June 2024

2024 annual stress test disclosure

U.S. Bancorp
Dodd-Frank Act stress test results
Supervisory severely adverse scenario

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Forward-looking statements

This disclosure contains forward-looking statements about U.S. Bancorp, including estimated capital ratios, risk-weighted assets, revenue, net income before taxes and loan losses that are based on a hypothetical stress scenario defined by our regulators and contains assumptions that may not come to pass in the future. The stress test results are not intended to reflect management's expectation of future conditions or financial results, and there can be no assurance that U.S. Bancorp's actual results would match the results disclosed herein if the assumed hypothetical scenario were to occur. Factors that could cause U.S. Bancorp's actual results to differ from those described in the forward-looking statements can be found in U.S. Bancorp's Annual Report on Form 10-K for the year ended December 31, 2023, on file with the Securities and Exchange Commission. 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.

Summary of assumptions

This stress test was conducted for the 2024 annual Dodd-Frank Wall Street Reform and Consumer Protection Act Stress Test (DFAST). U.S. Bancorp (the Company) is not subject to the global market shock or counterparty default components of the 2024 Stress Test Scenarios, by Federal Reserve definition.

This disclosure reflects the stress test results for U.S. Bancorp for nine quarters (1Q2024 – 1Q2026) under the supervisory severely adverse scenario as published by the Board of Governors of the Federal Reserve System in February of 2024. This disclosure includes capital action assumptions as set forth in the DFAST requirements, which consist of: 1) no dividend payments on any instruments that qualify as common equity tier 1 capital; 2) continued payments made on instruments that qualify as additional tier 1 capital or tier 2 capital equal to the stated dividend, interest, or principal due on such instruments; 3) no redemption or repurchase of any capital instrument that is eligible for inclusion in the numerator of a regulatory capital ratio; and 4) no common stock or preferred stock issuances.

The Company's stress testing models rely on several assumptions, including the assumption that past experience is indicative of future performance. This assumption is based on the premise that behaviors observed historically within a risk segment in relation to macroeconomic trends will occur in the future. There are risks that this assumption is inappropriate in forward-looking scenarios. When identified, the Company attempts to mitigate these risks by making adjustments to modeled forecasts.

Supervisory severely adverse scenario[1]

The supervisory severely adverse scenario is characterized by a severe global recession, including prolonged declines in both residential and commercial real estate prices, which spill over into the corporate sector and affect investment sentiment.

- **U.S. Unemployment** climbs to a peak of 10% in the third quarter of 2025, a 6.3 percentage point increase relative to its fourth-quarter 2023 level.
- **Real GDP** declines 8.5% from the fourth quarter of 2023 to its trough in the first quarter of 2025, before recovering.
- **Asset prices** drop sharply in this scenario.
  - Equity prices fall about 55% through the fourth quarter of 2024.
  - House prices fall about 36% percent through the third quarter of 2025.
  - Commercial real estate prices fall about 40 percent through the fourth quarter of 2025.
- The **yield curve** is inverted in the first quarter of 2024. Thereafter, the slope of the yield curve becomes positive and steepens over the remainder of the scenario; the 3-month Treasury rate falls significantly to 0.1% by the third quarter of 2024 and remains there for the duration of the scenario; and the 10-year Treasury yield falls 3.7 percentage points to 0.8% by the second quarter of 2024 and then gradually rises in late 2024 to 1.5% by the end of the scenario.
- **Credit spreads:** the spread between yields on BBB rated bonds and yields on 10-year Treasury securities widens to 5.8 percentage points by the fourth quarter of 2024, an increase of 4.1 percentage points relative to the fourth quarter of 2023.
- **Mortgage rates:** the spread between mortgage rates and 10-year Treasury yields widens to 3 percentage points by the third quarter of 2024 before narrowing to about 1.6 percentage points at the end of the scenario.

Risks included in the stress test

The Company maintains a risk management framework that establishes the necessary infrastructure to identify, measure and assess risks given the Company's organizational structure, business activities, size and complexity of operations. The Company projects the impact of those risks deemed material under both expected and stressed conditions to its on- and off-balance sheet exposures, earnings and capital positions through its Capital Adequacy Process.

[1] Excerpts from the Board of Governors of the Federal Reserve System "2024 Stress Test Scenarios," February 2024.

