

# Supplemental Business Line Schedules

1Q 2020

CORPORATE AND COMMERCIAL BANKING

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CONSUMER AND BUSINESS BANKING

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WEALTH MANAGEMENT AND INVESTMENT SERVICES

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PAYMENT SERVICES

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TREASURY AND CORPORATE SUPPORT

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<b>LINE OF BUSINESS FINANCIAL PERFORMANCE (a)</b>						
(\$ in millions)	Net Income Attributable to U.S. Bancorp			Percent Change		1Q 2020 Earnings Composition
	1Q	4Q	1Q	1Q20 vs	1Q20 vs	
	2020	2019	2019	4Q19	1Q19	
Business Line						
Corporate and Commercial Banking	\$163	\$396	\$406	(58.8)	(59.9)	14 %
Consumer and Business Banking	620	551	581	12.5	6.7	53
Wealth Management and Investment Services	208	209	218	(.5)	(4.6)	18
Payment Services	313	389	322	(19.5)	(2.8)	27
Treasury and Corporate Support	(133)	(59)	172	nm	nm	(12)
Consolidated Company	<u>\$1,171</u>	<u>\$1,486</u>	<u>\$1,699</u>	(21.2)	(31.1)	<u>100 %</u>

(a) preliminary data

## Lines of Business

The Company's major lines of business are Corporate and Commercial Banking, Consumer and Business Banking, Wealth Management and Investment Services, Payment Services, and Treasury and Corporate Support. These operating segments are components of the Company about which financial information is prepared and is evaluated regularly by management in deciding how to allocate resources and assess performance. 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. Designations, assignments and allocations change from time to time as management systems are enhanced, methods of evaluating performance or product lines change or business segments are realigned to better respond to the Company's diverse customer base. During 2020, certain organization and methodology changes were made and, accordingly, prior period results were restated and presented on a comparable basis.

<b>CORPORATE AND COMMERCIAL BANKING (a)</b>					
(\$ in millions)	<b>Percent Change</b>				
	<b>1Q 2020</b>	<b>4Q 2019</b>	<b>1Q 2019</b>	<b>1Q20 vs 4Q19</b>	<b>1Q20 vs 1Q19</b>
<b>Condensed Income Statement</b>					
Net interest income (taxable-equivalent basis)	\$797	\$782	\$778	1.9	2.4
Noninterest income	274	200	208	37.0	31.7
Securities gains (losses), net	--	--	--	--	--
Total net revenue	1,071	982	986	9.1	8.6
Noninterest expense	429	410	420	4.6	2.1
Other intangibles	--	1	1	nm	nm
Total noninterest expense	429	411	421	4.4	1.9
Income before provision and taxes	642	571	565	12.4	13.6
Provision for credit losses	425	43	23	nm	nm
Income before income taxes	217	528	542	(58.9)	(60.0)
Income taxes and taxable-equivalent adjustment	54	132	136	(59.1)	(60.3)
Net income	163	396	406	(58.8)	(59.9)
Net (income) loss attributable to noncontrolling interests	--	--	--	--	--
Net income attributable to U.S. Bancorp	\$163	\$396	\$406	(58.8)	(59.9)
<b>Average Balance Sheet Data</b>					
Loans	\$103,397	\$99,822	\$98,702	3.6	4.8
Other earning assets	4,555	3,926	3,168	16.0	43.8
Goodwill	1,647	1,647	1,647	--	--
Other intangible assets	7	7	9	--	(22.2)
Assets	115,404	110,400	107,338	4.5	7.5
Noninterest-bearing deposits	29,329	29,199	30,211	.4	(2.9)
Interest-bearing deposits	80,704	77,275	71,223	4.4	13.3
Total deposits	110,033	106,474	101,434	3.3	8.5
Total U.S. Bancorp shareholders' equity	15,815	15,675	15,346	.9	3.1
(a) preliminary data					

**Corporate and Commercial Banking** offers lending, equipment finance and small-ticket leasing, depository services, treasury management, capital markets services, international trade services and other financial services to middle market, large corporate, commercial real estate, financial institution, non-profit and public sector clients.

