

**U.S. BANK**  
**National Asssocation**

**02024-0009575**

**CITY OF CHICAGO  
ECONOMIC DISCLOSURE STATEMENT  
AND AFFIDAVIT**

**SECTION I -- GENERAL INFORMATION**

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

U.S. Bank National Association

**Check ONE of the following three boxes:**

Indicate whether the Disclosing Party submitting this EDS is:

1.  the Applicant  
OR

2.  a legal entity currently holding, or anticipated to hold within six months after City action the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal name: U.S. Bank Trust Company, National Association  
OR

3.  a legal entity with a direct or indirect right of control of the Applicant (see Section II(B)(1))  
State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party:

800 Nicollet Mall  
Minneapolis, MN 55402

C. Telephone: (651) 466-6098 Fax: N/A Email: maria.bui@usbank.com

D. Name of contact person: Maria T. Bui-Clifford

E. Federal Employer Identification No. (if you have one): 31-0814368

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

2024 City of Chicago O'Hare Bonds

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # \_\_\_\_\_ and Contract # \_\_\_\_\_

## SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

### A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- |                                                                   |                                                            |
|-------------------------------------------------------------------|------------------------------------------------------------|
| <input type="checkbox"/> Person                                   | <input type="checkbox"/> Limited liability company         |
| <input type="checkbox"/> Publicly registered business corporation | <input type="checkbox"/> Limited liability partnership     |
| <input type="checkbox"/> Privately held business corporation      | <input type="checkbox"/> Joint venture                     |
| <input type="checkbox"/> Sole proprietorship                      | <input type="checkbox"/> Not-for-profit corporation        |
| <input type="checkbox"/> General partnership                      | (Is the not-for-profit corporation also a 501(c)(3))?      |
| <input type="checkbox"/> Limited partnership                      | <input type="checkbox"/> Yes <input type="checkbox"/> No   |
| <input type="checkbox"/> Trust                                    | <input checked="" type="checkbox"/> Other (please specify) |
|                                                                   | <u>A National Banking Association</u>                      |

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Organized under the laws of the United States of America

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

- Yes  No  Organized in Illinois

Note: As a national bank, U.S. Bank National Association is exempt from any requirement to have a state registration or local business license. In accordance with 12 CFR 7.4007(a), "[a] national bank may receive deposits and engage in any activity incidental to receiving deposits[.]" Further, 12 CFR 7.4007(b) states that "[a] national bank may exercise its deposit-taking powers without regard to state law limitations concerning: . . . (6) State licensing or registration requirements (except for purposes of service of process)[.]" Upon request, the organization will provide documentation that shows the Office of the Comptroller of the Currency affirms that the organization is a validly existing national bank in Good Standing authorized to provide banking services in all states of the United States.

### B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) **for not-for-profit corporations**, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) **for trusts, estates or other similar entities**, the trustee, executor, administrator, or similarly situated party; (iv) **for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures**, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

**NOTE:** Each legal entity listed below must submit an EDS on its own behalf.

Name

Title

Please see attached list of Executive Officers and Directors

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state ANone.@

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name

Business Address

Percentage Interest in the Applicant

U.S. Bank National Association has 100% direct ownership interest in U.S. Bank Trust Company, National Association, 800 Nicollet Mall, Minneapolis, MN 55402

U.S. Bancorp has 100% indirect ownership in U.S. Bank Trust Company, National Association, 800 Nicollet Mall, Minneapolis, MN 55402

**SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS**

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? [ ] Yes [x] No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? [ ] Yes [x] No

If Ayes@ to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

Does any City elected official or, to the best of the Disclosing Party=s knowledge after reasonable inquiry, any City elected official=s spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago (AMCC@)) in the Disclosing Party?

[ ] Yes [x] No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

#### **SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES**

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: Hourly rate@ or At.b.d.@ is not an acceptable response.
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(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

**SECTION V -- CERTIFICATIONS**

**A. COURT-ORDERED CHILD SUPPORT COMPLIANCE**

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract=s term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes     No     No person directly or indirectly owns 10% or more of the Disclosing Party.

If Yes, has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes     No

**B. FURTHER CERTIFICATIONS**

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City=s Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II(B)(1) of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;
- d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any AContractor@ (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, ADisclosure of Subcontractors and Other Retained Parties@);
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").



Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
  - b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
  - c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or
  - d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).
6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.
7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.
8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any Acontrolling person@ [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any Asister agency@; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article=s permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.
9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management (ASAM@).
10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

Regarding #2: To the best of our initial knowledge, no, but due to the short turnaround for submission, we could not complete our due diligence. As we complete our due diligence we will update the certification if needed.

Regarding #3a: To the best of our knowledge, U.S. Bank National Association is not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government.

Regarding #3d: U.S. Bank National Association has thousands of contracts with government entities, and it is likely that contracts have been terminated early. Such terminations are generally not considered unusual and may occur for a variety of reasons (e.g., termination for convenience, trial periods, appropriation limitations, etc.). The bank is unable to disclose information related to early terminations as that information constitutes contractual confidential information that may not be disclosed. We do not believe any such terminations will have an adverse effect on the bank's ability to provide services to the City.

Regarding #3e: At any given time, including the present, U.S. Bank National Association is involved in disputes and litigation which normally occur in banking operations and which often involve claims for money damages or injunctive relief. These pending cases are generally not considered unusual in number or amount, and based on past experiences in similar litigation, should not have a material adverse effect on the financial position of the bank nor impact the delivery of banking

services to the City. As a practice, the bank does not comment on litigation unless pending litigation is significant. Furthermore, like other major financial institutions, the bank has been and is subject to various regulatory activities and investigations relating to certain aspects of its banking operations. Federal law prohibits the bank from disclosing confidential supervisory information from its banking regulators (e.g., OCC, FRB, CFPB) without permission, which may include communication relating to examination of records, reports, investigation, or regulatory activity. Please refer to the most recent annual report of U.S. Bancorp and our 10-K and 10-Q filings.

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with AN/A@ or Anone@).

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N/A

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13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a gift does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with AN/A@ or Anone@). As to any gift listed below, please also list the name of the City recipient.

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N/A

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C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)  
     is            is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

**D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS**

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes                       No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes                       No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest
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4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

     1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

  X   2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

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**SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS**

**NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.**

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

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(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

**B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY**

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes                       No

If A Yes, answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes                       No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes                       No                       Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes                       No

If you checked ANo to question (1) or (2) above, please provide an explanation:

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## SECTION VII -- FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at [www.cityofchicago.org/Ethics](http://www.cityofchicago.org/Ethics), and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. **NOTE:** With respect to Matters subject to MCC Chapter 1-23, Article I (imposing **PERMANENT INELIGIBILITY** for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

**CERTIFICATION**

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

U.S. Bank National Association  
(Print or type exact legal name of Disclosing Party)

By: Maria T. Bui-Clifford  
(Sign here)

Maria T. Bui-Clifford  
(Print or type name of person signing)

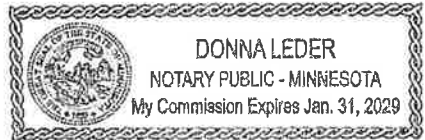
Vice President  
(Print or type title of person signing)

Signed and sworn to before me on (date) 5/15/24,

at Dakota County, MN (state).

Donna Leder  
Notary Public

Commission expires: 01/31/2029





**CITY OF CHICAGO  
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT  
APPENDIX A**

**FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS  
AND DEPARTMENT HEADS**

**This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.**

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any AApplicable Party@ or any Spouse or Domestic Partner thereof currently has a Afamilial relationship@ with any elected city official or department head. A Afamilial relationship@ exists if, as of the date this EDS is signed, the Disclosing Party or any AApplicable Party@ or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

AApplicable Party@ means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. APrincipal officers@ means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any AApplicable Party@ or any Spouse or Domestic Partner thereof currently have a Afamilial relationship@ with an elected city official or department head?

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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**CITY OF CHICAGO  
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT  
APPENDIX B**

**BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION**

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes                       No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

Yes                       No                       The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

The property at 4842 W. Fulton Street, Chicago 60644 was owned by a residential mortgage backed securitization trust named Mortgage Equity Conversion Asset Trust 2011-1 for which U.S. Bank National Association served as Trustee and REO Management Solutions, LLC was the mortgage servicer. The property was sold on November 22, 2022. U.S. Bank verified via the County's Tax website that it no longer reflects U.S. Bank as the property owner. The violations, therefore, are not obligations of U.S. Bank.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**CITY OF CHICAGO  
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT  
APPENDIX C**

**PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION**

This Appendix is to be completed only by an Applicant that is completing this EDS as a “contractor” as defined in MCC Section 2-92-385. That section, which should be consulted ([www.amlegal.com](http://www.amlegal.com)), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants’ wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

Yes

No

N/A – I am not an Applicant that is a “contractor” as defined in MCC Section 2-92-385.

This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1).

If you checked “no” to the above, please explain.

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List of Directors and Management Committee members for USBNA as of May 15, 2024

<b>Directors</b>
Baxter, Warner L.
Bridges, Dorothy J
Buse, Elizabeth L.
Cecere, Andrew
Chosy, James L.
Colberg, Alan B.
Ellison-Taylor, Kimberly N.
Harris, Kimberly J.
Hernandez, Roland A.
Kedia, Gunjan
McKenney, Richard P.
Mehdi, Yusuf I.
Reynolds, Loretta E.
Richard, Jodi L
Wiehoff, John P.
Wine, Scott W.

<b>Management Committee Members</b>
Andrew Cecere
Souheil Badran
Elcio R.T. Barcelos
James L. Chosy
Greg Cunningham
Venkatachari Dilip
Terrance R. Dolan

Revathi ("Reba) N. Dominski
Gunjan Kedia
Shailesh Kotwal
Stephen L. Philipson
Jodi L. Richard
Mark G. Runkel
John C. Stern
Dominic Venturo
Timothy A. Welsh

## ATTACHMENT E

### **CERTIFICATION REGARDING SLAVERY ERA BUSINESS**

U.S. Bank National Association was formed from the following major banks:

1. Star Bank, National Association (Cincinnati, Ohio) changed its name to Firststar Bank, National Association (Cincinnati, Ohio) effective February 1999;
2. Mercantile Bank National Association (St. Louis, Missouri) merged into Firststar Bank, National Association (Cincinnati, Ohio) effective April 2000;
3. United States National Bank of Oregon (Portland, Oregon) merged with First Bank, National Association under the title U.S. Bank National Association effective August 1997;
4. U.S. Bank National Association merged into Firststar Bank, National Association, and the succeeding bank, changed its name to U.S. Bank National Association effective August 2001.

These banks were acquired through mergers and acquisitions of numerous smaller banks. There are five hundred and forty-two U.S. Bank National Association predecessors. Thirty-three predecessors were founded before the abolition of slavery in December 1865. Thirteen of the pre-1866 predecessors were established in southern slave-holding states and territories, including Kansas, Kentucky, Missouri and Tennessee.

In 2005, the bank conducted a review of historical records held in various external repositories. As a result of that review, U.S. Bank National Association has identified external records of its predecessors which may necessitate disclosure. The conveyance records, while showing no record of direct ownership of enslaved individuals contained records of founders and/or directors of predecessor banks owning enslaved individuals, as well as a record where an enslaved individual was the collateral for a loan. Specifically, the first president of predecessor Marion National Bank of Lebanon, Kentucky (founded in 1856), Benedict Spalding, owned two enslaved individuals in 1850. In 1860 someone with a similar name "Benidict Spalding" is also listed as having owned fourteen enslaved individuals. In addition, certain members of the Marion National Bank of Lebanon's board of directors (called "commissioners") owned approximately forty-seven enslaved individuals in total (the records include abbreviated names which we conclude may be references to commissioners). The first president of predecessor First National Bank of Clarksville, Tennessee (founded in 1865), S.F. Beaumont, owned one enslaved individual in 1860. The first president of predecessor St. Louis Building and Savings Association, Missouri (founded in 1857), Marshall Brotherton, owned ten enslaved individuals in 1850 and four enslaved individuals in 1860. Merchants Bank (founded in 1857) and Bank of St. Louis (founded in 1857), both predecessors, along with a group of other St. Louis firms, issued a mortgage to Charles McLaran that was secured by his property, which included an unspecified number of enslaved individuals. However, the 1860 Federal Census Slave Schedule for St. Louis provided that Charles McLaran owned thirteen enslaved individuals.

In 2022, the bank conducted a review of U.S. Bancorp (the parent company of U.S. Bank National Association) subsidiaries and affiliates formed or acquired since 2005. Based on that internal review, none of the entities identified were formed prior to 1866.

**FIRMWIDE**  
**PLEASE POPULATE THE HIGHLIGHTED PORTIONS ONLY**

Firm Name:	U.S. Bank National Association
Primary Representative:	Maria-Bui-Cifford
Primary Representative Email and Telephone:	maria.bui@usbank.com 651-466-6098
Headquarters Address:	800 Nicollet Mall, Minneapolis, MN 55402
Chicago Public Finance Office Address:	190 S La Salle Street, Chicago, IL 60604
Total Number of Employees:	72,223 Total U.S. Bancorp
Number of Employees in Illinois:	3,156
Number of Employees in Chicago:	1,164
Capital Position:	
Minority Designation:	n/a

Job Categories	Male						Female								
	White	Black or African American	Hispanic or Latino	Asian	American Indian or Alaskan Native	Hawaiian or Other Pacific Islander	Two or more races	White	Black or African American	Hispanic or Latino	Asian	American Indian or Alaskan Native	Hawaiian or Other Pacific Islander	Two or more races	
Overall Totals	4,311	2,264	63	110	378	7	5	31	1,159	51	57	158	2	4	22
Exec/Sr Officials & Mgrs	9,266	3,137	233	440	434	14	22	76	3,503	352	456	390	15	12	122
First/Mid Officials & Mgrs	26,693	9,035	825	898	2,681	33	33	288	8,399	1,120	861	2,162	46	40	292
Technicians	12,609	3,022	354	1,199	418	22	35	158	3,913	497	2,053	682	32	51	173
Sales Workers	19,344	2,551	825	609	404	18	19	172	7,066	4,142	1,742	1,136	81	58	521
Administrative Support															
Craft Workers															
Operatives															
Laborers & Helpers															
Service Workers															
Total	72,223	20,009	2,300	3,256	4,375	94	114	705	24,040	6,162	5,169	4,528	176	165	1,130

Job Categories	White	Black or African American	Hispanic or Latino	Asian	American Indian or Alaskan Native	Hawaiian or Other Pacific Islander	Two or more races
Overall Totals	4,311	79%	3%	4%	12%	0%	1%
Exec/Sr Officials & Mgrs	9,266	72%	6%	10%	0%	0%	2%
First/Mid Officials & Mgrs	26,693	65%	7%	7%	18%	0%	2%
Technicians	12,609	55%	7%	26%	9%	0%	3%
Sales Workers	19,344	50%	26%	12%	8%	1%	4%
Administrative Support							
Craft Workers							
Operatives							
Laborers & Helpers							
Service Workers							
Total	72,223	61%	12%	12%	12%	0%	3%

	Male	Female	Total
	43%	57%	100%

**AFFIDAVIT  
DEBT OBLIGATION AND BROKERAGE TRANSACTIONS**

Name of Reporting Firm: U.S. Bank Trust Company, National Association

Description of Matter: 2024 City of Chicago O'Hare Bonds

Role of Reporting Firm: Trustee

This affidavit is submitted in conjunction with (check one):

a City of Chicago debt obligation transaction (Municipal Code Section 2-154-017)

brokerage services for the City Treasurer (Municipal Code Section 2-154-018)

**Fill out below (and attach additional sheets using the same format, if necessary), the following information for each person in the Reporting Firm who will directly provide professional services to the City in connection with the Matter described above: the individual's position in the Reporting Firm and the role he or she will fill in the Matter, gender, and race or ethnicity. Individuals' names need not be disclosed.**

Individual#	Position and Role	Gender	Race/Ethnicity
1	Vice President	F	Asian
2	Trust Review Analyst	F	White
3	Product Operations Analyst	M	White
4	Accounting Specialist	F	Asian
5	Assistant Vice president	F	White

*(if needed, please use additional sheets to identify additional personnel.)*

By signing below, I represent under penalty of perjury that: (1) I am authorized to act on behalf of the Reporting Firm, and (2) the information in this Affidavit and associated attachment are true, complete, and correct.

By signing below, I understand and acknowledge, on behalf of the Reporting Firm, that failure to accurately and completely supply the information requested herein may result in a declaration of ineligibility to participate in future Matters for the City of Chicago.

Printed Name: Maria T. Bui-Clifford

Signature: 

Title: Vice President

Date: May 14, 2024



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
**Form 10-Q**

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

For the quarterly period ended March 31, 2024

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, including zip code)

651-466-3000  
(Registrant's telephone number, including area code)

(not applicable)  
(Former name, former address and former fiscal year, if changed since last report)

**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
Depository 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
Depository 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
Depository 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
Depository 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
Depository 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
Depository 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

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, 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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

Class	Outstanding as of April 30, 2024
Common Stock, \$.01 Par Value	1,560,459,913 shares

## Table of Contents and Form 10-Q Cross Reference Index

### Part I — Financial Information

1) Management's Discussion and Analysis of Financial Condition and Results of Operations (Item 2)	4
a) Overview	4
b) Statement of Income Analysis	4
c) Balance Sheet Analysis	6
d) Non-GAAP Financial Measures	27
e) Critical Accounting Policies	28
f) Controls and Procedures (Item 4)	28
2) Quantitative and Qualitative Disclosures About Market Risk/Corporate Risk Profile (Item 3)	7
a) Overview	7
b) Credit Risk Management	8
c) Residual Value Risk Management	19
d) Operational Risk Management	19
e) Compliance Risk Management	19
f) Interest Rate Risk Management	19
g) Market Risk Management	20
h) Liquidity Risk Management	21
i) Capital Management	23
3) Line of Business Financial Review	24
4) Financial Statements (Item 1)	29
<b>Part II — Other Information</b>	
1) Legal Proceedings (Item 1)	71
2) Risk Factors (Item 1A)	71
3) Unregistered Sales of Equity Securities and Use of Proceeds (Item 2)	71
4) Exhibits (Item 6)	71
5) Signature	72

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

This quarterly report on Form 10-Q 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, future economic conditions and the anticipated future revenue, expenses, financial condition, asset quality, capital and liquidity levels, plans, prospects and operations of U.S. Bancorp. Forward-looking statements often use words such as "anticipates," "targets," "expects," "hopes," "estimates," "projects," "forecasts," "intends," "plans," "goals," "believes," "continue" and other similar expressions or future or conditional verbs such as "will," "may," "might," "should," "would" and "could."

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

- Deterioration in general business and economic conditions or turbulence in domestic or global financial markets, which could adversely affect U.S. Bancorp's revenues and the values of its assets and liabilities, reduce the availability of funding to certain financial institutions, lead to a tightening of credit, and increase stock price volatility;
- Turmoil and volatility in the financial services industry, including failures or rumors of failures of other depository institutions, which could affect the ability of depository institutions, including U.S. Bank National Association, to attract and retain depositors, and could affect the ability of financial services providers, including U.S. Bancorp, to borrow or raise capital;
- Increases in Federal Deposit Insurance Corporation ("FDIC") assessments due to bank failures;
- Actions taken by governmental agencies to stabilize the financial system and the effectiveness of such actions;
- Uncertainty regarding the content, timing and impact of changes to regulatory capital, liquidity and resolution-related requirements applicable to large banking organizations in response to adverse developments affecting the banking sector;

- Changes to statutes, regulations, or regulatory policies or practices, including capital and liquidity requirements, and the enforcement and interpretation of such laws and regulations, and U.S. Bancorp's ability to address or satisfy those requirements and other requirements or conditions imposed by regulatory entities;
- Changes in interest rates;
- Increases in unemployment rates;
- Deterioration in the credit quality of U.S. Bancorp's loan portfolios or in the value of the collateral securing those loans;
- Changes in commercial real estate occupancy rates;
- Risks related to originating and selling mortgages, including repurchase and indemnity demands, and related to U.S. Bancorp's role as a loan servicer;
- Impacts of current, pending or future litigation and governmental proceedings;
- Increased competition from both banks and non-banks;
- Effects of climate change and related physical and transition risks;
- Changes in customer behavior and preferences and the ability to implement technological changes to respond to customer needs and meet competitive demands;
- Breaches in data security;
- Failures or disruptions in or breaches of U.S. Bancorp's operational, technology or security systems or infrastructure, or those of third parties, including as a result of cybersecurity incidents;
- Failures to safeguard personal information;
- Impacts of pandemics, natural disasters, terrorist activities, civil unrest, international hostilities and geopolitical events;
- Impacts of supply chain disruptions, rising inflation, slower growth or a recession;
- Failure to execute on strategic or operational plans;
- Effects of mergers and acquisitions and related integration;
- Effects of critical accounting policies and judgments;
- Effects of changes in or interpretations of tax laws and regulations;
- Management's ability to effectively manage credit risk, market risk, operational risk, compliance risk, strategic risk, interest rate risk, liquidity risk and reputation risk; and
- The risks and uncertainties more fully discussed in the section entitled "Risk Factors" of U.S. Bancorp's Form 10-K for the year ended December 31, 2023, and subsequent filings with the Securities and Exchange Commission ("SEC").

In addition, U.S. Bancorp's acquisition of MUFG Union Bank, N.A. ("MUB") presents risks and uncertainties, including, among others, the risk that any revenue synergies and other anticipated benefits of the acquisition may not be realized or may take longer than anticipated to be realized.

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

**TABLE 1** Selected Financial Data

	Three Months Ended March 31		
	2024	2023	Percent Change
<i>(Dollars and Shares in Millions, Except Per Share Data)</i>			
<b>Condensed Income Statement</b>			
Net interest income	\$ 3,985	\$ 4,634	(14.0)%
Taxable-equivalent adjustment <sup>(a)</sup>	30	34	(11.8)
Net interest income (taxable-equivalent basis) <sup>(b)</sup>	4,015	4,668	(14.0)
Noninterest income	2,700	2,507	7.7
Total net revenue	6,715	7,175	(6.4)
Noninterest expense	4,459	4,555	(2.1)
Provision for credit losses	553	427	29.5
Income before taxes	1,703	2,193	(22.3)
Income taxes and taxable-equivalent adjustment	377	489	(22.9)
Net income	1,326	1,704	(22.2)
Net (income) loss attributable to noncontrolling interests	(7)	(6)	(16.7)
Net income attributable to U.S. Bancorp	\$ 1,319	\$ 1,698	(22.3)
Net income applicable to U.S. Bancorp common shareholders	\$ 1,209	\$ 1,592	(24.1)
<b>Per Common Share</b>			
Earnings per share	\$ .78	\$ 1.04	(25.0)
Diluted earnings per share	.78	1.04	(25.0)
Dividends declared per share	.49	.48	2.1
Book value per share <sup>(c)</sup>	31.26	30.12	3.8
Market value per share	44.70	36.05	24.0
Average common shares outstanding	1,559	1,532	1.8
Average diluted common shares outstanding	1,559	1,532	1.8
<b>Financial Ratios</b>			
Return on average assets	.81 %	1.03 %	
Return on average common equity	10.0	14.1	
Net interest margin (taxable-equivalent basis) <sup>(a)</sup>	2.70	3.10	
Efficiency ratio <sup>(b)</sup>	66.4	63.2	
Net charge-offs as a percent of average loans outstanding	.53	.39	
<b>Average Balances</b>			
Loans	\$ 371,070	\$ 386,750	(4.1)%
Loans held for sale	2,002	2,461	(18.7)
Investment securities <sup>(d)</sup>	161,236	166,125	(2.9)
Earning assets	596,135	607,614	(1.9)
Assets	653,909	665,447	(1.7)
Noninterest-bearing deposits	84,787	129,741	(34.6)
Deposits	503,061	510,324	(1.4)
Short-term borrowings	16,364	36,467	(55.1)
Long-term debt	52,713	41,024	28.5
Total U.S. Bancorp shareholders' equity	55,667	52,667	5.7
	March 31, 2024	December 31, 2023	
<b>Period End Balances</b>			
Loans	\$ 374,588	\$ 373,835	.2
Investment securities	155,374	153,751	1.1
Assets	683,606	663,491	3.0
Deposits	528,063	512,312	3.1
Long-term debt	52,693	51,480	2.4
Total U.S. Bancorp shareholders' equity	55,568	55,306	.5
<b>Asset Quality</b>			
Nonperforming assets	\$ 1,786	\$ 1,494	19.5
Allowance for credit losses	7,904	7,839	.8
Allowance for credit losses as a percentage of period-end loans	2.11 %	2.10 %	
<b>Capital Ratios</b>			
Common equity tier 1 capital	10.0 %	9.9 %	
Tier 1 capital	11.6	11.5	
Total risk-based capital	13.7	13.7	
Leverage	8.1	8.1	
Total leverage exposure	6.6	6.6	
Tangible common equity to tangible assets <sup>(b)</sup>	5.2	5.3	
Tangible common equity to risk-weighted assets <sup>(b)</sup>	7.8	7.7	
Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the current expected credit losses methodology <sup>(b)</sup>	9.9	9.7	

\* Not meaningful

(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 27.

(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.

# Management's Discussion and Analysis

## Overview

**Earnings Summary** U.S. Bancorp and its subsidiaries (the "Company") reported net income attributable to U.S. Bancorp of \$1.3 billion for the first quarter of 2024, or \$0.78 per diluted common share, compared with \$1.7 billion, or \$1.04 per diluted common share, for the first quarter of 2023. Return on average assets and return on average common equity were 0.81 percent and 10.0 percent, respectively, for the first quarter of 2024, compared with 1.03 percent and 14.1 percent, respectively, for the first quarter of 2023. The results for the first quarter of 2024 included the impact of \$265 million (\$199 million net-of-tax) of notable items, including \$155 million of merger and integration charges associated with the acquisition of MUFG Union Bank, N.A. ("MUB") and a \$110 million charge for the anticipated increase in the FDIC special assessment to recover losses to the Deposit Insurance Fund related to certain 2023 bank failures. Combined, these items decreased diluted earnings per common share by \$0.12. The results for the first quarter of 2023 included the impact of \$244 million (\$183 million net-of-tax) of merger and integration charges, which decreased diluted earnings per common share by \$0.12.

Total net revenue for the first quarter of 2024 was \$460 million (6.4 percent) lower than the first quarter of 2023, reflecting a 14.0 percent decrease in net interest income and a 7.7 percent increase in noninterest income. The decrease in net interest income from the first quarter of 2023 was primarily due to the impact of higher interest rates on deposit mix and pricing, partially offset by higher rates on earning assets. The increase in noninterest income was driven by higher fee revenue across most categories.

Noninterest expense in the first quarter of 2024 was \$96 million (2.1 percent) lower than the first quarter of 2023, primarily due to prudent expense management, continued focus on operational efficiency, and synergies from the MUB acquisition, partially offset by the impact of the FDIC special assessment charge and higher compensation and employee benefits expense to support business growth.

The provision for credit losses for the first quarter of 2024 of \$553 million was \$126 million (29.5 percent) higher than the first quarter of 2023, driven by normalization in the credit environment, partially offset by relative stability in the economic outlook. Net charge-offs in the first quarter of 2024 were \$488 million, compared with \$373 million in the first quarter of 2023. 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.

## Statement of Income Analysis

**Net Interest Income** Net interest income, on a taxable-equivalent basis, was \$4.0 billion in the first quarter of 2024, representing a decrease of \$653 million (14.0 percent) compared with the first quarter of 2023. The decrease was primarily due to the impact of higher interest rates on deposit

mix and pricing, partially offset by higher rates on earning assets. Average earning assets for the first quarter of 2024 were \$11.5 billion (1.9 percent) lower than the first quarter of 2023, reflecting decreases in loans and investment securities, partially offset by an increase in interest-bearing deposits with banks. The net interest margin, on a taxable-equivalent basis, in the first quarter of 2024 was 2.70 percent, compared with 3.10 percent in the first quarter of 2023. The decrease in net interest margin from the first quarter of 2023 was primarily due to the impact of deposit mix and pricing. Refer to the "Consolidated Daily Average Balance Sheet and Related Yields and Rates" table for further information on net interest income.

Average total loans in the first quarter of 2024 were \$15.7 billion (4.1 percent) lower than the first quarter of 2023. The decrease was primarily due to lower other retail loans, commercial loans and commercial real estate loans, partially offset by higher credit card loans. Average other retail loans decreased \$9.9 billion (18.5 percent), driven by lower auto loans primarily due to balance sheet repositioning and capital management actions taken in the second quarter of 2023. Average commercial loans decreased \$4.9 billion (3.6 percent) primarily due to decreased demand as corporate customers accessed the capital markets. Average commercial real estate loans decreased \$2.6 billion (4.6 percent) primarily due to payoffs exceeding a reduced level of new originations. Average credit cards loans increased \$2.4 billion (9.3 percent) primarily driven by higher spend volume and lower payment rates.

Average investment securities in the first quarter of 2024 were \$4.9 billion (2.9 percent) lower than the first quarter of 2023, primarily due to balance sheet repositioning and liquidity management.

Average total deposits for the first quarter of 2024 were \$7.3 billion (1.4 percent) lower than the first quarter of 2023. Average noninterest-bearing deposits for the first quarter of 2024 were \$45.0 billion (34.6 percent) lower than the first quarter of 2023, driven by decreases in Wealth, Corporate, Commercial and Institutional Banking, and Consumer and Business Banking balances. Average time deposits for the first quarter of 2024 were \$19.7 billion (55.5 percent) higher than the first quarter of 2023, mainly due to increases in Consumer and Business Banking balances, partially offset by decreases in Wealth, Corporate, Commercial and Institutional Banking 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. Average total savings deposits for the first quarter of 2024 were \$18.0 billion (5.2 percent) higher than the first quarter of 2023, driven by increases in Wealth, Corporate, Commercial and Institutional Banking, and Consumer and Business Banking balances.

