

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 AND E-MAIL

January 9, 2022

Re: 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

Jason Almonte
Director for Large Bank Licensing
Office of the Comptroller of the Currency
340 Madison Avenue, Fifth Floor
New York, New York 10173

Dear Ms. Wangen and Mr. Almonte:

On behalf of U.S. Bancorp, Minneapolis, Minnesota, enclosed please find the response of U.S. Bancorp and U.S. Bank National Association to the follow-on comment letter submitted on or about November 17, 2021 by Ms. Paulina Gonzalez-Brito and Mr. Kevin Stein of the California Reinvestment Coalition (“CRC”) in connection with the applications (the “Applications”) to acquire all of the issued and outstanding shares of common stock of MUFG Union Bank, National Association (“Union Bank”) and subsequently merge Union Bank with and into U.S. Bancorp’s wholly-owned national bank subsidiary, U.S. Bank National Association (together with U.S. Bancorp, “USB”).

* * *

USB appreciates the opportunity to respond to the comment letters submitted on the Applications. If you have any questions regarding this response, please do not hesitate to contact me 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

Mr. James LaPierre
FDIC

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. Strobe
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



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This letter provides the response of U.S. Bancorp and U.S. Bank National Association to the follow-on comment letter submitted on or about November 17, 2021 by Ms. Paulina Gonzalez-Brito and Mr. Kevin Stein of the California Reinvestment Coalition (“CRC”) in connection with the applications (the “Applications”) to acquire all of the issued and outstanding shares of common stock of MUFG Union Bank, National Association (“Union Bank”) and subsequently merge Union Bank with and into U.S. Bancorp’s wholly-owned national bank subsidiary, U.S. Bank National Association (together with U.S. Bancorp, “USB”) (collectively, the “Proposed Transaction”).

Because a number of the matters raised by CRC (in its follow-on letter) are similar to those previously raised by CRC and other commenters in prior comment letters, USB refers to its public comment response letter of November 22, 2021 and incorporates such response by reference. As noted in its November 22 response, USB looks forward to continued, productive dialogue regarding the ways in which USB has historically served—and the combined organization will continue to serve—the convenience and needs of its communities (including the important California communities that it serves), and intends to continue engaging in constructive dialogue with community organizations. The following sections address in turn topics raised by CRC’s follow-on comment letter.

I. Branches

USB strongly believes the future of banking includes a combination of the physical and digital, and recognizes that customers appreciate the ability to visit their local branch or engage with professionals within their local communities to have a meaningful conversation about their financial goals, future and aspirations. USB understands that physical branches are particularly important in underserved communities, where unmet financial needs and insufficient access to financial services can cause economic disparities. USB is committed to maintaining a viable physical presence, including in low- and moderate-income (“LMI”)

communities where access to financial services are vital to the sustainability of those communities.

As previously announced, USB is committed to staying in every market that Union Bank currently serves in California, Washington and Oregon. With respect to the concerns expressed by CRC regarding branch closures, USB notes that customers' banking preferences and behaviors are changing, including a rapid migration toward digital and mobile banking platforms, and a desire for greater simplicity. As USB evolves along with its customers, it is reevaluating its physical footprint, and in some instances, consolidating branch locations in select markets. A key tenet of USB's branching policy is to ensure all decisions regarding branch openings, relocations and closures are based on accurate and detailed information about how the proposed action would affect the community served by the branch and involves coordination across multiple business units and support functions within USB. USB's data proves that as a result of the careful consideration and mitigation strategies employed by USB in connection with any branch closures, customer turnover is extremely low following the closure of any USB branch, with average customer retention well in excess of 90%. Rather than being aimed at expense reduction, USB's reallocation of physical branches and its investments in digital banking channels is instead intended to retain and grow its customer base in light of evolving customer banking preferences. Additional information regarding the risk reviews and mitigation efforts that USB undertakes in connection with its branch actions is provided in USB's response, dated November 18, 2021, to the Federal Reserve's request for additional information of November 5, 2021. Finally, CRC concerns regarding branch closures focus only on the period since 2017. Assessing nationwide branch closures over a longer time period reveals that since 2010, changes in USB's retail branch count are consistent with changes in the retail branch counts of competitors over the same period. Likewise, although CRC suggests USB is an outlier, a longer term view of USB's branching activity demonstrates that USB is in line with peer banks.¹

USB also actively reinvests in its retail branch network in the form of new branch locations and remodels, with supplier diversity being promoted as part of the procurement process for such reinvestments. Reinvestment projects have included the implementation of USB's innovative in-branch "digital discovery centers," which create an educational and hands-on branch experience for customers to engage and explore USB's digital capabilities and future innovations. Through its branch reinvestment efforts, USB has multiple digital discovery centers in branches throughout California, including the Los Angeles, San Diego, San Francisco and Sacramento markets.

