



# 165(d) Targeted Resolution Plan

December 17, 2021

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## Public Section

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## **Forward-Looking Statements**

This document may contain certain statements that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. 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 made. These forward-looking statements cover, among other things, anticipated future revenue and expenses and future plans, objectives, strategies and prospects. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated.

For discussion of these and other risks that may cause actual results to differ from expectations, refer to U.S. Bancorp’s Annual Report on Form 10-K for the year ended December 31, 2020, on file with the Securities and Exchange Commission including the sections entitled “Risk Factors” and “Corporate Risk Profile” 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. Forward-looking statements speak only as of the date they are made, and U.S. Bancorp undertakes no obligation to update them in light of new information or future events.

## **Where You Can Find More Information**

U.S. Bancorp files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission. These reports and other information may be inspected without charge at the public reference facilities maintained by the Securities and Exchange Commission at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the public reference room may be obtained by calling the Securities and Exchange Commission at (800) SEC-0330. Securities and Exchange Commission filings are also available over the internet on the Securities and Exchange Commission’s website, [www.sec.gov](http://www.sec.gov). U.S. Bancorp also maintains an internet website at [www.usbank.com](http://www.usbank.com). For more information on U.S. Bank National Association’s financial performance, please see its quarterly Call Reports on file with the FDIC. Except as specifically incorporated by reference into this document, information contained in those filings or on U.S. Bancorp’s website is not part of this document.

## Introduction

To promote financial stability, Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the related regulations require certain bank holding companies, including U.S. Bancorp (the "Parent," together with its subsidiaries, the "Company"), to periodically submit to the Board of Governors of the Federal Reserve System (the "Federal Reserve") and the Federal Deposit Insurance Corporation ("FDIC") a plan for that company's rapid and orderly resolution in the event of material financial distress or failure ("Resolution Plan"). The Parent is a bank holding company registered with the Federal Reserve with consolidated assets of \$553.9 billion at December 31, 2020.

The Company is submitting this targeted Resolution Plan to satisfy these rules. Approximately 98 percent of the Company's total assets are those of U.S. Bank National Association ("USBNA") consolidated, and all of the core business lines are a part of USBNA.

In the highly unlikely event of significant material financial distress or failure, the Resolution Plan provides a roadmap to resolve the Company in an orderly fashion, without posing systemic risk to the United States financial system. The Resolution Plan contemplates the establishment of a receivership under the Federal Deposit Insurance Act to resolve USBNA, and reorganization or liquidation under the United States Bankruptcy Code for the Parent and its nonbank subsidiaries.

## The Company

The Parent is a multi-state financial services holding company headquartered in Minneapolis, Minnesota. The Parent was incorporated in Delaware in 1929 and operates as a financial holding company and a bank holding company under the Bank Holding Company Act of 1956. The Company provides a full range of financial services including lending and depository services, cash management, capital markets, and trust and investment management services. The Company also engages in credit card services, merchant and ATM processing, mortgage banking, insurance, brokerage and leasing. At December 31, 2020, the Company had nearly 70,000 employees primarily located in the United States.

The Parent's banking subsidiary, USBNA, is a national bank chartered by the Office of the Comptroller of the Currency in 1863. USBNA and its subsidiaries comprise approximately 98 percent of the Company's total consolidated assets and is the principal operating entity for the Company's business activities. USBNA provides retail banking and investment services through a network of over 2,000 banking offices principally operating in the Midwest and West regions of the United States. USBNA is the Parent's only material entity subsidiary.

The regulatory capital requirements effective for the Company follow Basel III, with the Company required to calculate its capital adequacy as a percentage of risk-weighted assets under the standardized approach. Under Basel III, banking regulators define minimum capital requirements for bank holding companies. These requirements are expressed in the form of a minimum common equity tier 1 capital ratio, tier 1 capital ratio, total risk-based capital ratio, tier 1 leverage ratio and a tier 1 total leverage exposure, or supplementary leverage, ratio. The Company's minimum required level for these ratios at December 31, 2020, which include a stress capital buffer of 2.5 percent for the common equity tier 1 capital, tier 1 capital and total capital ratios, was 7.0 percent, 8.5 percent, 10.5 percent, 4.0 percent, and 3.0 percent, respectively.

## Summary of the Resolution Plan

The Company maintains the highest commitment to protect its depositors, customers, employees and the financial system. The Company believes its straightforward operating model and organizational structure will support a successful resolution effort should it be required.

