The Company does not expect to contribute to the plans in 2022. 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 2022, the Company expects to contribute approximately $26 million to its non-qualified pension plan which equals the 2022 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 2022, the Company expects to contribute approximately $4 million to its postretirement welfare plan which equals the 2022 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)	2021	2020	2021	2020
Change In Projected Benefit Obligation[a]				
Benefit obligation at beginning of measurement period	$ 7,805	$ 6,829	$ 38	$ 47
Service cost	265	235	–	–
Interest cost	219	235	1	1
Participants' contributions	–	–	4	6
Plan amendments	–	(18)	–	–
Actuarial (gain) loss	(4)	754	(2)	(4)
Lump sum settlements	(71)	(55)	–	–
Benefit payments	(184)	(175)	(7)	(13)
Federal subsidy on benefits paid	–	–	–	1
Benefit obligation at end of measurement period[b]	$ 8,030	$ 7,805	$ 34	$ 38
Change In Fair Value Of Plan Assets				
Fair value at beginning of measurement period	$ 7,498	$ 5,838	$ –	$ 84
Actual return on plan assets	844	737	–	1
Employer contributions	26	1,153	3	5
Participants' contributions	–	–	4	6
Lump sum settlements	(71)	(55)	–	–
Benefit payments	(184)	(175)	(7)	(13)
Other Changes[c]	–	–	–	(83)
Fair value at end of measurement period	$ 8,113	$ 7,498	$ –	$ –
Funded (Unfunded) Status	$ 83	$ (307)	$(34)	$(38)
Components Of The Consolidated Balance Sheet				
Noncurrent benefit asset	$ 776	$ 369	$ –	$ –
Current benefit liability	(26)	(27)	(5)	(5)
Noncurrent benefit liability	(667)	(649)	(29)	(33)
Recognized amount	$ 83	$ (307)	$(34)	$(38)
Accumulated Other Comprehensive Income (Loss), Pretax				
Net actuarial (loss) gain	$(1,989)	$(2,557)	$ 58	$ 63
Net prior service credit (cost)	16	18	8	11
Recognized amount	$(1,973)	$(2,539)	$ 66	$ 74

(a) The increase in the projected benefit obligation for 2021 was primarily due to demographic experience partially offset by a higher discount rate, and the increase for 2020 was primarily due to a lower discount rate.
(b) At December 31, 2021 and 2020, the accumulated benefit obligation for all pension plans was $7.3 billion and $7.1 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)	2021	2020
Pension Plans with Projected Benefit Obligations in Excess of Plan Assets		
Projected benefit obligation	$692	$676
Fair value of plan assets	–	–
Pension Plans with Accumulated Benefit Obligations in Excess of Plan Assets		
Accumulated benefit obligation	$631	$628
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		
	2021	2020	2019	2021	2020	2019
Components Of Net Periodic Benefit Cost						
Service cost	$ 265	$ 235	$ 192	$ –	$ –	$ –
Interest cost	219	235	249	1	1	2
Expected return on plan assets	(450)	(403)	(383)	–	(3)	(3)
Prior service cost (credit) and transition obligation (asset) amortization	(2)	–	–	(3)	(3)	(3)
Actuarial loss (gain) amortization	169	134	98	(7)	(6)	(6)
Net periodic benefit cost	$ 201	$ 201	$ 156	$ (9)	$ (11)	$ (10)
Other Changes In Plan Assets And Benefit Obligations Recognized In Other Comprehensive Income (Loss)						
Net actuarial gain (loss) arising during the year	$ 398	$(420)	$(388)	$ 2	$ 1	$ 7
Net actuarial loss (gain) amortized during the year	169	134	98	(7)	(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	(2)	–	–	(3)	(3)	(3)
Total recognized in other comprehensive income (loss)	$ 565	$(268)	$(290)	$ (8)	$ (8)	$ (2)
Total recognized in net periodic benefit cost and other comprehensive income (loss)	$ 364	$(469)	$(446)	$ 1	$ 3	$ 8

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	
	2021	2020	2021	2020
Discount rate[a]	3.00%	2.75%	2.37%	1.82%
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			5.75%	6.00%
After age 65			5.75%	6.00%

(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 17.8, 12.2, 12.4, and 5.8 years, respectively, for 2021, and 18.6, 12.9, 12.5 and 6.1 years, respectively, for 2020.
(b) Determined on an active liability-weighted basis.
(c) The 2021 and 2020 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		
	2021	2020	2019	2021	2020	2019
Discount rate[a]	2.75%	3.40%	4.45%	2.37%	2.80%	4.05%
Cash balance interest crediting rate	3.00	3.00	3.00	*	*	*
Expected return on plan assets[b]	6.50	7.25	7.25	*	3.50	3.50
Rate of compensation increase[c]	3.56	3.56	3.52	*	*	*
Health care cost trend rate[d]						
Prior to age 65				5.75%	6.25%	6.50%
After age 65				5.75	6.25	10.00

(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 2021, 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 2020.
(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 2021, 2020 and 2019 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 assets, 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, 2021 and 2020, plan assets included an asset management arrangement with a related party totaling $55.3 million and $1.0 billion, 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 22 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							
	2021				2020			
(Dollars in Millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 43	$ –	$ –	$ 43	$ 975	$ –	$ –	$ 975
Debt securities	1,022	1,096	–	2,118	894	1,224	–	2,118
Mutual funds								
Debt securities	–	409	–	409	–	371	–	371
Emerging markets equity securities	–	188	–	188	–	174	–	174
Other	–	–	4	4	–	–	6	6
	$1,065	$1,693	$ 4	2,762	$1,869	$1,769	$ 6	3,644
Plan investment assets not classified in fair value hierarchy[(a)]:								
Collective investment funds								
Domestic equity securities				1,958				1,515
Mid-small cap equity securities[(b)]				433				431
International equity securities				867				718
Domestic real estate securities				829				520
Hedge funds[(c)]				450				251
Private equity funds[(d)]				814				419
Total plan investment assets at fair value				$8,113				$7,498

(a) 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.
(b) At December 31, 2021 and 2020, securities included $433 million and $431 million in domestic equities, respectively.
(c) This category consists of several investment strategies diversified across several hedge fund managers.
(d) 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)	2021 Other	2020 Other	2019 Other
Balance at beginning of period	$ 6	$ 3	$ 3
Unrealized gains (losses) relating to assets still held at end of year	(2)	3	–
Purchases, sales, and settlements, net	–	–	–
Balance at end of period	$ 4	$ 6	$ 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]
2022	$ 264	$ 4
2023	286	4
2024	305	4
2025	357	3
2026	347	3
2027-2031	1,975	11

(a) Net of expected retiree contributions and before Medicare Part D subsidy.

NOTE 18 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, 2021, there were 24 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)
2021				
Number outstanding at beginning of period	5,180,391	$ 40.38		
Exercised	(1,281,646)	33.66		
Cancelled[a]	(8,614)	48.20		
Number outstanding at end of period[b]	3,890,131	$ 42.58	3.3	$ 53
Exercisable at end of period	3,890,131	$ 42.58	3.3	$ 53
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

Note:The Company did not grant any stock option awards during 2021, 2020 and 2019.
(a) Options cancelled include both non-vested (i.e., forfeitures) and vested options.
(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)	2021	2020	2019
Fair value of options vested	$ 3	$ 7	$ 10
Intrinsic value of options exercised	27	11	95
Cash received from options exercised	43	14	88
Tax benefit realized from options exercised	7	3	24

To satisfy option exercises, the Company predominantly uses treasury stock.

