800 Nicollet Mall
Minneapolis, MN 55402

May 25, 2012

Mr. Robert E. Feldman, Executive Secretary
Attn: Comments
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Re: Assessments, Large Bank Pricing Definitions

Dear Mr. Feldman:

U.S. Bank National Association ("USB") appreciates the opportunity to comment on the proposed revisions to the definitions of "higher risk" loans (generally, leveraged loans and subprime loans) included in the assessment system applicable to large institutions by the Federal Deposit Insurance Corporation (the "FDIC"). USB recognizes the importance to the FDIC of identifying and differentiating risk among covered institutions and supports methods to make assessment pricing more risk sensitive.

U.S. Bank agrees with the FDIC's attempt to clarify the definitions of higher risk to more accurately reflect risk exposure, to better align with existing supervisory literature, and to result in more consistent application across institutions. Though USB believes the FDIC's proposal better accomplishes these objectives than the rule previously finalized, we believe the following matters warrant further consideration and modification:

Higher Risk Consumer Loans

- The proposed two-year definition for the probability of default is a measure that most financial institutions do not quantify for other purposes so reliable systems and models are not available. Recognizing that not all of the institutions under the large bank pricing model are "Basel II" banks, a substantial portion of the types of assets the FDIC is seeking to identify and quantify are on the balance sheets of banks that have invested substantial time and resources to become Basel II compliant – and as a result have developed and thoroughly vetted predictive models based on those rules. USB believes the FDIC will be better able to measure risk if it uses information that is developed according to specific existing rules where applicable. The Basel II rules focus on a one-year through the cycle probability of default and therefore USB recommends this be the measure the FDIC utilize for the data production required under the large bank pricing rule.

Higher Risk C&I Loans

- The proposed definition for Higher-Risk C&I Loans –would include any of the borrower's debt that was incurred within the previous seven years to finance a buyout, acquisition or capital distribution. The result of this lookback approach is that at maturity and renewal a loan that originated for one of those purposes but because of strong cash flows was not considered higher risk at origination, could "degrade" into a higher risk loan for purposes of this pricing rule. USB does not believe that degradation of an existing credit relationship should result in inclusion of the loan as a higher risk loan in the pricing model. Degradation of credit is already encompassed in other ways in the pricing rule, including the measures associated with delinquencies, criticized loans and non-accrual loans. A borrower that has developed credit weaknesses subsequent to origination may not be capable of paying the loan at maturity or obtaining alternate financing, and renewal may be a part of the lender's strategy for managing the best credit outcome of that existing relationship rather than reflective of a new relationship. Because the higher risk assessment is made at origination of the loan, USB believes that designation should be associated with the type of lending and related underwriting an institution uses at the inception of the credit relationship, not how the credit is managed subsequently.

- The information to assess the original purpose of the loan when a loan is a refinance of another lender may not be available. USB believes the assessment should be made based on an analysis of the proceeds from the new lender, with a requirement that the new lender will use its "best effort" to determine if the loan is refinancing a loan that was previously used for buyout, acquisition or capital distribution.

In addition to the items discussed above, USB concurs with many of the comments included in the comment letter submitted by various banking industry trade associations including the American Bankers Association, The Clearing House Association L.L.C., and The Financial Services Round Table, including the following:

- The final rule should specify that the time period for estimation of the probability of default for consumer loans will be updated biannually; the re-estimation interval should not be arbitrary.

- The FDIC should provide at least three quarters advance notice prior to a change in the specifications for estimation of the probability of default for consumer loans.

- An increase in a credit card credit line should not be considered a refinance, and especially should not be given more rigorous treatment than other types of consumer lending.

- Unplanned overdrafts should not be considered as potential "higher-risk" C&I exposures.

- The asset-based lending exclusion from grading as "higher-risk C&I loans" should not require a new borrowing base certificate or validation of assets at each draw or advance on a loan.

- The dealer floor plan exclusion from grading as "higher-risk C&I loans" should not require lenders to obtain audited financial statements from non-public dealerships.

- Most information related to the underlying assets in a securitized financial instrument is as of the origination of the security. We believe the final rule should specify that the rule criteria for categorization of a securitization should be assessed at acquisition only and not be continually reassessed.

Sincerely,

/s/ Craig Gifford

Craig E. Gifford
Controller