

## Public Disclosure

March 3, 2003

# Community Reinvestment Act Performance Evaluation

Chase Manhattan Bank USA, N.A.  
Charter Number: 23160

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Newark, DE 19711

Office of the Comptroller of the Currency

Large Bank Supervision  
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Washington, DC 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, and should not 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.

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## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated “**Outstanding**”.

The following table indicates the performance level of **Chase Manhattan Bank USA, N.A** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Chase Manhattan Bank USA, N.A Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	<b>X</b>	<b>X</b>	<b>X</b>
High Satisfactory			
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Good assessment area lending activity despite the Bank’s strategic focus as a nationwide lender and the lack of retail branches.
- Excellent borrower distribution of home mortgage loans, and a good geographic distribution of home mortgage loans.
- Community development lending and flexible loan programs had an overall positive impact on the lending test.
- Excellent responsiveness to the credit and community development needs of its assessment area through high levels of qualified investments and grants, often in a leadership position.
- A leadership position in providing community development services, through active participation in community organizations and many innovative programs.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. 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 the same company directly or indirectly controls both companies. A Bank subsidiary is controlled by the Bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental 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.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also

include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home Mortgage Loans:** such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

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

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

Chase Manhattan Bank USA, N.A. ("Chase USA" or "Bank") is a \$32 billion intrastate Bank headquartered in Newark, Delaware. Tier 1 capital totals \$3.9 billion and managed assets exceed \$63 billion. Chase USA does not operate any branch locations and is a nationwide lender. The Bank is a wholly owned subsidiary of J. P. Morgan Chase and Co. (JPMC) which is headquartered in New York City. JPMC is a global financial services institution with December 31, 2002 assets exceeding \$742 billion. JPMC's other principal banking subsidiary is JP Morgan Chase Bank, New York. At the bank's request, we considered the activities of several affiliates. They include: JP Morgan Chase Bank, Chase Manhattan Mortgage Corporation, JPMorgan Chase Community Development Corporation, Chase Community Development Corporation, and JPMorgan Mortgage Capital (formerly Chase Mortgage Backed Securities).

The Bank offers a variety of consumer products such as credit cards, unsecured lines of credit, residential mortgages, auto loans, manufactured housing loans and home equity loans and lines of credit. The table below details the loan product mix as of December 31, 2002.

<b>PRODUCT</b>	<b>\$ (000)</b>	<b>% OF TOTAL LOANS</b>
Credit Cards	19,658,000	64
Home Equity Loans and Lines	6,558,000	21
Auto Loans	2,506,000	8
Other	819,000	3
Advantage Credit	494,000	2
Manufactured Housing Loans	383,000	1
Residential Mortgage Lending	298,000	1
<b>Total</b>	<b>30,716,000</b>	<b>100</b>

The Bank focuses on nationwide retail lending. Chase USA is the fifth largest credit card issuer in the country. Credit cards and other unsecured open end products are issued by Chase USA and its operating subsidiaries.

Chase Manhattan Mortgage Corporation ("CMMC"), located in Edison, New Jersey, was an operating subsidiary of Chase USA until March 1, 2002. CMMC originates residential mortgage loans, home equity loans and lines and manufactured housing loans. On March 1, 2002, CMMC became a subsidiary of JP Morgan Chase Bank. However, the real estate related products listed on the above charts are still booked in Chase USA.

For most of the assessment period Chase USA solicited deposits on a nationwide basis through its National Deposit Gathering ("NDG") group. Since deposits were solicited nationwide, a majority of the deposits were from outside of the New Castle County assessment area ("NCC AA"). In February 2001, Chase USA sold its NDG business. The Bank determined it could be funded more efficiently through its treasury desk and that nationwide deposit taking was not essential to its business strategy. The deposits that remain in the Bank are from the JP Morgan Chase Bank money desk and some deposits of Private Banking customers of the lead bank.

With the passage of the Gramm-Leach-Bliley Act, Chase USA was no longer required to maintain a branch in a town of less than 5,000 persons. On July 3, 2001, Chase USA closed its one branch, located in Bellefonte, Delaware. In addition, the main office facility that was used for employee banking was closed and the main office of the Bank was relocated to Newark, Delaware.

There are no impediments, legal or otherwise, which would hinder the Bank's ability to help meet the credit needs of its AA.

Chase USA's last CRA evaluation was dated May 17, 1999. The Bank received an "Outstanding" rating.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

Chase USA's HMDA mortgage lending and reportable CRA loans were evaluated for the period January 1, 1999 through December 31, 2002. This timeframe is based upon the dates of the previous performance evaluation. Chase USA has not originated any small farm loans in any of its AA and therefore these loans were not analyzed. Small farm lending is not a primary business line of the bank. Also, Chase USA made only 6 home improvement loans during the evaluation period. The Bank is a large home equity loan and line lender. Many loans that may have been for home improvement were made through the two home equity products, which the Bank chooses not to report under the Home Mortgage Disclosure Act. Therefore, due to the low number of home improvement loans, we did not analyze this product during this review.

