



FEDERAL RESERVE BANK OF MINNEAPOLIS

Pursuing an economy that works for all of us

Chris P. Wangen
ASSISTANT VICE PRESIDENT

October 14, 2021

Sent Via Secured Email to adam.cohen@stblaw.com and spencer.sloan@stblaw.com

Mr. Spencer J. Sloan
Mr. Adam Cohen
Simpson Thacher & Bartlett LLP
900 G. Street, NW
Washington, D.C. 20001

Dear Messrs. Cohen and Sloan:

On October 7, 2021, the Federal Reserve Bank of Minneapolis (“Reserve Bank”), received for processing the application filed by U.S. Bancorp, Minneapolis, Minnesota (“Applicant”), for prior approval of the Board of Governors of the Federal Reserve System (the “Board”), pursuant to Section 3(a)(3) of the Bank Holding Company Act of 1956, as amended, and Section 225.15 of Regulation Y, to acquire 100 percent of MUFG Union Bank, National Association, San Francisco, California (“Target”).

Notice of the application is being published in the *Federal Register*. Copies of the application have been forwarded to the Board, the U.S. Department of Justice, and the Office of the Comptroller of the Currency for their views and recommendations on the proposal. Notice of receipt of the application has been given to the Federal Deposit Insurance Corporation.

The application has been referred to the Board for processing and Section 225.15(d)(2) of the Board’s Regulation Y provides that the Board shall act within 60 calendar days after receipt of the application by the Reserve Bank. If the Board is unable to act within 60 days, it will promptly notify you.

In connection with the processing of the application, our initial review has revealed the need for additional information. Please provide written responses and the requested documentation to the attached items, including in the Confidential Annex, within eight business days from the date of this letter, or October 26, 2021. Any information for which confidential treatment is sought should be so labeled and confidential treatment should be requested in accordance with section 261.17 of the Board’s Rules Regarding Availability of Information (12 CFR 261.17). Please provide a copy of the public portion of your response (together with any attachments) directly to the commenters. The email address for the commenters is contained in the attached sheet. Also please provide a copy of your response to the regulators listed in the attachment to this letter.

E chris.wangen@mpls.frb.org P 612.204.5087 F 612.204.5114 1.800.553.9656

90 HENNEPIN AVENUE, MINNEAPOLIS, MINNESOTA 55401 | minneapolisfed.org

Mr. Spencer J. Sloan
Mr. Adam Cohen
Page 2 of 5
October 14, 2021

In the event further review should indicate that additional information is necessary, or should unusual delays develop, you will be promptly informed. If you have any questions, please contact Senior Mergers & Acquisitions Analyst Linda Anderson at (612) 204-6404 or by email at lindaa.anderson@mpls.frb.org.

Sincerely,



For Chris P. Wangen

CPW/LAA

c:

Board of Governors

Office of the Comptroller and the Currency

U.S. Department of Justice, Antitrust Division

Mr. Spencer J. Sloan
Mr. Adam Cohen
Page 3 of 5
October 14, 2021

ATTACHMENT
U.S. Bancorp, Minneapolis, Minnesota
Additional Information Request

1. Discuss the assumptions used when formulating earnings and growth projections for Applicant, Applicant's subsidiary bank ("U.S. Bank"), and Target Bank, including whether the assumptions are realistic. Please discuss in detail any sensitivity analyses, multi-year budgets, or other types of forecasts that were used in producing the projections. While projection of financial performance should be based on realistic considerations of potential economic conditions, particularly in economic downturns we expect that applicant banking organizations will consider conditions that might test their capacity in maintaining their capital adequacy and meeting their financial obligations. Please discuss any forecasts that were intended to test the capacity of Applicant, U.S. Bank, and Target Bank.
2. Applicant indicates that a portion (approx. \$1.25 billion) of the cash consideration of \$5.5 billion may be funded using internal or external financial resources, including securities issuances to the public or private capital. As Applicant's plans regarding these funding sources develop, please provide information regarding the terms of the funding and updated pro forma financial information that reflects the funding method(s), as applicable.
3. Please provide a summary of U.S. Bank's and Target Bank's internally classified assets, comprised of the categories of substandard, doubtful, and loss, with relevant components of other real estate owned ("OREO") separately identified in each category. Please also provide a breakdown of each category of classified loans by type (e.g. commercial real estate, C&I, Residential Real Estate, Consumer) and indicate whether participation loans are included. If the banks have made loans to businesses in the hospitality, travel, or energy sectors, please break out classifications in those portfolios as well.
4. Please provide a list of Target Bank's directors and senior executive officers and their respective role(s) with Target Bank before and after the proposed transaction and discuss the anticipated allocation of responsibility for overseeing the efforts to remediate the technology and operational risk management deficiencies discussed in the Application. Please provide any relevant documentation (e.g. gap analysis report) related to those remediation efforts.
5. Please send a copy of your response to the regulators listed below:

Mr. John O'Brien
Licensing Manager
Office of the Comptroller of the Currency
425 S. Financial Place, Suite 2700
Chicago, IL 60605
largebanks@occ.treas.gov
jason.almonte@occ.treas.gov
patricia.roberts@occ.treas.gov

Mr. Spencer J. Sloan
Mr. Adam Cohen
Page 4 of 5
October 14, 2021

Attorney General
U.S. Department of Justice
Antitrust Division
Defense, Industrials, and Aerospace Section/Banking Unit
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Mr. Spencer J. Sloan
Mr. Adam Cohen
Page 5 of 5
October 14, 2021

Email Addresses of Commenters:

Mr. Al Pina
Chair/CEO, Florida MCRC
Co-Founder, National MCRC
National Minority Community Reinvestment Co-Operative
pina@fmcrc.org

Ms. Marcia Griffin
CEO/Founder
HomeFree-USA
mgriffin@homefreeusa.org

Mr. John Gamboa
Chairman
California Community Builders
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