- USBNA generates the majority of the Company's revenues and holds nearly all of the Company's assets and liabilities.
- USBNA provides all key support and technology functions for the Company, minimizing interconnectivity risk.
- The Company has one material operating company and a small number of additional operating companies, which supports a legal entity simplification strategy.
- The Company and USBNA have a limited international presence, which reduces the complexities of a potential cross-border resolution.
- The Company's derivative activities are predominately customer-driven and comprise standard industry interest rate and foreign exchange products.

The Company continues to identify and address any potential impediments to the execution of the Resolution Plan. The Company does not believe any identified impediments individually or in the aggregate pose material risk to the effective and timely execution of the Resolution Plan.

## Names of Material Entities

The Company has two material entities for resolution planning purposes:

- The Parent is a financial and bank holding company under the Bank Holding Company Act of 1956, and is incorporated under Delaware law and subject to supervision by the Federal Reserve. The Parent's shares trade publicly on the New York Stock Exchange.
- USBNA is a national bank with its main office in Cincinnati, Ohio, and principal place of business in Minneapolis, Minnesota. USBNA holds all core business lines and critical service areas for the Company. USBNA's primary regulator is the Office of the Comptroller of the Currency, and is also subject to further supervision and examination by the FDIC, Federal Reserve and Consumer Financial Protection Bureau.

## A. Targeted Information

The Company's COVID-19 pandemic response was a corporate-wide effort, where management decisions and internal triggers resulted in activation of the Crisis Management Plan. The Company's responses were both broad, such as Enterprise Resiliency's crisis management, and specific, such as Global Corporate Trust's need to manage on-site vault business challenges during the pandemic. At the outset of the pandemic, the Company began daily management committee meetings to discuss current issues, and regular communications were sent to all employees from the Chief Executive Officer. The Company also developed pandemic-related reporting, both verbal and digital. The Company's COVID-19 response demonstrates a culture of proactive response management, which is needed for a resolution effort in an unlikely failure event.

## **B. Strategy and Strategic Analysis**

### **B.1 Covered Company Resolution Strategy**

The Company developed its resolution strategy based on an idiosyncratic failure event scenario, which results in an unfavorable impact to capital and liquidity combined with significant deposit outflows over a 30-day runway period. At the end of the runway period in the failure event scenario, the Company is insolvent. The failure event will trigger prompt corrective action by the Office of the Comptroller of the Currency and upon insolvency, the Office of the Comptroller of the Currency will act quickly to prevent further deterioration by appointing the FDIC as receiver of USBNA.

In accordance with Federal Reserve and FDIC guidance, the Company's organizational structure and financial results provide the starting point for the resolution strategy. The Company utilizes economic forecast assumptions provided by the Federal Reserve's Comprehensive Capital Analysis and Review assessment framework for the 2021 Resolution Plan, and assumes a business-as-usual environment prior to the runway and failure event.

The Company is not experiencing an unfavorable financial impact or an idiosyncratic failure event at this point in time. The Resolution Plan outlines rapid and orderly resolution of the Company without extraordinary government support and provides protection of the deposit franchise.

#### **U.S. Bank National Association**

Given that the majority of the Company's businesses, revenues, profits, assets and liabilities are within USBNA, the Resolution Plan focuses on the resolution of USBNA in a FDIC receivership. The Company bases its resolution analysis on Federal Reserve and FDIC guidance for the 2021 Resolution Plan submission, and focuses on the multiple acquirer strategy.

**Bridge to Multiple Acquirer Strategy:** Under the multiple acquirer strategy, USBNA will enter FDIC receivership and USBNA's assets and certain liabilities, including all of its domestic deposits, will be transferred to a newly created bridge bank. Following a series of portfolio and business sales, which reduce the size of the bridge bank, the bridge bank will be sold in an initial public offering.

The Resolution Plan seeks to maximize value of the multiple acquirer strategy in an effort to maximize value for the receivership's creditors, minimize the cost to the deposit insurance fund, and limit the impact to the United States financial system.

The optimal approach to resolving the Company, in terms of both minimizing risk to the financial system, and maximizing value for the benefit of creditors and other stakeholders, is to move USBNA into a bridge bank for subsequent sales, which will provide the FDIC time to stabilize the organization. The bridge bank will have access to all critical services required to continue to support the core business lines, a strong equity position not encumbered by liabilities left in the receivership based on FDIC authority, and a liquidity position that will support the resolution of USBNA.

The multiple acquirer strategy provides options for business unit component sales dependent on pricing and available buyers, which includes domestic and foreign financial institutions and other competitors of the business unit components that have the ability for a successful conversion. The valuations related to net income and sales proceeds from individual business line components are part of the basis for determination of an optimal resolution solution.

