

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

FIRSTAR BANK ILLINOIS

RSSD Number: 2648

30 N. Michigan Avenue
Suite 300
Chicago, Illinois 60602-3402

FEDERAL RESERVE BANK
OF CHICAGO

230 South LaSalle
Chicago, Illinois 60604

Note: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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 operations 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 Community Reinvestment Act (CRA) performance of **Firststar Bank Illinois, Chicago, Illinois** prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency, as of **June 22, 1998**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the 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 228.

INSTITUTION-S RATING: This institution is rated Satisfactory.

The bank's lending performance indicates a strong level of lending to low- and moderate-income borrowers and to businesses of different revenue sizes; overall community development lending was also strong. The bank's percentage of lending within all assessment areas is acceptable in light of corporate objectives and information derived within the performance context. The geographic distribution of lending within all assessment areas is considered reasonable in comparison to aggregate lending levels. The bank's overall level of community development investments is at a satisfactory level. Banking services, including alternate delivery systems, are accessible to residents of the bank's assessment areas and office hours are reasonable. The construction of a new branch facility in the Austin neighborhood marks a significant investment in and commitment to, serving the needs of this neighborhood. Community development services provided by the bank are reasonable.

The following table details the performance levels of **Firststar Bank Illinois, Chicago, Illinois**, with respect to the lending, investment and service tests. Based on the component test ratings for large banks, the assigned composite rating is Satisfactory.

FIRSTAR BANK ILLINOIS			
Performance Levels	Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			
*Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating			

DESCRIPTION OF FIRSTSTAR BANK ILLINOIS' ASSESSMENT AREAS

The bank is headquartered in Chicago, Illinois, the Cook County seat. The bank has defined ten distinct assessment areas that are all located within the Chicago Metropolitan Statistical Area (MSA 1600), as follows:

- **Main** - consists of 290 census tracts, including four low-income, 27 moderate-income, 148 middle-income and 111 upper-income tracts. This area includes: 162 census tracts in the western and northwestern portions of the city of Chicago and certain northwestern Cook County suburbs; 113 census tracts in Du Page County and 15 census tracts in northern Will County. This is a diverse geographic area that includes the Austin neighborhood of Chicago on the east, Niles and Elk Grove Village on the north, Wheaton and Naperville on the west, and Bolingbrook on the south. This area is served by 23 of the bank's branch offices. There is one additional census tract within this geographic area; it has been excluded from these figures because it lacks population according to 1990 census data.
- **North** - consists of 99 census tracts, including one moderate-income (a closed military facility), 18 middle-income and 80 upper-income census tracts. This area includes communities in the northwest corner of Cook County (61 census tracts) and in Lake County (38 census tracts), including Deerfield and Highwood on the east, Libertyville and Mundelein on the north, Barrington on the west and Arlington Heights and Glenview on the south. This area is served by eight of the bank's branches.
- **Loop** - includes two upper-income census tracts that are served by the bank's Michigan Avenue branch office in downtown Chicago. This is an area with relatively few residents, very expensive housing and an extremely high housing affordability ratio. There are two additional census tracts in this assessment area that have been excluded from this discussion because one of them is unpopulated and the other has a small population (192), according to 1990 census data.
- **Kedzie** - consists of 6 census tracts, including one middle-income and five moderate-income census tracts surrounding the bank's branch on Kedzie Avenue on the near-northwest side of Chicago.
- **Edgewater** - consists of 11 census tracts, including seven moderate-income and four middle-income census tracts surrounding the bank's Clark Street branch on the north side of Chicago near the lakefront.
- **Burbank** - consists of 14 census tracts, including one upper-income and 13 middle-income census tracts around the bank's branch in southwest suburban Burbank. This area includes the cities of Burbank and Hometown, as well as portions of Chicago, Bedford Park and Oak Lawn.

- **Park Forest** - encompasses 20 census tracts, including five moderate-income, 13 middle-income and two upper-income census tracts around the bank's branch in far south suburban Park Forest. Five of the census tracts are in Will County and 15 are in Cook County.
- **Geneva** - consists of 12 census tracts, including six middle-income and six upper-income census tracts surrounding the bank's two branches in Geneva and one branch in St. Charles on the eastern edge of Kane County.
- **Crystal Lake** - consists of nine census tracts, including two middle-income and seven upper-income census tracts around the bank's Crystal Lake office in the southeast corner of McHenry County.
- **Fox Lake** - consists of ten middle-income census tracts, seven in Lake County and three in McHenry County that are served by the bank's Fox Lake branch office.

The ten assessment areas combined include 473 census tracts, of which four are low-income, 45 are moderate-income, 215 are middle-income and 209 are upper-income. The Main assessment area includes all four low-income and 27 of the moderate-income census tracts. The other 18 moderate-income census tracts are in the North (1), Kedzie (5), Edgewater (7) and Park Forest (5) assessment areas.

The following chart details population and income information for the ten assessment areas, as compared to MSA 1600 and State of Illinois levels:

ASSESSMENT AREA POPULATION BY INCOME LEVEL, BASED UPON 1990 CENSUS DATA								
Assessment Area / Population	Low-Income Families		Moderate-Income Families		Middle-Income Families		Upper-Income Families	
	#	%	#	%	#	%	#	%
Combined Assessment Area 2,554,682	76,203	11.2	101,401	14.9	166,880	24.5	337,163	49.4
Main 1,587,757	49,155	11.7	65,271	15.5	107,186	25.5	198,961	47.3
North 534,876	9,349	6.3	15,608	10.6	29,122	19.8	93,393	63.3
Loop 4,843	48	4.3	68	6.0	177	15.6	839	74.1
Kedzie 28,899	1,910	26.9	1,845	25.9	1,958	27.5	1,400	19.7
Edgewater 63,339	4,662	32.0	3,388	23.2	3,363	23.1	3,162	21.7
Burbank 69,406	2,604	13.8	3,464	18.3	5,745	30.4	7,092	37.5
Park Forest 76,102	3,929	19.5	4,543	22.6	5,681	28.3	5,941	29.6
Geneva 67,832	1,188	6.4	2,153	11.7	4,385	23.8	10,710	58.1
Crystal Lake 67,275	1,305	7.1	2,411	13.0	4,967	26.8	9,834	53.1
Fox Lake 54,353	2,053	13.8	2,650	17.9	4,296	29.0	5,831	39.3
MSA 1600 (Chicago) 7,410,858	370,037	19.8	324,237	17.4	447,320	24.0	722,630	38.8
State of Illinois 11,430,602	587,165	20.0	525,002	17.8	710,740	24.1	1,121,614	38.1

Middle- and upper-income families together represent a greater portion of the population than low- and moderate-income families within eight of the assessment areas. The Kedzie and Edgewater assessment areas; however, are exceptions, with low- and moderate-income families together representing 52.8% and 55.2%, respectively, of all families in these areas. In addition, the Austin community, on the west side of Chicago (a part of the Main assessment area), is an economically-challenged area, with 62.6% of families being low- or moderate-income. All four low-income census tracts and 18 of the moderate-income census tracts fall within the Austin community. The median family income in Austin is \$26,770 and 25.1% of families have incomes below the poverty level.

