

Simpson Thacher & Bartlett LLP

900 G STREET, NW
WASHINGTON, D.C. 20001

TELEPHONE:
FACSIMILE: +1-202-636-5502

Direct Dial Number
+1-202-636-5578

E-mail Address
adam.cohen@stblaw.com

BY E-APPS

January 26, 2022

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 January 13, 2022, 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 a confidential portion. For the confidential portion, which has 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.¹ 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

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

Chris Wangen

-2-

January 26, 2022

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.

* * *

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

Very truly yours,

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

Ms. Elise Buik
United Way of Greater Los Angeles.

Ms. Stephanie Klasky-Gamer
LA Family Housing

Mr. Jeffrey S. Lesk
New Partners Community Solar Corp.

Ms. Colleen Padilla
Southern Oregon Regional Economic Development, Inc.

Mr. Ismael Guerrero
Mercy Housing, Inc.

Ms. Laura Archuleta
Jamboree Housing Corporation

Ms. Dee Anne Everson
United Way of Jackson County

Mr. Phillip Chen
Assembly Member, Fifty-Fifth District, Assembly California Legislature

Mr. Oliver L. Baines, III
Central Valley NMTC LLC

Mr. Lenwood V. Long, Sr.
African American Alliance of CDFI CEOs

Mr. Dave Glaser
MOFI

Ms. Renay Dossman
Neighborhood Development Center

Ms. Renee Sattiewhite, CUDE, CDP
AACUC

Ms. Paulina Gonzalez-Brito
California Reinvestment Coalition

Mr. Kevin Stein
California Reinvestment Coalition

Ms. Nancy Halpern Ibrahim
Esperanza Community Housing Corporation

Ms. Evelyn Stivers
Housing Leadership Council

Mr. Richard Girling
San Francisco Public Bank Coalition

Ms. Gloria Bruce
East Bay Housing Organizations

Ms. Elba Schildcrout
East LA Community Corporation

Ms. Chelsea Kirk
SAJE – Strategic Actions for a Just Economy

Ms. Hyepin Im
FACE – Faith and Community Empowerment

Ms. Heidi Pickman
CAMEO – California Association for Micro Enterprise Opportunity

Mr. Robert Herrell
Consumer Federation of California

Ms. Erika Toriz-Kurkjian
Haven Neighborhood Services

Ms. Sherri Jackson
MultiCultural Real Estate Alliance for Urban Change

Mr. Stephen Russell
San Diego Housing Federation

Mr. Andrew Matsas
Community Economics, Inc.

Mr. Michael Banner
Los Angeles LDC

Mr. Rudy Espinoza
Inclusive Action for the City

Ms. Amie Fishman
Non-Profit Housing Association

Ms. Erin McElroy
Anti-Eviction Mapping Project

Mr. Sanford Livingston
Northern California Small Business Financial Development Corporation

Ms. Sharon Kinlaw
Fair Housing Council of the San Fernando Valley

Mr. Roberto Barragan
California Community Economic Development Association

Mr. Calvin L. Holmes
Chicago Community Loan Fund

Mr. Walter Harris
Tenderloin Neighborhood Development Corporation

Ms. Faith Bautista
National Asian American Coalition

Mr. Leo Goldberg
CA Community Land Trust Network

Mr. William M. Cunningham
Creative Investment Research

Mr. Quentin D. Strode
NEW Community Investments

Ms. Lyda Eddington
Westchester United Methodist Church, Los Angeles

Mr. Michal A. Ocasio
The Association Financial Development Corporations

Ms. Debra Gore-Mann
The Greenlining Institute

Mr. Nick Weiner
Committee for Better Banks

Mr. Frank Altman
Community Reinvestment Fund, USA

Mr. Mark Stivers
California Housing Partnership

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

RESPONSE SUBMISSION OF U.S. BANCORP
to the
REQUEST FOR ADDITIONAL INFORMATION OF JANUARY 13, 2022
from the
FEDERAL RESERVE BANK OF MINNEAPOLIS
relating to the proposal to acquire
MUFG UNION BANK, NATIONAL ASSOCIATION

January 26, 2022

**Submission in Response to the Request for Information dated January 13, 2022
 (“Response Submission”)¹
 January 26, 2022**

Each item contained in the Requests for Information dated January 13, 2022 is repeated below, followed by U.S. Bancorp’s response.

