



U.S. Bancorp Releases 2022 Dodd-Frank Act Stress Test Results; Receives Preliminary Stress Capital Buffer of 2.5 percent

June 27, 2022

MINNEAPOLIS--(BUSINESS WIRE)--Jun. 27, 2022-- U.S. Bancorp (NYSE: USB) commented on the results of the Federal Reserve's Dodd-Frank Act Stress Test ("DFAST") conducted in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Based on its strong 2022 stress test results, the company expects to be subject to a preliminary stress capital buffer ("SCB") of 2.5 percent, unchanged from the current level, for the period beginning October 1, 2022, and ending on September 30, 2023. The Federal Reserve has stated that it expects to finalize the SCB for all firms by August 31, 2022. The SCB, when added to the Basel III Common Equity Tier 1 (CET1) minimum of 4.5 percent, requires the company to maintain a CET1 ratio above 7 percent through this period. The company's CET1 ratio was 9.8 percent as of March 31, 2022, under transitional regulatory capital requirements related to the current expected credit losses (CECL) methodology.

Given the strong performance of this year's stress tests, additional capital distributions, whether through a potential common stock dividend increase or resumption of share repurchases under U.S. Bancorp's existing share repurchase program, will be determined after closing of the company's acquisition of MUFG Union Bank's core regional banking franchise. As previously disclosed, U.S. Bancorp 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 the pending acquisition. Any additional capital distributions remain subject to the approval of U.S. Bancorp's Board of Directors and compliance with regulatory requirements.

"The results of this year's stress test demonstrate that we are well-capitalized and remain prepared to withstand a severe economic downturn," said Andy Cecere, Chairman, President and CEO of U.S. Bancorp. "Our highly diversified business mix, well-established financial discipline, and conservative risk profile demonstrates our unwavering commitment to create and deliver value for our shareholders."

In addition, the company has published its company-run DFAST results, which are available on the company's website at www.usbank.com under "About Us," "Investor Relations," "Financial information" and "Dodd-Frank Act Stress Test results."

The company's DFAST results may differ from those calculated and published by the Federal Reserve Board largely due to, but not limited to, differences in models, methodologies, assumptions and applicable capital and accounting rules.

About U.S. Bank

U.S. Bancorp, with nearly 70,000 employees and \$587 billion in assets as of March 31, 2022, is the parent company of U.S. Bank National Association. The Minneapolis-based company serves millions of customers locally, nationally and globally through a diversified mix of businesses: Consumer and Business Banking; Payment Services; Corporate & Commercial Banking; and Wealth Management and Investment Services. The company has been recognized for its approach to digital innovation, social responsibility, and customer service, including being named one of the 2022 World's Most Ethical Companies and Fortune's most admired superregional bank. Learn more at usbank.com/about.

Forward-looking statements

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

This press release contains forward-looking statements about U.S. Bancorp. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements and are based on the information available to, and assumptions and estimates made by, management as of the date hereof. The forward-looking statements contained in this press release include anticipated U.S. Bancorp capital distributions by dividends and share repurchases. There can be no assurance that U.S. Bancorp will return this or any amount of capital to its shareholders in the form of dividends or share repurchases in the future. 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, including the following risks and uncertainties and the risks and uncertainties more fully discussed in the section entitled "Risk Factors" of Exhibit 13 to U.S. Bancorp's Annual Report on Form 10-K for the year ended December 31, 2021, which could cause actual results to differ materially from those anticipated. Continued deterioration in general business and economic conditions or turbulence in domestic or global financial markets could adversely affect U.S. Bancorp's revenues and the values of its assets and liabilities, reduce the availability of funding to certain financial institutions, lead to a tightening of credit, and increase stock price volatility. In addition, changes to statutes, regulations, or regulatory policies or practices could affect U.S. Bancorp in substantial and unpredictable ways. U.S. Bancorp's results could also be adversely affected by changes in interest rates; the impacts of the COVID-19 pandemic on its business, financial position, results of operations, liquidity and prospects; increases in unemployment rates; deterioration in the credit quality of its loan portfolios or in the value of the collateral securing those loans; deterioration in the value of its investment securities; legal and regulatory developments; litigation; increased competition from both banks and non-banks; civil unrest; the effects of climate change; changes in customer behavior and preferences; breaches in data security, including as a result of work-from-home arrangements; failures to safeguard personal information; the impacts of international hostilities or geopolitical events; effects of mergers and acquisitions and related integration; effects of critical accounting policies and judgments; and management's ability to effectively manage credit risk, market risk, operational risk, compliance risk, strategic risk, interest rate risk, liquidity risk and reputation risk. In addition, U.S. Bancorp's proposed acquisition of MUFG Union Bank presents risks and uncertainties, including, among others: the risk that the cost savings, any revenue synergies and other anticipated benefits of the proposed acquisition may not be realized or may take longer than anticipated to be realized; the risk that U.S. Bancorp's business could be disrupted as a result of the announcement and pendency of the proposed acquisition and diversion of management's attention from ongoing business operations and opportunities; the possibility that the proposed acquisition, including the integration of MUFG Union Bank, may be more costly or difficult to complete than anticipated; delays in closing the proposed acquisition; and the failure of required governmental approvals to be obtained or any other closing conditions in the definitive purchase agreement to be satisfied.

For discussion of these and other risks that may cause actual results to differ from those described in forward-looking statements, refer to U.S. Bancorp's Annual Report on Form 10-K for the year ended December 31, 2021, on file with the Securities and Exchange Commission, including the sections entitled "Corporate Risk Profile" and "Risk Factors" contained in Exhibit 13, and all subsequent filings with the Securities and Exchange Commission under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934. In addition, factors other than these risks also could adversely affect U.S. Bancorp's results, and the reader should not consider these risks to be a complete set of all potential risks or uncertainties. 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.

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