**Provision for Credit Losses** The provision for credit losses was \$553 million in the first quarter of 2024, compared with \$427 million in the first quarter of 2023. The \$126 million (29.5

percent) increase was driven by normalization in the credit environment, partially offset by relative stability in the economic outlook. Net charge-offs increased \$115 million (30.8 percent) in the first quarter of 2024, compared with the first quarter of 2023, reflecting higher charge-offs in most loan categories consistent with normalizing credit conditions, partially offset by the impact of charge-offs in the first quarter of 2023 related to the uncollectible amount of acquired loans associated with the acquisition of MUB. 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.

**Noninterest Income** Noninterest income was \$2.7 billion in the first quarter of 2024, representing an increase of \$193

million (7.7 percent) compared with the first quarter of 2023. The increase from the prior year reflected higher commercial products revenue, trust and investment management fees, payment services revenue and mortgage banking revenue. Commercial products revenue increased \$54 million (16.2 percent) primarily due to higher corporate bond fees. Trust and investment management fees increased \$51 million (8.6 percent), driven by business growth and favorable market conditions. Payment services revenue increased \$41 million (4.4 percent) primarily due to higher card revenue driven by higher spend volume and favorable rates, along with higher merchant processing services revenue due to higher spend volume. Mortgage banking revenue increased \$38 million (29.7 percent) primarily driven by higher gain on sale margins.

**TABLE 2** Noninterest Income

(Dollars in Millions)	Three Months Ended March 31		
	2024	2023	Percent Change
Card revenue	\$ 392	\$ 360	8.9 %
Corporate payment products revenue	184	189	(2.6)
Merchant processing services	401	387	3.6
Trust and investment management fees	641	590	8.6
Service charges	315	324	(2.8)
Commercial products revenue	388	334	16.2
Mortgage banking revenue	166	128	29.7
Investment products fees	77	68	13.2
Securities gains (losses), net	2	(32)	*
Other	134	159	(15.7)
Total noninterest income	\$ 2,700	\$ 2,507	7.7 %

\* Not meaningful

**TABLE 3** Noninterest Expense

(Dollars in Millions)	Three Months Ended March 31		
	2024	2023	Percent Change
Compensation and employee benefits	\$ 2,691	\$ 2,646	1.7 %
Net occupancy and equipment	296	321	(7.8)
Professional services	110	134	(17.9)
Marketing and business development	136	122	11.5
Technology and communications	507	503	.8
Other intangibles	146	160	(8.8)
Other	418	425	(1.6)
Total before merger and integration charges	4,304	4,311	(.2)
Merger and integration charges	155	244	(36.5)
Total noninterest expense	\$ 4,459	\$ 4,555	(2.1)%
Efficiency ratio <sup>(a)</sup>	66.4 %	63.2 %	

a) See Non-GAAP Financial Measures beginning on page 27.

**Noninterest Expense** Noninterest expense was \$4.5 billion in the first quarter of 2024, representing a decrease of \$96 million (2.1 percent) from the first quarter of 2023. The decrease from the prior year reflected prudent expense management, continued focus on operational efficiency, synergies from the MUB acquisition and lower merger and integration charges, partially offset by the impact of the FDIC special assessment and higher compensation and employee benefits expense. Net occupancy and equipment expense decreased \$25 million (7.8 percent) and professional services expense decreased \$24 million (17.9 percent), primarily due to continued focus on prudent expense management and operational efficiency. Compensation and employee benefits expense increased \$45 million (1.7 percent) primarily due to merit increases, higher performance-based incentives and higher employee benefits.

**Income Tax Expense** The provision for income taxes was \$347 million (an effective rate of 20.7 percent) for the first quarter of 2024, compared with \$455 million (an effective rate of 21.1 percent) for the first quarter of 2023. For further information on income taxes, refer to Note 11 of the Notes to Consolidated Financial Statements.

## Balance Sheet Analysis

**Loans** The Company's loan portfolio was \$374.6 billion at March 31, 2024, compared with \$373.8 billion at December 31, 2023, an increase of \$753 million (0.2 percent). The increase was driven by higher commercial loans and residential mortgages, partially offset by lower other retail loans, commercial real estate loans and credit card loans.

Commercial loans increased \$2.8 billion (2.2 percent) at March 31, 2024, compared with December 31, 2023, primarily due to growth in corporate banking.

Residential mortgages held in the loan portfolio increased \$549 million (0.5 percent) at March 31, 2024, compared with December 31, 2023, driven by originations. Residential mortgages originated and placed in the Company's loan portfolio include jumbo mortgages and branch-originated first lien home equity loans to borrowers with high credit quality.

Other retail loans decreased \$1.1 billion (2.6 percent) at March 31, 2024, compared with December 31, 2023, primarily due to a decrease in auto loans.

Commercial real estate loans decreased \$778 million (1.5 percent) at March 31, 2024, compared with December 31, 2023, primarily due to payoffs exceeding a reduced level of new originations.

Credit card loans decreased \$716 million (2.5 percent) at March 31, 2024, compared with December 31, 2023, primarily the result of customers seasonally paying down balances.

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 \$2.1 billion at March 31, 2024, compared with \$2.2 billion at December 31, 2023. The decrease in loans held for sale was principally due to a lower level of mortgage loan closings in the first quarter of 2024, compared with the fourth quarter of 2023. 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").

**Investment Securities** Investment securities totaled \$155.4 billion at March 31, 2024, compared with \$153.8 billion at December 31, 2023. The \$1.6 billion (1.1 percent) increase was primarily due to \$2.1 billion of net investment purchases, partially offset by a \$173 million unfavorable change in net unrealized gains (losses) on available-for-sale investment securities.

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 March 31, 2024, the Company's net unrealized losses on available-for-sale investment securities were \$7.1 billion (\$5.3 billion net-of-tax), compared with \$6.9 billion (\$5.2 billion net-of-tax) at December 31, 2023. The unfavorable change in net unrealized gains (losses) was primarily due to decreases in the fair value of mortgage-backed and state and political subdivisions securities as a result of changes in interest rates. Gross unrealized losses on available-for-sale investment securities totaled \$7.2 billion at March 31, 2024, compared with \$7.1 billion at December 31, 2023. 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 March 31, 2024, the Company had no plans to sell securities with unrealized losses, and believed 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 3 and 14 in the Notes to Consolidated Financial Statements for further information on investment securities.



**TABLE 4** Investment Securities

(Dollars in Millions)	March 31, 2024				December 31, 2023			
	Amortized Cost	Fair Value	Weighted-Average Maturity in Years	Weighted-Average Yield <sup>(e)</sup>	Amortized Cost	Fair Value	Weighted-Average Maturity in Years	Weighted-Average Yield <sup>(e)</sup>
<b>Held-to-Maturity</b>								
U.S. Treasury and agencies	\$ 1,345	\$ 1,303	2.0	2.85 %	\$ 1,345	\$ 1,310	2.3	2.85 %
Mortgage-backed securities <sup>(a)</sup>	81,502	69,745	8.9	2.21	82,692	72,770	8.8	2.21
Other	101	101	2.8	2.79	8	8	2.8	2.56
Total held-to-maturity	\$ 82,948	\$ 71,149	8.8	2.22 %	\$ 84,045	\$ 74,088	8.7	2.22 %
<b>Available-for-Sale</b>								
U.S. Treasury and agencies	\$ 23,722	\$ 21,518	5.5	2.60 %	\$ 21,768	\$ 19,542	5.9	2.19 %
Mortgage-backed securities <sup>(a)</sup>	38,501	34,777	6.5	3.33	36,895	33,427	6.3	3.09
Asset-backed securities <sup>(a)</sup>	6,218	6,204	2.4	5.31	6,713	6,724	2.2	5.33
Obligations of state and political subdivisions <sup>(b)(c)</sup>	10,826	9,787	11.2	3.75	10,867	9,989	9.9	3.75
Other	140	140	2.4	4.92	24	24	1.7	4.51
Total available-for-sale <sup>(d)</sup>	\$ 79,407	\$ 72,426	6.5	3.33 %	\$ 76,267	\$ 69,706	6.3	3.12 %

(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) Amortized cost excludes portfolio level basis adjustments of \$88 million at March 31, 2024 and \$335 million at December 31, 2023.

(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.

**Deposits** Total deposits were \$528.1 billion at March 31, 2024, compared with \$512.3 billion at December 31, 2023. The \$15.8 billion (3.1 percent) increase in total deposits reflected increases in total savings deposits, time deposits and noninterest-bearing deposits. Money market deposit balances increased \$11.6 billion (5.8 percent), primarily due to higher Consumer and Business Banking, and Wealth, Corporate, Commercial and Institutional Banking balances. Interest checking balances increased \$1.7 billion (1.3 percent), primarily due to higher Wealth, Corporate, Commercial and Institutional Banking balances. Savings account balances decreased \$2.5 billion (5.9 percent), driven by lower Consumer and Business Banking balances. Time deposits increased \$3.8 billion (7.3 percent) at March 31, 2024, compared with December 31, 2023, driven by higher Consumer and Business Banking 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. Noninterest-bearing deposits increased \$1.2 billion (1.4 percent) at March 31, 2024, compared with December 31, 2023, primarily due to the impacts of seasonally higher trust and corporate deposit inflows and delays in planned institutional deposit outflows at the end of the first quarter of 2024, resulting in temporarily higher balances.

**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 \$17.1 billion at March 31,

2024, compared with \$15.3 billion at December 31, 2023. The \$1.8 billion (11.9 percent) increase in short-term borrowings was primarily due to an increase in repurchase agreement balances. Long-term debt was \$52.7 billion at March 31, 2024, compared with \$51.5 billion at December 31, 2023. The \$1.2 billion (2.4 percent) increase was primarily due to \$3.5 billion of medium-term note issuances, partially offset by \$2.1 billion of medium-term note repayments. Refer to 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. 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 investment securities, mortgage loans held for sale ("MLHFS"), mortgage servicing rights ("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" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, 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, geopolitical events, 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. 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 factors), collateral values, trends in loan performance and macroeconomic factors, such as changes in unemployment rates, gross domestic product levels, inflation, interest rates and consumer bankruptcy filings. 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 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. Refer to Note 4 in the Notes to Consolidated Financial Statements for further discussion of the Company's loan portfolios including internal credit quality ratings. In addition, refer to "Management's Discussion and Analysis — Credit Risk Management" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, for a more detailed discussion on credit risk management processes.

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. 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. 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 and home equity loans and lines. 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, household debt levels, real disposable income and other macroeconomic factors, customer payment history and credit scores, effect of higher interest rates on variable rate or

adjustable rate loans, and in some cases, updated loan-to-value ("LTV") information reflecting current market conditions on secured loans. These and other risk characteristics 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.

The Company's consumer lending segment utilizes several distinct business processes and channels to originate consumer credit, including traditional branch lending, mobile and online 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 online 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 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 March 31, 2024:

Residential Mortgages (Dollars in Millions)	Interest Only	Amortizing	Total	Percent of Total
<b>Loan-to-Value</b>				
Less than or equal to 80%	\$ 13,777	\$ 85,892	\$ 99,669	85.9 %
Over 80% through 90%	377	7,357	7,734	6.7
Over 90% through 100%	42	1,418	1,460	1.2
Over 100%	10	548	558	.5
No LTV available	1	8	9	—
Loans purchased from				
GNMA mortgage pools <sup>(a)</sup>	—	6,649	6,649	5.7
<b>Total</b>	<b>\$ 14,207</b>	<b>\$ 101,872</b>	<b>\$ 116,079</b>	<b>100.0 %</b>

(a) Represents loans purchased and loans that could be purchased from Government National Mortgage Association ("GNMA") mortgage pools under delinquent loan repurchase options whose payments are primarily insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs.

Home Equity and Second Mortgages (Dollars in Millions)	Lines	Loans	Total	Percent of Total
<b>Loan-to-Value / Combined Loan-to-Value</b>				
Less than or equal to 80%	\$ 10,043	\$ 1,920	\$ 11,963	92.5 %
Over 80% through 90%	623	142	765	5.9
Over 90% through 100%	107	21	128	1.0
Over 100%	41	7	48	.4
No LTV/CLTV available	27	1	28	.2
<b>Total</b>	<b>\$ 10,841</b>	<b>\$ 2,091</b>	<b>\$ 12,932</b>	<b>100.0 %</b>

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.

The following table provides a summary of the Company's credit card loan balances disaggregated based upon updated credit score at March 31, 2024:

	Percent of Total <sup>(a)</sup>
Credit score > 660	85 %
Credit score < 660	15
No credit score	—

(a) Credit score distribution excludes loans serviced by others.

**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. Delinquent loans purchased and loans that could be purchased from GNMA mortgage pools under delinquent loan repurchase options, 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.

Accruing loans 90 days or more past due totaled \$714 million at March 31, 2024, compared with \$698 million at December 31, 2023. 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 0.19 percent at March 31, 2024 and December 31, 2023.

**TABLE 5** Delinquent Loan Ratios as a Percent of Ending Loan Balances

90 days or more past due	March 31, 2024	December 31, 2023
<b>Commercial</b>		
Commercial		
Lease financing	.08 %	.09 %
Total commercial	.08	.09
<b>Commercial Real Estate</b>		
Commercial mortgages	—	—
Construction and development	.02	.03
Total commercial real estate	—	.01
<b>Residential Mortgages<sup>(a)</sup></b>	.12	.12
<b>Credit Card</b>	1.42	1.31
<b>Other Retail</b>		
Retail leasing	.05	.05
Home equity and second mortgages	.27	.26
Other	.11	.11
Total other retail	.15	.15
<b>Total loans</b>	<b>.19 %</b>	<b>.19 %</b>
<b>90 days or more past due and nonperforming loans</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Commercial	.49 %	.37 %
Commercial real estate	1.71	1.46
Residential mortgages <sup>(a)</sup>	.26	.25
Credit card	1.42	1.31
Other retail	.47	.46
<b>Total loans</b>	<b>.66 %</b>	<b>.57 %</b>

(a) Delinquent loan ratios exclude \$1.8 billion at March 31, 2024, and \$2.0 billion at December 31, 2023, of loans purchased and loans that could be purchased from GNMA mortgage pools under delinquent loan repurchase options 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 and nonperforming to total residential mortgages was 1.85 percent at March 31, 2024, and 2.00 percent at December 31, 2023.

The following table provides summary delinquency information for residential mortgages, credit card and other retail loans included in the consumer lending segment:

(Dollars in Millions)	Amount		As a Percent of Ending Loan Balances	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
<b>Residential Mortgages<sup>(a)</sup></b>				
30-89 days	\$ 143	\$ 169	.12 %	.15 %
90 days or more	145	136	.12	.12
Nonperforming	155	158	.13	.14
Total	\$ 443	\$ 463	.38	.40
<b>Credit Card</b>				
30-89 days	\$ 390	\$ 406	1.40	1.42
90 days or more	396	375	1.42	1.31
Nonperforming	—	—	—	—
Total	\$ 786	\$ 781	2.82	2.73
<b>Other Retail</b>				
<b>Retail Leasing</b>				
30-89 days	\$ 21	\$ 25	.51	.60
90 days or more	2	2	.05	.05
Nonperforming	8	8	.19	.19
Total	\$ 31	\$ 35	.75	.85
<b>Home Equity and Second Mortgages</b>				
30-89 days	\$ 71	\$ 77	.55	.59
90 days or more	35	34	.27	.26
Nonperforming	112	113	.87	.87
Total	\$ 218	\$ 224	1.69	1.72
<b>Other<sup>(b)</sup></b>				
30-89 days	\$ 144	\$ 176	.55	.65
90 days or more	29	31	.11	.11
Nonperforming	17	17	.06	.06
Total	\$ 190	\$ 224	.73	.82

(a) Excludes \$491 million of loans 30-89 days past due and \$1.8 billion of loans 90 days or more past due at March 31, 2024, purchased and that could be purchased from GNMA mortgage pools under delinquent loan repurchase options that continue to accrue interest, compared with \$595 million and \$2.0 billion at December 31, 2023, respectively.

(b) Includes revolving credit, installment and automobile loans.

**Modified 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.

Modified loans 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.

The Company continues to work with customers to modify loans for borrowers who are experiencing financial difficulties. Many of the Company's loan modifications 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 modifications 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 modification programs. 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. These modifications 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 modification 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.

Credit card and other retail loan modifications are generally part of distinct modification programs providing customers modification solutions over a specified time period, generally up to 60 months.

The Company also makes short-term modifications, 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.

**Nonperforming Assets** The level of nonperforming assets represents another indicator of the potential for future credit losses. Nonperforming assets include nonaccrual loans, modified loans not performing in accordance with modified terms and not accruing interest, modified 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 March 31, 2024, total nonperforming assets were \$1.8 billion, compared to \$1.5 billion at December 31, 2023. The \$292 million (19.5 percent) increase in nonperforming assets was primarily due to higher nonperforming commercial and commercial real estate loans, including the commercial real estate office sector. Office nonperforming loans as a percent of total office loans increased to 10.0 percent at March 31, 2024, compared to 7.6 percent at December 31, 2023. The ratio of total nonperforming assets to total loans and other real estate was 0.48 percent at March 31, 2024, compared with 0.40 percent at December 31, 2023.

OREO was \$25 million at March 31, 2024, compared with \$26 million at December 31, 2023, 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 6** Nonperforming Assets<sup>(a)</sup>

(Dollars in Millions)	March 31, 2024	December 31, 2023
<b>Commercial</b>		
Commercial	\$ 522	\$ 349
Lease financing	27	27
Total commercial	549	376
<b>Commercial Real Estate</b>		
Commercial mortgages	755	675
Construction and development	145	102
Total commercial real estate	900	777
<b>Residential Mortgages<sup>(b)</sup></b>	155	158
<b>Credit Card</b>	—	—
<b>Other Retail</b>		
Retail leasing	8	8
Home equity and second mortgages	112	113
Other	17	17
Total other retail	137	138
Total nonperforming loans <sup>(1)</sup>	1,741	1,449
<b>Other Real Estate<sup>(c)</sup></b>	25	26
<b>Other Assets</b>	20	19
Total nonperforming assets	\$ 1,786	\$ 1,494
Accruing loans 90 days or more past due <sup>(b)</sup>	\$ 714	\$ 698
Period-end loans <sup>(2)</sup>	\$ 374,588	\$ 373,835
Nonperforming loans to total loans <sup>(1)/(2)</sup>	.46 %	.39 %
Nonperforming assets to total loans plus other real estate <sup>(c)</sup>	.48 %	.40 %

**Changes in Nonperforming Assets**

(Dollars in Millions)	Commercial and Commercial Real Estate	Residential Mortgages, Credit Card and Other Retail	Total
<b>Balance December 31, 2023</b>	\$ 1,155	\$ 339	\$ 1,494
<b>Additions to nonperforming assets</b>			
New nonaccrual loans and foreclosed properties	528	50	578
Advances on loans	6	—	6
Total additions	534	50	584
<b>Reductions in nonperforming assets</b>			
Paydowns, payoffs	(73)	(16)	(89)
Net sales	—	(8)	(8)
Return to performing status	(66)	(25)	(91)
Charge-offs <sup>(d)</sup>	(100)	(4)	(104)
Total reductions	(239)	(53)	(292)
Net additions to (reductions in) nonperforming assets	295	(3)	292
<b>Balance March 31, 2024</b>	\$ 1,450	\$ 336	\$ 1,786

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

(b) Excludes \$1.8 billion at March 31, 2024, and \$2.0 billion at December 31, 2023, of loans purchased and loans that could be purchased from GNMA mortgage pools under delinquent loan repurchase options 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 \$43 million at March 31, 2024, and \$47 million at December 31, 2023, 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 7** Net Charge-offs as a Percent of Average Loans Outstanding

(Dollars in Millions)	Three Months Ended March 31					
	2024			2023		
	Average Loan Balance	Net Charge-offs	Percent	Average Loan Balance	Net Charge-offs	Percent
<b>Commercial</b>						
Commercial	\$ 126,602	\$ 109	.35 %	\$ 131,227	\$ 42	.13 %
Lease financing	4,165	7	.68	4,456	5	.46
Total commercial	130,767	116	.36	135,683	47	.14
<b>Commercial Real Estate</b>						
Commercial mortgages	41,545	15	.15	43,627	115	1.07
Construction and development	11,492	6	.21	11,968	2	.07
Total commercial real estate	53,037	21	.16	55,595	117	.85
<b>Residential Mortgages</b>	115,639	—	—	116,287	(1)	—
<b>Credit Card</b>	27,942	296	4.30	25,569	175	2.78
<b>Other Retail</b>						
Retail leasing	4,082	5	.49	5,241	1	.08
Home equity and second mortgages	12,983	—	—	12,774	(1)	(.03)
Other	26,620	50	.76	35,601	35	.40
Total other retail	43,685	55	.51	53,616	35	.26
<b>Total loans</b>	<b>\$ 371,070</b>	<b>\$ 488</b>	<b>.53 %</b>	<b>\$ 386,750</b>	<b>\$ 373</b>	<b>.39 %</b>

**Analysis of Loan Net Charge-offs** Total loan net charge-offs were \$488 million for the first quarter of 2024, compared with \$373 million for the first quarter of 2023. The \$115 million (30.8 percent) increase reflected higher charge-offs in most loan categories consistent with normalizing credit conditions, partially offset by the impact of charge-offs in the first quarter of 2023 related to the uncollectible amount of acquired loans associated with the acquisition of MUB. The ratio of total loan net charge-offs to average loans outstanding on an annualized basis for the first quarter of 2024 was 0.53 percent, compared with 0.39 percent for the first quarter of 2023.

**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 economic forecast uncertainty. 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, changes in borrower behavior or conditions in specific lending segments, 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, inflation, interest rates, 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, including those loans modified under various loan modification programs, 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 at fair value less selling costs. 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.

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, based on either servicing data for first lien accounts serviced by the Company or the status of first lien mortgage accounts reported on customer credit bureau files when the first lien is not serviced by the Company. This information is considered within the overall assessment of economic conditions, problem loans, recent loss experience and other factors in determining the allowance for credit losses.

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 PCD. An allowance is established for each population and considers product mix, risk characteristics of the portfolio and delinquency status and refreshed LTV ratios when possible. PCD loans also consider whether the loan has experienced a charge-off, bankruptcy or significant deterioration since origination. 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 had a total net book balance of \$3.0 billion of PCD loans, primarily related to the MUB acquisition, included in its loan portfolio at March 31, 2024.

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.

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 March 31, 2024, the allowance for credit losses was \$7.9 billion, compared with an allowance of \$7.8 billion at December 31, 2023. The \$65 million (0.8 percent) increase in the allowance for credit losses at March 31, 2024, compared with December 31, 2023, was primarily driven by credit migration in consumer and small business cards. The Company continued to monitor economic uncertainty related to high interest rates, persistent inflationary pressures and other economic factors that affect the financial strength of corporate and consumer borrowers. Commercial real estate valuations were also affected by rising interest rates and the changing demand for office properties. The Company has monitored the commercial real estate office portfolio and established an allowance to loan coverage ratio of approximately 10 percent at March 31, 2024 and December 31, 2023. In addition to these broad economic factors, expected loss estimates considered various factors including customer specific information impacting changes in risk ratings, projected delinquencies and the impact of economic deterioration on selected borrowers' liquidity and ability to repay.

The ratio of the allowance for credit losses to period-end loans was 2.11 percent at March 31, 2024, compared with 2.10 percent at December 31, 2023. The ratio of the allowance for credit losses to nonperforming loans was 454 percent at March 31, 2024, compared with 541 percent at December 31, 2023. The ratio of the allowance for credit losses to annualized loan net charge-offs was 403 percent at March 31, 2024, compared with 411 percent of full year 2023 net charge-offs at December 31, 2023.

Economic conditions considered in estimating the allowance for credit losses at March 31, 2024 included changes in projected gross domestic product and unemployment levels. These factors were evaluated through a combination of quantitative calculations using multiple economic scenarios and additional qualitative assessments that considered the degree of economic uncertainty in the current environment. The projected unemployment rates for 2024 considered in the estimate range from 3.1 percent to 7.7 percent.

The following table summarizes the baseline forecast for key economic variables the Company used in its estimate of the allowance for credit losses at March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
United States unemployment rate for the three months ending <sup>(a)</sup>		
March 31, 2024	3.8 %	3.9 %
December 31, 2024	4.0	4.0
United States real gross domestic product for the three months ending <sup>(b)</sup>		
March 31, 2024	2.9 %	2.2 %
December 31, 2024	1.5	1.3

(a) Reflects quarterly average of forecasted reported United States unemployment rate.

(b) Reflects year-over-year growth rates.

The allowance for credit losses related to commercial lending segment loans increased \$49 million during the first quarter of 2024, reflecting credit downgrades in commercial and commercial real estate portfolios.

The allowance for credit losses related to consumer lending segment loans increased \$16 million during the first quarter of 2024, due to credit migration in credit card portfolios, partially offset by reduced portfolio exposures.

**TABLE 8** Summary of Allowance for Credit Losses

(Dollars in Millions)	Three Months Ended March 31	
	2024	2023
Balance at beginning of period	\$ 7,839	\$ 7,404
Change in accounting principle <sup>(a)</sup>	—	(62)
Allowance for acquired credit losses <sup>(b)</sup>	—	127
<b>Charge-Offs</b>		
Commercial		
Commercial	129	56
Lease financing	10	7
Total commercial	139	63
Commercial real estate		
Commercial mortgages	28	121
Construction and development	6	2
Total commercial real estate	34	123
Residential mortgages	4	4
Credit card	337	215
Other retail		
Retail leasing	8	5
Home equity and second mortgages	4	2
Other	69	57
Total other retail	81	64
Total charge-offs <sup>(c)</sup>	595	469
<b>Recoveries</b>		
Commercial		
Commercial	20	14
Lease financing	3	2
Total commercial	23	16
Commercial real estate		
Commercial mortgages	13	6
Construction and development	—	—
Total commercial real estate	13	6
Residential mortgages	4	5
Credit card	41	40
Other retail		
Retail leasing	3	4
Home equity and second mortgages	4	3
Other	19	22
Total other retail	26	29
Total recoveries	107	96
<b>Net Charge-Offs</b>		
Commercial		
Commercial	109	42
Lease financing	7	5
Total commercial	116	47
Commercial real estate		
Commercial mortgages	15	115
Construction and development	6	2
Total commercial real estate	21	117
Residential mortgages	—	(1)
Credit card	296	175
Other retail		
Retail leasing	5	1
Home equity and second mortgages	—	(1)
Other	50	35
Total other retail	55	35
Total net charge-offs	488	373
Provision for credit losses	553	427
Balance at end of period	\$ 7,904	\$ 7,523
<b>Components</b>		
Allowance for loan losses	\$ 7,514	\$ 7,020
Liability for unfunded credit commitments	390	503
Total allowance for credit losses <sup>(1)</sup>	\$ 7,904	\$ 7,523
Period-end loans <sup>(2)</sup>	\$ 374,588	\$ 387,866
Nonperforming loans <sup>(3)</sup>	1,741	1,139
<b>Allowance for Credit Losses as a Percentage of</b>		
Period-end loans <sup>(1)(2)</sup>	2.11 %	1.94 %
Nonperforming loans <sup>(1)(3)</sup>	454	660
Nonperforming and accruing loans 90 days or more past due	322	461

Nonperforming assets	443	637
Annualized net charge-offs	403	497

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- (a) Effective January 1, 2023, the Company adopted accounting guidance which removed the separate recognition and measurement of troubled debt restructurings.
- (b) Allowance for purchased credit deteriorated and charged-off loans acquired from MUB.
- (c) Includes \$91 million of charge-offs in the first quarter of 2023 related to uncollectible amounts on acquired loans.

**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 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. As of March 31, 2024, no significant change in the amount of residual values or concentration of the portfolios had occurred since December 31, 2023. Refer to "Management's Discussion and Analysis — Residual Value Risk Management" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, for further discussion on residual value risk management.

**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 economic and financial disruptions.

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. The Company also maintains a cybersecurity risk program which provides centralized planning and management of related and interdependent work with a focus on risks from cybersecurity threats. The Company's cybersecurity risk program is integrated into the Company's overall business and operational strategies and requires that the Company allocate appropriate resources to maintain the program. Refer to "Management's Discussion and Analysis — Operational Risk Management" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, for further discussion on operational risk management.

**Compliance Risk Management** The Company may suffer legal or regulatory sanctions, material financial loss, or damage to its reputation if it fails 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 economic and financial disruptions. Refer to "Management's Discussion and Analysis — Compliance Risk Management" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, for further discussion on compliance risk management.

**Interest Rate Risk Management** In the banking industry, changes in interest rates are a significant risk that can impact earnings as well as 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 overseeing compliance with the ALCO management policies, including interest rate risk exposure. One way the Company measures and analyzes its interest rate risk is through analysis of net interest income sensitivities across a range of scenarios.

Net interest income sensitivity analysis includes evaluating all of the Company's assets and liabilities and off-balance sheet instruments, inclusive of new business activity under various interest rate scenarios that differ in the direction, amount and speed of change over time, as well as the overall shape of the yield curve. The balance sheet includes assumptions regarding loan and deposit volumes and pricing which are based on quantitative analysis, historical trends and management outlook and strategies. Deposit balances, mix and pricing are dynamic across interest rate scenarios and will change both with the absolute level of rates as well as the assumed interest rate shock. Deposit pricing changes, commonly referred to as the deposit beta, represents the amount by which the Company's interest-bearing deposit rates have or will change given a change in short-term market rates. Base case and net interest income sensitivities are reviewed monthly by the ALCO and are used to guide asset/liability management strategies.

