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2004 Community Reinvestment Conference

NEW MARKETS TAX CREDIT

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Agenda

JPMorgan Chase Overview

NMTC's Role in Community Development Financing

JPMC NMTC Strategy

JPMorgan Chase Community Development Group

MISSION

- The Community Development Group runs an integrated set of businesses providing unique products and services to our customers, communities, employees and shareholders
- We strengthen communities in which we do business through expanding capital access, leadership by example, and delivering the resources of JPMorgan Chase
- Leadership is demonstrated by a unique mix of innovation, creativity, capital commitment, and client relationship management - delivered seamlessly with other business units

JPMorgan Chase Community Development Group

THE CDG APPROACH

- Wherever possible, work with “mainstream” JPMC business to develop strategies, set goals, and monitor outcomes.
- Where no JPMC business exists, we deliver dedicated units to respond to community needs and opportunities.
- Each business has a specific mission:
 - Real Estate Lending and Investing
 - Commercial Lending and Investing
 - Institutional Lending and Investing
 - Community Outreach
 - CRA and Fair Lending Management

NMTC's Role in Community Development Finance

NMTC Program parameters are defining its use:

- Shallow tax credit (5-6%/yr.) - Better fit with CDEs that provide debt finance vs. equity finance
- Funds must be invested for 7 years - Better fit with CDEs providing long term financing vs. short term working capital
- Investments must be made in LMIs - Better fit with place-based, immovable assets
- Recapture of all credits if CDEs fall out of compliance - Better fit with few large transactions vs. many small transactions

JPMorgan Chase NMTC Strategy

- JPMC Community Development is a large, experienced tax credit investor (approx. \$2B of LIHTC)
- Our CDFI lending business is an attractive and fast growing business with high community development impact
- NMTC is at the intersection of existing tax credit and CDFI businesses, and requires expertise in both fields

JPMorgan Chase as Investor

JPMC will consider investing with CDEs that:

- Provide investment opportunities that are profitable and have community development impact
- Can show extensive track records of financing the type of assets they are proposing to finance using NMTC
- Are willing to share the benefits of the subsidy (i.e. tax credit) with the end customer or business being financed

JPMorgan Chase as CDE

- CCDC is a certified CDE & has applied for an NMTC allocation

JPMC will use an NMTC allocation to:

- Facilitate commercial revitalization projects
- Expand access to credit for businesses and not-for-profit organizations in Low Income Communities
- Providing and technical assistance loans to CDEs, not-for-profits, and small businesses to small businesses located in and working in Low Income Communities

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