- 1. In USB’s response to question 6 in the Additional Information Response submitted by USB on November 16, 2021 (the “AI Response”), USB asserts that “[b]ecause ‘Service Recipients’ are defined under the Transitional Services Agreement to consist of only Union Bank and its *subsidiaries* (or, following the Bank Merger, U.S. Bank and its subsidiaries), any non-bank Service Recipient under the Transitional Services Agreement will not be an ‘affiliate’ of Union Bank (or U.S. Bank, following the Bank Merger) for purposes of Regulation W” (emphasis in original). However, the Board’s Regulation W, 12 CFR part 223, does not exclude all member bank subsidiaries from the definition of a “affiliate.” Accordingly, confirm, if such is the case, that none of the service recipients of the Transitional Services Agreement will be “affiliates” of US Bank or Union Bank under Regulation W.**

As Item 1 indicates, the Board’s Regulation W, 12 CFR Part 223, does not exclude all member bank subsidiaries from the definition of an “affiliate.” Specifically, Regulation W does not exclude the following categories of member bank subsidiaries from the definition of an “affiliate” for purposes of Regulation W (collectively, the “Non-Excluded Subsidiaries”):²

- (i) a depository institution;
- (ii) a financial subsidiary;
- (iii) a company directly controlled by: (A) one or more affiliates (other than depository institution affiliates) of the member bank; or (B) a shareholder that controls the member bank or a group of shareholders that together control the member bank;
- (iv) an employee stock option plan, trust, or similar organization that exists for the benefit of the shareholders, partners, members, or employees of the member bank or any of its affiliates; and
- (v) any other company that the Board has determined by regulation or order, or that the appropriate Federal banking agency for the member bank determined by order, to have a relationship with the member bank, or any affiliate of the member bank, such that covered transactions by the member bank with that company may be affected by the relationship to the detriment of the member bank.

¹ 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 12 C.F.R. § 223.2(a)(12), (b)(1).

Union Bank does not currently have (and, immediately following the Bank Merger, U.S. Bank will not have) any subsidiary that is (i) a depository institution, (ii) a financial subsidiary, (iii) a company controlled by a bank affiliate or a bank controlling shareholder, or (iv) another company that a federal banking agency has determined by regulation or order to be a bank affiliate. USB understands that certain trust entities related to Union Bank-sponsored employee benefit plans (each with a third-party trustee) are treated by Union Bank as Non-Excluded Subsidiaries for purposes of Regulation W. However, to the extent that any such benefit plan trust entities are not Excluded Assets subject to the Excluded Asset and Liability Transfer, no such benefit plan trust entities are currently expected to be “Service Recipients” under the Transitional Services Agreement. As a result, none of the “Service Recipients” under the Transitional Services Agreement would be an “affiliate” of Union Bank (or U.S. Bank, following the Bank Merger) for purposes of Regulation W.³

2. Regarding USB’s response to question 5 in the AI Response:

- a. USB states that “the indemnification provisions for payments by U.S. Bancorp in Sections 5.9 and 8.1 of the Purchase Agreement do not provide for U.S. Bancorp to make indemnification payments to any *current or former institution-affiliated party of U.S. Bancorp*” (emphasis added). Clarify whether any person indemnified by U.S. Bancorp pursuant to the Purchase Agreement *will be* an institution-affiliated party of U.S. Bancorp or U.S. Bank after the consummation of the proposal and, if so, describe those persons or classes of persons.**

U.S. Bancorp’s indemnification obligations under the Purchase Agreement are provided in Sections 5.9, 5.20 and 8.1 of the Purchase Agreement. As outlined below, none of these provisions obligate USB to make a prohibited indemnification payment to a person who is, was or will be an institution-affiliated party of USB for purposes of 12 C.F.R. Part 359.