Community development loans and qualified investments originated by Chase USA and its affiliates during the period of May 17, 1999 to March 3, 2003 were considered. All qualified investments originated in prior periods still outstanding at March 3, 2003 were considered. Our conclusions related to community development loans and qualified investments were based on the number and dollar amounts made during the evaluation period. In addition, we considered the level of innovation, complexity, responsiveness to community credit needs and the degree to which these instruments are not routinely provided by private investors.

### Data Integrity

We conducted a data integrity review in February 2002. During this review we sampled HMDA reportable and community development loans to ensure that the information we would be evaluating during this examination was accurate.

### Selection of Area for Full-Scope Review

Chase USA has only one assessment area, consisting of New Castle County (NCC) in Delaware, which received a full scope review.

### Ratings

The bank's overall rating is based primarily on the area that received a full-scope review. More weight was placed on HMDA data in the analysis, and on home purchase lending within the HMDA products. This is due to the fact that HMDA lending represents 87% of the bank's originations. Home purchase loans represent 62% of HMDA lending. Thirteen percent of the loans are small loans to businesses. The bank does not collect income on these loans therefore we did not conduct an analysis of business loans by income. Community development loans had a positive impact on the lending test rating.

### Other

Refer to the profile section in Appendix B for community contact information.

## **Fair Lending Review**

An analysis of the most recent public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Area Receiving Full-Scope Review

The bank's performance under the lending test is rated "Outstanding". Based on the full-scope review, the bank's performance in the NCC AA is excellent.

#### Lending Activity

Refer to Table 1-Lending Volume in Appendix C for the facts and data used to evaluate the bank's lending activity.

Chase USA's lending activity is good, given the bank's strategic focus, lack of retail branches, and competition in the AA. Due to the low volume (6 loans) of home improvement loans, we did not perform an analysis of this type of lending. The majority of home improvement loans are made through the Bank's home equity products, which it opts not to report under the Home Mortgage Disclosure Act.

In NCC, mortgage loans represented 87% of the loans originated by the Bank during the evaluation period, with small loans to businesses comprising the majority of the remainder.

Among the volume of home mortgage loan originations in NCC, 62% were for home purchase and 38% were for home refinance. There were no multifamily loans made during the evaluation period. Home improvement lending accounted for less than 1% of home mortgage loans. Additionally, during the evaluation period Chase USA's annual volume of home mortgage loan originations in the AA has nearly doubled. In 1999, Chase USA originated 1,344 loans for \$159 million compared to 2,573 loans for \$377 million in 2002.

In NCC, Chase USA ranked 2<sup>nd</sup> in deposit market share with 16% of the deposits. A locally headquartered national Bank ranked first with 38% of the deposits. However, as noted earlier, almost all of Chase USA's deposits are obtained through two sources, the New York money desk and Private Banking clients of JP Morgan Chase Bank. They are therefore derived from outside of the NCC AA. The Bank ranked 2<sup>nd</sup> with a 7.1% market share in overall home mortgage lending based on 2001 HMDA aggregate data. There are 360 reporting mortgage lenders in the AA.

In home purchase lending, Chase USA ranked 2<sup>nd</sup> with a 9.7% market share based on this same aggregate data. Again, competition is high with 267 lenders originating home purchase loans.

In home refinance lending, the Bank ranked 4<sup>th</sup> with a 6.2% market share. The top three lenders had a combined market share of 21.7% and individually ranged from 6.4% to 8.7%. There are 283 lenders that originated home refinancing loans in the AA.

Based on 2001 CRA aggregate data for small business lending, Chase USA ranked 14<sup>th</sup> of 113 reporting lenders with a market share of 1.52%. The top three lenders are nationwide credit card issuers that have a combined market share of 36.4% individually ranging from 10.4% to 13.5%.

## **Distribution of Loans by Income Level of the Geography**

### ***Home Mortgage Loans***

Refer to Tables 2, 3 and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. As noted earlier, the low volume of home improvement loans does not provide for a meaningful analysis of geographic distribution.

Chase USA's geographic distribution of home mortgage loans is good given the demographics of and competition in the AA. Within the NCC AA, less than 2% (1,969 units) of the owner-occupied housing units are in low-income geographies. In moderate-income geographies, 14% of the owner-occupied housing units are located here. As noted earlier, Chase USA competes with several hundred Bank and non-bank lenders within the AA.

The Bank's home purchase loan geographic distribution is good. The percentage of lending in moderate-income geographies slightly exceeds the percentage of owner-occupied housing in these geographies. In low-income geographies, the percentage of lending is below the percentage of owner-occupied housing in these geographies. The market share in moderate-income geographies substantially meets the Bank's overall market share. The market share in low-income geographies is below the Bank's overall market share.

The Bank's home refinance loan geographic distribution is adequate. The percentage of lending in low-income geographies is near to the percentage of owner-occupied housing in these geographies. In moderate-income geographies, the percentage of lending was below the percentage of owner-occupied housing in these geographies. The Bank's market share in low-income geographies exceeds its overall market share. In moderate-income geographies, the Bank's market share is below its overall market share.

### ***Small Loans to Businesses***

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is adequate. The percentage of loans in low-income census tracts is below the percentage of businesses in these geographies. In moderate-income geographies, the percentage is only slightly below the percentage of businesses in these geographies. The Bank's market share in both low- and moderate-income geographies substantially meets its overall market share.