Overall, housing in the assessment area consists primarily of owner-occupied, single-family units, with the exception that rental properties are more prevalent in the Loop, Kedzie and Edgewater assessment areas. In addition, the Austin community of Chicago consists of 54.4% rental units and 34.5% owner-occupied units; 11.0% of the housing units are vacant. The following chart details assessment area housing information:

ASSESSMENT AREA HOUSING DATA BASED UPON 1990 CENSUS DATA					
Assessment Area		Owner-Occupied Units	Total Rental Units	Vacant Units	Total Housing Units
Main	#	403,598	172,129	27,315	603,042
	%	66.9	28.6	4.5	
North	#	150,156	43,826	7,476	201,458
	%	74.5	21.8	3.7	
Loop	#	1,168	1,817	916	3,901
	%	29.9	46.6	23.5	
Kedzie	#	4,080	6,383	764	11,227
	%	36.3	56.9	6.8	
Edgewater	#	6,871	17,682	1,897	26,450
	%	26.0	66.8	7.2	
Burbank	#	21,007	3,481	374	24,862
	%	84.5	14.0	1.5	
Park Forest	#	18,429	9,370	1,380	29,179
	%	63.1	32.1	4.7	
Geneva	#	18,101	5,130	963	24,194
	%	74.8	21.2	4.0	
Crystal Lake	#	18,697	3,886	888	23,471
	%	79.7	16.5	3.8	
Fox Lake	#	15,378	3,958	2,045	21,381
	%	71.9	18.5	9.6	
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MSA 1600	#	1,628,992	1,042,548	180,214	2,851,754
	%	57.1	36.6	6.3	
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State of Illinois	#	2,699,121	1,503,119	304,035	4,506,275
	%	59.9	33.4	6.7	

The following chart details median housing values, median family incomes, housing affordability indexes, the percentage of housing units built prior to 1950 and gross monthly rents. The housing affordability index, which measures the affordability of housing, compares the median housing value to the median family income; higher ratios indicate decreased affordability. As the chart indicates, housing affordability varies within the ten assessment areas, ranging from 1.58 in the Park Forest assessment area to 6.58 in the Loop assessment area.

ASSESSMENT AREA HOUSING DATA BASED UPON 1990 CENSUS DATA					
Assessment Area	Median Housing Value	Median Family Income	Housing Affordability Ratio	Median Gross Monthly Rent	Age-% Built Pre-1950
Main	\$128,386	\$49,428	2.60	\$575	24.2%
North	\$175,687	\$62,596	2.81	\$683	9.2%
Loop	\$518,182	\$78,731	6.58	\$978	3.2%
Kedzie	\$88,894	\$32,882	2.70	\$466	83.1%
Edgewater	\$100,772	\$31,150	3.24	\$474	79.1%
Burbank	\$88,559	\$43,196	2.05	\$496	14.4%
Park Forest	\$60,973	\$38,523	1.58	\$472	26.6%
Geneva	\$150,786	\$57,549	2.62	\$603	20.4%
Crystal Lake	\$123,466	\$53,002	2.33	\$617	14.9%
Fox Lake	\$93,008	\$44,636	2.08	\$554	29.9%
MSA 1600	\$108,960	\$42,758	2.55	\$492	36.2%
State of Illinois	\$80,114	\$38,664	2.07	\$445	36.9%

The local economy continues to be strong, with generally low unemployment and growth occurring in most sectors of the economy. The Chicago MSA is home to a wide variety of companies, from small businesses to large international conglomerates. The area is also served by excellent public transportation and major highways, increasing the numbers and types of employment opportunities. The following chart compares unemployment statistics for June 1998 and 1997 for the six counties included within the bank's ten assessment areas, for MSA 1600 and for the State of Illinois:

UNEMPLOYMENT STATISTICS – JUNE 1998 AND JUNE 1997						
County/ Location	June 1998		June 1997		Increase in Labor Force	Change in Unemployment %
	Labor Force	Unemployment %	Labor Force	Unemployment %		
Cook	2,671,503	4.9	2,651,742	5.0	19,761	- 0.1
Du Page	515,194	2.7	511,764	2.9	3,430	- 0.2
Kane	205,200	3.6	203,991	3.8	1,209	- 0.2
Lake	318,855	3.8	314,893	3.3	3,962	+ 0.5
McHenry	131,081	3.2	129,684	2.9	1,397	+ 0.3
Will	227,834	4.2	226,058	4.2	1,776	N/A
MSA 1600	4,162,052	4.4	4,130,267	4.4	31,785	N/A
State of Illinois	6,427,491	4.6	6,207,583	4.7	219,908	- 0.1

The unemployment percentage over the past year is relatively unchanged throughout the area even as the labor force has increased. Although Lake and McHenry counties have seen slight increases in the unemployment percentage between years, this translates to a small number of

additional individuals who are unemployed because the total labor force in these areas is relatively small. In fact, the total number of individuals employed in these counties has grown in the past year; the increase in the labor force between years has not yet been absorbed, resulting in the increase in the unemployment percentage.

DESCRIPTION OF INSTITUTION

Firststar Bank Illinois, with assets of \$2.703 billion at March 31, 1998, is a wholly-owned subsidiary of Firststar Corporation, a multi-bank holding company located in Milwaukee, Wisconsin. The bank maintains 40 full-service branches and one limited-service facility within its ten assessment areas. In addition, the bank operates 77 automated teller machines (ATMs), including 21 off-site locations.

Loan products offered by the bank, either directly or through affiliates, include a variety of business, consumer and real estate loans. Business loan products include term, single-payment, commercial mortgage and commercial real estate development loans as well as operating lines of credit. The bank also offers small business loans under Small Business Administration (SBA) and other government programs. Consumer loans, which are underwritten and funded by the affiliated, Firststar Bank U.S.A., N.A., (FBUSA) include installment, single-payment, home-improvement and student loans, as well as credit card, home equity, personal and overdraft protection lines of credit. Mortgage loan programs offered through its affiliate, Firststar Home Mortgage Corporation (FHMC), include conventional fixed-rate mortgages, adjustable-rate mortgages (ARM) and construction loans, as well as government- and state-insured, sponsored and subsidized loan programs.

Competition throughout the Chicago metropolitan area is extensive and includes very large institutions and many smaller local institutions. The largest institutions competing with the bank in MSA 1600 include The First National Bank of Chicago, The Northern Trust Company, Harris Trust and Savings Bank and American National Bank and Trust Company of Chicago. Additional local competitors include Cole Taylor Bank; West Suburban Bank; The State Bank of Geneva; Community Bank of Elmhurst; Parkway Bank & Trust Co.; Corus Bank, NA; Success National Bank; First Bank of Oak Park and Fox Valley Bank. There are a significant number of additional financial institutions that are competitors of the bank for deposit and loan customers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The bank's analyses of 1996, 1997, and the first six months of 1998 Home Mortgage Disclosure Act (HMDA) reportable and small business originations were reviewed to evaluate the bank's lending volume, geographic distribution of loans and the distribution of lending by borrower characteristics. Discussions with bank management and reviews of loan documents were utilized to identify and evaluate community development lending and the use of innovative and flexible lending practices.

Lending Volume

A review of the bank's quarterly Consolidated Reports of Condition and the Uniform Bank Performance Reports (UBPR) for the period June 30, 1996 through March 31, 1998 indicates that the bank's loan-to-deposit ratio was 66.0% at March 31, 1998 and averaged 66.6% during this two-year period. The bank's average loan-to-deposit ratio is substantially below its national peer group's ratio of 81.2% and lower than most of its local competitors. This is due primarily to the fact that consumer and mortgage loans originated for the bank's customers are funded by bank affiliates; thus, the bank's loan-to-deposit ratio of 66.0% is deemed reasonable.