The Company also manages interest rate sensitivity by utilizing market value of equity modeling, which measures the degree to which the market values of the Company's assets and liabilities and off-balance sheet instruments will change given a change in interest rates. Management measures the impact of changes in market values due to interest rates under a number of scenarios, including immediate and sustained parallel shifts, and flattening or steepening of the yield curve. The Company manages its interest rate risk position by holding assets with desired interest rate risk characteristics on its balance sheet, executing certain pricing strategies for loans and deposits and deploying investment portfolio, funding and derivative strategies.

Table 9 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. From December 31, 2023 to March 31, 2024, interest rate sensitivity to higher rates decreased, primarily due to changes in deposit composition and rates paid on deposits as a result of the elevated interest rate environment throughout the first quarter of 2024. As of March 31, 2024, the Company is relatively neutral to further parallel upward moves in interest rates while the sensitivity to lower rates has improved driven by the projected repricing of the deposit portfolio in declining rate scenarios. While the Company utilizes models and assumptions based on historical information and expected behaviors, actual outcomes could vary significantly.

TABLE 9

## Sensitivity of Net Interest Income

	March 31, 2024				December 31, 2023			
	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	.32 %	.21 %	1.03 %	(.33)%	(.19)%	.71 %	(.15)%	.91 %

**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 loans and 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, foreign exchange and commodity 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. Refer to Note 6 of the Notes to Consolidated Financial Statements for additional information regarding MSRs, including management of the changes in fair value.

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. 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. 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. The Company also mitigates the credit risk of its derivative positions, as well as the credit risk on loans or lending portfolios, through the use of credit contracts.

For additional information on derivatives and hedging activities, refer to Notes 12 and 13 in the Notes to Consolidated Financial Statements.

**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, commodities 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:

Three Months Ended March 31 (Dollars in Millions)		
	2024	2023
Average	\$ 3	\$ 5
High	4	6
Low	2	4
Period-end	3	5

The Company did not experience any actual losses for its combined Covered Positions that exceeded VaR during the three months ended March 31, 2024 and 2023. 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:

Three Months Ended March 31 (Dollars in Millions)		
	2024	2023
Average	\$ 9	\$ 12
High	12	16
Low	7	10
Period-end	10	14

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:

Three Months Ended March 31 (Dollars in Millions)		
	2024	2023
<b>Residential Mortgage Loans Held For Sale and Related Hedges</b>		
Average	\$ 1	\$ 1
High	2	1
Low	1	—
<b>Mortgage Servicing Rights and Related Hedges</b>		
Average	\$ 3	\$ 8
High	3	12
Low	2	4

**Liquidity Risk Management** The Company's liquidity risk management process is designed to identify, measure, and manage the Company's funding and liquidity risk to meet its daily funding needs and to address expected and unexpected changes in its funding requirements. The Company engages in various activities to manage its liquidity risk. These activities include diversifying its funding sources, stress testing, and holding readily-marketable assets which can be used as a source of liquidity if needed. In addition, the Company's profitable operations, sound credit quality and strong credit ratings and 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 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 Federal Home Loan Bank ("FHLB") and at the Federal Reserve Bank's Discount Window. Unencumbered liquid



assets in the Company's investment securities portfolio provide asset liquidity through the Company's ability to sell the securities or pledge and borrow against them. Refer to Note 3 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.

The following table summarizes the Company's total available liquidity from on-balance sheet and off-balance sheet funding sources:

(Dollars in Millions)	March 31, 2024	December 31, 2023
Cash held at the Federal Reserve		
Bank and other central banks	\$ 68,945	\$ 52,403
Available investment securities	52,359	34,220
Borrowing capacity from the Federal Reserve Bank and FHLB	177,811	215,763
<b>Total available liquidity</b>	<b>\$ 299,115</b>	<b>\$ 302,386</b>

Borrowing capacity from the Federal Reserve Bank and FHLB declined from December 31, 2023 to March 31, 2024 primarily due to the expiration of the Federal Reserve Bank's Bank Term Funding Program ("BTFP"). This decline was partially offset by an increase in available investment securities as a portion of the securities previously pledged through the BTFP were made available for sale or pledging. Cash increased from December 31, 2023 primarily driven by customer deposit inflows.

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 \$528.1 billion at March 31, 2024, compared with \$512.3 billion at December 31, 2023. Average first quarter 2024 noninterest-bearing deposit balances reflected decreases of 34.6 percent and 6.4 percent compared with the first quarter of 2023 and fourth quarter of 2023, respectively. These decreases reflected the continuing shift of noninterest-bearing balances into interest-bearing deposit products resulting from the higher interest rate environment. Average total deposits for both the first quarter of 2024 and 2023 funded approximately 77 percent of the Company's total assets of these same periods, respectively. Refer to "Balance Sheet Analysis" for further information on the Company's deposits.

Additional funding is provided by long-term debt and short-term borrowings. Long-term debt was \$52.7 billion at March 31, 2024, and is an important funding source because of its multi-year borrowing structure. Short-term borrowings were \$17.1 billion at March 31, 2024, and supplement the Company's other funding sources. Refer to "Balance Sheet Analysis" for further information on the Company's long-term debt and short-term borrowings.

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 in excess of required liquidity minimums.

At March 31, 2024, parent company long-term debt outstanding was \$35.7 billion, compared with \$34.3 billion at December 31, 2023. The increase was primarily due to \$3.5 billion of medium-term note issuances, partially offset by \$2.1 billion of medium-term note repayments. As of March 31, 2024, there was \$3.6 billion of parent company debt scheduled to mature in the remainder of 2024. 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.

The Company is subject to a regulatory Liquidity Coverage Ratio ("LCR") requirement which requires large banking organizations to maintain an adequate level of unencumbered high quality liquid assets to meet estimated liquidity needs over a 30-day stressed period. For the three months ended March 31, 2024 and December 31, 2023, the Company's average daily LCR was 109.4 percent and 109.2 percent, respectively. The Company was compliant with this requirement for both of these periods.

The Company is also subject to a regulatory Net Stable Funding Ratio ("NSFR") requirement which requires large banking organizations 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. The Company was compliant with this requirement at March 31, 2024 and December 31, 2023.

Refer to "Management's Discussion and Analysis — Liquidity Risk Management" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, for further discussion on liquidity risk management.

**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 the three months ended March 31, 2024. 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 March 31, 2024, the

Company had an aggregate amount on deposit with European banks of approximately \$6.8 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, including the impacts resulting from the Russia-Ukraine conflict, 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 consolidated entities, under which the Company has an obligation to pay certain amounts, provide credit or liquidity enhancements or provide market risk support. These arrangements include commitments to extend credit, letters of credit and various forms of guarantees. Refer to Note 15 of the Notes to Consolidated Financial Statements for further information on guarantees and contingent liabilities. 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. Refer to Note 5 of the Notes to Consolidated Financial Statements for further information related to the Company's interests in variable interest entities.

**Capital Management** The Company is committed to managing capital to maintain strong protection for depositors and creditors and for maximum shareholder benefit. 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 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. Beginning in 2022, the Company began to phase into its regulatory capital requirements related to the impairment of financial instruments based on the current expected credit losses ("CECL") methodology plus 25 percent of its quarterly credit reserve increases during 2020 and 2021. This cumulative deferred impact will continue to be phased into the Company's regulatory capital during 2024, culminating with a fully phased in regulatory capital calculation beginning in 2025. Table 10 provides a summary of statutory regulatory capital ratios in effect for the Company at March 31, 2024 and December 31, 2023. All regulatory ratios exceeded regulatory "well-capitalized" requirements.

In July 2023, the U.S. federal bank regulatory authorities proposed a rule implementing the Basel Committee's finalization of the post-crisis regulatory capital reforms. The proposal provides for a July 1, 2025 effective date, subject to a three-year transition period. The proposal includes the Fundamental Review of the Trading Book, which replaces the market risk rule, and introduces new standardized approaches for credit risk, operational risk and credit valuation adjustment (CVA) risk, which would replace the current models-based approaches. The Company is currently evaluating the impact of the proposed rule and expects that any final rule would result in the Company being required to maintain increased levels of regulatory capital.

The Company believes certain other capital ratios are useful in evaluating its capital adequacy. 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 5.2 percent and 7.8 percent, respectively, at March 31, 2024, compared with 5.3 percent and 7.7 percent, respectively, at December 31, 2023. In addition, the Company's common equity tier 1 capital to risk-weighted assets ratio, reflecting the full implementation of the CECL methodology was 9.9 percent at March 31, 2024, compared with 9.7 percent at December 31, 2023. Refer to "Non-GAAP Financial Measures" beginning on page 27 for further information on these other capital ratios.

**TABLE 10** Regulatory Capital Ratios

(Dollars in Millions)	March 31, 2024	December 31, 2023
Basel III standardized approach:		
Common equity tier 1 capital	\$ 45,239	\$ 44,947
Tier 1 capital	52,491	52,199
Total risk-based capital	62,203	61,921
Risk-weighted assets	452,831	453,390
Common equity tier 1 capital as a percent of risk-weighted assets <sup>(a)</sup>	10.0 %	9.9 %
Tier 1 capital as a percent of risk-weighted assets	11.6	11.5
Total risk-based capital as a percent of risk-weighted assets	13.7	13.7
Tier 1 capital as a percent of adjusted quarterly average assets (leverage ratio)	8.1	8.1
Tier 1 capital as a percent of total on- and off-balance sheet leverage exposure (total leverage exposure ratio)	6.6	6.6

(a) The Company's common equity tier 1 capital to risk-weighted assets ratio, reflecting the full implementation of the CECL methodology, was 9.9 percent at March 31, 2024, compared with 9.7 percent at December 31, 2023. See Non-GAAP Financial Measures beginning on page 27.

Total U.S. Bancorp shareholders' equity was \$55.6 billion at March 31, 2024, compared with \$55.3 billion at December 31, 2023. The increase was primarily the result of corporate earnings, partially offset by dividends paid and changes in unrealized gains and losses on available-for-sale investment securities included in other comprehensive income (loss).

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. 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 acquisition of MUB. The Company will evaluate its share repurchases in connection with the potential capital requirements given proposed regulatory capital rules and related landscape. Capital distributions, including dividends and stock repurchases, are subject to the approval of the Company's Board of Directors and compliance with regulatory requirements.

The following table provides a detailed analysis of all shares of common stock of the Company purchased by the Company or any affiliated purchaser during the first quarter of 2024:

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)
January	99,347 <sup>(a)</sup>	\$ 40.94	9,347	\$ 1,313
February	816	42.50	816	1,313
March	1,165,104	41.99	1,165,104	1,264
Total	1,265,267 <sup>(a)</sup>	\$ 41.90	1,175,267	\$ 1,264

(a) Includes 90,000 shares of common stock purchased, at an average price per share of \$40.72, 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.

Refer to "Management's Discussion and Analysis — Capital Management" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, for further discussion on capital management.

## Line of Business Financial Review

The Company's major lines of business are Wealth, Corporate, Commercial and Institutional Banking, Consumer and Business Banking, Payment Services, and Treasury and Corporate Support.

**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 16 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 2024 and 2023, certain organization and methodology changes were made, including the Company combining its Wealth Management and Investment Services and Corporate and Commercial Banking lines of businesses to create the Wealth, Corporate, Commercial and Institutional Banking line of business during the third quarter of 2023. Prior period results were restated and presented on a comparable basis.

**Wealth, Corporate, Commercial and Institutional Banking** Wealth, Corporate, Commercial and Institutional Banking provides core banking, specialized lending, transaction and payment processing, capital markets, asset management, and brokerage and investment related services to wealth, middle market, large corporate, government and institutional clients. Wealth, Corporate, Commercial and Institutional Banking contributed \$651 million of the Company's net income in the first quarter of 2024, or a decrease of \$291 million (30.9 percent) compared with the first quarter of 2023.

Net revenue decreased \$192 million (7.5 percent) in the first quarter of 2024, compared with the first quarter of 2023. Net interest income, on a taxable-equivalent basis, decreased \$285 million (18.4 percent) in the first quarter of 2024, compared with the first quarter of 2023, primarily due to the impact of deposit mix and pricing, partially offset by higher rates on earning assets. Noninterest income increased \$93 million (9.1 percent) in the first quarter of 2024, compared with the first quarter of 2023, primarily due to higher trust and investment management fees driven by business growth and favorable market conditions, and higher commercial products revenue mainly due to higher corporate bond fees.

Noninterest expense increased \$32 million (2.4 percent) in the first quarter of 2024, compared with the first quarter of 2023, primarily due to higher compensation and employee benefits expense. The provision for credit losses increased \$164 million in the first quarter of 2024, compared with the first quarter of 2023, primarily due to commercial real estate credit quality and select commercial downgrades.

**Consumer and Business Banking** Consumer and Business Banking comprises consumer banking, small business banking and consumer lending. Products and services are delivered through banking offices, telephone servicing and sales, online services, direct mail, ATM processing, mobile devices, distributed mortgage loan officers, and intermediary relationships including auto dealerships, mortgage banks, and strategic business partners. Consumer and Business Banking contributed \$601 million of the Company's net income in the first quarter of 2024, or a decrease of \$169 million (21.9 percent) compared with the first quarter of 2023.

Net revenue decreased \$305 million (11.1 percent) in the first quarter of 2024, compared with the first quarter of 2023. Net interest income, on a taxable-equivalent basis, decreased \$327 million (14.0 percent) in the first quarter of 2024, compared with the first quarter of 2023, due to the impact of deposit mix and pricing, partially offset by higher rates on earning assets. Noninterest income increased \$22 million (5.5 percent) in the first quarter of 2024, compared with the first quarter of 2023, primarily due to higher

mortgage banking revenue driven by higher gain on sale margins, partially offset by a decrease in service charges.

Noninterest expense decreased \$127 million (7.4 percent) in the first quarter of 2024, compared with the first quarter of 2023, primarily due to lower net shared services expense and compensation and employee benefits expense. The provision for credit losses increased \$48 million in the first quarter of 2024, compared with the first quarter of 2023, due to normalizing credit conditions.

**Payment Services** Payment Services includes consumer and business credit cards, stored-value cards, debit cards, corporate, government and purchasing card services and merchant processing. Payment Services contributed \$248 million of the Company's net income in the first quarter of 2024, or a decrease of \$62 million (20.0 percent) compared with the first quarter of 2023.

Net revenue increased \$123 million (7.7 percent) in the first quarter of 2024, compared with the first quarter of 2023. Net interest income, on a taxable-equivalent basis, increased \$80 million (12.2 percent) in the first quarter of 2024, compared with the first quarter of 2023, primarily due to higher loan yields driven by higher interest rates and customer revolve rates, along with higher loan balances, partially offset by higher funding costs. Noninterest income increased \$43 million (4.6 percent) in the first quarter of 2024, compared with the first quarter of 2023, driven by higher card revenue due to higher spend volume and favorable rates, along with increased merchant processing services due to higher spend volume.

Noninterest expense increased \$66 million (6.9 percent) in the first quarter of 2024, compared with the first quarter of 2023, reflecting higher net shared services expense driven by investment in infrastructure and technology development. The provision for credit losses increased \$139 million (63.2 percent) in the first quarter of 2024, compared with the first quarter of 2023, primarily due to increasing delinquency rates and charge-offs.

**Treasury and Corporate Support** Treasury and Corporate Support includes the Company's investment portfolios, funding, capital management, interest rate risk management, income taxes not allocated to the business lines, including most investments in tax-advantaged projects, and the residual aggregate of those expenses associated with corporate activities that are managed on a consolidated basis. Treasury and Corporate Support recorded a net loss of \$181 million in the first quarter of 2024, compared with a net loss of \$324 million in the first quarter of 2023.

Net revenue decreased \$86 million (31.7 percent) in the first quarter of 2024, compared with the first quarter of 2023. Net interest income, on a taxable-equivalent basis, decreased \$121 million (99.2 percent) in the first quarter of 2024, compared with the first quarter of 2023, primarily due to higher funding costs, partially offset by higher yields on the investment securities portfolio and cash balances. Noninterest income increased \$35 million (23.5 percent) in the first quarter of 2024, compared with the first quarter of 2023, primarily due to prior year losses on securities and an increase in commercial products revenue, partially offset by a decrease in other revenue.

Noninterest expense decreased \$67 million (12.2 percent) in the first quarter of 2024, compared with the first quarter of 2023, primarily due to prudent expense management, continued focus on operational efficiency, synergies from the MUB acquisition and lower merger and integration charges, along with a decline in the future delivery exposure for merchant and airline processing and other liabilities. These decreases were partially offset by the impact of the FDIC special assessment, higher compensation and employee benefits expense and higher net shared services expense. The provision for credit losses decreased \$225 million (99.6 percent) in the first quarter of 2024, compared with the first quarter of 2023, primarily due to relative stability in the economic outlook in the current quarter.

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.

**TABLE 11** Line of Business Financial Performance

Three Months Ended March 31 (Dollars in Millions)	Wealth, Corporate, Commercial and Institutional Banking			Consumer and Business Banking			Payment Services		
	2024	2023	Percent Change	2024	2023	Percent Change	2024	2023	Percent Change
<b>Condensed Income Statement</b>									
Net interest income (taxable-equivalent basis)	\$ 1,265	\$ 1,550	(18.4)%	\$ 2,014	\$ 2,341	(14.0)%	\$ 735	\$ 655	12.2 %
Noninterest income	1,113	1,020	9.1	423	401	5.5	980	937	4.6
Total net revenue	2,378	2,570	(7.5)	2,437	2,742	(11.1)	1,715	1,592	7.7
Noninterest expense	1,372	1,340	2.4	1,580	1,707	(7.4)	1,025	959	6.9
Income (loss) before provision and income taxes	1,006	1,230	(18.2)	857	1,035	(17.2)	690	633	9.0
Provision for credit losses	138	(26)	*	55	7	*	359	220	63.2
Income (loss) before income taxes	868	1,256	(30.9)	802	1,028	(22.0)	331	413	(19.9)
Income taxes and taxable-equivalent adjustment	217	314	(30.9)	201	258	(22.1)	83	103	(19.4)
Net income (loss)	651	942	(30.9)	601	770	(21.9)	248	310	(20.0)
Net (income) loss attributable to noncontrolling interests	—	—	—	—	—	—	—	—	—
Net income (loss) attributable to U.S. Bancorp	\$ 651	\$ 942	(30.9)	\$ 601	\$ 770	(21.9)	\$ 248	\$ 310	(20.0)
<b>Average Balance Sheet</b>									
Loans	\$ 170,965	\$ 177,011	(3.4)	\$ 154,993	\$ 167,409	(7.5)	\$ 39,803	\$ 36,935	7.8
Goodwill	4,825	4,614	4.6	4,325	4,493	(3.7)	3,332	3,315	.5
Other intangible assets	1,059	1,034	2.4	4,696	5,594	(16.1)	300	385	(22.1)
Assets	199,085	201,182	(1.0)	169,177	185,245	(8.7)	46,816	42,858	9.2
Noninterest-bearing deposits	58,446	82,403	(29.1)	21,500	41,269	(47.9)	2,791	3,184	(12.3)
Interest-bearing deposits	203,980	196,843	3.6	203,343	176,797	15.0	97	108	(10.2)
Total deposits	262,426	279,246	(6.0)	224,843	218,066	3.1	2,888	3,292	(12.3)
Total U.S. Bancorp shareholders' equity	21,749	21,536	1.0	14,848	16,565	(10.4)	9,965	8,968	11.1

Three Months Ended March 31 (Dollars in Millions)	Treasury and Corporate Support			Consolidated Company		
	2024	2023	Percent Change	2024	2023	Percent Change
<b>Condensed Income Statement</b>						
Net interest income (taxable-equivalent basis)	\$ 1	\$ 122	(99.2)%	\$ 4,015	\$ 4,668	(14.0)%
Noninterest income	184	149	23.5	2,700	2,507	7.7
Total net revenue	185	271	(31.7)	6,715	7,175	(6.4)
Noninterest expense	482	549	(12.2)	4,459	4,555	(2.1)
Income (loss) before provision and income taxes	(297)	(278)	(6.8)	2,256	2,620	(13.9)
Provision for credit losses	1	226	(99.6)	553	427	29.5
Income (loss) before income taxes	(298)	(504)	40.9	1,703	2,193	(22.3)
Income taxes and taxable-equivalent adjustment	(124)	(186)	(33.3)	377	489	(22.9)
Net income (loss)	(174)	(318)	45.3	1,326	1,704	(22.2)
Net (income) loss attributable to noncontrolling interests	(7)	(6)	(16.7)	(7)	(6)	(16.7)
Net income (loss) attributable to U.S. Bancorp	\$ (181)	\$ (324)	44.1	\$ 1,319	\$ 1,698	(22.3)
<b>Average Balance Sheet</b>						
Loans	\$ 5,369	\$ 5,395	(.5)	\$ 371,070	\$ 386,750	(4.1)
Goodwill	—	—	—	12,482	12,422	.5
Other intangible assets	10	36	(72.2)	6,065	7,049	(14.0)
Assets	238,831	236,162	1.1	653,909	665,447	(1.7)
Noninterest-bearing deposits	2,050	2,885	(28.9)	84,787	129,741	(34.6)
Interest-bearing deposits	10,854	6,835	58.8	418,274	380,583	9.9
Total deposits	12,904	9,720	32.8	503,061	510,324	(1.4)
Total U.S. Bancorp shareholders' equity	9,105	5,598	62.6	55,667	52,667	5.7

\* Not meaningful

## 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

The following tables show the Company's calculation of these non-GAAP financial measures:

(Dollars in Millions)	March 31, 2024	December 31, 2023
Total equity	\$ 56,033	\$ 55,771
Preferred stock	(6,808)	(6,808)
Noncontrolling interests	(465)	(465)
Goodwill (net of deferred tax liability) <sup>(a)</sup>	(11,459)	(11,480)
Intangible assets (net of deferred tax liability), other than mortgage servicing rights	(2,158)	(2,278)
Tangible common equity <sup>(1)</sup>	35,143	34,740
Common equity tier 1 capital, determined in accordance with transitional regulatory capital requirements related to the CECL methodology implementation	45,239	44,947
Adjustments <sup>(b)</sup>	(433)	(866)
Common equity tier 1 capital, reflecting the full implementation of the CECL methodology <sup>(2)</sup>	44,806	44,081
Total assets	683,606	663,491
Goodwill (net of deferred tax liability) <sup>(a)</sup>	(11,459)	(11,480)
Intangible assets (net of deferred tax liability), other than mortgage servicing rights	(2,158)	(2,278)
Tangible assets <sup>(3)</sup>	669,989	649,733
Risk-weighted assets, determined in accordance with prescribed regulatory capital requirements effective for the Company <sup>(4)</sup>	452,831	453,390
Adjustments <sup>(c)</sup>	(368)	(736)
Risk-weighted assets, reflecting the full implementation of the CECL methodology <sup>(5)</sup>	452,463	452,654
<b>Ratios</b>		
Tangible common equity to tangible assets <sup>(1)/(3)</sup>	5.2 %	5.3 %
Tangible common equity to risk-weighted assets <sup>(1)/(4)</sup>	7.8	7.7
Common equity tier 1 capital to risk-weighted assets, reflecting the full implementation of the CECL methodology <sup>(2)/(5)</sup>	9.9	9.7

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

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

(c) Includes the impact of the estimated increase in the allowance for credit losses related to the adoption of the CECL methodology.

(Dollars in Millions)	Three Months Ended March 31	
	2024	2023
Net interest income	\$ 3,985	\$ 4,634
Taxable-equivalent adjustment <sup>(a)</sup>	30	34
Net interest income, on a taxable-equivalent basis	4,015	4,668
Net interest income, on a taxable-equivalent basis (as calculated above)	4,015	4,668
Noninterest income	2,700	2,507
Less: Securities gains (losses), net	2	(32)
Total net revenue, excluding net securities gains (losses) <sup>(1)</sup>	6,713	7,207
Noninterest expense <sup>(2)</sup>	4,459	4,555
Efficiency ratio <sup>(1)(2)</sup>	66.4 %	63.2 %

(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.

## 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. Management has discussed the development and the selection of critical accounting policies with the Company's Audit Committee. Those policies considered to be critical accounting policies relate to the allowance for credit losses, fair value estimates, MSRs, and income taxes. These accounting policies are discussed in detail in "Management's Discussion and Analysis — Critical Accounting Policies" and the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

## 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.

# U.S. Bancorp

## Consolidated Balance Sheet

(Dollars in Millions)

	March 31, 2024	December 31, 2023
	(Unaudited)	
<b>Assets</b>		
Cash and due from banks	\$ 76,985	\$ 61,192
Investment securities		
Held-to-maturity (fair value \$71,149 and \$74,088, respectively)	82,948	84,045
Available-for-sale (\$356 and \$338 pledged as collateral, respectively) <sup>(a)</sup>	72,426	69,706
Loans held for sale (including \$1,885 and \$2,011 of mortgage loans carried at fair value, respectively)	2,080	2,201
Loans		
Commercial	134,726	131,881
Commercial real estate	52,677	53,455
Residential mortgages	116,079	115,530
Credit card	27,844	28,560
Other retail	43,262	44,409
Total loans	374,588	373,835
Less allowance for loan losses	(7,514)	(7,379)
Net loans	367,074	366,456
Premises and equipment	3,537	3,623
Goodwill	12,479	12,489
Other intangible assets	6,031	6,084
Other assets (including \$4,878 and \$3,548 of trading securities at fair value pledged as collateral, respectively) <sup>(a)</sup>	60,046	57,695
Total assets	\$ 683,606	\$ 663,491
<b>Liabilities and Shareholders' Equity</b>		
Deposits		
Noninterest-bearing	\$ 91,220	\$ 89,989
Interest-bearing (including \$4,668 and \$2,818 of time deposits carried at fair value, respectively)	436,843	422,323
Total deposits	528,063	512,312
Short-term borrowings	17,102	15,279
Long-term debt	52,693	51,480
Other liabilities	29,715	28,649
Total liabilities	627,573	607,720
Shareholders' equity		
Preferred stock	6,808	6,808
Common stock, \$.01 par value per share, authorized: 4,000,000,000 shares; issued: 3/31/24 and 12/31/23—2,125,725,742 shares	21	21
Capital surplus	8,642	8,673
Retained earnings	74,473	74,026
Less cost of common stock in treasury: 3/31/24—565,322,411 shares; 12/31/23—567,732,687 shares	(24,023)	(24,126)
Accumulated other comprehensive income (loss)	(10,353)	(10,096)
Total U.S. Bancorp shareholders' equity	55,568	55,306
Noncontrolling interests	465	465
Total equity	56,033	55,771
Total liabilities and equity	\$ 683,606	\$ 663,491

(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

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

Three Months Ended  
March 31

	2024	2023
<b>Interest Income</b>		
Loans	\$ 5,712	\$ 5,277
Loans held for sale	37	31
Investment securities	1,175	1,074
Other interest income	840	582
Total interest income	7,764	6,964
<b>Interest Expense</b>		
Deposits	2,884	1,505
Short-term borrowings	270	449
Long-term debt	625	376
Total interest expense	3,779	2,330
Net interest income	3,985	4,634
Provision for credit losses	553	427
Net interest income after provision for credit losses	3,432	4,207
<b>Noninterest Income</b>		
Card revenue	392	360
Corporate payment products revenue	184	189
Merchant processing services	401	387
Trust and investment management fees	641	590
Service charges	315	324
Commercial products revenue	388	334
Mortgage banking revenue	166	128
Investment products fees	77	68
Securities gains (losses), net	2	(32)
Other	134	159
Total noninterest income	2,700	2,507
<b>Noninterest Expense</b>		
Compensation and employee benefits	2,691	2,646
Net occupancy and equipment	296	321
Professional services	110	134
Marketing and business development	136	122
Technology and communications	507	503
Other intangibles	146	160
Merger and integration charges	155	244
Other	418	425
Total noninterest expense	4,459	4,555
Income before income taxes	1,673	2,159
Applicable income taxes	347	455
Net income	1,326	1,704
Net (income) loss attributable to noncontrolling interests	(7)	(6)
Net income attributable to U.S. Bancorp	\$ 1,319	\$ 1,698
Net income applicable to U.S. Bancorp common shareholders	\$ 1,209	\$ 1,592
Earnings per common share	\$ .78	\$ 1.04
Diluted earnings per common share	\$ .78	\$ 1.04
Average common shares outstanding	1,559	1,532
Average diluted common shares outstanding	1,559	1,532

See Notes to Consolidated Financial Statements.

# U.S. Bancorp

## Consolidated Statement of Comprehensive Income

(Dollars in Millions) (Unaudited)	Three Months Ended March 31	
	2024	2023
Net income	\$ 1,326	\$ 1,704
<b>Other Comprehensive Income (Loss)</b>		
Changes in unrealized gains (losses) on investment securities available-for-sale	(171)	1,305
Changes in unrealized gains (losses) on derivative hedges	(343)	204
Foreign currency translation	6	(1)
Changes in unrealized gains (losses) on retirement plans	—	1
Reclassification to earnings of realized (gains) losses	161	158
Income taxes related to other comprehensive income (loss)	90	(413)
Total other comprehensive income (loss)	(257)	1,254
Comprehensive income (loss)	1,069	2,958
Comprehensive (income) loss attributable to noncontrolling interests	(7)	(6)
Comprehensive income (loss) attributable to U.S. Bancorp	\$ 1,062	\$ 2,952

See Notes to Consolidated Financial Statements.