## U.S. Bancorp

The entry of USBNA into receivership will allow the Parent and its non-bank subsidiaries to commence a proceeding under Chapter 11 or Chapter 7 of the Bankruptcy Code. In an effort to remain in control of the process and to maximize value for creditors, the Parent will likely file for bankruptcy under Chapter 11. Upon filing under Chapter 11, the Parent will become a debtor-in-possession with its present Board of Directors and management remaining in place to control the entity's day-to-day business, subject to bankruptcy court oversight. The primary objective of the Parent's Chapter 11 proceeding would be to settle claims against the bankruptcy estate in an orderly and transparent process, and maximize recovery to creditors through a liquidation of the Parent's assets.

### **B.2 Summary of Financial Information**

Following is a consolidated balance sheet for the two material entities, USBNA and the Company, at December 31, 2020.

#### **Balance Sheets of Material Entities**

<b>(Dollars in Millions)</b>	<b>Unconsolidated U.S. Bancorp</b>	<b>Consolidated USBNA</b>	<b>Nonbank subsidiaries of U.S. Bancorp</b>	<b>Intercompany Eliminations</b>	<b>Consolidated U.S. Bancorp</b>
<b>Assets</b>					
Cash and due from banks	\$ 12,279	\$ 62,425	\$ 942	\$ (13,066)	\$ 62,580
Available-for-sale investment securities	1,469	135,369	2	--	136,840
Loans held for sale	--	8,761	--	--	8,761
Loans					
Commercial	4,968	102,871	--	(4,968)	102,871
Commercial real estate	--	39,311	--	--	39,311
Residential mortgages	--	76,155	--	--	76,155
Credit card	--	22,346	--	--	22,346
Home equity	--	12,472	--	--	12,472
Other retail	--	44,552	--	--	44,552
Total loans	4,968	297,707	--	(4,968)	297,707
Less allowance for loan losses	--	(7,314)	--	--	(7,314)
Net loans	4,968	290,393	--	(4,968)	290,393
Premises and equipment	4	3,461	3	--	3,468
Goodwill	--	9,923	44	(49)	9,918
Other intangible assets	--	2,864	--	--	2,864
Other assets	55,621	31,578	7,883	(56,001)	39,081
Total assets	<u>\$ 74,341</u>	<u>\$ 544,774</u>	<u>\$ 8,874</u>	<u>\$ (74,084)</u>	<u>\$ 553,905</u>

<b>(Dollars in Millions)</b>	<b>Unconsolidated U.S. Bancorp</b>	<b>Consolidated USBNA</b>	<b>Nonbank subsidiaries of U.S. Bancorp</b>	<b>Intercompany Eliminations</b>	<b>Consolidated U.S. Bancorp</b>
<b>Liabilities and Shareholders' Equity</b>					
Noninterest-bearing deposits					
Personal demand	\$ --	\$ 9,058	\$ --	\$ --	\$ 9,058
Trust demand	--	17,481	--	--	17,481
Business demand	--	87,350	--	(657)	86,693
Other demand	--	4,857	--	--	4,857
Total noninterest-bearing deposits	--	118,746	--	(657)	118,089
Interest-bearing deposits					
Savings deposits	--	293,143	--	(12,156)	280,987
Time deposits less than \$100,000	--	8,451	--	--	8,451
Time deposits greater than \$100,000	--	10,149	--	--	10,149
Foreign time deposits	--	12,347	--	(253)	12,094
Total interest-bearing deposits	--	324,090	--	(12,409)	311,681
Total deposits	--	442,836	--	(13,066)	429,770
Short-term borrowings					
Federal funds purchased	--	777	--	--	777
Securities sold under agreements to repurchase	--	398	1,032	--	1,430
Commercial paper	--	6,007	--	--	6,007
Other short-term borrowings	--	1,576	3,093	(1,117)	3,552
Total short-term borrowings	--	8,758	4,125	(1,117)	11,766
Long-term debt					
Intermediate debt	16,242	15,140	--	(25)	31,357
Subordinated debt	4,682	--	--	(12)	4,670
Due to affiliates	--	3,850	--	(3,850)	--
Other long-term debt	--	5,270	--	--	5,270
Total long-term debt	20,924	24,260	--	(3,887)	41,297
Other liabilities	321	15,531	1,635	(140)	17,347
Total liabilities	21,245	491,385	5,760	(18,210)	500,180
Shareholders' equity					
Preferred stock	5,983	--	--	--	5,983
Common stock	21	18	51	(69)	21
Capital surplus	8,511	14,267	1,181	(15,448)	8,511
Retained earnings	64,188	37,960	1,883	(39,843)	64,188
Treasury stock	(25,930)	--	--	--	(25,930)
Accumulated other comprehensive income (loss)	322	344	(1)	(343)	322
Total shareholders' equity	53,095	52,589	3,114	(55,703)	53,095
Noncontrolling interests	1	800	--	(171)	630
Total equity	53,096	53,389	3,114	(55,874)	53,725
Total liabilities and equity	\$ 74,341	\$ 544,774	\$ 8,874	\$ (74,084)	\$ 553,905

