

PUBLIC DISCLOSURE

January 4, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Bank *Champaign*, N. A.
Charter #16643**

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

**Office of the Comptroller of the Currency
Champaign Field Office
2009 Fox Drive, Suite B
Champaign, Illinois 61820**

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 operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **Bank Champaign, N. A.** prepared by Office of the Comptroller of the Currency, the institution's supervisory agency, as of January 4, 1999. Our assessment of the bank's performance covers the period since February 12, 1996. The rating received at that time was **Satisfactory Record of Meeting Community Credit Needs**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING

This institution is rated **Satisfactory Record of Meeting Community Credit Needs**.

This rating is based on the bank's lending performance during the assessment period. The lending performance test includes analyses of the bank's average loan-to-deposit ratio, the volume of total lending within the bank's assessment area, the distribution of credit to borrowers of different incomes and to businesses of different sizes, the distribution of credit among low- and moderate-income geographies within the assessment area, and the bank's level of compliance with Fair Lending laws and regulations.

The bank's Satisfactory Record of Meeting Community Credit Needs rating is supported by the following:

- < The bank's loan-to-deposit ratio is reasonable given the assessment area's credit needs.
- < A substantial majority of the loans originated between January 1, 1996 and December 31, 1998 were located within the bank's assessment area.
- < The distribution of commercial loans reflects a reasonable penetration among businesses of different sizes. Due to the large number of students in the assessment area, the distribution of mortgage loans among borrowers of different income levels is considered adequate.
- < An analysis of the distribution of credit among different geographies in the assessment area revealed a satisfactory level of lending in census tracts of all income levels.
- < The bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations.

DESCRIPTION OF INSTITUTION

BankChampaign, N. A. is a \$51 million institution in Champaign, Illinois, which is located in Champaign County. Champaign is located in East Central Illinois, on the intersections of Interstates 57, 74, and 72. The bank's main office is located in southwest Champaign, an economically prosperous and affluent area of Champaign/Urbana. The bank has a branch facility, located by Market Place Mall in north Champaign/Urbana, which offers deposit services only. The bank offers ATMs and drive-up teller windows at each location for customer service and convenience, along with an additional ATM located at the Knollwood Shopping Center, south of the main office on Neil Street. BankChampaign, N. A. is owned by Market Place Bancshares, Inc. The bank has no financial or legal impediments that restrict it from meeting the credit needs of its local community.

This institution serves the needs of the community by offering a variety of loan products. These loan products include commercial loans (operating, equipment, and real estate), residential mortgage loans (construction, purchase, refinance, home equity, and home improvement), and consumer instalment loans (new and used autos, personal, debt consolidation, and credit cards, and overdraft protection). The table below shows the changes in the composition and growth of the loan portfolio from December 31, 1995 to December 31, 1998.

LOAN PORTFOLIO MIX					
	<i>December 31, 1995</i>		<i>December 31, 1998</i>		
<i>Loan Category</i>	<i>\$000's</i>	<i>% Loans</i>	<i>\$000's</i>	<i>% Loans</i>	<i>Dollar Loan Growth</i>
Real Estate (Includes Commercial R. E.)	\$7,993	37%	\$14,853	38%	+ 86%
Commercial	\$ 10,872	51%	\$22,661	59%	+ 108%
Consumer & Other	\$ 2,500	12%	\$ 1,220	3%	- 51%
Total Gross Loans	\$21,365	100%	\$38,734	100%	+ 81%

Source: Call report data submitted for quarter end December 31, 1995 and December 31, 1998.

The table reveals significant growth in the loan portfolio. This growth exceeds the overall growth in total assets during the same period of 44%. The growth in lending is reflected in the increase in the bank's loan to deposit ratio (discussed later), currently at 83%, as the bank has sought to maximize the employment of its funds in the local community. Even more revealing of the bank's lending activity during this period is the amount of originations during the assessment period. For example, the bank originated 209 mortgage loans for \$20.6 million during the assessment area. Many of these loans are generated and then sold in the secondary mortgage market.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area is Champaign County, population 173,025. Champaign County is designated as Metropolitan Statistical Area (MSA) 1400, and consists of 37 Census Tracts. The assessment area conforms to the regulation and does not arbitrarily exclude low- or moderate-income areas. The following demographic information for Champaign County is based on 1990 census data, unless otherwise noted:

Housing Stock:	66% of the housing units are 1-4 family units.
Occupancy:	50% are owner occupied, 42% are renter occupied, and 6% are vacant.
Home Values:	Median home value is \$71,003.
Age of Homes:	Median year of homes built is 1965.
Income:	Median family income is \$49,800 (HUD 1998 data).
Income Levels:	11% of families are considered low-income, 13% moderate-income, 52% middle-income, and 23% are upper-income.
Characteristics of Census Tracts:	Five of the census tracts (14%) are designated as low-income, ten (27%) are moderate-income, fifteen (41%) are middle-income, and seven (19%) are upper-income.

