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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

**CRA Decision #119**  
**January 2004**

October 24, 2003

Mr. Michael J. DelTergo  
Skadden, Arps, Slate, Meagher & Flom LLP  
1440 New York Avenue, N.W.  
Washington, D.C. 20005-2111

Re: Merger of Bank One Delta Trust Company, National Association [In Organization], Bank One Epsilon Trust Company, National Association [In Organization], and Bank One Zeta Trust Company, National Association [In Organization] into J.P. Morgan Trust Company, National Association  
Control No.: 2003 NE 02 033

Dear Mr. DelTergo:

This is to inform you that on October 24, 2003, the Office of the Comptroller of the Currency (“OCC”) approved your proposal, filed on behalf of J.P. Morgan Trust Company, N.A., Los Angeles, California (“JPMTC”), to merge Bank One Delta Trust Company, National Association [In Organization] (“Delta”), Columbus, Ohio, Bank One Epsilon Trust Company, National Association [In Organization] (“Epsilon”), Columbus, Ohio, and Bank One Zeta Trust Company, National Association [In Organization] (“Zeta”), Chicago, Illinois, into JPMTC, under the charter and title of the latter.

This approval is granted based on a thorough review of all information available, including commitments and representations made in the application and the merger agreement and those of your representatives.

The merger of Delta, Epsilon, and Zeta into JPMTC is legally authorized as an interstate merger transaction under the Riegle-Neal Act, 12 USC 215a-1 and 1831u(a). The OCC reviewed the proposed merger under the criteria of the Bank Merger Act (12 U.S.C. 1828(c)), the Community Reinvestment Act (12 U.S.C. 2901, *et. seq.*), and applicable OCC regulations and policies. Among other matters, we found that the proposed transaction would not have any anticompetitive effects. The OCC considered the financial and managerial resources of the banks, their future prospects, and 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 combating money laundering activities, including in overseas branches.” (12 U.S.C. § 1828(c)(11).) We

considered this factor and believe the approval of this transaction is consistent with that statutory provision.

With respect to the Community Reinvestment Act (“CRA”), the OCC takes into account the applicants’ record of helping to meet the credit needs of their entire communities, including low- and moderate-income neighborhoods, when evaluating certain applications, including transactions subject to the Bank Merger Act.<sup>1</sup> The OCC’s review revealed no evidence that the applicants’ records of helping to meet the credit needs of their communities, including low- and moderate-income neighborhoods, are less than satisfactory.

JPMTTC received an “Outstanding” CRA rating from the OCC at its most recent Performance Evaluation (“PE”) dated November 4, 2002.<sup>2</sup> JPMTTC is a wholesale bank and is evaluated solely based on its community development investments and services. JPMTTC does not make any consumer loans.

Upon their formation, and prior to their merger with JMPTC, Delta, Epsilon, and Zeta will acquire certain corporate trust services lines of business from Bank One, N.A., Columbus, Ohio (“Bank One Ohio”), Bank One, N.A., Illinois, Chicago, Illinois (“Bank One Illinois”), and Bank One Trust Company, N.A., Columbus, Ohio. The interim banks are being formed solely to facilitate the transfer of the trust business and will not conduct any consumer lending. The CRA does not apply to Bank One Trust Company, N.A., Columbus, Ohio since that bank’s activities are only trust related. The OCC assigned Bank One Ohio and Bank One Illinois “Satisfactory” CRA ratings as of March 31, 2000. The transaction is not expected to have any adverse impact on the CRA efforts or programs at JPMTTC, Bank One Ohio or Bank One Illinois.

The OCC received comments from one community organization.<sup>3</sup> While the OCC has carefully considered all of the comments, the concerns raised primarily dealt with entities that are not parties to this transaction or are not regulated by the OCC.<sup>4</sup> However, the OCC did investigate the commenter’s concerns with respect to the national bank subsidiaries of J.P. Morgan Chase &

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<sup>1</sup> See 12 U.S.C. § 2903; 12 C.F.R. § 25.29(a). The special community reinvestment requirements of the Riegle-Neal Act, 12 U.S.C. § 1831(u)(b)(3), are not applicable, because JPMTTC will not have offices in Ohio or Illinois. Accordingly, the federal statutes authorizing this transaction do not provide for consideration of the CRA records of affiliates of the applicants, nor does the CRA itself provide for such consideration.

<sup>2</sup> While not a party to this transaction, Chase Manhattan Bank USA, N.A. received an “Outstanding” CRA rating from the OCC as of March 3, 2003.

<sup>3</sup> The same commenter submitted similar comments to the Federal Reserve Bank of New York in connection with the related financial holding company application and to the Office of Thrift Supervision in connection with the establishment of a federal savings bank.

<sup>4</sup> The OCC has no regulatory or supervisory authority over J.P. Morgan Chase & Company (JPMTTC’s parent holding company), Chase Manhattan Mortgage Corporation (“CMMC”), Chase Manhattan Automotive Finance Corporation (“CMAFC”), or Systems & Services Technologies, Inc. (“SST”). CMMC ceased to be a subsidiary of Chase Manhattan Bank USA, N.A. on March 1, 2002. CMMC, CMAFC, and SST are subsidiaries of JPMorgan Chase Bank, New York, New York (“JPMorgan Chase Bank”), a state-chartered bank.