- Section 5.9:
 - U.S. Bancorp’s indemnification obligation under Section 5.9(a)(ii) of the Purchase Agreement applies only with respect to “Seller [MUFG Americas Holdings Corporation] and its Affiliates,” and only “from and after the Closing.” Accordingly, the indemnified parties under Section 5.9(a)(ii) (MUFG Americas and its affiliates after the Closing) will not include any person that will be an institution-affiliated party of USB after consummation of the Proposed Transaction, given that (i) Union Bank will no longer be affiliated with MUFG Americas upon closing of the Acquisition and (ii) the indemnified parties under

³ U.S. Bank also currently maintains certain trust entities related to bank-sponsored employee benefit plans, none of which would be a “Service Recipient” under the Transitional Services Agreement (which does not provide for services to legacy U.S. Bank subsidiaries but rather provides for services that, according to past practice, MUFG, its affiliates and/or the operations of Union Bank that are retained by MUFG and/or its affiliates as a result of the Excluded Assets and Liabilities Transfer provided to Union Bank and its transferred subsidiaries prior to the Acquisition). To the extent that any such legacy Union Bank employee benefit plan trusts later become expected to receive transition services under the Transition Services Agreement and to the extent that Union Bank or U.S. Bank were to make payments for services received by such employee benefit plan trusts under the Transition Services Agreement, USB will monitor such payments for compliance with Regulation W.

Section 5.9(a)(ii) do not otherwise include any person that will be an institution-affiliated party of USB as a result of the Proposed Transaction.

- USB also notes that none of the matters for which U.S. Bancorp may be required to make indemnification payments under Sections 5.9 of the Purchase Agreement would constitute civil money penalties or judgments resulting from an administrative or civil action instituted by a federal banking agency, or other liability or legal expense with regard to an administrative proceeding or civil action instituted by a federal banking agency, and thus any indemnification payments made in respect of such matters would not be “prohibited indemnification payments” for purposes of the FDIC’s Part 359 regulations.⁴
- Section 5.20:
 - U.S. Bancorp’s indemnification obligation under Section 5.20(a) of the Purchase Agreement applies to persons who are now or become (prior to the effective time of the Proposed Transaction) a director or officer of Union Bank or a transferred Union Bank subsidiary. Accordingly, the indemnified parties under Section 5.20(a) may include persons that will be an institution-affiliated party of USB after consummation of the Proposed Transaction, to the extent that such indemnified parties (directors and officers of Union Bank prior to the consummation of the Proposed Transaction) continue as directors or officers of Union Bank or otherwise become directors, officers or employees of USB after the consummation of the Proposed Transaction.
 - USB notes, however, that the indemnification provisions in Section 5.20(a) are expressly limited to payments “permitted or required by applicable Law.” Accordingly, U.S. Bancorp is not obligated by Section 5.20(a) of the Purchase Agreement to make, or cause Union Bank to make, an indemnification payment to the extent that any such indemnification payment would not be permitted by the FDIC’s Part 359 regulations.
- Section 8.1:
 - U.S. Bancorp’s indemnification obligation under Section 8.1(c) of the Purchase Agreement applies only with respect to “Seller Holdco [Mitsubishi UFJ Financial Group, Inc.] and its Affiliates and their respective Representatives,” and only “at and after the Closing.” Accordingly, the indemnified parties under Section 8.1(c) (MUFG and its affiliates and representatives after the Closing) will not include any person that will be an institution-affiliated party of USB after consummation of the Proposed Transaction, given that (i) Union Bank will no longer be affiliated with MUFG Americas upon closing of the Acquisition, (ii) Union Bank’s representatives (e.g., its directors, officers and employees) who may continue with the resulting institution will no longer be representatives of MUFG or its affiliates

⁴ Section 5.9(a)(ii) of the Purchase Agreement provides for certain indemnification payments to be made by U.S. Bancorp to MUFG Americas and its affiliates in respect of certain post-closing tax matters.

upon closing of the Acquisition, and (iii) the indemnified parties under Section 8.1(c) do not otherwise include any person that will be an institution-affiliated party of USB as a result of the Proposed Transaction.

