



Comptroller of the Currency
Administrator of National Banks

Wholesale

PUBLIC DISCLOSURE

November 4, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**J.P. Morgan Trust Company, N.A.
Charter Number 23470**

**1800 Century Park East
Los Angeles, California 90067**

**Comptroller of the Currency
Large Bank Supervision
250 E Street, SW
Washington, D.C. 20219**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

Institution's CRA rating:

This institution is rated Outstanding.

The conclusions for the three rating criteria are:

- The bank demonstrates a high level of community development lending, community development services, and qualified investment activity.
- The bank's qualified investments, community development loans, and community development services are not innovative or complex.
- The bank demonstrates excellent responsiveness to credit and community development needs in its assessment area (AA).

Scope of the Examination

In evaluating the bank's performance under the Community Reinvestment Act (CRA), we reviewed community development (CD) activities from January 1, 2003 through November 4, 2006. We reviewed the level and nature of qualified investments, community development lending, and community development services. At the bank's request, we also considered qualified investments, community development lending, and community development services provided by its affiliates. These affiliates include JPMorgan Chase Bank N.A. (JPMCB), Chase Home Mortgage (a subsidiary of JPMCB), Chase Community Development Corporation, and The J.P. Morgan Chase Foundation. At the prior examination dated November 4, 2002, we rated the bank's CRA performance Outstanding.

If a bank has adequately addressed the CD needs of its AAs, the OCC considers CD activities the bank submits that benefit areas outside of its AAs in the evaluation of its performance. The bank has adequately addressed the needs of its AAs, and, therefore, qualified investments, community development loans and services made outside these AAs were considered in evaluating the bank's performance.

Allocation of capital, income, receivables

This evaluation rates the overall CRA performance of J.P. Morgan Trust Company, N.A. (JPMTTC), including the bank's performance in the States of Florida and California. The overall rating is based on the CRA performance of the bank in each state and multi-state metropolitan area (as applicable). Based on discussion and information discussed later, more weight was placed on performance in the State of Florida. The ratios in the family of financial measures contained in this public evaluation were derived by allocating bank capital and income to the states and AAs the bank has delineated. The allocation is based on the amount of banking deposits contained in each of the states and AAs. JPMTTC deposits total \$227 million. Of this total, \$23.4 million or 10.3% are attributable to the California AA; \$5.2 million or 2.3% are attributed to the Miami, FL AA and the remaining \$198.4 million or 87.4% are attributable to the Palm Beach, FL AA. Therefore, we allocated 10.3% of income and capital to the California AA, 2.3% to the Miami AA and 87.4% to the Palm Beach AA. It should be noted that during 2003, a

business decision concerning deposit servicing in the Florida market was made. Most of the bank's deposits that had been originated in the Miami AA were administratively reassigned to the Palm Beach office. This reallocation was for administrative purposes in order to better manage the deposit base. We considered this shift in deposits as a performance context issue and the impact that it had on the ratios in the family of financial measures in the Miami and Palm Beach AAs in our evaluation. We note that the Miami AA continues to have the greater credit needs, especially for low- and moderate-income individuals. Therefore, overall conclusions regarding the bank's efforts to help meet the credit needs in Florida were based primarily on the efforts in the Miami AA.

Community development loans, investments and grants are presented in tables 3(a), 4(a), and 5(a) and are summarized as follows:

- Those located inside the AAs are contained in the column titled "Benefits AA".
- Those that benefit not only the AA, but also a broader regional area are also contained in the "Benefits AA" column.
- Those completely located outside of the AA but inside Florida or California and have no potential to benefit the AAs are contained in the "Outside AA" column for each state.
- Those located outside of Florida and California are aggregated and allocated based on the percentage of capital allocated to each state (based on deposits). The resulting dollars are then included in the "Outside AA" column for each state.

Description of Institution

JPMTC is headquartered in Los Angeles, California. It offers custody, trust and private banking services in several states. The bank, which was granted a "Wholesale" designation in February 1998, has branch-banking offices in Los Angeles, California; Miami, Florida and Palm Beach, Florida. JPMTC is the result of a December 2001 internal consolidation of four separate trust banks all owned by JPMorgan Chase & Co. (holding company). The bank, whose assets totaled \$985 million at June 30, 2006, has three basic operating segments:

Private Banking – provides personal trust, investment management, custodial services and banking products to high net worth individuals. Working with other JPMTC affiliates the bank also offers brokerage services.

