



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## **PUBLIC DISCLOSURE**

**August 10, 2004**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**BankChampaign, N.A.  
Charter Number 16643**

**2101 South Neil Street  
Champaign, IL 61820**

**Comptroller of the Currency  
Central Illinois & Central Ind  
3001 Research Road Suite E2  
Champaign, IL 61822**

**NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, 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.**

## **INSTITUTION'S CRA RATING**

**This institution is rated Satisfactory.**

- **The distribution of loans reflects reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses and farms of different sizes, given the demographics of the assessment area.**
- **The geographic distribution of loans reflects reasonable penetration in geographies of different income levels within the bank's assessment area, given the demographics of the assessment area.**
- **A substantial majority of the loans are originated within the bank's assessment area.**
- **The bank's loan-to-deposit ratio is more than reasonable based on the institution's size, financial condition, assessment area's credit needs, and competition.**

## **DESCRIPTION OF INSTITUTION**

BankChampaign, N.A. is a \$120 million intrastate institution located in Champaign, Illinois. Champaign is located in East Central Illinois at the intersections of Interstates 57, 74, and 72, and is approximately 140 miles south of Chicago, IL, 120 miles west of Indianapolis, IN, and 170 miles northeast of St. Louis, MO. BankChampaign, N.A. is owned by Market Place Bancshares, Inc., a one-bank holding company with total assets of \$8.2 million at December 31, 2003.

The bank's main office is located in southwest Champaign, an economically prosperous and affluent area of Champaign. The bank has one branch facility located by Market Place Mall in north Champaign. Both the main bank and the branch at Market Place offer deposit and loan services. Additionally, both have deposit taking automatic teller machines (ATMs) and drive-up teller windows for customer service and convenience. BankChampaign, N.A. has not opened or closed any branches during this evaluation period; however, in October of 2003, the bank closed their only stand-alone cash dispensing ATM, which was located at the Knollwood Shopping Center, just south of the main office on Neil Street.

The bank offers a full range of retail and commercial banking products normally associated with a community bank. Net loans totaled \$71 million on December 31, 2003, representing fifty-nine percent of total assets. The following represents the bank's loan and lease portfolio mix as of December 31, 2003:

Commercial Loans	\$41,685,000	59%
Residential Real Estate Loans	\$27,118,000	38%
Consumer Loans	\$ 1,192,000	2%
Agricultural Loans	\$ 696,000	1%

BankChampaign, N.A. serves the needs of the community by offering a variety of loan products. These products include commercial loans (operating, equipment, and real estate), residential real estate loans (construction, purchase, refinance, home equity, and home improvement), and consumer installment loans (new and used autos, personal, debt consolidation, credit cards, and overdraft protection).

In addition to standard loan products, the bank offers four special products that are geared specifically to low- to moderate-income families (*i.e.*, “Affordable Gold” Program, “A” Program, “ALT-97” Program, and “In-House First Time Homebuyer Assistance”). These programs allow lower down payments, and qualification is less stringent than with traditional mortgage products. The bank had no data readily available with regard to the number and dollar amount of these loan products originated during this evaluation period.

Tier one capital totals \$7.7 million as of December 31, 2003. There are no financial, legal, or other impediments that would hinder the bank's ability to help meet the credit needs of its assessment area. Bank activities are consistent with the bank's size, its financial capacity, local economic conditions, and credit needs of the community. The bank was rated "Satisfactory" at its last CRA examination on January 4, 1999.

## **SCOPE OF THE EVALUATION**

- The evaluation period covers loans originated during 2002 and 2003. Census data from 1990 and 2000 was utilized for evaluating residential real estate loans originated in 2002 and 2003, respectively.
- BankChampaign, N.A. has one assessment area (AA), Champaign County MSA 1400. The Champaign County MSA assessment area received a full-scope review.
- As part of this CRA evaluation, we tested a representative sample of BankChampaign’s publicly filed data on home mortgage loans. We determined the data was accurate and reliable. The data was utilized in our analysis.
- Since commercial loans comprise a majority of the bank’s lending portfolio and are considered the bank’s primary lending focus, commercial loans were given more weight in evaluating the lending test than residential real estate loans.