## **Lending Gap Analysis**

Maps detailing Chase USA's lending activity during the evaluation period for home mortgage loans and small loans to businesses were reviewed to identify gaps in the geographic distribution of those loans. No unexplained conspicuous gaps were identified.

### ***Inside/Outside Ratio***

This portion of the evaluation was performed at the Bank level. Additionally, the information includes Bank originations and purchases only and not extensions of credit by affiliates that are being considered under the other performance criteria.

During the evaluation period, Chase USA originated a low volume of its loans within the NCC AA. The Bank originated less than 1% of its HMDA loans and small loans to businesses in the NCC AA. The low percentage reflects the Bank's status and strategic focus as a nationwide lender and lack of retail branches in NCC.

## **Distribution of Loans by Income Level of the Borrower**

Overall distribution of loans by income level of the borrower is excellent.

### ***Home Mortgage Loans***

Refer to Tables 8, 9 and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. As noted earlier, the low volume of home improvement lending does not provide for a meaningful analysis of borrower distribution.

Chase USA's distribution of loans by borrower income level is excellent in the AA.

The percentage of Chase USA's home purchase lending to low-income borrowers significantly exceeds the percentage of low-income families. Similarly, the percentage of home purchase lending to moderate-income borrowers significantly exceeds the percentage of moderate-income families. The Bank's market share for lending to low- and moderate-income borrowers exceeded its overall market share. In both 2000 and 2001 Chase USA was the number two home purchase lender to low-income families and the number one home purchase lender to moderate-income borrowers.

The percentage of Chase USA's home refinance lending to low-income borrowers significantly exceeded the percentage of low-income families in the AA. The percentage of lending to moderate-income families was below the percentage of such families. The Bank's market share of loans made to moderate-income borrowers is below the overall market share. The Bank's market share of loans made to low-income borrowers was below the overall market share.

### ***Small Loans to Businesses***

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

Chase USA does not routinely collect revenue information on small loans to businesses. The majority of small business loans are indirect loans for which revenue information is not available. Therefore, an analysis by borrower income was not meaningful in this evaluation.

### **Community Development (CD) Lending**

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development (CD) lending.

Since the Bank adequately addressed the CD lending needs of NCC, we considered CD loans made in the Mid-Atlantic region ("broader regional area"), which includes the bank's AA, when evaluating overall Bank CRA performance.

A good level of CD lending had a positive impact on Bank performance under the lending test. During the evaluation period, the Bank originated an adequate level of loans in its AA when considering the strong competition for these loans as discussed in the profile section of this evaluation. The bank also made a good level of CD loans in the broader regional area, which was given positive consideration in the evaluation. Several were innovative and were not the type of credit normally originated by other private area lenders. The level of CD loans originated in the NCC AA is adequate. The volume of loans originated in the broader regional area drives the "good level" assessment.

During the evaluation period, Chase USA and its affiliates originated 24 CD loans totaling more than \$99 million within the AA or the broader regional area. In addition, the Bank issued six letters of credit totaling \$30 million that are considered for CD purposes. These letters of credit are not included in the Community Development Lending totals in Table 1-Lending Volume, but are considered as other loan data for this examination. They are listed in Table 1-Other Loan Products as a separate item.

The following describes some of the more significant CD loans extended during the evaluation period based on dollars committed and advanced, responsiveness to community development needs or features that are innovative and complex.

#### **In the AA:**

- The Chase Community Development Corporation ("CCDC") provided a ten-month \$3,037,000 credit facility to provide construction financing for a Charter School in a moderate-income geography of Wilmington, DE. The loan proceeds will partially finance leasehold improvements to the property which is a vacant 84,000 square foot building situated on an approximately 3.85 acre parcel in the AA. The borrower secured an 18-month forward commitment for permanent financing in the amount of \$3,037,000 from the Delaware Community Investment Corporation. Almost all of the students attending the school are from low- and moderate-income families and live in low- or moderate-income areas. This loan is part of a total of \$8 million in development costs,

including \$4.5 million in grants. CCDC took a leadership position, working with both the public and private sector, ensuring that all parts of the financing package were properly arranged.

- The CCDC originated a \$2.6 million construction loan to assist in the rehabilitation of a 44-unit co-op located in a middle-income census tract in the AA. Once completed, the building will be transformed into a 50 unit low- and moderate-income, senior citizen apartment complex. Of the 50 units, 35 must be rented to low-income residents while the remaining 15 can be rented to moderate-income residents. This was a complex transaction since the project required a detailed understanding of the tax credit process and the IRS Section 42 regulations. Also, CCDC needed to work within the requirements of several agencies from the State of Delaware.