The following table illustrates these figures:

AVERAGE LOAN-TO-DEPOSIT RATIO OF FIRSTAR BANK ILLINOIS, ITS NATIONWIDE PEER GROUP AND OTHER LOCAL COMPETITORS		
Institution	Assets at 03-31-98 (Millions)	Eight-Quarter Average Loan-to-Deposit Ratio
American National Bank and Trust Company of Chicago	\$9,701.1	109.2%
Cole Taylor Bank	\$1,857.1	84.7%
First Bank of Oak Park	\$154.9	84.2%
Success National Bank	\$433.3	83.8%
Corus Bank, NA	\$2,277.3	83.5%
Harris Trust and Savings Bank	\$17,425.4	81.7%
National Peer Group	N/A	81.2%
Parkway Bank & Trust Co.	\$929.4	74.0%
Fox Valley Bank	\$78.0	69.6%
West Suburban Bank	\$1,277.7	69.5%
The Northern Trust Company	\$25,671.8	69.1%
The First National Bank of Chicago	\$62,191.2	67.8%

AVERAGE LOAN-TO-DEPOSIT RATIO OF FIRSTAR BANK ILLINOIS, ITS NATIONWIDE PEER GROUP AND OTHER LOCAL COMPETITORS		
Institution	Assets at 03-31-98 (Millions)	Eight-Quarter Average Loan-to-Deposit Ratio
Firststar Bank Illinois	\$2,702.6	66.6%
Community Bank of Elmhurst	\$66.6	61.6%
The State Bank of Geneva	\$77.5	57.0%

The bank's average loan mix compared to its peer group's average loan mix, as shown in the March 31, 1998 UBPR is as follows:

COMPOSITION OF FIRSTAR BANK ILLINOIS' LOAN PORTFOLIO AT MARCH 31, 1998 IN COMPARISON TO PEER LEVELS		
Loan Type	Bank Average Loan Mix (%)	Peer Average Loan Mix (%)
REAL ESTATE LOANS		
Construction/Development	2.30	3.16
1 - 4 Family Residential	50.60	27.29
Home Equity	7.62	2.52
Other Real Estate	24.44	19.66
Farmland	0.02	0.26
Multi-family	2.82	1.23
Commercial	21.59	16.89
TOTAL REAL ESTATE LOANS	77.33	56.96
LOANS TO INDIVIDUALS	7.54	13.97
CREDIT CARD LOANS	0.68	0.85
COMMERCIAL & INDUSTRIAL LOANS	13.21	17.35
AGRICULTURAL LOANS	0.00	0.18
MUNICIPAL LOANS	1.05	0.46
OTHER LOANS*	0.87	0.56
*Excludes Financial Institution Loans, Acceptance of Other Banks, Foreign Office Loans and Leases, and Lease Financing Receivables		

The preceding table illustrates that the bank's average loan mix on March 31, 1998 reflects a reasonable diversification among the broad lending categories (real estate, consumer and commercial). Loans to individuals (residential 1-4 family and loans to individuals) represent 58.14% of its loan portfolio. Commercial loans (construction/development, other real estate and commercial and industrial loans) represent 39.95% of the bank's loan portfolio. Although the bank offers residential real estate loans through an affiliate, it periodically purchases loans from this affiliate for its portfolio. The bank has a similar concentration of business loans compared to

peer; however, the bank's loan portfolio is more heavily concentrated in real estate loans and less concentrated in consumer loans than its peer group.

Lending in the Assessment Area

The bank's analyses of its 1996, 1997, and year-to-date 1998 HMDA-reportable and small business loan originations were also reviewed to evaluate the bank's level of lending within the bank's combined assessment area. This review is summarized in the following table:

FIRSTAR BANK ILLINOIS' HMDA-REPORTABLE AND SMALL BUSINESS LOANS MADE WITHIN THE COMBINED ASSESSMENT AREA						
Loan Type	1996		1997		1998*	
Number of Loans	#	% Within	#	% Within	#	% Within
HMDA-reportable loans	286	73.7%	235	12.0%	113	10.5%
Small business loans	715	70.1%	643	72.2%	295	64.1%
Dollar Amount	\$(000)	% Within	\$(000)	% Within	\$(000)	% Within
HMDA-reportable loans	6,525	61.5%	35,674	12.8%	23,318	13.5%
Small business loans	85,247	65.7%	84,094	68.5%	33,224	68.7%

* Through June 30, 1998

The preceding table illustrates that the majority of the bank's small business loans (64.1%-72.2%) were originated within its combined assessment area. In addition, the vast majority of the number and dollar amount of small business loans made in 1996, 1997 and year-to-date 1998, outside of the bank's assessment areas, were still made within the Chicago MSA.

The preceding table also illustrates that the bank has a very low percentage of HMDA-reportable transactions within the bank's combined assessment area in 1997 and year-to-date 1998. Most of the HMDA-reportable mortgage loans are loans that the bank purchases for its loan portfolio from its mortgage loan affiliate, FHMC. The majority of these purchased loans are secured by properties located in those states served by all Firststar Corporation bank affiliates, by FHMC on behalf of bank affiliates. The low percentages do not necessarily indicate that the bank's HMDA-reportable lending activity is at unacceptable levels since the bank's mortgage customers have ready access to the numerous loan products provided by FHMC. The analysis of the bank's lending in the assessment area includes only those loans referred to and originated by FHMC and subsequently repurchased from FHMC.

Senior bank management also indicated that a significant number of mortgage loans purchased at this bank were purchased consistent with a corporate strategy of accumulating mortgage loans (prior to sale on the secondary market) at one particular affiliate rather than at the individual affiliate level. This strategy aims to simplify the funding process.

Geographic Distribution

The bank's analyses of its 1996, 1997, and year-to-date 1998 HMDA-reportable, small business and consumer originations were also reviewed to evaluate the bank's level of lending within the bank's assessment areas. HMDA-reportable loans and consumer loans discussed in this section include bank loan originations and those of the bank's affiliates, FHMC and FBUSA, respectively, from applications derived within the bank's assessment areas. Consumer loans are being considered in this analysis since bank management has elected to have them included. Throughout these discussions, the word "bank" means the bank and its affiliates, FHMC and FBUSA.

Only five of the bank's ten assessment areas (Main, North, Kedzie, Edgewater, and Park Forest) include low- or moderate-income census tracts and will be considered in this geographic distribution analysis. The North assessment area contains no low-income tracts and only one moderate-income tract, which consists primarily of a closed military base; this census tract has a small population. As a result, the bank and all reporting lenders in the aggregate have reported low lending activity here (in 1996, there were only 60 HMDA-reportable loans in the aggregate and none by the bank; similarly, in 1997 there were 30 small business loans in the aggregate and two by the bank). For this reason, the lending within the North assessment area will not be considered in this geographic distribution analysis.

The Kedzie and Edgewater assessment areas, which include five and seven moderate-income tracts, respectively, have experienced very low lending activity by the bank. Specifically, HMDA-reportable loans in the Kedzie assessment area totaled 12, 14, and 11 in 1996, 1997 and year-to-date 1998, respectively. For the Edgewater assessment area, HMDA-reportable loan activity totaled 11, 19 and 19, respectively, for these same time periods. Similarly, small business lending by the bank in the three reporting periods were 12, six and three, respectively, in the Kedzie area and 15, ten and three, respectively, in the Edgewater area. The small volume of bank lending in Kedzie and Edgewater is primarily attributable to generally low lending levels as evidenced by aggregate lending figures for these areas. The bank's share of this aggregate demand, on a percentage basis, for mortgage loans is generally consistent with the bank's share of aggregate lending for mortgage loans in most of its assessment areas. The bank's percentage share of aggregate small business loan demand in Kedzie and Edgewater is higher than in most of its other assessment areas. Thus, the bank appears to be obtaining a reasonable share of the aggregate loan demand in these areas, but the low aggregate lending levels are consistent with low lending activity for the bank. A meaningful analysis of this low level of lending activity is not possible. For this reason, lending within the Kedzie and Edgewater assessment areas will not be individually analyzed in this geographic distribution analysis.