USB also continues to invest significant resources in rapidly enhancing its digital capabilities to complement its branch network to serve customers when and where they choose to bank. In this increasingly digital age, USB's customers are located across the country and opt to bank via the U.S. Bank Mobile App. In fact, around 80% of consumer transactions and 65% of loan sales are now completed digitally. While tellers were the most used channel across all USB assessment areas through the fourth quarter of 2018, by the fourth quarter of 2020 mobile banking rapidly surpassed both tellers and online service delivery as the most used delivery channel. There is also significant digital engagement by USB customers residing in LMI census tracts. For example, a majority of USB customers in the vast majority

¹ Based on retail branch data gathered from S&P Global as of December 2021.

of LMI census tracts across USB's footprint—including in California, Washington and Oregon—are engaged in USB's mobile banking channel.² In response to these evolving customer preferences, USB has adopted innovative ways for its customers to make payments or manage their accounts, such as through the use of voice-activated internet devices for convenient banking and account management capabilities, advanced biometric authentication for secure account access, and integration with popular digital wallets through the U.S. Bank Mobile App for convenient and secure mobile payments. USB has also partnered with several fintech companies to enhance its payments and tech capabilities and leverages its strengths in data analytics to create a smarter, faster, easier banking experience for customers. USB was one of the first corporations to invest in Goalsetter, a Black-owned kids and family finance app that provides a next-generation, education-first banking experience for U.S. kids and teens, focused on financial literacy. USB is working on opportunities to use Goalsetter in its everyday business offerings, including incorporating the app into its financial education experiences for customers and in its scholarship program. Additional detail regarding the innovative technology-driven products and services that USB has developed for its customers is provided in the Applications.

II. Jobs

Although CRC expressed concern regarding the elimination of front-line bank worker jobs, USB has from the beginning publicly stated its commitment to retaining all of Union Bank's front-line branch employees following the closing of the Proposed Transaction. These bankers are frequently the first people customers and prospective customers speak to. They have demonstrated a tremendous ability to serve Union Bank's customers, and USB looks forward to having these branch employees join the bank's team of talented West Coast employees. For Union Bank employees, joining a regional bank with increased scale and a larger U.S. geographic footprint will allow for additional opportunities for advancement and ways in which they can build a banking career.

III. Home Lending

USB takes its responsibility to provide access to financial services to all segments of its communities and persons living in those communities, including people of color, very seriously. USB's loan underwriting and approval processes have been carefully designed with fair lending requirements in mind. In addition, USB's policies include information on prohibited lending practices, and its procedures and required training contain guidance on practices that employees should avoid that would tend to discourage loan applicants on a prohibited basis. USB's Fair and Responsible Banking Division performs in-house fair lending analysis and testing across applicable credit products, independently completes fair lending risk reviews of marketing, disclosures, procedures, and other compliance impacting materials/criteria, and reviews relevant complaints and bank complaint responses to ensure appropriate resolution and to address any control gaps.

CRC raised specific concerns regarding USB's mortgage lending activity relative to peers, including lending to minority and LMI borrowers. Although the sources of CRC's data and their parameters were not specified, USB's data reveal that when viewed nationally originations for LMI borrowers, low income borrowers, LMI census tracts, neighborhoods of

² Based on customer channel engagement data for the third quarter of 2021.

color (where over 80% of tracts are composed of people of color), Latino borrowers and Native American borrowers are each more closely aligned with peer originations than CRC asserts. Finally, USB notes its originations as a percentage of applications received demonstrate consistency across subsets of borrowers. For example, origination rates for LMI census tracts (65%), African American borrowers (60%) and Latino borrowers (59%) are relatively consistent with USB's origination rates for White borrowers (67%).³