### **Broader Regional Area:**

- The lead Bank purchased a \$24 million participation in a \$60 million construction loan. This loan finances the development of 417 rental units along with retail space and parking facilities. This development is being constructed in a low-income, urban, downtown census tract. It is part of that city's Redevelopment Plan for the Downtown District Renewal Area. This loan contributes to neighborhood revitalization through permanent job creation for the areas low- and moderate-income population and the attraction of residents and merchants to a previously blighted area. This type of project is specifically eligible for CRA credit since the development is part of a formal local government plan for the revitalization of this geography.
- A holding company affiliate issued a letter of credit (LC) to facilitate the tax exempt financing of 198 units of affordable housing project for low- and moderate-income persons. The project is located in a moderate-income census tract in the AA. The most recent renewal of the LC was in the amount of \$6 million. This LC is listed under "Other Loan Data" in the Appendix section of this public evaluation.

### **Product Innovation and Flexibility**

The Bank received positive consideration for product flexibility in the AA that assist in meeting the credit needs of low- and moderate-income borrowers. Chase USA offers several affordable loan products and is an active participant in government FHA and VA loans.

During the evaluation period, Chase USA originated 2,460 FHA and VA loans, which represents 35% of total home mortgage lending. Approximately 82% (2,006 loans) were for home purchase and 18% (454 loans) were for home refinance.

A substantial majority of FHA and VA home purchase and home refinance loans were to low- and moderate-income borrowers. For home purchase loans where borrower income was available (1,853 loans), 49% (908 loans) were to low-income borrowers and 36% (675 loans) were to moderate-income borrowers. For home refinance loans where borrower income was available (204 loans), 87% were to low-income borrowers and 5% were to moderate-income borrowers.

Chase USA has maintained a leadership role of selling affordable mortgage-backed securities and mortgage loans to other local financial institutions. Two additional partnerships were established during the evaluation period. During the evaluation period, the Bank sold 2,033 loans totaling \$221 million.

## INVESTMENT TEST

### Conclusions for Area Receiving Full-Scope Reviews

The Bank's performance under the Investment Test is rated "Outstanding". Based on a full-scope review, the Bank's performance in the NCC AA is excellent.

During the evaluation period, Chase USA and its affiliates made commitments of \$23.4 million for qualified investments in the NCC AA and the broader regional area. Advances on these commitments as well as commitments made during prior years totaled \$36.8 million during the evaluation period. Of the total, \$32.5 million or 88% of the total dollars invested were in community development projects and funds that target the NCC AA, with the remaining \$4.2 million invested in the broader regional area. The Bank holds an additional \$18.5 million in qualified investments advanced prior to the evaluation period.

The Bank has taken a leadership role in several of the investments. Additionally, several investments are innovative or complex and meet the identified needs in the AA. The level of qualified investments is excellent considering the strong competition from large credit card banks and other financial institutions in the AA.

Chase USA and its affiliate, JPMorgan Chase Foundation, also made grants and in-kind donations totaling \$5.8 million during the evaluation period to community development organizations and programs serving NCC and Delaware. These organizations support community development through many initiatives including: affordable housing for low- and moderate-income families, senior citizens and disabled individuals; shelters and outreach services for the homeless; housing rehabilitation and housing counseling services; job training; and financial literacy education, all targeted to low- and moderate-income individuals, and support for small businesses.

Because the Bank adequately addressed the needs of NCC, credit is given for qualified investments to community development projects and programs in the Mid-Atlantic region ("broader regional area") that includes the bank's AA.

Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Described below are the most significant qualified investments made during the evaluation period based on dollars committed and advanced, responsiveness to community development needs, or features that are innovative and complex.

Chase USA's parent, JPMC, purchased Delaware State Housing Authority Single Family Mortgage Revenue (DSHA SFMR) bonds totaling \$28 million. DSHA issues these bonds to provide below market rate mortgage loans to low- and moderate-income first time homebuyers throughout Delaware. For years 1999 through 2001, 972 mortgage loans totaling \$98.3 million were funded through DSHA SFMR bond issuances. JPMC's bond purchases during this time period supported 29% of the total dollar amount of mortgages funded. JPMC holds an additional \$15.3 million DSHA SFMR bonds that it purchased prior to the evaluation period. Chase USA's lead assistance in the innovative restructure of the bond program has enabled DSHA to continue to meet the needs of low- and moderate-income homebuyers through

affordable mortgage loans.

CCDC is among the largest financial institution investors in a multi-bank CDC. CCDC made \$16 million in commitments to three low-income housing tax credit equity funds during the evaluation period. A total of \$3.7 million were advanced in the evaluation period. CCDC obligations to the multi-bank CDC total \$23.4 million including commitments that remain from prior evaluation periods. The purpose of the multi-bank is to serve as a vehicle for community revitalization through the financing of, and investment in, housing and related activities designed to address the needs of low- and moderate-income persons throughout Delaware.

CCDC made a \$1.4 million equity investment representing a 39.5% interest in a low-income housing tax credit fund to help finance the construction of new affordable rental housing for seniors (age 55 older). The project, located one mile north of Delaware in Pennsylvania, is comprised of 65 rental units of which 64 are restricted to households earning 60% or less of the area median income. A market study prepared as part of the project's appraisal determined that low-income seniors in the area have a strong need for affordable housing. Its location is expected to draw residents from both Delaware County in Pennsylvania and NCC. In addition to its equity investment in the project, Chase USA provided construction financing and a letter of credit facility to secure investor equity contributions.