Additional information regarding stock options outstanding as of December 31, 2021, 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
$25.01—$30.00	251,126	.1	$ 28.63	251,126	$ 28.63
$30.01—$35.00	446,538	1.1	33.98	446,538	33.98
$35.01—$40.00	1,051,053	4.1	39.49	1,051,053	39.49
$40.01—$45.00	1,269,994	2.7	42.43	1,269,994	42.43
$45.01—$50.00	—	—	—	—	—
$50.01—$55.01	871,420	5.1	54.96	871,420	54.96
	3,890,131	3.3	$ 42.58	3,890,131	$ 42.58

Restricted Stock and Unit Awards

A summary of the status of the Company's restricted shares of stock and unit awards is presented below:

	2021		2020		2019	
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	6,343,313	$ 51.38	6,606,833	$ 48.99	6,719,298	$ 48.17
Granted	4,512,995	52.54	3,552,923	53.90	3,519,474	50.45
Vested	(3,793,978)	53.27	(3,534,770)	49.28	(3,270,778)	48.69
Cancelled	(249,577)	52.83	(281,673)	53.51	(361,161)	50.55
Outstanding at end of period	6,812,753	$ 51.04	6,343,313	$ 51.38	6,606,833	$ 48.99

The total fair value of shares vested was $191 million, $182 million and $175 million for the years ended December 31, 2021, 2020 and 2019, respectively. Stock-based compensation expense was $207 million, $189 million and $178 million for the years ended December 31, 2021, 2020 and 2019, respectively. On an after-tax basis, stock-based compensation was $155 million, $142 million and $133 million for the years ended December 31, 2021, 2020 and 2019, respectively. As of December 31, 2021, there was $155 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 1.9 years as compensation expense.

NOTE 19 Income Taxes

The components of income tax expense were:

Year Ended December 31 (Dollars in Millions)	2021	2020	2019
Federal			
Current	$1,203	$1,146	$1,162
Deferred	469	(291)	166
Federal income tax	1,672	855	1,328
State			
Current	398	355	379
Deferred	111	(144)	(59)
State income tax	509	211	320
Total income tax provision	$2,181	$1,066	$1,648

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)	2021	2020	2019
Tax at statutory rate	$2,135	$1,271	$1,805
State income tax, at statutory rates, net of federal tax benefit	439	240	355
Tax effect of			
Tax credits and benefits, net of related expenses	(331)	(370)	(424)
Tax-exempt income	(114)	(117)	(120)
Nondeductible legal and regulatory expenses	24	29	23
Other items[(a)]	28	13	9
Applicable income taxes	$2,181	$1,066	$1,648

(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)	2021	2020	2019
Balance at beginning of period	$474	$432	$335
Additions for tax positions taken in prior years	14	62	168
Additions for tax positions taken in the current year	7	6	6
Exam resolutions	(1)	(8)	(62)
Statute expirations	(7)	(18)	(15)
Balance at end of period	$487	$474	$432

The total amount of uncertain tax positions that, if recognized, would impact the effective income tax rate as of December 31, 2021, 2020 and 2019, were $285 million, $280 million and $274 million, respectively. The Company classifies interest and penalties related to uncertain tax positions as a component of income tax expense. At December 31, 2021, the Company's uncertain tax position balance included $45 million of accrued interest and penalties. During the years ended December 31, 2021, 2020 and 2019 the Company recorded approximately $5 million, $5 million and $7 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)	2021	2020
Deferred Tax Assets		
Federal, state and foreign net operating loss and credit carryforwards	$ 2,331	$ 2,495
Allowance for credit losses	1,561	2,042
Accrued expenses	568	554
Obligation for operating leases	281	293
Securities available-for-sale and financial instruments	163	—
Stock compensation	76	84
Pension and postretirement benefits	8	108
Partnerships and other investment assets	—	9
Other deferred tax assets, net	451	383
Gross deferred tax assets	5,439	5,968
Deferred Tax Liabilities		
Leasing activities	(2,263)	(2,511)
Goodwill and other intangible assets	(845)	(802)
Mortgage servicing rights	(593)	(408)
Right of use operating leases	(246)	(249)
Fixed assets	(238)	(226)
Loans	(85)	(112)
Partnerships and other investment assets	(8)	—
Securities available-for-sale and financial instruments	—	(755)
Other deferred tax liabilities, net	(127)	(145)
Gross deferred tax liabilities	(4,405)	(5,208)
Valuation allowance	(249)	(163)
Net Deferred Tax Asset	$ 785	$ 597

The Company has approximately $2.8 billion of federal, state and foreign net operating loss carryforwards which expire at various times beginning in 2022. 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 $2.1 billion of federal credit carryforwards which expire at various times through 2041 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, 2021, 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 20 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, 2021, the Company had $85 million (net-of-tax) of realized and unrealized losses on derivatives classified as cash flow hedges recorded in other comprehensive income (loss), compared with $189 million (net-of-tax) of realized and unrealized losses at December 31, 2020. The estimated amount to be reclassified from other comprehensive income (loss) into earnings during the next 12 months is a loss of $27 million (net-of-tax). All cash flow hedges were highly effective for the year ended December 31, 2021. There were no cash flow hedges at December 31, 2021.

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 $1.3 billion at December 31, 2021, compared with $1.4 billion December 31, 2020.

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 mortgage loans held for sale ("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 22 for further information on these swap agreements.

The following table summarizes the asset and liability management derivative positions of the Company at December 31:

(Dollars in Millions)	2021 Notional Value	2021 Fair Value Assets	2021 Fair Value Liabilities	2020 Notional Value	2020 Fair Value Assets	2020 Fair Value Liabilities
Fair value hedges						
Interest rate contracts						
Receive fixed/pay floating swaps	$ 12,350	$ –	$ –	$ 8,400	$ –	$ –
Pay fixed/receive floating swaps	16,650	–	–	100	–	–
Cash flow hedges						
Interest rate contracts						
Pay fixed/receive floating swaps	–	–	–	3,250	–	–
Net investment hedges						
Foreign exchange forward contracts	793	–	4	815	–	3
Other economic hedges						
Interest rate contracts						
Futures and forwards						
Buy	9,322	10	16	18,356	73	5
Sell	29,348	25	27	39,416	48	157
Options						
Purchased	18,570	256	–	11,610	121	–
Written	9,662	52	231	12,843	202	198
Receive fixed/pay floating swaps	9,653	–	–	11,971	–	–
Pay fixed/receive floating swaps	7,033	–	–	8,616	–	–
Foreign exchange forward contracts	735	2	6	633	1	2
Equity contracts	209	5	–	172	3	–
Other [a]	1,792	–	125	1,879	1	183
Total	$116,117	$ 350	$ 409	$118,061	$ 449	$ 548

(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 and fair value of $1.8 billion and $125 million at December 31, 2021, respectively, compared to $1.8 billion and $182 million at December 31, 2020, respectively. In addition, includes short-term underwriting purchase and sale commitments with total asset and liability notional values of $4 million at December 31, 2021, and $47 million at December 31, 2020.