## Regulatory Capital

The Company is subject to regulatory capital requirements established by the Federal Reserve, and USBNA is subject to similar rules established by the Office of the Comptroller of the Currency. The regulatory capital requirements effective for the Company at December 31, 2020 follow Basel III, with the Company being subject to calculating its capital adequacy as a percentage of risk-weighted assets under the standardized approach.

## U.S. Bancorp Capital Ratios

### U.S. Bancorp Capital Targets and Goals Basel III Standardized Approach Calculations

	Post-stress Goal	Recovery Trigger	Capital Target	Basel III Minimum	Basel III Minimum plus Stress Capital Buffer	Well- Capitalized Minimum	
Common Equity Tier 1	4.5 %	7.0 %	8.5 %	4.5 %	7.0 %	6.5 %	
Tier 1 Capital	6.0	8.5	10.0	6.0	8.5	8.0	
Total Capital	8.0	10.5	12.0	8.0	10.5	10.0	
Leverage Ratio	4.0	5.0	6.5	4.0	4.0	5.0	(a)
Supplementary Leverage Ratio	3.0	3.0	4.5	3.0	3.0	3.0	

### Moody's Baseline Credit Assessment

Baseline Credit Assessment	baa3	baa3	a1
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### USBNA Capital Targets and Goals Basel III Standardized Approach Calculations

	Post-stress Goal	Recovery Trigger	Capital Target	Basel III Minimum plus Stress Capital Buffer	Well- Capitalized Minimum	
Common Equity Tier 1	6.0 %	8.5 %	10.0 %	7.0 %	6.5 %	
Tier 1 Capital	6.0	8.5	10.0	8.5	8.0	
Total Capital	8.0	10.5	12.0	10.5	10.0	
Leverage Ratio	4.0	5.0	6.5	4.0	5.0	
Supplementary Leverage Ratio	3.0	3.0	4.5	3.0	3.0	

PCA: Planned Capital Actions

ACA: Alternative Capital Actions

(a) A minimum well-capitalized threshold does not apply to U.S. Bancorp for this ratio as it is not formally defined under applicable banking regulations for bank holding companies.

## **Funding and Liquidity Management and Major Funding Sources**

The Company's liquidity risk management processes 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 funding requirements. The Company manages liquidity risk by diversifying funding sources, stress testing and holding readily-marketable assets that can be used as a source of liquidity if needed. In addition, the Company's profitable operations, sound credit quality and strong capital position have enabled development of a large and reliable base of core deposit funding in domestic and global capital markets.

The Company's liquidity policy requires it to maintain diversified wholesale funding sources to avoid maturity, name and market concentrations. The Company operates a Cayman Islands branch for issuing Eurodollar time deposits. In addition, the Company has relationships with dealers to issue national market retail and institutional savings certificates, and short-term and medium-term notes. The Company also maintains a significant correspondent banking network and relationships. Accordingly, the Company has access to national federal funds, funding through repurchase agreements and sources of stable, regionally-based certificates of deposit and commercial paper.

The Company regularly projects its funding needs under various stress scenarios and maintains a contingency funding plan consistent with USBNA's access to diversified sources of contingent funding. USBNA maintains a substantial level of total available liquidity in the form of on-balance sheet and off-balance sheet funding sources. USBNA's diversified deposit base provides a sizable source of relatively stable and low cost funding, while reducing the Company's reliance on the wholesale markets. At December 31, 2020, USBNA's total deposits were \$442.8 billion. Other funding sources include cash at the Federal Reserve, unencumbered liquid assets and capacity to borrow at the Federal Home Loan Bank and Federal Reserve's discount window.

Unencumbered liquid assets in USBNA's available-for-sale investment portfolio provides asset liquidity through an ability to sell the securities or pledge and borrow against them under repurchase transactions. At December 31, 2020, the fair value of unencumbered investment securities totaled \$125.9 billion, compared with \$114.2 billion at December 31, 2019. Asset liquidity is further enhanced by USBNA's practice of pledging loans to access secured borrowing facilities through the Federal Home Loan Bank and Federal Reserve Bank. At December 31, 2020, USBNA could have borrowed an additional \$96.5 billion at the Federal Home Loan Bank and Federal Reserve Bank based on collateral available for additional borrowings.