Corporate Trust Activities – provides trust services to corporations and municipalities within the Eastern, Southeastern and Western regions of the United States. The primary services offered by this segment are trustee, registrar and paying agency services with respect to corporate and municipal debt securities and various types of escrow services for corporate entities.

Institutional Custody Services – the Global Investor Services segment provides custody services to large insurance companies domiciled or doing business in California.

JPMTC does not engage in consumer lending and deposit taking is from high net worth private banking clients. However, lending services can be provided to bank customers through affiliates of the holding company.

The holding company, JPMorgan Chase & Co., is a global financial services institution with total assets exceeding \$1.14 trillion as of June 30, 2006. The Corporation is headquartered in New York City. Principal banking subsidiaries include JPMorgan Chase Bank, N.A., New York and Chase Bank, USA, N.A., Newark, Delaware.

Table 1: Financial Information (000s)

	Year-end 2003	Year-end 2004	Year-end 2005	Most Recent Quarter-end 06/30/2006	Average for Evaluation Period
Tier 1 Capital	101,747	207,096	280,588	318,761	227,048
Total Income	148,831	228,570	226,904	129,786**	183,523
Net Operating Income	19,676	30,357	45,677	15,430**	27,785
Total Assets	988,302	959,873	982,821	984,794	978,948

Source: Consolidated Report of Condition and Income and bank reported data. **Annualized data reported.

State Rating

State of Florida

CRA Rating for Florida: *Outstanding*

The conclusions for the three rating criteria are:

- The bank demonstrates a high level of community development lending, community development services, and/or qualified investment activity.
- The bank's qualified investments, community development loans, and community development services were not innovative or complex.
- The bank demonstrates excellent responsiveness to credit and community development needs in its AA.

Description of Assessment Areas

JPMTC has two AAs in the State of Florida. The AAs are the City of Miami and the Town of Palm Beach. As previously stated above, more weight was given to the bank's performance in the Miami AA since the credit needs for low- and moderate-income individuals is greater in this AA.

Miami Assessment Area

JPMTC's Miami AA consists of the City of Miami. The bank has one branch office in the urban business district. As of June 30, 2006, 2.3% of the bank's deposits are attributed to this branch.

According to the 2000 census, the population of the City of Miami was 362,470. The 2004 census estimate of the population of Miami was 379,724. The HUD adjusted median family income for 2005 was \$46,350. Only 33% of housing units are owner-occupied, and over 29% of Miami households have incomes below the poverty level. The 2005 unemployment rate was 4.7%.

The City of Miami, located entirely in the Miami metropolitan division (MD), represents approximately 20 percent of the MD population and 28 percent of the MD's census tracts. However, a disproportionately large portion of the City is categorized as low- and moderate-income with approximately 60 percent of the MD's low- and moderate-income census tracts being located in the City. Based on the 2000 Census, the City of Miami is considered to be one of the poorest large cities in the United States.

Miami has an extremely diverse economy. Major industries include trade with Latin America, construction, tourism and services. The proximity of the Caribbean, Central America and South America coupled with a superior seaport and large airport has made Miami a global trading center. There are no perceived barriers to lending or investing in Miami. Lending and

investment needs center on affordable housing, including the need for low-income housing tax credit projects. Financing for small businesses is also a need. Service needs include health and human services, childcare, shelter and economic development. Competition for community development qualified loans and investments in Miami, as well as the entire Miami-Dade MSA, are strong. There are numerous community and regional bank offices as well as offices of large banks and other financial institutions such as credit unions and brokerage firms. The large banks, along with national mortgage companies, are the main home lenders in Miami. These same large banks compete for qualified community development loans and investments.

There are difficulties in meeting the affordable housing needs in the AA. Rising land and construction costs have resulted in housing prices beyond the reach of many low- and moderate-income residents. Data from the National Association of Realtors (NAR) discloses that median housing prices in the Miami-Fort Lauderdale-Miami Beach MSA have increased from \$232,000 in 2003 to \$377,000 in 2006.

