

PUBLIC DISCLOSURE

**Community Reinvestment Act
Performance Evaluation**

June 30, 1999

**LaSalle Bank NA
Chicago, Illinois
Charter Number 14362**

**135 South LaSalle Street
Chicago, IL 60603**

**Office of the Comptroller of the Currency
Administrator of National Banks
Washington DC 20219**

NOTE: This evaluation is not, nor should 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.

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **LaSalle Bank NA, Chicago; IL** (LaSalle) prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **June 30, 1999**. The agency evaluates performance in assessment areas, as they are delineated by the institution, rather than individual branches. These assessment area evaluations may include visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Common Terms and Definitions

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 by 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.

Assessment Area - A geographic area which consists generally of one or more MSAs (using the MSA 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, (ii) the activity benefits a broader statewide or regional area that includes the bank's assessment area, or (iii) the supervisory office may give positive consideration to CD activities outside the assessment area as benefiting the 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 ten-year census and an average population of 4,000.

Community Development (CD) - Affordable housing for low- or moderate-income individuals; community services targeting 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 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 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.

Low-Income - Income levels that are less than 50% of the MFI.

Moderate-Income - Income levels that are at least 50% and less than 80% of the MFI.

Metropolitan Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Net Operating Income - As defined by the Consolidated Report of Condition and Income, income before adjusting for extraordinary items.

Tier 1 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.

Total Assets - Total bank assets as defined by the Consolidated Report of Condition and 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. An institution will not be considered in the business of extending loans to retail customers if it does not hold itself out to the retail public as providing such loans and the institution's revenues from extending such loans are insignificant when compared with its overall lending operations. Wholesale institutions may engage in very limited retail lending, if this activity is incidental and is done on an accommodation basis.

Scope of the Examination

We evaluated LaSalle's CRA performance for the period of January 1998 to June 1999 using CRA examination procedures for Wholesale Purpose Institutions. We performed full scope examination procedures for assessing the bank's performance in the Chicago MSA assessment area and limited scope procedures for the Rockford MSA assessment area. The bank expanded its' assessment area as a result of the merger of an affiliated bank effective May 1, 1999. One of the changes made at the time of the merger was the addition of the Rockford assessment area. Limited scope procedures were performed for the Rockford MSA assessment area because the Rockford office has been a wholesale institution for only two months, and the number of offices and total deposits equal less than 1% of the bank's totals. We considered the number and dollar amount of qualifying community development loan originations, community development investments, as well as community development services rendered since the last CRA examination dated December 30, 1997. Additionally, we made community contacts to ascertain the credit needs within the institution's Chicago MSA assessment area and to assess the institution's participation in meeting those needs.

Institution's CRA Rating: The institution is rated Satisfactory.

LaSalle has an adequate level of qualified community development investments and services within their assessment areas. LaSalle's record of community development lending is good. The bank has participated in new and innovative programs and community development projects that were created to help meet identified credit needs within their assessment areas.

Description of the Institution

LaSalle, formerly known as LaSalle National Bank, is a subsidiary of LaSalle National Bancorp, Inc., a bank holding company, which is a subsidiary of LaSalle National Corporation. LaSalle National Corporation is a subsidiary of ABN AMRO North America Inc., which is a subsidiary of ABN AMRO Holding N.V., headquarters in Amsterdam, a company whose priority shares and preferred shares are owned by Stichting Prioriteit ABN AMRO Holding and Stichting Administratiekantoor ABN AMRO Holding of the Netherlands. All of these companies are bank holding companies. There are no known financial or legal barriers that would inhibit the bank's performance under the CRA.

The following financial information for LaSalle is as of June 30, 1999:

Total Assets:	\$28,688,950,000
Gross Loans:	\$18,072,216,000
Net Loans:	\$17,732,173,000
Total Deposits:	\$17,407,214,000
Net Loans/Deposits:	102%
Equity Capital:	\$ 2,333,168,000
Tier One Capital:	\$ 1,857,718,000
Net Income (6 months):	\$ 161,036,000.

The bank's loan portfolio was comprised of 71% commercial loans, 21% loans secured by real estate including 4% construction and land development and 11% secured by non-farm and non-residential properties, and 8% consumer loans, leases, and other credit products.

Investments made by the bank's wholly owned subsidiary, LaSalle Community Development Corporation (LCDC), are taken into consideration during this evaluation. The CDC was funded during 1997 and does not negatively impact the bank's capacity to help meet the credit needs of its communities.

LaSalle received the designation as a wholesale institution from the OCC on July 18, 1997. The bank's business strategy is to be a leading middle market lender. The bank's retail operations are very limited and done on a strict accommodation basis for existing corporate clients. Other retail and small business lending is referred to an affiliated retail financial institution.