Further, other figures set forth by CRC require more background and context in order to be meaningfully interpreted and understood. For example, USB notes that a large portion of the volume of loan originations for African American borrowers, Latino borrowers and Native American borrowers are originated by a small volume of lenders, which are predominantly non-banking institutions. In California, the top 20 originators of mortgage loans to African American borrowers account for 52.11% such loan originations, and include only two banks. Similarly, the top 20 originators of mortgage loans to Latino borrowers account for 48.04% of such loan originations and include only one bank, while the top 20 originators of mortgage loans to Native American borrowers account for 61.95% of such loan originations and include only one bank. A similar trend is observable with respect to Federal Housing Administration ("FHA") loans, for which the top 20 originators on a national basis account for 36.12% of FHA originations and do not include any banks, while the top 30 originators on a California state-wide basis account for 63.41% of FHA originations and include only one bank. These types of nonbank lenders are not typically considered peers of USB, which may make comparisons to originations by other lenders in the market misleading.

Similarly, although CRC alleges certain statistical disparities relating to redlining risks based upon data and analysis using LendingPatterns software, CRC does not provide such data or their parameters. Based on detailed analysis of available Home Mortgage Disclosure Act ("HMDA") data, USB has found no evidence of redlining or significant disparities in its lending data in segments claimed by CRC.⁴ Specifically, there are no statistically significant disparities relating to USB applications or originations in majority Black neighborhoods, originations and purchased loans in Majority-Minority neighborhoods, loan approvals or denials in any majority Black or Majority Minority neighborhoods, or collateral loan denials in Majority-Minority neighborhoods. Similarly, there are no statistically significant disparities for incomplete applications in any neighborhoods or for subprime loan pricing in majority Hispanic or Majority Black/Hispanic⁵ neighborhoods. Significantly, as part of its Community Reinvestment Act ("CRA") performance evaluation of USB, the OCC (which directly supervises USB and conducts examinations covering fair lending laws such as the Fair Housing Act) noted that it identified no discriminatory or other illegal credit practices that required consideration.

As noted above, USB is committed to providing financial services to all segments of its communities and persons living in those communities. USB performs in-depth market

³ Based on 2020 HMDA LAR Snapshot (6/17/21) published by the FFIEC.

⁴ Based on review of U.S. Bank National Association 2020 Comprehensive Fair Lending Scoping Report for the state of California, created with LendingPatterns, dated as of October 5, 2021. Market data, defined as all lenders, are from the 2020 Snapshot (6/17/21) published by the FFIEC.

⁵ Majority Black/Hispanic neighborhoods are those where more than 50% of the population is either Black or Hispanic.

level analysis to better understand minority lending and assess for redlining risk, performing root cause analysis on markets with high risk. USB's root cause analyses are designed to understand the underlying causes of lending disparities between majority minority and low minority areas.

USB's commitment to fair lending and supporting all segments of its communities, including LMI neighborhoods and minority borrowers, is demonstrated by its broad offerings of specialized mortgage products that are designed to meet the special needs of LMI individuals, as well as USB's outreach efforts targeted to LMI geographies, including communities with large minority populations. Specifically, as discussed in the Applications, USB offers more than 118 affordable mortgage products involving national and local programs. These products generated more than 381,373 loans totaling \$133.0 billion from 2016 to 2020. USB also participates in several nationwide, statewide, and local mortgage down payment and special assistance programs. From 2016 to 2020, USB facilitated 7,942 instances of affordable homeownership-related assistance.

USB introduced the American Dream Home Loan program in the 1990s to help consumers with limited resources become homeowners, especially LMI borrowers and borrowers in LMI neighborhoods. The American Dream Home Loan program provides LMI borrowers, first-time homebuyers and others requiring additional financing options to achieve their goal of sustainable homeownership. Key features of the program include low down payments, assistance toward down payments or closing costs, and rehabilitation loan options in designated markets. From 2009 through 2020, more than 13,900 households used the American Dream Home Loan program to realize their dream of homeownership, helping to revitalize communities across the USB footprint.

More recently, as part of U.S. Bank Access Commitment, USB's long-term approach to building wealth and redefining how USB serves racially diverse communities, USB has partnered nationally with Fannie Mae, Freddie Mac and the National Association of Real Estate Brokers to increase homeownership education and access. The Access Commitment, launched in February 2021, builds on the \$116.0 million commitment USB made in 2020 including increased diverse supplier spend, innovative products, services, transformative customer experiences and long-term place-based partnerships with the goal of addressing the persistent racial wealth gap, starting with the Black community. As part of the Access Commitment program, USB also introduced its U.S. Bank Access Home Initiative, focused on advancing Black homeownership and increasing Black representation in the mortgage industry for individuals and families across USB's national footprint through strategic outreach and engagement with local community partners. The initiative includes financial education, expanding community-based partnerships and a mortgage loan officer development program focused on attracting underrepresented communities to mortgage banking as a viable career choice. Additional detail on U.S. Bank Access Commitment is provided in the Application. USB is also actively engaged in the National OCC REACH program and LA REACH sub-committees including mortgage, which promote financial inclusion through greater access to credit and capital.