CCDC purchased a \$500 thousand bond, which represented 20% of a City of Wilmington tax-exempt bond issue. Bond proceeds provide permanent financing for a new 44 unit affordable rental-housing complex located in a low-income census tract within the City. All of the units rent at below market rates. The project also utilized low-income housing tax credits.

Chase USA's parent, JPMorgan Chase & Company, committed \$3.4 million to low-income housing tax credit investments in affordable housing projects within the NCC AA and the broader regional area. During the evaluation period, \$1.1 million was advanced under the commitment for 22 affordable housing projects, including a 70-unit development in the NCC Assessment area.

JPMorgan Chase & Company made a \$3 million commitment to a community development venture capital fund certified as a Community Development Financial Institution (CDFI). The fund makes equity investments in growth companies based in urban areas throughout the Mid-Atlantic region, particularly Pennsylvania, New Jersey and Delaware, which help create permanent employment opportunities for low- and moderate-income areas and individuals. JP Morgan Chase advanced \$315 thousand under its commitment during the evaluation period.

JPMorgan Chase & Company made a \$1 million commitment to a Small Business Investment Company (SBIC) fund that targets minority- and women-owned service businesses located in the Mid-Atlantic region. The fund's objectives include economic development through the creation of jobs and increased tax revenue. JPMorgan Chase advanced its entire \$1 million investment commitment during the evaluation period. SBIC investments are qualified for CRA credit regardless of the purpose of a particular Company.

Chase USA developed a specialized grant program for faith-based community development organizations. The Bank seeks to support and build the capacity of faith-based organizations initiating community development projects such as affordable housing construction and rehabilitation, neighborhood revitalization, business development and job creation. Grants of

\$25 thousand each were given to three faith based CDCs during the evaluation period. Two of the CDCs are involved in needed affordable housing projects that are part of revitalization efforts in low- and moderate-income areas of Wilmington. The other CDC established a company that seeks unemployed or underemployed low- and moderate-income individuals for job placement and career development opportunities in the greater Wilmington area.

The JPMorgan Chase Foundation, created a grant program called JPMorgan Chase Job Start Program, to assist unemployed low- and moderate-income individuals find jobs. Through this program, grants are provided to nonprofit organizations to support permanent employment initiatives for low- and moderate-income individuals. During the evaluation period, a \$50 thousand grant was given to a nonprofit organization for a successful employment initiative in Wilmington that has assisted close to 90 low-income individuals gain and retain employment. Another \$50 thousand grant was given to support an organization's successful loan program to assist low- and moderate-income individuals achieve self-sufficiency.

Chase USA and its affiliates provide financial support to nonprofit consumer credit counseling service (CCCS) agencies. The dollars contributed to CCCS agencies help to fund consumer education and credit counseling services. During this evaluation period, \$989,815 fair share contributions went to nonprofit CCCS agencies serving the NCC AA and the broader regional area. Based on statistical data, 70% of counseled individuals' incomes are low or moderate, which equates to \$692,871 of the bank's contributions providing benefits to low- and moderate-income borrowers.

Chase USA provided in-kind contributions valued at \$420 thousand to support the operations and community development programs of several organizations. These contributions included providing computers to assist in training and building technology capacity, and program support services such as copying, mailing and fundraising materials.

## **SERVICE TEST**

### **Conclusions for Area Receiving Full-Scope Review**

The bank's performance under the Service Test is rated "Outstanding". Based on a full-scope review, the bank's performance in the NCC AA is excellent.

### **Retail Banking Services**

Chase USA does not rely on a branch office network to deliver banking services. Additionally, the Bank stopped soliciting retail deposits when it sold its deposit gathering business to E-Trade Bank in February 2001. Prior to the sale, Chase USA obtained retail deposits nationwide through advertisements and direct mail. The Bank did not actively compete in its assessment area for retail deposits, however, garnering less than 1% of total deposits from Delaware.

On July 3, 2001, Chase USA closed its one branch office in Bellefonte, Delaware. This office, located in a middle-income census tract, was opened in 1998 to meet a statutory requirement for selling insurance on a national basis. The requirement to maintain a branch office in a town of less than 5,000 for purposes of selling insurance nationwide was repealed with the passage of the Gramm-Leach-Bliley Act. Also, banking services offered through Chase USA's main office and used primarily by Bank employees were discontinued when the office was closed and relocated to Newark, Delaware. Due to the limited services offered to the general public, no discernible negative impact to the assessment area resulted from these office closures.

Due to the above factors, Chase USA's retail banking services are not significant to the service test rating.

Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

### **Community Development Services**

Chase USA and its affiliates provided services to over 60 community development organizations, programs and events in NCC and Delaware during the evaluation period. In addition, representatives from Chase USA's affiliate, CMMC, partner with a financial institution to conduct homebuyer-counseling seminars. The free seminars are geared to low- and moderate-income first time homebuyers and attract an average of 40 participants each month.

Bank officers are active members of the Boards and committees of a large number of community organizations and often have served in leadership roles to carry out community development objectives. These organizations are responsive to the needs of low- and moderate-income individuals and areas, such as affordable and safe housing, access to mortgage financing, counseling to achieve homeownership and self sufficiency, neighborhood revitalization, financial literacy, social services, and assistance for small businesses.