- USB also notes that none of the matters for which U.S. Bancorp may be required to make indemnification payments under Sections 8.1 of the Purchase Agreement would constitute civil money penalties or judgments resulting from an administrative or civil action instituted by a federal banking agency, or other liability or legal expense with regard to an administrative proceeding or civil action instituted by a federal banking agency, and thus any indemnification payments made in respect of such matters would not be “prohibited indemnification payments” for purposes of the FDIC’s Part 359 regulations.⁵
- b. In addition, USB states that “most (if not all) matters for which Sections 5.9 and 8.1 provide for indemnification between the MUFG group, on the one hand, and the U.S. Bancorp group, on the other hand, would not constitute civil money penalties or judgments resulting from an administrative or civil action instituted by a federal banking agency, or other liability or legal expense with regard to an administrative proceeding or civil action instituted by a federal banking agency.”**

Clarify whether the indemnification provided by USB pursuant to the Purchase Agreement to those persons or classes of persons described in your response to item 2.a. above extends to the payment or reimbursement of any civil money penalty or judgment resulting from any administrative proceeding or civil action instituted by any federal banking agency, or any other liability or legal expense with regard to any administrative proceeding or civil action instituted by any federal banking agency that results in a final order or settlement pursuant to which such person is assessed a civil money penalty, is removed from office or prohibited from participating in the affairs of US Bank or Union Bank, or is required to cease and desist from or take any affirmative action described in section 8(b) of the Federal Deposit Insurance Act with respect to US Bank or Union Bank (except for those payments described in 12 CFR 359.1(l)(2)).

As noted above in response to Item 2(a), Section 5.20(a) is the only provision of the Purchase Agreement that provides for the indemnification by U.S. Bancorp of persons that will qualify as institution-affiliated parties of U.S. Bancorp or U.S. Bank after consummation of the Proposed Transaction. The indemnification provisions in Section 5.20(a) are expressly limited to payments “permitted or required by applicable Law.” Accordingly, the indemnification provided by USB pursuant to Section 5.20(a) of the Purchase Agreement to those persons described in Item 2(a) does not extend to the payment or reimbursement of any civil money penalty or judgment resulting from any administrative proceeding or civil action instituted by any federal

⁵ Section 8.1(c) of the Purchase Agreement provides for certain indemnification payments to be made by U.S. Bancorp to MUFG and its affiliates (excluding Union Bank and its transferred subsidiaries) and their respective representatives in respect of losses relating to (i) breaches or inaccuracies of representations and warranties in the Purchase Agreement, and (ii) breaches or default in the performance of covenants under the Purchase Agreement.

banking agency, or any other liability or legal expense with regard to any administrative proceeding or civil action instituted by any federal banking agency that results in a final order or settlement pursuant to which such person is assessed a civil money penalty, is removed from office or prohibited from participating in the affairs of U.S. Bank or Union Bank, or is required to cease and desist from or take any affirmative action described in section 8(b) of the Federal Deposit Insurance Act with respect to U.S. Bank or Union Bank to the extent that any such payments would not be permitted by the FDIC's Part 359 regulations.

For the avoidance of doubt and as described above in response to Item 2(a), USB also notes that none of the matters for which U.S. Bancorp may be required to make indemnification payments under Sections 5.9 and 8.1(c) of the Purchase Agreement would constitute civil money penalties or judgments resulting from an administrative or civil action instituted by a federal banking agency, or other liability or legal expense with regard to an administrative proceeding or civil action instituted by a federal banking agency, and thus any indemnification payments made in respect of such matters would not be "prohibited indemnification payments" for purposes of the FDIC's Part 359 regulations.