There are a wide range of opportunities for community development lending, investments, and services throughout the Miami MD, though there is significant competition for the qualified investments that are available. Community development opportunities include working with and providing financing to the numerous organizations whose mission is to provide affordable housing and/or community services for low- and moderate-income persons, as well as organizations with a mission of economic development. There is a federally designated Enterprise Zone that targets economic development with the goal of stimulating and retaining jobs. There are 20 areas designated as Targeted Urban Areas (TAU) that are the focus for the Urban Economic Revitalization Plan for Miami-Dade County. Types of community development investments available in the MD include, but are not limited to, tax credits for affordable housing, and participation in numerous local Community Development Corporations (CDCs) and Community Development Financial Institutions (CDFIs).

Table 2a: Miami Assessment Area Description

	Number	Low	Moderate	Middle	Upper
Tracts	80	29%	41%	21%	9%
Families	95,323	37%*	20%*	17%*	26%*
Businesses	64,922	19%**	29%**	34%**	18%**

*Source: Demographic Data – 2000 U.S. Census, Dun & Bradstreet Data. *Represents families by income level. **Represents businesses by income level of census tract.*

Palm Beach, FL Assessment Area

JPMTC’s Palm Beach AA consists of the Town of Palm Beach. The bank has one branch office in the downtown business district. As of June 30, 2006, 87.4% of the bank’s deposits are attributed to this branch. The bank has a limited presence in Palm Beach with only about 40 employees working in the town. According to the 2000 census, the population of Palm Beach is 10,500.

The local economy is healthy, but unemployment has been increasing over the last few years.

The Town of Palm Beach and the surrounding Palm Beach County continues to experience economic and population growth. The local economy is focused on supporting the large number of retirees residing there. The primary business types are retail, real estate, healthcare and financial services, and these are predominantly small businesses. Numerous financial providers, ranging from small banks to branches of large banks are in the area. Credit needs center on affordable housing and financing for the small businesses in the area.

Housing prices in Palm Beach County are so high that an estimated 90 percent of the workforce can't afford to buy the median-priced home. In Palm Beach, home prices have escalated much faster than wages. Currently, there is over a \$200,000 difference between what homes in Palm Beach County cost and what the typical household can afford to pay. The median household income for Palm Beach County is \$52,825. The low wages are due to the nature of the county's employment with 87 percent of all jobs being in the relatively low-paying service sector. The median price of a single-family home for the first quarter of 2006 was \$392,900, which would require an income of at least \$130,000 according to the Florida Association of Realtors.

Palm Beach County's housing affordability crisis has been intensified by three major developments: a growing shortage of affordable homes; an increasing home value-to-income ratio that has risen to seven times the typical worker's pay; and "an incessant development pattern" that has produced a mismatch in the price of homes built and the housing demands of the workforce.

The shortage of affordable homes, in turn, has been accelerated by the condo conversion craze that has removed 13,000 rental units from the housing stock. The for-sale units cost more pricing renters out of the Palm Beach County market. Rental rates have risen 52 percent in the past five years. The median rent in Palm Beach County is \$1,100 a month, and is even higher in some communities such as Palm Beach Gardens (\$1,700), Delray Beach (\$1,622) and West Palm Beach and Boca Raton (\$1,600). The Housing Leadership Council of Palm Beach is researching proposed solutions to the affordability crisis. Members hope to partner with government and private industry to implement solutions.

Table 2b: Town of Palm Beach Assessment Area Description

	Number	Low	Moderate	Middle	Upper
Tracts	4	0	0	0	100%
Families	3,178	7%*	9%*	11%*	73%*
Businesses	3,530	0%**	0%**	0%**	100%**

*Source: Demographic Data – 2000 U.S. Census, Dun & Bradstreet Data. *Represents families by income level. **Represents businesses by income level of census tract.*

As part of this examination, we reviewed recent community contacts performed in the Miami and Palm Beach areas. The purpose of this review was to determine the level of opportunities for CD lending and investments in the Miami and Palm Beach AAs. These contacts involved organizations dedicated to helping provide affordable housing and loans to micro-businesses. Opportunities for CD Lending and Investments are present in both AAs, but are more limited in the Town of Palm Beach due to the small size of the AA and the high income levels of the population. Limited opportunities in Palm Beach were considered a mitigating factor in

determining performance in the Palm Beach AA. The overriding credit need in both AAs continues to be affordable housing. As such, the bank has been active in providing investments that help support the development of affordable housing. In addition, the bank has supported homebuyer education programs.