Corporate and Commercial Banking contributed \$163 million of the Company's net income in the first quarter of 2020, compared with \$406 million in the first quarter of 2019. Total net revenue increased \$85 million (8.6 percent) due to an increase of \$19 million (2.4 percent) in net interest income and an increase of \$66 million (31.7 percent) in total noninterest income. Net interest income increased primarily due to loan and interest-bearing deposit growth, partially offset by lower noninterest bearing deposit balances compared with the prior year, loan mix, and lower spreads on loans, reflecting changing interest rates and a competitive marketplace. Total noninterest income increased year-over-year primarily due to higher capital markets and trading revenue as companies access the fixed income capital markets for bond issuances. Total noninterest expense was \$8 million (1.9 percent) higher compared with a year ago primarily driven by higher variable compensation related to fixed income capital markets business production and higher salary expense due to merit and one additional day in the quarter, partially offset by lower loan costs. The provision for credit losses increased \$402 million primarily due to an unfavorable change in the reserve allocation based on economic risks related to COVID-19 in the portfolio, partially offset by lower net charge-offs.

<b>CONSUMER AND BUSINESS BANKING (a)</b>					
(\$ in millions)			<u>Percent Change</u>		
	1Q 2020	4Q 2019	1Q 2019	1Q20 vs 4Q19	1Q20 vs 1Q19
<b>Condensed Income Statement</b>					
Net interest income (taxable-equivalent basis)	\$1,541	\$1,573	\$1,581	(2.0)	(2.5)
Noninterest income	757	617	535	22.7	41.5
Securities gains (losses), net	--	--	--	--	--
Total net revenue	2,298	2,190	2,116	4.9	8.6
Noninterest expense	1,344	1,357	1,266	(1.0)	6.2
Other intangibles	4	5	5	(20.0)	(20.0)
Total noninterest expense	1,348	1,362	1,271	(1.0)	6.1
Income before provision and taxes	950	828	845	14.7	12.4
Provision for credit losses	123	93	70	32.3	75.7
Income before income taxes	827	735	775	12.5	6.7
Income taxes and taxable-equivalent adjustment	207	184	194	12.5	6.7
Net income	620	551	581	12.5	6.7
Net (income) loss attributable to noncontrolling interests	--	--	--	--	--
Net income attributable to U.S. Bancorp	\$620	\$551	\$581	12.5	6.7
<b>Average Balance Sheet Data</b>					
Loans	\$146,704	\$146,835	\$141,795	(.1)	3.5
Other earning assets	4,967	5,480	2,389	(9.4)	nm
Goodwill	3,475	3,475	3,475	--	--
Other intangible assets	2,405	2,435	2,882	(1.2)	(16.6)
Assets	161,750	162,440	154,720	(.4)	4.5
Noninterest-bearing deposits	27,986	29,185	26,574	(4.1)	5.3
Interest-bearing deposits	133,802	131,236	127,303	2.0	5.1
Total deposits	161,788	160,421	153,877	.9	5.1
Total U.S. Bancorp shareholders' equity	14,929	15,165	14,998	(1.6)	(.5)
(a) preliminary data					

Consumer and Business Banking delivers products and services through banking offices, telephone servicing and sales, on-line services, direct mail, ATM processing and mobile devices. It encompasses community banking, metropolitan banking and indirect lending, as well as mortgage banking.

Consumer and Business Banking contributed \$620 million of the Company's net income in the first quarter of 2020, compared with \$581 million in the first quarter of 2019. Total net revenue increased \$182 million (8.6 percent) reflecting a decrease in net interest income of \$40 million (2.5 percent) and an increase of \$222 million (41.5 percent) in total noninterest income. Net interest income decreased primarily due to the impact of declining interest rates on deposit spreads, partially offset by growth in noninterest-bearing and interest-bearing deposit balances as well as one additional day in the first quarter of 2020. Total noninterest income increased primarily due to higher mortgage banking revenue driven by mortgage production and stronger gain on sale margins, partially offset by changes in the valuation of mortgage servicing rights, net of hedging activities. Total noninterest expense in the first quarter of 2020 increased \$77 million (6.1 percent) primarily due to higher net shared services expense, reflecting the impact of investment in infrastructure supporting business growth and costs to manage the business, higher variable compensation related to mortgage banking business production, and higher loan costs. The provision for credit losses increased \$53 million (75.7 percent) primarily due to an unfavorable change in the reserve allocation and higher net charge-offs in line with portfolio growth.