# U.S. Bancorp

## Consolidated Statement of Shareholders' Equity

### U.S. Bancorp Shareholders

(Dollars and Shares in Millions, Except Per Share Data) (Unaudited)	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
<b>Balance December 31, 2022</b>	1,531 \$	6,808 \$	21 \$	8,712 \$	71,901 \$	(25,269) \$	(11,407) \$	50,766 \$	466 \$	51,232
Change in accounting principle <sup>(a)</sup>					46			46		46
Net income (loss)					1,698			1,698	6	1,704
Other comprehensive income (loss)							1,254	1,254		1,254
Preferred stock dividends <sup>(b)</sup>					(98)			(98)		(98)
Common stock dividends (\$.48 per share)					(740)			(740)		(740)
Issuance of common and treasury stock	3			(114)		120		6		6
Purchase of treasury stock	(1)					(44)		(44)		(44)
Distributions to noncontrolling interests									(7)	(7)
Stock option and restricted stock grants				101				101		101
<b>Balance March 31, 2023</b>	1,533 \$	6,808 \$	21 \$	8,699 \$	72,807 \$	(25,193) \$	(10,153) \$	52,989 \$	465 \$	53,454
<b>Balance December 31, 2023</b>	1,558 \$	6,808 \$	21 \$	8,673 \$	74,026 \$	(24,126) \$	(10,096) \$	55,306 \$	465 \$	55,771
Net income (loss)					1,319			1,319	7	1,326
Other comprehensive income (loss)							(257)	(257)		(257)
Preferred stock dividends <sup>(c)</sup>					(102)			(102)		(102)
Common stock dividends (\$.49 per share)					(770)			(770)		(770)
Issuance of common and treasury stock	3			(139)		152		13		13
Purchase of treasury stock	(1)					(49)		(49)		(49)
Distributions to noncontrolling interests									(7)	(7)
Stock option and restricted stock grants				108				108		108
<b>Balance March 31, 2024</b>	1,560 \$	6,808 \$	21 \$	8,642 \$	74,473 \$	(24,023) \$	(10,353) \$	55,568 \$	465 \$	56,033

(a) Effective January 1, 2023, the Company adopted accounting guidance which removed the separate recognition and measurement of troubled debt restructurings. Upon adoption, the Company reduced its allowance for credit losses and increased retained earnings net of deferred taxes through a cumulative-effect adjustment.

(b) Reflects dividends declared per share on the Company's Series A, Series B, Series J, Series K, Series L, Series M, Series N and Series O Non-Cumulative Perpetual Preferred Stock of \$1,462.428, \$339.357, \$662.50, \$343.75, \$234.375, \$250.00, \$231.25 and \$281.25, respectively.

(c) Reflects dividends declared per share on the Company's Series A, Series B, Series J, Series K, Series L, Series M, Series N and Series O Non-Cumulative Perpetual Preferred Stock of \$1,667.221, \$390.264, \$662.50, \$343.75, \$234.375, \$250.00, \$231.25, and \$281.25, respectively.

See Notes to Consolidated Financial Statements.

# U.S. Bancorp

## Consolidated Statement of Cash Flows

(Dollars in Millions) (Unaudited)	Three Months Ended March 31	
	2024	2023
<b>Operating Activities</b>		
Net income attributable to U.S. Bancorp	\$ 1,319	\$ 1,698
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for credit losses	553	427
Depreciation and amortization of premises and equipment	90	97
Amortization of intangibles	146	160
(Gain) loss on sale of loans held for sale	(36)	7
(Gain) loss on sale of securities and other assets	(9)	32
Loans originated for sale, net of repayments	(4,674)	(7,024)
Proceeds from sales of loans held for sale	4,740	6,728
Other, net	532	(1,283)
Net cash provided by operating activities	2,661	842
<b>Investing Activities</b>		
Proceeds from sales of available-for-sale investment securities	172	7,720
Proceeds from maturities of held-to-maturity investment securities	1,301	1,317
Proceeds from maturities of available-for-sale investment securities	1,412	1,407
Purchases of held-to-maturity investment securities	(93)	(924)
Purchases of available-for-sale investment securities	(4,851)	(217)
Net (increase) decrease in loans outstanding	(1,128)	165
Proceeds from sales of loans	36	257
Purchases of loans	(296)	(339)
Net increase in securities purchased under agreements to resell	(1,274)	(1,531)
Other, net	(232)	(2,912)
Net cash (used in) provided by investing activities	(4,953)	4,943
<b>Financing Activities</b>		
Net increase (decrease) in deposits	15,751	(19,237)
Net increase in short-term borrowings	1,823	24,876
Proceeds from issuance of long-term debt	3,565	3,701
Principal payments or redemption of long-term debt	(2,172)	(1,594)
Proceeds from issuance of common stock	13	6
Repurchase of common stock	(49)	(44)
Cash dividends paid on preferred stock	(76)	(67)
Cash dividends paid on common stock	(770)	(740)
Net cash provided by financing activities	18,085	6,901
Change in cash and due from banks	15,793	12,686
Cash and due from banks at beginning of period	61,192	53,542
Cash and due from banks at end of period <sup>(a)</sup>	\$ 76,985	\$ 66,228

(a) Excludes a \$1.0 billion interest-bearing due from bank balance with a term greater than 90 days at March 31, 2023. See Notes to Consolidated Financial Statements.

# Notes to Consolidated Financial Statements

(Unaudited)

## NOTE 1 Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, therefore, do not include all information and notes necessary for a complete presentation of financial position, results of operations and cash flow activity required in accordance with accounting principles generally accepted in the United States. In the opinion of management of U.S. Bancorp (the "Company"), all adjustments (consisting only of normal recurring adjustments) necessary for a fair statement of results for the interim periods have been made. These financial statements and notes should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. Certain amounts in prior periods have been reclassified to conform to the current period presentation.

## NOTE 2 Accounting Changes

**Reference Interest Rate Transition** In March 2020, the Financial Accounting Standards Board ("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, 2024. The Company is applying certain optional expedients and exceptions for cash flow hedges and will continue to evaluate these for eligible contract modifications and hedging relationships.

**Income Taxes - Improvements to Income Tax Disclosures** In December 2023, the FASB issued guidance, effective for the Company for annual reporting periods beginning after December 15, 2024, related to income tax disclosures. This guidance requires additional information in income tax rate reconciliation disclosures and additional disclosures about income taxes paid. The guidance is required, at a minimum, to be adopted on a prospective basis, with an option to apply it retrospectively. The Company expects the adoption of this guidance will not be material to its financial statements.

**Segment Reporting - Improvements to Reportable Segment Disclosures** In November 2023, the FASB issued guidance, effective for the Company for annual reporting periods beginning after December 15, 2023 and interim reporting periods beginning after December 15, 2024, related to segment disclosures. This guidance requires disclosures of significant segment expenses and other segment items and expands interim period disclosure requirements to include segment profit or loss and assets, which are currently only required to be disclosed annually. The guidance is required to be adopted retrospectively to all periods presented in the financial statements. The Company expects the adoption of this guidance will not be material to its financial statements.

## NOTE 3

## Investment Securities

The Company's held-to-maturity investment securities are carried at historical cost, adjusted for amortization of premiums and accretion of discounts. The Company's available-for-sale investment securities are carried at fair value with unrealized net gains or losses reported within accumulated other comprehensive income (loss) in shareholders' equity.

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

(Dollars in Millions)	March 31, 2024				December 31, 2023			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
<b>Held-to-Maturity</b>								
U.S. Treasury and agencies	\$ 1,345	\$ —	\$ (42)	\$ 1,303	\$ 1,345	\$ —	\$ (35)	\$ 1,310
Mortgage-backed securities								
Residential agency	79,805	—	(11,736)	68,069	80,997	6	(9,929)	71,074
Commercial agency	1,697	—	(21)	1,676	1,695	6	(5)	1,696
Other	101	—	—	101	8	—	—	8
Total held-to-maturity	\$ 82,948	\$ —	\$ (11,799)	\$ 71,149	\$ 84,045	\$ 12	\$ (9,969)	\$ 74,088
<b>Available-for-Sale</b>								
U.S. Treasury and agencies	\$ 23,722	\$ 11	\$ (2,215)	\$ 21,518	\$ 21,768	\$ 8	\$ (2,234)	\$ 19,542
Mortgage-backed securities								
Residential agency	29,798	84	(2,395)	27,487	28,185	104	(2,211)	26,078
Commercial								
Agency	8,696	—	(1,412)	7,284	8,703	—	(1,360)	7,343
Non-agency	7	—	(1)	6	7	—	(1)	6
Asset-backed securities	6,218	11	(25)	6,204	6,713	25	(14)	6,724
Obligations of state and political subdivisions	10,826	23	(1,062)	9,787	10,867	36	(914)	9,989
Other	140	—	—	140	24	—	—	24
Total available-for-sale, excluding portfolio level basis adjustments	79,407	129	(7,110)	72,426	76,267	173	(6,734)	69,706
Portfolio level basis adjustments <sup>(a)</sup>	88	—	(88)	—	335	—	(335)	—
Total available-for-sale	\$ 79,495	\$ 129	\$ (7,198)	\$ 72,426	\$ 76,602	\$ 173	\$ (7,069)	\$ 69,706

(a) Represents fair value hedge basis adjustments related to active portfolio layer method hedges of available-for-sale investment securities, which are not allocated to individual securities in the portfolio. For additional information, refer to Note 12.

Investment securities with a fair value of \$21.6 billion at March 31, 2024, and \$20.5 billion at December 31, 2023, 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 \$356 million at March 31, 2024, and \$338 million at December 31, 2023.

The following table provides information about the amount of interest income from taxable and non-taxable investment securities:

(Dollars in Millions)	Three Months Ended March 31	
	2024	2023
Taxable	\$ 1,099	\$ 994
Non-taxable	76	80
Total interest income from investment securities	\$ 1,175	\$ 1,074

The following table provides information about the amount of gross gains and losses realized through the sales of available-for-sale investment securities:

(Dollars in Millions)	Three Months Ended March 31	
	2024	2023
Realized gains	\$ 3	\$ 60
Realized losses	(1)	(92)
Net realized gains (losses)	\$ 2	\$ (32)
Income tax (benefit) on net realized gains (losses)	\$ 1	\$ (8)

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 March 31, 2024 and December 31, 2023.

At March 31, 2024, certain investment securities had a fair value below amortized cost. The following table shows the gross unrealized losses excluding portfolio level basis adjustments 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 March 31, 2024:

(Dollars in Millions)	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury and agencies	\$ 1,219	\$ (6)	\$ 17,077	\$ (2,209)	\$ 18,296	\$ (2,215)
Mortgage-backed securities						
Residential agency	1,580	(9)	20,617	(2,386)	22,197	(2,395)
Commercial						
Agency	—	—	7,284	(1,412)	7,284	(1,412)
Non-agency	—	—	7	(1)	7	(1)
Asset-backed securities	2,942	(5)	1,806	(20)	4,748	(25)
Obligations of state and political subdivisions	1,121	(9)	7,707	(1,053)	8,828	(1,062)
Other	115	—	4	—	119	—
Total investment securities	\$ 6,977	\$ (29)	\$ 54,502	\$ (7,081)	\$ 61,479	\$ (7,110)

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 March 31, 2024, 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 three months ended March 31, 2024 and 2023, the Company did not purchase any investment securities that had more-than-insignificant credit deterioration.

Predominately all of the Company's held-to-maturity investment securities are U.S. Treasury and agencies securities and 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 March 31, 2024:

(Dollars in Millions)	Amortized Cost	Fair Value	Weighted-Average Maturity in Years	Weighted-Average Yield <sup>(a)</sup>
<b>Held-to-Maturity</b>				
U.S. Treasury and agencies				
Maturing in one year or less	\$ 50	\$ 50	0.1	2.67 %
Maturing after one year through five years	1,295	1,253	2.1	2.85
Maturing after five years through ten years	—	—	—	—
Maturing after ten years	—	—	—	—
Total	<u>\$ 1,345</u>	<u>\$ 1,303</u>	<u>2.0</u>	<u>2.85 %</u>
Mortgage-backed securities <sup>(b)</sup>				
Maturing in one year or less	\$ 22	\$ 22	0.7	4.44 %
Maturing after one year through five years	1,286	1,273	2.6	4.52
Maturing after five years through ten years	74,832	64,221	8.9	2.19
Maturing after ten years	5,362	4,229	10.2	1.92
Total	<u>\$ 81,502</u>	<u>\$ 69,745</u>	<u>8.9</u>	<u>2.21 %</u>
Other				
Maturing in one year or less	\$ 16	\$ 16	1.0	3.24 %
Maturing after one year through five years	85	85	3.1	2.70
Maturing after five years through ten years	—	—	—	—
Maturing after ten years	—	—	—	—
Total	<u>\$ 101</u>	<u>\$ 101</u>	<u>2.8</u>	<u>2.79 %</u>
<b>Total held-to-maturity<sup>(b)</sup></b>	<b><u>\$ 82,948</u></b>	<b><u>\$ 71,149</u></b>	<b><u>8.8</u></b>	<b><u>2.22 %</u></b>
<b>Available-for-Sale</b>				
U.S. Treasury and agencies				
Maturing in one year or less	\$ 11	\$ 11	0.3	5.35 %
Maturing after one year through five years	13,391	12,738	3.7	2.92
Maturing after five years through ten years	8,608	7,445	7.1	2.20
Maturing after ten years	1,712	1,324	10.6	2.02
Total	<u>\$ 23,722</u>	<u>\$ 21,518</u>	<u>5.5</u>	<u>2.60 %</u>
Mortgage-backed securities <sup>(b)</sup>				
Maturing in one year or less	\$ 95	\$ 92	0.8	2.16 %
Maturing after one year through five years	8,877	8,408	3.3	3.25
Maturing after five years through ten years	28,399	25,324	7.3	3.35
Maturing after ten years	1,130	953	10.9	3.45
Total	<u>\$ 38,501</u>	<u>\$ 34,777</u>	<u>6.5</u>	<u>3.33 %</u>
Asset-backed securities <sup>(c)</sup>				
Maturing in one year or less	\$ 10	\$ 10	0.9	7.57 %
Maturing after one year through five years	5,150	5,133	1.7	4.95
Maturing after five years through ten years	1,058	1,061	5.8	7.05
Maturing after ten years	—	—	—	—
Total	<u>\$ 6,218</u>	<u>\$ 6,204</u>	<u>2.4</u>	<u>5.31 %</u>
Obligations of state and political subdivisions <sup>(d)(e)</sup>				
Maturing in one year or less	\$ 137	\$ 138	0.3	5.91 %
Maturing after one year through five years	2,441	2,425	2.9	4.65
Maturing after five years through ten years	1,666	1,605	7.2	3.85
Maturing after ten years	6,582	5,619	15.5	3.34
Total	<u>\$ 10,826</u>	<u>\$ 9,787</u>	<u>11.2</u>	<u>3.75 %</u>
Other				
Maturing in one year or less	\$ —	\$ —	—	— %
Maturing after one year through five years	140	140	2.4	4.92
Maturing after five years through ten years	—	—	—	—
Maturing after ten years	—	—	—	—
Total	<u>\$ 140</u>	<u>\$ 140</u>	<u>2.4</u>	<u>4.92 %</u>
<b>Total available-for-sale<sup>(b)(f)</sup></b>	<b><u>\$ 79,407</u></b>	<b><u>\$ 72,426</u></b>	<b><u>6.5</u></b>	<b><u>3.33 %</u></b>

- (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) The weighted-average maturity of total held-to-maturity investment securities was 8.7 years at December 31, 2023, with a corresponding weighted-average yield of 2.22 percent. The weighted-average maturity of total available-for-sale investment securities was 6.3 years at December 31, 2023, with a corresponding weighted-average yield of 3.12 percent.
- (c) 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.
- (d) 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.
- (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.
- (f) Amortized cost excludes portfolio level basis adjustments of \$88 million.



## NOTE 4 Loans and Allowance for Credit Losses

The composition of the loan portfolio, by class and underlying specific portfolio type, was as follows:

(Dollars in Millions)	March 31, 2024		December 31, 2023	
	Amount	Percent of Total	Amount	Percent of Total
<b>Commercial</b>				
Commercial	\$ 130,530	34.8 %	\$ 127,676	34.2 %
Lease financing	4,196	1.2	4,205	1.1
Total commercial	134,726	36.0	131,881	35.3
<b>Commercial Real Estate</b>				
Commercial mortgages	41,157	11.0	41,934	11.2
Construction and development	11,520	3.1	11,521	3.1
Total commercial real estate	52,677	14.1	53,455	14.3
<b>Residential Mortgages</b>				
Residential mortgages	109,396	29.2	108,605	29.0
Home equity loans, first liens	6,683	1.8	6,925	1.9
Total residential mortgages	116,079	31.0	115,530	30.9
<b>Credit Card</b>	27,844	7.4	28,560	7.6
<b>Other Retail</b>				
Retail leasing	4,137	1.1	4,135	1.1
Home equity and second mortgages	12,932	3.5	13,056	3.5
Revolving credit	3,473	.9	3,668	1.0
Installment	13,921	3.7	13,889	3.7
Automobile	8,799	2.3	9,661	2.6
Total other retail	43,262	11.5	44,409	11.9
<b>Total loans</b>	<b>\$ 374,588</b>	<b>100.0 %</b>	<b>\$ 373,835</b>	<b>100.0 %</b>

The Company had loans of \$124.7 billion at March 31, 2024, and \$123.1 billion at December 31, 2023, pledged at the Federal Home Loan Bank, and loans of \$80.0 billion at March 31, 2024, and \$82.8 billion at December 31, 2023, pledged at the Federal Reserve Bank.

Originated loans are reported at the principal amount outstanding, net of unearned interest and deferred fees and costs, and any partial charge-offs recorded. Purchased loans are recorded at fair value at the date of purchase. Net unearned interest and deferred fees and costs on originated loans and unamortized premiums and discounts on purchased loans amounted to \$2.7 billion at March 31, 2024 and December 31, 2023. 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** 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 economic forecast uncertainty. 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, inflation, interest rates 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, including those loans modified under various loan modification programs, 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 at fair value less selling costs. 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 smaller commercial loans collectively evaluated for impairment, historical loss experience is also incorporated into the allowance methodology applied to this category of loans.

The Company's methodology for determining the appropriate allowance for credit losses also considers the imprecision inherent in the methodologies used and allocated to the various loan portfolios. As a result, amounts determined under the methodologies described above are adjusted by management to consider the potential impact of other qualitative factors not captured in the quantitative model adjustments which include, but are not limited to, the following: model imprecision, imprecision in economic scenario assumptions, and emerging risks related to either changes in the environment that are affecting specific portfolios, or changes in portfolio concentrations over time that may affect model performance. The consideration of these items results in adjustments to allowance amounts included in the Company's allowance for credit losses for each loan portfolio.

The Company also assesses the credit risk associated with off-balance sheet loan commitments, letters of credit, investment securities and derivatives. Credit risk associated with derivatives is reflected in the fair values recorded for those positions. The liability for off-balance sheet credit exposure related to loan commitments and other credit guarantees is included in other liabilities. Because business processes and credit risks associated with unfunded credit commitments are essentially the same as for loans, the Company utilizes similar processes to estimate its liability for unfunded credit commitments.

The results of the analysis are evaluated quarterly to confirm the estimates are appropriate for each specific loan portfolio, as well as the entire loan portfolio, as the entire allowance for credit losses is available for the entire loan portfolio.

Activity in the allowance for credit losses by portfolio class was as follows:

Three Months Ended March 31 (Dollars in Millions)	Commercial	Commercial Real Estate	Residential Mortgages	Credit Card	Other Retail	Total Loans
<b>2024</b>						
Balance at beginning of period	\$ 2,119	\$ 1,620	\$ 827	\$ 2,403	\$ 870	7,839
Add						
Provision for credit losses	156	30	16	318	33	553
Deduct						
Loans charged-off	139	34	4	337	81	595
Less recoveries of loans charged-off	(23)	(13)	(4)	(41)	(26)	(107)
Net loan charge-offs (recoveries)	116	21	—	296	55	488
Balance at end of period	\$ 2,159	\$ 1,629	\$ 843	\$ 2,425	\$ 848	7,904
<b>2023</b>						
Balance at beginning of period	\$ 2,163	\$ 1,325	\$ 926	\$ 2,020	\$ 970	7,404
Add						
Change in accounting principle <sup>(a)</sup>	—	—	(31)	(27)	(4)	(62)
Allowance for acquired credit losses <sup>(b)</sup>	—	127	—	—	—	127
Provision for credit losses	64	24	51	294	(6)	427
Deduct						
Loans charged-off	63	123	4	215	64	469
Less recoveries of loans charged-off	(16)	(6)	(5)	(40)	(29)	(96)
Net loan charge-offs (recoveries)	47	117	(1)	175	35	373
Balance at end of period	\$ 2,180	\$ 1,359	\$ 947	\$ 2,112	\$ 925	7,523

(a) Effective January 1, 2023, the Company adopted accounting guidance which removed the separate recognition and measurement of troubled debt restructurings.

(b) Represents allowance for acquired credit deteriorated and charged-off loans.

The increase in the allowance for credit losses at March 31, 2024, compared with December 31, 2023, was primarily driven by increasing economic uncertainty, normalizing credit conditions and select commercial real estate loan deterioration.

The following table provides a summary of loans charged-off by portfolio class and year of origination:

Three Months Ended March 31 (Dollars in Millions)	Commercial	Commercial Real Estate <sup>(a)</sup>	Residential Mortgages	Credit Card <sup>(b)</sup>	Other Retail	Total Loans
<b>2024</b>						
Originated in 2024	\$ —	\$ 5	\$ —	\$ —	\$ 2	7
Originated in 2023	26	4	—	—	10	40
Originated in 2022	18	24	—	—	14	56
Originated in 2021	8	—	—	—	11	19
Originated in 2020	4	—	—	—	8	12
Originated prior to 2020	10	1	4	—	11	26
Revolving	73	—	—	337	25	435
Total charge-offs	\$ 139	\$ 34	\$ 4	\$ 337	\$ 81	595
<b>2023</b>						
Originated in 2023	\$ —	\$ —	\$ —	\$ —	\$ —	—
Originated in 2022	6	88	—	—	10	104
Originated in 2021	4	—	—	—	11	15
Originated in 2020	4	—	—	—	6	10
Originated in 2019	5	3	1	—	7	16
Originated prior to 2019	11	32	3	—	8	54
Revolving	33	—	—	215	22	270
Total charge-offs	\$ 63	\$ 123	\$ 4	\$ 215	\$ 64	469

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) Includes \$91 million of charge-offs in the first quarter of 2023 related to uncollectible amounts on acquired loans.

(b) Predominantly all credit card loans are considered revolving loans. Includes an immaterial amount of charge-offs related to revolving converted to term loans.

**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 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)	Accruing			Nonperforming <sup>(b)</sup>	Total
	Current	30-89 Days Past Due	90 Days or More Past Due		
<b>March 31, 2024</b>					
Commercial	\$ 133,763	\$ 309	\$ 105	\$ 549	\$ 134,726
Commercial real estate	51,753	22	2	900	52,677
Residential mortgages <sup>(a)</sup>	115,636	143	145	155	116,079
Credit card	27,058	390	396	—	27,844
Other retail	42,823	236	66	137	43,262
Total loans	\$ 371,033	\$ 1,100	\$ 714	\$ 1,741	\$ 374,588
<b>December 31, 2023</b>					
Commercial	\$ 130,925	\$ 464	\$ 116	\$ 376	\$ 131,881
Commercial real estate	52,619	55	4	777	53,455
Residential mortgages <sup>(a)</sup>	115,067	169	136	158	115,530
Credit card	27,779	406	375	—	28,560
Other retail	43,926	278	67	138	44,409
Total loans	\$ 370,316	\$ 1,372	\$ 698	\$ 1,449	\$ 373,835

(a) At March 31, 2024, \$491 million of loans 30-89 days past due and \$1.8 billion of loans 90 days or more past due purchased and that could be purchased from GNMA mortgage pools under delinquent loan repurchase options 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 \$595 million and \$2.0 billion at December 31, 2023, respectively.

(b) Substantially all nonperforming loans at March 31, 2024 and December 31, 2023, had an associated allowance for credit losses. The Company recognized interest income on nonperforming loans of \$5 million and \$4 million for the three months ended March 31, 2024 and 2023, respectively.

At March 31, 2024, the amount of foreclosed residential real estate held by the Company, and included in OREO, was \$25 million, compared with \$26 million at December 31, 2023. These amounts excluded \$43 million and \$47 million at March 31, 2024 and December 31, 2023, 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 March 31, 2024 and December 31, 2023, was \$681 million and \$728 million, respectively, of which \$445 million and \$487 million, respectively, related to loans purchased and that could be purchased from GNMA mortgage pools under delinquent loan repurchase options whose repayments are insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs.

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.

The following table provides a summary of loans by portfolio class and the Company's internal credit quality rating:

(Dollars in Millions)	March 31, 2024					December 31, 2023				
	Criticized				Total	Criticized				Total
	Pass	Special Mention	Classified <sup>(a)</sup>	Total Criticized		Pass	Special Mention	Classified <sup>(a)</sup>	Total Criticized	
<b>Commercial</b>										
Originated in 2024	\$ 12,040	\$ 118	\$ 323	\$ 441	\$ 12,481	\$ —	\$ —	\$ —	\$ —	\$ —
Originated in 2023	38,505	513	1,008	1,521	40,026	43,023	827	856	1,683	44,706
Originated in 2022	35,074	298	791	1,089	36,163	40,076	274	632	906	40,982
Originated in 2021	8,307	180	117	297	8,604	9,219	117	154	271	9,490
Originated in 2020	2,866	70	117	187	3,053	3,169	92	71	163	3,332
Originated prior to 2020	4,902	8	149	157	5,059	5,303	30	209	239	5,542
Revolving <sup>(b)</sup>	27,819	298	1,223	1,521	29,340	26,213	362	1,254	1,616	27,829
Total commercial	129,513	1,485	3,728	5,213	134,726	127,003	1,702	3,176	4,878	131,881
<b>Commercial real estate</b>										
Originated in 2024	1,472	59	637	696	2,168	—	—	—	—	—
Originated in 2023	8,149	460	1,845	2,305	10,454	8,848	465	2,206	2,671	11,519
Originated in 2022	11,087	856	1,251	2,107	13,194	11,831	382	1,141	1,523	13,354
Originated in 2021	8,546	544	431	975	9,521	9,235	500	385	885	10,120
Originated in 2020	3,465	36	140	176	3,641	3,797	51	87	138	3,935
Originated prior to 2020	10,168	91	899	990	11,158	10,759	458	619	1,077	11,836
Revolving	2,468	4	69	73	2,541	2,613	6	70	76	2,689
Revolving converted to term	—	—	—	—	—	2	—	—	—	2
Total commercial real estate	45,355	2,050	5,272	7,322	52,677	47,085	1,862	4,508	6,370	53,455
<b>Residential mortgages<sup>(c)</sup></b>										
Originated in 2024	2,127	—	—	—	2,127	—	—	—	—	—
Originated in 2023	9,414	—	4	4	9,418	9,734	—	5	5	9,739
Originated in 2022	29,117	—	18	18	29,135	29,146	—	17	17	29,163
Originated in 2021	36,061	—	16	16	36,077	36,365	—	16	16	36,381
Originated in 2020	14,542	—	14	14	14,556	14,773	—	9	9	14,782
Originated prior to 2020	24,510	—	256	256	24,766	25,202	—	262	262	25,464
Revolving	—	—	—	—	—	1	—	—	—	1
Total residential mortgages	115,771	—	308	308	116,079	115,221	—	309	309	115,530
<b>Credit card<sup>(d)</sup></b>	27,448	—	396	396	27,844	28,185	—	375	375	28,560
<b>Other retail</b>										
Originated in 2024	1,837	—	—	—	1,837	—	—	—	—	—
Originated in 2023	4,875	—	6	6	4,881	5,184	—	4	4	5,188
Originated in 2022	5,228	—	11	11	5,239	5,607	—	12	12	5,619
Originated in 2021	9,401	—	14	14	9,415	10,398	—	15	15	10,413
Originated in 2020	3,946	—	7	7	3,953	4,541	—	9	9	4,550
Originated prior to 2020	3,656	—	19	19	3,675	4,008	—	20	20	4,028
Revolving	13,386	—	106	106	13,492	13,720	—	104	104	13,824
Revolving converted to term	722	—	48	48	770	735	—	52	52	787
Total other retail	43,051	—	211	211	43,262	44,193	—	216	216	44,409
<b>Total loans</b>	<b>\$ 361,138</b>	<b>\$ 3,535</b>	<b>\$ 9,915</b>	<b>\$ 13,450</b>	<b>\$ 374,588</b>	<b>\$ 361,687</b>	<b>\$ 3,564</b>	<b>\$ 8,584</b>	<b>\$ 12,148</b>	<b>\$ 373,835</b>
<b>Total outstanding commitments</b>	<b>\$ 763,786</b>	<b>\$ 5,147</b>	<b>\$ 11,915</b>	<b>\$ 17,062</b>	<b>\$ 780,848</b>	<b>\$ 762,869</b>	<b>\$ 5,053</b>	<b>\$ 10,470</b>	<b>\$ 15,523</b>	<b>\$ 778,392</b>

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. Predominately all current year and near term loan origination years for criticized loans relate to existing loans that have had recent maturity date, pricing or commitment amount amendments.

(a) Classified rating on consumer loans primarily based on delinquency status.

(b) Includes an immaterial amount of revolving converted to term loans.

(c) At March 31, 2024, \$1.8 billion of GNMA loans 90 days or more past due and \$1.4 billion of modified 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 \$2.0 billion and \$1.2 billion at December 31, 2023, respectively.