USB's fair lending policies and procedures, lending data, CRA performance evaluations and commitment to offering mortgage products and sponsoring initiatives that expand homeownership each demonstrate how USB takes its responsibility to provide access to financial services to all segments of its communities and persons living in those

communities, including people of color, very seriously. USB strongly disputes any claim that it makes lending decisions or discriminates based on an individual's race—or any other prohibited basis—and USB's record demonstrates that any such claims are not accurate. Following the Proposed Transaction, USB looks forward to continuing its work of providing financial support that connects individuals and families with affordable, stable and sustainable housing opportunities.

IV. Foreclosure Prevention

With respect to the concerns expressed by CRC regarding customer relief efforts relating to foreclosures, USB understands that customers may, from time to time, be affected by financial circumstances beyond their control. Accordingly, USB works closely with customers and uses a multitude of options to help preserve home ownership. This customer-centric focus predates the COVID-19 pandemic, and USB's dedicated, U.S.-based staff are well-versed in foreclosure prevention methods that can assist customers during challenging times.

USB uses robust contact strategies that start very early in the delinquency cycle, which helps customers understand available options before they feel overwhelmed by mounting delinquency. These available options and delinquency avoidance and management tools continue to evolve to meet the needs of USB's customers and include:

- Phone calls starting as early as day five of delinquency, including access to multi-language assistance;
- Text messages, letters and e-mail communication;
- Mortgage status information on monthly statements;
- Supportive instruction for contacting HUD-certified counselors;
- Face-to-face meetings or web/video meetings;
- Informational videos on mortgage option topics;
- Online and mobile app self-service tools and alerts;
- Co-browsing through telephone and virtual counseling sessions; and
- Borrower access to the loss mitigation borrower portal for up-to-date account status information.

In addition to the tools mentioned above, USB offers borrowers options for mortgage payment assistance, repayment plans and hardship loan modifications. USB has also developed partnerships with states to offer Treasury-backed assistance programs, including the implementation and development of Hardest Hit Fund and Homeowner Assistance Fund programs aimed at preventing foreclosures and the displacement of homeowners. In connection with mortgage assistance plans, USB also provides a Relationship Manager who will support borrowers throughout their plans.

USB has offered mortgage assistance and repayment solutions to help over 221,000 mortgage borrowers through the difficult times of the COVID-19 pandemic.

V. Overdraft Fees

USB offers products and services to assist customers in avoiding overdrafts and supporting financial health. Despite CRC concerns regarding USB's overdraft fees, the percentage of USB's overdraft-related service charges to total fee income was 3.32% through the third quarter of 2021, which was less than the percentage of most peer banks of USB. USB's percentage of overdraft-related service charges to total fee income has also decreased annually since 2018, when its percentage was 5.15%. USB expects this trend to continue with the elimination of non-sufficient funds fees beginning January 3, 2022. Moreover, USB and Union Bank have substantially similar overdraft practices and overdraft fee rates. Further, during COVID-19, USB has refunded deposit service fees for impacted consumer and business customers, including overdraft protection fees and monthly maintenance fees. Finally, despite CRC's unsubstantiated estimates regarding overdraft fees relative to philanthropy in California, USB notes that its charitable activities are not correlated to overdraft fee revenue, nor do such fees factor into decisions with respect to the charitable activities in which USB engages.

Furthermore, USB strives for transparency and flexibility in its overdraft policies and practices. USB's overdraft protection products include Standard Overdraft Coverage, which comes with most consumer checking and money market accounts, and ATM & Debit Card Overdraft Coverage, which customers can choose to cover ATM and debit card transactions. Under these products, USB may provide overdraft coverage with respect to certain transactions for a specified fee. However, USB permits customers to opt-in or opt-out of overdraft protection coverage, in compliance with all of the requirements of Regulation E. Those choices (including instructions as to making an election) are presented and explained to customers in their account agreement at the time an account is opened. Information regarding overdraft protection is freely available online and on demand. Customers also have the ability to change their selection at any time through digital means, at USB branches or through the USB call center. Moreover, USB transaction processing order is favorable to customers with credits posting first and debits posting in order received, which reduces the likelihood of overdrafts.