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, mortgage servicing rights 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, such as Bank Secrecy Act (BSA)/Anti-Money Laundering (AML)/Economic Sanctions (ES) risk, exist that may impact the Company. Refer to "Risk Factors" beginning on page 140 of U.S. Bancorp's Annual Report for the year ended December 31, 2023, for a detailed discussion of these factors, which may be found at ir.usbank.com by clicking on "Financials" and then "Annual reports, Proxy Statement & ESG."

Summary of methodology

The Company estimates net income under stressed economic conditions, which includes the impact on the Company's pre-provision net revenue (PPNR), provision for credit losses, realized gains or losses on the Company's investment portfolio, and other gains or losses, primarily by using model-based approaches when strong statistical relationships with intuitive macroeconomic factors have been identified. When strong statistical relationships with intuitive macroeconomic factors are not identified, or data limitations exist that may limit the reliability of model outcomes, the Company employs other forecasting methodologies and analytics, which include management's assessment of outcomes in the stressed economic conditions.

Balance sheet and PPNR

- Balance sheet positions are projected using quantitative methods where appropriate, with consideration given to recent trends, business line strategies, new business activity, portfolio run-off and stressed economic conditions.
- Net interest income projections are based on balance sheet composition, including the mix of existing and new balance volumes, the path of interest rates in the scenario, pricing assumptions and other economic indicators that may impact behavioral repricing of the balance sheet.
- Non-interest income is projected based on historical trends from recessionary and non-recessionary periods and management expertise.
- Variable expenses that can be tied directly to fee revenue are adjusted based on their respective relationship, and a conservative approach is used when considering discretionary expenses related to personnel and other business-related costs where the ability to adjust spending is clear and supportable.
- Operational loss estimates are projected based on a comprehensive analysis of each operational risk category. Macroeconomic models are used where significant and intuitive macroeconomic relationships are identified and can be statistically modeled. For segments where there is no identified linkage with macroeconomic factors, analytical tools are leveraged. In addition, scenario analysis is leveraged for material risks, which relies on core operational risk scenario workshops conducted with subject matter experts across the Company.

Realized gain or loss on available-for-sale or held-to-maturity investment portfolio

- Projections of the fair market values of credit sensitive municipal securities are driven principally by changes in credit quality and are developed using regression modeling that is correlated to 10-year Treasury yields, investment grade credit default swap index (CDX IG), unemployment rate and VIX index along with a forward ratings transition assessment during the stressed forecast horizon. Impairment is recognized for any municipal security that is projected to transition to a below investment grade rating (based on the rating transition analysis) as the difference between its modeled fair market value and its amortized cost.
- Projections of the fair market values of credit sensitive collateralized loan obligations (CLOs) are driven principally by changes in cash flows and changes in spreads derived by using regression modeling that is correlated to changes in Corporate BBB yields during the stressed forecast horizon. Impairment is recognized for any CLO tranche that is projected to take losses per the modeled cash flows under the stress scenario assumptions.

Provisions for loan and lease losses

- The Company projects provisions for loan and lease losses (provision) consisting of net realized credit losses on forecasted defaulted loans and the provision expense amounts (reserve build or release) associated with forecasted increases or decreases in the allowance for credit losses consistent with current expected credit losses (CECL) accounting standard.
- Provision expenses under stressed economic conditions consider beginning period balances, related credit quality and portfolio composition, forecasts of portfolio balances, forecasts of defaults and losses, and forecasted changes in economic expectations and uncertainty.
- Losses are forecast by portfolio and incorporate geographic, property type and industry sector effects. Model risk drivers vary by portfolio and include borrower characteristics and macroeconomic factors.

Income taxes

- The impact of income taxes on earnings and capital involves estimating the periodic effective tax rate to apply to earnings, estimating the deferred tax position at each period-end based on estimates of significant temporary differences, and measuring any deferred tax limitations under the relevant capital framework.
- The effective tax rate differs from the federal statutory rate of 21% principally as a result of state tax expense, tax credits generated by the Company's tax-advantaged community investments and, to a lesser extent, income from the Company's tax-exempt investments and other permanent adjustments.

Capital

In assessing its capital position, the Company incorporates the following into its common equity roll-forward:

- Net income resulting from the quantification of supervisory severely adverse scenario impacts on its business activities;
- Capital actions prescribed in the DFAST stress test regulation;
- Regulatory adjustments to common equity including those items that are either included on a limited basis or completely deducted from regulatory capital;
- Goodwill (plus potential impairment) and intangibles deducted from capital to reflect amortization; and
- Impacts of stressed economic conditions on its net deferred tax asset position, mortgage servicing rights and equity investments to determine the appropriate level of deductions from regulatory capital.