## **DESCRIPTION OF THE ASSESSMENT AREA**

The bank’s assessment area is Champaign County. Champaign County is designated as a Metropolitan Statistical Area (MSA) 1400. Based on 2000 census data, the Champaign County MSA has a population of approximately 180,000 and consists of forty-one Census Tracts, including three low-income tracts, thirteen moderate-income tracts, fifteen middle-income tracts,

nine upper-income tracts, and one undefined tract. This assessment area conforms to the regulation and does not arbitrarily exclude low- or moderate-income areas. The following demographic information for the assessment area is based on 1990 and 2000 census data:

<b>Table 1 – Demographic Information for Assessment Area (AA)</b>		
	<b>1990 Census Data</b>	<b>2000 Census Data</b>
Population:	173,025	179,669
Housing Stock: <i>1-4 family housing units</i>	66%	67%
Occupancy: <i>owner-occupied, renter-occupied, vacant</i>	51%, 42%, 7%	52%, 42%, 6%
Home Values: <i>Median home value</i>	\$71,003	\$89,492
Age of Homes: <i>Median year of homes built</i>	1965	1969
Income: <i>Median family income</i>	\$35,631	\$52,591
Family Income Levels (%): <i>Low-, moderate-, middle-, upper-income</i>	20%, 18%, 25%, 37%	18%, 18%, 25%, 39%
Updated Income: <i>2002 HUD Non-MSA Illinois median family income was \$59,600. 2003 HUD Non-MSA Illinois median family income was \$58,700.</i>		
	<b>2002 Business Data</b>	<b>2003 Business Data</b>
Farms: <i>% of small farms in the assessment area</i>	98%	96%
Businesses: <i>% of small businesses in the assessment area</i>	81%	63%
<i>Percent of businesses not reporting revenue figures</i>	13%	31%

The local economy in the Champaign County MSA assessment area is strong and stable. With over 20,000 employees, the University of Illinois is the largest employer in Champaign County. Other non-manufacturing employers include several health care organizations that together employ more than 5,000, followed by local school districts, Meijer, Inc., Parkland College, and U.S. Army CERL. Kraft Foods employs approximately 1,600 workers, with other manufacturing jobs in the county provided by Solo Cup, Herff Jones Cap and Gown Division, AC HUMKO, Plastipak Packaging, and Vesuvius USA. Additionally, communications-intensive companies, such as Intel and emerging technology companies, such as Cisco Systems, provide employment diversity.

Unemployment is lower than state and national averages. The December 2003 unemployment rate for Champaign County was 3.1%. The state unemployment rate was 6.4%, compared to the national rate of 5.7%.

Competition is strong in the bank's assessment area. The bank faces competition from locally headquartered Busey Bank, BankIllinois, Central Illinois Bank, First Federal Savings Bank of Champaign-Urbana, and several other smaller banks in the surrounding area, as well as from local branches of larger regional and nationwide institutions.

A local housing authority was contacted during the examination. The main community need, according to the contact, is home improvement loans and first time mortgages for low-income families. BankChampaign, N.A. participates in various affordable housing and first-time homebuyer programs geared toward low- to moderate-income families.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

This review concentrated on the bank’s primary loan products, which based on origination information provided by the bank, included commercial and residential real estate loans (refinances and purchase money). We utilized 2002 and 2003 originations to evaluate the bank’s performance. Census data for 1990 and 2000 was also utilized for evaluating residential real estate loans originated in 2002 and 2003, respectively.

**Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

The overall distribution of loans reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.