Conclusions About Performance

Summary

JPMTC continues to have a high level of qualified investments, community development loans, and services in the State of Florida. The Bank has made a significant investment in helping to meet community credit needs. Qualified investments and community development lending, which total \$73 million (within the State of Florida), are extremely high as a percentage of the bank's allocated capital and income. An additional \$56 million in community development lending done in low- and moderate-income areas outside the State of Florida were also considered in our assessment. These levels are commensurate with the bank's financial capacity and take full advantage of the investment and lending opportunities within the State.

- For the Miami AA, the level of qualified investments and CD lending and services is adequate.
- For the Palm Beach AA, the level of qualified investments and CD services is good, with the level of CD lending adequate.

JPMTC's level of qualified investments, community development loans and services in the State of Florida shows excellent responsiveness to the credit needs within its AAs. Efforts have resulted in a significant contribution to the creation of affordable housing and community/economic development both within the bank's AAs and throughout the State of Florida and other areas around the country. Community development grants and services are targeted to organizations that promote affordable housing, community service, economic development, small business development and financial counseling.

Qualified Investments

The bank originated a high level of qualified investments in Florida during the evaluation period. This includes a high level of investments in the Miami AA and an adequate level in the Palm Beach AA. Overall grant activity in both AAs is adequate.

Since the bank has adequately addressed the needs within the AAs, credit was given for qualified investments, and community development projects/programs that benefit areas outside of the broader regional area that the bank serves.

The following table highlights the level of qualified investments.

Florida
Table 3a: Qualified Investment Activity (000s)

	Benefits Miami AA**	Benefits Palm Beach AA**	Outside AA***	Totals
Originated Investments	\$31,716	\$1,536	\$13,313	\$46,565
Originated Grants	\$321	\$229	\$112	\$662
Prior-Period Investments that Remain Outstanding	\$193	\$7,219	\$0	\$7,412
Total Qualified Investments	\$32,230	\$8,984	\$13,425	\$54,639
Unfunded Commitments*	\$0	\$0	\$0	\$0

* “Unfunded Commitments” means legally binding investment commitments that are tracked and recorded by the bank’s financial reporting system.

** Included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA and benefit the AA or have the potential to benefit the AA.

*** Investments included in the Outside AA column have no potential benefit to the AA. Calculations reflect capital, income, and receivables, if applicable, allocated by location of deposits as reported by the bank in its annual Summary of Deposits report, available at www.fdic.gov

Table 4a: Qualified Investment Percentages

	Benefits Miami AA (%)*	Benefits Palm Beach AA (%)*	Outside AA (%)**
Total Investments/Average Tier 1 Capital	617.2%	4.5%	6.6%
Total Investments/Average Total Income	763.6%	5.6%	8.2%

* Investments included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA and benefit the AA or have the potential to benefit the AA.

** Investments included in the Outside AA column have no potential benefit to the AA. Calculations reflect capital, income, and receivables, if applicable, allocated by location of deposits as reported by the bank in its annual Summary of Deposits report, available at www.fdic.gov.

Most of the investments listed are housing related and resulted in the construction or rehabilitation of affordable housing. Tax credits represent \$36 million of the total qualified investments and \$27 million of the tax credits directly benefit the bank’s AAs. All of the tax credits were used for projects located within the State of Florida.

Grants are centered in community service, affordable housing, and economic development. Examples include:

JPMTTC provided a \$15,000 grant to Family Central, Inc. (FCI), which was responsive to childcare needs in several Miami low- or moderate-income communities. FCI works as a child care intermediary in Miami-Dade County. FCI subcontracts with more than 170 child care centers that provide services to children receiving subsidies. FCI assesses its contracted sites to determine program quality, administers learning and developmental assessments for children cared for by its subcontractors, facilitates accreditation of child care providers, offers parenting education and support, and leads an annual conference on child care and early education.

The bank provided a \$5,000 grant to Kids In Distress (KID). KID provides a full continuum of

care including prevention, therapeutic and residential services. They are currently in the final stages of a three-year construction plan to design and build schools, offices and shelters necessary for the expanded programs and clients served by their programs. Within each of these services, programs offer different levels of treatment aimed at repairing the physical and emotional damages of abuse and neglect. Kids In Distress is regularly monitored by the Department of Children and Families, Broward County, the Children’s Services Council, the United Way, and VOCA (Victims of Crime Act).