(d) Predominately all credit card loans are considered revolving loans. Includes an immaterial amount of revolving converted to term loans.

**Loan Modifications** 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 Company recognizes interest on modified loans if full collection of contractual principal and interest is expected. The effects of modifications on credit loss expectations, such as improved payment capacity, longer expected lives and other factors, are considered when measuring the allowance for credit losses. Modification performance, including redefault rates and how these compare to historical losses, are also considered. Modifications generally do not result in significant changes to the Company's allowance for credit losses.

The following table provides a summary of period-end balances of loans modified during the periods presented, by portfolio class and modification granted:

Three Months Ended March 31 (Dollars in Millions)	Interest Rate Reduction	Payment Delay	Term Extension	Multiple Modifications <sup>(a)</sup>	Total Modifications	Percent of Class Total
<b>2024</b>						
Commercial	\$ 25	\$ —	\$ 328	\$ —	353	.3 %
Commercial real estate	—	—	282	50	332	.6
Residential mortgages <sup>(b)</sup>	—	20	5	2	27	—
Credit card	126	—	—	—	126	.5
Other retail	3	1	38	—	42	.1
Total loans, excluding loans purchased from GNMA mortgage pools	154	21	653	52	880	.2
Loans purchased from GNMA mortgage pools <sup>(b)</sup>	1	490	68	93	652	.6
Total loans	\$ 155	\$ 511	\$ 721	\$ 145	\$ 1,532	.4 %
<b>2023</b>						
Commercial	\$ 114	\$ —	\$ 68	\$ —	182	.1 %
Commercial real estate	—	—	12	28	40	.1
Residential mortgages <sup>(b)</sup>	—	130	10	12	152	.1
Credit card	94	—	—	—	94	.4
Other retail	2	11	63	2	78	.1
Total loans, excluding loans purchased from GNMA mortgage pools	210	141	153	42	546	.1
Loans purchased from GNMA mortgage pools <sup>(b)</sup>	—	243	63	47	353	.3
Total loans	\$ 210	\$ 384	\$ 216	\$ 89	\$ 899	.2 %

(a) Includes \$88 million of total loans receiving a payment delay and term extension, \$53 million of total loans receiving an interest rate reduction and term extension and \$4 million of total loans receiving an interest rate reduction, payment delay and term extension for the three months ended March 31, 2024. Includes \$52 million of total loans receiving a payment delay and term extension, \$32 million of total loans receiving an interest rate reduction and term extension and \$5 million of total loans receiving an interest rate reduction, payment delay and term extension for the three months ended March 31, 2023.

(b) Percent of class total amounts expressed as a percent of total residential mortgage loan balances.

Loan modifications included in the table above exclude trial period arrangements offered to customers and secured loans to consumer borrowers that have had debt discharged through bankruptcy where the borrower has not reaffirmed the debt during the periods presented. At March 31, 2024 the balance of loans modified in trial period arrangements was \$53 million, while the balance of secured loans to consumer borrowers that have had debt discharged through bankruptcy was not material.

The following table summarizes the effects of loan modifications made to borrowers on loans modified:

Three Months Ended March 31	Weighted-Average Interest Rate Reduction	Weighted-Average Months of Term Extension
<b>2024</b>		
Commercial <sup>(a)</sup>	19.3 %	7
Commercial real estate	4.3	9
Residential mortgages	2.5	84
Credit card	16.4	—
Other retail	9.3	4
Loans purchased from GNMA mortgage pools	.4	114
<b>2023</b>		
Commercial	2.4 %	5
Commercial real estate	5.0	6
Residential mortgages	1.2	120
Credit card	16.0	—
Other retail	6.6	151
Loans purchased from GNMA mortgage pools	.7	66

Note: The weighted-average payment deferral for all portfolio classes was less than \$1 million for both the three months ended March 31, 2024 and 2023. Forbearance payments are required to be paid at the end of the original term loan.  
(a) The weighted-average interest rate reduction for commercial loans for the three months ended March 31, 2024, was primarily driven by commercial cards.

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. 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 provide an interest rate reduction.

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. These modifications 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 modification 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.

Credit card and other retail loan modifications are generally part of distinct modification 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.

Loans that receive a forbearance plan generally remain in default until they are no longer delinquent as the result of the payment of all past due amounts or the borrower receiving a term extension or modification. Therefore, loans only receiving forbearance plans are not included in the table below.

The following table provides a summary of loan balances at March 31, 2024, which were modified during the prior twelve months, by portfolio class and delinquency status:

(Dollars in Millions)	Current	30-89 Days Past Due	90 Days or More Past Due	Total
Commercial	\$ 498	\$ 16	\$ 83	\$ 597
Commercial real estate	712	2	281	995
Residential mortgages <sup>(a)</sup>	1,509	17	15	1,541
Credit card	275	67	34	376
Other retail	130	18	7	155
Total loans	\$ 3,124	\$ 120	\$ 420	\$ 3,664

(a) At March 31, 2024, \$333 million of loans 30-89 days past due and \$198 million of loans 90 days or more past due purchased and that could be purchased from GNMA mortgage pools under delinquent loan repurchase options whose payments are insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs, were classified as current.



The following table provides a summary of loan balances at March 31, 2023, which were modified on or after January 1, 2023, the date the Company adopted accounting guidance which removed the separate recognition and measurement of troubled debt restructurings, through March 31, 2023, by portfolio class and delinquency status:

(Dollars in Millions)	Current	30-89 Days Past Due	90 Days or More Past Due	Total
Commercial	\$ 146	\$ 6	\$ 30	\$ 182
Commercial real estate	6	—	34	40
Residential mortgages <sup>(a)</sup>	319	3	10	332
Credit card	56	28	10	94
Other retail	64	3	2	69
<b>Total loans</b>	<b>\$ 591</b>	<b>\$ 40</b>	<b>\$ 86</b>	<b>\$ 717</b>

(a) At March 31, 2023, \$32 million of loans 30-89 days past due and \$1 million of loans 90 days or more past due purchased and that could be purchased from GNMA mortgage pools under delinquent loan repurchase options whose payments are insured by the Federal Housing Administration or guaranteed by the United States Department of Veterans Affairs, were classified as current.

The following table provides a summary of loans that defaulted (fully or partially charged-off or became 90 days or more past due) that were modified within twelve months prior to default.

(Dollars in Millions)	Interest Rate Reduction	Payment Delay	Term Extension	Multiple Modifications <sup>(a)</sup>
<b>Three Months Ended March 31, 2024</b>				
Commercial	\$ 6	\$ —	\$ —	—
Residential mortgages	—	5	3	2
Credit card	29	—	—	—
Other retail	—	1	6	—
Total loans, excluding loans purchased from GNMA mortgage pools	35	6	9	2
Loans purchased from GNMA mortgage pools	—	77	31	42
<b>Total loans</b>	<b>\$ 35</b>	<b>\$ 83</b>	<b>\$ 40</b>	<b>44</b>

(a) Includes \$43 million of total loans receiving a payment delay and term extension and \$1 million of total loans receiving an interest rate reduction, payment delay and term extension.

There were no loans that defaulted (fully or partially charged-off or became 90 days or more past due) that were modified on or after January 1, 2023, the date the Company adopted accounting guidance which removed the separate recognition and measurement of troubled debt restructurings, through March 31, 2023.

As of March 31, 2024 the Company had \$435 million of commitments to lend additional funds to borrowers whose terms of their outstanding owed balances have been modified.

**NOTE 5****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 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 15.

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, refer to Note 6. 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 is involved in various entities that are considered to be variable interest entities ("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 \$139 million and \$138 million for the three months ended March 31, 2024 and 2023, respectively. The Company also recognized \$63 million and \$164 million of investment tax credits for the three months ended March 31, 2024 and 2023, respectively. The Company recognized \$138 million and \$130 million of expenses related to all of these investments for the three months ended March 31, 2024 and 2023, respectively, which were primarily included in tax 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:

(Dollars in Millions)	March 31, 2024	December 31, 2023
Investment carrying amount	\$ 7,259	\$ 6,659
Unfunded capital and other commitments	4,104	3,619
Maximum exposure to loss	8,959	9,002

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 \$227 million at March 31, 2024 and \$219 million at December 31, 2023. The maximum exposure to loss related to these VIEs was \$317 million at March 31, 2024 and \$319 million at December 31, 2023, representing the Company's investment balance and its unfunded commitments to invest additional amounts.

The Company also held senior notes of \$4.7 billion as available-for-sale investment securities at March 31, 2024, compared with \$5.3 billion at December 31, 2023. These senior notes were issued by third-party securitization vehicles that held \$5.4 billion at March 31, 2024 and \$6.1 billion at December 31, 2023 of indirect auto loans that collateralize the senior notes. These VIEs are not consolidated by the Company.

The Company's individual net investments in unconsolidated VIEs, which exclude any unfunded capital commitments, ranged from less than \$1 million to \$89 million at March 31, 2024, compared with less than \$1 million to \$86 million at December 31, 2023.

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 March 31, 2024, approximately \$6.0 billion of the Company's assets and \$4.2 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 \$6.1 billion and \$4.4 billion, respectively, at December 31, 2023. 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 March 31, 2024, \$476 million of available-for-sale investment securities and \$381 million of short-term borrowings on the Consolidated Balance Sheet were related to the tender option bond program, compared with \$607 million of available-for-sale investment securities and \$381 million of short-term borrowings at December 31, 2023.

## NOTE 6 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 \$232.9 billion of residential mortgage loans for others at March 31, 2024, and \$233.4 billion at December 31, 2023, 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 net losses of \$3 million and \$11 million for the three months ended March 31, 2024 and 2023, respectively. Loan servicing and ancillary fees, not including valuation changes, included in mortgage banking revenue were \$180 million and \$190 million for the three months ended March 31, 2024 and 2023, respectively.

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

(Dollars in Millions)	Three Months Ended March 31	
	2024	2023
Balance at beginning of period	\$ 3,377	\$ 3,755
Rights purchased	—	1
Rights capitalized	55	96
Rights sold <sup>(a)</sup>	—	1
Changes in fair value of MSRs		
Due to fluctuations in market interest rates <sup>(b)</sup>	103	(38)
Due to revised assumptions or models <sup>(c)</sup>	8	5
Other changes in fair value <sup>(d)</sup>	(81)	(96)
Balance at end of period	\$ 3,462	\$ 3,724

(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:

(Dollars in Millions)	March 31, 2024						December 31, 2023					
	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	\$ (349)	\$ (163)	\$ (78)	\$ 71	\$ 136	\$ 248	\$ (370)	\$ (173)	\$ (84)	\$ 77	\$ 147	\$ 268
Derivative instrument hedges	369	165	77	(71)	(137)	(258)	381	178	86	(79)	(152)	(289)
Net sensitivity	\$ 20	\$ 2	\$ (1)	\$ —	\$ (1)	\$ (10)	\$ 11	\$ 5	\$ 2	\$ (2)	\$ (5)	\$ (21)

The fair value of MSR 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.

The following table provides a summary of the Company's MSR and related characteristics by portfolio:

(Dollars in Millions)	March 31, 2024				December 31, 2023			
	HFA	Government	Conventional <sup>(a)</sup>	Total	HFA	Government	Conventional <sup>(a)</sup>	Total
Servicing portfolio <sup>(a)</sup>	\$ 49,275	\$ 25,961	\$ 150,250	\$ 225,486	\$ 48,286	\$ 25,996	\$ 151,056	\$ 225,338
Fair value	\$ 809	\$ 521	\$ 2,132	\$ 3,462	\$ 769	\$ 507	\$ 2,101	\$ 3,377
Value (bps) <sup>(b)</sup>	164	201	142	154	159	195	139	150
Weighted-average servicing fees (bps)	36	44	26	30	36	44	26	30
Multiple (value/servicing fees)	4.60	4.51	5.52	5.11	4.45	4.41	5.41	5.00
Weighted-average note rate	4.66 %	4.27 %	3.85 %	4.08 %	4.56 %	4.23 %	3.81 %	4.02 %
Weighted-average age (in years)	4.4	5.7	4.5	4.6	4.3	5.5	4.3	4.4
Weighted-average expected prepayment (constant prepayment rate)	10.2 %	10.7 %	8.8 %	9.3 %	10.5 %	11.1 %	9.1 %	9.6 %
Weighted-average expected life (in years)	7.2	6.6	7.1	7.1	7.2	6.5	7.0	7.0
Weighted-average option adjusted spread <sup>(c)</sup>	5.4 %	5.9 %	4.6 %	5.0 %	5.4 %	5.9 %	4.6 %	4.9 %

(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 7 Preferred Stock

At March 31, 2024 and December 31, 2023, the Company had authority to issue 50 million shares of preferred stock. The number of shares issued and outstanding and the carrying amount of each outstanding series of the Company's preferred stock were as follows:

(Dollars in Millions)	March 31, 2024				December 31, 2023			
	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 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	30,000	750	21	729
Series N	60,000	1,500	8	1,492	60,000	1,500	8	1,492
Series O	18,000	450	13	437	18,000	450	13	437
Total preferred stock <sup>(a)</sup>	243,510	\$ 7,026	\$ 218	\$ 6,808	243,510	\$ 7,026	\$ 218	\$ 6,808

(a) The par value of all shares issued and outstanding at March 31, 2024 and December 31, 2023, was \$1.00 per share.

## NOTE 8 Accumulated Other Comprehensive Income (Loss)

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 is as follows:

Three Months Ended March 31 (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
<b>2024</b>						
Balance at beginning of period	\$ (5,151)	\$ (3,537)	\$ (242)	\$ (1,138)	\$ (28)	\$ (10,096)
Changes in unrealized gains (losses)	(171)	—	(343)	—	—	(514)
Foreign currency translation adjustment <sup>(a)</sup>	—	—	—	—	6	6
Reclassification to earnings of realized (gains) losses	(2)	114	49	—	—	161
Applicable income taxes	45	(29)	75	—	(1)	90
Balance at end of period	\$ (5,279)	\$ (3,452)	\$ (461)	\$ (1,138)	\$ (23)	\$ (10,353)
<b>2023</b>						
Balance at beginning of period	\$ (6,378)	\$ (3,933)	\$ (114)	\$ (939)	\$ (43)	\$ (11,407)
Changes in unrealized gains (losses)	1,305	—	204	1	—	1,510
Foreign currency translation adjustment <sup>(a)</sup>	—	—	—	—	(1)	(1)
Reclassification to earnings of realized (gains) losses	32	121	7	(2)	—	158
Applicable income taxes	(328)	(31)	(54)	—	—	(413)
Balance at end of period	\$ (5,369)	\$ (3,843)	\$ 43	\$ (940)	\$ (44)	\$ (10,153)

(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 is as follows:

(Dollars in Millions)	Impact to Net Income		Affected Line Item in the Consolidated Statement of Income
	Three Months Ended March 31	2024	
Unrealized gains (losses) on investment securities available-for-sale			
Realized gains (losses) on sale of investment securities	\$ 2	\$ (32)	Securities gains (losses), net
	(1)	8	Applicable income taxes
	1	(24)	Net-of-tax
Unrealized gains (losses) on investment securities transferred from available-for-sale to held-to-maturity			
Amortization of unrealized gains (losses)	(114)	(121)	Interest income
	29	31	Applicable income taxes
	(85)	(90)	Net-of-tax
Unrealized gains (losses) on derivative hedges			
Realized gains (losses) on derivative hedges	(49)	(7)	Net interest income
	13	1	Applicable income taxes
	(36)	(6)	Net-of-tax
Unrealized gains (losses) on retirement plans			
Actuarial gains (losses) and prior service cost (credit) amortization	—	2	Other noninterest expense
	—	—	Applicable income taxes
	—	2	Net-of-tax
<b>Total impact to net income</b>	<b>\$ (120)</b>	<b>\$ (118)</b>	

**NOTE 9 Earnings Per Share**

The components of earnings per share were:

(Dollars and Shares in Millions, Except Per Share Data)	Three Months Ended March 31	
	2024	2023
Net income attributable to U.S. Bancorp	\$ 1,319	\$ 1,698
Preferred dividends	(102)	(98)
Earnings allocated to participating stock awards	(8)	(8)
Net income applicable to U.S. Bancorp common shareholders	\$ 1,209	\$ 1,592
Average common shares outstanding	1,559	1,532
Average diluted common shares outstanding	1,559	1,532
Earnings per common share	\$ .78	\$ 1.04
Diluted earnings per common share	\$ .78	\$ 1.04

The net effect of the exercise and assumed purchase of outstanding stock awards at March 31, 2024 and 2023 on average diluted common shares outstanding for the three months ended March 31, 2024 and 2023 was not material. Options outstanding at March 31, 2024 to purchase 1 million common shares for the three months ended March 31, 2024, and outstanding at March 31, 2023 to purchase 1 million common shares for the three months ended March 31, 2023 were not included in the computation of diluted earnings per share because they were antidilutive.

**NOTE 10 Employee Benefits**

The components of net periodic benefit cost for the Company's pension plans were:

(Dollars in Millions)	Three Months Ended March 31	
	2024	2023
Service cost	\$ 55	\$ 56
Interest cost	94	93
Expected return on plan assets	(146)	(137)
Prior service cost (credit) amortization	(1)	—
Actuarial loss (gain) amortization	2	1
Net periodic benefit cost <sup>(a)</sup>	\$ 4	\$ 13

(a) Service cost is included in compensation and employee benefits expense on the Consolidated Statement of Income. All other components are included in other noninterest expense on the Consolidated Statement of Income.

**NOTE 11 Income Taxes**

The components of income tax expense were:

(Dollars in Millions)	Three Months Ended March 31	
	2024	2023
<b>Federal</b>		
Current	\$ 180	\$ 397
Deferred	133	(32)
Federal income tax	313	365
<b>State</b>		
Current	21	96
Deferred	13	(6)
State income tax	34	90
Total income tax provision	\$ 347	\$ 455

A reconciliation of expected income tax expense at the federal statutory rate of 21 percent to the Company's applicable income tax expense follows:

(Dollars in Millions)	Three Months Ended March 31	
	2024	2023
Tax at statutory rate	\$ 351	\$ 453
State income tax, at statutory rates, net of federal tax benefit	81	102
Tax effect of		
Tax credits and benefits, net of related expenses	(61)	(77)
Exam resolutions	(65)	—
Tax-exempt income	(31)	(34)
Other items	72	11
Applicable income taxes	\$ 347	\$ 455

The Company's income tax returns are subject to review and examination by federal, state, local and foreign government authorities. On an ongoing basis, numerous federal, state, local and foreign examinations are in progress and cover multiple tax years. As of March 31, 2024, federal tax examinations for all years ending through December 31, 2016 are completed and resolved. The Company's tax returns for the years ended December 31, 2017 through December 31, 2020 are under examination by the Internal Revenue Service. The years open to examination by foreign, state and local government authorities vary by jurisdiction.

The Company's net deferred tax asset was \$6.3 billion at March 31, 2024 and \$6.4 billion at December 31, 2023.

## NOTE 12 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 loans and 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 March 31, 2024, the Company had \$461 million (net-of-tax) of realized and unrealized losses on derivatives classified as cash flow hedges recorded in other comprehensive income (loss), compared with \$242 million (net-of-tax) of realized and unrealized losses at December 31, 2023. The estimated amount to be reclassified from other comprehensive income (loss) into earnings during the next 12 months is a loss of \$172 million (net-of-tax). All cash flow hedges were highly effective for the three months ended March 31, 2024.

**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 March 31, 2024 and December 31, 2023.

**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 TBAs and other commitments to sell residential mortgage loans, which are used to economically hedge the interest rate risk related to MLHFS and unfunded mortgage loan commitments. The Company also enters into interest rate swaps, swaptions, forward commitments to buy TBAs, U.S. Treasury and Eurodollar futures and options on U.S. Treasury futures to economically hedge the change in the fair value of the Company's MSR's. The Company enters into foreign currency forwards to economically hedge remeasurement gains and losses the Company

recognizes on foreign currency denominated assets and liabilities. The Company also enters into interest rate swaps as economic hedges of fair value option elected deposits. In addition, the Company acts as a seller and buyer of interest rate, foreign exchange and commodity 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 14 for further information on these swap agreements. The Company uses credit derivatives to economically hedge the credit risk on its derivative positions and loan portfolios.

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

(Dollars in Millions)	March 31, 2024			December 31, 2023		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Assets	Liabilities		Assets	Liabilities
<b>Fair value hedges</b>						
Interest rate contracts						
Receive fixed/pay floating swaps	\$ 13,800	\$ —	\$ —	\$ 12,100	\$ —	\$ 16
Pay fixed/receive floating swaps	19,631	—	—	24,139	—	—
Cash flow hedges						
Interest rate contracts						
Receive fixed/pay floating swaps	24,400	—	—	18,400	—	—
Net investment hedges						
Foreign exchange forward contracts	901	4	—	854	—	10
Other economic hedges						
Interest rate contracts						
Futures and forwards						
Buy	4,764	6	6	5,006	29	5
Sell	2,371	2	8	4,501	7	34
Options						
Purchased	6,660	217	—	6,085	237	—
Written	2,571	19	60	3,696	14	75
Receive fixed/pay floating swaps	8,395	37	1	7,029	9	3
Pay fixed/receive floating swaps	2,964	—	—	3,801	—	—
Foreign exchange forward contracts	721	1	1	734	2	5
Equity contracts	246	6	—	227	2	—
Credit contracts	2,933	1	6	2,620	1	—
Other <sup>(a)</sup>	2,988	11	148	2,136	11	93
<b>Total</b>	<b>\$ 93,345</b>	<b>\$ 304</b>	<b>\$ 230</b>	<b>\$ 91,328</b>	<b>\$ 312</b>	<b>\$ 241</b>

(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 \$2.1 billion and \$145 million at March 31, 2024, respectively, compared to \$2.0 billion and \$91 million at December 31, 2023, respectively. In addition, includes short-term underwriting purchase and sale commitments with total notional values of \$862 million at March 31, 2024, and \$28 million at December 31, 2023.



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

(Dollars in Millions)	March 31, 2024			December 31, 2023		
	Notional Value	Fair Value		Notional Value	Fair Value	
		Assets	Liabilities		Assets	Liabilities
<b>Interest rate contracts</b>						
Receive fixed/pay floating swaps	\$ 373,670	\$ 391	\$ 5,291	\$ 363,375	\$ 791	\$ 4,395
Pay fixed/receive floating swaps	338,302	2,182	183	330,539	1,817	280
Other <sup>(a)</sup>	79,395	15	48	82,209	17	51
Options						
Purchased	94,801	889	2	102,423	1,026	18
Written	90,927	4	1,034	97,690	20	1,087
<b>Foreign exchange rate contracts</b>						
Forwards, spots and swaps	109,255	2,036	1,788	121,119	2,252	1,942
Options						
Purchased	785	16	—	1,532	28	—
Written	785	—	16	1,532	—	28
<b>Commodity contracts</b>						
Swaps	3,303	141	133	2,498	116	110
Options						
Purchased	2,464	178	1	1,936	151	—
Written	2,464	1	177	1,936	—	151
Futures						
Sell	5	1	1	—	—	—
Credit contracts	12,576	—	4	13,053	1	6
<b>Total</b>	<b>\$ 1,108,732</b>	<b>\$ 5,854</b>	<b>\$ 8,679</b>	<b>\$ 1,119,842</b>	<b>\$ 6,219</b>	<b>\$ 8,068</b>

(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 three months ended March 31:

(Dollars in Millions)	Gains (Losses) Recognized in Other Comprehensive Income (Loss)		Gains (Losses) Reclassified from Other Comprehensive Income (Loss) into Earnings	
	2024	2023	2024	2023
<b>Asset and Liability Management Positions</b>				
Cash flow hedges				
Interest rate contracts	\$ (255)	\$ 151	\$ (36)	\$ (6)
Net investment hedges				
Foreign exchange forward contracts	69	(3)	—	—
Non-derivative debt instruments	34	(18)	—	—

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 three months ended March 31:

(Dollars in Millions)	Interest Income		Interest Expense	
	2024	2023	2024	2023
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				
	\$ 7,764	\$ 6,964	\$ 3,779	\$ 2,330
<b>Asset and Liability Management Positions</b>				
Fair value hedges				
Interest rate contract derivatives	468	(178)	(57)	(114)
Hedged items	(469)	174	57	114
Cash flow hedges				
Interest rate contract derivatives	(42)	—	7	7

Note: The Company does not exclude components from effectiveness testing for fair value and cash flow hedges. The Company reclassified losses of \$7 million into earnings during both the three months ended March 31, 2024 and 2023, as a result of realized cash flows on discontinued cash flow hedges. 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 currently designated in fair value hedges:

(Dollars in Millions)	Carrying Amount of the Hedged Assets and Liabilities		Cumulative Hedging Adjustment	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
<b>Line Item in the Consolidated Balance Sheet</b>				
Available-for-sale investment securities <sup>(a)</sup>	\$ 18,981	\$ 23,924	\$ (474)	\$ (93)
Long-term debt	13,683	12,034	(97)	(32)

Note: The table above excludes the cumulative hedging adjustment related to discontinued hedging relationships on available-for-sale investment securities and long-term debt of \$(108) million and \$(110) million, respectively, at March 31, 2024, compared with \$(18) million and \$(116) million at December 31, 2023, respectively. The carrying amount of available-for-sale investment securities and long-term debt related to discontinued hedging relationships was \$7.1 billion and \$6.7 billion, respectively, at March 31, 2024, compared with \$830 million and \$7.2 billion at December 31, 2023, respectively.

(a) Includes amounts related to available-for-sale investment securities currently designated as the hedged item in a fair value hedge using the portfolio layer method. At March 31, 2024, the amortized cost of the closed portfolios used in these hedging relationships was \$15.4 billion, of which \$9.5 billion was designated as hedged. At March 31, 2024, the cumulative amount of basis adjustments associated with these hedging relationships was \$88 million. At December 31, 2023, the amortized cost of the closed portfolios used in these hedging relationships was \$15.6 billion, of which \$9.6 billion was designated as hedged. At December 31, 2023, the cumulative amount of basis adjustments associated with these hedging relationships was \$335 million.

The table below shows the gains (losses) recognized in earnings for other economic hedges and the customer-related positions for the three months ended March 31:

(Dollars in Millions)	Location of Gains (Losses) Recognized in Earnings	2024	2023
<b>Asset and Liability Management Positions</b>			
Other economic hedges			
Interest rate contracts			
Futures and forwards	Mortgage banking revenue	\$ (12)	\$ 7
Purchased and written options	Mortgage banking revenue	39	(2)
Swaps	Mortgage banking revenue/Interest expense	(86)	58
Foreign exchange forward contracts	Other noninterest income	4	(5)
Equity contracts	Compensation expense	—	(3)
Credit contracts	Commercial products revenue	(2)	—
Other	Other noninterest income	(75)	(2)
<b>Customer-Related Positions</b>			
Interest rate contracts			
Swaps	Commercial products revenue	131	52
Purchased and written options	Commercial products revenue	(47)	—
Futures	Commercial products revenue	—	(1)
Foreign exchange rate contracts			
Forwards, spots and swaps	Commercial products revenue	24	28
Commodity contracts			
Swaps	Commercial products revenue	2	—
Purchased and written options	Commercial products revenue	2	—
Credit contracts	Commercial products revenue	(1)	—

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 March 31, 2024, was \$2.6 billion. At March 31, 2024, the Company had \$2.3 billion of cash posted as collateral against this net liability position.

### **NOTE 13** 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 \$1.2 trillion total notional amount of derivative positions at March 31, 2024, \$526.1 billion related to bilateral over-the-counter trades, \$675.2 billion related to those centrally cleared through clearinghouses and \$777 million 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 12 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, corporate debt securities or asset-backed securities. The securities loaned or borrowed typically are corporate debt securities traded by the Company's primary 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
<b>March 31, 2024</b>					
Repurchase agreements					
U.S. Treasury and agencies	\$ 3,598	\$ —	\$ —	\$ —	3,598
Residential agency mortgage-backed securities	355	—	—	—	355
Corporate debt securities	838	—	—	—	838
Asset-backed securities	18	64	—	—	82
Total repurchase agreements	4,809	64	—	—	4,873
Securities loaned					
Corporate debt securities	328	—	—	—	328
Total securities loaned	328	—	—	—	328
Gross amount of recognized liabilities	\$ 5,137	\$ 64	\$ —	\$ —	5,201
<b>December 31, 2023</b>					
Repurchase agreements					
U.S. Treasury and agencies	\$ 2,375	\$ —	\$ —	\$ —	2,375
Residential agency mortgage-backed securities	338	—	—	—	338
Corporate debt securities	821	—	—	—	821
Asset-backed securities	—	45	—	—	45
Total repurchase agreements	3,534	45	—	—	3,579
Securities loaned					
Corporate debt securities	290	—	—	—	290
Total securities loaned	290	—	—	—	290
Gross amount of recognized liabilities	\$ 3,824	\$ 45	\$ —	\$ —	3,869

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 <sup>(a)</sup>	Net Amounts Presented on the Consolidated Balance Sheet	Gross Amounts Not Offset on the Consolidated Balance Sheet		Net Amount
				Financial Instruments <sup>(b)</sup>	Collateral Received <sup>(c)</sup>	
<b>March 31, 2024</b>						
Derivative assets <sup>(d)</sup>	\$ 6,128	\$ (3,485)	\$ 2,643	\$ (110)	\$ (2)	2,531
Reverse repurchase agreements	3,786	—	3,786	(401)	(3,385)	—
Securities borrowed	1,843	—	1,843	—	(1,777)	66
Total	\$ 11,757	\$ (3,485)	\$ 8,272	\$ (511)	\$ (5,164)	2,597
<b>December 31, 2023</b>						
Derivative assets <sup>(d)</sup>	\$ 6,504	\$ (3,666)	\$ 2,838	\$ (141)	\$ (3)	2,694
Reverse repurchase agreements	2,513	—	2,513	(568)	(1,941)	4
Securities borrowed	1,802	—	1,802	(14)	(1,717)	71
Total	\$ 10,819	\$ (3,666)	\$ 7,153	\$ (723)	\$ (3,661)	2,769

(a) Includes \$1.8 billion and \$1.6 billion of cash collateral related payables that were netted against derivative assets at March 31, 2024 and December 31, 2023, 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 \$30 million and \$27 million at March 31, 2024 and December 31, 2023, respectively, of derivative assets not subject to netting arrangements.

