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BY E-APPS

November 18, 2021

Re: Response to Request for Additional Information Regarding  
Application by U.S. Bancorp to Acquire MUFG Union  
Bank, N.A.

Chris Wangen  
Assistant Vice President, Supervision, Regulation, and Credit  
Federal Reserve Bank of Minneapolis  
90 Hennepin Avenue  
Minneapolis, MN 55401

Dear Ms. Wangen:

On behalf of U.S. Bancorp (the “Applicant”), Minneapolis, Minnesota, enclosed please find a response (the “Response Submission”) to the letter dated November 5, 2021, from the Federal Reserve Bank of Minneapolis (“Reserve Bank”) requesting additional information on the application by the Applicant to acquire all of the issued and outstanding shares of common stock of MUFG Union Bank, National Association (“Union Bank”) pursuant to Section 3 of the Bank Holding Company Act of 1956, as amended. Each item or question is repeated in the Response Submission, followed by U.S. Bancorp’s response or by reference to an exhibit in which the response is contained.

The Response Submission is divided into a non-confidential portion and one or more confidential portions. For the confidential portions, which have been marked “Confidential Treatment Requested,” U.S. Bancorp respectfully requests confidential treatment pursuant to the Freedom of Information Act, 5 U.S.C. § 552(b), and the Board’s regulations thereunder, 12 C.F.R. Part 261 (collectively, “FOIA”), on the grounds that the information contained in the confidential portion has been actually and customarily kept confidential by the Applicant and, where relevant, Union Bank and this information is being provided to the Board and the Reserve Bank under an assurance and expectation of privacy.<sup>1</sup> Disclosure of this information would reveal to competitors the internal strategies, transactions, and competitive position of the Applicant and, where relevant, Union Bank, and would place the Applicant and Union Bank at a competitive disadvantage with respect to competitors who do not publicly reveal such information. Accordingly, we respectfully request that the confidential

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<sup>1</sup> *Food Mktg. Inst. v. Argus Leader Media*, 139 S. Ct. 2356, 2363 and 2366 (2019).

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portion not be made available for public inspection or copying. In addition, we request that any memoranda, notes, or other writings of any kind whatsoever by an employee, agent, or other person under the control of the Board or the Reserve Bank that incorporate, include, or relate to any of the matters referred to in the confidential portion not be made part of any public record and not be disclosed to any person.

In the event of a FOIA request, we respectfully request notice of such request, as well as a reasonable period of time to respond prior to any release of materials by Board staff or Reserve Bank staff. This request for notice and an opportunity to respond also extends in the case of any part of the confidential portion (including any such memoranda, notes, or other writings by Board staff or Reserve Bank staff) being the subject of a FOIA request or a request or demand for disclosure by any governmental agency, Congressional office or committee, court, or grand jury.

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If you have any questions regarding this Application, please contact me, Lee Meyerson or Spencer Sloan.

Very truly yours,

*Adam J. Cohen*

Adam J. Cohen

Enclosures

cc: Ms. Alison M. Thro  
Board – Legal

Ms. Linda Anderson  
Reserve Bank

Ms. Erin Grace  
Ms. Shannon Mulligan  
U.S. Department of Justice, Antitrust Division

Ms. Patricia Roberts  
OCC

Mr. Al Pina  
National Minority Community Reinvestment Co-Operative

Ms. Marcia Griffin  
HomeFree-USA

Mr. John Gamboa  
California Community Builders

Ms. Dina Harris  
National Faith Homebuyers Program

Dr. Ruben Guerra, PhD  
CA Black & Latino Business CRA Council

Mr. Marcos Morales  
Hogar Hispano, Inc.

Ms. Jules Dunham Howie  
Director, UPC Westside CDC

Mr. Kelvin W. Perry  
Black Chamber of Commerce of Greater Kansas City

Mr. Steve Figueroa  
Inland Empire Latino Coalition

Mr. Darrel Saucedo  
LA Latino Chamber

Ms. Bertha Garcia  
Ventura CCDC

Mr. Joey Quinto  
CA Journal for Filipino Americans

Mr. Jose Antonio Ramirez  
Central CA Latino PAC

Mr. Adam Briones  
California Community Builders

Mr. James Chosy  
Ms. Cristina Regojo Gedan  
Ms. Sarah Flowers  
U.S. Bancorp

Ms. Wendy M. Goldberg  
Sullivan & Cromwell

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**RESPONSE SUBMISSION OF U.S. BANCORP**  
to the  
**REQUEST FOR ADDITIONAL INFORMATION OF NOVEMBER 5, 2021**  
from the  
**FEDERAL RESERVE BANK OF MINNEAPOLIS**  
relating to the proposal to acquire  
**MUFG UNION BANK, NATIONAL ASSOCIATION**

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**November 18, 2021**

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**Submission in Response to the Request for Information dated November 5, 2021  
 (“Response Submission”)<sup>1</sup>  
 November 18, 2021**

Each item contained in the Request for Information dated November 5, 2021 is repeated below, followed by U.S. Bancorp’s response.