The following table summarizes the customer-related derivative positions of the Company at December 31:

(Dollars in Millions)	2021 Notional Value	2021 Fair Value Assets	2021 Fair Value Liabilities	2020 Notional Value	2020 Fair Value Assets	2020 Fair Value Liabilities
Interest rate contracts						
Receive fixed/pay floating swaps	$178,701	$2,007	$ 438	$156,886	$3,782	$ 99
Pay fixed/receive floating swaps	174,176	134	670	150,011	2	1,239
Other [a]	16,267	1	2	16,308	6	3
Options						
Purchased	89,679	194	36	74,109	111	46
Written	85,211	36	176	69,941	46	81
Futures						
Buy	3,607	–	–	2,775	–	–
Sell	3,941	–	–	4,090	–	–
Foreign exchange rate contracts						
Forwards, spots and swaps	89,321	1,145	1,143	90,837	1,590	1,565
Options						
Purchased	805	19	–	519	14	–
Written	805	–	19	519	–	14
Credit contracts	9,331	1	5	10,355	1	7
Total	$651,844	$3,537	$ 2,489	$576,350	$5,552	$ 3,054

(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)	2021	2020	2019	2021	2020	2019
Asset and Liability Management Positions						
Cash flow hedges						
Interest rate contracts	$ 94	$ (145)	$ (171)	$ (10)	$ (7)	$(8)
Net investment hedges						
Foreign exchange forward contracts	19	(21)	3	–	–	–
Non-derivative debt instruments	84	(90)	13	–	–	–

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)	2021	2020	2019	2021	2020	2019
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	$13,487	$14,840	$17,494	$ 993	$2,015	$4,442
Asset and Liability Management Positions						
Fair value hedges						
Interest rate contract derivatives	17	1	–	232	(134)	(44)
Hedged items	(19)	(1)	–	(232)	134	44
Cash flow hedges						
Interest rate contract derivatives	–	–	–	14	10	11

Note: The Company does not exclude components from effectiveness testing for fair value and cash flow hedges. The Company reclassified losses of $53 million and $41 million into earnings during the years ended December 31, 2021 and 2020, respectively, as a result of realized cash flows on discontinued cash flow hedges. The Company did not reclassify gains or losses into earnings as a result of realized cash flows on discontinued cash flow hedges during the year ended December 31, 2019. No amounts were reclassified into earnings on discontinued cash flow hedges because it is probable the original hedged forecasted cash flows will not occur.

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)	2021	2020	2021	2020
Line Item in the Consolidated Balance Sheet				
Available-for-sale investment securities	$ 16,445	$ 99	$ (26)	$(1)
Long-term debt	12,278	8,567	585	903

(a) The cumulative hedging adjustment related to discontinued hedging relationships on available-for-sale investment securities and long-term debt was $(6) million and $640 million, respectively, at December 31, 2021. The cumulative hedging adjustment related to discontinued hedging relationships on long-term debt was $726 million at December 31, 2020.

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	2021	2020	2019
Asset and Liability Management Positions				
Other economic hedges				
Interest rate contracts				
Futures and forwards	Mortgage banking revenue/ other noninterest income	$ 511	$ 82	$ 34
Purchased and written options	Mortgage banking revenue	527	1,527	432
Swaps	Mortgage banking revenue	(197)	598	316
Foreign exchange forward contracts	Other noninterest income	1	3	(24)
Equity contracts	Compensation expense	7	3	—
Other	Other noninterest income	5	(70)	(140)
Customer-Related Positions				
Interest rate contracts				
Swaps	Commercial products revenue	110	135	82
Purchased and written options	Commercial products revenue	(5)	(8)	10
Futures	Commercial products revenue	3	(18)	(5)
Foreign exchange rate contracts				
Forwards, spots and swaps	Commercial products revenue	93	78	82
Purchased and written options	Commercial products revenue	1	1	1
Credit contracts	Commercial products revenue	(7)	(32)	(18)

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, 2021, was $731 million. At December 31, 2021, the Company had $508 million of cash posted as collateral against this net liability position.

NOTE 21 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 $768.0 billion total notional amount of derivative positions at December 31, 2021, $402.0 billion related to bilateral over-the-counter trades, $345.1 billion related to those centrally cleared through clearinghouses and $20.9 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 20 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, 2021					
Repurchase agreements					
U.S. Treasury and agencies	$ 378	$ –	$ –	$ –	$ 378
Residential agency mortgage-backed securities	551	–	–	–	551
Corporate debt securities	646	–	–	–	646
Total repurchase agreements	1,575	–	–	–	1,575
Securities loaned					
Corporate debt securities	169	–	–	–	169
Total securities loaned	169	–	–	–	169
Gross amount of recognized liabilities	$ 1,744	$ –	$ –	$ –	$1,744
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

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, 2021						
Derivative assets[d]	$ 3,830	$ (1,609)	$ 2,221	$ (142)	$ (106)	$ 1,973
Reverse repurchase agreements	359	–	359	(249)	(110)	–
Securities borrowed	1,868	–	1,868	–	(1,818)	50
Total	$ 6,057	$ (1,609)	$ 4,448	$ (391)	$ (2,034)	$ 2,023
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

(a) Includes $528 million and $898 million of cash collateral related payables that were netted against derivative assets at December 31, 2021 and 2020, 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 $57 million and $257 million at December 31, 2021 and 2020, 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, 2021						
Derivative liabilities[d]	$ 2,761	$ (1,589)	$ 1,172	$ (142)	$ –	$ 1,030
Repurchase agreements	1,575	–	1,575	(249)	(1,326)	–
Securities loaned	169	–	169	–	(167)	2
Total	$ 4,505	$ (1,589)	$ 2,916	$ (391)	$ (1,493)	$ 1,032
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

(a) Includes $508 million and $1.3 billion of cash collateral related receivables that were netted against derivative liabilities at December 31, 2021 and 2020, 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 $137 million and $183 million at December 31, 2021 and 2020, respectively, of derivative liabilities not subject to netting arrangements.

NOTE 22 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, 2021, 2020 and 2019, 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 loss of $145 million, a net gain of $362 million and a net gain of $73 million for the years ended December 31, 2021, 2020 and 2019, 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 10 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 23 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, 2021:

	Minimum	Maximum	Weighted-Average[(a)]
Expected prepayment	3%	13%	10%
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, 2021:

	Minimum	Maximum	Weighted-Average[(a)]
Expected loan close rate	2%	100%	80%
Inherent MSR value (basis points per loan)	14	181	116

(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, 2021, 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, 1,744 percent and 3 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, 2021					
Available-for-sale securities					
U.S. Treasury and agencies	$30,917	$ 5,692	$ –	$ –	$ 36,609
Mortgage-backed securities					
Residential agency	–	77,079	–	–	77,079
Commercial agency	–	8,485	–	–	8,485
Asset-backed securities	–	59	7	–	66
Obligations of state and political subdivisions	–	10,716	1	–	10,717
Other	–	7	–	–	7
Total available-for-sale	30,917	102,038	8	–	132,963
Mortgage loans held for sale	–	6,623	–	–	6,623
Mortgage servicing rights	–	–	2,953	–	2,953
Derivative assets	8	2,490	1,389	(1,609)	2,278
Other assets	278	1,921	–	–	2,199
Total	$31,203	$113,072	$4,350	$(1,609)	$147,016
Derivative liabilities	$ –	$ 2,308	$ 590	$(1,589)	$ 1,309
Short-term borrowings and other liabilities[(a)]	209	1,837	–	–	2,046
Total	$ 209	$ 4,145	$ 590	$(1,589)	$ 3,355
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