Main Assessment Area

The bank's analyses of its 1996, 1997, and year-to-date 1998 HMDA-reportable, small business

and consumer originations were also reviewed to evaluate the bank's level of lending within the Main assessment area. The information is summarized in the following tables:

FIRSTAR BANK ILLINOIS' HMDA-REPORTABLE LENDING IN THE MAIN ASSESSMENT AREA										
Income Designation of Census Tract	# of Tracts	% of Tracts	1996		1997		1998*		Aggregate Lending** 1997	
			# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total
Low-income	4	1.4	2	0.3	2	0.3	1	0.2	306	0.5
Moderate-income	27	9.3	12	1.5	9	1.2	8	1.2	3,025	4.8
Middle-income	148	51.0	248	31.6	251	33.6	234	34.0	26,616	42.2
Upper-income	111	38.3	524	66.6	484	64.9	444	64.6	33,133	52.5
Totals	290	100.0	786	100.0	746	100.0	687	100.0	63,080	100.0

* Through June 30, 1998
 ** Total originations in 1997 by all HMDA reporters in this assessment area

FIRSTAR BANK ILLINOIS' SMALL BUSINESS LENDING IN THE MAIN ASSESSMENT AREA										
Income Designation of Census Tract	# of Tracts	% of Tracts	1996		1997		1998*		Aggregate Lending** 1997	
			# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total
Low-income	4	1.4	1	0.2	1	0.3	1	0.6	22	0.2
Moderate-income	27	9.3	15	3.6	15	3.9	10	5.8	612	4.2
Middle-income	148	51.0	214	51.6	147	38.5	69	40.1	7,100	48.9
Upper-income	111	38.3	185	44.6	219	57.3	92	53.5	6,786	46.7
Totals	291	100.0	415	100.0	382	100.0	172	100.0	14,520	100.0

* Through June 30, 1998
 ** Total originations in 1997 for all reporters of small business loans in this assessment area

FIRSTAR BANK ILLINOIS' CONSUMER LENDING IN THE MAIN ASSESSMENT AREA									
Income Designation of Census Tract	# of Tracts	% of Tracts	1996		1997		1998*		
			# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total	% of Total
Low-income	4	1.4	5	0.1	21	0.4	9	0.4	
Moderate-income	27	9.3	70	1.8	158	3.1	107	5.2	
Middle-income	148	51.0	1,486	37.2	2,279	44.4	956	46.6	

Low-income	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Moderate-income	5	25.0	20	16.8	13	13.3	6	10.7	466	19.3
Middle-income	13	65.0	89	74.8	79	80.6	48	85.7	1,659	68.8
Upper-income	2	10.0	10	8.4	6	6.1	2	3.6	288	11.9
Totals	20	100.0	119	100.0	98	100.0	56	100.0	2,413	100.0
* Through June 30, 1998										
** Total originations in 1997 by all HMDA reporters in this assessment area										

The preceding table illustrates that the bank’s mortgage lending percentages in the moderate-income census tracts in the Park Forest assessment area are slightly below, but reasonable in relation to, the 1997 aggregate lending percentages. This is in spite of the fact that the bank’s share of aggregate HMDA-reportable lending activity is much higher in Park Forest than in its other assessment areas. Bank management explained that this higher share of the aggregate demand in the Park Forest assessment area is due to the bank’s active involvement and leadership in a special home mortgage program in this market.

FIRSTAR BANK ILLINOIS’ CONSUMER LENDING IN THE PARK FOREST ASSESSMENT AREA								
Income Designation of Census Tract	# of Tracts	% of Tracts	1996		1997		1998*	
			# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total
Low-income	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Moderate-income	5	25.0	47	12.2	82	17.1	26	15.3
Middle-income	13	65.0	304	79.0	345	72.2	125	73.5
Upper-income	2	10.0	34	8.8	51	10.7	19	11.2
Totals	20	100.0	385	100.0	478	100.0	170	100.0
* Through June 30, 1998								

The preceding table illustrates that consumer lending in the moderate-income tracts, as a percentage of total loans made, in 1997 and 1998 has grown in comparison to 1996 levels. A review of the data that underlies the preceding tables reveals that the bank’s distribution of mortgage loans and consumer loans within the Main assessment area is satisfactory.

Borrower Characteristics

The bank’s analyses of its 1996, 1997, and year-to-date 1998 HMDA-reportable, small business and consumer loan originations were also reviewed to evaluate the bank’s lending to borrowers of different income levels within the bank’s assessment areas. HMDA-reportable loans and consumer loans discussed in this section include loans that were made by the bank’s affiliates, FHMC and FBUSA, respectively, from applications derived within the bank’s assessment areas.

Any mortgage or consumer loans that the bank originated directly are also included in this data. Consumer loans are being considered in these discussions because bank management has elected to have them included. Throughout these discussions, the word “bank” means the bank and its affiliates, FHMC and FBUSA.

In considering data to be reviewed under this analysis of lending based on borrower income or revenue characteristics, loan volumes in the ten assessment areas were reviewed to determine those areas where activity was high enough to provide meaningful analysis of the data. In addition, for HMDA-reportable and consumer loan activity, greater consideration was given to those assessment areas with greater concentrations of low- and moderate-income families. The result of this preliminary review is that further analysis of lending activity will be conducted on data from Main, North, and Park Forest assessment areas.

Main Assessment Area

The bank’s analysis of 1996, 1997, and year-to-date 1998 HMDA-reportable loans in the Main assessment area to individuals of different income levels is summarized in the following table:

FIRSTAR BANK ILLINOIS’ HMDA-REPORTABLE LENDING WITHIN THE MAIN ASSESSMENT AREA BY BORROWER INCOME CHARACTERISTICS									
Income Designation of Census Tract	% of Families	1996		1997		1998*		Aggregate Lending** 1997	
		# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total
Low-income	11.7	22	2.8	31	4.2	24	3.5	3,234	5.4
Moderate-income	15.5	106	13.8	119	16.2	106	15.6	11,402	18.9
Middle-income	25.5	223	29.0	195	26.5	177	26.0	18,198	30.2
Upper-income	47.3	419	54.4	391	53.1	374	54.9	27,352	45.5
Totals	100.0	770	100.0	736	100.0	681	100.0	60,186	100.0
* Through June 30, 1998									
** Total originations in 1997 by all HMDA reporters in this assessment area									

The preceding table indicates that 4.6% and 15.9%, respectively, of all HMDA-reportable loans made by the bank in 1996, 1997, and year-to-date 1998 within the Main assessment area were made to low- and moderate-income individuals. These figures are slightly below, but reasonably consistent with, aggregate lending percentages for this area for 1997. The difference between the bank’s performance and aggregate statistics for low-income individuals (4.6% compared to 5.4%) is insignificant. The difference between the bank’s performance and aggregate statistics for moderate-income individuals (15.9% compared to 18.9%) is considered to be reasonable because of the improvement in the bank’s performance from 1996 to 1997 and because the difference in the percentages is not material.