- 1. The application states that “[t]he combined organization similarly intends to evaluate and integrate the Compliance, Fair Lending and UDAAP programs of Union Bank into those of U.S. Bank and, adopting best practices from each bank’s processes, policies and procedures.” Provide an update on the review of each bank’s Compliance, Fair Lending, and UDAAP programs, including any aspects of either bank’s programs that have been identified for retention by the combined organization.**

While integration-related decisions regarding the combined organization’s Compliance programs, policies and procedures remain ongoing and subject to USB’s ongoing “discovery” efforts, USB currently anticipates that Union Bank will be transitioned to USB’s existing Compliance, Fair Lending, and UDAAP programs in connection with the Proposed Transaction.

USB is continuing to assess Union Bank’s Compliance program, inclusive of fair lending and UDAAP, through the ongoing discovery process. USB’s due diligence has included initial review and assessment of Union Bank’s fair lending and UDAAP program coverage and consideration of Union Bank’s product/service offerings from a fair lending and UDAAP compliance perspective and, based on materials reviewed to date, USB has not identified significant risk issues. For additional information regarding USB’s fair and responsible banking compliance-related findings, please see Confidential Exhibit A to this Response Submission.

Through its diligence and discovery efforts to date, USB’s Corporate Compliance function has found that Union Bank has a Compliance Program that appears to meet regulatory expectations for compliance risk management programs, including those set forth in the Federal Reserve’s SR Letter 08-8. In light of certain differences noted by USB’s Corporate Compliance function in the design of specific program elements (such as compliance risk assessment and compliance monitoring) as between the compliance programs of USB and Union Bank, USB continues to evaluate whether and how USB may integrate elements of the Union Bank Compliance program into the Compliance program of the combined organization. USB notes, however, that USB’s Corporate Compliance program as currently designed is operating effectively and will continue to do so following the Proposed Transaction.

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<sup>1</sup> Capitalized terms used but not defined herein have the meanings set forth in the Application to the Board of Governors of the Federal Reserve System pursuant to Section 3 of the Bank Holding Company Act, dated October 6, 2021, relating to U.S. Bancorp’s proposed acquisition of MUFG Union Bank, N.A. (the “Application”).

**2. Please identify any current community development lending, investment, or service activities of Union Bank that would be discontinued after the merger.**

Final decisions regarding the anticipated community development lending, investment, or service activities of the combined organization will be informed by the series of meetings and listening sessions that senior executives of USB have held with a number of community organizations since the announcement of the Proposed Transaction. These community engagement meetings and listening sessions remain ongoing, and USB does not expect such final decisions to be made until after completion of, and appropriate consideration regarding the results of, these community engagement meetings and listening sessions. In addition, such decisions regarding the anticipated community development lending, investment, or service activities of the combined organization are subject to USB's ongoing discovery efforts, integration assessment activities and continued due diligence of Union Bank's community development program.

**3. Please identify any products or services currently offered by U.S. Bank that are not currently offered by Union Bank and would be offered by the combined organization.**

USB continues to evaluate the loan and deposit products and services offered by U.S. Bank and Union Bank to determine the differences between the two, and an integration planning project currently underway involves the mapping and comparison of the two companies' products and services to identify similarities and differences in the scope and terms of their respective products and services. Final decisions regarding the retention of Union Bank product offerings remain subject to USB's ongoing discovery efforts, including USB's efforts to conduct site surveys and refine its market assessments. A number of the products and services offered by Union Bank and U.S. Bank are complementary, often with similar core features with differences in certain specific terms. Examples of products or services currently offered by U.S. Bank that are not currently offered by Union Bank and would be offered by the combined organization include the following:

- U.S. Bank Simple Loan: A quick and convenient way for U.S. Bank checking customers to borrow up to \$1,000 to take care of unexpected or short-term cash needs. Introduced in 2018, the Simple Loan features an entirely digital experience from application to underwriting, with dollars being available to customers in their checking account within minutes. Customers may be eligible to borrow \$100 to \$1,000 with a simple pricing structure and no hidden fees.
- American Dream Home Loan Program: Introduced in the 1990s to provide a solid product that helps consumers with limited resources become homeowners. The American Dream Home Loan program can allow low- and moderate-income borrowers, first-time homebuyers and others requiring additional financing options to achieve their goal of sustainable homeownership.
- U.S. Bank Safe Debit Product: A full-service "checkless checking" account that gives consumers robust banking services without overdraft fee risk. The U.S. Bank Safe Debit product meets the Bank On National Account Standards, which establish standards for safe, affordable, and appropriate accounts that meet the needs of consumers with low

incomes, particularly those outside of the financial mainstream. The product comes with several tools to provide control and drive financial stability. Account holders receive alerts of low balances and completed transactions, and fraud protection detects and notifies customers of any unusual card activity to help prevent fraud.