(Dollars in Millions)	Gross Recognized Liabilities	Gross Amounts Offset on the Consolidated Balance Sheet <sup>(a)</sup>	Net Amounts Presented on the Consolidated Balance Sheet	Gross Amounts Not Offset on the Consolidated Balance Sheet		Net Amount
				Financial Instruments <sup>(b)</sup>	Collateral Pledged <sup>(c)</sup>	
<b>March 31, 2024</b>						
Derivative liabilities <sup>(d)</sup>	\$ 8,761	\$ (3,984)	\$ 4,777	\$ (110)	\$ —	4,667
Repurchase agreements	4,873	—	4,873	(401)	(4,471)	1
Securities loaned	328	—	328	—	(322)	6
Total	\$ 13,962	\$ (3,984)	\$ 9,978	\$ (511)	\$ (4,793)	4,674
<b>December 31, 2023</b>						
Derivative liabilities <sup>(d)</sup>	\$ 8,217	\$ (3,720)	\$ 4,497	\$ (141)	\$ —	4,356
Repurchase agreements	3,579	—	3,579	(568)	(3,008)	3
Securities loaned	290	—	290	(14)	(270)	6
Total	\$ 12,086	\$ (3,720)	\$ 8,366	\$ (723)	\$ (3,278)	4,365

(a) Includes \$2.3 billion and \$1.7 billion of cash collateral related receivables that were netted against derivative liabilities at March 31, 2024 and December 31, 2023, 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 \$148 million and \$92 million at March 31, 2024 and December 31, 2023, respectively, of derivative liabilities not subject to netting arrangements.

## 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, certain time deposits 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. Other financial instruments, such as held-to-maturity investment securities, loans, the majority of time deposits, short-term borrowings and long-term debt, are accounted for at amortized cost. See "Fair Value of Financial Instruments" in this Note for further information on the estimated fair value of these other financial instruments. In accordance with disclosure guidance, certain financial instruments, such as deposits with no defined or contractual maturity, receivables and payables due in one year or less, insurance contracts and equity investments not accounted for at fair value, are excluded from this Note.

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, and certain time deposits, 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 three months ended March 31, 2024 and 2023, 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 were net losses of \$1 million and \$3 million for the three months ended March 31, 2024 and 2023, 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.

**Time Deposits** The Company elects the fair value option to account for certain time deposits that are hedged with derivatives that do not qualify for hedge accounting. Electing to measure these time deposits at fair value reduces certain timing differences and better matches changes in fair value of these deposits with changes in the value of the derivative instruments used to economically hedge them. The time deposits measured at fair value are valued using a discounted cash flow model that utilizes market observable inputs and are classified within Level 2. Included in interest expense on deposits were net gains of \$8 million for the three months ended March 31, 2024 from the changes in fair value of time deposits under fair value option accounting guidance.

**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 6 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 15 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 March 31, 2024:

	Minimum	Maximum	Weighted-Average <sup>(a)</sup>
Expected prepayment	7 %	22 %	9 %
Option adjusted spread	4	11	5

(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 March 31, 2024:

	Minimum	Maximum	Weighted-Average <sup>(a)</sup>
Expected loan close rate	10 %	100 %	76 %
Inherent MSR value (basis points per loan)	55	184	103

(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 March 31, 2024, 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, 1,224 percent and 1 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
<b>March 31, 2024</b>					
Available-for-sale securities					
U.S. Treasury and agencies	\$ 16,817	\$ 4,701	\$ —	\$ —	21,518
Mortgage-backed securities					
Residential agency	—	27,487	—	—	27,487
Commercial					
Agency	—	7,284	—	—	7,284
Non-agency	—	6	—	—	6
Asset-backed securities	—	6,204	—	—	6,204
Obligations of state and political subdivisions	—	9,787	—	—	9,787
Other	—	140	—	—	140
Total available-for-sale	16,817	55,609	—	—	72,426
Mortgage loans held for sale	—	1,885	—	—	1,885
Mortgage servicing rights	—	—	3,462	—	3,462
Derivative assets	3	4,791	1,364	(3,485)	2,673
Other assets	372	2,263	—	—	2,635
Total	\$ 17,192	\$ 64,548	\$ 4,826	\$ (3,485)	\$ 83,081
Time deposits	\$ —	\$ 4,668	\$ —	\$ —	4,668
Derivative liabilities	—	5,184	3,725	(3,984)	4,925
Short-term borrowings and other liabilities <sup>(a)</sup>	436	1,823	—	—	2,259
Total	\$ 436	\$ 11,675	\$ 3,725	\$ (3,984)	\$ 11,852
<b>December 31, 2023</b>					
Available-for-sale securities					
U.S. Treasury and agencies	\$ 14,787	\$ 4,755	\$ —	\$ —	19,542
Mortgage-backed securities					
Residential agency	—	26,078	—	—	26,078
Commercial					
Agency	—	7,343	—	—	7,343
Non-agency	—	6	—	—	6
Asset-backed securities	—	6,724	—	—	6,724
Obligations of state and political subdivisions	—	9,989	—	—	9,989
Other	—	24	—	—	24
Total available-for-sale	14,787	54,919	—	—	69,706
Mortgage loans held for sale	—	2,011	—	—	2,011
Mortgage servicing rights	—	—	3,377	—	3,377
Derivative assets	—	5,078	1,453	(3,666)	2,865
Other assets	550	1,991	—	—	2,541
Total	\$ 15,337	\$ 63,999	\$ 4,830	\$ (3,666)	\$ 80,500
Time deposits	\$ —	\$ 2,818	\$ —	\$ —	2,818
Derivative liabilities	16	4,955	3,338	(3,720)	4,589
Short-term borrowings and other liabilities <sup>(a)</sup>	517	1,786	—	—	2,303
Total	\$ 533	\$ 9,559	\$ 3,338	\$ (3,720)	\$ 9,710

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 \$137 million and \$133 million at March 31, 2024 and December 31, 2023, respectively, and reflect no impairment or observable price change adjustment at March 31, 2024, compared with a cumulative impairment of \$5 million and no observable price change adjustment at December 31, 2023. The Company did not record any impairments or adjustments for observable price changes during the first three months of 2024 and 2023.

(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):

Three Months Ended March 31 (Dollars in Millions)	Beginning of Period Balance	Net Gains (Losses) Included in Net Income	Purchases	Sales	Issuances	Settlements	End of Period Balance	Net Change in Unrealized Gains (Losses) Relating to Assets and Liabilities Held at End of Period
<b>2024</b>								
Mortgage servicing rights	\$ 3,377	\$ 30 <sup>(a)</sup>	\$ —	\$ —	\$ 55 <sup>(c)</sup>	\$ —	\$ 3,462	\$ 30 <sup>(a)</sup>
Net derivative assets and liabilities	(1,885)	(1,683) <sup>(b)</sup>	378	(2)	—	831	(2,361)	(181) <sup>(d)</sup>
<b>2023</b>								
Available-for-sale securities								
Obligations of state and political subdivisions	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ —
Total available-for-sale	1	—	—	—	—	—	1	—
Mortgage servicing rights	3,755	(129) <sup>(a)</sup>	1	1	96 <sup>(c)</sup>	—	3,724	(129) <sup>(a)</sup>
Net derivative assets and liabilities	(3,199)	(316) <sup>(e)</sup>	423	(12)	—	839	(2,265)	529 <sup>(f)</sup>

(a) Included in mortgage banking revenue.

(b) Approximately \$44 million, \$(1.7) billion and \$(75) million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.

(c) Represents MSR capitalizations during the period.

(d) Approximately \$19 million, \$(125) million and \$(75) million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.

(e) Approximately \$51 million, \$(365) million and \$(2) million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.

(f) Approximately \$22 million, \$509 million and \$(2) million included in mortgage banking revenue, commercial products revenue and other noninterest income, respectively.

The Company is also required periodically to measure certain other financial assets at fair value on a nonrecurring basis. These measurements of fair value usually result from the application of lower-of-cost-or-fair value accounting or write-downs of individual assets.

The following table summarizes the balances as of the measurement date of assets measured at fair value on a nonrecurring basis, and still held as of the reporting date:

(Dollars in Millions)	March 31, 2024				December 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Loans <sup>(a)</sup>	\$ —	\$ —	\$ 268	\$ 268	\$ —	\$ —	\$ 354	\$ 354
Other assets <sup>(b)</sup>	—	—	23	23	—	—	27	27

(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:

(Dollars in Millions)	Three Months Ended March 31	
	2024	2023
Loans <sup>(a)</sup>	\$ —	\$ —
Other assets <sup>(b)</sup>	\$ 67	\$ 142
	2	1

(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 the assets and liabilities for which the fair value option has been elected and the aggregate remaining contractual principal balance outstanding:

(Dollars in Millions)	March 31, 2024			December 31, 2023		
	Fair Value Carrying Amount	Contractual Principal Outstanding	Carrying Amount Over (Under) Contractual Principal Outstanding	Fair Value Carrying Amount	Contractual Principal Outstanding	Carrying Amount Over (Under) Contractual Principal Outstanding
Total loans <sup>(a)</sup>	\$ 1,885	\$ 1,880	\$ 5	\$ 2,011	\$ 1,994	\$ 17
Time deposits	4,668	4,680	(12)	2,818	2,822	(4)

(a) Includes nonaccrual loans of \$1 million carried at fair value with contractual principal outstanding of \$1 million at March 31, 2024 and \$1 million carried at fair value with contractual principal outstanding of \$1 million at December 31, 2023. Includes loans 90 days or more past due of \$3 million carried at fair value with contractual principal outstanding of \$3 million at March 31, 2024 and \$4 million carried at fair value with contractual principal outstanding of \$4 million at December 31, 2023.

## Fair Value of Financial Instruments

The following section summarizes the estimated fair value for financial instruments accounted for at amortized cost as of March 31, 2024 and December 31, 2023. 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 are shown in the table below:

(Dollars in Millions)	March 31, 2024					December 31, 2023				
	Carrying Amount	Level 1	Level 2	Level 3	Total	Carrying Amount	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>										
Cash and due from banks	\$ 76,985	\$ 76,985	\$ —	\$ —	\$ 76,985	\$ 61,192	\$ 61,192	\$ —	\$ —	\$ 61,192
Federal funds sold and securities purchased under resale agreements	3,788	—	3,788	—	3,788	2,543	—	2,543	—	2,543
Investment securities held-to-maturity	82,948	1,303	69,846	—	71,149	84,045	1,310	72,778	—	74,088
Loans held for sale <sup>(a)</sup>	195	—	—	195	195	190	—	—	190	190
Loans	367,074	—	—	358,357	358,357	366,456	—	—	362,849	362,849
Other <sup>(b)</sup>	2,140	—	1,588	552	2,140	2,377	—	1,863	514	2,377
<b>Financial Liabilities</b>										
Time deposits <sup>(c)</sup>	51,395	—	51,568	—	51,568	49,455	—	49,607	—	49,607
Short-term borrowings <sup>(d)</sup>	14,843	—	14,549	—	14,549	12,976	—	12,729	—	12,729
Long-term debt	52,693	—	50,805	—	50,805	51,480	—	49,697	—	49,697
Other <sup>(e)</sup>	5,176	—	1,341	3,835	5,176	5,432	—	1,406	4,026	5,432

(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 time deposits for which the fair value option under applicable accounting guidance was elected.

(d) Excludes the Company's obligation on securities sold short required to be accounted for at fair value per applicable accounting guidance.

(e) 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 \$420 million and \$489 million at March 31, 2024 and December 31, 2023, respectively. The carrying value of other guarantees was \$184 million and \$198 million at March 31, 2024 and December 31, 2023, respectively.

## NOTE 15 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"). As of March 31, 2024, the Company has sold substantially all of its 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 and fully offsets the related Visa Litigation contingent liability.

In October 2012, Visa signed a settlement agreement to resolve merchant 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"). The Damages Action was settled and is fully resolved. A number of merchants opted out of the Damages Action class settlement and filed individual cases in various federal district courts. Some of those cases have been settled and others are still being litigated. In March 2024, Visa signed a settlement agreement to resolve the Injunctive Action. The proposed settlement, which provides lower interchange rates and various other rules changes for U.S. merchants, requires court approval.

### Other Guarantees and Contingent Liabilities

The following table is a summary of other guarantees and contingent liabilities of the Company at March 31, 2024:

(Dollars in Millions)	Collateral Held	Carrying Amount	Maximum Potential Future Payments
Standby letters of credit	\$ —	\$ 21	\$ 11,114
Securities lending indemnifications	9,173	—	8,985
Asset sales	—	99	9,881 <sup>(a)</sup>
Merchant processing	802	64	140,347
Tender option bond program guarantee	476	—	466
Other	—	21	2,935

(a) 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.

**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.

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 March 31, 2024, the value of airline tickets purchased to be delivered at a future date through card transactions processed by the Company was \$12.9 billion. The Company held collateral of \$682 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 March 31, 2024, the liability was \$40 million primarily related to these airline processing arrangements.

**Asset Sales** 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 March 31, 2024, the Company had reserved \$12 million for potential losses from representation and warranty obligations, compared with \$13 million at December 31, 2023. 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 March 31, 2024 and December 31, 2023, the Company had \$11 million and \$18 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.

## Litigation and Regulatory Matters

The Company is subject to various litigation and regulatory matters that arise from the conduct of its business activities. 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 of 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 of 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 for losses arising out of the 2008 financial crisis. In the lawsuits brought against the Company, the investors allege that the Company's banking subsidiary, U.S. Bank National Association ("USBNA"), 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, investigations and other forms of regulatory and governmental inquiry or scrutiny covering a wide range of issues in its financial services businesses including in areas of heightened regulatory scrutiny, such as compliance, risk management, third-party risk management and consumer protection. In some cases, these matters are part of reviews of specified activities at multiple industry participants; in others, they are directed at the Company individually. For example, the Division of Enforcement of the SEC has been investigating U.S. Bancorp Fund Services, LLC ("USBFS"), a subsidiary of USBNA, relating to its role providing fund administration services to a third-party investment fund. This investment fund was advised by an investment adviser who engaged in fraud, and USBFS was not affiliated with the investment adviser and did not provide any advisory services to the fund. The Division of Enforcement has made a preliminary determination to recommend that the SEC file an enforcement action against USBFS, and USBFS is in the process of responding to the SEC on this matter. 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).

On February 9, 2024, the SEC announced a settlement with U.S. Bancorp Investments, Inc., resolving the previously disclosed inquiry regarding record retention requirements relating to electronic business communications. Also, on March 19, 2024, the Commodity Futures Trading Commission ("CFTC") announced a settlement with USBNA resolving similar issues. The financial impact of the resolution of these matters was not material to the Company's financial condition, results of operations or cash flows.

**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 16 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 the following reportable operating segments and functional activities in Treasury and Corporate Support:

**Wealth, Corporate, Commercial and Institutional Banking** Wealth, Corporate, Commercial and Institutional Banking provides core banking, specialized lending, transaction and payment processing, capital markets, asset management, and brokerage and investment related services to wealth, middle market, large corporate, government and institutional clients.

**Consumer and Business Banking** Consumer and Business Banking comprises consumer banking, small business banking and consumer lending. Products and services are delivered through banking offices, telephone servicing and sales, online services, direct mail, ATM processing, mobile devices, distributed mortgage loan officers, and intermediary relationships including auto dealerships, mortgage banks, and strategic business partners.

**Payment Services** Payment Services includes consumer and business credit cards, stored-value cards, debit cards, corporate, government and purchasing card services 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, including merger and integration charges, are 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 2024 and 2023, certain organization and methodology changes were made, including the Company combining its Wealth Management and Investment Services and Corporate and Commercial Banking lines of businesses to create the Wealth, Corporate, Commercial and Institutional Banking line of business during the third quarter of 2023. Prior period results were restated and presented on a comparable basis.

Business segment results for the three months ended March 31 were as follows:

(Dollars in Millions)	Wealth, Corporate, Commercial and Institutional Banking		Consumer and Business Banking		Payment Services	
	2024	2023	2024	2023	2024	2023
<b>Condensed Income Statement</b>						
Net interest income (taxable-equivalent basis)	\$ 1,265	\$ 1,550	\$ 2,014	\$ 2,341	\$ 735	\$ 655
Noninterest income	1,113	1,020	423	401	980 (a)	937 (a)
Total net revenue	2,378	2,570	2,437	2,742	1,715	1,592
Noninterest expense	1,372	1,340	1,580	1,707	1,025	959
Income (loss) before provision and income taxes	1,006	1,230	857	1,035	690	633
Provision for credit losses	138	(26)	55	7	359	220
Income (loss) before income taxes	868	1,256	802	1,028	331	413
Income taxes and taxable-equivalent adjustment	217	314	201	258	83	103
Net income (loss)	651	942	601	770	248	310
Net (income) loss attributable to noncontrolling interests	—	—	—	—	—	—
Net income (loss) attributable to U.S. Bancorp	\$ 651	\$ 942	\$ 601	\$ 770	\$ 248	\$ 310
<b>Average Balance Sheet</b>						
Loans	\$ 170,965	\$ 177,011	\$ 154,933	\$ 167,409	\$ 39,803	\$ 36,935
Other earning assets	8,740	6,027	1,879	2,179	153	302
Goodwill	4,825	4,614	4,325	4,493	3,332	3,315
Other intangible assets	1,059	1,034	4,696	5,594	300	385
Assets	199,085	201,182	169,177	185,245	46,816	42,858
Noninterest-bearing deposits	58,446	82,403	21,500	41,269	2,791	3,184
Interest-bearing deposits	203,980	196,843	203,343	176,797	97	108
Total deposits	262,426	279,246	224,843	218,066	2,888	3,292
Total U.S. Bancorp shareholders' equity	21,749	21,536	14,848	16,565	9,965	8,968

(Dollars in Millions)	Treasury and Corporate Support		Consolidated Company	
	2024	2023	2024	2023
<b>Condensed Income Statement</b>				
Net interest income (taxable-equivalent basis)	\$ 1	\$ 122	\$ 4,015	\$ 4,668
Noninterest income	184	149	2,700 (b)	2,507 (b)
Total net revenue	185	271	6,715 (c)	7,175 (c)
Noninterest expense	482	549	4,459	4,555
Income (loss) before provision and income taxes	(297)	(278)	2,256	2,620
Provision for credit losses	1	226	553	427
Income (loss) before income taxes	(298)	(504)	1,703	2,193
Income taxes and taxable-equivalent adjustment	(124)	(186)	377	489
Net income (loss)	(174)	(318)	1,326	1,704
Net (income) loss attributable to noncontrolling interests	(7)	(6)	(7)	(6)
Net income (loss) attributable to U.S. Bancorp	\$ (181)	\$ (324)	\$ 1,319	\$ 1,698
<b>Average Balance Sheet</b>				
Loans	\$ 5,369	\$ 5,395	\$ 371,070	\$ 386,750
Other earning assets	214,293	212,356	225,065	220,864
Goodwill	—	—	12,482	12,422
Other intangible assets	10	36	6,065	7,049
Assets	238,831	236,162	653,909	665,447
Noninterest-bearing deposits	2,050	2,885	84,787	129,741
Interest-bearing deposits	10,854	6,835	418,274	380,583
Total deposits	12,904	9,720	503,061	510,324
Total U.S. Bancorp shareholders' equity	9,105	5,598	55,667	52,667

(a) Presented net of related rewards and rebate costs and certain partner payments of \$739 million and \$717 million for the three months ended March 31, 2024 and 2023, respectively.

(b) Includes revenue generated from certain contracts with customers of \$2.2 billion and \$2.1 billion for the three months ended March 31, 2024 and 2023, respectively.

(c) The Company, as a lessor, originates retail and commercial leases either directly to the consumer or indirectly through dealer networks. Under these arrangements, the Company recorded \$187 million and \$183 million of revenue for the three months ended March 31, 2024 and 2023, respectively, primarily consisting of interest income on sales-type and direct financing leases.

**NOTE 17****Subsequent Events**

The Company has evaluated the impact of events that have occurred subsequent to March 31, 2024 through the date the consolidated financial statements were filed with the SEC. 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<sup>(a)</sup>

For the Three Months Ended March 31

(Dollars in Millions) (Unaudited)	2024			2023			% Change Average Balances
	Average Balances	Interest	Yields and Rates	Average Balances	Interest	Yields and Rates	
<b>Assets</b>							
Investment securities	\$ 161,236	\$ 1,194	2.96 %	\$ 166,125	\$ 1,094	2.64 %	(2.9)%
Loans held for sale	2,002	37	7.32	2,461	31	5.10	(18.7)
Loans <sup>(b)</sup>							
Commercial	130,767	2,180	6.70	135,683	1,997	5.96	(3.6)
Commercial real estate	53,037	854	6.48	55,595	803	5.86	(4.6)
Residential mortgages	115,639	1,107	3.83	116,287	1,050	3.62	(.6)
Credit card	27,942	940	13.53	25,569	800	12.69	9.3
Other retail	43,685	642	5.91	53,616	642	4.86	(18.5)
Total loans	371,070	5,723	6.20	386,750	5,292	5.53	(4.1)
Interest-bearing deposits with banks	50,903	704	5.56	43,305	488	4.57	17.5
Other earning assets	10,924	137	5.05	8,973	94	4.23	21.7
Total earning assets	596,135	7,795	5.25	607,614	6,999	4.65	(1.9)
Allowance for loan losses	(7,438)			(6,944)			7.1
Unrealized gain (loss) on investment securities	(7,121)			(7,519)			(5.3)
Other assets	72,333			72,296			.1
Total assets	\$ 653,909			\$ 665,447			(1.7)
<b>Liabilities and Shareholders' Equity</b>							
Noninterest-bearing deposits	\$ 84,787			\$ 129,741			(34.6)%
Interest-bearing deposits							
Interest checking	125,011	362	1.17	129,350	283	.89	(3.4)
Money market savings	196,502	1,914	3.92	146,970	979	2.70	33.7
Savings accounts	41,645	26	.25	68,827	13	.07	(39.5)
Time deposits	55,116	582	4.25	35,436	230	2.64	55.5
Total interest-bearing deposits	418,274	2,884	2.77	380,583	1,505	1.60	9.9
Short-term borrowings							
Federal funds purchased	368	5	5.11	904	10	4.44	(59.3)
Securities sold under agreements to repurchase	4,847	57	4.69	2,481	19	3.11	95.4
Commercial paper	7,612	75	3.98	8,251	54	2.67	(7.7)
Other short-term borrowings <sup>(c)</sup>	3,537	134	15.28	24,831	367	6.00	(85.8)
Total short-term borrowings	16,364	271	6.66	36,467	450	5.01	(55.1)
Long-term debt	52,713	625	4.76	41,024	376	3.71	28.5
Total interest-bearing liabilities	487,351	3,780	3.12	458,074	2,331	2.06	6.4
Other liabilities	25,640			24,500			4.7
Shareholders' equity							
Preferred equity	6,808			6,808			—
Common equity	48,859			45,859			6.5
Total U.S. Bancorp shareholders' equity	55,667			52,667			5.7
Noncontrolling interests	464			465			(.2)
Total equity	56,131			53,132			5.6
Total liabilities and equity	\$ 653,909			\$ 665,447			(1.7)
Net interest income		\$ 4,015			\$ 4,668		
Gross interest margin			2.13 %			2.59 %	
Gross interest margin without taxable-equivalent increments			2.11 %			2.57 %	
<b>Percent of Earning Assets</b>							
Interest income			5.25 %			4.65 %	
Interest expense			2.55			1.55	
Net interest margin			2.70 %			3.10 %	
Net interest margin without taxable-equivalent increments			2.68 %			3.08 %	

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

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

<sup>(c)</sup> Interest expense and rates includes interest paid on collateral associated with derivative positions.

## Part II — Other Information

**Item 1. Legal Proceedings** — See the information set forth in "Litigation and Regulatory Matters" in Note 15 in the Notes to Consolidated Financial Statements on page 66 of this Report, which is incorporated herein by reference.

**Item 1A. Risk Factors** — There are a number of factors that may adversely affect the Company's business, financial results or stock price. Refer to "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, for discussion of these risks.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds** — See the information set forth in the "Capital Management" section on page 24 of this Report for information regarding shares repurchased by the Company during the first quarter of 2024, which is incorporated herein by reference.

### Item 6. Exhibits

- 3.1 Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.4 to the Company's Form 8-K filed on April 20, 2022).
- 3.2 Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed on October 19, 2023).
- 10.1 U.S. Bancorp 2024 Stock Incentive Plan (incorporated by reference to Exhibit 4.3 to the Company's Form S-8 (File No. 333-278752) filed on April 17, 2024).
- 10.2 Form of Restricted Stock Unit Award Agreement for Executive Officers under U.S. Bancorp 2024 Stock Incentive Plan (incorporated by reference to Exhibit 4.4 to the Company's Form S-8 (File No. 333-278752) filed on April 17, 2024).
- 10.3 Form of Performance Restricted Stock Unit Award Agreement for Executive Officers under U.S. Bancorp 2024 Stock Incentive Plan (incorporated by reference to Exhibit 4.5 to the Company's Form S-8 (File No. 333-278752) filed on April 17, 2024).
- 10.4 Form of Restricted Stock Unit Award Agreement for Non-Employee Directors under U.S. Bancorp 2024 Stock Incentive Plan (incorporated by reference to Exhibit 4.6 to the Company's Form S-8 (File No. 333-278752) filed on April 17, 2024).
- 10.5 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, 2024) (incorporated by reference to Exhibit 10.30 to the Company's Form 10-K for the year ended December 31, 2023).
- 10.6 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, 2024) (incorporated by reference to Exhibit 10.31 to the Company's Form 10-K for the year ended December 31, 2023).
- 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 Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, 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).

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

U.S. BANCORP

By: */s/* LISA R. STARK

Lisa R. Stark

Controller

(Principal Accounting Officer and Duly Authorized Officer)

Dated: May 1, 2024

## Corporate Information

### Executive Offices

U.S. Bancorp  
800 Nicollet Mall  
Minneapolis, MN 55402

### Common Stock Transfer Agent and Registrar

Computershare acts as our transfer agent and registrar, dividend paying agent and dividend reinvestment plan administrator, and maintains all shareholder records for the Company. Inquiries related to shareholder records, stock transfers, changes of ownership, lost stock certificates, changes of address and dividend payment should be directed to the transfer agent at:

Computershare  
P.O. Box 505000  
Louisville, KY 40233  
Phone: 888-778-1311 or 201-680-6578 (international calls)  
computershare.com/investor

### Registered or Certified Mail:

Computershare  
462 South 4th Street, Suite 1600  
Louisville, KY 40202

Telephone representatives are available weekdays from 8 a.m. to 6 p.m., Central Time, and automated support is available 24 hours a day, seven days a week. Specific information about your account is available on Computershare's Investor Center website.

### Independent Auditor

Ernst & Young LLP serves as the independent auditor for U.S. Bancorp.

### Common Stock Listing and Trading

U.S. Bancorp common stock is listed and traded on the New York Stock Exchange under the ticker symbol USB.

### Dividends and Reinvestment Plan

U.S. Bancorp currently pays quarterly dividends on our common stock on or about the 15th day of January, April, July and October, subject to approval by our Board of Directors. U.S. Bancorp shareholders can choose to participate in a plan that provides automatic reinvestment of dividends and/or optional cash purchase of additional shares of U.S. Bancorp common stock. For more information, please contact our transfer agent, Computershare.

### Investor Relations Contact

George Andersen  
Senior Vice President, Director of Investor Relations  
george.andersen@usbank.com  
Phone: 612-303-3620

### Media Requests

David R. Palombi  
Executive Vice President  
Chief Communications Officer  
Public Affairs and Communications  
david.palombi@usbank.com  
Phone: 612-303-3167

### Financial Information

U.S. Bancorp news and financial results are available through our website and by mail.

**Website** For information about U.S. Bancorp, including news, financial results, annual reports and other documents filed with the Securities and Exchange Commission, visit [usbank.com](http://usbank.com) and click on *About Us*.