The University of Illinois is located in Champaign and has a student enrollment of 36,500, which represents 21% of the assessment area's population. The local economy is strong, with the university being the area's largest employer. Unemployment is lower than state and national averages. Over the past several years, there has been substantial growth in Champaign. This has occurred in the commercial area, with numerous retailers opening for business. The area has also experienced a substantial increase in housing during the assessment period. Housing costs are reasonably affordable, with monthly owner and rental costs exceeding 30% of the occupants' monthly income in only 6% and 11% of the cases, respectively. However, in the area surrounding the University of Illinois, rental costs exceeded 30% of the occupants' monthly income in 43% of the cases.

Competition stems 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 community contact was performed by the Office of the Comptroller of the Currency with a local real estate agent in January 1999. One credit need cited was for first time home buyer programs for existing housing. The bank can extend these types of loans through a program offered in connection with the Illinois Housing Development Authority (IHDA).

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LOAN-TO-DEPOSIT RATIO

Bank *Champaign*, N. A.'s loan-to-deposit ratio is reasonable based on the institution's size and the assessment area's credit needs. During the assessment period, the bank's net loan-to-deposit ratio ranged from 68% to 87%, and averaged 77%. This average ratio is higher than the 60% average net loan-to-deposit ratio of seven banks of similar size in Champaign County. (Total assets of these seven banks range from \$10 million to \$37 million.)

LENDING IN ASSESSMENT AREA

Bank *Champaign*, N. A. reasonably provides credit within its assessment area. Our analysis revealed that 95% of the number, and 96% of the dollar amount of loans were made within the bank's assessment area. The following table shows the number of loans and dollar amount from our sample that fall within and outside the assessment area:

LOAN PENETRATION ANALYSIS				
Type of Loan	Within Assessment Area		Outside Assessment Area	
Residential Real Estate	\$19,784,000	96%	\$806,000	4%
	200	96%	9	4%
Commercial Loans	\$2,638,810	97%	\$76,000	3%
	27	90%	3	10%
Total of Sample	\$22,422,810	96%	\$882,000	4%
	227	95%	12	5%

Source: This table is based on a sample of 239 loans that were made by the bank between January 1, 1996 and December 31, 1998.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

Overall, BankChampaign, N. A. satisfactorily extends credit to consumers of all income levels, and to the smaller-sized commercial borrowers within its assessment area. Twenty percent of the population of Champaign County is considered to have income within the low-income range, with an additional 18% in the moderate-income range. Income levels are based on the 1998 updated median family income for MSA 1400, which is \$49,800.

Commercial Loan Analysis

BankChampaign, N. A. satisfactorily extends credit to commercial borrowers of different sizes within the assessment area. The table below shows that, based on the commercial loan sample, 66% of the number of loans and 59% of the dollars of loans were extended to small businesses with gross revenue below \$1 million.

COMMERCIAL LOANS				
<i>Gross Revenues</i>	<i># of Loans</i>	<i>%</i>	<i>\$ of Loans</i>	<i>%</i>
Less than \$100,000	9	33%	\$597,225	23%
\$100,000 - 250,000	1	3%	\$8,500	0%
\$250,000 - 500,000	4	15%	\$237,616	9%
\$500,000 - 1,000,000	4	15%	\$721,438	27%
More than \$1,000,000	9	33%	\$1,074,031	41%
Totals	27	100%	\$2,638,810	100%

Source: This table is based on the 27 sampled commercial loans made to businesses located inside the bank's assessment area.

Because commercial and commercial real estate lending is the bank's primary focus of business, it is given more consideration than the bank's performance in residential real estate lending. Analysis of data from the December 31, 1998 Call Report revealed that 58% of the bank's loan volume was in commercial and commercial real estate loans, as compared to 39% of loan volume in residential real estate.

Mortgage Loan Analysis

The table on the following page summarizes the bank's originations of residential real estate mortgages to individuals of different income levels within the bank's assessment area. Based on this sample, 18% of the number and 9% of the dollars originated for residential real estate loans were made to low- and moderate-income borrowers.