- Other consumer deposit products for which personalized insights, budgeting tools, credit information and resources are available along with savings accelerators such as micro-savings and card-based and automatic transfers. Customers may also receive cash back on debit card purchases with specific merchants.
- 4. The application states that “[t]he Applicant’s evaluation as to whether certain branches of Union Bank or U.S. Bank will be closed or consolidated with U.S. Bank’s other branches, based on proximity to one another or for other business reasons, remains ongoing.” Provide an update on this evaluation, including the below information as available:**
- a. For each branch anticipated to be closed, consolidated, or relocated, provide the branch name, street address, city, county, state, zip code, census tract classification code, and the relevant classification of the census tract in which it is located (that is, low-, moderate-, middle-, or upper-income).<sup>2</sup> In addition, indicate whether each branch is located in a distressed or underserved nonmetropolitan middle-income census tract, majority-minority census tract, or rural area.<sup>3</sup>**
  - b. For each of the branches identified as being in a low- or moderate-income (“LMI”) census tract, a distressed or underserved nonmetropolitan middle-income census tract, a majority-minority census tract, or a rural area, provide the branch name, street address, city, county, state, zip code, and income classification of the census tract for the closest surviving (receiving) branch, as well as the distance from the closed, consolidated, or relocated branch. In addition, discuss whether the receiving branch is readily accessible to customers of the branch to be closed, such as by highway, public transit, or walking access, including whether there are any natural or manmade barriers that would impede access to individuals with limited transportation resources, such as highways, railroad tracks, bodies of water, or industrial areas.**
  - c. For each of the branches identified as being in an LMI census tract, a distressed or underserved nonmetropolitan middle-income census tract, a majority-minority census tract, or a rural area, describe any efforts that U.S. Bank, Union Bank, or the combined institution plan to undertake in order to mitigate the impact of the closing, consolidation, or relocation on the affected community, such as offering expanded hours, providing services commonly**

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<sup>2</sup> This information is available at <https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx>.

<sup>3</sup> For each branch identified as being in a rural area, provide the criteria used to categorize the area as being rural. An example of a method for identifying rural areas is the Rural-Urban Commuting Area Codes provided by the Department of Agriculture, <https://www.ers.usda.gov/data-products/rural-urban-commuting-area-codes.aspx>.

**used or requested by members of the relevant community, or offering alternative delivery services such as ATMs or mobile banking.**

- d. For each of the branches identified in question 4(a), provide the estimated timeframe in which U.S. Bank, Union Bank, or the combined institution expects to submit a notice of branch closure under section 42 of the Federal Deposit Insurance Act (12 U.S.C. § 1831r-1).**
- e. The application states that “any closures or consolidations will be effected in accordance with federal law, OCC guidance, and the Applicant’s branch closing policy.” Provide a copy of any applicable policies and procedures, to the extent not already provided.**

As of the date of this Response Submission, USB’s evaluation regarding potential branch closure decisions remains ongoing. Since the announcement of the Proposed Transaction, USB has engaged with a number of community organizations in constructive dialogue regarding plans to ascertain and address the needs of USB’s communities, including through a series of meetings and listening sessions with senior executives of USB, to continue building an understanding of how USB can support its communities. USB’s community engagement efforts remain ongoing, and USB’s ongoing decisions regarding potential branch closures will continue to be informed by such community engagement.

In addition, USB has continued to engage with Union Bank through ongoing “discovery” efforts to further refine its ongoing evaluations regarding a number of integration-related business decisions, including potential branch closure decisions. Such discovery efforts as they relate to branch closures are expected to continue into the first quarter of 2022.

Accordingly, the information requested by items 4(a) through 4(d) is not presently available, but will be provided to the Federal Reserve after final decisions regarding potential branch closures have been determined. For a copy of the Applicant’s branch closing policy, please see Confidential Exhibit B to this Response Submission.