The bank provided a \$10,000 grant to ACCION International. The mission of ACCION International is to give people the tools they need to work their way out of poverty. By providing "micro" loans and business training to poor women and men who start their own businesses, ACCION's partner lending organizations help people work their own way up the economic ladder, with dignity and pride. With capital, people can grow their own businesses. They can earn enough to afford basics like running water, better food and schooling for their children. ACCION relies completely on local contributors to offset the operational and development costs of our lending programs. JPMCB was one of the first to support developing an ACCION program in Miami and is a long-standing supporter and partner of ACCION International and the ACCION USA Network.

Community Development Lending

During the evaluation period, the bank originated a high level of community development loans in the Miami AA at \$17 million and an adequate level in the Palm Beach AA at \$1.5 million. Consideration was given to the very limited opportunities for CD lending in the Palm Beach AA in our analysis. The bank adequately addressed the needs in the AA; therefore, consideration was given to activities outside the AA. The bank originated \$81.5 million of CD loans outside of its AA, \$25.5 million of these loans were made within the State of Florida with no potential to benefit the AA, and \$56 million were outside of the state.

Table 5a: Community Development Lending Percentages

	Benefits Miami AA (%)*	Benefits Palm Beach AA (%)*	Outside AA (%)**
Total CD Lending/Average Tier 1 Capital	321.8%	.8%	40.0%
Total CD Lending/Average Total Income	398.1%	.9%	49.5%

* Community development loans included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA and benefit the AA or have the potential to benefit the AA.

** Community development loans included in the Outside AA column have no potential benefit to the AA. Calculations reflect capital, income, and receivables, if applicable, allocated by location of deposits as reported by the bank in its annual Summary of Deposits report, available at www.fdic.gov.

The most significant community development loan is highlighted as follows:

In March 2004, JPMCB provided an \$8.6 million term loan to an organization that provides affordable housing. The project is a 234-unit apartment complex located in North Miami, Florida. The complex was built in 1972 and consists of 13, three-story buildings. The unit mix includes 126 one-bedroom, 90 two-bedroom and 18 three-bedroom apartments. The loan

proceeds were used to acquire the property. The average monthly rent is \$657, which is approximately 22% of the median family income for the MSA.

Community Development Services

The bank provides a high level of community development services in both AAs in Florida. During the evaluation period, officers and employees shared their financial and technical expertise with twelve organizations/programs in Miami and nine in Palm Beach. This participation involved eighteen different officers and employees that serve on Loan or Investment committees or as board members. Each of the organizations listed below focus on community service, small business lending or affordable housing.

The following are examples of these services:

Miami Assessment Area

The mission of ACCION International is to give people the tools they need to work their way out of poverty. This is done by providing "micro" loans and business training to low- and moderate-income individuals that start their own businesses.

Centro Campesino Farmworker Center, Inc. is a non-profit South Florida rural development organization dedicated to improving the quality of life and self-sufficiency of seasonal farm workers, their children and other low-income families of all backgrounds. As a nonprofit community development organization, Centro Campesino's main focus is on providing opportunities for homeownership, family strengthening, education, community building, and advocacy.

Amigos Together For Kids (DBA: Amigos For Kids) is a 501(C)3 non-profit corporation founded in 1991 to respond to the diverse needs of South Florida's abused, abandoned, neglected and less-fortunate children. Amigos creates awareness for its cause through public service campaigns and high-profile fundraising events. Throughout its 15-year history, Amigos has come to the aid of South Florida's most valuable natural resource - its children - in a variety of ways. As part of its mission, Amigos offers numerous programs for these children in the inner-city across South Florida.

Palm Beach Assessment Area

Community Financing Consortium, Inc. (CFC) (West Palm Beach) is a 501(c) (3) multi-bank consortium. The CFC was formed to provide below-market financing for the construction of affordable rental housing and mortgages in Palm Beach, Broward, Martin and St. Lucie Counties.

Palm Beach County Local Initiatives Support Corporation (LISC) provides lending, technical support and capacity building for CDCs in Palm Beach County.