- 3. To the extent that final versions of the Transitional Services Agreement and the Reverse Transitional Services Agreement ("Agreements"), including schedules A and B to each of the Agreements, are not yet available, provide updated versions of the Agreements, including a list of specific services to be performed by USB and Union Bank. If updated versions are not available, provide a detailed summary of the anticipated services that will be provided pursuant to each of the Agreements. Also, provide an update on when the Agreements will be available.**

Confidential Exhibit 10 and Confidential Exhibit 11 to the Application consist of the form of Transitional Services Agreement and the form of Reverse Transitional Services Agreement, respectively. The final versions of such Agreements, other than with respect to Schedules A and B to each of the Agreements, are expected to be in substantially the same form as those provided as Confidential Exhibit 10 and Confidential Exhibit 11 to the Application.

The referenced Schedules A and B to such Agreements remain subject to development and negotiation by the parties. Summary information regarding the services to be provided pursuant to such Agreements and accompanying schedules, as currently anticipated as of the date of this Response Submission, is provided as Confidential Exhibit A to this Response Submission. The parties currently expect that substantially final versions of the Schedules A and B to the Agreements will be available by March 2022.

- 4. Provide actual and pro forma balance sheets for USB, on a parent-only and consolidated basis, and for US Bank and Union Bank on a stand-alone and pro forma basis, as of December 31, 2021, and projections for the next three years of operations, when available. The response should include:**
 - a. Explanatory detailed footnotes for the debit and credit adjustments.**
 - b. If not reflected in the explanatory footnotes, supporting analysis for the valuation of the transaction.**

The information requested by this Item 4 will be provided to the Federal Reserve on a supplemental basis when available.

- 5. Provide actual and pro forma income statements for USB, on a parent-only and consolidated basis, and actual for US Bank and Union Bank, on a stand-alone and pro forma basis, showing separately each principal source of revenue and expense for the period ending December 31, 2021, and projections for the next three years, when available. Your response should include relevant adjustments and explanatory detailed footnotes.**

The information requested by this Item 5 will be provided to the Federal Reserve on a supplemental basis when available.

- 6. Provide actual and pro forma capital calculations for USB, US Bank, and Union Bank as of December 31, 2021, when available. Also, provide projected capital calculations for the next three years of operations. Your response should include relevant adjustments and explanatory detailed footnotes.**

The information requested by this Item 6 will be provided to the Federal Reserve on a supplemental basis when available.

- 7. Provide liquidity metrics, including on actual and pro forma basis net stable funding ratio and liquidity coverage ratio, for USB as of December 31, 2021.**

Liquidity metrics (including in respect of the liquidity coverage ratio and net stable funding ratio) for USB as of December 31, 2021 are provided as Confidential Exhibit B to this Response Submission.

- 8. Provide actual and pro forma cash flow statements for USB, on a parent-only basis, as of December 31, 2021, and projections for the next three years of operations.**

The information requested by this Item 8 will be provided to the Federal Reserve on a supplemental basis when available.

- 9. Provide related asset quality ratios (with relevant calculations) for USB, US Bank, and Union Bank as of December 31, 2021. The asset quality analysis should include the following:**

- a. A breakdown of actual asset quality information for Union Bank as of December 31, 2020, and December 31, 2021.**

For the information requested by this Item 9(a) available as of the date of this Response Submission (including as of December 31, 2020, September 30, 2021 and December 31, 2021), please see Confidential Exhibit C to this Response Submission.

- b. A breakdown of actual asset quality information for USB and US Bank as of December 31, 2020, and December 31, 2021.**

For the information requested by this Item 9(b) available as of the date of this Response Submission (including as of December 31, 2020, September 30, 2021 and December 31, 2021), please see Confidential Exhibit D to this Response Submission.

c. A breakdown of pro forma asset quality information for USB and US Bank as of December 31, 2021.