**Mail** At your request, we will mail to you our quarterly earnings, news releases, quarterly financial data reported on Form 10-Q, Form 10-K and additional copies of our annual reports. Please contact:

U.S. Bancorp Investor Relations  
800 Nicollet Mall  
Minneapolis, MN 55402  
investorrelations@usbank.com  
Phone: 866-775-9668

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 Quarterly Report on Form 10-Q 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: May 1, 2024

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, John C. Stern, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q 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/ JOHN C. STERN

John C. Stern

Chief Financial Officer

Dated: May 1, 2024

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 Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 (the "Form 10-Q") 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-Q 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/ JOHN C. STERN*

John C. Stern  
*Chief Financial Officer*

Dated: May 1, 2024

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, 2023

or

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

For the transition period from (not applicable)

Commission file number: 1-6880

**U.S. Bancorp**

(Exact name of registrant as specified in its charter)

Delaware

41-0255900

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

800 Nicollet Mall, Minneapolis, Minnesota 55402  
(Address of principal executive offices) (Zip Code)

(651) 466-3000

(Registrant's telephone number, including area code)

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

Title of each class	Trading symbols	Name of each exchange on which registered
Common Stock, \$01 par value per share	USB	New York Stock Exchange
Depository Shares (each representing 1/1,000th interest in a share of Series A Non-Cumulative Perpetual Preferred Stock, par value \$1.00)	USB PrA	New York Stock Exchange
Depository 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
Depository 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
Depository 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
Depository 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
Depository 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.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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, 2023, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$50.6 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, 2024
Common Stock, \$01 par value per share	1,558,133,431



Auditor Firm Id: 42

Auditor Name: Ernst & Young LLP

Auditor Location: Minneapolis, Minnesota

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**DOCUMENTS INCORPORATED BY REFERENCE**

<u>Document</u>	<u>Parts Into Which Incorporated</u>
1. Portions of the Annual Report to Shareholders for the Fiscal Year Ended December 31, 2023 (the "2023 Annual Report")	Parts I and II
2. Portions of the Proxy Statement for the Annual Meeting of Shareholders to be held April 16, 2024 (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, future economic conditions and the anticipated future revenue, expenses, financial condition, asset quality, capital and liquidity levels, plans, prospects and operations of U.S. Bancorp. Forward-looking statements often use words such as "anticipates," "targets," "expects," "hopes," "estimates," "projects," "forecasts," "intends," "plans," "goals," "believes," "continue" and other similar expressions or future or conditional verbs such as "will," "may," "might," "should," "would" and "could."

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

- Deterioration in general business and economic conditions or turbulence in domestic or global financial markets, which could adversely affect U.S. Bancorp's revenues and the values of its assets and liabilities, reduce the availability of funding to certain financial institutions, lead to a tightening of credit, and increase stock price volatility;
- Turmoil and volatility in the financial services industry, including failures or rumors of failures of other depository institutions, which could affect the ability of depository institutions, including U.S. Bank National Association ("USBNA"), to attract and retain depositors, and could affect the ability of financial services providers, including U.S. Bancorp, to borrow or raise capital;
- Actions taken by governmental agencies to stabilize the financial system and the effectiveness of such actions;
- Changes to regulatory capital, liquidity and resolution-related requirements applicable to large banking organizations in response to recent developments affecting the banking sector;
- Changes to statutes, regulations, or regulatory policies or practices, including capital and liquidity requirements, and the enforcement and interpretation of such laws and regulations, and U.S. Bancorp's ability to address or satisfy those requirements and other requirements or conditions imposed by regulatory entities;
- Changes in interest rates;
- Increases in unemployment rates;
- Deterioration in the credit quality of U.S. Bancorp's loan portfolios or in the value of the collateral securing those loans;
- Risks related to originating and selling mortgages, including repurchase and indemnity demands, and related to U.S. Bancorp's role as a loan servicer;
- Impacts of current, pending or future litigation and governmental proceedings;
- Increased competition from both banks and non-banks;
- Effects of climate change and related physical and transition risks;
- Changes in customer behavior and preferences and the ability to implement technological changes to respond to customer needs and meet competitive demands;
- Breaches in data security;
- Failures or disruptions in or breaches of U.S. Bancorp's operational, technology or security systems or infrastructure, or those of third parties;
- Failures to safeguard personal information;
- Impacts of pandemics, natural disasters, terrorist activities, civil unrest, international hostilities and geopolitical events;
- Impacts of supply chain disruptions, rising inflation, slower growth or a recession;
- Failure to execute on strategic or operational plans;

- Effects of mergers and acquisitions and related integration;
- Effects of critical accounting policies and judgments;
- Effects of changes in or interpretations of tax laws and regulations;
- Management's ability to effectively manage credit risk, market risk, operational risk, compliance risk, strategic risk, interest rate risk, liquidity risk and reputation risk; and
- The risks and uncertainties more fully discussed in the section entitled "Risk Factors" of the 2023 Annual Report.

In addition, U.S. Bancorp's acquisition of MUFG Union Bank, N.A. ("MUB") presents risks and uncertainties, including, among others: the risk that any revenue synergies and other anticipated benefits of the acquisition may not be realized or may take longer than anticipated to be realized.

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

### **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, USBNA, is engaged in the general banking business, principally in domestic markets, and holds all of the Company's consolidated deposits of \$512.3 billion at December 31, 2023. USBNA 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 2,274 banking offices across 26 states as of December 31, 2023, principally operating in the Midwest and West regions of the United States. A significant percentage of consumer transactions are completed using USBNA's digital banking services, both online and through its digital app. The Company operates a network of 4,524 ATMs as of December 31, 2023, 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.

### **MUFG Union Bank Acquisition**

On December 1, 2022, the Company acquired MUB's core regional banking franchise from Mitsubishi UFJ Financial Group, Inc. ("MUFG"). Pursuant to the terms of the Share Purchase Agreement, the Company acquired all the issued and outstanding shares of common stock of MUB for a purchase price consisting of \$5.5 billion in cash and approximately 44 million shares of the Company's common stock. The Company also received additional MUB cash of \$3.5 billion upon

completion of the acquisition, which is required to be repaid to MUFG on or prior to the fifth anniversary date of the completion of the purchase. On August 3, 2023, the Company completed a debt/equity conversion with MUFG. As a result, the Company repaid \$936 million of its debt obligation from the proceeds of the issuance of 24 million shares of common stock of the Company to an affiliate of MUFG (the “Debt/Equity Conversion”). After the Debt/Equity Conversion, the Company had a remaining repayment obligation to MUFG of \$2.6 billion. On May 26, 2023, the Company merged MUB into USBNA, the Company’s primary banking subsidiary. The Company’s 2023 results reflect the full financial results of the acquired business.

## **Business Segments**

The Company’s major lines of business are Wealth, Corporate, Commercial and Institutional Banking, Consumer and Business Banking, Payment Services, and Treasury and Corporate Support.

*Wealth, Corporate, Commercial and Institutional Banking* Wealth, Corporate, Commercial and Institutional Banking provides core banking, specialized lending, transaction and payment processing, capital markets, asset management, and brokerage and investment related services to wealth, middle market, large corporate, government and institutional clients. Wealth, Corporate, Commercial and Institutional Banking contributed \$3.6 billion of the Company’s net income in 2023, an increase of \$202 million (6.0 percent) compared with 2022.

*Consumer and Business Banking* Consumer and Business Banking comprises consumer banking, small business banking and consumer lending. Products and services are delivered through banking offices, telephone servicing and sales, online services, direct mail, ATM processing, mobile devices, distributed mortgage loan officers, and intermediary relationships including auto dealerships, mortgage banks, and strategic business partners. Consumer and Business Banking contributed \$2.2 billion of the Company’s net income in 2023, an increase of \$378 million (20.6 percent) compared with 2022.

*Payment Services* Payment Services includes consumer and business credit cards, stored-value cards, debit cards, corporate, government and purchasing card services and merchant processing. Payment Services contributed \$1.2 billion of the Company’s net income in 2023, a decrease of \$150 million (11.2 percent) compared with 2022.

*Treasury and Corporate Support* Treasury and Corporate Support includes the Company’s investment portfolios, funding, capital management, interest rate risk management, income taxes not allocated to the business lines, including most investments in tax-advantaged projects, and the residual aggregate of those expenses associated with corporate activities that are managed on a consolidated basis. Treasury and Corporate Support recorded a net loss of \$1.5 billion of the Company’s net income in 2023, a decrease of \$826 million compared with 2022.

Additional information regarding the Company’s business segments can be found on pages 56 to 58 of the Company’s 2023 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; providing pay that is competitive and fair, as well as other benefits and programs that promote wellness; and supporting employees’ professional development through programs that promote engagement, learning and productivity. As of December 31, 2023, the Company employed a total of 75,465 employees globally.

*Diversity, Equity 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, including at the executive and senior management levels. The Company’s hiring program strives to include 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 offers various mentorship, leadership and development opportunities that enable participants, including women and people of color, to enhance networks, key skills and work experiences. The Company also provides inclusive leadership learning journeys designed to coach and develop its leaders in driving employee and team performance through inclusive behaviors and best practices.

To help create and sustain an inclusive workforce, the Company sponsors Business Resource Groups (“BRGs”), including Asian heritage, Black heritage, Nosotros Latinos, Indigenous Peoples, U.S. Bank women, Spectrum LGBTQ, Proud to Serve: Military and Veterans, European Inclusion, and Disability employee groups, with chapters across the Company and membership available to all employees. These BRGs enable employees from a wide variety of backgrounds, identities and perspectives to connect in ways that empower them to contribute, innovate and grow. Through these BRGs, 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 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, 2023, of the Company's employees in the United States, 57 percent were women and 39 percent were people of color. As of December 31, 2023, 34 percent of the Company's employees at the executive and senior management levels in the United States were women and 21 percent were people of color. In addition, as of December 31, 2023, of the Company's 13 directors, 5 were women and 4 were people of color. All diversity information is based on information self-disclosed by the employee or director to the Company. To provide transparency on progress relating to its commitment to seek and promote diverse talent, the Company publicly discloses consolidated EEO-1 data on its website.

*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 remains committed to fair pay and continues to prioritize pay equity efforts. To further the Company's efforts to provide fair and equitable compensation to its employees, the Company has processes to address any gender and racial pay inequities identified within its workforce. This work starts with fair hiring practices. 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 responsibilities of each role, candidate experience, and pay related to comparable internal positions. As part of the Company's efforts to enhance pay transparency, all open positions in the United States have a disclosed compensation range. The Company conducts periodic reviews of base pay of employee groups across gender and racial categories with the assistance of an independent third-party consultant. Should gender or race-based disparities in pay be identified, the Company adjusts compensation levels to eliminate those disparities. In the 2023 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, in each case taking into account several factors including comparable jobs, experience and location. The 2023 review excluded employees from the MUB acquisition who had not transitioned into the Company's pay structures.

The Company also provides its employees with comprehensive benefits programs, including competitive healthcare, retirement, leave, recognition, wellness, disability, life insurance, time-off, flexible work, and educational assistance programs, based on the Company's recognition that such benefits are important to attract and retain employees. In addition to its competitive 401(k) matching program, the Company maintains an active cash balance pension program for its U.S. employees, including newly hired employees.

The Company continues to support flexible work programs with remote and in-person work arrangements, providing additional optionality and flexibility for most employees, which helps the Company attract and retain talent. The Company continues to adapt and evolve its flexible work programs as it recognizes the changes to employee and customer priorities and its customers' and employees' changing needs.

*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 enables the Company to collect quantitative and qualitative feedback from employees on an ongoing basis, which then supports and informs the Company on human capital strategies and decisions.

As part of its talent strategy, the Company strives to support continuous employee learning and development. The Company provides a number of talent development opportunities for employees to enhance skills that are critical in the current and future working environment and empowers employees to discover ways to thrive and grow their careers, which aligns with the Company's Employment Value Proposition. For example, the Company's learning programs include the Digital and Leadership Academies, which focus on digital and core leadership skill development. The Company continues to deploy cultural sensitivity and customer interaction training for its frontline employees that focuses on building skills to serve all the Company's customers with excellence. In addition, every employee is automatically included in the Company's Development Network that provides all employees with opportunities to network, learn, develop leadership skills and contribute to the Company and its communities. Succession planning and talent development processes remain a top priority for the Company along with continuous improvements to its training and development programs. During 2023, employees completed over 3 million hours of training through the Company's enterprise learning programs to better support their professional development and customer and business needs.

*Human Capital Governance* The Company's Board of Directors oversees the Company's human capital management. The Board's Compensation and Human Resources Committee discharges the Board's oversight responsibilities relating to the Company's compensation programs and employee benefit plans, overseeing the Company's human capital strategy and talent management program and employee diversity, equity and inclusion initiatives. Coordinating with the Compensation and Human Resources Committee, the Board's Public Responsibility Committee also oversees the Company's diversity, equity

and inclusion strategy. The Company's Chief Human Resources Officer regularly reports to the Board's Compensation and Human Resources Committee on human capital matters such as human resource practices and programs, including employee benefits and compensation programs. To promote accountability for the Company's diversity, equity and inclusion efforts, the Company's Chief Diversity Officer reports directly to the Chief Executive Officer and serves as a member of its senior management team.

### **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.

### **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. USBNA 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 USBNA's business and condition, regular on-site examinations, and imposition of periodic reporting requirements and limitations on investments and certain types of activities. If an applicable regulatory agency deems the Company to be operating in a manner that is inconsistent with safe and sound banking practices, such agency 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 \$100 billion in total consolidated assets, the Company is subject to the Dodd-Frank Act's enhanced prudential standards, as applied to "Category III" institutions under the federal banking regulators' rules that tailor how enhanced prudential standards apply to large U.S. banking organizations (the "Tailoring Rules"). The Tailoring Rules also apply certain enhanced prudential standards to its subsidiary depository institution, USBNA, as described in more detail below.

In connection with the Company's acquisition of MUB, the Company committed (the "Federal Reserve Commitments") to submit to the Federal Reserve quarterly implementation plans for complying with requirements applicable to "Category II" institutions (*i.e.*, institutions with \$700 billion or more in total assets or \$75 billion or more in cross-jurisdictional activities). The Company also committed to meet requirements applicable to Category II institutions by the earlier of (i) the date required under the Tailoring Rules; and (ii) December 31, 2024, if the Federal Reserve notifies the Company by January 1, 2024, that the Company must comply with such rules. On October 16, 2023, the Federal Reserve granted the Company relief from both of these commitments. As a result, the Company will continue to be subject to the regulatory capital and liquidity requirements applicable to Category III institutions until otherwise required under the Tailoring Rules (*i.e.*, until the Company's total average consolidated assets for the then most recent four quarters equal \$700 billion or more or the amount of the Company's average cross-jurisdictional activities for the then most recent four quarters equals \$75 billion or more).

*Supervisory Ratings* Federal banking regulators regularly examine the Company and its insured depository institution subsidiary, USBNA. Following those exams, the Company (under the Federal Reserve's Large Financial Institution Rating System) and USBNA (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 USBNA's deposit insurance assessment rates, limit the Company's access to funding through government-sponsored liquidity programs, 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. Disclosure of any failure to meet these standards is not allowed without permission of the Federal Reserve. 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.

*Source of Strength* The Company is required to act as a source of strength to USBNA, and to commit capital and financial resources to support USBNA in circumstances where the Company might not otherwise do so. Under these requirements, the Federal Reserve may in the future require the Company to provide financial assistance to USBNA, should it experience financial distress. Capital loans by the Company to USBNA would be subordinate in right of payment to deposits and certain other debts of USBNA.

*OCC Heightened Standards* USBNA 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 USBNA. Federal law imposes limitations on the payment of dividends by national banks. In general, dividends payable by USBNA 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 USBNA) 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 USBNA 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 USBNA are each currently 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. 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 the Company and its insured depository institution subsidiary becoming “advanced approaches” banking organizations, a requirement to recognize elements of accumulated other comprehensive income in regulatory capital, as well as other 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. At December 31, 2023, the Company exceeded these minimum capital ratio requirements. 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, 2023, 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. For USBNA, the buffer requirement consists of the static capital conservation buffer equal to 2.5 percent of risk-weighted assets.

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, 2023, the Company exceeded the applicable minimum tier 1 leverage ratio and SLR requirements.

In July 2023, the U.S. federal bank regulatory authorities proposed a rule implementing the Basel Committee’s finalization of the post-crisis regulatory capital reforms, commonly referred to as “Basel III Endgame.” The proposal provides for a July 1, 2025 effective date, subject to a three-year transition period. The proposal would set stricter criteria for the use of internal models by replacing the market risk rule with the “Fundamental Review of the Trading Book,” and would introduce new standardized approaches for credit risk, operational risk and credit valuation adjustment risk, which would replace the current models-based approaches. In addition, under the proposed rule, also subject to a phase-in period, Category III banking institutions, such as the Company, would no longer be permitted to opt out of including certain components of accumulated other comprehensive income in regulatory capital, which would result in unrealized gains and losses on available-for-sale securities being included in the calculation of the Company’s regulatory capital ratios. The Company continues to evaluate the potential effects of the proposed rule, and the effects on the Company will depend on the final form of any rulemaking. However, the Company expects that any final rule would result in the Company being required to maintain increased levels of regulatory capital.

In 2020, the United States federal banking agencies adopted a rule that allowed banking organizations, including the Company and USBNA, 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 2023 stress test cycle, the Federal Reserve has not yet incorporated CECL into the calculation of the allowance for credit losses in supervisory stress tests, and the Federal Reserve issued guidance in December 2023 to indicate that it will maintain the current framework for allowance for credit losses in the supervisory stress test through the 2024 stress test cycle. For further discussion of CECL, see Notes 1 and 6 of the Notes to Consolidated Financial Statements in the 2023 Annual Report. The Company and USBNA 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 2023 Annual Report.

*Comprehensive Capital Analysis and Review* As required by the Federal Reserve's Comprehensive Capital Analysis and Review ("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 BHCs 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 U.S. BHCs. 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. If the Company were to become a "Category II" institution for purposes of the Tailoring Rules, the Company would become subject to annual (rather than biennial) company-run stress tests.

Under the OCC's rules, national banks with assets in excess of \$250 billion, including USBNA, 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 Category III banking organizations, the Company and USBNA are each subject to a minimum liquidity coverage ratio ("LCR") under the Tailoring Rules. The LCR is designed to ensure that BHCs have sufficient high-quality liquid assets to survive a significant liquidity stress event lasting for 30 calendar days. In addition, the Company and USBNA are subject to the net stable funding ratio ("NSFR") rule, which 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 USBNA, 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. If the Company were to become a "Category II" institution for purposes of the Tailoring Rules, the Company would become subject to the full (100 percent) LCR and NSFR requirements, as well as daily (rather than monthly) liquidity reporting 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 USBNA, 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.

Prompt corrective action 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.

*Long-Term Debt Requirements* In August 2023, the Federal Reserve, OCC and FDIC issued a proposed rule that would require, among other institutions, each Category III U.S. BHC, including the Company, and each insured depository institution with \$100 billion or more in total consolidated assets that is a consolidated subsidiary of a Category III U.S. BHC, such as USBNA, to have minimum levels of outstanding long-term debt. The proposed rule is intended to improve the resolvability of the banking organizations covered by the rule. Under the proposed rule, covered banking organizations would be required to maintain long-term debt in an amount that is equal to the greater of (i) 6% of the organization's risk-weighted

assets; (ii) 3.5% of the organization's average total consolidated assets; and (iii) 2.5% of the organization's total leverage exposure, if the organization is subject to the SLR rule. The requirement would be phased in over three years, with covered banking organizations being required to meet 25% of the requirement within one year after finalization of the rule, 50% after two years and 100% after three years. The Company continues to evaluate the potential effects of the proposed rule. Although any effects on the Company and USBNA will depend on the final form of any rulemaking, the Company expects that under any final rule, it and USBNA would be required to maintain substantially more long-term debt than it currently maintains.

*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 USBNA are insured up to the applicable limits. The DIF is funded through assessments on insured depository institutions, including USBNA, based on the risk each institution poses to the DIF. The FDIC may increase USBNA's insurance premiums based on various factors, including the FDIC's assessment of its risk profile.

In addition, large insured depository institutions, including USBNA, 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.

In October 2022, the FDIC finalized a rule to increase the initial base deposit insurance assessment rate schedules for all insured depository institutions by two basis points, beginning with the first quarterly assessment period of 2023. The increased assessment rate is intended to improve the likelihood that the DIF reserve ratio would reach the required minimum of 1.35 percent by the statutory deadline of September 30, 2028.

In November 2023, the FDIC released a final rule to impose a special assessment to recover the losses to the DIF resulting from failures of other banking institutions during 2023. The Company expects the special assessments will be tax deductible. As a result of this rule, in the fourth quarter of 2023, the Company recognized additional noninterest expense of \$734 million for the FDIC special assessment.

*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). The Company submitted its targeted resolution plan in December 2021 and is scheduled to file its next full resolution plan in July 2024. In addition, in connection with the MUB acquisition, the Company committed to the Federal Reserve that it would, within six months of completing the acquisition of MUB, provide the Federal Reserve and the FDIC with an interim update to its resolution plan. The Company submitted the update to its resolution plan within the required time period.

In August 2023, the Federal Reserve and the FDIC released proposed guidance for 2024 and subsequent resolution plan submissions that would apply to certain institutions including Category III institutions such as the Company. The guidance addresses the core elements of an organization's resolution strategy and is intended, among other things, to reduce inconsistencies in the amounts and types of information filed by different organizations. The guidance is also intended to reflect the regulators' experience with bank failures that occurred during 2023. The effects on the Company's resolution planning, including the timing of submission, will depend on the final form of any guidance.

USBNA is required to file periodically separate resolution plans with the FDIC that should enable the FDIC, as receiver, to resolve USBNA 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 established a three-year filing cycle for banks with \$100 billion or more in total assets and provided details regarding the content that filers will be expected to prepare. Under this filing cycle, USBNA submitted its most recent resolution plan to the FDIC in November 2022. In August 2023, the FDIC issued a proposed rule that would require insured depository institutions with \$100 billion or more in total assets, such as USBNA, to submit biennial resolution plans that include a comprehensive strategy from the point of potential failure to liquidation, which would be required to ensure timely access to insured deposits, maximize value from the disposition of assets, minimize losses to creditors and address potential risks to the U.S. economy or financial stability. Under the proposed rule, USBNA would be required to file resolution plans biennially beginning in 2025. The effects of the proposed rule on USBNA, including the timing of submission, will depend on the final form of any rulemaking.

In addition, in connection with the approval by the OCC of the merger of MUB into USBNA, USBNA committed (the "OCC Commitments") to the OCC that it would (i) develop a list of business lines and/or portfolios (each an "object of sale") that could be sold quickly in the event of stress; and (ii) prepare a plan, including a timeline, to effectuate such separability, including through the establishment of "data rooms" for each object of sale. USBNA was required to submit these items to the OCC for a written determination of no supervisory objection within six months of consummation of the merger of MUB into USBNA. USBNA submitted all items within the required timeframe.

*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 USBNA. 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. USBNA's recovery plan was reviewed and approved pursuant to these guidelines in December 2023.

*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 USBNA or its subsidiaries. Under the Federal Reserve Act and the Federal Reserve's Regulation W, USBNA 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 USBNA 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 USBNA and its affiliates and the Company and its other non-bank subsidiaries 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 U.S. 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 certain 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 codified a risk-based approach to anti-money laundering compliance for financial institutions;

required the development of standards by the U.S. Department of the Treasury for evaluating technology and internal processes for BSA compliance; and expanded 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. In June 2021, the Financial Crimes Enforcement Network, a bureau of the U.S. Department of the Treasury, issued the priorities for anti-money laundering and countering the financing of terrorism policy required under the AMLA. The priorities include corruption, cybercrime, terrorist financing, fraud, transnational crime, drug trafficking, human trafficking and proliferation financing.

*Community Reinvestment Act* USBNA 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 USBNA on its record in meeting the credit needs of the community served by USBNA, 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. USBNA received an “Outstanding” CRA rating in its most recent examination, covering the period from January 1, 2016 through December 31, 2020. Prior to merging into USBNA, MUB received an “Outstanding” CRA rating in its most recent examination, covering the period from January 1, 2015 through December 31, 2018.

In October 2023, the OCC, together with the Federal Reserve and FDIC, issued a final rule to modernize the CRA regulatory framework. The final rule is intended, among other things, to strengthen the achievement of the core purpose of the CRA, to adapt to changes in the banking industry, including the expanded role of mobile and online banking, and to tailor performance standards to account for differences in bank size and business models. The final rule tracks the proposed rule issued by the agencies in May 2022 and adjusts CRA evaluations based on bank size and type, with many of the changes applying only to banks with over \$2 billion in assets and several applying only to banks with over \$10 billion in assets, such as USBNA. The final rule introduces major changes to the CRA regulatory framework: (i) the delineation of assessment areas; (ii) the overall evaluation framework and performance standards and metrics; (iii) the definition of community development activities; and (iv) data collection and reporting. The final rule will become effective on April 1, 2024, but most provisions of the rule will not become applicable until January 1, 2026. The Company continues to evaluate the effect of the final rule on USBNA, and any effects may depend on further guidance from the regulators with respect to interpretive and implementation-related issues that may arise.

*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., PFM Fund Distributors, Inc. and U.S. Bancorp Advisors, LLC (collectively, “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, securities underwriting compensation and arrangements, customer suitability, recordkeeping, reporting and communications. Securities regulators impose capital requirements on the Company’s broker-dealer entities and conduct audits or other periodic reviews of 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 distress 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). In July 2023, the SEC finalized amendments to the rules that govern money market funds. These amendments will, among other things, increase liquidity requirements for money market funds by requiring funds to hold greater proportions of their total assets in securities that can be liquidated in one business day, and will require institutional prime and institutional tax-exempt money market funds to impose liquidity fees on investors that redeem their investments during times of stress.

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, USBNA, as a CFTC 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. CFTC rules also require USBNA to be a member of the National Futures Association, a self-regulatory organization with authority over swap dealers.

In addition, the OCC's rules concerning swap margin and capital requirements for swap dealers regulated by the OCC mandate the exchange of initial and variation margin for non-cleared swaps and non-cleared security-based swaps between swap entities regulated by five federal 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 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, USBNA 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 USBNA.

*Privacy and Data Protection* Federal and state laws contain 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 such information with nonaffiliated 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 legislative focus in the United States, and several U.S. states have enacted comprehensive consumer privacy laws that impose compliance obligations with respect to personal information. The Company has made and will make operational adjustments in accordance with the requirements of applicable privacy and data protection laws. For example, the Company is subject to the California Consumer Protection Act of 2018 and its implementing regulations, as amended in 2020 by the California Privacy Rights Act (the "CCPA"), which provided residents of California with specific rights with respect to the collection of their personal information. The process of drafting and finalizing implementing regulations for the CCPA is ongoing. The Company continues to evaluate the new regulations, and the effects on the Company will depend on the form of any additional rulemakings.

Similar comprehensive consumer privacy laws have been adopted by other states where the Company does business. Each of these state laws, however, includes an entity level exemption for "financial institutions" that are subject to the GLBA like the Company. The United States Congress has also proposed legislation relating to data privacy and data protection, and the federal government may in the future pass such 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 in 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 and is regularly enforced by European regulators. Canada is in the process of replacing its federal privacy law, the Personal Information Protection and Electronic Documents Act, with a new privacy framework that the Company expects will impose additional compliance obligations on the Company's Canadian operations.

In October 2023, the CFPB issued a proposed rule regarding personal financial data rights that would apply to financial institutions that offer consumer deposit accounts and credit card issuers. Under the proposed rule, USBNA would be required to provide consumers and their authorized third parties electronic access to 24 months of transaction data, certain account information, account balance, upcoming bill information, information to initiate payment to and from accounts, and the terms and conditions under which an account or credit card was provided. USBNA would be prohibited from imposing any fees or charges for maintaining or providing access to such data. USBNA would also be obligated to comply with data accuracy, retention and other requirements contained in the proposed rule. The Company continues to evaluate the proposed rule, and the impact on USBNA and the Company will depend on the final form of any rulemaking.

Like other lenders, USBNA and other subsidiaries of the Company use consumer reports in their underwriting activities. Use of such information is regulated under the Fair Credit Reporting Act ("FCRA"), and the FCRA also regulates

reporting information to consumer reporting agencies, prescreening individuals for credit offers, sharing of consumer reports between affiliates, and using affiliate credit data for marketing purposes. Similar state laws may impose additional requirements on the Company and its subsidiaries. A significant overhaul of the FCRA is expected to be issued in the first half of 2024, which will impact USBNA and its subsidiaries.

The federal banking regulators, as well as the SEC, CFPB, 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 required to maintain sufficient business continuity planning processes to ensure the rapid recovery, resumption and maintenance of the institution's operations after a cybersecurity incident. 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 experience a cybersecurity incident.

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, which was effective April 1, 2022, a banking organization, such as the Company and USBNA, is required to notify their primary federal regulator within 36 hours of a computer-security incident that results in actual harm to the confidentiality, integrity, or availability of an information system or the information that the system processes, stores or transmits, which has materially disrupted or degraded, or is 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. Similarly, the Office of the Superintendent of Financial Institutions in Canada requires Federally Regulated Financial Institutions to report qualifying technology and cybersecurity incidents under the provisions of the August 13, 2021 Technology and Cyber Security Incident Reporting Advisory.

*Consumer Protection* USBNA'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 USBNA 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. USBNA's regulators may also seek to enforce consumer protection requirements and obtain these and other remedies, including regulatory sanctions and civil money penalties.

USBNA 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 launching an initiative to reduce the amounts and types of fees financial institutions may charge, including by recently proposing a rule that would significantly reduce the permissible amount of credit card late fees, 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 affect financial institutions that provide consumer financial products and services, including the Company, USBNA 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.

*Executive and Incentive Compensation Guidelines* adopted by the federal banking agencies prohibit excessive compensation as an unsafe and unsound practice and describe compensation as "excessive" when the amounts paid are unreasonable or disproportionate to the services performed by an executive officer, employee, director or principal stockholder. The Federal Reserve has issued comprehensive guidance on incentive compensation policies (the "Incentive Compensation Guidance") intended to ensure that the incentive compensation policies of banking organizations do not undermine safety and soundness organizations by encouraging excessive risk-taking. The Incentive Compensation Guidance is based upon the key principles that a banking organization's incentive compensation arrangements should (i) provide incentives that do not encourage risk-taking beyond the organization's ability to effectively identify and manage risks; (ii) be compatible with effective internal controls and risk management; and (iii) be supported by strong corporate governance, including active and effective oversight by the organization's board of directors. The Incentive Compensation Guidance states that enforcement actions may be taken against a banking organization if its incentive compensation arrangements or related risk-management control or governance processes pose a risk to the organization's safety and soundness and the organization is not taking prompt and effective measures to correct the deficiencies.