## **C. Corporate Governance**

The Company has developed a strong governance framework to support the resolution planning process. In addition, the resolution planning process receives support from existing capital management, financial management, risk management, and other core management processes.

The Company's Recovery and Resolution Planning Committee, chaired by the Treasurer, determines and manages the framework for the enterprise-wide Resolution Plan. The Recovery and Resolution Planning Committee is responsible for recommending the resolution scenarios and strategies to the Capital Management Operating Committee, co-chaired by the Chief Risk Officer and Chief Financial Officer.

The Capital Management Operating Committee provides oversight of enterprise-wide capital planning and capital adequacy programs, ongoing Basel qualification, and recovery and resolution planning programs. For purposes of the Resolution Plan, the committee recommends the Resolution Plan to the Capital Planning Committee and to the respective Boards of Directors for approval.

The Capital Planning Committee of the Parent's Board of Directors provides oversight and review of enterprise-wide capital planning and capital management processes, including stress testing processes, scenarios and results, proposed capital actions, and recovery and resolution planning. For purposes of the Resolution Plan, the committee reviews management's resolution and recovery planning activities, reviews and approves the Company's Resolution Plan, recommends the Resolution Plan to the respective Boards of Directors for approval, and activates and directs the execution of appropriate Recovery and Resolution Plans if a triggering event occurs. The Board of Directors of the Parent appoints the Capital Planning Committee chair.

The Boards of Directors provide oversight of the Company's Resolution Plan, with a focus on the ability of the Company to effectively identify and implement resolution options. Integration of resolution planning activities into the Company's corporate governance structure and processes occurs through operating committees authorized by the respective Boards of Directors for the Parent and USBNA. Designated operating committees established within the Company's risk governance and oversight committee structure oversee specific areas of policy and risk management. The Boards of Directors of the Parent and USBNA approve the Resolution Plan annually or more frequently if material changes occur.

## **D. Organizational Structure**

The Company is comprised of the Parent and its non-bank subsidiaries, and USBNA and its subsidiaries. USBNA is a wholly-owned subsidiary of the Parent and the sole covered insured depository institution. This Resolution Plan has two material entities: the Parent and USBNA. The Parent's other subsidiaries are not material.

### **D.1 Description of Core Business Lines**

The Company considers the following reporting segments to be core business lines for the purposes of this Resolution Plan:

- **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, nonprofit and public sector clients.
- **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, indirect lending and mortgage banking.
- **Wealth Management and Investment Services:** Provides private banking, financial advisory services, investment management, retail brokerage services, insurance, trust, custody and fund servicing.
- **Payment Services:** Includes consumer and business credit cards, stored-value cards, debit cards, corporate, government and purchasing card services, consumer lines of credit and merchant processing.
- **Treasury and Corporate Support:** Includes the Company's investment portfolios, funding, capital management, and interest rate risk management. Further includes income taxes not allocated to business lines, including most investments in tax-advantaged projects, and the residual aggregate of those expenses associated with corporate activities managed on a consolidated basis.

Members of the Company's Managing Committee, who report to the Chief Executive Officer, manage core business lines. Each core business line is comprised of several lines of business with a senior leader responsible for the direction, planning, execution and operating results for that particular business.

Identification of material lines of business within the core business lines occurs through quantitative and qualitative assessments. The lines of business most significant to the Company include the following:

### **Core Business Lines and Material Lines of Business**

<b>Core Business Lines</b>	<b>Material Lines of Business</b>
Corporate and Commercial Banking	Commercial Banking
	Corporate Banking
	Specialized Finance
	Commercial Real Estate
Consumer and Business Banking	Community Banking
	Consumer Dealer Services
	Metropolitan Banking
	Mortgage Production and Servicing
Wealth Management and Investment Services	Global Corporate Trust and the Issuing and Paying Agent Business Line
Payment Services	Elavon Global Acquiring Solutions
	Retail Payment Solutions
Treasury and Corporate Support	Community Development Corporation

The remaining operating segments not considered as material lines of business are not significant to the Company individually, nor do they pose any risk individually or in the aggregate to domestic or global financial systems.

## **E. Management Information Systems**

The Company uses management information systems throughout the organization to capture, process, manage and report key customer activity based on particular business needs. Additionally, the Company has the ability to capture and accumulate key information to generate internal and external standard and ad hoc reports used in its day-to-day customer, business, risk, credit, and operations management activities.

The Company dedicates significant resources to infrastructure management, development and testing, and operational support. The Company's management information system infrastructure supports all lines of business.