<b>WEALTH MANAGEMENT AND INVESTMENT SERVICES (a)</b>					
(\$ in millions)	1Q	4Q	1Q	<b>Percent Change</b>	
	2020	2019	2019	1Q20 vs 4Q19	1Q20 vs 1Q19
<b>Condensed Income Statement</b>					
Net interest income (taxable-equivalent basis)	\$283	\$276	\$293	2.5	(3.4)
Noninterest income	464	472	430	(1.7)	7.9
Securities gains (losses), net	--	--	--	--	--
Total net revenue	747	748	723	(.1)	3.3
Noninterest expense	444	468	432	(5.1)	2.8
Other intangibles	3	4	3	(25.0)	--
Total noninterest expense	447	472	435	(5.3)	2.8
Income before provision and taxes	300	276	288	8.7	4.2
Provision for credit losses	23	(3)	(3)	nm	nm
Income before income taxes	277	279	291	(.7)	(4.8)
Income taxes and taxable-equivalent adjustment	69	70	73	(1.4)	(5.5)
Net income	208	209	218	(.5)	(4.6)
Net (income) loss attributable to noncontrolling interests	--	--	--	--	--
Net income attributable to U.S. Bancorp	\$208	\$209	\$218	(.5)	(4.6)
<b>Average Balance Sheet Data</b>					
Loans	\$10,594	\$10,335	\$9,818	2.5	7.9
Other earning assets	281	277	245	1.4	14.7
Goodwill	1,617	1,617	1,617	--	--
Other intangible assets	44	46	54	(4.3)	(18.5)
Assets	13,936	13,409	13,183	3.9	5.7
Noninterest-bearing deposits	13,184	12,354	13,275	6.7	(.7)
Interest-bearing deposits	68,702	66,553	54,135	3.2	26.9
Total deposits	81,886	78,907	67,410	3.8	21.5
Total U.S. Bancorp shareholders' equity	2,465	2,433	2,442	1.3	.9
(a) preliminary data					

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

Wealth Management and Investment Services contributed \$208 million of the Company's net income in the first quarter of 2020, compared with \$218 million in the first quarter of 2019. Total net revenue increased \$24 million (3.3 percent) year-over-year reflecting a decrease in net interest income of \$10 million (3.4 percent) and an increase of \$34 million (7.9 percent) in noninterest income. Net interest income decreased year-over-year primarily due to funding mix, partially offset by the impact of higher interest-bearing deposit balances. Total noninterest income increased primarily due to the impact of favorable market conditions and business growth on trust and investment management fees and investment product fees. Total noninterest expense increased \$12 million (2.8 percent) compared with the first quarter of 2019 reflecting increased net shared services expense due to technology development and higher compensation expense due to the impact of merit increases, increased staffing, an increase in medical costs, and one additional work day in first quarter of 2020, partially offset by lower corporate plan incentives and a favorable litigation settlement. The provision for credit losses increased \$26 million reflecting an unfavorable change in the reserve allocation.

<b>PAYMENT SERVICES (a)</b>					
(\$ in millions)			<u>Percent Change</u>		
	1Q 2020	4Q 2019	1Q 2019	1Q20 vs 4Q19	1Q20 vs 1Q19
<b>Condensed Income Statement</b>					
Net interest income (taxable-equivalent basis)	\$652	\$639	\$617	2.0	5.7
Noninterest income	794	949	851	(16.3)	(6.7)
Securities gains (losses), net	--	--	--	--	--
Total net revenue	1,446	1,588	1,468	(8.9)	(1.5)
Noninterest expense	731	767	722	(4.7)	1.2
Other intangibles	35	34	31	2.9	12.9
Total noninterest expense	766	801	753	(4.4)	1.7
Income before provision and taxes	680	787	715	(13.6)	(4.9)
Provision for credit losses	262	268	286	(2.2)	(8.4)
Income before income taxes	418	519	429	(19.5)	(2.6)
Income taxes and taxable-equivalent adjustment	105	130	107	(19.2)	(1.9)
Net income	313	389	322	(19.5)	(2.8)
Net (income) loss attributable to noncontrolling interests	--	--	--	--	--
Net income attributable to U.S. Bancorp	\$313	\$389	\$322	(19.5)	(2.8)
<b>Average Balance Sheet Data</b>					
Loans	\$33,688	\$34,500	\$32,414	(2.4)	3.9
Other earning assets	399	276	448	44.6	(10.9)
Goodwill	2,811	2,810	2,814	--	(.1)
Other intangible assets	535	546	513	(2.0)	4.3
Assets	38,562	40,562	38,615	(4.9)	(.1)
Noninterest-bearing deposits	1,402	1,312	1,157	6.9	21.2
Interest-bearing deposits	114	115	111	(.9)	2.7
Total deposits	1,516	1,427	1,268	6.2	19.6
Total U.S. Bancorp shareholders' equity	6,081	6,166	5,974	(1.4)	1.8
(a) preliminary data					

**Payment Services** includes consumer and business credit cards, stored-value cards, debit cards, corporate, government and purchasing card services, consumer lines of credit and merchant processing.