The following describes examples of significant community development services provided during the evaluation period based on the number of low- and moderate-income individuals

impacted, responsiveness to community development needs, or innovative and complex features.

Several officers of Chase USA and its affiliate, JPMC, are actively involved in Delaware Community Investment Corporation (DCIC), a multi-bank CDC, through their service on the Board and various committees. The bank's Senior Counsel has provided leadership service to the organization. Over the years he has served as Chairman of the Nominating Committee, Executive Committee and eventually, the entire Board of Directors. During his tenure as Board Chairman, DCIC moved into its fifth Tax Credit Equity Fund totaling \$145 million in commitments and producing over 1,270 units of affordable rental housing to low- and moderate-income individuals in Delaware.

Chase USA's President has been instrumental in the accomplishments of the Wilmington Housing Partnership (WHP) through his active participation on the Board. The mission of WHP is promoting opportunities for affordable housing and homeownership primarily for Wilmington's low- and moderate-income community. During the evaluation period, WHP's accomplishments included the Eastside Home Ownership Zone, a redevelopment plan for a low- and moderate-income neighborhood in Wilmington and several housing projects that yielded 95 units of affordable housing in low- and moderate-income areas of the City.

Through the leadership efforts of Chase USA Officers, the Latin American CDC was formed to increase homeownership in a low-income area of Wilmington. The CDC lacked a strategic plan and funds to hire a third party to perform this service. In response, Chase USA has been working closely with the CDC to develop a three-year strategic plan. Chase USA sent an Officer to a sixteen-week course through which she gained the skills needed to assist the CDC. Through the resources and experience of Chase, the Latin American CDC saved significant expenses in developing this strategic plan to guide their mission of serving as a catalyst to increase safe, affordable housing in the Hilltop Community of Wilmington. These officers also supported the viability of an emerging CDC, S.C.O.T.T Connections, which targets Wilmington's inner city communities. Through her leadership on the Board, the CDC increased its Board membership and successfully raised needed funds. The CDC's projects included development of Kirkwood Manor a project of 12 newly constructed affordable town homes.

Chase USA's affiliate, CMMC, partnered with Interfaith Housing Delaware to sponsor a First Time Home Buyers Seminar targeted to low- and moderate income individuals. CMMC hosted a booth exhibiting affordable mortgage products, and two loan officers conducted a seminar on financing options and qualifying for a mortgage. The event attracted 200 participants, and 62 individuals attended the seminar hosted by CMMC.

As a result of outreach efforts to several local community organizations, Chase USA developed and coordinated two credit workshops geared to organizations addressing financial literacy primarily in low- and moderate income communities. Two Bank representatives with credit knowledge facilitated the workshop covering such topics as credit basics, and how to evaluate credit reports and other borrower creditworthiness factors. The workshops drew a total of 40 participants, the majority being housing counselors.

Chase USA developed two intensive educational credit programs for community and economic development professionals. The Credit Institute for Economic Development Certificate Course

is a five-day basic credit training program covering such topics as loan application evaluation, financial statement analysis, and loan documentation and administration. Ten individuals participated in the course. Problem Loan Management is a three-day course focused on concepts and tools used in identifying, managing and resolving problem loans to small businesses and micro-entrepreneurs. The Bank sponsored the Executive Director of Wilmington Economic Development Corporation to attend the training.

With the assistance of its affiliate JPMorgan Chase, and in partnership with Wilmington Savings Fund Society, Chase USA created and delivered a basic banking educational program to low income members of the local Latino Community. The individuals targeted have little or no understanding of basic banking concepts such as checking, savings and deposit accounts. During the second half of 2001 and in 2002, seven classes were held and attended by 121 individuals. Employees from a specialized unit within JP Morgan Chase created Spanish-language workbooks and also were among the training facilitators for the course. Due to the success of the program, Chase USA partnered with a local community organization to broadcast the course in Spanish on a local cable channel.

Chase USA's CRA Officer has been instrumental in furthering the mission of the Delaware Council on Economic Education (DCEE) to provide economic and entrepreneurial literacy to public school students in Delaware. DCEE programs have a significant presence in schools in which a majority of the student population is low- and moderate-income. During her terms as Vice Chairman and Chairman of the Board, she encouraged financial institutions to support the organization's programs by becoming Board members and providing financial assistance. She spearheaded the creation of a high school financial literacy program in partnership with the Delaware Bankers Association, which has reached nine high schools and 710 students. She also participated on the committee to start the Teach Children to Save Day program in Delaware, which since 1999 has reached over 6,000 students in 63 different middle schools within the State.

Chase USA took a leadership role as the sponsor of the first faith-based business expo in Wilmington, Delaware. The expo was unique compared to other faith-based community development initiatives in Delaware due to its focus on support for small businesses. The Bank actively participated in planning and facilitating the event by bringing small business experts and community organizations to conduct educational workshops and business assistance panels. The event was well attended by more than 600 people, including 15 small business owners and supporting members from 18 participating church congregations.