U.S. Bancorp DFAST results

Capital ratios

Capital ratios, actual 2023:Q4 and projected 2024:Q1-2026:Q1					
			Supervisory Severely Adverse [1]		Minimum versus 2023:Q4
Regulatory Ratio	Regulatory Minimum	Actual 2023:Q4	Ending	Minimum	
Common equity tier 1 capital ratio	4.5%	9.9%	8.8%	8.3%	-1.6%
Tier 1 capital ratio	6.0%	11.5%	10.4%	9.9%	-1.6%
Total capital ratio	8.0%	13.7%	12.4%	11.9%	-1.8%
Tier 1 leverage ratio	4.0%	8.1%	7.9%	7.3%	-0.8%
Supplementary leverage ratio	3.0%	6.6%	6.2%	5.7%	-0.9%

(1) The capital ratios are calculated using the capital action assumptions provided within the supervisory stress testing rules. These projections represent hypothetical estimates that involve an economic outcome that is more adverse than expected. The minimum capital ratios are for the period 2024:Q1 to 2026:Q1.

Net income and risk-weighted assets

Projected losses, revenue, and net income before taxes through 2026:Q1		
Supervisory Severely Adverse Scenario		
	Billions of dollars	Percent of average assets [1]
Pre-provision net revenue	14.0	2.2%
equals		
Net interest income	32.5	5.1%
Noninterest income	21.0	3.3%
less		
Noninterest expense [2]	39.5	6.2%
Other revenue [3]	0.0	
less		
Provisions for loan and lease losses	18.5	
Credit losses on investment securities (AFS/HTM) [4]	0.0	
Trading and counterparty losses [5]	0.0	
Other losses/gains [6]	0.2	
equals		
Net income before taxes	**(4.7)**	**-0.7%**

Memo items		
Supervisory Severely Adverse Scenario		
	Billions of dollars	Percent of average assets [1]
Other comprehensive income [7]	0.0	
Other effects on capital:	*Actual 2023:Q4*	*2026:Q1*
AOCI included in capital (billions of dollars)	(0.0)	(0.0)

Risk-Weighted Assets		
Supervisory Severely Adverse Scenario		
	Actual	Projected
Billions of dollars	Actual 2023:Q4	2026:Q1
Risk-weighted assets [8]	453.4	446.8

(1) Average assets is the nine-quarter average of total assets.
(2) Noninterest expense includes losses from operational-risk events and other real estate owned (OREO) costs.
(3) Other revenue includes one-time income and (expense) items not included in pre-provision net revenue.
(4) Projection of expected credit losses on securities is incorporated in the allowance for credit losses.
(5) Trading and counterparty losses include mark-to-market and credit valuation adjustment (CVA) losses.
(6) Other losses/gains include projected change in fair value of loans held for sale or held for investment and measured under the fair-value option, losses/gains on hedges on loans measured at fair value or amortized cost, and goodwill impairment losses.
(7) Other comprehensive income is reflected as zero because U.S. Bancorp is subject to Category III standards.
(8) For each quarter, risk-weighted assets are calculated under the Board's standardized capital risk-based approach in 12 C.F.R. pt. 217, subpt. D.