Description of the Assessment Areas

LaSalle is an intrastate bank with two assessment areas. During the first quarter of 1998 LaSalle National Bank merged with an affiliate LaSalle Bank NI. This resulted in the bank expanding its assessment area from just Cook County, IL to include portions of Lake County, IL. Effective May 1, 1999 LaSalle National Bank merged with another retail affiliate LaSalle Bank NA, retaining the name LaSalle Bank NA. The assessment area was again expanded to include all the branch offices and deposit taking ATMs of the merged banks. The expanded area now includes the following counties in the Chicago MSA: Cook, DuPage, Lake, McHenry, and Will. In addition as a result of the merger that was effective May 1, 1999, the bank has defined a portion of Winnebago County in the Rockford MSA as an assessment area.

The bank has 112 branches and 4 facilities located in retirement centers in the Chicago MSA assessment area and 204 ATM locations. The bank has 1 branch in the Rockford MSA assessment area.

Although the assessment areas are only portions of MSAs they are reasonable based on the financial and managerial capacity of the bank and the location of the bank offices. The assessment areas do not arbitrarily exclude any low- or moderate-income areas and do not reflect any illegal discrimination. LaSalle's assessment areas meet the legal requirements of CRA.

Tables 1 through 4 below provide demographic information on the bank's assessment areas. The information was obtained from 1990 census data. Geographic income data is based on the 1990 Chicago MSA and Rockford MSA median family income. Family income data was based on HUD's 1999 updated annual income.

Table 1 LaSalle's Assessment Area Demographic Data Cook County, DuPage County, Lake County, McHenry County, and Will County Chicago MSA							
Income Level	Number of Geographies	Percent Of Total	Number of Families*	Percent of Total	Number of Owner Occupied Units	Percent of Owner Occupied Units	Median Housing Value Dollars
Low	277	16.59	352,181	20.18	46,389	17.26	61,177
Moderate	361	21.62	302,643	17.34	195,527	37.58	83,625
Middle	618	37.01	414,410	23.74	722,119	64.20	106,132
Upper	391	23.41	676,330	38.74	556,487	72.03	201,680
NA	23	1.37	0	0	NA	NA	NA
Total	1,670	100.00	1,745,564	100.00	1,520,522	56.60	124,751

*Number of families represents the total number of families regardless of geography (i.e. number of low income families (352,181) includes low income families from low (97,307); moderate (111,808); middle (111,895); and upper (31,171) income geographies.

Table 2 LaSalle's Assessment Area Demographic Data The City of Rockford and Cherry Valley in Winnebago County Rockford MSA							
Income Level	Number of Geographies	Percent Of Total	Number of Families*	Percent of Total	Number of Owner Occupied Units	Percent of Owner Occupied Units	Median Housing Value Dollars
Low	6	11.76	10,531	20.81	1,610	23.07	32,838
Moderate	15	29.41	8,992	17.76	10,615	50.60	35,955
Middle	20	39.22	12,370	24.44	21,136	64.48	62,692
Upper	10	19.61	18,724	36.99	13,683	84.50	90,000
NA	0	NA	NA	NA	NA	NA	NA
Total	51	100.00	50,617	100.00	47,044	61.15	58,440

*Number of families represents the total number of families regardless of geography (i.e. number of low income families (10,531) includes low income families from low (2,074); moderate (4,238); middle (3,286); and upper (933) income geographies.

The assessment areas' local economies are stable to good. In the Chicago MSA assessment area the service and retail industries are the largest in the area comprising 37% and 22% of businesses, respectively, and employ 46% of the employees in the assessment area. In the Rockford MSA service and manufacturing are the largest employers in the area comprising 26% and 31% of businesses, respectively, and employ 63% of the employees. Identified credit needs include affordable home mortgage loans, home improvement loans, and small business financing. These credit needs were identified through community contacts with businesses, housing, economic development, and government representatives. These were conducted by the three banking regulatory agencies in the past 12 months. In addition, we met with three community organizations during the examination. The primary mission of these contacts were affordable housing. They were located on the near west side of Chicago, the downtown commercial district, and the far south side of Chicago. There are many community development opportunities, including investments and loans, in the bank's defined Chicago assessment area. These opportunities include many community or government lending, service, and housing programs targeted to low- and moderate-income persons or geographies.