Chase USA's CRA Officer provides significant services to Delaware's Homeless Planning Council (HPC). She has been the primary private sector representative to this organization's Board since 1999 and has also been active on two committees. During her tenure as Board Treasurer, HPC secured over \$14 million in HUD funding to help address the homeless population issues throughout Delaware. Another Chase USA Officer who sits on a committee was instrumental in helping HPC create a survey used to quantify the number of homeless individuals and families in Delaware. The survey is critical to the organization's ability to assess and respond to the needs of the homeless population.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 01/01/99 to 12/31/02 Investment and Service Tests and CD Loans: 05/17/99 to 03/03/03	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Chase Manhattan Bank USA, N.A. (Chase USA) Newark, DE	Home Purchase and Refinance Mortgage Loans, Home Improvement Loans, Small Business Loans, Qualified Community Development Loans and Investments	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
JPMorgan Chase & Company (JPMC)	Parent	CD Loans
JPMorgan Chase Bank (JPMCB)	Affiliate	CD Loans and Investments
Chase Manhattan Mortgage Corp. (CMMC)	Affiliate	Home Purchase and Refinance Mortgage Loans, Home Improvement Loans
JPMorgan Chase Community Development Corp (JPMCCDC)	Affiliate	CD Loans and Investments
Chase Community Development Corp (CCDC)	Affiliate	CD Loans and Investments
JPMorgan Mortgage Capital formerly Chase Mortgage Backed Securities (CMBS)	Affiliate	CD Loans
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
New Castle County, Delaware (Part of the Wilmington-Newark MSA #9160)	Full Scope	

# Appendix B: Market Profiles for Full-Scope Areas

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### Market Profile for Area Receiving Full-Scope Review

New Castle County .....	B-2
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New Castle County AA

Demographic Information for Full-Scope Area: New Castle County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	120	7.50	19.17	50.83	20.83	1.67
Population by Geography	441,946	3.86	16.80	53.87	25.47	0.00
Owner-Occupied Housing by Geography	112,040	1.76	14.19	55.36	28.69	0.00
Businesses by Geography	25,579	12.60	16.02	45.93	25.29	0.16
Farms by Geography	483	1.45	14.29	55.28	28.98	0.00
Family Distribution by Income Level	115,305	16.57	18.39	26.46	38.58	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	40,313	7.41	26.02	55.00	11.56	0.00
Median Family Income = \$44,332 HUD Adjusted Median Family Income for 2002 = \$75,900		Median Housing Value		155,400 (Nat'l Assoc of Realtors Median Sales 4Q02)		
Households Below the Poverty Level	7.61%	Unemployment Rate (BLS: Dec 2002)		5.1%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2002 HUD updated MFI.

Chase USA designates New Castle County, Delaware (NCC) as its one assessment area (AA). It is in the Wilmington-Newark Metropolitan Statistical Area 9160. The AA complies with CRA guidelines and does not arbitrarily exclude low- and moderate-income areas. Based on 1990 U.S. Census Bureau Data, NCC is the most densely populated county in Delaware with 441,946 or two-thirds of the State's population. Wilmington is the largest city in NCC with a population of 71,529. Newark, containing the University of Delaware, is also a significant population center in NCC.

The AA contains 120 census tracts, of which 118 are populated. All low-income census tracts and nine of the 23 moderate-income census tracts are located in Wilmington. The 2002 HUD adjusted median family income for NCC is \$75,900.

There are a total of 173,560 housing units in NCC of which 95% are occupied, and 5% are vacant. Seventy-five percent are one-to-four family units, and 20% are multi-family units. Sixty-five percent are owner occupied and 30% are renter occupied.

A 1996 Statewide Housing Needs Assessment determined that approximately 2.5% of the housing stock in NCC is considered substandard. Wilmington was estimated to have 2,434 substandard units, or 8.4% of total city housing stock.

Historically, the NCC and Delaware economies were dominated by a number of large chemical companies who were the major private employers in the State. These companies have been downsizing since the mid-1980's resulting in significant direct job losses and the loss of jobs with suppliers and service industries in the area. The growth of the financial services industry

in Delaware has helped to lessen the impact of these job losses. The financial services industry is now the largest private sector in the State followed by the healthcare and education industries.

Concurrent with this review, we held discussions with two community organizations to obtain their perspectives on community credit and development needs, related opportunities and the performance of financial institutions in helping to meet identified needs. We also reviewed records of contacts made with local community groups in the past year by the OCC and other financial regulators. Based on these meetings and other sources, community development needs include the following: affordable housing for low- and moderate-income households, particularly the elderly and disabled on fixed incomes; affordable home purchase and home improvement loans for low- and moderate-income borrowers; counseling and education on homeownership, credit and personal finances; affordable loans and start-up capital for small businesses; and financing for redevelopment efforts in low- and moderate-income areas.

There are many community development investment, loan and service opportunities throughout Delaware including NCC. These include low-income housing tax credit programs; mortgage revenue bonds; mortgage-backed securities; venture capital funds; community development corporations; and programs administered by the Federal Home Loan Bank, Delaware State Housing Authority, Delaware Economic Development Office, and numerous non-profit and for-profit community development organizations. Due to the presence of almost 40 financial institutions in Delaware subject to CRA, including several large credit card banks, there is considerable competition for these community development vehicles.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the Bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the Bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the Bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a Bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the Bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a Bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the Bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the Bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies.