RESIDENTIAL MORTGAGE LOANS					
<i>Income Level</i>	<i># of Loans</i>	<i>%</i>	<i>\$ of Loans (000's)</i>	<i>%</i>	<i>% of Families in Each Category</i>
Low- & Moderate- Income Less than 80% of Median	35	18%	\$1,804	9%	38%
Middle- & Upper- Income 80% or More of Median	165	82%	\$17,980	91%	62%
Totals	200	100%	\$19,784	100%	100%

Source: This table is based on the 200 residential real estate loans from the sample that were made in the bank's assessment area. The information maintained on the available HMDA aggregation tables precluded a breakout of originations between low- and moderate- income borrowers.

The table indicates that the bank's originations of residential mortgage loans to individuals of different income levels are not in reasonable proportion to the area's income characteristics. Part of the reason for the bank's performance is explained by the presence of a significant number of students in the total population. The high population of students within the assessment area results in a 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.

GEOGRAPHIC DISTRIBUTION OF LOANS

A review of the geographic distribution of loans revealed a reasonable distribution of lending activity in all income levels of census tracts. Stronger performance was noted in the bank's commercial lending activity in this area than in residential real estate lending.

Commercial Loan Analysis

BankChampaign, N. A. satisfactorily extends credit to commercial borrowers throughout the assessment area. A review of the distribution of commercial lending activity revealed a reasonable level of activity in the different income levels of census tracts. The analysis revealed that 37% of the number and 15% of the dollars of commercial loans were made to businesses in low- and moderate-income census tracts. The table below summarizes the results from the sample of the bank's commercial lending activity during the assessment period.

COMMERCIAL LOANS					
<i>Income Level of Geography</i>	<i># of Loans</i>	<i>%</i>	<i>\$ of Loans (000's)</i>	<i>%</i>	<i>% of Tracts to Total</i>
Low - Income Less than 50% of Median	1	4%	\$35	1%	14%
Moderate - Income 50% - 79% of Median	9	33%	\$357	14%	27%
Middle - Income 80%-119% of Median	6	22%	\$843	32%	41%
Upper - Income 120% or more of Median	11	41%	\$1,404	53%	19%
Totals	27	100%	\$2,639	100%	100%

Source: This table is based on the 27 commercial loans from the sample that were made in the bank's assessment area.

Mortgage Loan Analysis

The following table summarizes the bank's originations of residential real estate mortgages to individuals of different income levels. Based on this sample, 5% of the number and 2% of the dollars of residential real estate loans were made to borrowers living in low- and moderate-income census tracts, with an average loan size of \$58 thousand. Average loan size extended to borrowers in middle- and upper-income census tracts was \$100 thousand. The table on the following page summarizes the results from the sample of the bank's residential mortgage lending activity during the assessment period.

RESIDENTIAL MORTGAGE LOANS					
<i>Income Level of Geography</i>	<i># of Loans</i>	<i>%</i>	<i>\$ of Loans (000's)</i>	<i>%</i>	<i>% of Families in Each Category</i>
Low - Income Less than 50% of Median	1	1%	\$60	0%	4%
Moderate - Income 50% - 79% of Median	8	4%	\$465	2%	12%
Middle - Income 80%-119% of Median	73	36%	\$7,063	36%	57%
Upper - Income 120% or more of Median	118	59%	\$12,196	62%	27%
Totals	200	100%	\$19,784	100%	100%

Source: This table is based on the 200 residential real estate loans from the sample that were made in the bank's assessment area.

Consideration of the following factors will allow for a more informed analysis of the data above. One factor to be considered is the location of the low- and moderate-income census tracts within the assessment area. Most of these tracts are located in Champaign/Urbana, along the eastern side of Neil Street, and in the north-central part of the twin cities. Because the University of Illinois and a largely undeveloped section of north Champaign encompasses several of these tracts, only 16% of the assessment area's families live in these tracts. A large percentage of the housing units in these tracts are renter occupied, again due in part to the university's presence. Another factor to be considered when viewing the distribution of loans within the bank's assessment area is the primary location of housing construction. Most construction of new housing is occurring in the middle and upper-income areas of southwest Champaign and Mahomet.

COMPLIANCE WITH FAIR LENDING LAWS

BankChampaign, N. A. is in compliance with the substantive provisions of the antidiscrimination laws and regulations. There is no evidence of practices to discourage individuals from applying for credit. Credit applications are solicited from all segments of its assessment area. BankChampaign, N. A. received no complaints from the public regarding its CRA performance during the assessment period.