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 $79 million and $85 million at December 31, 2021 and 2020, respectively. The Company has not recorded impairments or adjustments for observable price changes on these equity investments during 2021 and 2020, 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	Net Gains (Losses) Included in Other Comprehensive Income (Loss)	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
2021											
Available-for-sale securities											
Asset-backed securities	$ 7	$ –	$ 1	$ –	$ –	$ (1)	$ –	$ –	$ –	$ 7	$ 1
Obligations of state and political subdivisions	1	–	–	–	–	–	–	–	–	1	–
Total available-for-sale	8	–	1	–	–	(1)	–	–	–	8	1
Mortgage servicing rights	2,210	(437)[a]	–	42	2	–	1,136[c]	–	–	2,953	(437)[a]
Net derivative assets and liabilities	2,326	(924)[b]	–	337	(3)	–	–	(937)	–	799	(968)[d]
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[e]	–	247	(3)	–	–	(1,650)	–	2,326	1,649[f]
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[g]	–	142	(9)	–	–	(172)	–	810	782[h]

(a) Included in mortgage banking revenue.
(b) Approximately $666 million, $(1.6) billion and $5 million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.
(c) Represents MSRs capitalized during the period.
(d) Approximately $42 million, $(1.0) billion and $5 million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.
(e) Approximately $1.9 billion, $1.1 billion and $(70) million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.
(f) Approximately $247 million, $1.5 billion and $(70) million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.
(g) Approximately $482 million, $428 million and $(141) million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.
(h) Approximately $35 million, $888 million and $(141) 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:

	2021				2020			
(Dollars in Millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Loans[a]	$ –	$ –	$ 59	$59	$ –	$ –	$ 385	$385
Other assets[b]	–	–	77	77	–	–	30	30

(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)	2021	2020	2019
Loans[a]	$60	$426	$122
Other assets[b]	25	21	17

(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:

	2021			2020		
(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	$ 6,623	$ 6,453	$ 170	$ 8,524	$ 8,136	$ 388
Nonaccrual loans	1	1	—	1	1	—
Loans 90 days or more past due	2	2	—	2	2	—

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, 2021 and 2020. 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:

	2021					2020				
	Carrying Amount	Fair Value				Carrying Amount	Fair Value			
(Dollars in Millions)		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Financial Assets										
Cash and due from banks	$ 28,905	$28,905	$ –	$ –	$ 28,905	$ 62,580	$62,580	$ –	$ –	$ 62,580
Federal funds sold and securities purchased under resale agreements	359	–	359	–	359	377	–	377	–	377
Investment securities held-to-maturity	41,858	–	41,812	–	41,812	–	–	–	–	–
Loans held for sale[a]	1,152	–	–	1,152	1,152	237	–	–	237	237
Loans	306,304	–	–	312,724	312,724	290,393	–	–	300,419	300,419
Other[b]	1,521	–	630	891	1,521	1,772	–	731	1,041	1,772
Financial Liabilities										
Time deposits	22,665	–	22,644	–	22,644	30,694	–	30,864	–	30,864
Short-term borrowings[c]	9,750	–	9,646	–	9,646	10,009	–	9,956	–	9,956
Long-term debt	32,125	–	32,547	–	32,547	41,297	–	42,485	–	42,485
Other[d]	3,862	–	1,170	2,692	3,862	4,052	–	1,234	2,818	4,052

(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 $495 million and $774 million at December 31, 2021 and 2020, respectively. The carrying value of other guarantees was $245 million and $362 million at December 31, 2021 and 2020, respectively.

NOTE 23 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 multidistrict 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, 2021, 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	$ 40,385	$118,879	$159,264
Corporate and purchasing card loans[(a)]	30,263	–	30,263
Residential mortgages	613	1	614
Retail credit card loans[(a)]	120,905	–	120,905
Other retail loans	14,924	22,905	37,829
Other	6,268	–	6,268

(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, 2021:

(Dollars in Millions)	Collateral Held	Carrying Amount	Maximum Potential Future Payments
Standby letters of credit	$ –	$ 57	$ 9,605
Third party borrowing arrangements	–	–	3
Securities lending indemnifications	9,074	–	8,807
Asset sales	–	84	7,229
Merchant processing	777	140	120,417
Tender option bond program guarantee	1,725	–	1,488
Other	–	21	1,398

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, 2021, were approximately $9.6 billion with a weighted-average term of approximately 19 months. The estimated fair value of standby letters of credit was approximately $57 million at December 31, 2021.

The contract or notional amount of letters of credit at December 31, 2021, were as follows:

	Term		
(Dollars in Millions)	Less Than One Year	Greater Than One Year	Total
Standby	$ 4,760	$ 4,845	$9,605
Commercial	889	22	911

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 $3 million at December 31, 2021.

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 $8.8 billion at December 31, 2021, and represent the fair value of the securities lent to third parties. At December 31, 2021, the Company held $9.1 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 $7.2 billion at December 31, 2021, 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, 2021, the Company had reserved $84 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, 2021, the Company had reserved $18 million for potential losses from representation and warranty obligations, compared with $19 million at December 31, 2020. 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, 2021 and 2020, the Company had $19 million and $13 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 2021 this amount totaled approximately $120.4 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, 2021, the value of airline tickets purchased to be delivered at a future date through card transactions processed by the Company was $7.6 billion. The Company held collateral of $598 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, 2021, the liability was $125 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, 2021, the Company held $177 million of merchant escrow deposits as collateral and had a recorded liability for potential losses of $15 million.

Tender Option Bond Program Guarantee As discussed in Note 8, 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, 2021, the Company guaranteed $1.5 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 $1.7 billion of available-for-sale investment securities serving as collateral for this arrangement.

Other Guarantees and Commitments As of December 31, 2021, 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, 2021, 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, 2021, 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, 2021.