Loan losses

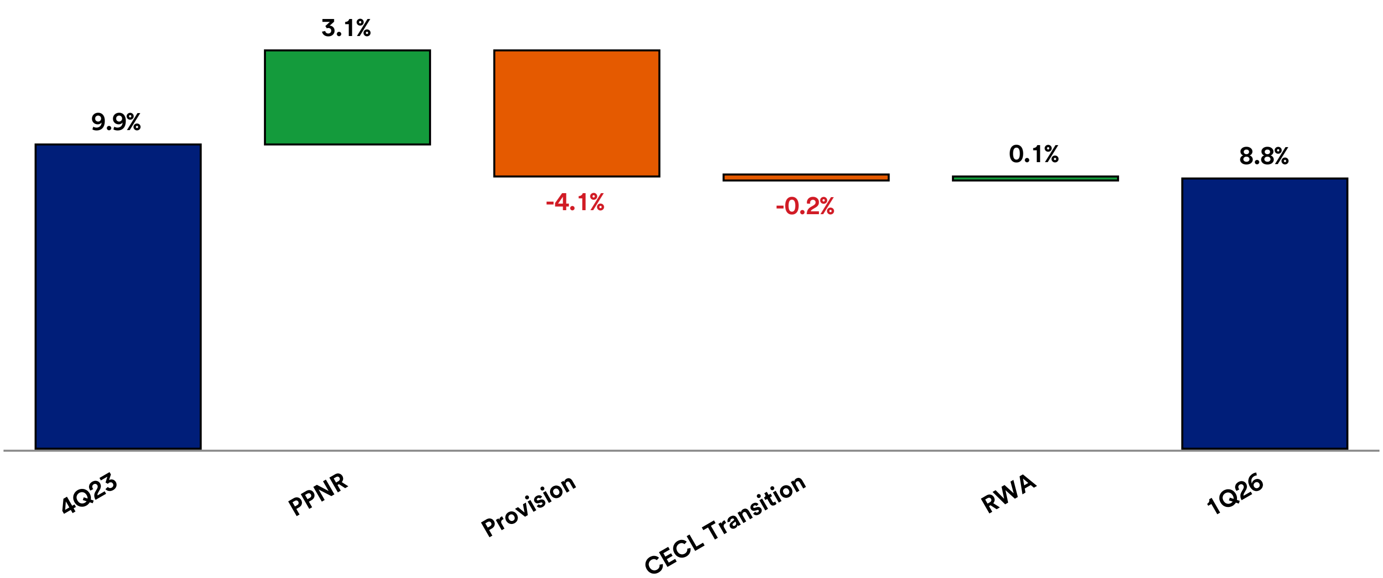
Projected loan losses, by type of loan, 2024:Q1-2026:Q1		
Supervisory Severely Adverse Scenario		
Loan type	Billions of dollars	Portfolio loss rates (percent) (1)
Loan losses	**15.7**	**4.4%**
First-lien mortgages, domestic	1.0	0.9%
Junior liens and HELOCs, (2) domestic	0.3	2.5%
Commercial and industrial (3)	4.6	4.6%
Commercial real estate, domestic	3.4	7.1%
Credit cards	4.7	17.3%
Other consumer (4)	0.9	3.6%
Other loans (5)	0.8	2.8%

(1) Average loan balances used to calculate portfolio loss rates exclude loans held for sale, loans held for investment under the fair-value option, and Paycheck Protection Program loans and are calculated over nine quarters.
(2) Home equity lines of credit (HELOCs).
(3) Commercial and industrial loans include small- and medium-enterprise loans and corporate cards.
(4) Other consumer loans include student loans and automobile loans.
(5) Other loans include international real estate loans.

Common Equity Tier I (CET1) capital ratio waterfall

Key drivers:

- Higher provision expense driven by credit losses is partially offset by an increase in PPNR and a favorable tax impact
- CET1 impacted by the transitional regulatory requirements related to the current expected credit losses methodology
- Favorable CET1 impact due to modest decrease in risk-weighted assets (RWA)[1], mainly driven by a decline in commercial and retail loan balances as a result of charge-offs and weakened loan demand



(1) RWA projections are not comparable to the Federal Reserve projections as the Company reflects its expected balances under the scenario conditions while the Federal Reserve maintains flat RWA assumptions.

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U.S. Bank National Association
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Quantitative disclosure

U.S. Bank National Association (the Bank) is U.S. Bancorp's (the Company) principal banking subsidiary, with total assets representing the majority of the Company's total consolidated assets as of December 31, 2023. The risks included in the Bank's annual company-run stress test, the methodologies employed to assess these risks and the processes used to measure net income, balance sheet, risk weighted assets and other components of capital are determined at the consolidated Company level and applied uniformly across all of the Company's legal entities, including the Bank.

The Company and the Bank administer their capital adequacy assessment through the Company's Capital Adequacy Process. The Capital Adequacy Process identifies and quantifies the Company's material risks under both expected and stressed economic conditions such as those projected by the Board of Governors of the Federal Reserve System (Federal Reserve) and the Office of the Comptroller of the Currency for the submission of the supervisory severely adverse stress test as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act Stress Test. This assessment is made to determine the impact of macroeconomic conditions projected in a severely adverse scenario on the Bank's net income, balance sheet, loan losses, risk-weighted assets and other components of capital. Described below are the quantitative results for the Bank under the supervisory severely adverse scenario defined by the Office of the Comptroller of the Currency. The supervisory severely adverse scenario defined by the Office of the Comptroller of the Currency is consistent with that defined by the Federal Reserve.[1]