Company (“JPMC”) and Bank One Corporation (“Bank One”). Detailed below is a summary of those concerns raised by the commenter and the OCC’s related findings, where appropriate.<sup>5</sup>

The commenter expressed concern with Bank One Ohio’s record of lending to minorities in the New Orleans Metropolitan Statistical Area (“MSA”). The commenter cited denial disparity ratios for conventional home purchase mortgages in that MSA using 2002 Home Mortgage Disclosure Act (“HMDA”) data. Bank One responded that the denial disparities for 2002 HMDA data were not representative of Bank One Ohio’s lending record due to the relatively small number of applications received from minorities.<sup>6</sup> Bank One also provided HMDA data for 2001 and the first six months of 2003 for the New Orleans MSA, which indicated that the volume of applications during those time periods from minorities was considerably higher and that the denial rates were much lower. Further, Bank One cited 2002 HMDA data for its largest markets – Chicago, Columbus, and Dallas – indicating that its denial disparity ratios for African Americans and Hispanics were lower than the industry average.

The OCC’s last PE of Bank One Ohio noted no fair lending concerns. Additionally, Bank One’s response to the commenter details its \$12.5 billion partnership with Fannie Mae to increase the availability of affordable mortgages.

The commenter also raised concerns with respect to JPMC’s subprime lending operations.<sup>7</sup> OCC examiners have previously reviewed subprime and non-prime lending practices of Chase Manhattan Bank USA, N.A., and found that adequate controls were in place to address the risk of predatory lending. In addition, the OCC will continue to monitor the subprime lending activities of any JPMC national bank to ensure consistency with the OCC’s issuances.<sup>8</sup>

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<sup>5</sup> The commenter also requested that the OCC extend the public comment period. The OCC determined not to grant an extension of the comment period, because the commenters did not demonstrate that additional time was necessary to develop factual information, and no extenuating circumstances were present. See 12 C.F.R. 5.10(b)(2)(ii), (iii). The commenter argued that a modified application and a new comment period were necessary due to JPMC’s notice to the OCC and the Federal Reserve Board that JPMorgan Chase Bank may ultimately assume a greater percentage of the Bank One Corporate Trust business than initially contemplated. This possible change has no bearing on the CRA issues relevant to this application. Therefore, we declined to extend the comment period on this basis. While the OCC did not extend the public comment period, the OCC considered comments received after the close of the public comment period.

<sup>6</sup> It is important to note that HMDA data alone are not adequate to provide a basis for concluding that a bank is engaged in lending discrimination or in indicating whether its level of lending is sufficient. HMDA data do not take into consideration borrower creditworthiness, housing prices, and other factors relevant in each of the individual markets, nor do they fully reflect the range of a bank’s lending activities or efforts. Nevertheless, denial disparity ratios are of concern to the OCC and are evaluated in fair lending examinations.

<sup>7</sup> Citing 2002 HMDA data, the commenter also criticized CMMC’s record of lending to minorities in several MSAs. As previously noted, however, CMMC is no longer a national bank subsidiary and, therefore, is no longer under the OCC’s supervisory jurisdiction.

<sup>8</sup> See *OCC Bulletin 1999-10*, Subprime Lending Activities (March 5, 1999); *OCC Bulletin 1999-15*, Subprime Lending, Risks and Rewards; *OCC Bulletin 2001-6*, Expanded Guidance for Subprime Lending Programs (Nov. 1, 2001); *OCC Advisory Letter 2002-3*, Guidance on Unfair and Deceptive Acts or Practices (March 22, 2002); and *OCC Advisory Letter 2003-2*, Guidelines for National Banks to Guard Against Predatory and Abusive Lending Practices (Feb. 21, 2003).

In sum, we conclude that the CRA performance records of the relevant institutions are consistent with approval of this application.

Please refer to the Business Combination booklet for the required steps to complete the organization of the interim national banks. The steps to complete the merger are also contained in the Business Combination booklet.

As a reminder, the district office must be advised in writing in advance of the desired effective date for the merger so that the OCC may issue the necessary certification letter. The mergers may be consummated on or after the fifteenth day after the date of this letter and your receipt of any other required regulatory approvals.

If the merger is not consummated within one year from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time period.

The OCC will issue a letter certifying consummation of the transaction when we receive:

- 1) A Secretary's Certificate for each institution, certifying that a majority of the board of directors approved the merger.
- 2) An executed merger agreement with Articles of Association for the resulting bank attached.
- 3) A Secretary's Certificate from each institution, certifying that the shareholder approvals have been obtained.

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 U.S., any agency or entity of the U.S., or any officer or employee of the U.S., 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 agency of the OCC or the U.S.

If you have any questions, please contact Kerry Rice, Licensing Analyst, at 212-790-4055.

Sincerely,

*/s/ Richard Erb*

Richard Erb  
Licensing Manager