The bank’s analysis of 1996, 1997, and year-to-date 1998 small business loans in the Main

assessment area, summarized by annual revenues of the borrower and by loan amount, are detailed in the following tables:

FIRSTSTAR BANK ILLINOIS' SMALL BUSINESS ORIGINATIONS WITHIN THE MAIN ASSESSMENT AREA BY ANNUAL REVENUE OF THE BORROWERS												
Borrower Revenue Designation	1996				1997				1998*			
	# of Loans	%	Loan Amt \$(000)	%	# of Loans	%	Loan Amt \$(000)	%	# of Loans	%	Loan Amt \$(000)	%
Small**	149	38.2	10,333	21.3	229	60.9	15,288	29.3	81	60.9	7,020	34.3
Large	241	61.8	38,281	78.7	147	39.1	36,955	70.7	52	39.1	13,438	65.7
Total	390	100.0	48,614	100.0	376	100.0	52,243	100.0	133	100.0	20,458	100.0

* Through June 30, 1998
** Businesses having annual revenues of \$1,000,000 or less

FIRSTSTAR BANK ILLINOIS' SMALL BUSINESS ORIGINATIONS WITHIN THE MAIN ASSESSMENT AREA BY LOAN AMOUNT								
Year	\$100,000 or less		>\$100,000 to \$250,000		Greater than \$250,000		Totals	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
1996	278	11,398	84	14,674	53	26,029	415	52,101
1997	247	8,938	72	13,037	63	30,743	382	52,718
1998*	123	3,363	23	4,147	26	13,752	172	21,262

* Through June 30, 1998

The preceding tables illustrate that the bank has been responsive to the borrowing needs of small businesses in the Main assessment area. In total, 51.1% of the number of loans and 26.9% of the dollar amount of loans made during 1996, 1997, and year-to-date 1998 were made to businesses with annual revenues of \$1.0 million or less. In addition, 66.9% of the number of loans and 18.8% of the dollar amount of loans made during this period were in amounts of \$100,000 or less. These figures are generally consistent with aggregate lending data for this assessment area for 1997, which shows that 41.1% of the number of loans and 29.3% of the dollar amount of loans were made to small businesses, and 79.5% of the number and 19.9% of the dollar amount of loans were in amounts of \$100,000 or less.

The bank's analysis of 1996, 1997, and year-to-date 1998 consumer loans in the Main assessment area to individuals of different income levels is summarized in the following table:

FIRSTSTAR BANK ILLINOIS' CONSUMER LOAN ORIGINATIONS WITHIN THE MAIN ASSESSMENT AREA BY BORROWER INCOME CHARACTERISTICS				
Borrower Income Designation	% of Families	1996	1997	1998*

		# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total
Low-income	11.7	669	19.7	1,060	23.4	274	14.6
Moderate-income	15.5	704	20.7	1,026	22.7	417	22.3
Middle-income	25.5	735	21.6	1,067	23.6	487	26.0
Upper-income	47.3	1,291	38.0	1,373	30.3	695	37.1
Totals	100.0	3,399	100.0	4,526	100.0	1,873	100.0

* Through June 30, 1998

The preceding table illustrates that the bank has been responsive to the consumer borrowing needs of the all segments of the Main assessment area, and especially the low- and moderate-income borrowers. For all three reporting periods, the percentage of loans made to low- and moderate-income borrowers has been consistently higher than the demographic composition of the assessment area.

For the Main assessment area, the bank’s HMDA-reportable, small business, and consumer loan penetration among borrowers of different income levels and businesses of different sizes is reasonable, and in some cases it is strong, based upon the demographic characteristics of the assessment area, general consistency with the aggregate data in this area, and consistency with information provided by community representatives.

North Assessment Area

The bank’s analysis of 1996, 1997, and year-to-date 1998 HMDA-reportable loans in the North assessment area to individuals of different income levels is summarized in the following table:

FIRSTAR BANK ILLINOIS’ HMDA-REPORTABLE LENDING WITHIN THE NORTH ASSESSMENT AREA BY BORROWER INCOME CHARACTERISTICS									
Income Designation of Census Tract	% of Families	1996		1997		1998*		Aggregate Lending** 1997	
		# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total
Low-income	6.3	9	2.0	12	3.0	3	0.7	658	2.9
Moderate-income	10.6	37	8.1	45	11.2	32	7.0	2,807	12.5
Middle-income	19.8	112	24.4	106	26.3	97	21.4	4,972	22.1
Upper-income	63.3	301	65.5	240	59.5	322	70.9	14,046	62.5
Totals	100.0	459	100.0	403	100.0	454	100.0	22,483	100.0

* Through June 30, 1998
 ** Total originations in 1997 by all HMDA reporters in this assessment area

The preceding table indicates that 2.2% and 9.5%, respectively, of all HMDA-reportable loans made by the bank in 1996, 1997, and year-to-date 1998 within the North assessment area were

made to low- and moderate-income individuals. These figures are slightly below, but reasonably consistent with aggregate lending percentages for this area for 1997. The difference in the statistics for the bank compared to the aggregate for low-income individuals (2.2% vs. 2.9%) is insignificant. The difference in these statistics is slightly larger for moderate-income individuals (9.5% vs. 12.5%) but is still considered to be reasonable because of the improvement in the bank's performance relative to this income group from 1996 to 1997.

The bank's analysis of 1996, 1997, and year-to-date 1998 small business loans in the North assessment area, summarized by annual revenues of the borrower and by loan amount, are detailed in the following tables:

FIRSTAR BANK ILLINOIS' SMALL BUSINESS ORIGINATIONS WITHIN THE NORTH ASSESSMENT AREA BY ANNUAL REVENUE OF THE BORROWERS												
Borrower Revenue Designation	1996				1997				1998*			
	# of Loans	%	Loan Amt \$(000)	%	# of Loans	%	Loan Amt \$(000)	%	# of Loans	%	Loan Amt \$(000)	%
Small**	60	39.2	4,283	26.9	108	70.6	8,766	44.2	28	66.7	1,356	32.1
Large	93	60.8	11,632	73.1	45	29.4	11,046	55.8	14	33.3	2,872	67.9
Total	153	100.0	15,915	100.0	153	100.0	19,812	100.0	42	100.0	4,228	100.0

* Through June 30, 1998
 ** Businesses having annual revenues of \$1,000,000 or less

FIRSTAR BANK ILLINOIS' SMALL BUSINESS ORIGINATIONS WITHIN THE NORTH ASSESSMENT AREA BY LOAN AMOUNT								
Year	\$100,000 or less		>\$100,000 to \$250,000		Greater than \$250,000		Totals	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
1996	115	4,572	37	6,648	12	6,015	164	17,235
1997	106	3,862	23	4,573	25	11,425	154	19,860
1998*	57	1,165	9	1,520	5	2,367	71	5,052

* Through June 30, 1998

The preceding tables illustrate that the bank has been responsive to the borrowing needs of small businesses in the North assessment area. In total, 56.3% of the number of loans and 36.1% of the dollar amount of loans made during 1996, 1997, and year-to-date 1998 were made to businesses with annual revenues of \$1.0 million or less. In addition, 66.9% of the number of loans and 22.8% of the dollar amount of loans made during this period were in amounts of \$100,000 or less. These figures are generally consistent with aggregate lending data for this assessment area for 1997, which shows that 44.8% of the number of loans and 34.9% of the dollar amount of loans were made to small businesses, and 79.0% of the number and 19.6% of the dollar amount of loans were in amounts of \$100,000 or less.