The Company has also made other financial performance guarantees and commitments primarily related to the operations of its subsidiaries. At December 31, 2021, the maximum potential future payments guaranteed or committed by the Company under these arrangements were approximately $717 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. For example, the Consumer Financial Protection Bureau ("CFPB") is investigating certain of the Company's consumer sales practices, and the Company has responded and continues to respond to the CFPB. 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 24 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 2021, certain organization and methodology changes were made and, accordingly, 2020 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 2021	Corporate and Commercial Banking 2020	Consumer and Business Banking 2021	Consumer and Business Banking 2020	Wealth Management and Investment Services 2021	Wealth Management and Investment Services 2020
Condensed Income Statement						
Net interest income (taxable-equivalent basis)	$ 2,900	$ 3,411	$ 6,077	$ 5,759	$ 1,002	$ 1,246
Noninterest income	1,035	1,117	2,501	3,177	2,221	2,022
Total net revenue	3,935	4,528	8,578	8,936	3,223	3,268
Noninterest expense	1,678	1,711	5,690	5,470	2,045	1,961
Other intangibles	–	–	12	16	14	12
Total noninterest expense	1,678	1,711	5,702	5,486	2,059	1,973
Income (loss) before provision and income taxes	2,257	2,817	2,876	3,450	1,164	1,295
Provision for credit losses	89	604	(144)	291	47	40
Income (loss) before income taxes	2,168	2,213	3,020	3,159	1,117	1,255
Income taxes and taxable-equivalent adjustment	542	554	755	791	280	314
Net income (loss)	1,626	1,659	2,265	2,368	837	941
Net (income) loss attributable to noncontrolling interests	–	–	–	–	–	–
Net income (loss) attributable to U.S. Bancorp	$ 1,626	$ 1,659	$ 2,265	$ 2,368	$ 837	$ 941
Average Balance Sheet						
Loans	$103,208	$115,563	$141,082	$141,259	$ 18,097	$ 15,456
Other earning assets	4,537	4,163	8,093	7,175	242	287
Goodwill	1,715	1,647	3,428	3,500	1,628	1,617
Other intangible assets	5	6	2,760	2,105	84	39
Assets	115,194	128,038	161,571	159,191	21,236	18,564
Noninterest-bearing deposits	61,272	44,309	33,855	30,467	24,587	17,149
Interest-bearing deposits	71,246	88,138	158,434	131,536	75,618	77,525
Total deposits	132,518	132,447	192,289	162,003	100,205	94,674
Total U.S. Bancorp shareholders' equity	13,928	15,063	12,337	12,739	3,154	2,936

(Dollars in Millions)	Payment Services 2021	Payment Services 2020	Treasury and Corporate Support 2021	Treasury and Corporate Support 2020	Consolidated Company 2021	Consolidated Company 2020
Condensed Income Statement						
Net interest income (taxable-equivalent basis)	$ 2,458	$ 2,562	$ 163	$ (54)	$ 12,600	$ 12,924
Noninterest income	3,550[a]	3,124[a]	920	961	10,227[b]	10,401[b]
Total net revenue	6,008	5,686	1,083	907	22,827	23,325
Noninterest expense	3,231	3,123	925	928	13,569	13,193
Other intangibles	133	148	–	–	159	176
Total noninterest expense	3,364	3,271	925	928	13,728	13,369
Income (loss) before provision and income taxes	2,644	2,415	158	(21)	9,099	9,956
Provision for credit losses	349	681	(1,514)	2,190	(1,173)	3,806
Income (loss) before income taxes	2,295	1,734	1,672	(2,211)	10,272	6,150
Income taxes and taxable-equivalent adjustment	575	434	135	(928)	2,287	1,165
Net income (loss)	1,720	1,300	1,537	(1,283)	7,985	4,985
Net (income) loss attributable to noncontrolling interests	–	–	(22)	(26)	(22)	(26)
Net income (loss) attributable to U.S. Bancorp	$ 1,720	$ 1,300	$ 1,515	$ (1,309)	$ 7,963	$ 4,959
Average Balance Sheet						
Loans	$ 30,856	$ 31,539	$ 3,722	$ 3,452	$296,965	$307,269
Other earning assets	93	5	196,211	162,503	209,176	174,133
Goodwill	3,185	3,060	–	–	9,956	9,824
Other intangible assets	508	581	–	–	3,357	2,731
Assets	36,553	36,497	221,978	188,917	556,532	531,207
Noninterest-bearing deposits	4,861	4,351	2,629	2,263	127,204	98,539
Interest-bearing deposits	145	121	1,634	2,756	307,077	300,076
Total deposits	5,006	4,472	4,263	5,019	434,281	398,615
Total U.S. Bancorp shareholders' equity	7,643	7,462	16,748	14,046	53,810	52,246

(a) Presented net of related rewards and rebate costs and certain partner payments of $2.5 billion and $2.1 billion for 2021 and 2020, respectively.
(b) Includes revenue generated from certain contracts with customers of $7.5 billion and $6.9 billion for 2021 and 2020, respectively.

NOTE 25 U.S. Bancorp (Parent Company)

Condensed Balance Sheet

At December 31 (Dollars in Millions)	2021	2020
Assets		
Due from banks, principally interest-bearing	$ 8,369	$12,279
Available-for-sale investment securities	1,209	1,469
Investments in bank subsidiaries	51,432	52,551
Investments in nonbank subsidiaries	3,632	3,286
Advances to bank subsidiaries	9,600	3,850
Advances to nonbank subsidiaries	707	1,118
Other assets	898	869
Total assets	$75,847	$75,422
Liabilities and Shareholders' Equity		
Long-term debt	$18,902	$20,924
Other liabilities	2,027	1,403
Shareholders' equity	54,918	53,095
Total liabilities and shareholders' equity	$75,847	$75,422

Condensed Income Statement

Year Ended December 31 (Dollars in Millions)	2021	2020	2019
Income			
Dividends from bank subsidiaries	$7,000	$1,500	$7,100
Dividends from nonbank subsidiaries	2	24	6
Interest from subsidiaries	112	172	317
Other income	46	85	25
Total income	7,160	1,781	7,448
Expense			
Interest expense	348	433	551
Other expense	154	140	140
Total expense	502	573	691
Income before income taxes and equity in undistributed income of subsidiaries	6,658	1,208	6,757
Applicable income taxes	(53)	(78)	(92)
Income of parent company	6,711	1,286	6,849
Equity in undistributed income of subsidiaries	1,252	3,673	65
Net income attributable to U.S. Bancorp	$7,963	$4,959	$6,914

Condensed Statement of Cash Flows

Year Ended December 31 (Dollars in Millions)	2021	2020	2019
Operating Activities			
Net income attributable to U.S. Bancorp	$ 7,963	$ 4,959	$ 6,914
Adjustments to reconcile net income to net cash provided by operating activities			
Equity in undistributed income of subsidiaries	(1,252)	(3,673)	(65)
Other, net	(85)	907	231
Net cash provided by operating activities	6,626	2,193	7,080
Investing Activities			
Proceeds from sales and maturities of investment securities	200	258	291
Purchases of investment securities	–	–	(1,013)
Net (increase) decrease in short-term advances to subsidiaries	411	347	578
Long-term advances to subsidiaries	(7,000)	–	(2,600)
Principal collected on long-term advances to subsidiaries	1,250	–	2,550
Other, net	(269)	379	(341)
Net cash provided by (used in) investing activities	(5,408)	984	(535)
Financing Activities			
Net increase (decrease) in short-term borrowings	–	(8)	8
Proceeds from issuance of long-term debt	1,300	2,750	3,743
Principal payments or redemption of long-term debt	(3,000)	(1,200)	(1,500)
Proceeds from issuance of preferred stock	2,221	486	–
Proceeds from issuance of common stock	43	15	88
Repurchase of preferred stock	(1,250)	–	–
Repurchase of common stock	(1,555)	(1,672)	(4,525)
Cash dividends paid on preferred stock	(308)	(300)	(302)
Cash dividends paid on common stock	(2,579)	(2,552)	(2,443)
Net cash used in financing activities	(5,128)	(2,481)	(4,931)
Change in cash and due from banks	(3,910)	696	1,614
Cash and due from banks at beginning of year	12,279	11,583	9,969
Cash and due from banks at end of year	$ 8,369	$ 12,279	$ 11,583