For the information requested by this Item 9(c) available as of the date of this Response Submission (including as of September 30, 2021), please see Confidential Exhibit E to this Response Submission (which supplements the Applicant's submission to the Federal Reserve dated November 16, 2021). Information requested by this Item 9(c) as of December 31, 2021 will be provided to the Federal Reserve on a supplemental basis when available.

d. A focus on two separate elements: (i) criticized and classified assets, comprised of the four separate categories of other assets especially mentioned ("OAEM" or special mention), substandard, doubtful, and loss (with relevant components of other real estate owned ("OREO") separately identified in each category), and (ii) nonperforming assets, comprised of the four separate categories of nonaccrual loans, restructured loans in compliance with their terms, OREO, and other repossessed assets. Also, separately provide the category of loans 90 days past-due.

For the information requested by this Item 9(d) available as of the date of this Response Submission (including as of September 30, 2021), please see Confidential Exhibit E to this Response Submission (which supplements the Applicant's submission to the Federal Reserve dated November 16, 2021). Information requested by this Item 9(d) as of December 31, 2021 will be provided to the Federal Reserve on a supplemental basis when available.

e. Indicate what level of (i) criticized and classified assets, (ii) nonperforming assets, and (iii) loans 90 days past-due that may be affected by the purchase accounting adjustments and other known events. To the extent not explained elsewhere, discuss the basis and justification for such adjustments.

Information requested by this Item 9(e) as of December 31, 2021 will be provided to the Federal Reserve on a supplemental basis when available.

f. A calculation of relevant asset quality ratios; for example, the level of criticized and classified assets should be compared to the total amount of tier 1 capital and allowance for loan loss reserves, while the level of nonperforming assets should be compared to the total amount of gross loans and OREO. The numerator and denominator of each calculated ratio must be as of the same point in time. Also, the ratios should be calculated in connection with all actual and resulting pro forma columns.

Information requested by this Item 9(f) as of December 31, 2021 will be provided to the Federal Reserve on a supplemental basis when available.

- g. The amount of criticized and classified assets should be either as confirmed by relevant examiners at a recent examination or as more recently determined by the applicant's internal credit monitoring systems. Also, the breakdown provided for criticized and classified assets should encompass all such assets on the balance sheet, not just loans.**

The data that have been and will be presented in response to this Item 9 are reported on a consolidated basis using a concordance table which maps as-reported Union Bank commercial risk-rated loans to a U.S. Bank commercial loan risk rating. The loans are then further reviewed for regulatory alignment for reporting purposes. USB anticipates that all loans will be subject to USB risk rating processes upon system conversion.

10. In the application, USB represents that it would finance \$1.25 billion of the cash consideration through securities issuances. In the AI Response, in response to question 15, USB notes that it has earmarked \$900 million toward the cash consideration and expects to issue an additional \$350 million of preferred stock at a later date.

- a. Indicate when the \$350 million of capital issuance will occur.**
- b. Reflect the full capital raise, including the \$350 million, in the December 31, 2021 actual and pro forma financial information for USB on a parent company only and consolidated basis, US Bank, and Union Bank, as appropriate.**

For the information requested by this Item 10, please see Confidential Exhibit F.

11. Provide the names of the entities of USB and/or US Bank that conduct international operations. Your response should also include the type of operations that are being conducted.

U.S. Bank conducts a modest amount of cross-border and international activity and has a presence in jurisdictions outside of the United States through branches in Canada and the Cayman Islands, and the following agreement corporations:

- USB Americas Holdings Company: Provides merchant services through Elavon Canada Company.
- USB European Holdings Company: USB European Holdings Company has the most foreign exposure of the agreement corporations due to its subsidiary, Elavon Financial Services DAC, a foreign bank regulated and licensed by the Central Bank of Ireland. U.S. Bank's international business activities predominantly originate through Elavon Financial Services DAC within the Payment Services and Wealth Management and Investment Services core business lines and relate to merchant payments and corporate trust.

A list of the U.S. Bancorp and U.S. Bank legal entities in jurisdictions outside the United States, along with a brief description of the type of operations being conducted by each, is provided

below. Such entities are also depicted in the organizational chart included with this Response Submission as Confidential Exhibit G.