Commercial Loans

The bank's performance of lending to businesses of different sizes is more than reasonable. Ninety percent of the number (18) and ninety-seven percent of the dollar amount (\$1 million) of business loans sampled in the assessment area were made to small businesses. These percentages exceed the percentage of small businesses in the assessment area. Small businesses are businesses having annual gross revenues of less than one million dollars. Demographic data for the assessment area in 2002, shows that eighty-one percent of the businesses in the assessment area have revenues equal to, or less than, one million dollars. For 2003, demographic data for the assessment area shows that sixty-three percent of the businesses in the assessment area have revenues equal to, or less than, one million dollars.

<b>Table 2 - Borrower Distribution of Loans to Businesses in the Champaign County MSA</b>		
<b>AA</b>		
<b>Business Revenues (or Sales)</b>	<b>≤\$1,000,000</b>	<b>&gt;\$1,000,000</b>
<b>% of AA Businesses*</b>	81% - 2002 63% - 2003	6% - 2002 6% - 2003
<b>% of Bank Loans in AA by #</b>	90%	10%
<b>% of Bank Loans in AA by \$</b>	97%	3%

*Source: This table is based on 20 commercial loans from the AA that were originated in 2002 and 2003 and 2002 and 2003 geodemographic data. 13% of AA businesses did not report revenue data in 2002 and 31% of the AA businesses did not report revenue data in 2003.*

Residential Real Estate Loan Origination and Refinances

The distribution of loans reflects, given the demographics of the Champaign County MSA assessment area, reasonable penetration for residential real estate loan refinances and residential real estate loan originations, among individuals of different income levels (including low- and moderate-income).

The bank’s 2002 and 2003 performance with low-income borrowers for residential real estate loan refinances is less than favorable compared with 1990 and 2000 demographic data. This data shows that twenty percent and eighteen percent of families in the assessment area,

respectively, are low-income families. The bank's 2002 and 2003 performance with moderate-income borrowers for residential real estate loan refinances is also less than favorable compared with 1990 and 2000 demographic data. This data shows that eighteen percent of the families in the assessment area are moderate-income families. Based on peer mortgage data; however, the percentage of loans made to low- and moderate-income borrowers exceeds the bank's market share percentages for home refinances, which is less than one percent.

The bank's 2002 and 2003 performance with low-income borrowers for residential real estate loan originations is less than favorable compared with 1990 and 2000 demographic data. This data shows that twenty percent and eighteen percent of families in the assessment area, respectively, are low-income families. The bank's 2002 and 2003 performance with moderate-income borrowers for residential real estate loan originations is also less than favorable compared with 1990 and 2000 demographic data. This data shows that eighteen percent of the families in the assessment area are moderate-income families. Based on peer mortgage data; however, the percentage of loans made to low- and moderate-income borrowers exceeds the bank's market share percentages for home purchases, which is less than one percent.

Although the percentage of loans refinanced and originated in both the low- and moderate-income geographies are less than favorable, it is important to note that a significant portion of the assessment area population is living below poverty level, making it difficult to own a home. According to 1990 and 2000 census data, fifteen percent and sixteen percent of the assessment area's population, respectively, is below poverty level. Additionally, based on the same census data (*i.e.*, 1990 and 2000), forty-two percent of total housing in the assessment area are rental units. There are approximately 38,000 students living in the assessment area, constituting approximately twenty-one percent of the total population. The high population of students within the assessment area results in an identifiably higher percentage of low- and moderate-income individuals and renters within the area. Accordingly, these low- and moderate-income individuals are generally not expected to be mortgage loan customers of the bank. Affordable housing for low- and moderate-income borrowers is, therefore, limited.