During 2016, the federal bank regulatory agencies and the SEC proposed revised rules on incentive-based payment arrangements at specified regulated entities having at least \$1 billion of total assets. These proposed rules have not been finalized.

In October 2022, the SEC adopted a final rule directing national securities exchanges and associations, including the New York Stock Exchange (the "NYSE"), to implement listing standards that require all listed companies to adopt policies mandating the recovery or "clawback" of excess incentive-based compensation earned by a current or former executive

officer during the three fiscal years preceding a required accounting restatement, including to correct an error that would result in a material misstatement if the error were corrected in the current period. The excess compensation would be based on the amount the executive officer would have received had the incentive-based compensation been determined using the restated financial statements. The NYSE and other exchanges issued proposed standards in February 2023, which were approved by the SEC in June 2023. The final standards became effective on October 2, 2023 and the Company adopted a clawback policy within 60 days after the NYSE's listing standard became effective, in compliance with the NYSE's listing standard.

*Climate-Related Financial Risk Management* In October 2023, the United States federal banking agencies issued a set of principles relating to the management of climate-related financial risks. The principles apply to banking organizations with over \$100 billion in total consolidated assets, including the Company and USBNA. The principles are intended to provide a framework for large banking organizations to guide their efforts to identify, measure, monitor, and mitigate physical and transition risks associated with climate change. Among other guidance, the principles describe how climate-related financial risks can be addressed in connection with specific risk categories, including credit risk, liquidity risk, operational risk, and legal and compliance risk.

*Other Supervision and Regulation* As a public company, the Company is subject to the requirements of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated by the SEC thereunder, as administered by the SEC. As a listed company on 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 a subsidiary of USBNA 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 USBNA (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 upon request. 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 20, 2024, for those securities that remain outstanding.

Closing Date	Issuer	Capital Securities, Preferred Stock or Exchangeable Preferred Stock	Other Securities	Covered Debt
3/17/06	USB Capital IX and U.S. Bancorp	USB Capital IX's \$675,378,000 of 6.189% Fixed-to-Floating Rate Normal Income Trust Securities	U.S. Bancorp's Series A Non-Cumulative Perpetual Preferred Stock	U.S. Bancorp's 7.50% Subordinated Debentures due 2026 (CUSIP No. 911596AL8)
3/27/06	U.S. Bancorp	U.S. Bancorp's 40,000,000 Depositary Shares (\$25 per Depositary Share) each representing a 1/1000 <sup>th</sup> 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. <sup>(a)</sup> 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 <sup>(b)</sup>	Not Applicable	U.S. Bancorp's 7.50% Subordinated Debentures due 2026 (CUSIP No. 911596AL8)

(a) USB Realty Corp. is a subsidiary of USBNA.

(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](http://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" and then clicking on "SEC & Other Filings," 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 2023 Annual Report on pages 56 to 58 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 2023 Annual Report on pages 140 to 155 under the heading "Risk Factors." That information is incorporated into this report by reference.

#### Item 1B. Unresolved Staff Comments

None.

#### Item 1C. Cybersecurity

The Company is committed to managing risks that may impact the Company and incorporating risk considerations into its business activities at all levels, including strategic planning, risk identification inventory and assessment, and day-to-day business decisions. The Company's Board of Directors has approved a risk management framework that establishes governance and risk management requirements for all the Company's key risk areas and risk-taking activities. The Board oversees management's performance relative to the risk management framework and risk appetite. Management is responsible for defining the various risks facing the Company, formulating risk management policies and procedures, and managing risk exposures on a day-to-day basis. The Company's Executive Risk Committee (ERC), which is chaired by the Chief Risk Officer, oversees execution of the risk management framework. The ERC is supported by management's senior operating committees, each responsible for a specified risk category. The Company's Information Security Risk Committee

(ISRC), which is co-chaired by the Chief Information Security Officer (CISO) and the Chief Technology Risk Officer, is a senior operating committee under this risk governance structure and is responsible for the management of information security risk at the Company. The ISRC provides direction and oversight of the information security risk management framework and corporate control programs of the Company, including significant information security risk events, and mitigation strategies. Further, the ISRC facilitates communication across business lines to provide for effective and consistent information security risk identification and control infrastructure to mitigate and manage material information security risks. The ISRC serves as an escalation, decision making, and approval body for information security risk items, including key policies and programs, issue resolution, emerging risks, and key program adherence. The ISRC escalates matters as appropriate to executive management, the ERC, which reports to the Board's Risk Management Committee, or a relevant committee of the Board. Generally, each of the ERC and ISRC meet at least monthly.

As part of the Company's risk management framework, risk management programs and processes are in place to incorporate risk considerations into day-to-day business activities across the Company's risk categories, business lines, and functions. Risk programs may manage all or certain components of a particular risk type. The Company's cybersecurity risk program provides centralized planning and management of related and interdependent work with a focus on risks from cybersecurity threats. The Company's cybersecurity risk program is integrated into the Company's overall business and operational strategies and requires that the Company allocate appropriate resources to maintain the program.

The Company's processes for assessing, identifying, and managing material risks from cybersecurity threats is integrated into the Company's overall risk governance and oversight structures through its "three lines of defense" model for establishing effective checks and balances within the risk management framework. In this model, specific to cybersecurity threats, the first line of defense is Information Security Services (ISS), which is responsible for identifying and implementing cybersecurity controls in accordance with policy requirements and industry best practices, to meet regulatory requirements and to safeguard the business. The second line of defense, Cybersecurity Risk Oversight within the Company's Operational Risk Management group, provides reporting and escalation of emerging risks related to cybersecurity and other concerns to senior management, the ERC, the ISRC, other designated senior operating committees, and the Risk Management Committee of the Board of Directors. The third line of defense, the Company's internal audit function, provides independent assessment and assurance regarding the effectiveness of the Company's governance, risk management, and control processes with respect to cybersecurity threats, and provides challenge and recommendations for improvement.

The Company uses reporting and metrics frameworks and regular internal and external oversight to assess the health of the cybersecurity risk program. At the first level, the ISS team identifies, assesses, and manages cybersecurity risk and threats. The Company manages cybersecurity issues and findings through remediation and/or closure, with escalation processes if an issue or finding cannot be remediated within required timeframes. The Company engages external assessors, consultants, and auditors to review the Company's cybersecurity risk program against those of industry peers. The Company also uses consultants periodically to provide recommendations to improve and enhance the program. Additionally, the Company continually works to align its policies and practices with industry-accepted information security practices as provided by the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF), Payment Card Industry Data Security Standards (PCI DSS), and other applicable standards, laws, and regulations.

The Company also maintains a third-party risk management program responsible for the oversight of outsourced operations, which enables the Company to oversee and identify risks related to engaging third-party service providers, including risks from cybersecurity threats to third-party service providers. The Company conducts due diligence using a risk-based approach in selecting and monitoring third-party service providers. The Company also obtains contractual assurances from third-party service providers relating to their security responsibilities, controls, reporting, and roles and responsibilities as it pertains to cybersecurity incident response policies and notification requirements. As appropriate, the Company obtains independent reviews of the third parties' security through audit reports and testing and conducts verification and validation with third parties to confirm cybersecurity and information security risks are appropriately identified, measured, mitigated, monitored, and reported by the third party to the Company.

As part of its responsibility to oversee the management, business, and strategy of the Company, the Company's Board of Directors reviews and approves the Company's risk management framework annually through its Risk Management Committee and oversees the Company's risk management processes by informing itself about the Company's key risks and evaluating whether management has reasonable risk management and control processes in place to address those risks. The Board carries out its risk management oversight responsibilities primarily through its committees. Each Board committee is responsible for overseeing certain risks under its charter. The Board's Risk Management Committee, with support from its Cybersecurity and Technology Subcommittee, has primary oversight responsibility for cybersecurity risk, including risks from any cybersecurity threats. The Risk Management Committee monitors the Company's compliance with the risk management framework and risk limits established under the Company's risk appetite statement approved by the Board. The Risk Management Committee also oversees the Company's independent risk management function. The Board's Risk Management Committee has a Cybersecurity and Technology Subcommittee that provides dedicated oversight to

cybersecurity risk management and cyber resiliency and certain technology matters. The Risk Management Committee and its Cybersecurity and Technology Subcommittee receive quarterly reports from management on cybersecurity issues, including cybersecurity threats. The Board's Risk Management Committee and Audit Committee also hold a joint meeting annually at which they receive a report from the Company's CISO on cybersecurity threats facing the Company and its preparedness to meet and respond to those threats. In addition, the full Board typically holds an annual cybersecurity education session, which features the perspective of an outside expert on current cybersecurity topics. The Company also typically conducts an annual executive-level cybersecurity exercise to test its cyber incident response, completeness of playbooks, and communication protocols. This exercise involves Board members, managing committee members, third-party companies, and regulators as appropriate.

The Company's risk management framework includes its risk appetite statement, which is approved annually by the Board's Risk Management Committee and defines acceptable levels of risk-taking and risk limits and establishes the governance and oversight activities over risk management and reporting. Management monitors and measures the Company's risk appetite using a quantitative risk scorecard, which consists of risk appetite metrics and associated limits reported to the Board's Risk Management Committee on a quarterly basis. The Company's risk appetite statement includes specific information security metrics and associated limits. These limits also inform how matters, including cybersecurity incidents or threats, are escalated to specific members of management, appropriate senior operating committee (including the ISRC and/or ERC), and/or the Board of Directors or appropriate Board committee. The Board's Risk Management Committee oversees the Company's risk profile relative to its risk appetite and compliance with risk limits.

The members of the Company's management that are primarily responsible for assessing and managing risks from cybersecurity threats, including monitoring risk appetite metrics and limits related to cybersecurity, include the Company's CISO, Chief Risk Officer, and Chief Information and Technology Officer.

The Company's CISO is primarily responsible for the implementation of defense capabilities and risk mitigation strategies. The Company's CISO, Timothy J. Held, has over 26 years of information technology and cybersecurity experience. He holds the title of Executive Vice President and Chief Information Security Officer and has been in his role since 2018, having served as the Company's Deputy CISO from 2015 to 2018 and Head of Cyber Defense, Threat Intelligence, and Incident Response from 2012 to 2018. The CISO is supported by his direct reports and their teams, many of whom hold cybersecurity-related certifications.

The Company's CISO reports to the Vice Chair and Chief Risk Officer, Jodi L. Richard, who has served in that position since October 2018. She served as Executive Vice President and Chief Operational Risk Officer of the Company 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.

Venkatachari Dilip, the Company's Senior Executive Vice President and Chief Information and Technology Officer, has oversight of technology-related risk management issues and controls that align to the NIST CSF. Mr. Dilip previously was an Executive Vice President from September 2018 to April 2023 and has served as Chief Information and Technology Officer since joining the Company in September 2018. From May 2014 until July 2017, he served as Vice President at McKinsey Digital where he helped banks accelerate their digital transformation. From April 2009 to September 2013, he served as CEO at Compass Labs leading an innovative marketing analytics company. From March 2006 until April 2008, he served as Director of Products at Google where he led product teams for mobile ads and Google Checkout. From March 2004 until March 2006, he served as Vice President of PayPal/eBay and on the Board of PayPal Europe, where he was responsible for Payments Services, Risk and Fraud Management. Previously, Mr. Dilip co-founded and led startup companies CashEdge and CommerceSoft from 1996 until 2003.

The CISO and his leadership team generally meet each business day to discuss security item triage and emerging threats and trends identified by the Threat Intelligence Team. The CISO shares pertinent information from those meetings with the Chief Risk Officer. During a cyber incident, which could involve the Company or a third-party service provider to the Company, the Company's Cyber Security Incident Response Team (CSIRT) leads the response and internal communication. CSIRT manages low and moderate severity incidents, and Enterprise Crisis Management manages high and very high severity incidents. The risk rating of an incident may change throughout the incident investigation period as new information is learned or the environment changes. Depending on severity level, CSIRT or Enterprise Crisis Management distributes incident communications to senior management, including the Chief Executive Officer, Chief Risk Officer, Board of Directors or appropriate Board committee, and if applicable, the Company's regulators.

ISS leadership reports prevention, detection, mitigation, and remediation activities through various working groups and committees. Certain working groups meet with the CISO monthly to review completed risk assessments, and items that require escalation are reported up using the internal committee structure and ad hoc communications if time sensitive.

Additionally, working group and committee meetings report up issues to Operational Risk Management, which may decide to open a formal Risk Management Issue (RMI) based on the severity of the issue or other factors and which are subject to specific governance processes. All security-related RMI remediation activities are reviewed with the Chief Risk Officer and Chief Information and Technology Officer on a bi-weekly basis.

During the fiscal year ended December 31, 2023, the Company has not identified any specific risks from cybersecurity threats that have materially affected, or are reasonably likely to affect, the Company's business strategy, results of operations, or financial condition, other than the risks described under "Risk Factors – Operations and Business Risk" in the 2023 Annual Report.

## 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 5 freestanding operations centers in Kansas City, Little Rock, Atlanta, Minneapolis and Chicago. The Company owns 8 principal operations centers in Cincinnati, Fargo, Knoxville, Oshkosh, Olathe, Owensboro, Portland and St. Paul. At December 31, 2023, the Company's subsidiaries owned and operated a total of 1,219 facilities and leased an additional 1,576 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 2023 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 2023 Annual Report under the heading, "Litigation and Regulatory Matters." 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

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. 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 acquisition of MUB. The Company will evaluate its share repurchases in connection with the potential capital requirements given the proposed regulatory capital rules and related landscape. Capital distributions, including dividends and stock repurchases, are subject to the approval of the Company's Board of Directors and compliance with regulatory requirements. The following table provides a detailed analysis of all shares of common stock of the Company purchased by the Company or any affiliated purchaser during the fourth quarter of 2023:

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	273,451 <sup>(a)</sup>	\$36.08	13,451	\$1,330
November 1-30	4,183	37.20	4,183	1,330
December 1-31	359,226	45.31	359,226	1,314
Total	636,860 <sup>(a)</sup>	\$41.29	376,860	\$1,314

(a) Includes 260,000 shares of common stock purchased, at an average price per share of \$36.34, in open-market transactions by USBNA, 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.

## **Additional Information**

Additional information in response to this Item 5 can be found in the 2023 Annual Report on page 139 under the heading “U.S. Bancorp Supplemental Financial Data (Unaudited).” That information is incorporated into this report 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 2023 Annual Report on pages 22 to 58 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 2023 Annual Report on pages 35 to 55 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 2023 Annual Report on pages 64 to 139 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.

The consolidated financial statements included in the 2023 Annual Report reflect a correction of a transposition error of the previously reported December 31, 2022 carrying amount of loans in Note 22. The correct amount was reflected in the Consolidated Balance Sheet and other disclosures of the carrying amount of loans in the Company's previously reported consolidated financial statements as of and for the year ended December 31, 2022. The correction in Note 22 had no other impact on the consolidated financial statements.

### **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 2023 Annual Report on page 63 under the heading “Controls and Procedures” and on pages 64 and 65 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](http://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<sup>1</sup>

##### *Andrew Cecere*

Mr. Cecere is Chairman, President and Chief Executive Officer of U.S. Bancorp. Mr. Cecere, 63, 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 Firststar 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 2000 through 2001.

##### *Souheil S. Badran*

Mr. Badran is Senior Executive Vice President and Chief Operations Officer of U.S. Bancorp. Mr. Badran, 59, has served in this position since joining U.S. Bancorp in December 2022. From January 2019 until November 2022, he served as Executive Vice President and Chief Operating Officer at Northwestern Mutual, having also served as Chief Innovation Officer from January 2019 until September 2019. Previously Mr. Badran served as President of Alibaba's Alipay business in the Americas from August 2016 until August 2018. From 2015 to 2016, Mr. Badran served as CEO at Edo Interactive, and from 2011 to 2015, he served as Senior Vice President and General Manager at Digital River.

##### *Elcio R.T. Barcelos*

Mr. Barcelos is Senior Executive Vice President and Chief Human Resources Officer of U.S. Bancorp. Mr. Barcelos, 53, 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, 60, has served in this position since March 2013. He also served as Corporate Secretary of U.S. Bancorp from June 2022 until December 2023 and 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, 60, 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

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<sup>1</sup> This section includes the biographies of the members of the Managing Committee of U.S. Bancorp. Each member of the Managing Committee, except for Gregory G. Cunningham, Revathi N. Dominski, Stephen L. Philipson and Dominic V. Ventura, is deemed to be an executive officer of U.S. Bancorp.

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.

***Venkatachari Dilip***

Mr. Dilip is Senior Executive Vice President and Chief Information and Technology Officer of U.S. Bancorp. Mr. Dilip, 64, previously was an Executive Vice President from September 2018 to April 2023 and has served as Chief Information and Technology Officer since September 2018, when he joined U.S. Bancorp. From May 2014 until July 2017, he served as Vice President at McKinsey Digital where he helped banks accelerate their digital transformation. From April 2009 to September 2013, he served as CEO at Compass Labs leading an innovative marketing analytics company. From March 2006 until April 2008, he served as Director of Products at Google where he led product teams for mobile ads and Google Checkout. From March 2004 until March 2006, he served as Vice President of PayPal/eBay and on the Board of PayPal Europe, where he was responsible for Payments Services, Risk and Fraud Management. Previously, Mr. Dilip co-founded and led startup companies CashEdge and CommerceSoft from 1996 until 2003.

***Terrance R. Dolan***

Mr. Dolan is Vice Chair and Chief Administration Officer of U.S. Bancorp. Mr. Dolan, 62, has served in this position since September 2023. From August 2016 to August 2023, he served as Vice Chair and Chief Financial Officer of U.S. Bancorp. 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.

***Revathi N. Dominski***

Ms. Dominski is Senior Executive Vice President and Chief Social Responsibility Officer of U.S. Bancorp and President of the U.S. Bank Foundation. Ms. Dominski, 53, has served as Senior Executive Vice President and Chief Social Responsibility Officer since April 2023. She joined U.S. Bancorp in June 2015 as President of the U.S. Bank Foundation and Senior Vice President of Corporate Social Responsibility. Before joining U.S. Bancorp, Ms. Dominski spent 21 years with Target Corporation in leadership positions including sourcing, merchandising, merchandise planning and operations before moving to Target's Corporate Social Responsibility team, where she served as Senior Director of Education and Community Relations.

***Gunjan Kedia***

Ms. Kedia is Vice Chair, Wealth, Corporate, Commercial and Institutional Banking, of U.S. Bancorp. Ms. Kedia, 53, has served in this position since June 2023. From December 2016 to June 2023, she served as Vice Chair, Wealth Management and Investment Services, of U.S. Bancorp. 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.

***Shailesh M. Kotwal***

Mr. Kotwal is Vice Chair, Payment Services, of U.S. Bancorp. Mr. Kotwal, 59, 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.

***Stephen L. Philipson***

Mr. Philipson is Senior Executive Vice President and Head of Global Markets and Specialized Finance of U.S. Bancorp. Mr. Philipson, 45, has served in this position since April 2023. From October 2017 to April 2023, he served as head of Fixed Income and Capital Markets. Previously, he led Credit & Municipal Fixed Income at U.S. Bank and, prior to that, held roles in fixed income and capital markets at Wachovia/Wells Fargo Securities and Morgan Stanley.

***Jodi L. Richard***

Ms. Richard is Vice Chair and Chief Risk Officer of U.S. Bancorp. Ms. Richard, 55, 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, 47, 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.

***John C. Stern***

Mr. Stern is Senior Executive Vice President and Chief Financial Officer of U.S. Bancorp. Mr. Stern, 46, has served as Senior Executive Vice President since April 2023 and Chief Financial Officer since September 2023. He also served as Head of Finance from May 2023 to August 2023. He served as Executive Vice President from July 2013 through April 2023. From May 2021 until May 2023, he served as President of the Global Corporate Trust and Custody business of U.S. Bancorp. Previously, he served as Treasurer from July 2013 to May 2021 and has held various other leadership positions in his nearly 25 years at U.S. Bancorp.

***Dominic V. Venturo***

Mr. Venturo is Senior Executive Vice President and Chief Digital Officer of U.S. Bancorp. Mr. Venturo, 57, 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.

***Timothy A. Welsh***

Mr. Welsh is Vice Chair, Consumer and Business Banking, of U.S. Bancorp. Mr. Welsh, 58, 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," "Other matters — Delinquent Section 16(a) reports," "Corporate governance — Committee responsibilities" and "Corporate governance — Committee member qualifications." That information is incorporated into this report by reference.

**Item 11. *Executive Compensation***

Information required to be furnished in response to this Item 11 can be found in the Proxy Statement under the headings "Compensation discussion and analysis," "Compensation Committee report," "Corporate governance — Compensation Committee Interlocks and Insider Participation," "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***

Information in response to this Item 12 can be found in the Proxy Statement under the headings "Equity compensation plan information" and "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 Accountant 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 Internal Control over Financial Reporting
- Report of Independent Registered Public Accounting Firm on the Financial Statements
- U.S. Bancorp Consolidated Balance Sheet as of December 31, 2023 and 2022
- U.S. Bancorp Consolidated Statement of Income for each of the three years in the period ended December 31, 2023
- U.S. Bancorp Consolidated Statement of Comprehensive Income for each of the three years in the period ended December 31, 2023
- U.S. Bancorp Consolidated Statement of Shareholders’ Equity for each of the three years in the period ended December 31, 2023
- U.S. Bancorp Consolidated Statement of Cash Flows for each of the three years in the period ended December 31, 2023
- 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.

<sup>(1)</sup>3.1 Restated Certificate of Incorporation. Filed as Exhibit 3.4 to Form 8-K filed on April 20, 2022.

<sup>(1)</sup>3.2 Amended and Restated Bylaws. Filed as Exhibit 3.1 to Form 8-K filed on October 19, 2023.

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)10.0 Amended and Restated Registration Rights Agreement, dated August 3, 2023, by and between U.S. Bancorp and MUFG Bank, Ltd. Filed as Exhibit 10.1 to Form 8-K filed on August 3, 2023.
- (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 U.S. Bank Executive Employees Deferred Compensation Plan (2005 Statement). Filed as Exhibit 4.1 to Form S-8 filed on November 2, 2022.
- (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. Bank Outside Directors Deferred Compensation Plan (2005 Statement). Filed as Exhibit 10.1 to Form 8-K filed on December 21, 2005.
- (1)(2)10.8(b) First Amendment of the U.S. Bank Outside Directors Deferred Compensation Plan (2005 Statement). Filed as Exhibit 10.3(b) to Form 8-K filed on January 7, 2009.
- (1)(2)10.8(c) Second Amendment of the U.S. Bank Outside Directors Deferred Compensation Plan (2005 Statement). 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	<u>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.</u>
(1)(2)10.16	<u>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.</u>
(1)(2)10.17	<u>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.</u>
(1)(2)10.18	<u>U.S. Bancorp 2015 Stock Incentive Plan. Filed as Exhibit 10.1 to Form 8-K filed on April 23, 2015.</u>
(1)(2)10.19	<u>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.</u>
(1)(2)10.20	<u>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.</u>
(1)(2)10.21	<u>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.</u>
(1)(2)10.22	<u>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.</u>
(1)(2)10.23	<u>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.</u>
(1)(2)10.24	<u>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.</u>
(1)(2)10.25	<u>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.</u>
(1)(2)10.26	<u>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.</u>
(1)(2)10.27	<u>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.</u>
(1)(2)10.28	<u>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.</u>
(1)(2)10.29	<u>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.</u>
(2)10.30	<u>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, 2024).</u>
(2)10.31	<u>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, 2024).</u>
13	<u>2023 Annual Report, pages 21 through 158.</u>
21	<u>Subsidiaries of the Registrant.</u>
23	<u>Consent of Ernst &amp; Young LLP.</u>

24	<u>Power of Attorney.</u>
31.1	<u>Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.</u>
31.2	<u>Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.</u>
32	<u>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.</u>
97	<u>U.S. Bancorp Incentive-Based Compensation Recovery Policy, dated as of December 1, 2023.</u>
101	The following financial statements from the Company's Annual Report for the year ended December 31, 2023, 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).

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- (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.*

**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 20, 2024, 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 20, 2024, 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, Director  
(principal executive officer)

/s/ JOHN C. STERN

John C. Stern,  
Senior Executive Vice President 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

ALAN B. COLBERG\*

Alan B. Colberg, Director

KIMBERLY N. ELLISON-TAYLOR\*

Kimberly N. Ellison-Taylor, Director

KIMBERLY J. HARRIS\*

Kimberly J. Harris, Director

ROLAND A. HERNANDEZ\*

Roland A. Hernandez, Director

RICHARD P. MCKENNEY\*

Richard P. McKenney, Director

YUSUF I. MEHDI\*

Yusuf I. Mehdi, Director

LORETTA E. REYNOLDS\*

Loretta E. Reynolds, 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 20, 2024

By: /s/ ANDREW CECERE

Andrew Cecere

Attorney-In-Fact

**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 K preferred stock, (5) depositary shares representing shares of Series L preferred stock, (6) depositary shares representing shares of Series M preferred stock, (7) depositary shares representing shares of Series O 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 the provisions of the restated certificate of incorporation (the "Certificate of Incorporation") and amended and restated bylaws (the "Bylaws") of USB, as well as applicable Delaware law and applicable provisions of the Adjustable Interest Rate (LIBOR) Act (the "LIBOR Act") and implementing rules thereunder issued by the Board of Governors of the Federal Reserve System (the "LIBOR Rule"). 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, 2023, there were 1,557,993,055 shares of Common Stock issued and outstanding and 243,510 shares of Preferred Stock issued and outstanding, of which:

- 20,010 were designated as Series A Non-Cumulative Perpetual Preferred Stock (the "Series A Preferred Stock"), 12,510 of which were issued and outstanding;
  - 40,000 were designated as Series B Non-Cumulative Perpetual Preferred Stock (the "Series B Preferred Stock"), 40,000 of which were issued and outstanding;
  - 40,000 were designated as Series J Non-Cumulative Perpetual Preferred Stock (the "Series J Preferred Stock"), 40,000 of which were issued and outstanding;
  - 23,000 were designated as Series K Non-Cumulative Perpetual Preferred Stock (the "Series K Preferred Stock"), 23,000 of which were issued and outstanding;
  - 20,000 were designated as Series L Non-Cumulative Perpetual Preferred Stock (the "Series L Preferred Stock"), 20,000 of which were issued and outstanding;
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- 30,000 were designated as Series M Non-Cumulative Perpetual Preferred Stock (the “Series M Preferred Stock”), 30,000 of which were issued and outstanding;
- 60,000 were designated as Series N Fixed Rate Reset Non-Cumulative Perpetual Preferred Stock (the “Series N Preferred Stock”), 60,000 of which were issued and outstanding; and
- 20,000 were designated as Series O Non-Cumulative Perpetual Preferred Stock (the “Series O Preferred Stock”), 18,000 of which were issued and outstanding.

All outstanding shares of USB’s capital stock are fully paid and non-assessable.

### **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, 2023, the following depositary shares representing shares of Preferred Stock have been registered pursuant to Section 12 of the Exchange Act:

- Depositary Shares each representing a 1/100th interest in a share of Series A Preferred Stock;
- Depositary Shares each representing a 1/1,000<sup>th</sup> interest in a share of Series B Preferred Stock;
- Depositary Shares each representing a 1/1,000th interest in a share of Series K Preferred Stock;
- Depositary Shares each representing a 1/1,000th interest in a share of Series L Preferred Stock;
- Depositary Shares each representing a 1/1,000th interest in a share of Series M Preferred Stock; and
- Depositary Shares, each representing a 1/1,000th interest in a share of Series O Preferred Stock.

The depositary shares representing 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.

### *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 J Preferred Stock, the Series K Preferred Stock, the Series L Preferred Stock, the Series M Preferred Stock, the Series N Preferred Stock and the Series O 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<sup>1</sup> (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

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<sup>1</sup> Following the cessation of representative three-month LIBOR, after June 30, 2023, this three-month LIBOR rate transitioned to three-month CME Term SOFR plus a tenor spread adjustment of 0.26161% in accordance with the LIBOR Act and LIBOR Rule.

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 J Preferred Stock, the Series K Preferred Stock, the Series L Preferred Stock, the Series M Preferred Stock, the Series N Preferred Stock and the Series O 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<sup>2</sup> (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:

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<sup>2</sup> Following the cessation of representative three-month LIBOR, after June 30, 2023, this three-month LIBOR rate transitioned to three-month CME Term SOFR plus a tenor spread adjustment of 0.26161% in accordance with the LIBOR Act and LIBOR Rule.

- 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 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 K Preferred Stock, the Series L Preferred Stock, the Series M Preferred Stock, the Series N Preferred Stock and the Series O 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 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 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<sup>3</sup> (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

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<sup>3</sup> Following the cessation of representative three-month LIBOR, after June 30, 2023, this three-month LIBOR rate transitioned to three-month CME Term SOFR plus a tenor spread adjustment of 0.26161% in accordance with the LIBOR Act and LIBOR Rule.



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 reversion 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 J Preferred Stock, the Series L Preferred Stock, the Series M Preferred Stock, the Series N Preferred Stock and the Series O 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 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 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 J Preferred Stock, the Series K Preferred, the Series M Preferred Stock, the Series N Preferred Stock and the Series O 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 retesting 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 J Preferred Stock, the Series K Preferred Stock, the Series L Preferred Stock, the Series N Preferred Stock and the Series O 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 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 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 reversion 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 J Preferred Stock, the Series K Preferred Stock, the Series L Preferred Stock, the Series M Preferred Stock and the Series O 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 depository 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 re-vesting 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 depository 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 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 depository 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 depository 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).