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 26 Subsequent Events

The Company has evaluated the impact of events that have occurred subsequent to December 31, 2021 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 Daily Average Balance Sheet and Related Yields and Rates (a)
(Unaudited)

Year Ended December 31 (Dollars in Millions)	2021 Average Balances	2021 Interest	2021 Yields and Rates
Assets			
Investment securities	$154,702	$ 2,434	1.57%
Loans held for sale	8,024	232	2.89
Loans[(b)]			
Commercial	102,855	2,684	2.61
Commercial real estate	38,781	1,219	3.14
Residential mortgages	74,629	2,477	3.32
Credit card	21,645	2,278	10.52
Other retail	59,055	2,126	3.60
Total loans	296,965	10,784	3.63
Other earning assets	46,450	143	.31
Total earning assets	506,141	13,593	2.69
Allowance for loan losses	(6,326)		
Unrealized gain (loss) on investment securities	1,174		
Other assets	55,543		
Total assets	$556,532		
Liabilities and Shareholders' Equity			
Noninterest-bearing deposits	$127,204		
Interest-bearing deposits			
Interest checking	103,198	24	.02
Money market savings	117,093	199	.17
Savings accounts	62,294	7	.01
Time deposits	24,492	90	.37
Total interest-bearing deposits	307,077	320	.10
Short-term borrowings			
Federal funds purchased	1,507	2	.10
Securities sold under agreements to repurchase	1,790	2	.13
Commercial paper	7,228	1	.01
Other short-term borrowings	4,249	65	1.54
Total short-term borrowings	14,774	70	.47
Long-term debt	36,682	603	1.64
Total interest-bearing liabilities	358,533	993	.28
Other liabilities	16,353		
Shareholders' equity			
Preferred equity	6,255		
Common equity	47,555		
Total U.S. Bancorp shareholders' equity	53,810		
Noncontrolling interests	632		
Total equity	54,442		
Total liabilities and equity	$556,532		
Net interest income		$12,600	
Gross interest margin			2.41%
Gross interest margin without taxable-equivalent increments			2.39%
Percent of Earning Assets			
Interest income			2.69%
Interest expense			.20
Net interest margin			2.49%
Net interest margin without taxable-equivalent increments			2.47%

(a) Interest and rates are presented on a fully taxable-equivalent basis based on a federal income tax rate of 21 percent .
(b) Interest income and rates on loans include loan fees. Nonaccrual loans are included in average loan balances.

	2020			2019			2021 v 2020
	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	% Change Average Balances
	$ 125,954	$ 2,488	1.98%	$ 117,150	$ 2,950	2.52%	22.8%
	6,985	216	3.10	3,769	162	4.30	14.9
	113,967	3,192	2.80	103,198	4,229	4.10	(9.8)
	40,548	1,457	3.59	39,386	1,919	4.87	(4.4)
	73,667	2,666	3.62	67,747	2,644	3.90	1.3
	22,332	2,392	10.71	23,309	2,680	11.50	(3.1)
	56,755	2,352	4.14	57,046	2,682	4.70	4.1
	307,269	12,059	3.92	290,686	14,154	4.87	(3.4)
	41,194	179	.43	18,932	341	1.80	12.8
	481,402	14,942	3.10	430,537	17,607	4.09	5.1
	(6,858)			(4,007)			7.8
	2,901			(117)			(59.5)
	53,762			49,240			3.3
	$ 531,207			$ 475,653			4.8
	$ 98,539			$ 73,863			29.1%
	84,276	65	.08	72,553	227	.31	22.5
	125,786	528	.42	109,849	1,637	1.49	(6.9)
	52,142	46	.09	46,130	111	.24	19.5
	37,872	311	.82	44,417	880	1.98	(35.3)
	300,076	950	.32	272,949	2,855	1.05	2.3
	1,660	6	.35	1,457	28	1.94	(9.2)
	1,686	8	.50	1,770	36	2.00	6.2
	8,141	21	.26	8,186	119	1.45	(11.2)
	7,695	109	1.41	6,724	187	2.78	(44.8)
	19,182	144	.75	18,137	370	2.04	(23.0)
	44,040	924	2.10	41,572	1,227	2.95	(16.7)
	363,298	2,018	.56	332,658	4,452	1.34	(1.3)
	16,494			15,880			(.9)
	6,042			5,984			3.5
	46,204			46,639			2.9
	52,246			52,623			3.0
	630			629			.3
	52,876			53,252			3.0
	$ 531,207			$ 475,653			4.8
		$ 12,924			$ 13,155		
			2.54%			2.75%	
			2.52%			2.73%	
			3.10%			4.09%	
			.42			1.03	
			2.68%			3.06%	
			2.66%			3.04%	

U.S. Bancorp
Supplemental Financial Data (Unaudited)

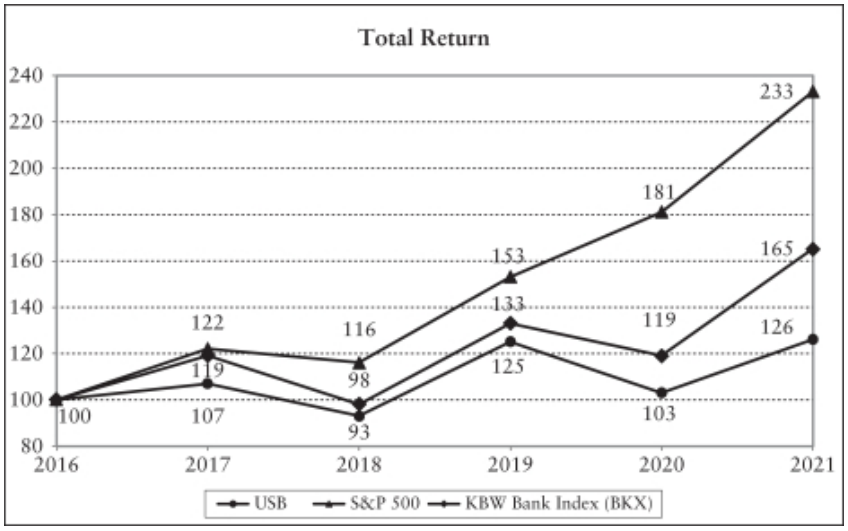
Earnings Per Common Share Summary	2021	2020	2019
Earnings per common share	$ 5.11	$ 3.06	$ 4.16
Diluted earnings per common share	5.10	3.06	4.16
Dividends declared per common share	1.76	1.68	1.58
Other Statistics (Dollars and Shares in Millions)			
Common shares outstanding[(a)]	1,484	1,507	1,534
Average common shares outstanding and common stock equivalents			
Earnings per common share	1,489	1,509	1,581
Diluted earnings per common share	1,490	1,510	1,583
Number of shareholders[(b)]	31,111	32,520	33,515
Common dividends declared	$ 2,630	$ 2,541	$ 2,493

(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, 2022, there were 31,055 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, 2021, 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, 2016, 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.



Company Information

General Business Description U.S. Bancorp is a financial services holding company headquartered in Minneapolis, Minnesota, serving millions of local, national and global customers. U.S. Bancorp 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 $465 billion in deposits at December 31, 2021, 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 and governmental entity 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 2,230 banking offices as of December 31, 2021, 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 4,059 ATMs as of December 31, 2021, 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. The Company's 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.