USB also offers products and services that mitigate the risk of overdrafts, at no fee. For example, USB offers the U.S. Bank Safe Debit product, a BankOn-certified product which gives consumers robust banking services without overdraft or insufficient funds fees, along with alerts of low balances and completed transactions, and notifications of any unusual card activity to help prevent fraud. USB encourages its customers to link their accounts for overdraft protection with no fees and no maximum number of transfers. Finally, USB offers digital tools including account alerts, budgeting and goal setting to help customers track and manage their cash flows.

Finally, USB will soon be implementing additional features to help consumers better manage their cash flow and avoid fees. In the second quarter, the amount an account can be overdrawn prior to fee assessment will increase from \$5 to \$50. A new U.S. Bank Overdraft Fee Forgiven offering will provide account holders a full day to deposit funds to avoid a fee when the negative balance is more than \$50. Additionally, the bank will roll out a new balance

dashboard providing smart alerts to inform customers of a potential negative balance before it occurs.

VI. Native American Outreach

USB recognizes the importance of providing access to financial services to address the unique credit needs of Native American borrowers and communities, including mortgage financing. To that end, USB maintains credit policies specifically designed to allow access to financing for Native American borrowers on tribal lands. USB strives to ensure such credit policies impose no unnecessary or undue burden on Native American applicants, while also complying with applicable sovereign law requirements. Additionally, USB is committed to providing community development financing to support economic development in Native American communities both in California and elsewhere in the United States.

For example, USB recently completed a project to finance the Nupchi Xo'oy Village in Porterville, California, which involved a \$10.8 million low-income housing tax credit (“LIHTC”) investment and \$10.6 million construction loan. Nupchi Xo'oy Village, a rental housing development that is the result of a first-of-its-kind partnership between the Tule River Indian Housing Authority and Self Help Enterprises, includes 15 single-family homes and 25 townhouses for Tule River Tribe members, along with a community building and playground. All units are fully occupied, and residents have access to job training, health services, financial training, homebuyer education and afterschool youth activities. USB has also recently provided financing for similar projects in Native American communities, including:

- \$7.5 million of new market tax credit (“NMTC”) investments for Lakota Tech, the only physical high school within the Oglala Lakota Nation in South Dakota;
- \$5.7 million of NMTC investments for the Fort Peck Wellness Center, which will provide health, education, physical therapy and related medical services for the Fort Peck Assiniboine and Sioux Tribes in Montana;
- \$3.7 million of NMTC investments for the Ysleta del Sur Pueblo Medical Clinic, which will feature a medical clinic, community room, cultural center, commercial kitchen and Department of Health Services administrative offices for a medically underserved area in El Paso, Texas and will serve the Ysleta Del Sur Pueblo Native American tribe;
- \$4.2 million of NMTC investments for the Kewa Pueblo Health Center, which will expand pharmacy and dental services space, reconfigure the family health area and create dedicated space for veterans, a new wound clinic and a new behavioral health center on the Santo Domingo (Kewa) reservation near Albuquerque, New Mexico; and
- \$3.2 million of NMTC investments for 4 Points Health Care Laguna, which finances construction of a new 15,000-square-foot healthcare center on the Pueblo of Laguna Reservation in Laguna, New Mexico.

USB is committed to continuing its work with nonprofit organizations, community development advocates and other coalitions to identify opportunities to deploy USB’s lending and investment capabilities in Native American communities and looks forward to helping expand lending and investment activities for Native America communities across the country.

VII. Broadband

USB recognizes the importance of helping to improve broadband networks and broaden internet access in distressed rural areas that have struggled to attract the high-speed broadband investment needed to fuel economic prosperity. Since its most recent CRA performance evaluation, USB has made significant investments to expand and modernize existing broadband networks for residents and businesses in rural communities, including through NMTC financing in rural LMI communities used by communications companies to upgrade fiber-optic networks, build out into new service areas and provide phone and internet services to greater numbers of individuals and businesses. For example, USB recently made investments to help expand and modernize an existing broadband network for 2,000 residents and businesses in economically distressed, rural Appalachian communities in northeastern Ohio.

