

May 1, 2023

John H. Tribolati
Secretary

JPMorgan Chase Bank, National Association and JPMorgan Chase & Co.
875 15th Street SW, Floor 11
Washington, District of Columbia 20005

Subject: Application by JPMorgan Chase Bank, National Association, Columbus, Ohio,
Charter Number 8 to purchase certain assets and assume certain liabilities of First
Republic Bank, San Francisco, California

Dear Secretary Tribolati:

The Office of the Comptroller of the Currency (“OCC”) hereby approves the application by JPMorgan Chase Bank, Columbus, Ohio (“Acquirer”) to purchase certain assets and assume certain liabilities of First Republic Bank, San Francisco, California (“Failed Entity”) for the reasons set forth below. The transaction (“Transaction”) may be consummated immediately upon this approval by the OCC and execution of the purchase and assumption agreement. 12 U.S.C. § 1828(c)(6).

Failed Entity, a state non-member bank with deposits insured by the Federal Deposit Insurance Corporation (“FDIC”), was placed into receivership by the Commissioner, California Department of Financial Protection and Innovation, who appointed the FDIC as receiver. The FDIC marketed certain assets and certain liabilities of Failed Entity to potential bidders. At close of business on December 31, 2022, Failed Entity reported total assets of approximately \$212.6 billion. The OCC has now been asked to grant written approval of the proposed agreement between the FDIC, in its capacity as receiver for Failed Entity, and Acquirer, 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 Acquirer’s application and other information and representations made to the OCC during its processing of the application.

The Purchase and Assumption

Acquirer seeks to purchase certain loan portfolios from Failed Entity that total \$212.6 billion and to assume \$92.4 billion in deposits of Failed Entity. Acquirer also seeks to acquire all cash and the wealth management business of Failed Entity, including subsidiaries essential to that business of Failed Entity.

Acquirer applied to the OCC for approval to purchase these assets and assume these liabilities of Failed Entity under 12 U.S.C. §§ 24(Seventh) and 1828(c). The Acquirer is located in Columbus, Ohio. Failed Entity's main office is located in San Francisco, California. Failed Entity has branch offices in California, Connecticut, Delaware, Florida, Massachusetts, New York, Oregon, Washington, and Wyoming. Acquirer also has branch offices in all of these states. 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.

Acquirer indicated that it will continue to exercise full fiduciary powers after consummation of the Transaction. 12 U.S.C. § 92a and 12 C.F.R. §§ 5.26(e)(4) and 5.33.

Acquirer also seeks to acquire and retain Failed Entity's subsidiaries, which engage in investment advisory, broker-dealer, and fiduciary activities. To the extent that any subsidiary acquired by Acquirer holds nonconforming assets or engages in nonconforming activities, Acquirer have up to two years from the date of the purchase and assumption Transaction to divest or conform the asset or to discontinue or conform the activity of the subsidiary. 12 C.F.R. § 5.33(e)(5).

Bank Merger Act

The OCC reviewed the proposed Transaction under the criteria of the Bank Merger Act, 12 U.S.C. § 1828(c), and applicable OCC regulations and policies. The OCC 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), (c)(4)(C)(i), and (c)(6). Consequently, under the foregoing provisions, 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.

The OCC considered the risk of this Transaction to the stability of the U.S. banking or financial system,¹ financial and managerial resources of the banks, their future prospects, and the convenience and needs of the communities to be served. The Transaction does not increase risk to the stability of the United States banking or financial system as it facilitates the orderly resolution of an insured depository institution in default. The Transaction would not materially complicate the Acquirer's organizational structure or add complex interrelationships or any

¹ The OCC reviews and analyzes the following factors: (i) whether the proposed transaction would result in a material increase in risks to financial system stability due to an increase in size of the combining institutions; (ii) whether the transaction would result in a reduction in the availability of substitute providers for the services offered by the combining institutions; (iii) whether the transaction would materially increase the extent of the interconnectedness of the financial system; (iv) whether the transaction would materially increase the extent to which the combining institutions contribute to the complexity of the financial system; (v) whether the transaction would materially increase the extent of cross-border activities of the combining institutions; (vi) the relative degree of difficulty of resolving or winding up the combined institution's business in the event of failure or insolvency; and (vii) any other factor that could indicate the transaction poses a risk to the U.S. banking or financial system. See Comptroller's Licensing Manual, "Business Combinations" booklet, available on OCC.gov (Jan. 2021).

unique characteristics that would complicate resolution of the firm, or otherwise pose a greater significant risk to the financial system, in the event of financial distress. The Transaction will not result in a reduction in the availability of substitute providers. Further, the Acquirer and its parent companies are subject to U.S. resolution planning requirements, and the Acquirer is subject to U.S. recovery planning requirements. As a result of the Transaction, Acquirer is required to update its capital, liquidity, and recovery and resolution planning requirements accordingly. The OCC considered these factors and found them consistent with approval under the statutory provisions.

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). The OCC considered these factors and found them consistent with approval under the statutory provisions.²

Community Reinvestment Act

The Community Reinvestment Act (“CRA”) requires the OCC to take into account the applicant’s 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(a)(3); *see also* 12 C.F.R. § 5.33(e)(1)(iii). The OCC considers the CRA performance evaluation of the filer of a business combination transaction. The OCC finds that the record of the Acquirer, in light of the Transaction, and other information available to the OCC is consistent with approval.

Branch Retention

Acquirer has requested OCC approval to retain the branches and main office of Failed Entity upon consummation of the Transaction as branches of the Acquirer. Under the Riegle-Neal Interstate Banking and Branching Efficiency Act, a bank engaging in an interstate merger transaction may retain and operate any main or branch office of any bank involved in the transaction. 12 U.S.C. § 1831u(d). The OCC approves the Acquirer’s retention of Failed Entity’s branches and main office, which is not subject to any limitations. *See* 12 U.S.C. §§ 36(d), 1831u(d), (e).

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.

² The nationwide 10 percent deposit concentration limitation does not apply in this case because the Failed Entity is in receivership. 12 U.S.C. § 1828(c)(13).

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Within seven days of consummation of the Transaction, please provide the Director for Large Bank Licensing, as noted below, with copies of the following documents:

- A Secretary's Certificate, as applicable, certifying that a majority of the board of directors approved the purchase and assumption Transaction.
- An executed purchase and assumption agreement.

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. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

The OCC's 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.

If you have questions regarding this letter, please contact Director for Large Bank Licensing Jason Almonte at (917) 344-3405 or jason.almonte@occ.treas.gov.

Sincerely,

/ s /

Stephen A. Lybarger
Deputy Comptroller for Licensing

cc: Margaret Tahyar, Partner, Davis Polk & Wardwell LLP