The COVID-19 pandemic has created economic and operational disruptions that have affected the Company's business. Customer behavior has evolved greatly as more customers have migrated to on-line and digital-based products and services more quickly than originally anticipated. 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, 2021, U.S. Bancorp employed 68,796 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, negative effects on global economic conditions, including disruption and volatility of financial markets, supply chain disruptions, fluctuations in unemployment and other negative outcomes, including inflation. It is expected that these negative effects will be episodic for the duration of the pandemic, and, if new COVID variants or other diseases emerge, these negative effects on the global economy could worsen.

The continuation or worsening of the economic conditions caused by COVID-19 may continue to have a material adverse effect on the Company and its business, including: (i) additional changes in 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 rises 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 further 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; (vi) negative impacts on the ability of the Company's employees to work effectively, including because of illness, quarantines, work-from-home arrangements or other restrictions relating to the pandemic, and (vii) negative impacts on the ability of the Company's third-party service providers to provide their services to the Company.

Continuing 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 fully recovers. Further, the COVID-19 pandemic may also have the effect of heightening many of the other risks described in this section.

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 2021, 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, availability of vaccines and the Company's measures to assist its borrowers, there can be no assurances that such measures will continue to be effective or that there will be future governmental programs. 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.

In addition, volatility and uncertainty related to inflation and its effects, which could potentially contribute to poor economic conditions, may contribute to or enhance some of the risks described herein. For example, higher inflation could reduce demand for the Company's products, adversely affect the creditworthiness of its borrowers or result in lower values for its interest-earning assets and investment securities. Any of these effects, or others that the Company is not able to predict, could adversely affect its financial condition or results of operations.

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, including disruptions in supply chains or geopolitical risk, 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 the Company's net interest income. Interest rates remained low through 2021, which adversely affected the Company's net interest income over the same period, and a prolonged low-interest rate environment may continue to adversely impact the Company's net interest income in future periods. 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.

Conversely, when interest rates are increasing, the Company can generally be expected to earn higher net interest income. However, higher interest rates can also lead to fewer originations of loans, less liquidity in the financial markets, and higher funding costs, each of which could adversely affect the Company's revenues and its liquidity and capital levels. Higher interest rates can also negatively affect the payment performance on loans that are linked to variable interest rates. If borrowers of variable rate loans are unable to afford higher interest payments, those borrowers may reduce or stop making payments, thereby causing the Company to incur losses and increased operational costs related to servicing a higher volume of delinquent loans.

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 The administrator of LIBOR has announced that the publication of the most commonly used United States Dollar LIBOR settings will cease to be provided or cease to be representative after June 30, 2023. The publication of all other LIBOR settings ceased to be provided or ceased to representative as of December 31, 2021. The United States federal banking agencies have also issued guidance strongly encouraging banking organizations to cease using the United States Dollar LIBOR as a reference rate in "new" contracts by December 31, 2021, with limited exceptions.

The replacement of LIBOR is complex and could have a range of adverse impacts on the Company's business and results of operations. The Company has various types of transactions, including derivatives, loans, bonds, and securitized products, that reference LIBOR and other Interbank Offered Rates ("IBORs"). The replacement of LIBOR and other IBORs with alternative benchmark rates and the Company's development of products linked to alternate benchmark rates has created a number of risks for the Company, its customers, and the financial services industry more widely.

The extensive changes to documentation that govern or reference LIBOR or LIBOR-based products create a variety of execution risks for the Company. The Company may be unable to modify contracts with its counterparties to replace the reference rate for existing contracts based on or linked to LIBOR and other interest rate benchmarks with alternative reference rates by the dates set for cessation of LIBOR and other interest rate benchmarks.

The transition from LIBOR may also result in disputes, litigation or other actions with clients, counterparties or investors, including with respect to, among other things, (i) the interpretation and enforceability of provisions in LIBOR-based products such as fallback language or other related provisions, (ii) any economic, legal, operational or other impact from the fundamental differences between LIBOR and the various alterative reference rates, and (iii) any actions resulting from the Company's interpretation and execution of its roles and responsibilities in corporate trust transactions. The transition may also result in additional inquiries or other actions from regulators regarding the Company's preparation and readiness for the replacement of LIBOR.

The discontinuation of a LIBOR setting, changes in LIBOR or changes in market acceptance of LIBOR as a reference rate may also adversely affect the yield on loans or securities held by the Company; amounts paid on securities the Company has issued; amounts received and paid on derivative instruments it has entered into; the value of such loans, securities or derivative instruments; the trading market for securities; the terms of new loans being made using different or modified reference rates; the Company's ability to effectively use derivative instruments to manage risk; and the availability or cost of floating-rate funding and the Company's exposure to fluctuations in interest rates.

Changes to benchmark indices may also adversely affect the price, liquidity, value of, return on and trading for a broad array of financial products, including any LIBOR-linked securities, loans and derivatives that are included in the Company's financial assets and liabilities.

The Company is also subject to the risk that its customers, counterparties and third-party vendors are not operationally ready to transition away from LIBOR, and the failure of such third parties to upgrade their operations to transition away from LIBOR on a timely basis could materially disrupt the Company's operations.

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, including software and information technology service providers, 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. Individuals whose personal information may be protected by law can include the Company's customers (and in some cases its customers' customers), prospective customers, job applicants, employees, and the employees of the Company's suppliers, and 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 and marketing 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") and its implementing regulations impose 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, among other things, expanding certain rights relating to personal information and its use, collection, deletion, 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 job applicant personal information 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.

In addition, standards for personal data transfers from outside the United States are constantly changing, including the revisions made by the European Economic Area and Switzerland in 2021. Compliance with these changes and any future changes to data transfer or privacy requirements could potentially require the Company to make significant technological and operational changes, any of which could result in substantial costs to the Company, and failure to comply with applicable data protection and privacy laws could 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 the use of such information; 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 information. 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, regulatory compliance, mergers and acquisitions, and actions taken by government regulators and community organizations in response to that conduct. In addition, failure to deliver against environmental, social and governance ("ESG") goals and objectives could present reputational and financial harm to the Company. Many of the Company's stakeholders, including investors, communities, customers, and employees, have increased expectations regarding how corporations are establishing and meeting ESG objectives when considering whether to conduct business with, invest in, or otherwise work with the Company. If the Company is unable to design or execute against business strategies that support ESG initiatives, reputational damage could result, leading to a loss of customers or negative investor sentiment. 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 natural disasters, pandemics, terrorist activities, civil unrest or international hostilities Neither the occurrence nor the potential impact of natural disasters, 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 natural disasters, 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 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 over the long term (including because of lack of acceptance or because of the emergence of new COVID variants), or if governmental and other responses to the pandemic are ineffective. The COVID-19 pandemic has caused, and other future natural disasters, pandemics, 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 the tragic events that occurred in May 2020, faced a period of significant civil unrest during 2020. Although civil unrest has not materially affected the Company's businesses to date, 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 or 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 natural disasters, 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. Additionally, both the frequency and severity of some kinds of natural disasters, including wildfires, flooding, tornadoes and hurricanes, have increased, and the Company expects will continue to increase, as a result of climate change.