Additional demographic data is provided below:

Table 3		
LaSalle's Assessment Area Demographic Data		
Cook County, DuPage County, Lake County, McHenry County, and Will County		
Chicago MSA		
Total Population		6,943,705
Low Income Tracts Population		708,504
Percent of Total Population	10.20	
Moderate Income Tracts Population		1,396,522
Percent of Total Population	20.11	
Middle Income Tracts Population		2,860,269
Percent of Total Population	41.19	
Upper Income Tracts Population		1,976,032
Percent of Total Population	28.46	
NA Income Tracts Population		2,378
Percent of Total Population	0.03	
Unemployment Rate		3.57%
Population Below Poverty Level		10.65%
Population Receiving Public Assistance		7.77%
Population Retired		13.34%
1999 Median Family Income		\$63,800

Table 4
LaSalle's Assessment Area Demographic Data
The City of Rockford and Cherry Valley in Winnebago County
Rockford MSA

Total Population		187,175
Low Income Tracts Population		14,929
Percent of Total Population	7.98	
Moderate Income Tracts Population		50,528
Percent of Total Population	26.99	
Middle Income Tracts Population		77,732
Percent of Total Population	41.53	
Upper Income Tracts Population		43,986
Percent of Total Population	23.50	
Unemployment Rate		2.88%
Population Below Poverty Level		11.41%
Population Receiving Public Assistance		7.48%
Population Retired		13.55%
1999 Median Family Income		\$52,600

Conclusions with Respect to Performance in the Chicago MSA Assessment Area

Community Development Test

LaSalle has a good level of community development loans. Community development services and qualified investments are adequate within this assessment area. The bank has made several innovative and complex loans and investments, and the bank's responsiveness to community credit needs is also good.

Investments:

During the prior CRA evaluation period (1997), LaSalle established and capitalized LaSalle Community Development Corporation (CDC). The CDC is a for-profit wholly owned subsidiary of the bank. During 1998 and year to date June 1999 three investments and several commitments have been made through the CDC. Table 5 below lists these activities:

Table 5 1998 and Year to Date June 1999 Community Development Corporation Investment Activity	
Dollars Invested or Committed	Organization
\$ 250,005 Invested	First Bank of the Americas/FBA Bancorp, Inc. (FBA) Community Development Financial Institution Primary financial institution for Pilsen (low and moderate income community of Chicago)
\$ 500,000 Invested Capital calls are initiated by Chicago Equity Fund	Chicago Equity Fund 1998 Limited Partnership Low income affordable housing projects in Chicago
\$ 500,000 Invested Capital calls are initiated by Chicago Equity Fund	Chicago Equity Fund 2000 Limited Partnership Low income affordable housing projects in Chicago
\$1,000,000 Committed	Prism Opportunity Fund (POF) Small Business Investment Company Capital for new small business ventures
\$1,000,000 Committed	SB Partners Capital for African American owned small businesses A partnership with South Shore Bank, a Community Development Financial Institution, and Shorebank Capital Corporation, a Small Business Investment Company
\$ 300,000 Committed	TIF Neighborhood Improvement Fund Rehabilitate residential properties for low and moderate income persons in 2 low income neighborhoods in Chicago
\$ 250,000 Committed	Mohawk North LLC Mixed income housing project located in a low income census tract in Chicago

The bank took a leadership role in the following investments:

- **First Bank of the Americas:** LaSalle was instrumental in assisting the bank in acquiring a branch for their operations in the under-banked low- and moderate-income areas of the Pilsen community. The bank's CDC not only contributed their equity portion but also a holding company board member marketed the project and solicited additional equity investors. One of the primary missions for First Bank of the Americas is to provide the local community with financial education services.
- **Mohawk North LLC:** The project is a partnership between the bank's CDC, the City of Chicago, Chicago Housing Authority, two minority owned contracting and architectural firms, and an area church that is resulting in a mixed rate housing project. LaSalle's CDC is a 96.15% equity partner in this project. Five units will be designated for displaced Chicago Housing Authority tenants, three units will be affordable to moderate income persons, and the remaining seven units will be at prevailing market rates. In addition to the bank's equity position, a construction loan has been approved for the developer by the bank's community development loan department. The loan proceeds will be used to acquire the site property from the City of Chicago.
- **Tax Increment Financing Neighborhood Investment Fund:** This fund was established to rehabilitate and/or correct housing code violations for both multi-family and single family housing in two low- and moderate-income communities in Chicago. The project is complex because it involves a partnership with several entities including Local Initiative Support Corporation (LISC), Community Investment Corporation (CIC), Neighborhood Housing Services (NHS), and the City of Chicago. The project is also considered innovative for the area as it involves financing for both multi-family and single family housing. LaSalle management was actively involved in finding additional investors for the project.

