
U.S. Bank Buys Unit To Expand In West 2

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U.S. Bancorp said it agreed to buy MUFG Union Bank's core retail banking operations in an \$8 billion cash-and-stock deal meant to boost the Minneapolis-based bank's presence on the West Coast.

The deal, if completed, would give U.S. Bank about \$664 billion in assets and solidify its status as the fifth-largest retail bank in the country. U.S. Bank said the acquisition would give it the scale to compete with the largest consumer banks in California, including in the lucrative markets of Los Angeles, San Diego and the San Francisco Bay Area.

"Union Bank is the right deal at the right time for the right price," U.S. Bank Chief Executive Andy Cecere said on a call with analysts Tuesday.

U.S. Bank late last year agreed to buy MUFG's debt-service and securities custody portfolio, but until now had remained on the sidelines as regional-bank deals picked up steam. Most of the roughly 300 branches the Minneapolis-based bank will pick up from MUFG are in California, Washington and Oregon.

Tokyo-based Mitsubishi UFJ Financial Group, which owns MUFG Union Bank, is the latest foreign lender to shed retail operations in the U.S. in the face of increasing competition from America's biggest banks. In May, London's HSBC Holdings PLC agreed to sell parts of its business to two U.S. regional banks.

The banks announced the acquisition one day after MUFG entered into a consent order with the Office of the Comptroller of the Currency to address "unsafe or unsound practices" related to **technology** and **operational risk management**. U.S. Bank said it has incorporated regulatory concerns into all aspects of the deal process. The order, it said, won't restrict the bank's ability to operate and grow.

The purchase price includes \$5.5 billion in cash and about 44 million shares of U.S. Bancorp common stock, the companies said. MUFG will hold a minority stake of about 2.9% in U.S. Bancorp after the transaction is expected to close in the first half of 2022, they added. U.S. Bank plans to keep all of MUFG Union Bank's front-line branch employees.

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