The Rehabilitation Center for Children and Adults, Inc. is a private, not-for-profit organization whose purpose is to improve low- and moderate-income people's physical function, communication and independence.

State Rating

State of California

CRA Rating for California: *Outstanding*

The conclusions for the three rating criteria are:

- The bank demonstrates a high level of community development lending, community development services, and qualified investment activity.
- The bank's qualified investments, community development loans, and community development services were not innovative or complex.
- The bank demonstrates excellent responsiveness to credit and community development needs in its AA.

Description of Assessment Area(s)

Los Angeles-Long Beach-Glendale, CA MSA

JPMTC's California AA consists entirely of Los Angeles County, and is JPMTC's lone AA in the state of California. The bank has one branch office in this AA, and, as of June 30, 2006, 10.3% of the bank's deposits are attributed to this branch.

Los Angeles County is a complex and highly diverse urban area that encompasses 88 cities and a number of unincorporated areas. It is the nation's largest county in size covering 4,752 square miles. As of 2004, the county's population was larger than the populations of 42 states and is home to over a quarter of all California residents. In addition, if the county were a nation, it would be the 17th largest economy in the world. According to the U.S. Census Bureau, Los Angeles County had an estimated population of 9.7 million residents in 2005. The City of Los Angeles is the largest city in the AA with an estimated population of 3.8 million.

The area economy has largely recovered from structural changes, major natural disasters, and civil disturbances over the last few decades. However, Los Angeles County continues to exceed the unemployment rates of the state and the nation. According to the Bureau of Labor Statistics, the seasonally adjusted unemployment rate for Los Angeles County was 6.6 percent in 2005 compared to 6.4 percent for California and 5.4 percent for the nation.

Housing affordability remains an ongoing and worsening problem throughout the State of California, including the Los Angeles area. The 2000 U.S. Census data reflects a median housing price of \$240,248 in Los Angeles County with just 46 percent of the housing units owner-occupied. The California Association of Realtors Housing Affordability Index (HAI) measures the percentage of households that can afford to purchase a median-priced home by qualifying for a 30-year fixed-rate mortgage. As of November 2005, the HAI indicated that only 11 percent of the households in Los Angeles could afford a median-priced home, compared to 14

percent for the State as a whole and 48 percent nationally.

The affordability gap between the state and local HAI versus the national average stems mainly from the ongoing shortfall in the production of housing. Each year, California adds approximately 250,000 new households, but only produces about 150,000 new housing units. This ongoing production shortfall puts pressure on market prices and will continue to contribute to the affordability gap.

Table 2: Los Angeles Assessment Area Description

	Number	Low	Moderate	Middle	Upper
Tracts	2,054	9%	28%	28%	35%
Families	2,154,311	24%*	16%*	17%*	43%*
Businesses	769,909	8%**	21%**	26%**	45%**

*Source: Demographic Data – 2000 U.S. Census, Dun & Bradstreet Data. *Represents families by income level. **Represents businesses by income level of census tract. 16 Census Tracts are not income categorized”*

There are numerous opportunities for community development lending, investments, and services within Los Angeles County. Community organizations identify affordable housing and small business lending as significant needs in the AA. The overriding credit need in the AA continues to be affordable housing. As such, the bank has been active in making investments that support the development of affordable housing. In addition, the bank has supported homebuyer education programs. We have concluded that the bank has adequately addressed the needs of its’ AA. Therefore, we considered loans and investments that were made outside the AA in the bank’s overall performance.

Conclusions About Performance

Summary

- JPMTC has a high level of qualified investments, community development loans and community development services in California. The levels noted are commensurate with the bank’s financial capacity and take full advantage of investment and lending opportunities in the AA. Total qualified investments and community development loans in the State total \$615.9 million, and this amount is high in relation to the bank’s capital and income.
- The bank’s qualified investments, community development loans and services exhibited excellent responsiveness to the credit and economic needs within its AA. These efforts, including the grants program, have resulted in significant contributions to the creation of affordable housing, economic and community development. Efforts have been concentrated within the bank’s AA, but also include low- and moderate-income areas within the State of California and other areas around the country. Community development services are provided to a host of organizations involved in housing creation and rehabilitation, neighborhood revitalization, home ownership counseling, job training and small business development.

Qualified Investments

During the evaluation period, the bank originated a high level of qualified investments within its AA and additional investments outside of the AA.

