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Comptroller of the Currency  
Administrator of National Banks

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Western District Office  
1225 17<sup>th</sup> Street, Suite 300  
Denver, Colorado 80202  
720-475-7650; Fax: 301-333-7010

**Corporate Decision #2010-20**  
**May 2010**

April 30, 2010

Jon Nakamura  
Vice President and Compliance Counsel  
Union Bank, National Association  
400 California Street, 16<sup>th</sup> Floor  
San Francisco, California 94104

Re: Purchase and Assumption Application  
Union Bank, National Association, San Francisco, CA to Acquire Substantially All the  
Assets and the Deposits from the FDIC as Receiver for Frontier Bank, Everett,  
Washington  
OCC Control No.: 2010-WE-02-0011

Dear Mr. Nakamura:

The Office of the Comptroller of the Currency (“OCC”) hereby approves the application of Union Bank, National Association (“Union Bank”) to purchase certain assets and assume certain liabilities of Frontier Bank, Everett, Washington (“Failed Entity”), for the reasons set below. As discussed below, the transaction may be consummated immediately upon approval. 12 U.S.C. § 1828(c)(6).

Failed Entity, a state-chartered bank with deposits insured by the Federal Deposit Insurance Corporation (“FDIC”), was declared insolvent by the Washington State Department of Financial Institutions on April 30, 2010, and the FDIC was appointed as receiver. The Comptroller has now been asked to grant his written approval of the proposed agreement negotiated between the FDIC and Union Bank by which the latter would purchase certain assets and assume certain liabilities of Failed Entity.

This approval is granted based upon the information contained in the Union Bank’s application and other information and representations made to the OCC during its processing of the application.

## **The Purchase and Assumption**

Union Bank applied to the OCC for approval to purchase certain assets of and assume certain liabilities of Failed Entity under 12 U.S.C. §§ 24 (Seventh) and 1828(c) (the “Transaction”). Union Bank has its main office in California, and has branch offices in California, Washington, Oregon, and Texas. Failed Entity has its main office in Washington, and has branches in Washington and Oregon. A national bank may acquire all or part of a depository institution through a purchase and assumption transaction under 12 U.S.C. § 24 (Seventh). Thus, the Transaction is legally authorized and the OCC approves the Transaction.

Union Bank also requested OCC approval to retain the main office and branches of Failed Entity upon consummation of the Transaction.

Generally, an application to engage in an interstate merger transaction pursuant to the Riegle-Neal Act, 12 U.S.C. § 1831u, is subject to certain requirements and conditions set forth in sections 1831u(a)(4) and (5) and 1831u(b). These conditions are: (1) compliance with state imposed age limits, if any, subject to the Riegle-Neal Act's limits; (2) compliance with certain state filing requirements, to the extent the filing requirements are permitted in the Riegle-Neal Act; (3) compliance with nationwide and state concentration limits; (4) expanded community reinvestment analysis and compliance; (5) adequacy of capital and management skills; and (6) limits on single branch acquisitions. These requirements, however, do not apply to a transaction, such as this, where the FDIC has provided assistance under 12 U.S.C. § 1823(c), or one of the banks involved is in default or in danger of default. 12 U.S.C. § 1831(e). Moreover, in approving a transaction under the Riegle-Neal Act, the OCC may authorize the acquiring bank to retain as branches the main office and any branches of the target bank. 12 U.S.C. §§ 1831u(d)(1) and 36(d). Thus, the acquisition by Union Bank of Failed Entity and the retention by Union Bank of the main office and branches of Failed Entity as branches are legally authorized under the Riegle-Neal Act.

## **Bank Merger Act**

The OCC reviewed the proposed purchase and assumption Transaction under the criteria of the Bank Merger Act, 12 U.S.C. § 1828(c), and applicable OCC regulations and policies. The OCC considered the financial and managerial resources of the banks, their future prospects, the convenience and needs of the communities to be served. In addition, the Bank Merger Act requires the OCC to consider “the effectiveness of any insured depository institution involved in the proposed merger transaction in combatting money laundering activities, including overseas branches.” 12 U.S.C. § 1828(c)(11). We considered these factors and found them consistent with approval under the statutory provisions.

In addition, the OCC also finds, under the standards set forth in the Bank Merger Act, that it must act on the application immediately. 12 U.S.C. § 1828(c)(3), (4)(C)(i), and (6).

Consequently, there is no requirement for publication of notice of the Transaction, for a request by the OCC of a competitive factors report from the Attorney General, or for a post-approval waiting period prior to consummation of the Transaction.

### **Community Reinvestment Act**

The Community Reinvestment Act (“CRA”) requires the OCC to take into account the applicants’ record of helping to meet the credit needs of the community, including low-and-moderate-income (“LMI”) neighborhoods, when evaluating certain applications, including transactions that are subject to the Bank Merger Act. 12 U.S.C. § 2903; 12 C.F.R. § 25.29. The OCC considers the CRA performance evaluation of each institution involved in the Transaction. A review of the record of these applicants and other information available to the OCC as a result of its regulatory responsibilities revealed no evidence that the applicants’ record of helping to meet the credit needs of their communities, including LMI neighborhoods, is less than satisfactory.

### **Consummation Guidance**

This approval is granted based on our understanding that other applicable regulatory approvals, non-objections or waivers with respect to the proposed Transaction will have been received prior to the consummation of the Transaction.

Within seven days of consummation of the Transaction, please provide the Western District Office with copies of the following documents:

- An original Secretary’s Certificate, as applicable, certifying that a majority of the board of directors approved.
- An executed purchase and assumption agreement.
- Documentation that all other conditions that the OCC imposed have been met.

This approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our approval is based on the bank’s representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

Union Bank, National Association  
San Francisco, California  
OCC Control No.: 2010-WE-02-0011

If you have questions regarding this letter, please contact Senior Licensing Analyst Jim Bundy at 720-475-7650, or by email at [jim.bundy@occ.treas.gov](mailto:jim.bundy@occ.treas.gov). Please reference the application control number in any correspondence.

Sincerely,

signed

Ellen Tanner Shepherd  
Director for District Licensing