To date, USB has over \$54.0 million of equity invested in projects improving broadband internet access in Alaska. In one particular recent example, USB helped finance two separate broadband projects in communities that are home to Native Alaskans, delivering reliable internet access over a broadband network for the first time to remote Iñupiat villages in northwestern Alaska. USB investments are also expected to substantially improve broadband access to the 23,800 Yup'ik Eskimo residents of 36 of the most remote communities in the United States.

USB also recognizes the importance of expanding access to electronic devices and improving digital literacy to help households access and utilize the internet. Accordingly, USB donates electronic devices to nonprofit organizations and employs a digital team that engages in education outreach. For example, USB regularly donates iPads to educational nonprofit organizations and donates to nonprofit providers for the purpose of purchasing technology equipment and leasing hotspots as part of outreach and education programs.

Following the Proposed Transaction, USB will continue to seek out and evaluate such opportunities to improve broadband internet access, expand access to digital devices and improve digital literacy wherever they arise.

VIII. Affordable Housing

As emphasized in USB's November 22 response, the concerns expressed by CRC that the combined organization would have reduced appetite for community development financing (including affordable housing financing projects) or lose longstanding community group relationships are unfounded. USB believes all people have a right to the possibilities that come with living in a safe and vibrant community, and that it can help create economic opportunities that work for everyone through its tax credit, community lending and syndication solutions that improve lives and create economic opportunities in underserved communities.

To that end, USB has been an active investor in affordable housing projects in California for over two decades, including during the recession of 2008 to 2010. In 2021 approximately 35% of all LIHTC investments by USB were made in California. USB was one of the first banks to invest primarily on a "direct" basis in its markets, partnering with developers at the lower tier partnership of LIHTC investments. As such, USB has developed

an expertise that allows it to invest in some of the most complex financial structures in affordable housing and support new and innovative programs, including:

- 4%/9% LIHTC combination financing structures, including the BRIDGE Housing 9th and Broadway Apartments and the Wakeland Atmosphere housing development, each in San Diego.
- LGBTQ designated developments, including the CHW North Park Senior Apartments in San Diego and the Mutual Housing Lavender Courtyard Apartments in Sacramento.
- NMTC/LIHTC combination financing structures, including the BRIDGE Housing apartments at Anaheim and Walnut in Long Beach and the Central City Concern Blackburn Center in Portland.
- Historic rehabilitation projects, including the TNDC Ambassador and Ritz Hotels in San Francisco, the EBALDC California Hotel in Oakland and the Jamboree Hotel Berry in Sacramento.
- Rural projects, including the Eden Housing Camphora Apartments in Soledad, California and the revitalization of an old, uninhabitable Bracero Farmworker project.
- Projects where USB did not have significant or direct CRA goals, primarily investing and lending in Fresno with the Housing Authority. Such projects include the Doragon Apartments in Fresno's Chinatown neighborhood.
- The acquisition of one of the first California Certificated State Credit deals (the Mercy Housing West Beamer Street Apartments in Woodland) and partnership with state representatives at the California Tax Credit Allocation Committee in the architecture of the program.

Accordingly, USB has demonstrated a willingness to be innovative in its approach towards investments in affordable housing projects and to take on challenging projects irrespective of size or location. This approach has engendered a positive reputation with community organizations and LIHTC partners, who have expressed support for USB and its willingness to work with partners in California and to be creative in executing affordable housing projects. USB's positive reputation further extends to USB's "year-15" exit process from LIHTC investments, which USB strives to make as transparent and beneficial to communities as possible. USB's interest is in maintaining affordability and takes steps within its legal authorization to make affordability possible (including donating its interests).

USB remains, and following the Proposed Transaction will remain, committed to strengthening the communities it serves through its ongoing engagement in community development and outreach activities, and looks forward to the combined organization leveraging the CRA strengths and legacy relationships of both banks to create a strong and comprehensive combined community development program. While USB appreciates CRC's concerns regarding future investments in affordable housing by the combined organization, USB has already planned for growth in its LIHTC investment activity and expects that the combined organization will make more (rather than fewer) LIHTC investments following the Proposed Transaction.