During the previous evaluation period the bank made one investment through the CDC for \$250,000. The equity investment established LaSalle CDC as a limited partner in a new entity, Community Reinvestment Fund. This organization is related to the Chicago Equity Fund and its primary purpose is to provide funds for retail and commercial facilities, for-sale housing and historic rehabilitation projects primarily in low- or moderate-income geographies. The retail and commercial developments contribute to the revitalization and stabilization of the communities, while the for-sale housing provide affordable housing targeted to low- or moderate-income persons. This investment is still outstanding. The bank has \$3 million in investments with the Chicago Equity Fund. The Chicago Equity Fund is a partnership whose primary purpose is to make equity investments in low- and moderate-income affordable housing projects in Chicago communities. In addition, the bank has \$1 million outstanding with INROADS Capital Partners, LP. This organization's primary purpose is making equity investments in emerging growth companies as defined by the Small Business Administration.

Qualified community development grants equaled \$697,760 for 1998 and \$543,907 for year-to-date June 1999. LaSalle made grants to 183 different community development organizations. Many of the grants were provided to organizations that perform community development services (96 organizations), provide financial technical assistance to low- and moderate-income individuals or small businesses (47 organizations), or promote affordable housing (13 organizations) and organizations that assist with community revitalization programs (27 organizations). The bank furnished grants to several community organizations that have multiple community development elements in their missions and 17 organizations have received multi-year grant commitments.

The total of qualified investments during this evaluation period equals \$2,491,672 or 0.13% of Tier 1 capital, commitments equal \$2,550,000 or 0.14% of Tier 1 capital, and outstanding investments made in prior periods equal \$4,250,000 or 0.23% of Tier 1 capital. It is noted that the bank's Tier 1 capital has increased (primarily due to mergers) 39% year-to-date June 1999 and 90% since the prior CRA evaluation. The quantity of qualified investments to the bank's Tier 1 capital is a reasonable ratio to measure the bank's performance in relation to its financial capacity and context. LaSalle's level of investments is adequate based on its performance and demonstrated abilities to lead community development projects that assist in meeting the identified credit needs of the community.

Lending:

The bank's primary business focus and expertise is middle market commercial lending.

During the evaluation period LaSalle originated community development loans totaling \$294 million in 1998 and \$149 million for year-to-date June 1999. Projects included \$170 million for affordable housing for low- and moderate-income persons resulting in more than 80,000 housing units. Loans totaling \$136 million were made for 26 projects that revitalized or stabilized low- and moderate-income areas with \$49 million for new or rehabilitated retail centers that provide job opportunities and improve services to these communities. \$134 million in loans were made to entities that provide community development services to low- and moderate-income persons including \$83 million for nursing homes or long-term care facilities that would also qualify as affordable housing for the disabled or elderly. \$3 million was lent to two business loan programs with their primary purpose being the financing of qualified small businesses.

LaSalle extended 125 community development loans during the evaluation period and 103 of these loans were made within the bank's assessment areas. Of the loans made within LaSalle's assessment area 63% were made in low- and moderate-income tracts and 47% were made in the five City of Chicago's designated Enterprise Zones.

The bank's level of community development lending performance is good in regards to volume of monies being extended.

Service:

Over 100 local organizations received financial technical assistance from LaSalle officers or employees. These organizations provide community development services to low- and moderate-income persons, micro loan funds, affordable housing advocates, and educational programs. Bank management is very active with many community organizations. These organizations not only receive grants but hours of management's time and financial expertise.

The bank sponsored eleven financial seminars during the evaluation period. Some of the topics of the seminars were:

- Transforming and Stabilizing Low- and Moderate-Income Communities
- Effective Planning and Development of Neighborhoods
- Electronic Payments
- Preparation, Management, and Verification of Financial Statements.

Other topics involved different aspects of business planning and development.

LaSalle's level of services provided to their local communities is adequate based upon opportunities available and employee participation.

Conclusions with Respect to Performance in the Rockford MSA Assessment Area

LaSalle has made no community development loans and only \$4,500 in qualified community development grants for the evaluation period. Branch management is very active in three community development organizations that promote affordable housing in the local Rockford area. The bank assisted in the provision of several seminars for affordable housing financing. Also, the bank did sponsor a banking seminar for a coalition of the City of Rockford, federal supervisory agencies, and other local banks covering the topics of Fair Credit and the CRA. Overall, the performance in this assessment area is inconsistent and weaker than the bank's performance in the Chicago MSA assessment area. As previously noted the bank's total number of offices and total deposits in the Rockford MSA assessment area comprise less than 1% of the bank's totals and as such performance in this assessment area does not have a significant impact on LaSalle's overall rating.

Fair Lending Review

We conducted a fair lending examination during this examination. Small business loans were reviewed for discriminatory practices during the application process. We noted no violations of any provisions of the anti-discrimination laws and regulations. Appropriate fair lending policies, procedures, and training efforts are in place throughout the bank.