The Company has well-established policies and controls in place to manage the technology environment, including an onboarding process for new applications, an evaluation process to determine critical applications and controls to manage technology changes where appropriate.

### **Accounting, Finance and Regulatory Reporting**

The Company manages its accounting and regulatory reporting control functions through the corporate Controller's group. This includes managing general ledger interfaces with reporting applications and business systems including reconciliation, balancing and centralized account monitoring of general ledger balances, assessment of financial controls, and the preparation of external reporting for shareholders and regulators.

## **Business Continuity Planning**

The Company's business continuity program supports ongoing business continuity and contingency planning to evaluate the impact of significant events that may adversely affect customers, assets or employees. This program ensures the Company can recover its mission-critical functions and applications as required to meet its fiduciary responsibilities to stakeholders and comply with the requirements of the Federal Financial Institutions Examination Council, the Securities and Exchange Commission, and the Office of the Comptroller of the Currency.

The Company maintains business continuity plans as well as application, infrastructure and disaster recovery plans for the restoration of critical processes and operations. Enterprise Readiness Services coordinates planning, strategy, testing and monitoring of business continuity management responses across the Company and has guidelines that incorporate industry best practices and regulatory guidance for critical business units.

## **F. Interconnections and Interdependencies**

USBNA is responsible for the majority of the business and related services and activities of the Company, but certain functions of non-bank subsidiaries of the Parent create a limited level of interconnectedness. This limited interconnectedness includes:

- Critical services support provided by USBNA for the Parent and its non-bank subsidiaries for operations
- A limited number of shared employees
- Co-location of Parent staff in USBNA facilities
- Shared systems between the Parent and USBNA
- Limited financial operations interconnectedness to include USBNA support in determining capital, funding and liquidity for the Parent

These limited interconnections would not impede the Company's resolution.

## **G. Derivative and Hedging Activities**

The Company enters into derivative transactions 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 uses derivatives for asset and liability management 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 the cash flows associated with floating-rate debt from floating-rate payments to fixed-rate payments;
- To mitigate changes in the value of the Company's unfunded mortgage loan commitments, funded mortgage loans held-for-sale and mortgage servicing rights;
- To mitigate remeasurement volatility of foreign currency denominated balances; and
- To mitigate the volatility of the Company's net investment in foreign operations driven by fluctuations in foreign currency exchange rates.

In addition, the Company enters into interest rate and foreign exchange derivative contracts to support business requirements of customers ("customer-related positions"). The Company minimizes 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 exposure from customer-related positions.

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 United States Treasury and Eurodollar futures or options on United States Treasury futures. Over-the-counter and centrally cleared derivatives are subject to credit risk, due to the possibility of counterparty default.

The Company manages counterparty credit risk by limiting its exposure to those counterparties of creditworthy institutions, by diversifying derivative positions among counterparties, by entering into master netting agreements and, where possible, by requiring collateral arrangements. Collateral arrangements generally require the counterparty to deliver collateral (typically cash or United States 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. The aggregate fair value of all derivatives under collateral arrangements that were in a net liability position at December 31, 2020, was \$1.5 billion. At December 31, 2020, the Company had \$1.3 billion of cash posted as collateral against this net liability position.

## H. Memberships in Material Payment, Clearing and Settlement Systems

The Company engages in cash and securities transactions through payment, clearing and settlement systems, or financial market utilities. The following provides a summary of the principal direct access financial market utilities utilized by the Company:

Network	Description	Domestic or International
Depository Trust Company ("DTC")	DTC is a wholly-owned subsidiary of the Depository Trust and Clearing Corporation and a limited-purpose trust company under New York State banking law supervised by the New York Department of Financial Services. DTC is a registered clearing agency with the Securities and Exchange Commission. DTC's primary activities include settling trades in corporate, municipal and mortgage-backed securities. DTC permits participants to transfer securities held in each participant's account or for the account of a participant's customer.	Domestic
Fixed Income Clearing Corporation	The Fixed Income Clearing Corporation is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation, which is registered with and regulated by the Securities and Exchange Commission. The Fixed Income Clearing Corporation operates two divisions: <ul style="list-style-type: none"> <li>the Government Securities Division; and</li> <li>the Mortgage-Backed Securities Division.</li> </ul> Each division offers services to their members pursuant to separate rules and procedures. The Fixed Income Clearing Corporation provides netting and settlement services for banks, brokers and other financial intermediaries in connection with transactions involving United States Government securities.	Domestic

