



FEDERAL RESERVE BANK OF MINNEAPOLIS

Pursuing an economy that works for all of us

Linda A. Anderson
Senior Mergers and Acquisitions Analyst

October 18, 2021

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

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

Dear Messrs. Cohen and Sloan:

The following relates to the application filed by U.S. Bancorp, Minneapolis, Minnesota (“USB”), to acquire MUFG Union Bank, National Association, San Francisco, California, pursuant to section 3(a)(3) of the Bank Holding Company Act of 1956, as amended. Please provide a complete and detailed response to the following:

1. Please provide middle market lending data for Union Bank, which is comparable to the information provided by U.S. Bank on the FR Y-14Q:
 - a. Regarding commercial products for medium-sized businesses, provide Union Bank’s state-level 2019 and 2020 total committed credit facilities and utilized funded volume for organizations with (i) \$10M-\$250M and (ii) \$250M-\$5B in annual revenue or sales. State-level totals should be based on the obligor’s state, as identified by the obligor’s address associated with the credit facility / account. Refer to the Appendix for additional clarifying criteria.

Please provide your response via **E-APPs** within eight business days of this letter. Any information for which confidential treatment is desired should be so labeled and separately bound in accordance with section 261.17 of the Board’s Rules Regarding Availability of Information. Please also send a copy of your response to the Office of the Comptroller of the Currency and the Department of Justice, Antitrust Division and please provide a copy of the public portion of your response (together with any attachments) directly to the commenters (refer to Reserve Bank letter dated October 14, 2021 for email addresses).

If you have any questions regarding this letter, please call me at (612) 204-6404. Please send any correspondence related to this letter to my email address: lindaa.anderson@mpls.frb.org.

Sincerely,

/s/ Linda A. Anderson

Linda A. Anderson

c:
Board of Governors (w/o enclosures)
Office the Comptroller of the Currency
U.S. Department of Justice, Antitrust Division

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Appendix on Middle Market Lending Data

Clarifying criteria to identify credit facilities (approximating FR Y-14Q report) to include in state-level aggregates.¹

- a. Obligor is a domestic commercial for-profit nonfinancial entity (“qualifying obligor”).
 - Exclude entities domiciled outside the U.S. (defined in the FR Y-9C Glossary).
 - Exclude nonprofit entities.
 - Exclude obligors with a NAICS code beginning with 52 (Finance and Insurance), or 5312 (Real Estate Agents and Brokers), or 551111 (Offices of Bank or Intermediate Holding Companies).
 - Exclude “Natural Person” obligors (including individuals doing business as (DBA) another entity where the primary source of repayment analyzed is the personal credit of the natural person behind the DBA).
- b. Obligor is not a small business² and facility is not a small business loan.
 - Exclude small business loans as defined in the consolidated holding company’s normal course of business. And exclude loans guaranteed by the Small Business Administration.
- c. Obligor has \$1 million or more in total committed credit³ with the consolidated holding company.
- d. Exclude all credit card / charge card loans.
- e. If a measure of obligor revenue⁴ is available, include facilities with obligors having between \$10 million and \$5 billion in revenue. Classify obligors as having (i) \$10 million to \$250 million and (ii) \$250 million and \$5 billion in revenue.
 - If criteria (a), (b) and (c) are met but a measure of obligor revenue is unavailable, include facilities with committed exposure between \$1M and \$1B. Categorize these facilities with revenue bucket (i) for the sake of state-level totals.

¹ Criteria (a), (b), and (c) summarize or simplify applicable FR Y-14Q reporting instructions, see p. 159-163 and p. 219-221 of “Instructions for the Capital Assessments and Stress Testing information collection (Reporting Form FR Y-14Q)” December 2020. OMB No. 7100-0341. https://www.federalreserve.gov/reportforms/forms/FR_Y-14Q20201231_i.pdf.

² For the sake of this calculation: (taking from p. 160 of OMB No. 7100-0341) the differentiating factor between qualifying loans and small business loans is how the consolidated holding company evaluates the creditworthiness of the borrower. For qualifying facilities, banks typically look at the commercial operations process (an internal risk rating or a commercial grading) to assess credit risk. Qualifying facilities are those which are “graded” or “rated” using the consolidated holding company’s commercial credit rating system, as it is defined in the consolidated holding company’s normal course of business. For small business lending, banks typically look at the credit score of the borrower (scored rating) and/or use delinquency management. Therefore, exclude from your calculations small business loans that are “scored” or “delinquency managed” for which a commercial internal risk rating is not used.

³ Obligor may have more than one credit facility with the holding company. See p. 161 of OMB No. 7100-0341. The \$1 million dollar reporting threshold applies to any set of commitments where the sum of those commitments, governed under one common credit agreement, is greater than or equal to \$1 million.

⁴ Whenever available, a bank-internal data field “Revenue” suffices for the sake of this classification. See p. 192 of OMB No. 7100-0341. The measure of revenue or sales should approximate gross sales of the entity reduced by cash discounts, trade discounts, and returned sales and allowances for which credit is given to customers less returns and allowances, freight out, and cash discounts allowed for the designated period.