The following tables show the distribution of residential real estate loan refinances and originations among borrowers of different income levels within the Champaign County MSA assessment area:

**Table 3 – Refinance Residential Real Estate Loans in the Champaign County MSA AA by Income Distribution**

<u>Income Level</u>	<u>Year</u>	<u>% of families in the AA</u>	<u># of Loans</u>	<u>% of #</u>	<u>\$ of Loans</u>	<u>% of \$</u>
Low-Income Less than 50% of Median	2002 <sup>1</sup>	20%	2	5%	\$94,000	2%
	2003 <sup>2</sup>	18%	2	4%	\$237,000	5%
Moderate-Income 50%-79% of Median	2002 <sup>1</sup>	18%	5	12%	\$225,000	5%
	2003 <sup>2</sup>	18%	7	15%	\$510,000	10%
Middle-Income 80%-119% of Median	2002 <sup>1</sup>	25%	7	17%	\$425,000	10%
	2003 <sup>2</sup>	25%	6	13%	\$430,000	8%
Upper-Income 120% or more of Median	2002 <sup>1</sup>	37%	25	61%	\$3,402,000	80%
	2003 <sup>2</sup>	39%	25	52%	\$3,112,000	59%

Source: <sup>1</sup>2002 Home Mortgage Disclosure Act (HMDA) data and 1990 U.S. Census data. <sup>2</sup>2003 HMDA data and 2000 U.S. Census data. 2002 HMDA data indicates that 5% of the number and 3% of the dollar of loans originated were not classified. 2003 HMDA data indicates that 16 % of the number and 18% of the dollar of loans originated were not classified.

**Table 4 – Purchase Residential Real Estate Loans in the Champaign County MSA AA  
by Income Distribution**

<u>Income Level</u>	<u>Year</u>	<u>% of families in the AA</u>	<u># of Loans</u>	<u>% of #</u>	<u>\$ of Loans</u>	<u>% of \$</u>
Low-Income Less than 50% of Median	2002 <sup>1</sup>	20%	4	11%	\$459,000	12%
	2003 <sup>2</sup>	18%	2	5%	\$131,000	3%
Moderate-Income 50%-79% of Median	2002 <sup>1</sup>	18%	5	14%	\$298,000	8%
	2003 <sup>2</sup>	18%	7	18%	\$799,000	20%
Middle-Income 80%-119% of Median	2002 <sup>1</sup>	25%	6	17%	\$138,000	4%
	2003 <sup>2</sup>	25%	6	15%	\$248,000	6%
Upper-Income 120% or more of Median	2002 <sup>1</sup>	37%	15	42%	\$2,674,000	67%
	2003 <sup>2</sup>	39%	15	39%	\$2,162,000	54%

Source: <sup>1</sup>2002 Home Mortgage Disclosure Act (HMDA) data and 1990 U.S. Census data. <sup>2</sup>2003 HMDA data and 2000 U.S. Census data. 2002 HMDA data indicates that 16% of the number of loans and 9% of the dollar of loans originated were not classified. 2003 HMDA data indicates that 21% of the number of loans and 17% of the dollar of loans originated were not classified.

### **Geographic Distribution of Loans**

The overall geographic distribution of loans reflects, given the demographics of the assessment area, reasonable penetration to geographies of different income levels within the bank's assessment area.

### **Commercial Loans**

The bank's geographic distribution of business loans is reasonable. Twenty-five percent of the loans sampled in the assessment area are to businesses located in a moderate-income census tract. Based on demographic data for the assessment area, this number is close to the number of businesses (thirty-one percent) that are located in the moderate-income census tracts. Although the bank made no loans in low-income census tracts, this is also considered reasonable due to the fact that only six percent of the total businesses in the assessment area are located in those tracts. Loans made to businesses in middle- and upper-income census tract were close to or exceeded the number of businesses located in those tracts.

The following table shows the geographic distribution of commercial loans by tract level within the Champaign County MSA assessment area:

<b>Table 5 - Geographic Distribution of Loans to Businesses in Champaign County MSA AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial Loans	6%	0%	31%	25%	42%	30%	21%	45%

*Source: Sample of 20 business loans from the AA that were originated in 2002 and 2003; 2002 and 2003 and business demographic data.*

Real Estate Loans (Refinance and Purchase)

The bank's geographic distribution of residential real estate loans is reasonable. The percent of residential real estate loan refinances originated in 2002 and 2003 exceeds, or is close to, the percent of owner occupied housing units in the low-, moderate-, middle-, and upper-income census tracts. With the exception of the low-income census tracts, the percent of residential real estate purchase loans originated in 2002 and 2003 also exceeds, or is close to, the percent of owner occupied housing units in the moderate-, middle-, and upper-income census tracts. While no residential real estate loan purchases were originated in the low-income census tracts in 2002 and 2003, this is also considered reasonable as only one percent of the owner occupied housing units are located in those tracts.