<b>Network</b>	<b>Description</b>	<b>Domestic or International</b>
National Securities Clearing Corporation	National Securities Clearing Corporation is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation, and is registered with and regulated by the Securities and Exchange Commission. The National Securities Clearing Corporation provides clearing, settlement, risk management, central counterparty services and a guarantee of completion for certain transactions for trades involving equities, corporate and municipal debt, United States depository receipts, exchange-traded funds, and unit investment trusts.	Domestic
Euroclear Bank SA/NV	Euroclear Bank is an international central securities depository that provides settlement and related services for cross-border transactions involving domestic and international bonds, equities, funds and derivatives to financial institutions located in more than 90 countries.	International
Clearstream	Clearstream is a European supplier of post-trading services. The wholly-owned subsidiary of Deutsche Börse ensures cash and securities are delivered between trading parties.	International
Options Clearing Corporation	Options Clearing Corporation is the world’s largest equity derivatives clearing organization providing central counterparty clearing and settlement services to exchanges and platforms for options, financial and commodity futures, security futures and securities lending transactions. Options Clearing Corporation operates under the jurisdiction of both the Securities and Exchange Commission and the Commodity Futures Trading Commission. Under Securities and Exchange Commission jurisdiction, Options Clearing Corporation clears transactions for options and security futures. As a registered derivatives clearing organization under Commodity Futures Trading Commission jurisdiction, it offers clearing and settlement services for transactions in futures and options on futures.	Domestic
Trans-European Automated Real-time Gross Settlement Express Transfer System (“TARGET2”)	TARGET2 provides real-time gross settlement for payments in euro. Settlement is in central bank money across payment module accounts and dedicated cash accounts, and is legally structured as a multiplicity of real-time gross settlement systems. TARGET2 functions based on a single shared platform through which all payment orders are submitted and processed, and through which payments are received in the same technical manner.	International
EBA Clearing	EBA Clearing is a provider of payment infrastructure solutions and manages the large-value euro payment system STEP2, a pan-European payment infrastructure platform for mass payments in euro. STEP2 provides full reach to all financial institutions across Europe processing credit transfers and direct debits in euro.	International
Clearing House Automated Payment System (“CHAPS”)	CHAPS is the United Kingdom’s interbank payment system for high-value sterling payments. For normal operations, CHAPS depends on the real-time gross settlement infrastructure of the Bank of England and is subject to Bank of England oversight.	International
Society for Worldwide Interbank Financial Telecommunications	Society for Worldwide Interbank Financial Telecommunications provides secure standardized financial messages and related services to its member financial institutions, their market infrastructures and their end users.	International

<b>Network</b>	<b>Description</b>	<b>Domestic or International</b>
Electronic Payments Network	The Electronic Payments Network is an automated clearinghouse service operated by The Clearing House, which is owned by the largest United States banks, and United States branches or affiliates of major foreign banks. The Automated Clearing House system exchanges payments through batched debits and credits from business, consumer and government accounts.	Domestic
Small Value Payments Company, LLC	Small Value Payments Company, L.L.C. is the check and electronic check clearing service of The Clearing House Payments Company L.L.C. Small Value Payments Company, L.L.C. is an electronic connection among participating financial institutions providing check clearing, electronic check presentment and check image exchange, Automated Clearing House, and wire services.	Domestic
Viewpointe Clearing, Settlement & Association Services LLC	Viewpointe Clearing, Settlement & Association Services, L.L.C. (“Viewpointe”) is an image exchange and settlement system that permits financial institution Viewpointe members of all sizes to exchange check images in order to exchange and clear the payments corresponding to those checks. Viewpointe is also a check archival system.	Domestic
Endpoint Exchange, LLC	Endpoint Exchange, LLC provides electronic check image exchanges for financial institutions, check imaging software developers and image-item processing outsourcers. The Company currently utilizes Viewpointe for connectivity to the Endpoint network.	Domestic
Real Time Payments	The Clearing House Real Time Management Portal allows authorized users to search for transactions/messages, access reports, view liquidity, request a draw down, and provision new users. Delivers internal capabilities supporting real-time payment infrastructure for Business Banking payment transactions. The Company uses the Real-Time Payments Management Portal for reporting of Real-Time payment activity, provisioning new users, and to perform draw down requests from The Clearing House funding account.	Domestic
Faster Payments Scheme Limited	The Faster Payments Scheme is the real time low value payment system in the UK. Elavon Global Acquiring Solutions became a direct member of the scheme in August 2018. By doing so, Elavon reduced operational risk, aligned with the Company's overall long-term strategy and reduced reliance on third parties to provide payment services.	International
Visa® & MasterCard®	Visa® and MasterCard® provide card transaction processing and routing services for credit, debit and prepaid cards issued by financial institutions to consumers and businesses. With respect to their respective branded portfolios, they may also assist with marketing campaigns. Financial institutions issue cards used by customers that operate on Visa® and MasterCard® systems.	Domestic International