The Company's business strategy, operations, financial performance and customers could be materially adversely affected by the impacts related to climate change There is an increasing concern over the risks of climate change and the impact that climate change may have on the Company and its customers and communities. The physical risks of climate change include increasing average global temperatures, rising sea levels and an increase in the frequency and severity of extreme weather events and natural disasters, including wildfires, floods, tornadoes and hurricanes. Climate shifts and the increasing frequency and severity of natural disasters reduce the Company's ability to predict accurately the effects of natural disasters. Such disasters could disrupt the Company's operations or the operations of customers or third parties on which the Company relies. Such disasters could also result in market volatility, negatively impact customers' ability to pay outstanding loans, damage collateral or result in the deterioration of the value of collateral. Such disasters may also result in reduced availability of insurance, including insurance that protects property pledged as collateral for Company loans, which could negatively affect the Company's ability to predict credit losses accurately.

Additionally, climate change concerns could result in transition risk. Transition risks could include changes in consumer preferences, new technologies, and additional legislation and regulatory requirements, including those associated with the transition to a low-carbon economy. These physical risks and transition risks could increase expenses or otherwise adversely impact the Company's business strategy, operations, financial performance and customers. In particular, new regulations or guidance, or the attitudes of regulators, shareholders and employees regarding climate change, may affect the activities in which the Company engages and the products that the Company offers. In addition, an increasing perspective that financial institutions, including the Company, play an important role in managing risks related to climate change, including indirectly with respect to their customers, may result in increased pressure on the Company to take additional steps to disclose and manage its climate risks and related lending and other activities. The Company could also experience increased expenses resulting from strategic planning, litigation and technology and market changes, and reputational harm as a result of negative public sentiment, regulatory scrutiny and reduced investor and stakeholder confidence due to the Company's response to climate change and the Company's climate change strategy.

Risks associated with climate change are continuing to evolve rapidly, making it difficult to assess the effects of climate change on the Company, and the Company expects that climate change-related risks will continue to evolve and increase over time.

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, changes in administration may result in the Company and other large financial institutions becoming subject to increased scrutiny and/or more extensive legal and regulatory requirements than under prior presidential and congressional regimes. 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 experienced. 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 BSA/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 the prudential and consumer protection regulatory framework that applies to banks, 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 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. 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.

The effects of the COVID-19 pandemic and actions by the Federal Reserve have in the past limited and may in the future limit capital distributions, including suspension of the Company's share repurchase program or reduction or suspension of the Company's common stock dividend.

Additional capital and liquidity 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.

Since 2020, many financial institutions, including the Company, have received regulatory and governmental inquiries 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. 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.

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 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. For example, once the Company's expected acquisition of MUFG Union Bank closes, deterioration in real estate values and underlying economic conditions in California could result in significantly higher credit losses to the Company.

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 $3.0 billion as of December 31, 2021. 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.

The adoption and rapid growth of new technologies, including cryptocurrencies and blockchain and other distributed ledger technologies, have required the Company to invest resources to adapt its systems, products and services, and it expects to continue to make similar investments. 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.

In July 2021, the United States presidential administration issued an executive order on competition, which included provisions relating to bank mergers. These provisions encourage the Department of Justice and the federal banking regulators to update guidelines on banking mergers and to provide more scrutiny of bank mergers. A number of large bank deals that were pending at the time of the executive order have not yet obtained approval, or obtained approval on an extended time frame. The Company is unable to predict what impact the executive order or any updated guidelines on banking mergers the Department of Justice or federal banking regulators may implement will have on the timing of or ability to obtain regulatory approvals of mergers, including its pending acquisition of MUFG Union Bank. In addition, changes in personnel at the Company's federal banking regulators or shifts in public or Congressional sentiment regarding bank mergers could result in additional requirements on, or scrutiny of, bank mergers, any of which could make it more difficult for banking organizations to obtain merger approvals. The Company is unable to predict the nature or scope of any such changes, any of which could adversely affect its business or the approval of its pending acquisition of MUFG Union Bank.

If the Company's pending acquisition of MUFG Union Bank is not completed for any reason, the Company's ongoing business may be adversely affected and, without realizing any of the benefits of having completed the merger, the Company would be subject to a number of risks. These risks include potential negative reactions from the financial markets or the Company's customers, including negative effects on the Company's stock price or reputation. In addition, the Company will have incurred substantial expenses relating to the merger, including legal, accounting, and other fees, whether or not the merger is completed, and the Company's management will have devoted substantial time and resources to the merger that would otherwise have been devoted to other opportunities that may have been more beneficial for the Company.

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.

COVID-19 has had significant effects on labor and employment, including heightened pressures on employers to increase compensation and provide work-from-home and other flexible working arrangements. During the COVID-19 pandemic, employees have shifted their focus to expectations that extend beyond compensation, including better work-life balance, improved advancement opportunities and improved training, and many businesses, including the Company, have experienced higher rates of turnover as a result of such changes. The Company's ability to compete successfully for talent has been and may continue to be affected by its ability to adapt quickly to such shifts in employee focus, and 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 with 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, 61, 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, 51, 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, 58, 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, 58, 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, 60, 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, 51, 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 and a Partner and associate at McKinsey from 1996 to 2004.

James B. Kelligrew

Mr. Kelligrew is Vice Chair, Corporate and Commercial Banking, of U.S. Bancorp. Mr. Kelligrew, 56, 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, 57, 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, 57, 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, 53, 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 Transformation Officer of U.S. Bancorp. Mr. Runkel, 45, has served in this position since August 2021. From December 2013 to August 2021, he served as Senior Executive Vice President and Chief Credit Officer. 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, 55, 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, 56, 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, 56, 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]
Executive Chairman and Former Chairman, President and Chief Executive Officer
Ameren Corporation
(Energy)

Dorothy J. Bridges[1,6,7]
Former Senior Vice President
Federal Reserve Bank of Minneapolis
(Government)

Elizabeth L. Buse[2,3]
Former Chief Executive Officer
Monitise PLC
(Financial services)

Kimberly N. Ellison-Taylor[2,6]
Founder and Chief Executive Officer
KET Solutions, LLC
(Technology)

Kimberly J. Harris[1,3,5]
Retired President and Chief Executive Officer
Puget Energy, Inc.
(Energy)

Roland A. Hernandez[1,3,5]
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)
Bento Technologies, Inc. (Delaware)
BondResource Partners, LLC (Pennsylvania)
BondResource Partners, LP (Delaware)
CenPOS, LLC (Florida)
Daimler Title Co. (Delaware)
DM Liens Inc. (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)
Norse Nordics AB (Sweden)
NuMaMe, LLC (Delaware)
One Eleven Investors LLC (Delaware)
Park Bank Initiatives, Inc. (Illinois)
PFM Asset Management LLC (Delaware)
PFM Financial Services LLC (Delaware)
PFM Fund Distributors, Inc. (Pennsylvania)
Pomona Financial Services, Inc. (California)
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)
Travelator 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 22, 2022, 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 2021 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, 2021.

/s/ Ernst & Young LLP

Minneapolis, Minnesota

February 22, 2022

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, 2021 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 25 day of January, 2022.

/s/ Warner L. Baxter
Warner L. Baxter

/s/ Dorothy J. Bridges
Dorothy J. Bridges

/s/ Elizabeth L. Buse
Elizabeth L. Buse

/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 22, 2022

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 22, 2022

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, 2021 (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 22, 2022