



Comptroller of the Currency
Administrator of National Banks

Washington, D.C. 20219

**Corporate Decision #99-46
January 2000**

**DECISION OF THE OFFICE OF THE COMPTROLLER OF THE CURRENCY
TO APPROVE AN APPLICATION TO MERGE
LASALLE BANK, F.S.B., CHICAGO, ILLINOIS WITH AND INTO
LASALLE BANK NATIONAL ASSOCIATION, CHICAGO, ILLINOIS**

December 2, 1999

I. INTRODUCTION

On October 20, 1999, an application was filed with the Office of the Comptroller of the Currency (“OCC”) for approval to merge LaSalle Bank, F.S.B., Chicago, Illinois (“LFSB”), with and into LaSalle Bank National Association, Chicago, Illinois (“LBNA”) under 12 U.S.C. §§ 215c, 1467a(s) and 1828(c)(2) and consistent with section 1815(d)(3) (the Oakar Amendment). Both LBNA and LFSB have their main offices in Chicago, Illinois, and branch offices located solely in Illinois.¹

As of September 30, 1999, LBNA had assets of approximately \$28.9 billion and deposits of approximately \$18.5 billion. As of that same date, LFSB had assets of approximately \$14.1 billion and deposits of approximately \$9.4 billion. LBNA is a wholly-owned subsidiary of LaSalle National Corporation, Chicago, Illinois (“LNC”), which is, in turn, wholly-owned by ABN AMRO North America, Inc., Chicago, Illinois (“AANA”). AANA also is the sole owner of LFSB. Immediately prior to the merger, AANA will contribute the stock of LFSB to LNC. LBNA is a member of the Bank Insurance Fund (“BIF”). LFSB, a federally chartered savings bank, is a member of the Savings Association Insurance Fund (“SAIF”).

¹ LFSB’s main office and all of its existing branch offices are located at the sites of branch offices of LBNA and currently operate as shared facilities. LFSB and LBNA also have received approval from, respectively, the Office of Thrift Supervision (“OTS”) and the OCC, to operate branch offices at four additional sites in Vernon Hills, Glen Ellyn, Chicago and Naperville, Illinois. None of these sites have been opened yet by either LFSB or LBNA. Following the merger, LBNA proposes that it will continue to operate all of the existing branch sites as branches of LBNA and, when opened, the unopened sites will operate only as branches of LBNA. LFSB also has received approval from the OTS to operate branches at various locations outside of the State of Illinois. None of these locations have ever been opened or transacted business in any manner. LBNA, as the resulting bank in this merger transaction, has represented that it will not establish branch offices at these locations.

The OCC has received no protests or comments concerning the proposed transaction.²

II. LEGAL AUTHORITY

LBNA may merge with LFSB under the authority of 12 U.S.C. § 215c which permits a national bank to acquire another insured depository institution. Section 215c(a) provides:

(a) Subject to sections 1815(d)(3) [the Oakar Amendment] and 1828(c) [the Bank Merger Act] of this title and all other applicable laws, *any national bank may acquire or be acquired by any insured depository institution.*³

Parallel provisions are codified in the Home Owners' Loan Act authorizing federal savings associations to combine with any insured depository institution.⁴ Because a national bank may acquire any insured depository institution, LBNA may merge with LFSB under the authority of 12 U.S.C. §§ 215c and 1467a(s)(1), provided that the transaction meets the requirements of the Oakar Amendment and the Bank Merger Act, as applicable, and other applicable laws as discussed in Part III of this decision.

III. ADDITIONAL STATUTORY AND POLICY REVIEWS

A. Compliance with Oakar Amendment

The Oakar Amendment, section 1815(d)(3), which section 215c(a) expressly references, permits merger transactions between BIF- and SAIF-member institutions resulting in an institution with deposits that are proportionally insured by both BIF and SAIF.⁵ These transactions may be approved by the regulator of the acquiring institution if they are in accordance with certain capital requirements and interstate limitations, as well as the Bank Merger Act.⁶ With respect to capital, the OCC has determined that LBNA, after the merger transaction, will meet all applicable capital requirements. Indeed, following this transaction, LBNA will meet all of the tests to be considered a well-capitalized

² LBNA has also submitted a copy of the merger application and a notice to the OTS as required by 12 C.F.R. §§ 563.22(b)(1)(i) and (h)(1).

³ 12 U.S.C. § 215c(a) (emphasis added). For purposes of this section, the term “acquire” means to acquire through a merger, consolidation or acquisition of assets or assumption of liabilities, provided that, following the acquisition, the acquirer may not own shares of the acquired insured depository institution. *Id.* at 215c(d).

⁴ 12 U.S.C. §§ 1467a(s)(1) and (3).

⁵ 12 U.S.C. § 1815(d)(3)(A) & (B).

⁶ *See* 12 U.S.C. § 1815(d)(3)(E) & (F).

institution.⁷ The interstate requirements of Oakar are not applicable to this transaction because LFSB and the holding company of LBNA are both located in the same state.⁸

B. The Bank Merger Act

The Bank Merger Act, 12 U.S.C. § 1828(c), requires the OCC's approval for any merger between insured banks where the resulting institution will be a national bank. Under the Act, the OCC generally may not approve a merger that would substantially lessen competition. In addition, the Act also requires the OCC to take into consideration the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community to be served. For the reasons stated below, we find the Merger Application may be approved under section 1828(c).

1. Competitive Analysis

Because LBNA and LFSB are affiliated institutions owned by the same holding company, their merger will have no anticompetitive effects.