The bank's analysis of 1996, 1997, and year-to-date 1998 consumer loans in the North assessment area to individuals of different income levels is summarized in the following table:

FIRSTSTAR BANK ILLINOIS' CONSUMER LOAN ORIGINATIONS WITHIN THE NORTH ASSESSMENT AREA BY BORROWER INCOME CHARACTERISTICS							
Borrower Income Designation	% of Families	1996		1997		1998*	
		# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total
Low-income	6.3	140	17.7	225	20.2	74	13.7
Moderate-income	10.6	123	15.5	201	18.0	94	17.4
Middle-income	19.8	169	21.3	237	21.3	121	22.4
Upper-income	63.3	361	45.5	452	40.5	251	46.5
Totals	100.0	793	100.0	1,115	100.0	540	100.0

* Through June 30, 1998

The preceding table illustrates that the bank has been responsive to the consumer borrowing needs of the all segments of the North assessment area, and especially the low- and moderate-income borrowers. For all three reporting periods, the percentage of loans made to low- and moderate-income borrowers has been consistently higher than the demographic composition of the assessment area.

For the North assessment area, the bank's HMDA-reportable, small business, and consumer loan penetration among borrowers of different income levels and businesses of different sizes is reasonable, and in some cases it is strong, based upon the demographic characteristics of the assessment area, general consistency with the aggregate data in this area, and consistency with information provided by community representatives.

Park Forest Assessment Area

In the Park Forest assessment area, the bank's small business loan activity in all 1996, 1997, and year-to-date 1998 was too small for a reasonable analysis to be performed. Consequently, the analysis of lending activity in this assessment area will concentrate on HMDA-reportable and consumer loans. The bank's analysis of 1996, 1997, and year-to-date 1998 HMDA-reportable loans in the Park Forest assessment area to individuals of different income levels is summarized in the following table:

FIRSTAR BANK ILLINOIS' HMDA-REPORTABLE LENDING WITHIN THE PARK FOREST ASSESSMENT AREA BY BORROWER INCOME CHARACTERISTICS									
Income Designation of Census Tract	% of Families	1996		1997		1998*		Aggregate Lending** 1997	
		# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total
Low-income	19.5	22	19.1	14	14.4	8	14.3	299	12.8
Moderate-income	22.6	40	34.8	27	27.8	14	25.0	718	30.8
Middle-income	28.3	31	27.0	31	32.0	17	30.4	737	31.7
Upper-income	29.6	22	19.1	25	25.8	17	30.3	574	24.7
Totals	100.0	115	100.0	97	100.0	56	100.0	2,328	100.0

* Through June 30, 1998
** Total originations in 1997 by all HMDA reporters in this assessment area

The preceding table indicates that 15.5% and 31.4%, respectively, of all HMDA-reportable loans made by the bank in 1996, 1997, and year-to-date 1998 within the Park Forest assessment area were made to low- and moderate-income individuals. These figures are slightly higher than aggregate lending percentages for this area for 1997.

The bank's analysis of 1996, 1997, and year-to-date 1998 consumer loans in the Park Forest assessment area to individuals of different income levels is summarized in the following table:

FIRSTAR BANK ILLINOIS' CONSUMER LOAN ORIGINATIONS WITHIN THE PARK FOREST ASSESSMENT AREA BY BORROWER INCOME CHARACTERISTICS							
Borrower Income Designation	% of Families	1996		1997		1998*	
		# of Loans	% of Total	# of Loans	% of Total	# of Loans	% of Total
Low-income	19.5	71	21.4	110	27.4	26	17.7
Moderate-income	22.6	78	23.6	115	28.7	55	37.4
Middle-income	28.3	85	25.7	106	26.4	43	29.3
Upper-income	29.6	97	29.3	70	17.5	23	15.6
Totals	100.0	331	100.0	401	100.0	147	100.0

* Through June 30, 1998

The preceding table illustrates that the bank has been responsive to the consumer borrowing needs of the all segments of the Park Forest assessment area, and especially the low- and moderate-income borrowers. For all three reporting periods, the percentage of loans made to low- and moderate-income borrowers has been consistently near or above the demographic composition of the assessment area.

For the Park Forest assessment area, the bank's HMDA-reportable and consumer loan penetration among borrowers of different income levels is reasonable, and in some cases it is strong, based upon the demographic characteristics of the assessment area, general consistency with the aggregate data in this area, and consistency with information provided by community representatives.

Innovative or Flexible Lending Practices

The bank offers a wide variety of loan products for consumers and businesses, including secured and unsecured personal loans and lines of credit, numerous fixed- and variable-rate real estate loans, and commercial loans and lines of credit. Included in the small business loans analyzed in this report are certain loans which merit special mention because to the primary purpose of the loan being community development.

- **SBA loans** - Since June 1, 1996, the bank has originated 14 SBA loans totaling \$1.4 million; the bank had 62 outstanding SBA loans totaling \$5.9 million as of May 31, 1998.
- **FHA/VA loans** - Since June 1, 1996, the bank, through its affiliate, FHMC, has originated 135 Federal Housing Administration (FHA) loans totaling \$14.2 million and 14 Veterans Administration (VA) loans totaling \$1.7 million. At May 31, 1998, 74 FHA and five VA loans totaling \$7.6 million and \$0.5 million, respectively, were outstanding.
- **Other loans**

Included within the bank's small business loans are originations to provide affordable housing for low- and moderate-income individuals and to help stabilize or revitalize low- or moderate-income areas. The following transactions provided affordable housing opportunities to low- and moderate-income individuals:

- \$160,000 (February 1996) – loan to refinance a 15-unit apartment building with three tenants that receive Section 8 housing subsidies;
- \$310,000 (July 1997) – loan to purchase and rehabilitate a 6-unit apartment building that is located in a moderate-income census tract and which is occupied entirely by low- and moderate-income tenants;
- \$225,000 and \$92,500 (October 1997)– loans to purchase a 12-unit and a 10-unit apartment building, respectively, leased primarily to low- and moderate-income tenants. The local municipality provided rehabilitation funding.

The following transactions helped to stabilize or revitalize low- and moderate-income census tracts:

- \$750,000 (August 1996) – line of credit to support the general business operations of a construction contractor that builds and rehabilitates properties for the Department of Housing and Urban Development (HUD). These include affordable housing for low- and moderate-income individuals and commercial properties that help revitalize and stabilize low- and moderate-income census tracts;
- \$900,000 (February 1997) – line of credit used to purchase and rehabilitate properties (usually multi-family housing) located in low- and moderate-income census tracts;
- \$1,000,000 (July 1997) – construction loan to build a commercial building, leased to the Social Security Administration, in a low-income census tract;
- \$125,000 (June 1997) – loan for the environmental clean-up of a contaminated commercial property in a low-income census tract.

In June 1998, the bank initiated a \$10 million “Community Development Loan Blitz” targeted to low- and moderate-income census tracts in or near its assessment areas. The goal of the campaign is to increase community development lending for multi-family buildings in these areas. Since the program was just introduced at the time of this examination, there are no statistics available concerning the bank’s progress in reaching this goal. Also, through its affiliate, FHMC, the bank introduced the “American Dream Mortgage” product that is targeted to help low- and moderate-income homebuyers in their assessment areas in purchasing a home.

The bank also offers a unique product to help potential homebuyers, especially low- and moderate-income individuals, save money for the down payment on a home. This “Credit Builder” loan allows the individual to borrow \$1,000 or more, which is placed into a bank certificate of deposit (CD). The borrower makes affordable monthly payments, and when the loan is paid off, the money in the CD, including interest earned on it, is available for the down payment.

Another mortgage product designed to help low- and moderate-income individuals achieve home ownership is the “Welcome Home Loan,” which allows for a 5% down payment, of which 2% can come from a gift or grant, the elimination of the two month tax and insurance reserve at closing, and higher qualifying debt ratios than those normally used by FHMC.