U.S. Bank National Association DFAST results

Capital ratios

Capital ratios, actual 2023:Q4 and projected 2024:Q1-2026:Q1					
			Supervisory Severely Adverse (1)		Minimum
Regulatory Ratio	Regulatory Minimum	Actual 2023:Q4	Ending	Minimum	versus 2023:Q4
Common equity tier 1 capital ratio	4.5%	13.1%	12.7%	11.8%	-1.3%
Tier 1 capital ratio	6.0%	13.2%	12.8%	11.9%	-1.3%
Total capital ratio	8.0%	15.4%	14.9%	14.1%	-1.3%
Tier 1 leverage ratio	4.0%	9.2%	9.8%	8.8%	-0.4%
Supplementary leverage ratio	3.0%	7.5%	7.6%	6.9%	-0.6%

(1) The capital ratios are calculated using the capital action assumptions provided within the supervisory stress testing rules. These projections represent hypothetical estimates that involve an economic outcome that is more adverse than expected. The minimum capital ratios are for the period 2024:Q1 to 2026:Q1.

[1] 2024 DFAST Scenarios Narratives, Office of the Comptroller of the Currency, February 15, 2024.

Net income and risk-weighted assets

Projected losses, revenue, and net income before taxes through 2026:Q1		
Supervisory Severely Adverse Scenario		
	Billions of dollars	Percent of average assets [1]
Pre-provision net revenue	16.4	2.6%
equals		
Net interest income	34.2	5.5%
Noninterest income	20.6	3.3%
less		
Noninterest expense [2]	38.4	6.2%
Other revenue [3]	0.0	
less		
Provisions for loan and lease losses	18.5	
Credit losses on investment securities (AFS/HTM) [4]	0.0	
Trading and counterparty losses [5]	0.0	
Other losses/gains [6]	0.2	
equals		
Net income before taxes	**(2.3)**	**-0.4%**

Memo items		
Supervisory Severely Adverse Scenario		
	Billions of dollars	Percent of average assets [1]
Other comprehensive income [7]	0.0	
Other effects on capital:	*Actual 2023:Q4*	*2026:Q1*
AOCI included in capital (billions of dollars)	0.1	0.1

Risk-Weighted Assets		
Supervisory Severely Adverse Scenario		
	Actual	Projected
Billions of dollars	Actual 2023:Q4	2026:Q1
Risk-weighted assets [8]	445.8	434.9

(1) Average assets is the nine-quarter average of total assets.
(2) Noninterest expense includes losses from operational-risk events and other real-estate-owned (OREO) costs.
(3) Other revenue includes one-time income and (expense) items not included in pre-provision net revenue.
(4) Projection of expected credit losses on securities is incorporated in the allowance for credit losses.
(5) Trading and counterparty losses include mark-to-market and credit valuation adjustment (CVA) losses.
(6) Other losses/gains include projected change in fair value of loans held for sale or held for investment and measured under the fair-value option, losses/gains on hedges on loans measured at fair value or amortized cost, and goodwill impairment losses.
(7) Other comprehensive income is reflected as zero because U.S. Bank National Association is subject to Category III standards.
(8) For each quarter, risk-weighted assets are calculated under the Board's standardized capital risk-based approach in 12 C.F.R. pt. 217, subpt. D.

Loan losses

Projected loan losses, by type of loan, 2024:Q1-2026:Q1		
Supervisory Severely Adverse Scenario		
Loan type	Billions of dollars	Portfolio loss rates (percent) [1]
Loan losses	**15.7**	**4.4%**
First-lien mortgages, domestic	1.0	0.9%
Junior liens and HELOCs, [2] domestic	0.3	2.5%
Commercial and industrial [3]	4.6	4.6%
Commercial real estate, domestic	3.4	7.1%
Credit cards	4.7	17.3%
Other consumer [4]	0.9	3.6%
Other loans [5]	0.8	2.8%

(1) Average loan balances used to calculate portfolio loss rates exclude loans held for sale, loans held for investment under the fair-value option, and Paycheck Protection Program loans and are calculated over nine quarters.
(2) Home equity lines of credit (HELOCs).
(3) Commercial and industrial loans include small- and medium-enterprise loans and corporate cards.
(4) Other consumer loans include student loans and automobile loans.
(5) Other loans include international real estate loans.

CET1 capital ratio waterfall

Key drivers:

- Higher provision expense driven by credit losses is partially offset by an increase in PPNR and a favorable tax impact
- CET1 impacted by the transitional regulatory requirements related to the current expected credit losses methodology
- Favorable CET1 impact due to modest decrease in risk-weighted assets (RWA), mainly driven by a decline in commercial and retail loan balances as a result of charge-offs and weakened loan demand