JPMTTC originated \$214.6 million in investments which directly benefited the bank’s AA and broader regional areas. In addition, another \$19.3 million in investments were originated that benefited low- and moderate-income areas outside the State. Further, \$1.8 million in grants were originated to eligible organizations. Finally, \$69.6 million of investments that benefit the assessment area and \$85.1 million outside of the assessment area remain from prior period investments. The following tables exhibit the level and percentage of qualified investments:

California
Table 3a: Qualified Investment Activity (000s)

	Benefits Los Angeles AA **	Outside AA ***	Totals
Originated Investments	\$214,632	\$19,346	\$233,978
Originated Grants	\$1,769	\$1,452	\$3,221
Prior-Period Investments that Remain Outstanding	\$69,669	\$85,090	\$154,759
Total Qualified Investments	\$286,070	\$105,888	\$391,958
Unfunded Commitments*	\$0	\$0	\$0

* “Unfunded Commitments” means legally binding investment commitments that are tracked and recorded by the bank’s financial reporting system.

** Included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA and benefit the AA or have the potential to benefit the AA.

*** Investments included in the Outside AA column have no potential benefit to the AA. Investments included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA and benefit the AA or have the potential to benefit the AA.

Table 4a: Qualified Investment Percentages

	Benefits Los Angeles AA (%)*	Outside AA (%)**
Total Investments/Average Tier 1 Capital	1,223.3%	452.8%
Total Investments/Average Total Income	1,513.4%	560.2%

* Investments included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA and benefit the AA or have the potential to benefit the AA.

** Investments included in the Outside AA column have no potential benefit to the AA. Calculations reflect capital, income, and receivables, if applicable, allocated by location of deposits as reported by the bank in its annual Summary of Deposits report, available at www.fdic.gov.

The following investments are highlighted:

During the evaluation period, JPMTTC purchased over \$138 million in bonds issued by the California Housing Finance Agency. For over 30 years, California Housing Finance Agency (CalHFA) has supported the needs of renters and first-time homebuyers by providing financing and programs that create affordable housing opportunities for individuals within specified income ranges. Established in 1975, CalHFA was chartered as the State’s affordable housing bank to make below market-rate loans through the sale of tax-exempt bonds.

JPMTC provided a \$40,000 grant to The Weingart Access Center, which was responsive to the needs of the homeless in Los Angeles. Opened in 1996, The Weingart Access Center is a one-stop, walk-in center that acts as the last line of defense against homelessness. In partnership with over 25 other human service agencies, the Access Center operates as the primary service coordination site for the downtown community, providing services to approximately 100 households daily. The center offers an array of programs and services that encompass referrals of all kinds including legal, medical, emergency housing, psychological and job related issues.

The bank invested over \$200 million in low- income housing tax credits which benefited the AA and broader regional areas within the State.

Community Development Lending

The level of community development lending in the Los Angeles AA is high. During the evaluation period, JPMTC and its affiliates originated over \$145 million in community development loans within its AA, another \$79 million in broader regional areas within the state of California, and \$6 million in low- and moderate-income areas outside of the state. The following table illustrates the percentages for total dollars of community development loans.

Table 5a: Community Development Lending Percentages

	Benefits Los Angeles AA (%)*	Outside AA (%)**
Total CD Lending/Average Tier 1 Capital	621.9%	367.0%
Total CD Lending/Average Total Income	769.4%	454.1%

* Community development loans included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA and benefit the AA or have the potential to benefit the AA.

**Community development loans included in the Outside AA column have no potential benefit to the AA. Calculations reflect capital, income, and receivables, if applicable, allocated by location of deposits as reported by the bank in its annual Summary of Deposits report, available at www.fdic.gov.

Examples of community development lending are as follows:

The Community Redevelopment Agency (CRA/LA) of the City of Los Angeles is a public agency established to attract private investment into economically depressed communities throughout Los Angeles. The Wilshire Center/Koreatown Recovery Redevelopment Project Area, one of CRA/LA's redevelopment areas, is situated roughly one and one-half miles west of downtown Los Angeles and encompasses 1,207 acres. This Redevelopment Project Area sets forth an array of goals promoting business retention and expansion, attracting new businesses and developing public improvements. To assist in the redevelopment of the Wilshire Center/Koreatown Recovery Redevelopment Project Area, in January 2006, Chase purchased a \$25 million share of an \$85 million, 24-month non-revolving construction line of credit. The project will finance the redevelopment of a 22-story office building and adjacent 564 space parking garage known as 3800 Wilshire Blvd. The office building will be converted into 238 residential condos and 23,045 square feet of retail space. Around 70 self-storage units will also be on-site.