2. Financial and Managerial Resources

The financial and managerial resources of both banks are presently satisfactory. LBNA expects the proposed transaction will result in substantial cost savings through the elimination of duplicative corporate overheads and administrative functions. The future prospects of the existing institutions, individually and combined, are favorable. Thus, we find the financial and managerial resources factor is consistent with approval of the merger application.

⁷ 12 U.S.C. § 1815(d)(3)(E)(iii); 12 C.F.R. § 6.4(b)(1).

⁸ Section 1815(d)(3)(F) incorporates the requirements that would be imposed by 12 U.S.C. § 1842(d) if the transaction constituted the acquisition of a state bank located in a state other than the home state of the bank holding company. The home state of a bank holding company, for purposes of section 1842(d)(1)(A), is the state in which the total deposits of all of its banking subsidiaries is the largest on the later of July 1, 1966 or the date on which it first becomes a bank holding company. *See* 12 U.S.C. § 1841(o)(4)(C). For these purposes, the applicant has represented that the home state of both LNC and AANA (as well as ABN AMRO Bank N.V., Amsterdam, Netherlands, the foreign parent of AANA), is considered to be Illinois. Moreover, the target institution, also is considered to be to be located in Illinois, the state where its main office and all of its branches are located. *E.g.* Application to Merge Leader Federal Bank for Savings, Memphis, Tennessee with and into Union Planters National Bank, Memphis, Tennessee, and operate branches of Leader Federal Bank for Savings as branches of Union Planters National Bank, 13-18 (OCC Corporate Decision 96-56, September 30, 1999). Thus, the interstate limitations of Oakar are inapplicable.

3. Convenience and Needs

LBNA, the resulting bank, will continue to meet the convenience and needs of the communities served by it and LFSB within Illinois. Although each LFSB office is being consolidated into an LBNA office, the fact that they are all shared facilities in the same physical location means that there will be no resulting loss of convenience to customers. Both banks currently offer a full line of banking services, and there will be no reductions in the products or services as a result of the transaction.

Accordingly, we believe the impact of the merger on the convenience and needs of the communities to be served is consistent with approval of the Merger Application.

C. The Community Reinvestment Act

The Community Reinvestment Act (“CRA”) requires the OCC to take into account the applicants’ record of helping to meet the credit needs of their entire communities, including low- and moderate-income neighborhoods, when evaluating certain applications.⁹ LBNA, which is evaluated as a wholesale bank for purposes of compliance with CRA, has a satisfactory CRA rating and LFSB has an outstanding CRA rating. No public comments were received by the OCC relating to the proposed transaction.

Upon consummation of the merger, LBNA will be considered to be a retail bank. The bank plans to continue the community development lending programs and to continue and improve the community development investment programs that it currently undertakes and also plans to adopt the CRA programs and policies of the LFSB.

Moreover, as discussed, the combined institution will offer the same products and services that it currently offers through the merging entities and no change in the assessment areas currently applicable to the two institutions are necessitated by their combination into one institution.

D. Other laws

In addition, it is necessary under 12 U.S.C. § 215c to ascertain that the transaction is in accordance with other laws governing national bank mergers, or to determine that those laws do not apply to this merger. A review of other statutes applying to mergers involving national banks demonstrates that these statutes -- 12 U.S.C. §§ 215, 215a, 215a-1 and 36(d) -- are inapplicable to the transaction at issue which involves the intrastate merger of a federal savings bank into a national bank.¹⁰

⁹ See 12 U.S.C. § 2903.

¹⁰ Sections 215 and 215a address combinations between national banks and with state chartered institutions. Sections 215a-1 and 36(d) involve interstate mergers and interstate branching. The determination that section 215c provides sufficient merger authority between a national bank and a depository institution that is outside the authority of section 215 or 215a is consistent with prior OCC decisions. *E.g.*,

Consequently, we conclude that the proposed merger between the national bank and the federal savings bank is consistent with section 215c.¹¹

IV. CONCLUSION AND APPROVAL

For the reasons set forth above, including the representations and commitments made by the applicant and assuming compliance with all other regulatory requirements, we find that LaSalle Bank National Association’s merger with LaSalle Bank, F.S.B. is legally authorized under 12 U.S.C. §§ 215c, 1467a(s), 1828(c)(2) and 1815(d)(3) and that the transaction meets the other statutory criteria for approval. Accordingly, this application is hereby approved.

/s/
Julie L. Williams
First Senior Deputy Comptroller and Chief Counsel

12-02-99
Date

Application Control Number: 99-CE-02-042

OCC Corporate Decision 96-56 at pp. 3-5.

¹¹ In addition, we note that this application raises no issues concerning the retention of the FSB’s branches because, following the merger, LBNA will operate branches only at sites that it currently operates as branches or for which it already has approval to establish new branches. In this respect, we note that Illinois branching law, as applied to national banks by 12 U.S.C. § 36(c), permits intrastate branching without geographic restrictions. 205 Ill. Comp. Stat. Ann. § 5/5(15)(a).

We note, too, that the merger transaction will not result in the “closing” of any branches within the meaning of section 42 of the Federal Deposit insurance Act, 12 U.S.C. § 1831r-1, establishing branch closing notice requirements. As each LFSB office shares its location with a surviving LBNA branch, the combination of the two in each instance constitutes a branch consolidation at each location and is not subject to branch closing notice requirements. 64 Fed. Reg. 34,844, 34,846 (June 29, 1999) (consolidations of branches within the same neighborhood, where the nature of the business or the customers served is not affected -- such as consolidations of branches on the same block following a merger -- does not constitute a branch closing).