The following table shows the geographic distribution of residential real estate loans by tract level within the Champaign County MSA assessment area:

<b>Table 6 – Geographic Distribution of Residential Real Estate Loans in Champaign County MSA AA</b>				
Census Tract Income Level	Low	Moderate	Middle	Upper

	% of Owner Occupied Housing in AA	% of Number of Loans	% of Owner Occupied Housing in AA	% of Number of Loans	% of Owner Occupied Housing in AA	% of Number of Loans	% of Owner Occupied Housing in AA	% of Number of Loans
Refinance 2002*	1%	2%	8%	22%	60%	47%	31%	29%
Refinance 2003^	1%	4%	21%	21%	50%	31%	28%	44%
Purchase 2002*	1%	0%	8%	22%	60%	50%	31%	28%
Purchase 2003^	1%	0%	21%	26%	50%	42%	28%	32%

Source: Bank's 2002 and 2003 HMDA data; \*1990 Census Data; ^2000 Census Data.

### Lending in Assessment Area

A substantial majority of the loans are originated within the bank's assessment area. Based on a sample of 216 loans originated in 2002 and 2003, ninety-four percent of the number (204) and ninety-five percent of the dollar amount (\$22 million) were made within the bank's assessment area.

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial Loans	20	100%	0	0%	20	\$1,116,388	100%	\$0	0%	\$1,116,388
Residential RE Loan Originations 2002 and 2003	42	84%	8	16%	50	\$4,734,000	90%	\$522,000	10%	\$5,256,000
	38	100%	0	0%	38	\$4,500,000	100%	\$0	0%	\$4,500,000
Residential RE Loans Refinances 2002 and 2003	56	95%	3	5%	59	\$6,465,000	93%	\$461,000	7%	\$6,926,000
	48	98%	1	2%	49	\$5,233,000	98%	\$120,000	2%	\$5,353,000
<u>Totals</u>	204	<b>94%</b>	12	6%	216	\$22,048,388	<b>95%</b>	\$1,103,000	5%	\$23,151,388

Source: Twenty commercial loans originated in 2002 and 2003 and the bank's 2002 and 2003 HMDA data, which includes all home purchase and home refinance loans originated by the bank.

### Community Development Lending

BankChampaign, N.A. currently has a line of credit extended to a local community development corporation (CDC). Draws on this loan were \$12,400 in 2002 and \$19,000 in 2003. The CDC promotes small business start-up and expansion, which generates employment opportunities for low-to moderate-income residents of Champaign County, as well as providing debt and equity financing to qualifying small businesses. This line of credit is utilized for such financing. This

loan provides a benefit to the community, but does not significantly contribute to the bank's performance under the Community Reinvestment Act.

### **Loan-to-Deposit Ratio**

BankChampaign, N.A.'s loan-to-deposit ratio is more than reasonable based on the institution's size and the assessment area's credit needs. During the past twenty-four quarters, the bank's net loan-to-deposit ratio ranged from a low of approximately seventy-eight percent to a high of approximately one hundred and two percent, and averaged eighty-nine percent. This average ratio is higher than the average seventy-six percent net loan-to-deposit ratio of five similarly situated banks in the Champaign County MSA assessment area. Total assets of these five banks range from \$62 million to \$152 million.

### **Responses to Complaints**

BankChampaign, N.A. has not received any complaints about its performance in helping to meet assessment area needs during this evaluation period.

### **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of illegal discrimination or other illegal credit practices.