<b>Network</b>	<b>Description</b>	<b>Domestic or International</b>
American Express®	American Express provides credit card products and travel-related services to consumers and businesses through a closed-loop payment system. Financial institutions issue cards used by customers that operate on the American Express® network.	Domestic International

## **I. Foreign Operations**

The Company's operations and employees are located primarily in the United States. As a result, the majority of revenues, profits, assets and liabilities relate to the Company's domestic operations. The Company maintains limited foreign operations through foreign branches as well as certain subsidiaries. USBNA's foreign branches are located in Toronto, Canada and George Town, Cayman Islands.

Certain wholly-owned subsidiaries of USBNA (together, "Elavon International") provide merchant processing services in Europe and Canada. In addition, Elavon International houses a small portion of the Global Corporate Trust business line in Europe. These foreign operations are not material to USBNA.

## **J. Material Supervisory Authorities**

The Company is subject to the regulatory framework applicable to bank holding companies and their subsidiaries. The Company is subject to supervision by the Federal Reserve due to its legal status as a registered bank holding company under the Bank Holding Company Act and a financial holding company under the Gramm-Leach-Bliley Act. USBNA's primary supervisor is the Office of the Comptroller of the Currency, and is subject to further supervision and examination by the FDIC, Federal Reserve and Consumer Financial Protection Bureau.

USBNA's limited foreign activities are subject to supervision by the host country regulators, in addition to the Federal Reserve and the Office of the Comptroller of the Currency. The Securities and Exchange Commission, the Financial Industry Regulatory Authority and the Municipal Securities Rulemaking Board regulate the Company's broker-dealer subsidiary. Additionally, certain subsidiaries are subject to examination or reporting to other supervisory authorities including local municipal and tax authorities.

## **K. U.S. Bancorp Principal Officers**

<b>Name</b>	<b>Position and Title</b>
Andrew Cecere	Mr. Cecere is Chairman, President and Chief Executive Officer of U.S. Bancorp. Mr. Cecere has served as President of U.S. Bancorp since January 2016, Chief Executive Officer since April 2017 and Chairman since April 2018.
Elcio R. T. Barcelos	Mr. Barcelos is Senior Executive Vice President and Chief Human Resources Officer of U.S. Bancorp. Mr. Barcelos has served in this position since September 2020.

Name	Position and Title
James L. Chosy	Mr. Chosy is Senior Executive Vice President and General Counsel of U.S. Bancorp. Mr. Chosy has served in this position since March 2013.
Gregory G. Cunningham	Mr. Cunningham is Senior Executive Vice President and Chief Diversity Officer of U.S. Bancorp. Mr. Cunningham has served in this position since July 2020.
Terrance R. Dolan	Mr. Dolan is Vice Chair and Chief Financial Officer of U.S. Bancorp. Mr. Dolan has served in this position since August 2016.
Gunjan Kedia	Ms. Kedia is Vice Chair, Wealth Management and Investment Services, of U.S. Bancorp. Ms. Kedia has served in this position since joining U.S. Bancorp in December 2016.
James B. Kelligrew	Mr. Kelligrew is Vice Chair, Corporate and Commercial Banking, of U.S. Bancorp. Mr. Kelligrew has served in this position since January 2016.
Shailesh M. Kotwal	Mr. Kotwal is Vice Chair, Payment Services, of U.S. Bancorp. Mr. Kotwal has served in this position since joining U.S. Bancorp in March 2015.
Katherine B. Quinn	Ms. Quinn is Vice Chair and Chief Administrative Officer of U.S. Bancorp. Ms. Quinn has served in this position since April 2017.
Jodi L. Richard	Ms. Richard is Vice Chair and Chief Risk Officer of U.S. Bancorp. Ms. Richard has served in this position since October 2018.
Troy W. Remington	Mr. Remington is Executive Vice President and Chief Credit Officer of U.S. Bancorp. Mr. Remington has served in this position since October 2021.
Dominic V. Ventura	Mr. Ventura is Senior Executive Vice President and Chief Digital Officer of U.S. Bancorp. Mr. Ventura has served in this position since July 2020.
Jeffrey H. von Gillern	Mr. von Gillern is Vice Chair, Technology and Operations Services, of U.S. Bancorp. Mr. von Gillern has served in this position since July 2010.
Timothy A. Welsh	Mr. Welsh is Vice Chair, Consumer and Business Banking, of U.S. Bancorp. Mr. Welsh has served in this position since joining U.S. Bancorp in March 2019.