- Elavon Canada Company (Canada): Subsidiary of the USB Americas Holdings Company (Delaware) agreement corporation that provides merchant processing services in Canada.
- Elavon Puerto Rico, Inc. (Puerto Rico): Subsidiary of the USB Americas Holdings Company (Delaware) agreement corporation that provided merchant processing services in Puerto Rico. This business was sold to a third party in June 2021, but the legal entity is being retained for a period of time until trailing liabilities roll off in the second half of 2022.
- USB Investment Services (Holdings) Limited (Ireland): Subsidiary of the USB European Holdings Company (Delaware) agreement corporation and holding company for the U.S. Bank Global Fund Services and U.S. Bank Global Corporate Trust entities. Entity is a holding company that does not perform operations.
 - U.S. Bank Global Fund Services (Ireland) Limited: Provides fund administration services to funds and office administrative services.
 - U.S. Bank Global Fund Services (Guernsey) Limited: Provides fund administration services to hedge funds and office administrative services.
 - U.S. Bank Global Fund Services (Cayman) Limited: Provides fund administration services to hedge funds and office administrative services
 - U.S. Bank Global Fund Services (Luxembourg) S.A.R.L.: Provides fund administration services to support the Luxembourg domiciled fund market.
 - U.S. Bank Global Corporate Trust Limited (UK): Provides non-regulated services to securitization vehicles and funds.
 - USB Nominees (UK) Limited (UK): A nominee company formed to qualify the European corporate trust business as a common depository.
 - U.S. Bank Trustees Limited (UK): Provides trustee services to securitization vehicles and funds.
 - Talech Lithuania UAB (Lithuania): Provides support services to Elavon, Inc. and its subsidiary, Talech, Inc., which develops and sells point-of-sale software as data processing and related service activities.
 - Talech International Limited (Ireland): Provides support services to Elavon, Inc. and its subsidiary, Talech, Inc., which develops and sells point-of-sale software as data processing and related service activities.

- Elavon European Holdings B.V. (Netherlands): Subsidiary of the USB European Holdings Company (Delaware) agreement corporation and holding company for Elavon Financial Services DAC.
 - USB Securities Data Services Limited (Ireland): Provides securities data processing services.
 - Elavon Financial Services DAC (Ireland): U.S. Bank established Elavon Financial Services DAC to support the merchant services business and develop its banking business in the European marketplace. EFS DAC provides merchant payment processing services for credit and debit card processing, related software applications, and other services to retailers, financial institutions, and payment processing companies; merchant accounting, and clearing and settlement services; corporate payment systems and services to merchants, multinational corporations and governments with complex payment processing needs; and corporate trust administration services for corporate, structured and securitized transactions.
 - USB Nominees (GCT) Limited (Ireland): Provides nominee services to its parent, EFS DAC (as depository), in connection with the registration and holding of investments of EFS DAC clients.
 - EFS Depository Nominees Limited (Ireland): Acts as nominee to hold client assets for its parent, EFS DAC.
 - Norse Nordics AB (Sweden): Provides referral and sales services for merchant acquiring services activities.
 - Elavon Digital Ireland Limited (Ireland): Provides payment gateway solutions through software-as-a-service platform to customers in Ireland.
 - Elavon Digital (Dublin) Limited (Ireland): Provides payment gateway solutions through software-as-a-service platform to customers in Ireland.
 - Elavon Digital (GB) Limited (United Kingdom): Provides payment gateway solutions through software-as-a-service platform to customers in the UK.
 - Elavon Digital Europe Limited (UK): Provides payment gateway solutions through software-as-a-service platform to customers in the UK.
- Talech Belize Limited (Belize): Indirect subsidiary of U.S. Bancorp through USB Service Company Holdings, Inc. (Delaware). USB plans to liquidate this entity during the second quarter of 2022, having recently received confirmation that the remaining employee resource in this entity was relocated to the United States.