- 5. The application states that “[i]t is expected that decisions regarding any such branch closures will be made based on convenience to the public (including consideration of the level of service to low- and moderate-income individuals and geographies to ensure continued compliance with the CRA), capacity of the receiving branch and other factors.” Please elaborate on this response, including:**
  - a. Whether the process or criteria include an analysis of CRA and fair lending impacts and the potential effect on the community and customers served by the branch, particularly distressed or underserved nonmetropolitan middle-income census tracts, majority-minority census tracts, and rural areas;**
  - b. The ability of the combined institution to provide services to affected areas and the presence of other financial institutions in affected areas; and**
  - c. How the combined institution would mitigate the effects of any branch closures on consumers in LMI census tracts, distressed or underserved**



**nonmetropolitan middle-income census tracts, majority-minority census tracts, and rural areas.**

A key tenet of U.S. Bank’s branching policy, provided as Confidential Exhibit B, is that U.S. Bank makes all decisions regarding branch openings, relocations and closures based on accurate and detailed information about how the proposed action would affect the community served by the branch. U.S. Bank’s branching activity, including potential closures or consolidations in connection with the Proposed Transaction, involve coordination across multiple business units and support functions within USB including, significantly, USB’s Corporate Social Responsibility (“CSR”) and Fair and Responsible Banking Division (“FRBD”) business units.

Opening, relocating, and closing of retail branch locations are processed through the Physical Asset Optimization (“PAO”) program. Proposed branch actions undergo a risk review process that includes an upfront risk assessment by the CSR and FRBD business units, as further described below. If required, certain proposed actions may be subject to risk mitigation actions to address concerns raised by the CSR and FRBD functions. In order for these projects to advance, approvals are required from both the Consumer Business Banking and Strategy, Transformation, and Community Affairs Chief Risk Officers.

**Corporate Social Responsibility**

USB’s CSR unit is responsible for performing a risk-related review of all USB’s branching activities, including a review of the potential impact of branching activities with regard to CRA-related and community reputation risk matters. CRA and Community Reputation Risk reviews are required for any branch closing located in a census tract with an income level of low or moderate, a census tract designated as nonmetropolitan distressed or underserved, as well as any closure that has a significant community impact from a CRA perspective.

**Fair and Responsible Banking Division**

USB’s FRBD business unit is responsible for performing a risk-related review of U.S. Bank’s branching activities, including a review of the potential impact of branching activities with regard to fair lending laws and regulations. All branch closures must be reviewed for fair and responsible banking (“FRB”) risk in accordance with USB’s fair and responsible banking policies before final branch closure decisions are made.

For information regarding USB’s risk assessments relating to CRA risk, reputational risk, and fair and responsible banking risk in connection with its branch action procedures, please see Confidential Exhibit C to this Response Submission.

While USB continues to assess strategies for minimizing disruption during the implementation of the branch closures or consolidations, USB plans to ensure that the remaining branches in each affected community will retain appropriate levels of staffing, maintain appropriate and accessible hours, provide products and services that are at least on par with the products and services offered by the branches prior to consolidation, and engage with local community members to fully understand the needs of the community. In addition, as noted in the Application, following the closing of the Proposed Transaction USB is committed to retaining all of Union Bank’s

front-line branch employees (who are frequently the first people to whom customers and prospective customers speak).

As evidenced by its outstanding CRA performance, USB is committed to maintaining a viable physical presence in LMI communities. In its most recent CRA performance evaluation, the OCC found that U.S. Bank's percentage of branches in low- and/or moderate-income communities exceeds the percentage of the population residing in such areas in at least 23 of U.S. Bank's assessment areas. In addition, the OCC found that access was further expanded by U.S. Bank's "good" ATM distribution in low- and/or moderate-income communities in nine assessment areas and its "excellent" ATM distribution in low- and/or moderate-income areas in 31 assessment areas. In several markets, U.S. Bank also maintains branches in middle- and upper-income tracts that are in close proximity to LMI geographies (across the street or within blocks), which improve the bank's access to both low- and moderate-income areas. As the OCC further recognized, U.S. Bank's branches do not vary in their product availability, services offered, or business hours in a manner that would inconvenience LMI geographies or individuals.

USB will continue to maintain this strong commitment to serving LMI and other underserved communities as it continues to develop plans and actions in order to mitigate the impact of future outright branch closings on affected communities. As previously announced, USB is committed to staying in every market that Union Bank currently serves in California, Washington and Oregon. In addition, USB has engaged with a number of community organizations in constructive dialogue regarding plans to ascertain and address the needs of USB's communities, including through a series of meetings and listening sessions with senior executives of USB, to continue building an understanding of how USB can support its communities. USB's ongoing decisions regarding potential branch closures and the ways in which USB can mitigate the impact of any such branch closures on impacted communities will continue to be informed by such community engagement.