IX. Supplier Diversity

USB appreciates CRC's commendation for the development of USB's supplier diversity program. USB's supplier diversity program demonstrates USB's commitment to promoting business opportunities for certified minority and woman owned business enterprises as well as certified veteran, disabled and LGBT owned businesses. USB strives to identify business opportunities for certified diverse suppliers to participate equally with other suppliers in the competitive supplier evaluation process. USB's supplier diversity strategy includes engagement by all business lines towards meeting USB's enterprise-wide goals and objectives of supply chain diversification and economic impact.

With respect to CRC's concerns regarding USB's supplier diversity program relative to Union Bank's, USB notes that differences between the banks' existing supplier diversity programs (including differences in supplier selection criteria) may make direct comparisons difficult. The mission of the USB supplier diversity program is to identify, develop and build strong relationships with certified diverse businesses that are qualified to supply USB with quality products and services. USB's strategic sourcing efforts work toward the inclusion and participation of certified, diverse-owned businesses in USB's RFPs and contracts.

In 2020, USB attributed \$453.9 million to expenditures in California, and expenditures with diverse certified vendors (whose status is checked annually by an independent third party in accordance with USB's supplier diversity program) was \$62,718,068. That equates to approximately 13.8% of USB's aggregate spend in California being made with diverse certified vendors, which USB considers strong performance based on key performance indicators for industry best practices for supplier diversity and procurement. Moreover, USB's aggregate procurement spend with diverse suppliers in 2020 was approximately \$566.0 million. And, with respect to USB's procurement spend with Black-owned businesses, USB's spend in 2020 with certified Tier 1 Black-owned suppliers was over \$150.0 million. Based on its outreach efforts by USB senior leaders with elected officials, community advocates and faith-based community leaders, USB has been creating programs, products and services to help address the racial wealth gap, and in 2020 USB committed to doubling the number of Black-owned suppliers with which USB does business, within twelve months. The 2020 commitment was met and the program continues to implement initiatives for growing the number of diverse suppliers at USB.

USB is a national corporate member of the National Minority Supplier Development Council, the Women's Business Enterprise National Council, the National Gay and Lesbian Chamber of Commerce, the National Veteran Owned Business Association and Disability:IN and participates in several national and regional outreach activities throughout the year. Additionally, USB also supports regional councils, ethnic chambers of commerce, municipalities, higher education institutes, community-based organizations and USB's technical assistance partners. USB is a founder and active member of numerous community-based organizations whose missions align with USB's—to develop and grow diverse businesses and to impact growth in the communities where USB operates and works. To name a few: O.A.M.E./Portland, Astra/Oregon, M.E.D.A./MN, Cincinnati Minority Business Accelerator and partnerships with Small Business Development Centers across the United States. Subject matter experts such as small business bankers and community development managers support these organizations by providing business literacy and serving on various boards and committees.

USB's supplier diversity team is actively engaged and coordinates diverse supplier participation across the USB footprint. USB is committed to ensuring that diverse suppliers are considered and awarded business according to their potential and qualifications in accordance with USB's supplier diversity program. USB continues to work to strengthen its efforts and looks forward to being introduced to and working with Union Bank's diverse vendors.

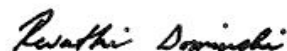
X. Community Benefits Plan

USB has a deep commitment to the communities it serves, as evidenced by the fact that U.S. Bank received an overall rating of "Outstanding" in its most recent CRA performance evaluation, with the bank's performance level for each of the lending, service and investment tests rated "Outstanding." USB believes that a strong community benefits plan is important for the combined organization and is in the process of developing a robust plan that will ensure that the combined organization serves the needs of its communities. USB has also engaged in listening sessions attended by senior executives of USB and more than 200 nonprofit community leaders. These sessions have afforded USB an opportunity to hear candid feedback about community concerns, insights into activities and investments that most effectively address these concerns, as well as experiences, both positive and negative, that the community organizations and their clients have had with Union Bank and USB. USB understands that a community strategy, based on local community input, that evolves with changes in community needs, is not only valuable to the community, it is also beneficial to the combined organization. Ongoing dialogue with community partners over the coming months provides USB the opportunity to holistically review its lending, investment and community services and ensure continued best in class community development initiatives. USB looks forward to continuing its discussions with community organizations as it works to formulate a community benefits plan for the combined organization.

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USB appreciates the opportunity to respond to the comment letters submitted on the Applications. If you have any questions regarding this response, please do not hesitate to contact me.

Very truly yours,



Revathi Dominski
Executive Vice President and Chief Social
Responsibility Officer