Community Development Lending

In its efforts to meet the credit needs of the community, the bank regularly engages in community development lending. These community development loans, originated since the previous CRA examination, were not included in the bank’s small business loan statistics analyzed above and include 21 transactions totaling \$15,016,000, summarized as follows:

- **Affordable housing** – the bank has provided seven loans, one line of credit, and three letters of credit totaling \$8,018,926 for activities that create, improve, or otherwise support affordable housing for low- and moderate-income individuals.
- **Community services** – the bank has provided six loans and lines of credit totaling \$780,000 to organizations that provide community services targeted to low- and moderate-income individuals.
- **Revitalization/stabilization** – the bank has provided three loans and one letter of credit totaling \$6,217,000 for activities that help to revitalize or stabilize low- or moderate-income census tracts.

The bank actively seeks opportunities within their assessment areas and throughout MSA 1600 for community development loans under CRA.

CONCLUSION

The bank's overall lending performance is considered *high satisfactory*. The bank's loan-to-deposit ratio is lower than most of its competitors but is considered reasonable because many of its loan origination opportunities are funded through its affiliates, FHMC and FBUSA. A majority of the bank's small business loans were made within the bank's combined assessment area; however, the vast majority of the bank's HMDA-reportable loans were outside the combined assessment area because most of these loans were purchased from its affiliate, which originates loans in many states. The geographic distribution of loans within its assessment areas is considered to be reasonable when compared to aggregate lending data, demographic information, and comments from community representatives. Lending to borrowers of different incomes was reasonable for HMDA-reportable loans; for consumer loans, however, the bank's lending to low- and moderate-income individuals is very strong. Lending to businesses of different revenue sizes, and especially to small businesses, is considered to be reasonable, and in some cases strong. The level of community development lending was also strong. The bank is an active lender under various programs that enhance opportunities for low- and moderate-income families and small business owners to receive credit.

INVESTMENT TEST

The bank's investment portfolio, grants and special programs that contribute to community development were reviewed. Investments were also reviewed for innovativeness and responsiveness to the community development needs within the bank's assessment areas. Interviews with bank management and with community representatives revealed that the bank's assessment areas, especially within Cook County, offer a large number of opportunities for qualified investments and grants.

The bank's qualified investment activity is summarized in the following table:

FIRSTAR BANK ILLINOIS' QUALIFIED COMMUNITY DEVELOPMENT INVESTMENTS			
Organization	Investment Amount		Description
	1997	1998	
Neighborhood Housing Services of Chicago, Inc.	\$200,000	\$200,000	Loan pool investments in the Chicago Family Housing Fund, which provides affordable housing opportunities to low- and moderate-income families in low- and moderate income neighborhoods in Chicago.
Neighborhood Housing Services of Lake County	\$3,000	-	Participation in a housing rehab pool
Lake County Economic Development Corporation	\$50,000	-	Investment in the Micro Loan Pool to benefit small businesses and small business development
CANDO	-	\$100,000	CANDO is a certified Community Development Financial Institution (CDFI). The investment is to CANDO's Self Employment Loan Fund which provides micro loans (\$10,000 or less) to emerging small businesses, most of whom are sole proprietorships owned by low-income individuals
Chicago Community Loan Fund	-	\$100,000	Investment in a loan pool that provides community development loans in low- and moderate-income neighborhoods in Chicago
Affordable Housing Rehab Program of Lake County	-	\$100,000	Investment in a loan pool that provides funds to low- and moderate-income individuals for rehabilitation of substandard housing
Non-Profit Financial Center	-	\$100,000	This organization is a certified CDFI that helps other non-profit organizations with their funding needs. This is considered to be an "equity equivalent investment" in this organization.
Austin/West Garfield Federal Credit Union	-	\$250,000	This is a certificate of deposit to help the credit union meet the needs of the Austin and West Garfield communities

In addition to the qualified investments identified in the preceding table, the bank is a frequent contributor to a variety of organizations that provide community development services and support to low- and moderate-income individuals. Furthermore, the Firstar Bank Illinois Foundation, an affiliate of the bank, also makes community development contributions to similar organizations. The following table summarizes these contributions:

FIRSTAR BANK ILLINOIS' AND FIRSTAR BANK ILLINOIS FOUNDATION'S COMMUNITY DEVELOPMENT CONTRIBUTIONS AND GRANTS								
	7/1/96 - 12/31/96		1997		1/1/98 - 6/30/98		Totals	
	#	Amount	#	Amount	#	Amount	#	Amount
Bank	17	\$24,611	41	\$113,747	32	\$86,120	90	\$224,478
Foundation	9	\$15,700	23	\$38,750	9	\$14,000	41	\$68,450
Totals	26	\$40,311	64	\$152,497	41	\$100,120	131	\$292,928

The bank is also a frequent contributor to a variety of other organizations that provide community

development services and support to low- and moderate-income individuals. These contributions have not been considered in the preceding table because only a portion of their activities meet the community development requirements of CRA and a reasonable allocation of contributions to these activities could not be made. For example, the bank makes regular contributions to the United Way, the YMCA, the YWCA, and community churches, among others, that fall within this group. However, when the bank's contributions were specifically targeted to a qualified activity at one of these organizations, those contributions were considered in the preceding table.

The bank's qualified investments of \$1,103,000 and qualified contributions and grants of \$292,928 together total \$1,395,928 in community development investments. This represents 0.54% of the bank's total equity capital reported as of March 31, 1998, and is considered a reasonable level of activity.

CONCLUSION

The bank's performance under the investment test is considered *low satisfactory*. The bank is very active in its support of numerous community organizations that provide community development services and that support has grown from year-to-year. However, a bank of this size and financial strength operating in a large metropolitan area where community development investment needs and opportunities abound is in a position to be more innovative in seeking and creating qualified investment activities.

SERVICE TEST

The bank's retail delivery system and community development services were reviewed. The services provided by the bank were evaluated for range, accessibility, innovativeness, and responsiveness; alternate delivery systems for delivering these services were also reviewed. In addition, the distribution of the bank's branches, record of opening and closing branch offices, and community development service activity were reviewed.

Retail Banking Services

Firststar Bank Illinois is a full-service institution operating 40 full-service offices, one limited service office, and 77 ATMs. The bank provides a wide range of deposit and loan products, either directly or through affiliates, to consumers, businesses, organizations, and governmental units. Included in the deposit products offered are two no minimum balance accounts where the monthly maintenance fee is waived if certain performance criteria are met by the accountholder; such accounts would be affordable by low- and moderate-income individuals.

Distribution of Branches Among Geographies

The following chart lists the bank's branch locations by assessment area:

FIRSTSTAR BANK ILLINOIS' BRANCH OFFICES					
Branch Name	Address	Assessment Area	Census Tract		Drive-up
			Number	Income Designation	
Austin	5201 W. Madison Ave., Chicago	Main	2521.00	Moderate	Yes
Belmont	5850 W. Belmont Ave., Chicago	Main	1512.00	Middle	Yes
Diversey	6400 W. Diversey Ave., Chicago	Main	1905.00	Middle	Yes
Elk Grove	1100 W. Devon Ave., Elk Grove Village	Main	7703.00	Middle	No
Rosemont	9575 W. Higgins Rd., Rosemont	Main	7707.00	Middle	Yes
Niles	8500 W. Dempster, Niles	Main	8060.04	Middle	Yes
Northlake	26 W. North Ave., Northlake	Main	8118.00	Middle	No
Hillside	4830 Butterfield Rd., Hillside	Main	8183.00	Middle	Yes
Glendale Heights	1148 Main St., Glendale Heights	Main	8417.02	Middle	No
Spring Road	513 Spring Rd., Elmhurst	Main	8439.00	Middle	No
Downers Grove	2201 W. 63 rd St., Downers Grove	Main	8463.05	Middle	Yes
Bolingbrook	443 N. Bolingbrook Dr., Bolingbrook	Main	8801.07	Middle	Yes
Oak Park	104 N. Oak Park Ave., Oak Park	Main	8123.00	Upper	No
Oak Park Drive-Up *	835 W. Lake St., Oak Park	Main	8123.00	Upper	Yes
Roosevelt Road	736 Roosevelt Rd., Glen Ellyn	Main	8421.00	Upper	Yes
Duane Street	453 Forest Ave., Glen Ellyn	Main	8422.00	Upper	Yes
Glen Ellyn	466 Main St., Glen Ellyn	Main	8422.00	Upper	No
Elmhurst	536 S. York St., Elmhurst	Main	8440.00	Upper	Yes
Eaglecrest	1296 E. Chicago, Naperville	Main	8462.04	Upper	Yes
Market Meadows	1230 S. Naper Blvd., Naperville	Main	8462.05	Upper	Yes
Route 59	1971 Gowdey Rd., Naperville	Main	8464.03	Upper	Yes
White Eagle	4455 Montgomery, Naperville	Main	8465.01	Upper	Yes
Naperville	136 S. Washington St., Naperville	Main	8465.04	Upper	Yes
Wheeling	800 Wheeling Rd., Wheeling	North	8025.04	Middle	Yes
Palatine	1586 N. Rand Rd., Palatine	North	8036.06	Middle	No
Vernon Hills	850 N. Milwaukee Ave., Vernon Hills	North	8639.02	Middle	Yes
Mundelein	2000 S. Lake St., Mundelein	North	8640.02	Middle	Yes
Libertyville	285 Peterson Rd., Libertyville	North	8636.01	Upper	Yes
Riverwoods	2175 Deerfield Rd., Riverwoods	North	8648.02	Upper	Yes
Deerfield	700 Deerfield Rd., Deerfield	North	8649.02	Upper	Yes
Highwood	10 Highwood Ave., Highwood	North	8655.00	Upper	Yes
Michigan Avenue	30 N. Michigan Ave., Chicago	Loop	3201.00	Upper	No

Kedzie	3611 N. Kedzie Ave., Chicago	Kedzie	1607.00	Moderate	No
Edgewater	5340 N. Clark St., Chicago	Edgewater	0309.00	Middle	No
Burbank	5440 W. 87 th St., Burbank	Burbank	8211.01	Middle	Yes
Park Forest	99 Indianwood Blvd., Park Forest	Park Forest	8303.00	Middle	Yes
St. Charles	1500 Lincoln Hwy., St. Charles	Geneva	8522.01	Middle	Yes
Geneva East	1009 E. State St., Geneva	Geneva	8525.00	Middle	No
Geneva Downtown	21 N. Third St., Geneva	Geneva	8526.00	Upper	No
Crystal Lake	350 Commonwealth Dr., Crystal Lake	Crystal Lake	8713.01	Upper	No
Fox Lake	55 E. Grand Ave., Fox Lake	Fox Lake	8609.03	Middle	Yes
* This is a limited service facility because it is a drive-up only; there is no lobby.					

All lobbies are open from at least 9:00 a.m. to 4:00 p.m. Monday through Friday and from at least 9:00 a.m. to noon on Saturday (except for the Michigan Avenue office which is closed on Saturday). In fact, most lobbies maintain longer hours, especially on Friday evenings. Similarly, all drive-up facilities are open from at least 8:00 a.m. to 6:00 p.m. Monday through Friday and from at least 9:00 a.m. to noon on Saturday, with most maintaining longer hours. All assessment areas are adequately served by these facilities.

The bank also operates a total of 77 ATMs: 56 on-site ATMs, with at least one ATM at each branch office, and 21 off-site ATMs. The off-site ATMs include 12 located at Carson Pirie Scott department stores throughout MSA 1600 and four at O’Hare airport. Fourteen of the ATMs handle cash disbursements only; all other ATMs handle both deposit and withdrawal transactions.

Record of Opening and Closing Offices

Since the previous examination in June 1996, the bank has not opened or closed any branch offices. However, in March 1998 the bank relocated its Austin Branch, which is noteworthy because of the commitment the bank has made to this predominantly low- and moderate-income community by this action. The new facility is a freestanding building erected on a previously empty lot; management reports that this is the first new bank facility built in the Austin community in 70 years. The new office includes a lobby, drive-up access, an ATM, and a community room that is made available to local organizations within the Austin neighborhood. At a cost of \$1,300,000, this represents a major commitment by the bank to this economically challenged area that historically has been under-served by the banking and financial services industry.

Alternative Systems for Delivering Retail Banking Services

The bank has a number of alternate delivery systems to allow customers access to account information and to other bank products and services. “Firststar Express” is a voice-activated telephone response system that allows customers 24 hour seven days a week access to there accounts. “Firststar Express” is also staffed around the clock by personal bankers who can handle

most transactions that can be done in person. This includes opening accounts, applying for loans, placing stop payment requests, transferring funds, and much more. The bank also has “electronic banking” that allows customers access to certain checking account products via use of a personal computer. Firststar Corporation maintains a website for the benefit of all affiliated Firststar banks where information about the bank’s products and services can be obtained.

Community Development Services

The bank provides community development services and support to various organizations within its assessment areas. These services and support are provided through employee, officer and director involvement in these organizations, including serving in leadership roles within these organizations. Included among these organizations are Du Page Homeownership Center, People’s Resource Center, North West Housing Partnership, Organization of the Northeast, Fox Valley Habitat for Humanity, Alternatives, Inc., Hispanic Housing Development Corporation, Benton House Community Settlement, Oak Park Development Corporation, Community Investment Corporation, Casa Central Social Services, YMCA of Metropolitan Chicago, and Bethel New Life.

The bank has participated and sponsored homebuyers fairs in cooperation with the Du Page Homeownership Center, Acorn, and North West Housing Partnership. Low- and moderate-income individuals are frequently the targets and beneficiaries of these fairs. Representatives from FHMC conduct seminars at these events and bank employees provide assistance to attendees at the fairs with information about credit management and related subjects. The bank also works with various community-based organizations, such as Du Page Homeownership Center Neighborhood Housing Services of Chicago, and the City of Chicago Department of Housing, among others, under the “Firststar Community Home Works Program” to help community residents become home owners through credit counseling, money management, credit repair, and so on.

The bank allows community groups, including those with community development objectives, to use bank facilities such as the community room at the Austin branch office for regular meetings, seminars and other reasons. The bank has created a “Credit Needs Survey” which is distributed at numerous community events and which provides residents of the communities served by the bank the opportunity to express their credit needs. From these surveys the bank can develop credit programs or work with other community organizations to find ways to meet these needs. Several of the bank’s managers participate with the Chicago Public School System as guest speakers at high schools located in low- and moderate-income areas addressing matters related to banking, money management, and careers in banking.

CONCLUSION

The bank’s performance under the service test is considered *high satisfactory*. The bank’s system of delivering services, including alternate delivery systems, makes its products and services accessible to all portions of the combined assessment area. The bank offers a wide variety of

financial products and services to consumers and businesses within its market and business hours are reasonable. The construction of a new branch in the Austin neighborhood deserves special recognition because of the significant commitment that the bank has made to the residents and businesses in this economically challenged community. Community development services provided by the bank are satisfactory.

GENERAL

The bank is in compliance with the substantive portions of antidiscrimination laws and regulations, including the Equal Credit Opportunity and Fair Housing Acts. The bank has developed standards, policies, and practices in compliance with the regulations and has applied them in a consistent manner. Interviews with community representatives revealed no evidence of prohibited discriminatory lending activity.