In April 2006, Chase provided a \$8.5 million syndicated interest in a three-year \$50 million revolving credit facility to a private, nonprofit corporation working as a financial intermediary for affordable housing developers in greater metropolitan Los Angeles. The organization provides quality, affordable housing for low-and moderate income families. Efforts by the organization have resulted in creating more than 12,000 affordable homes for more than 15,000 families. The nonprofit also operates a social services program, in conjunction with its financing, which includes job-training, transitional housing for veterans and the homeless, quality housing and wellness programs for seniors, after school tutoring for at-risk youth, and child development centers.

Community Development Services

The level of community development lending in the Los Angeles AA is high. JPMTC officers and employees provided financial services to 29 organizations and programs during the evaluation period. There were 24 different individuals involved in providing these services. Through their involvement on boards and committees, personnel have been very responsive to the credit and development needs. Services include affordable housing, small business assistance, and counseling services for low- and moderate-income individuals.

The following are examples of community development services provided during the evaluation period:

A JPMTC community lending officer provided several homebuyer seminars in coordination with the Los Angeles Teachers Mortgage Assistance Program (LATMAP) reaching over 60 low- or moderate-income individuals. The organization helps low-income families overcome barriers to homeownership by providing resources, advocating and educating families about the homeownership process and opportunities in Los Angeles. The seminar was provided for the Los Angeles Teachers Mortgage Assistance Program which is an informational resource for Los Angeles Unified School District employees interested in homeownership. LATMAP assists current and new teachers and qualified district personnel to take advantage of the various special home mortgage programs currently available.

JPMTC community lending officers provided multiple homebuyer seminars in coordination with New Economics for Women (NEW) reaching nearly 100 low- or moderate-income individuals. New Economics for Women is an economic development organization committed to improving the lives of low-income families. Founded in 1985, NEW is based on the principle that a holistic approach to economic development can promote self-sufficiency and eliminate poverty. NEW is nationally renowned for its innovative affordable housing developments such as Casa Loma and La Posada offering on-site child care, a youth center, case management, an on-site learning center, ESL classes, literacy programs, computer education, and other programs and workshops on an as-needed basis.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate – Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Assessment Area (AA) – A geographic area that consists generally of one or more MAs (using the MA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns, in which the bank has its main office, branches, and deposit-taking ATMs.

Benefit to Assessment Area – A qualified Community Development activity benefits the assessment area if (i) the activity benefits areas within the assessment area, or (ii) the activity benefits a broader statewide or regional area that includes the bank's assessment area. If a bank has adequately addressed the needs of its assessment area, then the OCC also considers activities submitted by the bank that benefit areas outside of its assessment area.

Census Tract (CT) – Small, locally defined statistical areas within Metropolitan Areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per 10-year census and an average population of 4,000.

Community Development (CD) – Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA) – The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Geography – A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Median Family Income (MFI) – The median income determined by the United States Census Bureau every 10 years and used to determine the income level category of geographies. Also, it is the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of families. For any given

geography, the median is the point at which half of the families have income above it and half below it. (See the four categories of median income below.)

- **Low-Income** – An income level that is less than 50% of the MFI.
- **Moderate-Income** – An income level that is at least 50% and less than 80% of the MFI.
- **Middle-Income** – An income level that is at least 80% and less than 120% of the MFI.
- **Upper-Income** – An income level that is 120% or more of the MFI.

Metropolitan Area (MA) – refers to an MSA or a metropolitan division.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

Net Operating Income – As listed in the Consolidated Report of Condition and Income: Income before income taxes and extraordinary items and other adjustments.

Qualified Investment - A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Tier 1 Capital – The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Total Assets – Total bank assets as listed in the Consolidated Report of Condition and Income.

Total Income – From the Consolidated Report of Condition and Income – Total Interest income plus Total Noninterest income.

Wholesale Institution – An institution that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers and for which a designation as a wholesale bank is in effect.