The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the Bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the Bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the Bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Home Mortgage Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the Bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the Bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the Bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the Bank by loan size, regardless of the revenue size of the farm.

Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the Bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the Bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the Bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A Bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a Bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

**Table 1. Lending Volume**

LENDING VOLUME												Geography: Delaware		Evaluation Period: January 1, 1999 TO December 31, 2002	
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA***			
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)				
<b>Full Review:</b>															
New Castle County AA	100	7,105	943,780	1,031	26,099	0	0	7	14,853	8,143	984,732	100			
Broader Geographic Area	NA	NA	NA	NA	NA	NA	NA	17	84,580	17	84,580	NA			

\* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is May 17, 1999 to March 3, 2003.

\*\*\* Deposit Data as of December 31, 2002 Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1. Other Products**

LENDING VOLUME		Geography: Delaware						Evaluation Period: January 1, 1999 TO December 31, 2002						
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Total Optional Loans**		Community Development Letters of Credit		Home Equity**		Motor Vehicle		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
New Castle County AA	100	2	5,788	2	5,788	NA	NA	NA	NA	NA	NA	NA	NA	100
Broader Statewide or Regional Area ****	NA	4	24,620	4	24,610	NA	NA	NA	NA	NA	NA	NA	NA	NA

\* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is From, 1999 to December 31, 2001.

\*\*\* Deposit Data as of December 31, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: Delaware				Evaluation Period: January 1, 1999 TO December 31, 2002									
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
New Castle County	4,412	100	1.76	0.59	14.19	14.21	55.36	57.68	28.69	27.52	9.70	3.70	9.48	10.25	8.99

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT		Geography: Delaware				Evaluation Period: January 1, 1999 TO December 31, 2002					Market Share (%) by Geography				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans					
<b>Full Review:</b>															
New Castle County	6	100	1.76	0.00	14.19	50.00	55.36	50.00	28.69	0.00	0.15	0.00	0.61	0.13	0.00

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: Delaware					Evaluation Period: January 1, 1999 TO December 31, 2002				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography										
	#	% of Total**	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	Over all	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
New Castle County	2,687	100	1.76	1.30	14.19	8.67	55.36	52.96	28.69	37.07	6.18	7.61	5.24	6.03	6.64						

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: Delaware		Evaluation Period: January 1, 1999 TO December 31, 2002				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography							
	#	% of Total**	% of Businesses***	% Bank Loans	% of Businesses***	% Bank Loans	% of Businesses***	% Bank Loans	% of Businesses***	% Bank Loans	Overall	Low	Mod	Mid	Upp			
<b>Full Review:</b>																		
New Castle County	1,031	100.00	12.60	5.43	16.02	14.26	45.93	55.77	25.29	24.54	1.52	1.07	1.24	1.59	1.66			

\* Based on 2001 Peer Small Business Data: US&PR.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2002.

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE			Geography: Delaware				Evaluation Period: January 1, 1999 TO December 31, 2002					Market Share				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% Bank Loans****	% Families** *	% Bank Loans****	% Families* **	% Bank Loans****	% Families* **	% Bank Loans****						
<b>Full Review:</b>																
New Castle County	4,412	100.00	16.57	43.62	18.39	26.25	26.46	15.97	38.58	14.16	10.06	13.20	13.96	7.52	6.51	

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 9.43% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			Geography: Delaware				Evaluation Period: January 1, 1999 TO December 31, 2002					Market Share				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% Bank Loans****	% Families**	% Bank Loans****	% Families*	% Bank Loans****	% Families**	% Bank Loans****						
<b>Full Review:</b>																
New Castle County	6	100.00	16.57	83.33	18.39	0.00	26.46	16.67	38.58	0.00	0.04	0.00	0.15	0.00	0.00	

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: Delaware		Evaluation Period: January 1, 1999 TO December 31, 2002				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share							
	#	% of Total**	% Families**	% Bank Loans****	% Families* **	% Bank Loans****	% Families* **	% Bank Loans****	% Families* **	% Bank Loans****	Over all	Low	Mod	Mid	Upp			
<b>Full Review:</b>																		
New Castle County	2,687	100.00	16.57	45.44	18.39	13.41	26.46	17.78	38.58	23.37	4.75	3.49	4.04	4.11	6.25			

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 20.06% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: Delaware		Evaluation Period: January 1, 1999 TO December 31, 2002		
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% Bank Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
New Castle County	1,031	100.00	77.88	2.33	99.61	0.19	0.19	1.52	0.15

\* Based on 2001 Peer Small Business Data: US&PR.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 97.38% of small loans to businesses originated and purchased by the Bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: Delaware				Evaluation Period: May 17, 1999 to March 3, 2002			
MA/Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
New Castle County	5	18,506	336	38,357	341	56,863	93%	5	19,374
Broader Geographic Area	0	0	7	4,231	7	4,231	7%	2	4,940

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: Delaware Evaluation Period: May 17, 1999 TO March 3, 2002																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of Bank Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
New Castle County	100	0	0	0	0	0	0	0	2	0	-1	-1	0	3.86	16.80	53.87	25.47