Payment Services contributed \$313 million of the Company's net income in the first quarter of 2020, compared with \$322 million in the first quarter of 2019. Total net revenue decreased \$22 million (1.5 percent) due to an increase of \$35 million (5.7 percent) in net interest income and a decrease of \$57 million (6.7 percent) in total noninterest income. Net interest income increased primarily due to loan growth and higher loan fees as well as one additional day in the quarter in 2020, partially offset by compression on loan rates. Total noninterest income decreased year-over-year mainly due to the impacts of COVID-19 on spend volume in all payments businesses including merchant processing services and corporate payment products. Total noninterest expense increased \$13 million (1.7 percent) over the first quarter of 2019 reflecting higher merchant provisions due in part to COVID-related chargebacks and higher software expense due to capital expenditures and acquisitions. These increases were partly offset by lower compensation expense, reflecting lower variable compensation, partly offset by merit increases, increased staffing, and one additional work day in first quarter of 2020. The provision for credit losses decreased \$24 million (8.4 percent) reflecting a favorable change in the reserve allocation, partly offset by higher net charge-offs in line with loan growth.

<b>TREASURY AND CORPORATE SUPPORT (a)</b>					
(\$ in millions)			<u>Percent Change</u>		
	1Q 2020	4Q 2019	1Q 2019	1Q20 vs 4Q19	1Q20 vs 1Q19
<b>Condensed Income Statement</b>					
Net interest income (taxable-equivalent basis)	\$ (26)	\$ (39)	\$ 17	33.3	nm
Noninterest income	186	172	262	8.1	(29.0)
Securities gains (losses), net	50	26	5	92.3	nm
Total net revenue	210	159	284	32.1	(26.1)
Noninterest expense	326	355	207	(8.2)	57.5
Other intangibles	--	--	--	--	--
Total noninterest expense	326	355	207	(8.2)	57.5
Income before provision and taxes	(116)	(196)	77	40.8	nm
Provision for credit losses	160	(6)	1	nm	nm
Income before income taxes	(276)	(190)	76	(45.3)	nm
Income taxes and taxable-equivalent adjustment	(151)	(138)	(105)	(9.4)	(43.8)
Net income	(125)	(52)	181	nm	nm
Net (income) loss attributable to noncontrolling interests	(8)	(7)	(9)	(14.3)	11.1
Net income attributable to U.S. Bancorp	<u>\$ (133)</u>	<u>\$ (59)</u>	<u>\$ 172</u>	nm	nm
<b>Average Balance Sheet Data</b>					
Loans	\$ 3,274	\$ 3,373	\$ 3,381	(2.9)	(3.2)
Other earning assets	139,863	134,946	127,134	3.6	10.0
Goodwill	144	99	--	45.5	nm
Other intangible assets	28	6	--	nm	nm
Assets	165,155	159,042	149,543	3.8	10.4
Noninterest-bearing deposits	2,241	2,263	2,216	(1.0)	1.1
Interest-bearing deposits	5,340	6,960	9,161	(23.3)	(41.7)
Total deposits	7,581	9,223	11,377	(17.8)	(33.4)
Total U.S. Bancorp shareholders' equity	11,856	13,708	12,829	(13.5)	(7.6)
(a) preliminary data					

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 \$133 million in the first quarter of 2020, compared with net income of \$172 million in the first quarter of 2019. Total net revenue decreased \$74 million (26.1 percent) year-over-year driven by decreases in net interest income of \$43 million and \$31 million (11.6 percent) in total noninterest income. Net interest income decreased primarily due to funding mix. Total noninterest income decreased primarily due to lower equity investment income and credit valuation losses, partially offset by gains on sale of certain businesses in the first quarter of 2020 and securities gains. Total noninterest expense increased \$119 million (57.5 percent) year-over-year primarily due to COVID-related expenses, higher compensation expense, reflecting the impact of increased staffing, merit increases, and stock-based compensation, and higher implementation costs of capital investments to support business growth. These increases were partially offset by lower net shared services expense and lower costs related to tax-advantaged projects. The provision for credit losses increased \$159 million reflecting an unfavorable change in the reserve allocation due to credit risk in the current environment. 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.